

Analysis of  
Impediments to  
Fair Housing  
Birmingham, Alabama  
2010

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## **SECTION I: Introduction, Methodology and Background**

Fair Housing is the right of individuals to obtain the housing of their choice, free from discrimination based on race, color, religion, sex, disability, familial status, or national origin. This right is assured by the Federal Fair Housing Acts of 1968 and 1988, as amended, which makes it unlawful to discriminate in the sale, rental, financing, and insuring of housing.

Under the Fair Housing Act an aggrieved person may, not later than one year after an alleged discriminatory housing practice has occurred, file a complaint directly with the U.S. Department of Housing and Urban Development (HUD), or a State or local agency enforcing laws that are “substantially equivalent” to the Fair Housing Act. Upon the filing of such a complaint, HUD has the responsibility to serve notice of the complaint and conduct an investigation into the alleged discriminatory housing practice.

Since neither Birmingham nor the State of Alabama has been determined by HUD to be “substantially equivalent”, HUD is the agency required to accept complaints, serve notice of complaints, conduct investigations into alleged discriminatory housing practices, make determinations, and adjudicate cause findings under the Federal Fair Housing Law.

In order to ensure the prevention and elimination of housing discrimination, HUD requires all governing authorities directly receiving Consolidated Plan Program funds to certify that the community, consortium or state will “affirmatively further Fair Housing” within their jurisdictions. This requirement is codified in the Consolidated Plan requirements under 24 CFR 91.225. Public agency obligations under the Act may be grouped into three categories:

**Intent:** The obligation to avoid policies, customs, practices, or processes whose intent or purpose is to impede, infringe, or deny the exercise of fair housing rights by persons protected under the Act.

**Effect:** The obligation to avoid policies, customs, practices, or processes whose effect or impact is to impede, infringe, or deny the exercise of Fair Housing rights by persons protected under the Act.

**Affirmative Duties:** The Act imposes a fiduciary responsibility upon public agencies to anticipate policies, customs, practices, or processes that previously, currently, or may potentially impede, infringe, or deny the exercise of Fair Housing rights by persons protected under the Act.

The first two obligations pertain to public agency operations and administration, including those of employees and agents, while the third obligation extends to private as well as public sector activity.

The Birmingham Fair Housing Analysis of Impediments discusses the results of earlier analyses of impediments and the steps the City intends to take to

implement policies that will prevent and eliminate housing discrimination in the Municipality.

## **Methodology**

The Analysis of Impediments (AI) conducted by the Training and Development Associates team involved a variety of data collection and analysis techniques, including:

1. Analyzing demographic data available through the U.S. Census Bureau, as well as descriptive data pertaining to the Birmingham housing market and trends in real estate over the past ten years.
2. Examination of mortgage lending trends through the analysis of data available through the Home Mortgage Disclosure Act (HMDA). Enacted by Congress in 1975 and implemented by the Federal Reserve Board's Regulation C, HMDA requires lending institutions to report public loan data. Using the loan data submitted by these financial institutions, the Federal Financial Institutions Examination Council (FFIEC) creates aggregate and disclosure reports for each metropolitan area (MA) that are available to the public at central data depositories located in each MA.
3. Interviews with local government staff and community representatives.
4. A review of source documents, including the most recent AI, conducted in 2007, the 2010-2015 Consolidated Plan, the most recent HUD Fair Housing Reports, as well as, the City's most recent CAPERs.

To begin an examination of current Fair Housing policies and strategies, this report will look at past accomplishments and look at what the City of Birmingham Fair Housing Plan proposes to do to affirmatively further Fair Housing.

## **Analysis of Impediments to Fair Housing 2007**

The following were the Impediments to Fair Housing identified in 2007 by the Northern Alabama Fair Housing Center and adopted by the City of Birmingham:

1. Lack of affordable housing (rental and purchase) for low-moderate income housing seekers
2. Lack of sufficient loan programs available for low-moderate income borrowers
3. Indication of differences in granting of loans to minorities
4. Inadequate housing for elderly
5. Need for improved transportation services.
6. Lack of accessible housing units for persons with disabilities.

In response to these impediments, the City has progressed as follows:

### *Impediment #1: Lack of affordable housing*

- a. Encourage the Public Housing Authority to retool current housing stock
- b. Continue efforts to inform the general public of programs designed to create affordable living quarters for low-to-moderate income housing seekers.

- c. Consider continued enforcement of current housing codes in a manner that does not reduce the City's affordable housing stock.

*Impediment #2: Lack of sufficient loans (private and public) for low-to-moderate income borrowers*

- a. Consider the provision of incentives for lending institutions to target low-to-moderate income borrowers
- b. Consider the underwriting of the Fair Housing Center in promoting complete implementation of the Community Reinvestment Act.

*Impediment #3: Indication of differences in granting of loans to minorities*

- a. Continued implementation of the City's Fair Housing Ordinance adopted by the City on August 26, 1980.
- b. Continued provision of Fair Housing Education and outreach activities including providing education to the general public as well as housing providers, real estate persons, mortgage lenders, apartment managers, owners and other personnel.

*Impediment #4: Lack of affordable housing for the elderly*

Continue working with local lending institutions to develop incentive programs for construction of affordable housing designed for the elderly

*Impediment #5: Inadequate Public Transportation*

- a. Encourage the transit authority to seek state funding for transit funding.
- b. Encourage the transit authority to seek federal matching funding for transit funding.
- c. Encourage the transit authority to seek ways of increasing efficiency of current operation system
- d. Encourage the transit authority to implement plans for upgrading current service
- e. Encourage the transit authority to implement plans for offering new service to better cover a larger area

*Impediment #6: Lack of accessible housing units*

- a. Encourage the Housing Authority of the Birmingham District (HABD) to work toward meeting the need for more accessible housing for the disabled.
- b. Encourage architects and designers to create accessible housing stock

## **Progress Summary**

The analysis of impediments to fair housing described above was published in 2002 and reviewed during the 2005 Consolidated Plan development process. Additionally, in 2007 the Fair Housing Center of Northern Alabama began the process of again updating the City's Analysis of Impediments to Fair Housing Choice. This process was completed during 2008.

The Fair Housing Center of Northern Alabama continues its efforts to provide fair housing educational outreach program to the citizens of the Birmingham area through class room presentations, seminars, community meetings, media exposure and training in an effort to address fair housing choice impediments.

## SECTION II: Demographic and Economic Overview

This section profiles the City of Birmingham's demographic and housing trends by examining and mapping data from the 1990 decennial Census, 2000 decennial Census, American Community Survey 2008 and other relevant data. After describing demographic characteristics and trends, the section provides an analysis of the area's housing market and a household's ability to purchase a home. The section concludes with a synopsis of housing problems experienced by residents, such as cost burden, physical defects and overcrowding.

The following table provides an overview of the City of Birmingham's demographic and housing profile in 1990, 2000 and 2008. The population within the city decreased by 8.6 percent between 1990 and 2000 to reach 243,072 (from 265,852 in 1990), and fell again by 2008 to 209,639 (13.8 percent decrease). This occurred against a backdrop of growth in Jefferson County (1.6 percent increase from 1990 to 2000, and just a 0.4 percent decline to 2008).

At the same time, the number of households declined by 5.9 percent from 1990 to 2000, and by another 10.1 percent by 2008. The slower decline in households than in population supports the decrease in household size (from 2.26 in 1990 to 1.88 in 2008).

From 1990 to 2000, the percent of persons 65 and older in the City of Birmingham declined from 14.8 to 13.6 percent of the population, and fell again to 12.9 percent in 2008. Despite this loss of elderly population, the loss of population among youth and middle-aged individuals supports the steady rise of the median age of the population from 33.0 years in 1990 to 35.4 years in 2000, and an estimated 37.6 in 2008.

**Table 2-1 Overall Profile: 1990, 2000 and 2006**

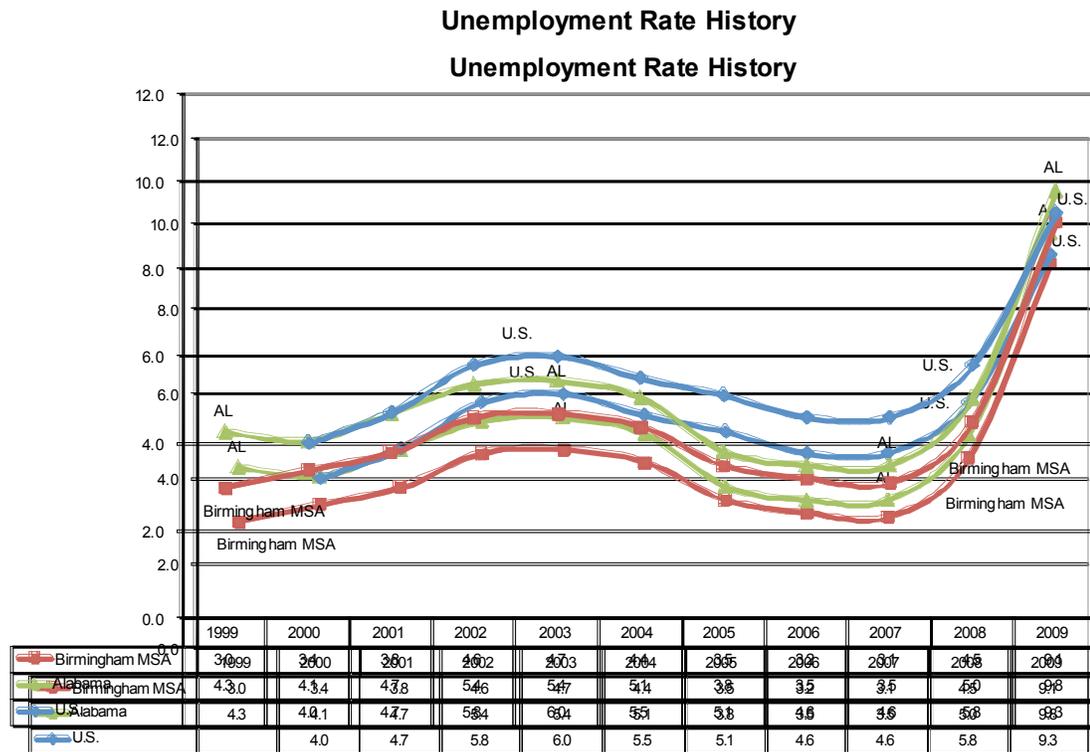
	1990		2000		2008 estimate	
	Birmingham	Jefferson County	Birmingham	Jefferson County	Birmingham	Jefferson County
Population	265,852	651,525	243,072	662,047	209,639	659,240
Percent 65 or Older	14.8%	14.1%	13.6%	13.7%	12.9%	13.4%
Households	104,991	251,258	98,748	263,255	88,795	265,760
Housing Units	117,636	273,097	112,229	288,162	111,398	308,033
Percent of Vacant Units	10.4%	7.9%	11.8%	8.6%	20.3%	13.7%
Homeownership Rate	53.4%	65.3%	53.5%	66.5%	53.3%	68.2%
Source: Census 1990 and 2000, calculated from data extracted from Summary File 3, Tables H6 and H7; 2008 American Community Survey.						

The 1990 Census reported a labor force of 121,800 persons in the City of Birmingham. In 2000, Census data reported a labor force of 110,697 and a local Birmingham Analysis of the Impediments to Fair Housing 2010

calculated unemployment rate of 10.8 percent (up from a calculated rate of 9.2 in 1990). American Community Survey 2008 data estimate 89,880 persons in the labor force. Bureau of Labor Statistics data show a 2008 unemployment rate of 4.5 percent in the MSA, up from 3.4 in 2000. By December of 2009, this rate had climbed to 9.8.

By comparison, in 2000, the unemployment rate for the state of Alabama was 4.1 percent, just slightly higher than the national rate of 4.0. More recent data show the December 2009 unemployment rate for the state of Alabama to be 9.8 percent, as compared to a national rate of 9.3 percent.<sup>1</sup> The graph below illustrates Birmingham’s historically lower unemployment rate than that of the state and the nation.

Figure 2-1 Unemployment Rate History



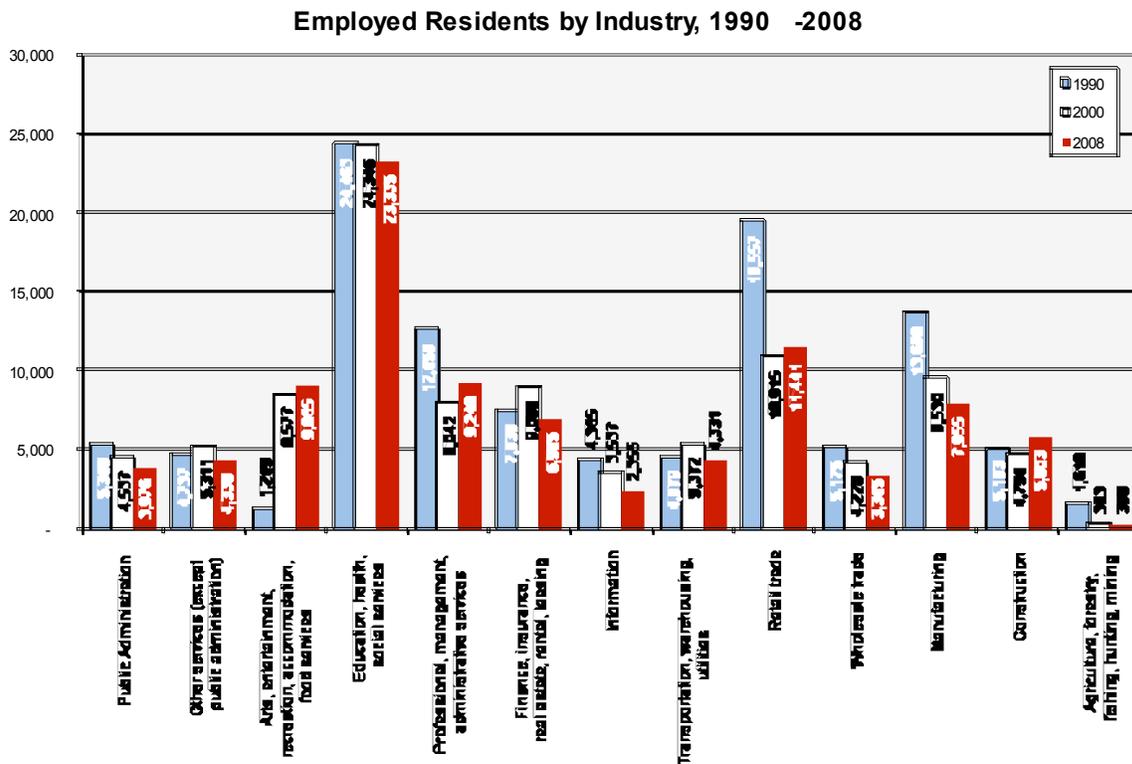
Source: Decennial Census (1990, 2000), 2006 -8 ACS 3 -year estimates, Bureau of Labor Statistics (Series LNS14000000, LASST45000003, LAUMT45439003)

American Community Survey 2008 data showed that the largest numbers of residents within the City of Birmingham were employed in the Education, health and social services industry (23.7 percent), followed distantly by Retail trade (11.6 percent) and Professional, management and administrative services (9.4 percent). Arts, entertainment, recreation, accommodation and food services rank

<sup>1</sup> Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas, accessed 12/09.

a very close fourth place at 12.6 percent. These first two industries ranked in the same positions in 2000 (at 24.7 and 11.1 percent, respectively), while Manufacturing ranked third in that year, at 9.7 percent (declining to fifth by 2008). In 1990, Education, health and social services and Retail trade were still first and second (22.2 and 17.8 percent, respectively), with Manufacturing ranking third (employing 12.4 percent of workers). The graph below shows the distribution of the City of Birmingham employed residents by industry in all three years.

Figure 2-2 Employed Residents by Industry 1990-2008



## Demographic Profile

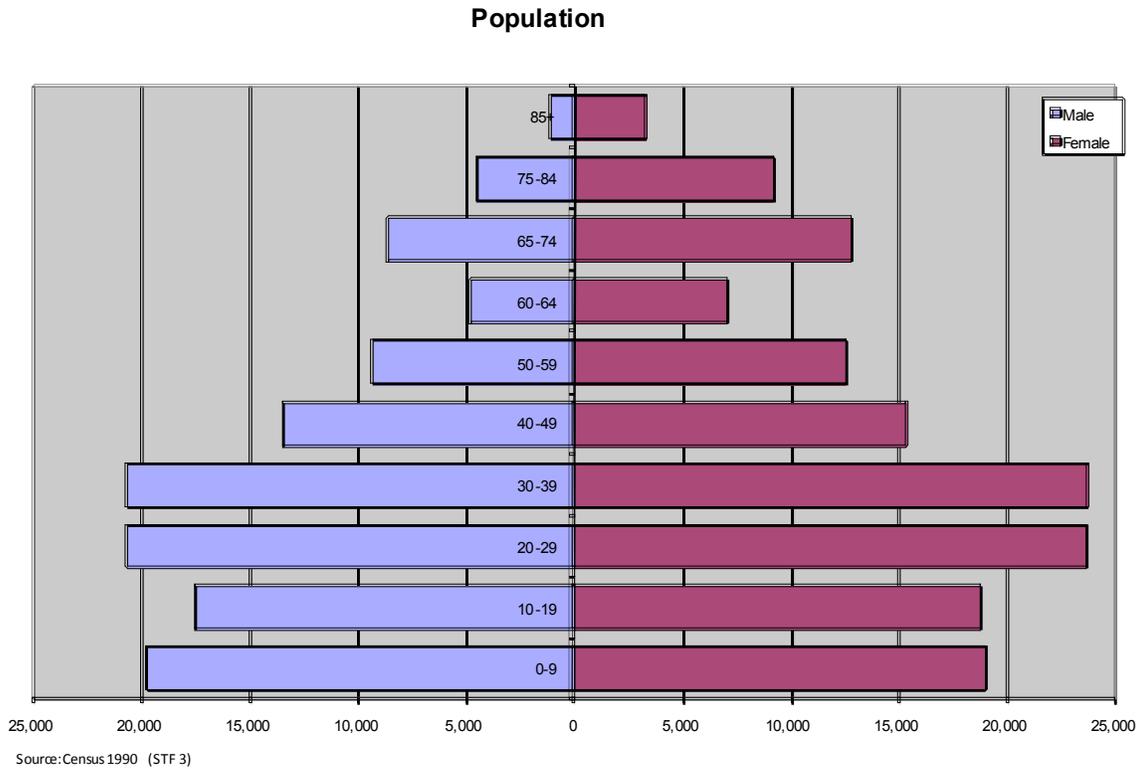
### Population

The population of the City of Birmingham fell by 8.6 percent between 1990 and 2000 (from 265,852 to 243,072), while the population throughout Jefferson County increased by 1.6 percent. The following population pyramids display the change in the city’s age distribution during this time period.

As illustrated by the first pyramid, the two most populated cohorts in 1990 were those aged 30-39 years and 20-29 years (at 16.7 percent), followed by those aged 0-9 (14.6 percent), when these three groups together comprised 48.0 percent of the population. Another large cohort—those aged 10-19, comprising

13.6 percent of the population—combines to make up 61.7 percent of the population that together represents young families of parents and their young children.

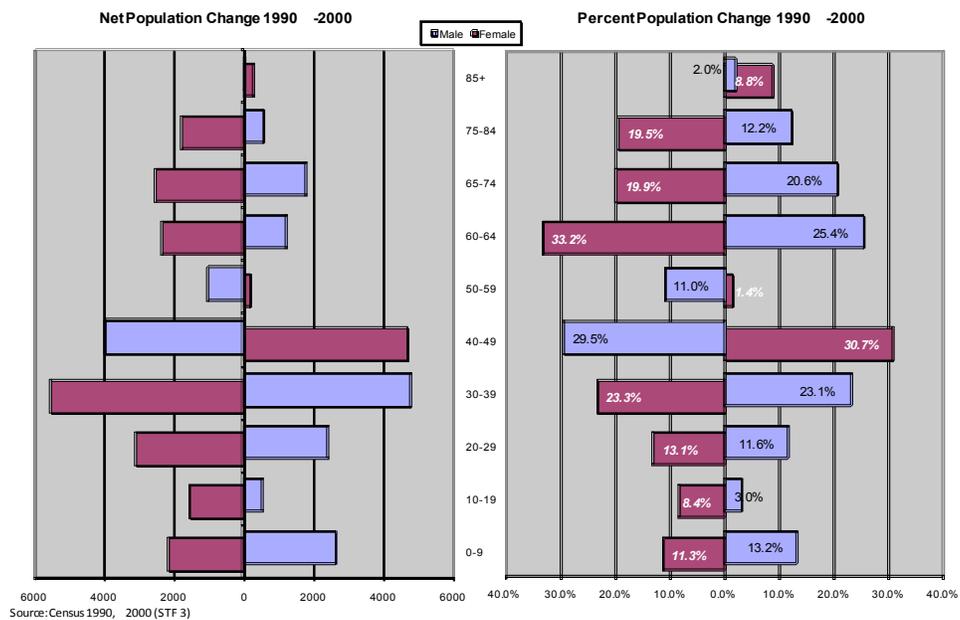
Figure 2-3 Population 1990 -- 2000



The 2000 pyramid illustrates very little shift in age distribution at the younger ages. By 2000, those aged 20-29 represented the largest cohort, but in a slightly smaller proportion than ten years earlier (16.0 percent, as compared to 16.7). Those aged 40-49 in 2000 represented 15.4 percent of the population—a significant decline from this cohort’s 16.7 percent position in the previous decade, but significantly larger than their predecessors in 1990, when this same age group comprised 10.8 percent of the population. This cohort experienced the fastest growth, increasing by 4.6 points from 1990.

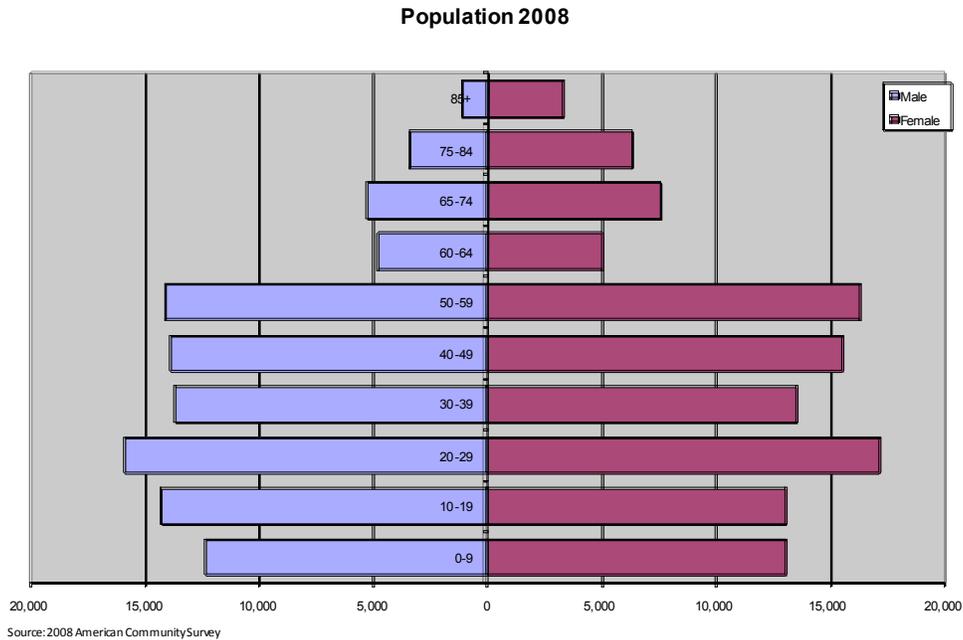
These changes are illustrated in the graph below, which shows the net and percent changes by cohort from 1990 to 2000. Blue bars on the left represent increase of male population, while red bars on the right represent increases among females. When the bars are reversed, this illustrates a loss in the population.

Figure 2-4 Net and Percent Population Change



American Community Survey 2008 data estimate the largest cohort to be those aged 20-29, comprising 15.8 percent of the population. Those aged 50-59 are in the second largest, at 14.5 percent. By 2008, those aged 40-49 comprised the third largest cohort in the City of Birmingham (14.0 percent).

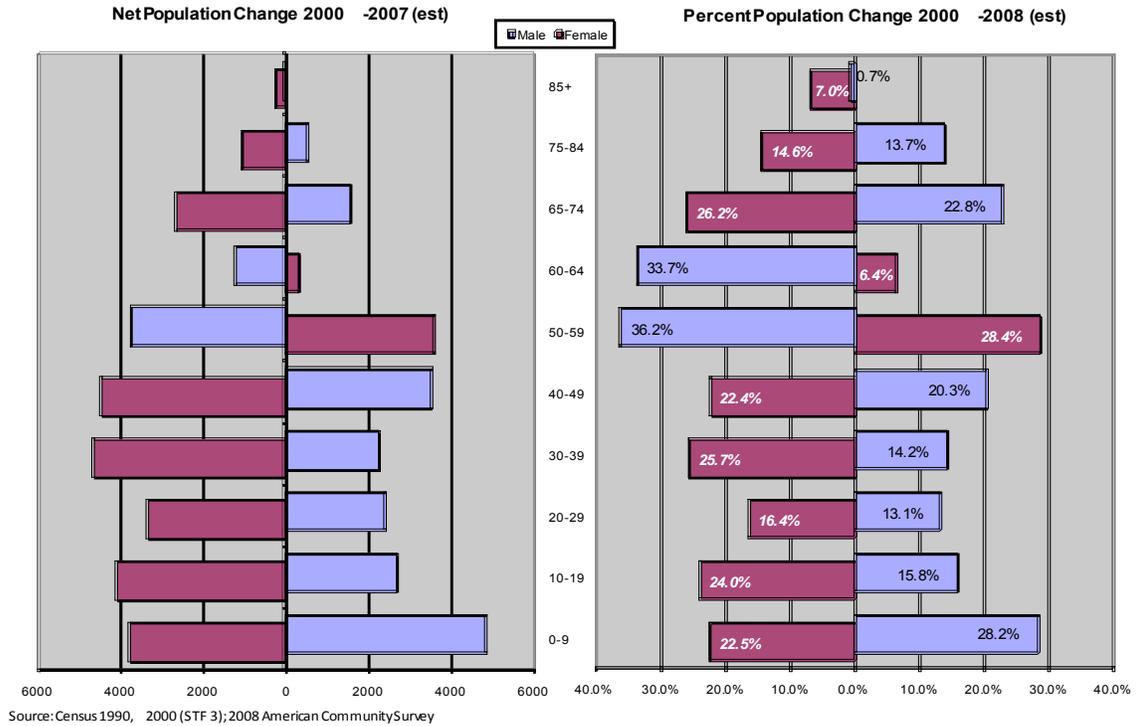
Figure 2-5 Population 2008



The greatest point gain was among persons aged 50-59, which increased by 5.0 points between 2000 and 2008. This same group was the largest cohort in 1990 and experienced the highest growth in 2000. Despite its growth, this group continues to decrease in proportion of the population. Where the three largest cohorts in 2000 were made up of those aged 20 to 49, (comprising 43.5 percent of the population), the three largest cohorts in 2008 were those aged from 20 to 29, and 40 to 59, inclusive, and comprised 44.3 percent of the population. At the same time, those aged 0 to 9 experienced the greatest population loss (1.9 points), with losses experienced among all other groups except those aged 60 to 64, who experienced a 1.3 point increase. In part, these shifts in the demographics support the increasing median age of the population over the study period.

These changes are illustrated in the graph below. Blue bars on the left indicate increase in the male population, whereas red bars on the right indicate increase in the female population. When the bars are reversed, this illustrates a loss in the population (for example, blue bars on the right represents loss of males).

Figure 2-6 Net and percent Population Change 2000-2008



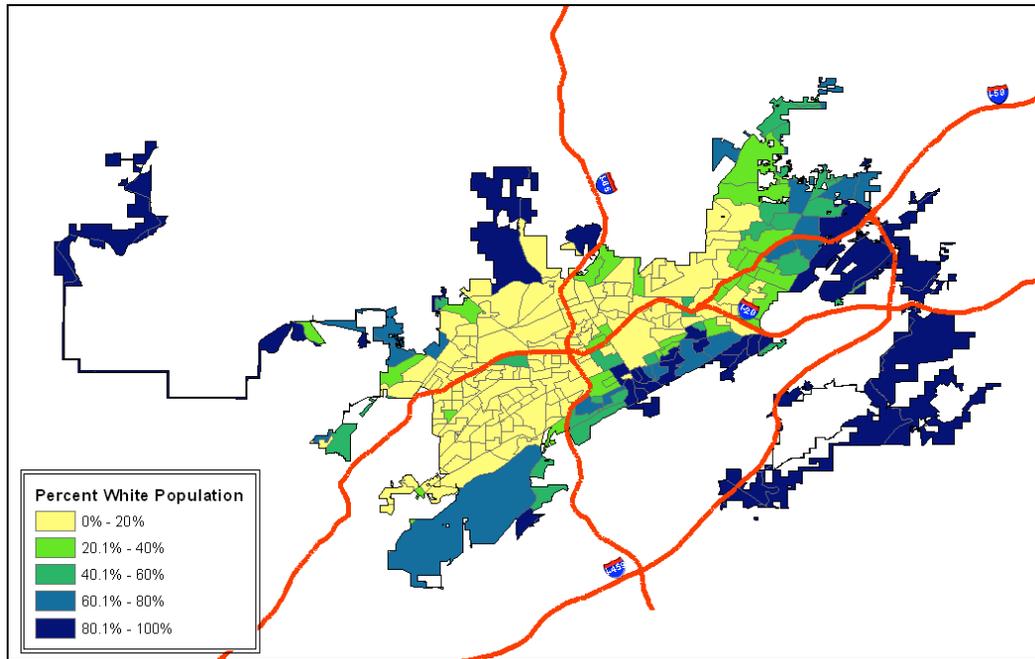
**Race/Ethnicity**

In 2000, the City of Birmingham’s population was 24.2 percent White, 73.3 percent Black, 0.2 percent American Indian/Alaska Native, 0.7 percent Asian, 0.7 percent some other race, and 0.8 percent two or more races. The Hispanic population comprised 1.5 percent of the city’s total population.

2008 American Community Survey estimates indicate a slight shift in population composition, now showing the population to be 23.0 percent White, 74.1 percent Black, 0.2 percent American Indian/Alaska Native, 0.9 percent Asian, 1.0 percent Other and 0.9 percent two or more races. The Hispanic population had nearly doubled to 2.8 percent.

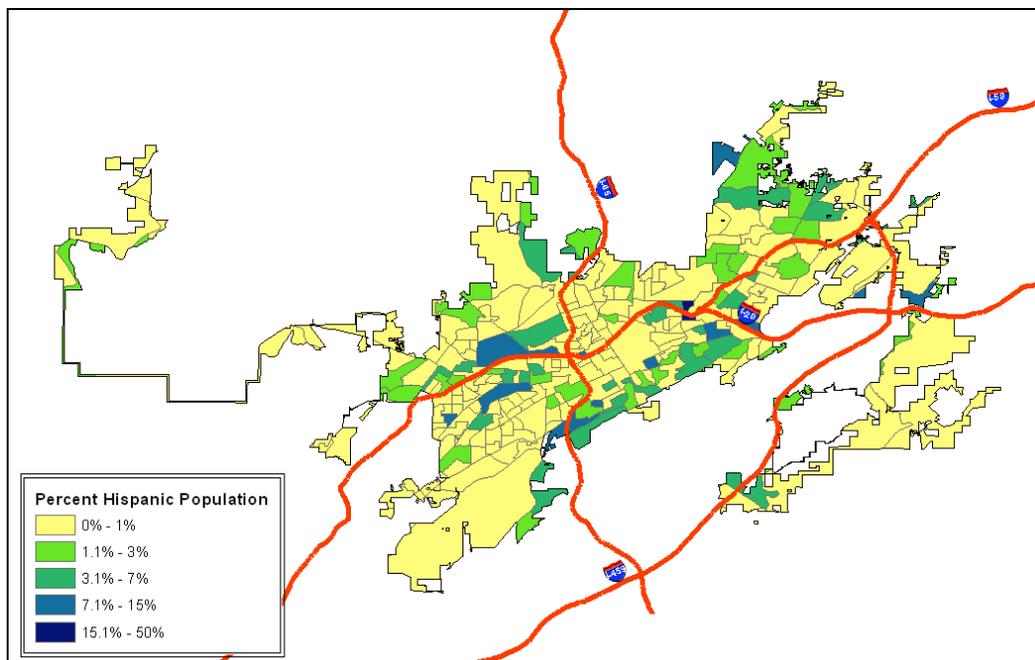
The map below illustrates the distribution of the white population in the City of Birmingham in 2000. Shaded dark blue on the map below, the highest concentration is indicated around the perimeter of the city, particularly to the southeast, outside of I-59 and I-459.

Figure 2-7: Percent White Population (2000)



In 2000, the highest concentration of the city's Hispanic population was near the intersection of I-20 and I-59, to the northeast of the city center.

Figure 2-8: Percent Hispanic Population (2000)



## Household Characteristics

While continuing to decline from 1990, families were still the most prevalent type of household, comprising 60.5 percent of all households in 2000. Of these, 69.2 percent were small (2 to 4 persons) family households. According to 2008 American Community Survey estimates, family households have become less prevalent in Birmingham, declined to 55.8 percent of all households.

The table below shows the total number of households by type in the City of Birmingham in 1990, 2000 and 2008. Households with persons 65 years or older accounted for 21.1 percent of all households in 2000.

Table 2-2 Households by Type

Household Type	1990		2000		2008	
	Number	% of Total	Number	% of Total	Number	% of Total
Total Households	104,991	100.0%	98,748	100.0%	88,795	100.0%
Family Households	67,534	64.3%	59,696	60.5%	49,526	55.8%
Non-Family Households	37,457	35.7%	39,052	37.2%	39,269	44.2%
Large Families (5 or More)	N/A	N/A	8,051	17.8%	N/A	N/A
Small Families (2 to 4)	N/A	N/A	41,321	82.2%	N/A	N/A
65 and older (families & non-families)	N/A	N/A	20,798	23.4%	N/A	N/A

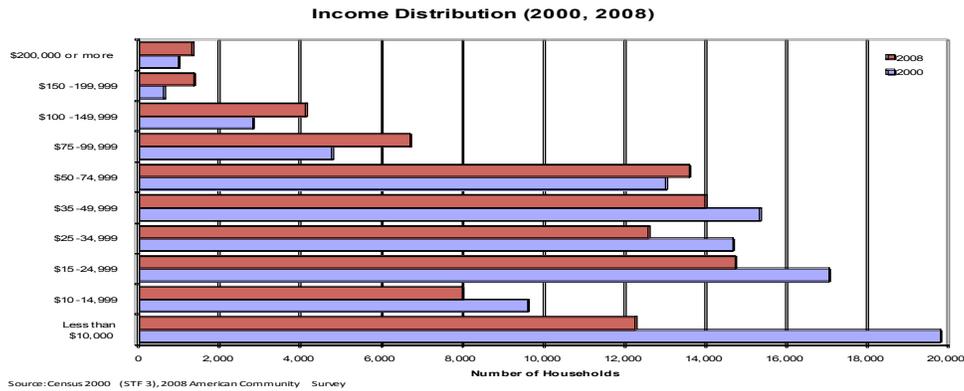
## Income Profile

The City of Birmingham's median household income in 2000 was \$26,735, which is 27.5 percent below the overall county median household income of \$36,868. In 2000, the income range with the highest number of households in the City of Birmingham was less than \$10,000, with 20.1 percent of the population earning in this range. The second highest earning level was \$15,000 to \$24,999, with 17.3 percent of households at this level.

By 2008, the median income was estimated to have risen to \$32,070—a 20.0 percent increase. At the same time, the median income in the county overall was estimated to be \$46,063, representing a 24.9 percent increase in the countywide median income. The effect of the higher increase countywide than within the city resulted in the city median income dropping to 30.4 percent of the county.

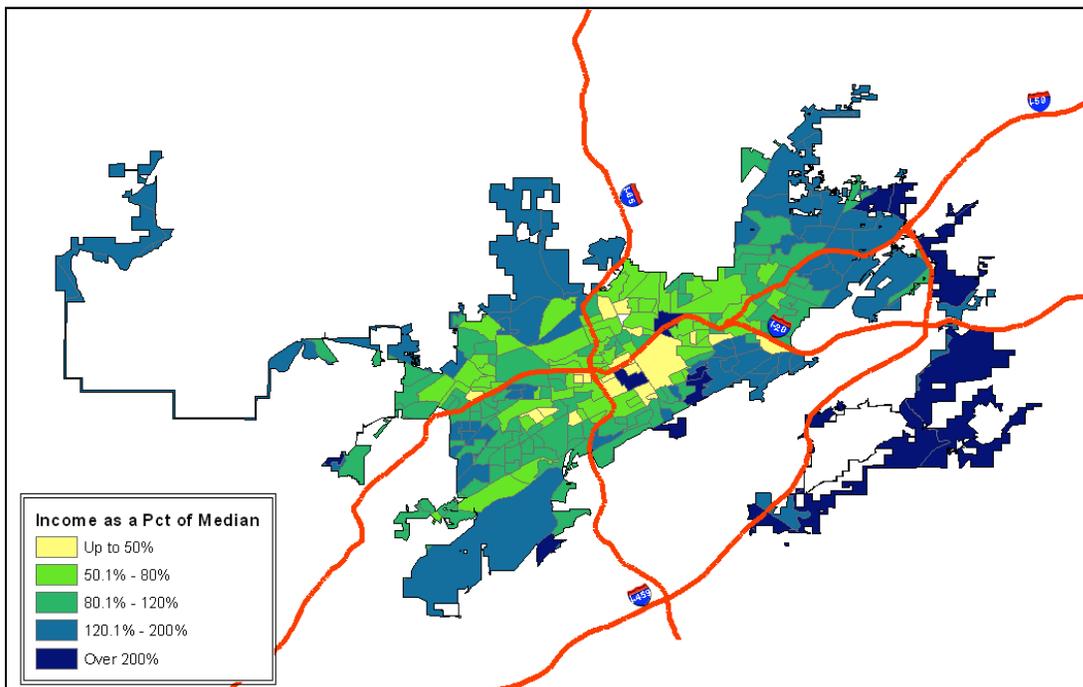
ACS 2008 estimates indicate that the highest percent of households earned between \$15,000 and \$24,999 (16.6 percent), followed closely by those earning between \$35,000 and \$49,999 (15.8 percent) and from \$50,000 to \$74,999 (15.3 percent). Those earning less than \$10,000 fell to 13.8 percent. All higher income levels were estimated to have grown in both numbers and percent of the population between 2000 and 2008.

Figure 2-9 Income Distribution (2000 and 2008)



The map below geographically displays economic stratification in the City of Birmingham. The block groups with the lowest median incomes (represented in yellow) are primarily those with the lowest concentrations of white population. The wealthiest households predominate to the southwest of the city, particularly outside of I-59 and I-459.

Figure 2-10: Income Distribution (2000)



According to HUD, the current (2009) median income for a family of four in the City of Birmingham is \$60,900. The table below provides 2009 income limits by family size.<sup>2</sup>

**Income Limits 2009**

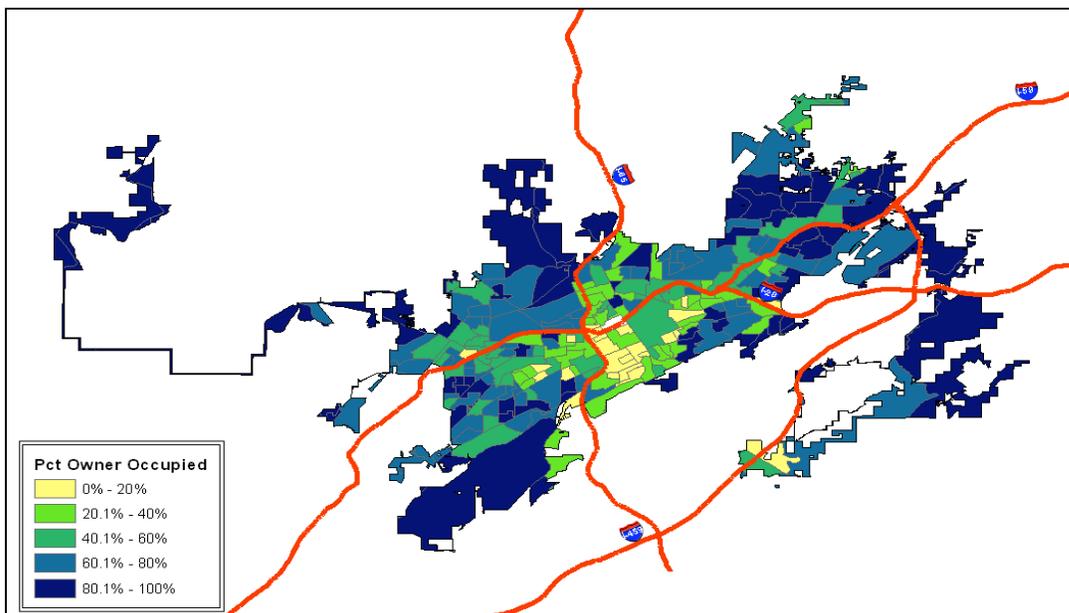
Family Size	1	2	3	4	5	6
Income Limit	34100	38950	43850	48700	52600	56500

**Tenure**

Tenure is calculated as tenant or owner occupancy as a proportion of occupied housing units. In 1990, the city’s homeownership rate was 53.4 percent, which was almost 12 full points below the county rate of 65.3 percent, and lower than the national rate of 66.2 percent. The rate has not changed significantly, increasing to 53.5 in 2000 and declining again to an estimated 53.3 in 2008. At the same time, homeownership in Jefferson County rose to 66.5 percent in 2000 and an estimated 68.2 percent in 2008. By that same year, the national rate had increased to 66.9 percent.

The map below shows the distribution of the 98,937 owner-occupied households throughout the City of Birmingham in 2000.

Figure 2-11: Homeownership (2000)



Wh

<sup>2</sup> U.S. Department of Housing & Urban Development: Annual Income Limits for the CD Program, March 2009

While it is no surprise that areas with high income levels also have high rates of homeownership, it is somewhat unexpected to discover the rather high rates of homeownership (19.7 percent) combined with a median household income of nearly 150 percent of the city's median in block group 0128.01-3, located south of the city, and divided by I-459 (illustrated in yellow above).

Other block groups of interest include 0055.00-1 (north of I-20, east of I-65), 0055.00-3 (north of I-20, adjacent to the east side of I-65) and 0008.00-4 (north of I-20 and west of I-65). These three block groups are unique in that they have unusually high homeownership rates (82.0, 74.4, and 81.7 percent, respectively), yet the median incomes are well below the city's median (62.3, 64.4, and 60.2, respectively). Another block group of interest is 0024.00-2—the largest block group located adjacent to I-20 and east of I-65. This block group has a homeownership rate of 55.5 percent, yet a median household income of 46.5 percent of that of the city.

The combination of high homeownership rates and low incomes, such as described by these findings, indicates stable populations living in homes of older construction that likely no longer have mortgages, thus alleviating a housing payment. In general, the City of Birmingham has rather low homeownership rate.

### Overview of Housing Supply

In 2000, there were 112,229 housing units in the City of Birmingham, a net decline of 4.6 percent from 1990.<sup>3</sup> The housing stock fell by an additional 0.7 percent between 2000 and 2008 to an estimated 111,398 total housing units.<sup>4</sup>

Table 2-3 Housing Units by Tenure

Housing Units by Tenure						
Units	2000		2008		Change	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	52,886	47.1%	47,307	42.5%	-5,579	-10.5%
Renter-Occupied	46,051	41.0%	41,488	37.2%	-4,563	-9.9%
Vacant	13,292	11.8%	22,603	20.3%	9,311	70.0%
Total	112,229	100.0%	111,398	100.0%	-831	-0.7%

In 2000, single-family detached housing was the most prevalent type among the city's housing stock. The graph below provides an overview of the housing types in the city. In total, single family detached housing represented 61.0 percent of all housing in the city. The majority of multi-family housing—that is, housing in 4 or more units per structure—was located in buildings containing 20 or more units (10.7 percent), followed by structures containing 10 to 19 units (9.0 percent) and

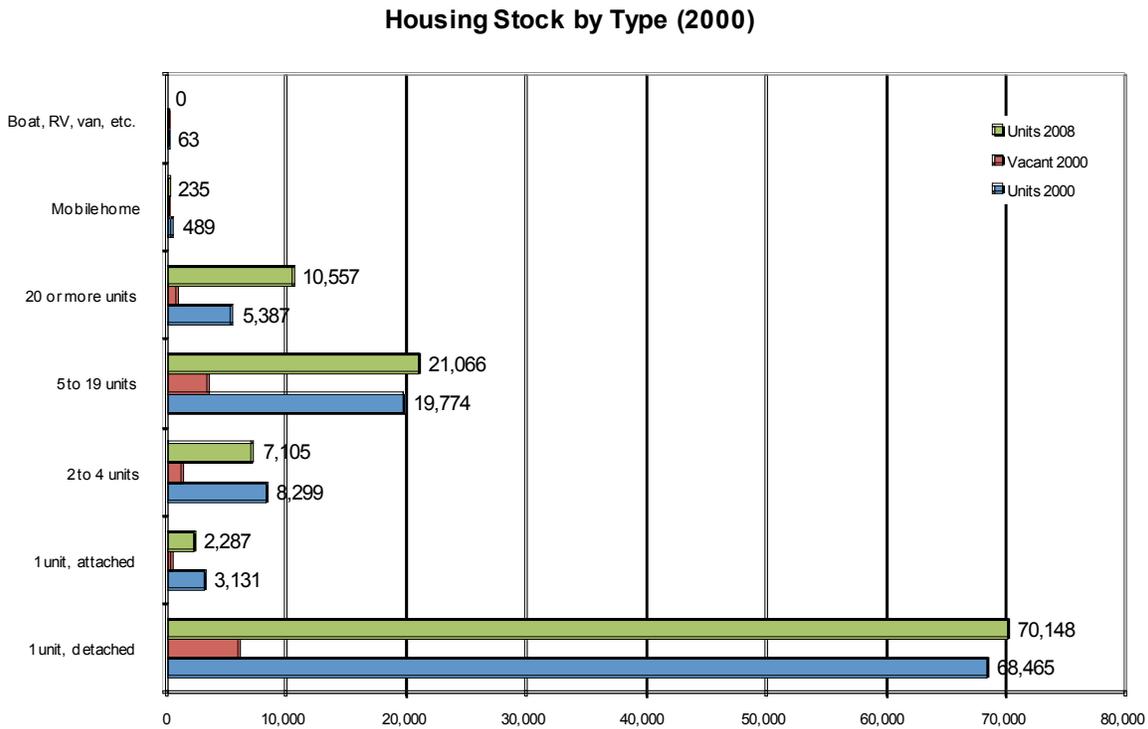
<sup>3</sup> Census 1990, Summary File 3, HO27: Tenure By Year Structure was Built (Housing Units) and Census 2000, Summary File 3, HO27: Tenure By Year Structure was Built (Housing Units),

<sup>4</sup> Census 2000, Summary File 3, HO27: Tenure By Year Structure was Built (Housing Units) and 2006-2008 American Community Survey 3-Year Estimates, B25034: Year Structure Built (Housing Units).

5 to 9 units (8.6 percent). Mobile homes represented less than 1 percent of all housing.<sup>5</sup>

In 2008, it is estimated that the 70,148 single-family housing units represented 63.0 percent of the housing stock. Most multi-family housing was located in buildings containing 10 to 19 units per structure (10.6 percent), followed by that located in buildings containing 20 or more units (9.5 percent). The graph below illustrates housing distribution in 2000 and 2008, and vacancies by unit types.

Figure 2-12 Housing Stock by Type



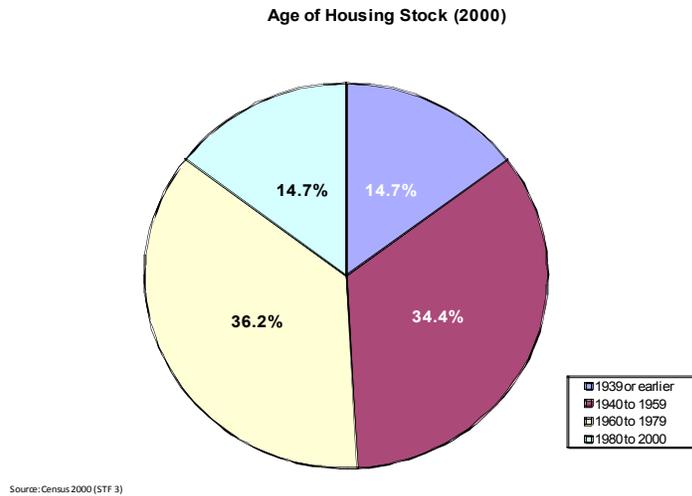
Source: Census 2000 (STF 3), 2008 ACS

### Age and Condition

Based on the 2000 census, 49.1 percent of the total housing stock in the City of Birmingham was built in 1959 or earlier, and is, therefore, now more than 50 years old. These data also indicate that a total of 85.3 percent of the housing stock was built prior to 1980, making lead-based paint a potential hazard.

<sup>5</sup> Census 2000, Summary File 3, H32: Tenure By Units in Structure

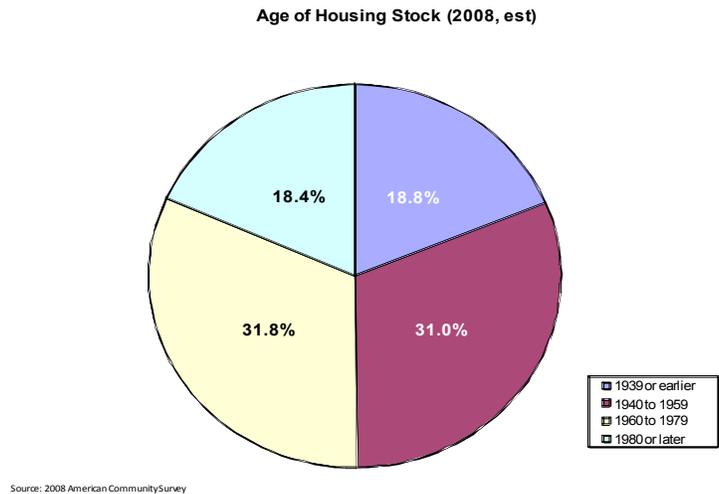
Figure 2-13 Age of Housing Stock



2008 American Community Survey estimates indicate that 49.8 percent of the city's housing stock was built prior to 1959, suggesting that some older housing stock was restored to the housing inventory in the eight-year interim. Additionally, the percent of housing stock built prior to 1980 decreased to 81.6 percent, suggesting the loss of some stock built since 1959.

When compared to the national average of 56.0 percent built since 1980, the City of Birmingham's housing stock is slightly newer than most; yet nearly one-half will need substantial financial investments in major structural systems to remain sound and livable. For low-income owners, these repairs are frequently unaffordable, and deferred maintenance hastens the deterioration of their units. For low-income renters, their housing does not generate enough revenue for landlords to make improvements without raising rents.

Figure 2-14 Age of Housing Stock

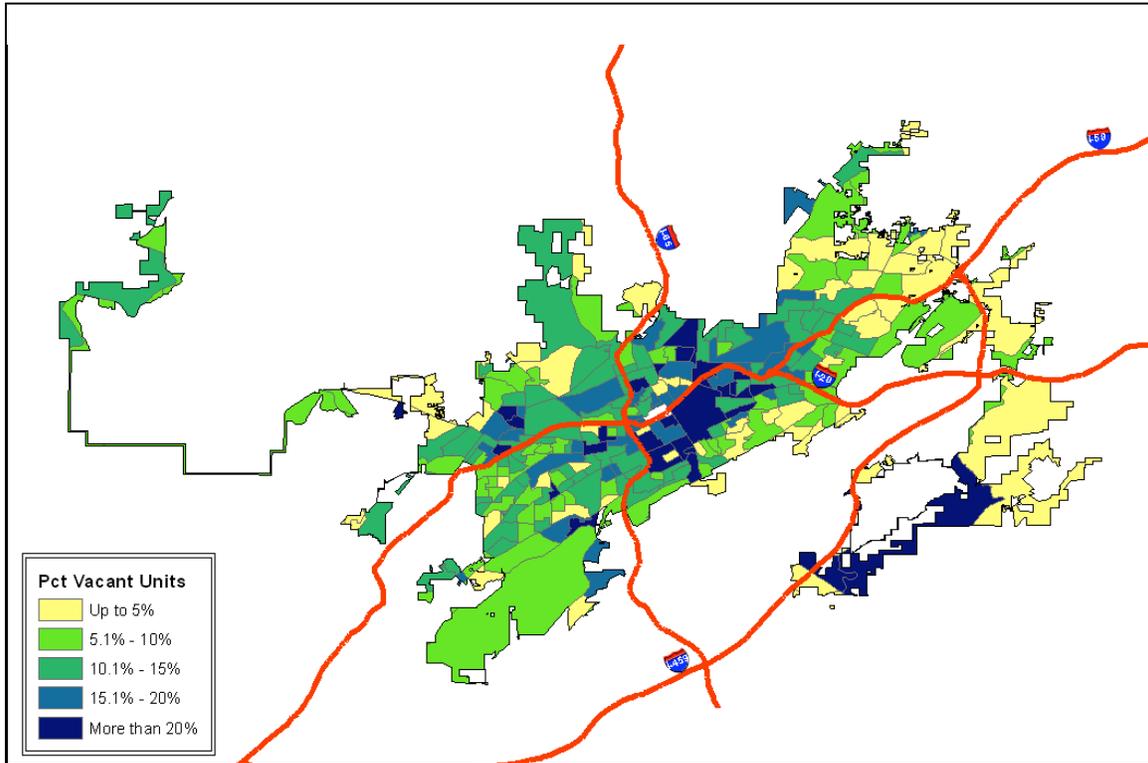


### Vacant Units

Vacancy is a proportion of unoccupied units to all housing units. The map below shows the distribution of vacancies throughout the City of Birmingham. The highest vacancy rate (52.9 percent) is found in block group 0007.00-5, located in the northeast section of the city center. This high rate is largely due to the fact that there are just 17 housing units in this block group, of which only 8 are occupied. Other areas of high vacancy have similar characteristics: small block groups with few housing units located near the city center.

Also significant is block group 0127.02-2, located south of the city across I-459. This is an area of among the highest income levels and has a vacancy rate of 23.0 percent.

Figure 2-15: Percent Vacancies by Block Group (2000)

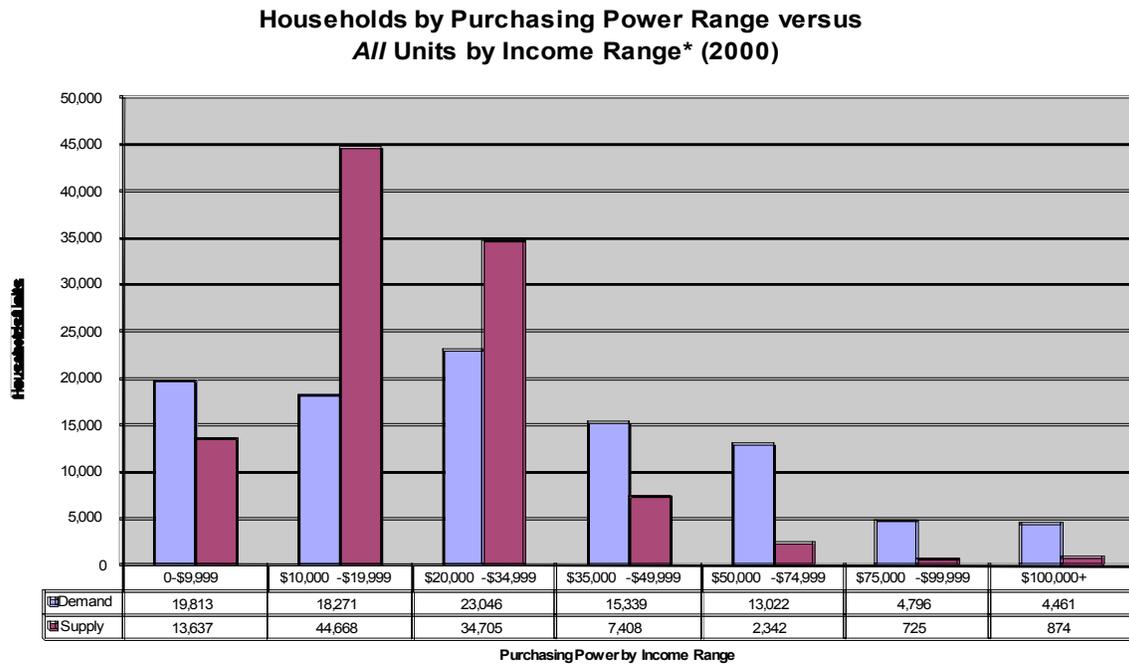


### Housing Demand versus Supply

The following two graphs compare the housing demand versus the housing supply in the City of Birmingham as of 2000. The first displays the total number of households distributed among their affordable home ranges (both rental and owned units). In this graph, the term *demand* represents the numbers of households at each income level shown (\$0-\$9,999, \$10,000-\$19,999, etc.). The term *supply* represents all housing units—that is, rented and owned, occupied and vacant—valued at appropriate affordability for each income level.

In 2000 there were 19,813 households that earned less than \$10,000. Assuming that an affordable home value is roughly three times a household's annual income, this income group can afford a home valued at no more than \$29,999. In 2000 in the City of Birmingham, there were 13,637 homes valued in this range, falling short by nearly one-third in housing for households at this income level.

Figure 2-16 Households by Purchasing power Range versus All Units by Income Range (2000)



Source: Census 2000 (STF 3)

\* for all households

There is also a lower supply than demand for all income levels above \$35,000, illustrating that high-income households purchase homes below their affordability levels, causing them to compete for housing with those at lower incomes.

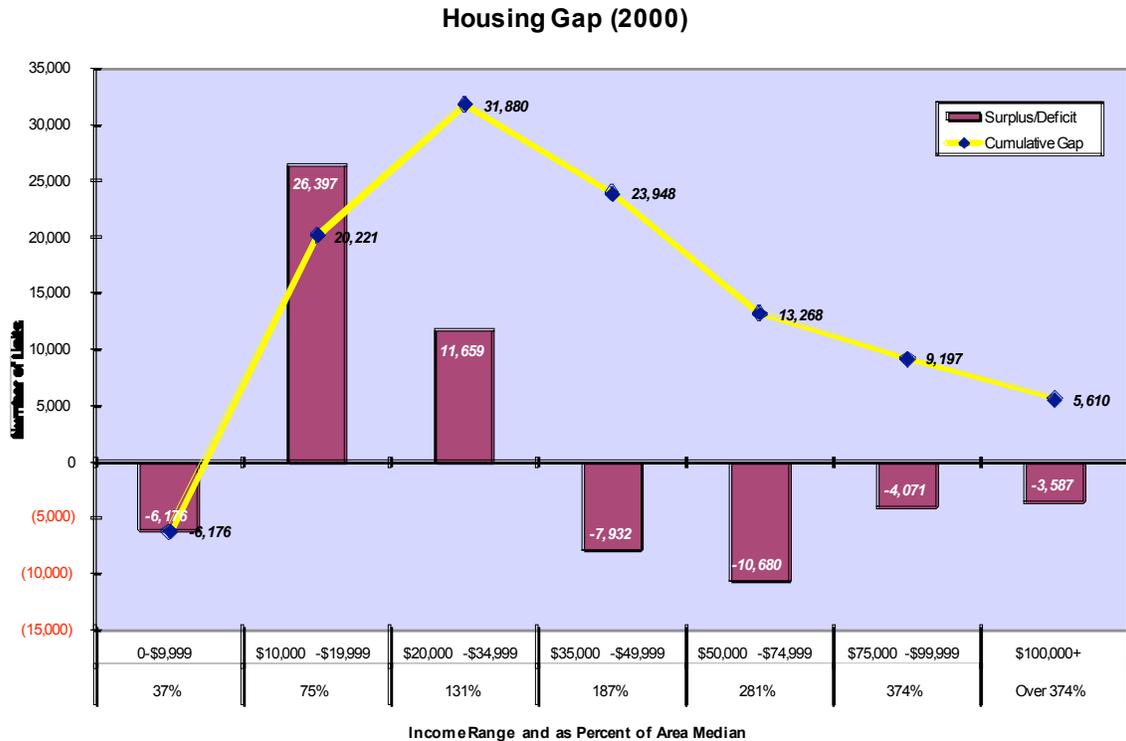
The graph below shows the gap between the supply and demand of housing units at each income level. For example, the demand for 19,813 units and supply of 13,637 (above) creates a gap of 6,176 units (see graph below and table above). In other words, there were 6,176 more households earning up to \$9,999 annually seeking housing than there were housing units in their affordability range.

At the next level, the demand of 18,271 units and supply of 44,668 creates a gap of 26,397 units in excess of demand. When households from the income level below accept housing at a higher level than they can afford, the cumulative effect is ample housing for households earning less than \$20,000. Combining these with the deficit of 6,176 units from the previous income level creates a net surplus of 20,221 housing units for households at these two income levels combined.

A review of the cumulative housing supply and demand (yellow line) shows that in 2000 there was ample housing for all households, and cumulative surplus of 5,610 units (as of the 2000 Census). This surplus indicates that there are sufficient units for all households earning more than \$10,000 that accept living in housing at or below their affordability levels. However, the shortage of housing for households earning incomes above \$35,000 means that all households in

Birmingham are competing for housing priced in the affordability range that corresponds to those earning between \$10,000 and \$34,999.

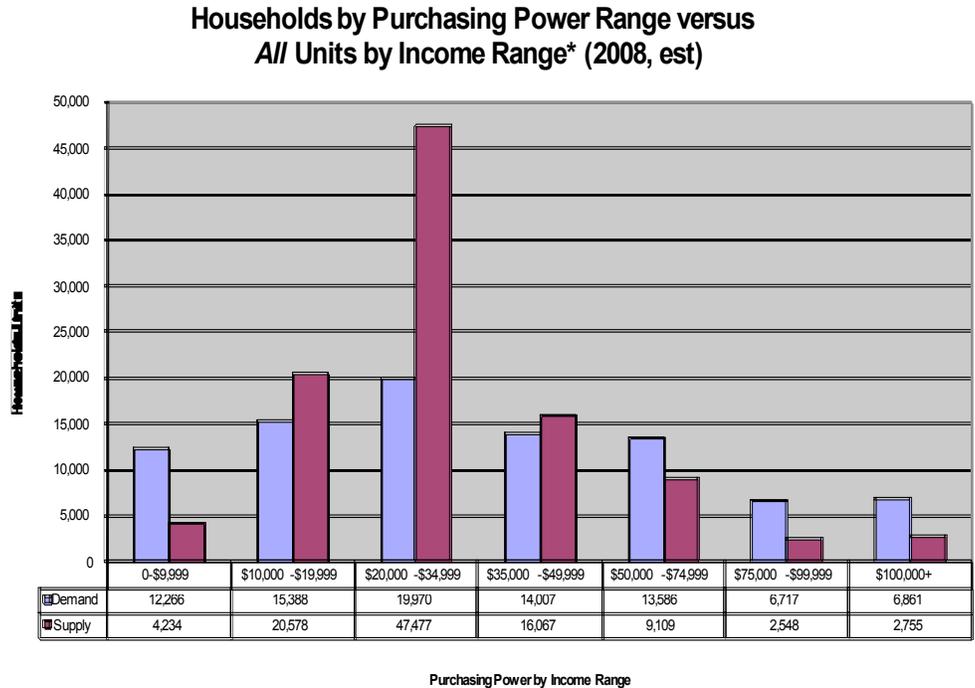
Figure 2-17 Housing Gap (2000)



Source: Census 2000 (STF 3)

Estimates from the 2008 American Community Survey suggest the shifts as illustrated in the following graphs. Housing availability appears to have improved for households earning from \$35,000 to \$49,999, but still falls short of demand at the lowest levels.

Figure 2-18 Households by Purchasing Power Range versus All Units by Income Range (2008, est)



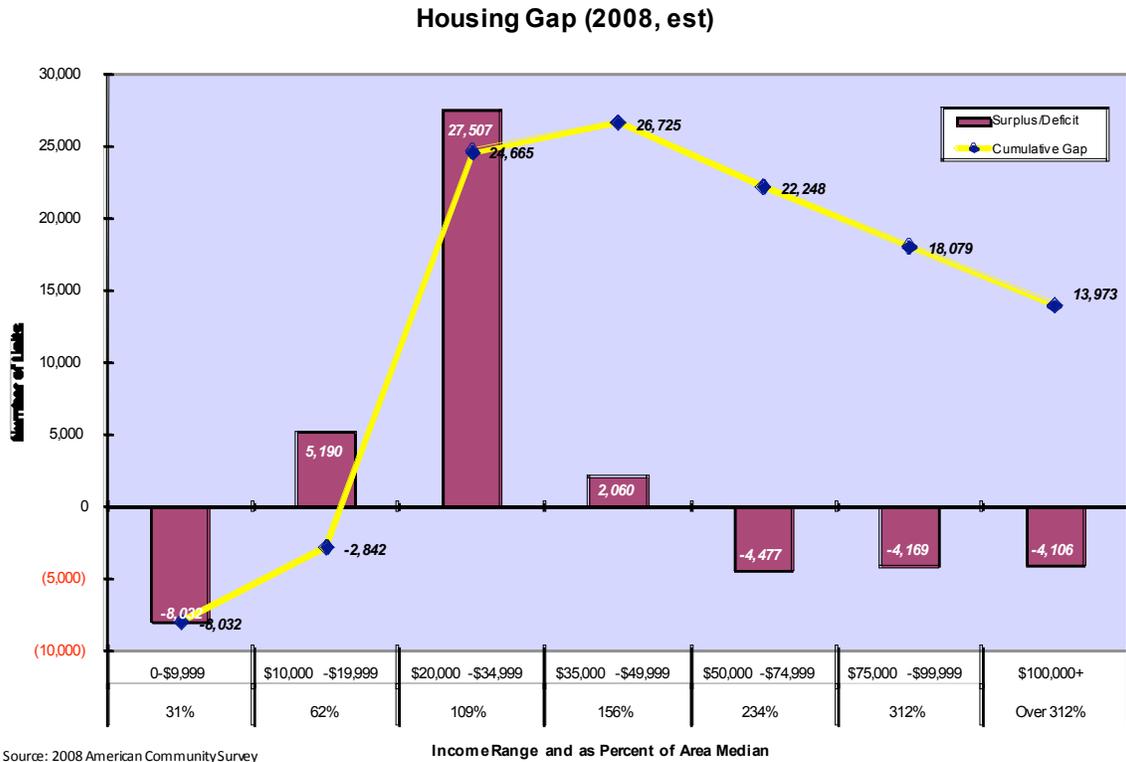
Source: 2008 American Community Survey

\*for all households

The demand for 12,266 units and supply of 4,234 at the lowest level reveals a gap of 8,032 units—significantly larger than the gap in 2000. Important to note is that a home priced at less than \$10,000 in 2000 was available to households earning up to 37 percent of the area’s median income. By 2008, this home was available to those earning up to just 31 percent of the area’s median income. Because the price of the home is held constant against a rising median income, the affordability measure decreases.

At the next price point, the demand for 15,388 units and supply of 20,578 units meets the needs of households earning from \$10,000 to \$19,999, but represents a continued deficit of housing for those with incomes below 30 percent of the area’s median. Relief for the unmet needs of the high demand and low supply does not occur until the excess of 24,665 housing units for those who earn 109 percent of the area’s median income (up to \$34,999). Furthermore, the continued shortage of housing units at the highest levels causes the highest earners to compete with those from lower income levels for housing priced near and well above the median. Ultimately, the City of Birmingham has an estimated net surplus of 13,973 housing units.

Figure 2-19 Housing Gap (2008, est)



## Housing Affordability

Housing affordability is calculated as 30 percent of income for rent, and 28 percent of income for homeownership. The difference is to allow for additional costs, such as utilities, that are customarily included in a tenant household's rent, but are borne by the household's income as homeowners.

In the City of Birmingham, the current median cost for a home is \$184,900<sup>6</sup>. Presuming a down payment of 5 percent (\$9,245) and an interest rate of 4.75 percent, an estimated monthly payment (PITI) of \$950 makes the home affordable to a household earning \$39,146 (or 122.1 percent of the area's median income).

According to the National Low-Income Housing Coalition's "Out of Reach" database, in 2009, the City of Birmingham's median gross rent for a two-bedroom unit was \$698. As 30 percent of annual income, this rent would be affordable to a household earning \$27,920, or 87.1 percent of the area's median income. Three-bedroom rental housing was reported to cost \$886. Affording this rent requires an annual income of \$35,440, and is affordable to households earning 110.5 percent or more of the area's median income. In general, rental

<sup>6</sup> Retrieved from [www.realtor.com](http://www.realtor.com), accessed 3/6/10.

housing in the City of Birmingham is affordable for those who earn an income near the city's median.

Table 2-4 on the following page illustrates the income needed to afford a home of the 2010 median home value in the City of Birmingham, based on interest rates of 4.75 and 5.25 percent with a 5-percent down payment.

Table 2-5 illustrates the price of a home that households paying the 2009 Fair Market Rent (FMR) for two- and three-bedroom units can afford, if they were to own rather than rent. These charts assume an affordable rental housing cost to be 30 percent of a household's monthly income and an affordable ownership cost to be 28 percent.

Assuming a 28 percent affordability index, the results of the analysis show that a median-priced home in 2010 is affordable to a household earning between \$39,146 and \$41,555 (or from 122.1 to 129.6 percent of the AMI). This assumes that the household can provide a down payment of 5 percent.

This analysis further examines the affordability of rental housing in the City of Birmingham in comparison to the cost of homeownership. A household paying the 2009 fair market rent (FMR) for a 2-bedroom rental unit with no funds available for a down payment can afford a home between 64 and 68 percent of the 2009 median home value in the City of Birmingham; that is, a home priced between \$118,019 and \$125,282. A household paying the 2009 fair market rent (FMR) for a 3-bedroom rental unit with no funds available for a down payment can afford a home between 81 and 86 percent of the 2009 median home value in the City of Birmingham; that is, a home priced between \$149,807 and \$159,026. A current search of homes for sale revealed the lowest priced home in the City of Birmingham to be \$3,500, with 2,847 homes priced below \$184,900.<sup>7</sup>

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<sup>7</sup> Search conducted 3/16/10 at [www.realtor.com](http://www.realtor.com).

**Table 2-5 Homeowner and Rental Housing Affordability**

<b>Area Median Income</b>	\$ 32,070.00
<b>Affordable Monthly Housing Cost</b>	28% monthly income

**Homeowner Housing**

**Annual Wage (and % AMI) and Down Payment Needed to Buy Various Priced Homes (at 4.75% interest rate)**

	Sales Price	Down Payment	Mortgage Amount	Monthly Mortgage at 5.0% interest	Total Monthly Cost**	Required Annual Income	Percent of AMI
Median Value of Owner-Occupied Unit, 2010*	\$184,900	\$9,245	\$175,655	\$913	\$950	\$39,146	122.1%

**Annual Wage (and % AMI) and Down Payment Needed to Buy Various Priced Homes (at 5.25% interest rate)**

	Sales Price	Down Payment	Mortgage Amount	Monthly Mortgage at 5.5% interest	Total Monthly Cost**	Required Annual Income	Percent of AMI
Median Value of Owner-Occupied Unit, 2010*	\$184,900	\$9,245	\$175,655	\$970	\$1,008	\$41,555	129.6%

\* Median Home Value source: calculated from data retrieved from www.realtor.com on 3/6/10

\*\* Includes property taxes, homeowner & mortgage insurance (if required)

**Table 2-5 Homeowner and Rental Housing Affordability**

**Rental Housing**

**Comparable Monthly Rent and Mortgage/Tax/Insurance Payments**

	Monthly Housing Expense	Comparable Monthly Mortgage	Affordable Purchase Price 4.75% interest	Affordable Purchase Price 5.25% interest	Required Annual Income	Percent of AMI
2009 FMR (2-bedroom)	\$698	\$651	\$125,282	\$118,019	\$27,920	87.1%
2009 FMR (3-bedroom)	\$886	\$827	\$159,026	\$149,807	\$35,440	110.5%

## Housing Problems

By Department of Housing and Urban Development (HUD) standards, there are three criteria by which a household is determined to have a housing problem:

- If a household pays more than 30 percent of its gross monthly income for housing, it is considered *cost burdened*. HUD considers households that pay more than 50 percent of their income on housing costs to be *severely cost burdened*.
- If a household occupies a unit that lacks a complete kitchen or bathroom, the unit has a *physical defect*.
- If a household contains more members than the unit has rooms, the unit is *overcrowded*.

Based on HUD's definition, 36.8 percent of the City of Birmingham renters (16,575) were cost-burdened in 2000, including 19.5 percent (8,783) who were severely cost-burdened. A significantly smaller percent of homeowners with a mortgage experience this housing problem: 23.5 percent (12,129) were cost-burdened, including 11.1 percent (5,729) who were severely cost burdened.

According to the 2000 Census, 631 households (0.6 percent) lacked adequate plumbing facilities—236 owners (0.4 percent) and 395 renters (0.9 percent). At the same time, 618 households (0.6 percent) lacked complete kitchen facilities—179 owners (0.3 percent) and 439 renters (1.0 percent).

2008 estimates suggest that these households have experienced some improvement. As of the 2008 American Community Survey, 368 households (0.3 percent) lacked adequate plumbing facilities—174 owners (0.4 percent) and 194 renters (0.5 percent). Similarly, 438 households (0.4 percent) were estimated to have incomplete kitchen facilities—117 owners (0.2 percent) and 321 renters (0.8 percent). The improvement is likely attributable, in part, to the decrease in older housing stock.

In 2000, 4,268 (4.3 percent) of the City of Birmingham households were overcrowded. These were comprised of 1,022 owner-occupied households, or 1.9 percent of all owner-occupied households. Considerably more tenant-occupied households were overcrowded: 3,246 or 7.0 percent of all renters.

American Community Survey estimates reported substantial improvement by 2008, indicating that overall, 2.1 percent of households were overcrowded (1,850), comprised of 550 owners (1.2 percent of all owners) and 1,300 renters (3.1 percent of all renters).

## Recommendations

Increase housing options for households at the lowest and highest income levels to relieve the competition for median-priced homes.

Ascertain that low homeownership rates around the city are a reflection of a geographic area's function (i.e., commercial areas) and not a reflection of the race, ethnicity or income levels of its residents.

## **SECTION III: Fair Housing Status, 2010**

According to the Birmingham 2005-2010 Consolidated Plan, in 2000, the City's estimated population was 243,072 residents and decreasing. The City's 2008 population has been estimated at 209,639.

As indicated in Section II (Demographic and Economic Overview), the 1990 Census reported a labor force of 121,800 persons in Birmingham. In 2000, Census data reported a labor force of 110,697 and an unemployment rate of 10.8 percent (up from 9.2 in 1990). American Community Survey 2008 data estimate 89,880 persons in the labor force. Bureau of Labor Statistics data show a 2008 unemployment rate of 4.5 percent in the MSA, up from 3.4 in 2000. By December of 2009, this rate had climbed to 9.8 in the MSA.

By comparison, in 2000, the unemployment rate for the State of Alabama was 4.1 percent, just slightly higher than the National rate of 4.0. More recent data show the December 2009 unemployment rate for the State of Alabama to be 9.8 percent, as compared to a National rate of 9.3 percent.<sup>8</sup>

Unlawful discrimination is one of the most blatant impediments to fair housing, and it is therefore important to make efforts to measure the extent to which unlawful discrimination occurs in the housing market. Analyzing complaints brought by those who believe they have been illegally discriminated against can shed light on the barriers to housing choice and accessibility. Though the number of complaints cannot provide a complete picture of the level of discrimination, it can provide a snapshot of some of the barriers that may exist. The 2007 Analysis of Impediments for Birmingham can also shed some light on the community's perceptions of the fair housing environment.

This section will review both the evidence of unlawful discrimination (in the form of an analysis of discrimination complaints) and the recent fair housing related activities of Birmingham. Another purpose of this section is to describe the current fair housing environment. Subsequent sections of this report will analyze this information for the purpose of identifying current impediments and action steps to minimize the effect of those impediments.

### **Complaints of Unlawful Discrimination**

During 2007, Birmingham conducted an analysis of fair housing choice. HUD defines this procedure as a "comprehensive review of policies, practices and procedures that effect the location, availability and accessibility of housing and the current residential patterns and conditions." In order to accomplish this task, the City and the Fair Housing Center of Northern Alabama examined existing studies and literature, conducted an historical analysis, reviewed the public policies from a fair housing perspective, analyzed the effectiveness of existing fair housing activities and examined barriers to fair housing choice for persons with disabilities and persons of color for the most part.

### **Fair Housing Center of Northern Alabama**

The Fair Housing Center of Northern Alabama (FHCNA) is a private non-profit center, organized for the expressed purpose of eliminating housing discrimination

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<sup>8</sup> Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas, accessed 12/09.

and of ensuring that all who seek housing have equal opportunity to rent, purchase, finance and insure properties of their choosing based upon their financial capabilities. The center is governed by a volunteer Board of Directors representing the fields of education, the community, social service agencies, the mortgage industry, and the political community. FHCNA is also recognized as a certified fair housing center by the U.S. Department of Housing and Urban Development and is a recipient of funds through the Fair Housing Initiatives Program. The center's services are provided through a variety of activities that include: fair housing education and training through group presentations, seminars, individual counseling, technical training for industry representatives and organizations, community meetings, roundtable discussions, and enforcement of the fair housing laws through fair housing audits, and investigations of alleged discriminatory acts. More specifically, the center provides much of this information through printed materials such as newspapers and news-letters and through the use of radio and television public service announcements and paid commercials. They distribute brochures on rental, sales, and insurance discrimination in both English and Spanish. They also advertise on billboards in both English and Spanish and place articles in the local Hispanic newspapers.

The center conducts between 150 and 250 tests yearly. This includes both systemic and complaint based. They test for race, color, national origin, religion, sex, familial status, and disability. These tests are conducted by persons who have been trained by FHCNA staff for a minimum of 4 to 6 hours. More training is required for certain types of tests.

## **Participants**

The material that is included in this portion of the analysis study was obtained through tests, community meetings, roundtables, complaints, and the review of printed documents. More than 25 neighborhood meetings have taken place since September of 2009. At least 10 have occurred since January 2010. Several meetings have taken place in Western Birmingham. This area includes neighborhoods such as Belview Heights, Central Park, Ensley Highlands, Fairview and Green Acres. Residents in these areas have sited insurance discrimination as a serious problem. They have been provided with coverage that is in most cases, inferior. They feel that redlining is the source of their problem. These communities were initially occupied by whites. Gradually, blacks began to move into the communities and whites have continued to relocate to other areas of the city, outlined areas and surrounding counties. House fires and damage from other sources have revealed the inferior coverage provided in their policies. In several instances, home owners have been denied coverage and provided with no acceptable explanations.

This situation has been brought to the attention of FHCNA on several occasions. When they have attempted to test, their testers were provided large quotes for inferior coverage. The center has been informed of how several insurance companies have literally enclosed in red, specific areas of the city on maps in their offices. All of the communities within the map encircled with red are targets for either insurance denial or inferior coverage. These inferior policies tend to reduce the value of homes in the community when owners are unable to rebuild after major damage because of a lack of coverage or not enough coverage to

make all repairs needed. It becomes a trickling down effect when street after street are negatively impacted.

In addition to their concern referencing insurance redlining, there is much interest in the inferior transportation system and the threat of discontinuing service. With the present system, buses are in poor condition and are often late in making their designated stops.

This has a negative impact on many riders and their relationships with their employers by constantly being late for work. Many residents in greater Birmingham are employed in surrounding areas and regard the bus system as a necessity for being able to maintain their employment. Employment continues to become decentralized into suburbia, thus making quality public transportation a real necessity. This lack of transportation also impedes housing choices for the low to moderate income housing seekers. Presently, the City of Birmingham is examining the transportation system, discussing and seeking funding to improve the system and to ensure it continues to provide needed services in a city that is attempting to be revitalized.

Other concerns of citizens include a declining public school system. The lack of quality education limits employment choices and is a deterrent to companies looking to locate in the area. Both the lack of education and employment limits housing choices and the ability to acquire adequate housing. Companies considering locating in areas seek statistical data on education to determine the quality of the potential work force. Residents, in many of the areas where schools are performing below the required levels, were extremely concerned about the future of students and their potential opportunities to seek higher education, quality employment and adequate housing. They perceive all of these factors as deterrents to fair housing opportunities.

Invitations to the roundtable discussions were sent to agencies such as; Hispanic Interest Coalition of Alabama, Head Injury Association, AIDS Task Force of Alabama, Jefferson County Committee for Equal Opportunity, U.S. Dept. Of Housing and Urban Development, City of Birmingham Community Development Department-Housing Division, Urban League, Birmingham Housing Authority, United Way, Area Agency on Aging, Independent Living Resources of Greater Birmingham, Inc., Birmingham Homeownership Center, mortgage lenders, real estate agents, insurance agents, builders, property management companies and other organizations.

The roundtable discussion centered on the following topics: Hispanic Issues, vacant properties, homeownership opportunities, lending, the disability population and homelessness. Much discussion was undertaken in reference to problems facing the growing Hispanic and Latino communities. Birmingham, since the 2000 Census, has incurred a heavy influx of Hispanics and Latinos. Most have settled in the eastern section of the city. Woodlawn probably has the highest population. No specific data was available, just estimates. Many fair housing issues face them including inflated rents, lack of needed repairs, landlord tenant disputes, over estimated utility bills, and conditions not placed on other tenants. The center has received numerous calls concerning differences in terms and conditions quoted by management. When tested, we have been able to support these allegations. In several situations reported by HICA, rents were doubled when they realized the perspective tenants were Latino families. Conditions such as no children are allowed on playgrounds or none without being

accompanied by an adult without regard to age. Just the opposite of conditions placed on other tenants with children requiring those under the age of 10 or 12 being accompanied by an adult. Many apartment complexes and private homes are not repaired or not repaired in a timely manner. Often times, they are reluctant to report these situations for fear of retaliation.

Vacant properties present numerous problems for certain communities. Many are owned by absentee landlords. The properties both occupied (illegally) and unoccupied remain without much needed repairs or need to be demolished. The city continues to deal with these properties but oftentimes it takes years to make contact with owners or receive legal authority to demolish them. This also produces funding concerns for the City. These properties tend to reduce the property value of homes in the area. Thus presenting numerous problems for homeowners who wish to either refinance, make repairs or who desire to sell. Vacant lots not maintained often present cause for health concerns.

The number of foreclosures in the city continues to rise as in most of the country. These foreclosures leave many vacant homes in both upper and middleclass communities. The resale of these homes is often thousands of dollars below the appraised value of the homes. This leads to a decline in the value of other homes in the community. A number of these properties remain vacant for years and deteriorate, thus producing more concerns for other property owners.

Homelessness is a serious concern in the city. Even with the number of shelters, a large population of the homeless continues to live on the streets. The lack of employment has increased this population greatly. This includes a large number of families with children. Many of the shelters will house women with children, but separate the fathers resulting in family breakups. Agencies that participated in the roundtable work with many of these families in providing food, clothing and other assistance and spoke of the added stress that these living arrangements place on these families that need to be able to depend upon each other for support during this period of crisis. The center has received calls from persons who were forced into foreclosure due to cut backs in employment and who for the first time have reduced credit scores. Several families have been denied apartments after credit checks have been completed. This is producing a new phenomenon. Even in some instances these families have had to settle for substandard housing after having sufficient income to afford decent and sanitary dwellings.

Disability issues appeared to present the greatest concern. This included the denial of reasonable accommodations, request for inappropriate medical information from tenants and potential tenants, design and construction issues and the overall lack of fair housing knowledge by rental management. Agencies representing persons with disabilities and the aged were most aware of the numerous problems concerning this segment of the population. Numerous apartment complexes were singled out naming the many types of barriers for persons with disabilities. This included entrances, common use areas, lack of first floor accessible dwellings, lack of or insufficient designated parking spaces, inadequate turn spaces, support bars, etc. Several complaints voiced management's lack of understanding the difference between pets, service and companion animals. Reports of pet fees for service and companion animals were voiced several times. A couple of new apartments were sited with accessibility issues.

Systemic testing was conducted to investigate certain allegations of housing discrimination in the city of Birmingham. Approximately 30 paired tests were conducted during a 45 day period. These consisted of race, national origin, and disability. They measured practices in sales, rental and insurance.

The race based tests showed no obvious acts of discrimination. These tests were conducted by a black and white female. Most race based discrimination occurring recently has involved mixed racial couples.

National origin testing resulted in white testers receiving returned calls and being provided detailed information concerning the vacant units. Minority testers either did not receive return calls or were given no specific information on the vacant dwelling units in question.

Testing for accessibility resulted in numerous infractions sited in several complexes. A disabled tester who uses a wheelchair was able to provide specific information on many reasonably new apartment complexes and their lack of accessibility. It was also determined that most complexes lack the required number of accessible units on the first floor and in particular if second floor and above units are accessible by the use of an elevator.

Insurance testers were unable to complete their test. Both the black and white male testers were asked for social security numbers before either would be provide any information on the homes used as test sites.

The Fair Housing Center provides training for all housing providers. These services are available to management upon request. This training would increase workers knowledge of fair housing and thus reducing the number of reported situations based upon a lack of knowledge. These trainings are conducted by either FHCNA staff or highly respected housing experts from across the country.

The results of FHCNA's fair housing discrimination inquiries have resulted in several impediments sited in previous impediment studies. They include the following:

- Lack of accessible units for persons with disabilities
- Need for improved transportation
- Rental issues for Hispanic and Latino housing seekers
- Declining property values

### **HUD Fair Housing Initiatives**

"The State of Fair Housing"<sup>9</sup> the HUD Annual Report on Fair Housing indicates that in FY 2008, HUD and the Fair Housing Assistance Program (FHAP) agencies received a combined 10,552 housing discrimination complaints—the highest number of complaints ever filed in a single fiscal year. This was the third year in a row that HUD and FHAP agencies received more than 10,000 complaints. Prior to this, the only other fiscal year in which HUD and FHAP agencies received more than 10,000 housing discrimination complaints was FY 1993.<sup>10</sup> The annual increase in complaints from 2007 to 2008 was 3.9 percent

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<sup>9</sup> See <http://www.hud.gov/content/releases/fy2008annual-rpt.pdf>

<sup>10</sup> The State of Fair Housing 2008, HUD, page 2: <http://www.hud.gov/content/releases/fy2008annual-rpt.pdf>

(3.9%). Since 2005 when disability complaints first exceeded race complaints, the rate of discrimination complaints for disabilities has increased from 41% to 44% of all Fair Housing complaints. The top three Fair Housing discrimination complaints in 2008 were disabilities (44%); race (35%) and familial status (16%).

Although disability was the most common basis for discrimination in complaints filed with HUD, a HUD study suggests that those complaints represent only a small fraction of incidents of disability discrimination in the housing market. In July 2005, HUD issued the fourth phase of its Housing Discrimination Study—“Discrimination Against Persons with Disabilities: Barriers At Every Step”<sup>11</sup>. The study examined the Chicago area rental market and found that hearing-impaired persons, using a telephone-operator relay to search for rental housing, experienced consistent adverse treatment 49.5 percent of the time. The study also found that mobility-impaired persons using wheelchairs experienced consistent adverse treatment 32.3 percent of the time when they visited rental properties.

The number of complaints alleging racial or ethnic discrimination in the housing market also account for far less than the actual number of discriminatory acts suggested by recent studies. A series of national studies on the experiences of African Americans, Hispanics, and Asians and Pacific Islanders in the housing market has found evidence of consistent adverse treatment in roughly one of every five interactions with a sales or rental agent. A study on the experience of Native Americans in the rental market in three states found that they experience consistent adverse treatment in 28.5 percent of their interactions with a rental agent, on average.

In addition to presenting information on the level of racial, ethnic, or disability discrimination, recent HUD studies show that discrimination is often subtle. Much of the consistent adverse treatment reported in the aforementioned studies was uncovered using paired-testing—a method by which two persons, differing only on a single characteristic that is being tested (e.g., race), independently inquire about an advertised housing unit. Each of the testers independently records his or her experience, and any difference in treatment is often only apparent when an analyst compares the resulting information. Thus, the disparity between the number of complaints filed with HUD and the frequency of discrimination found in housing discrimination studies indicates that victims are often unaware that they have been discriminated against and suggests that discrimination is greatly underreported.

In January 2005, HUD established the Office of Systemic Investigations (OSI) to investigate discriminatory practices that are not reported by individuals. OSI uses methods such as paired-testing to investigate housing providers or other entities that it suspects of engaging in unlawful discrimination.

## **Testing**

In July 2005, HUD published “Discrimination Against Persons with Disabilities: Testing Guidance for Practitioners”<sup>12</sup> as an aid for fair housing and disability-

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<sup>11</sup> See [www.huduser.org/Publications/pdf/DDS\\_Barriers.pdf](http://www.huduser.org/Publications/pdf/DDS_Barriers.pdf)

<sup>12</sup> See <http://www.huduser.org/publications/hsgspec/dds.html>

rights advocates, civil rights enforcement agencies, and others interested in testing for disability-based discrimination. The guidebook resulted from testing in the HUD-commissioned study entitled *Discrimination Against Persons with Disabilities: Barriers at Every Step*.

The guidebook describes the advantages and challenges of conducting telephone and in-person testing for discrimination against persons with disabilities. TTY testing was found to be an inexpensive effective testing strategy because it can be completed quickly, it does not require testers to travel, and it can span a wide geographic area. Moreover, relay operators provide customers with a verbatim report on each telephone call, providing an independent narrative of what occurred in the disabled portion of the test. However, because telephone calls are generally brief, these tests do not offer the opportunity to capture as much information about differential treatment as in-person tests.

The report also addresses two particular challenges faced by persons with disabilities when conducting in-person tests—transportation and access to the property and/or unit. Deaf or hard-of-hearing testers were not able to access housing that contained an intercom/buzzer entry system and blind testers sometimes had difficulty finding the front door or gaining access to rental properties or management offices. Therefore, the report concluded that it might make sense to send testers to their assignments with someone who could help them gain entrance, but who would not accompany them during tests.

Another significant challenge for disability testing is determining whether the property is accessible enough so that persons with mobility impairments can test it. Before using a property as a test site, *Barriers at Every Step* used a drive-by survey to determine whether it was accessible. The report also suggested that proxy testers be used to test properties that are not accessible.

With proper planning and support, persons with disabilities were able to effectively serve as testers. The most common types of assistance provided for testers with disabilities were transportation to and from the test site, training materials in other formats, such as Braille, and assistance from project staff in completing the test report forms. Cognitively disabled testers sometimes needed companions to accompany them during the test to help them remember and record the test experiences.

HUD intends for the study and report to serve as a guide for conducting disability discrimination testing. As such, they should be used in conjunction with other testing approaches that may be appropriate for the discriminatory practice being investigated.

## **Fair Housing Center of Northern Alabama Testing Results 2009-10**

### **Insurance**

A total of 25 Insurance Tests were conducted. In those tests, black testers and white testers were asked to phone insurance companies presenting the

characteristics different homes in different zip codes; one predominantly minority and the other predominantly white. The homes were paired with very similar features.

In all cases both the minority and non-minority testers were asked to give social security numbers and or dates of birth for her and her spouses. There were differences in treatment in a few cases.

The control tester spoke with the agent. She received verbal and written quotes. The tester was asked to share her SS# and date of birth (DOB) and refused. The agent made up DOB to give the tester an estimated quote. The Protected Class (P/C) tester spoke with a female in the agency. She was asked to share Social Security (SS) number and refused. The agent would not give a quote. In this particular test, the tester viewed the home on the internet while speaking with agent.

The control tester spoke with the agent. The tester answered several questions even after being asked for DOB and SS# and refusing to share. Tester received estimated quote. P/C tester spoke with the agent. Upon refusing to share the DOB, the tester was told that no quote could be offered without that information.

The consensus is that in almost every test, the tester could get no further than being asked for personal identifying information and the result is that the tester would not receive the requested quote.

## **Disabilities**

The FHCNA conducted a total of 22 Rental Tests on the bases of disability/ accessibility. Of the 22 tests conducted, 14 were performed by a white male tester who requires the use of a wheelchair as he has become an amputee in the past 5 years. This tester was paired with another white mail tester requiring no special accommodations.

The consensus of the results is that in most cases where the protected class tester dropped in to an apartment complex requesting to view like units, the p/c tester was generally provided details about the units and given details on paper and or verbally. Units were "said" to be accessible. The control tester would have had the opportunity to view those units.

Many of the apartments actually viewed by the tester in the wheelchair were deemed not accessible. There were discoveries of lips up to 2 inches which kept the tester from viewing one unit. One complex had a sunken living room that was understandably not accessible. There were other concerns such as the lack of grab bars, bathroom doors and bathrooms not accessible, lack of accessible routes into and through dwelling units, light switches not accessible, inaccessible common areas, etc.

The concern being that some of these units are HUD subsidized and must be accessible by law.

## **HUD Fair Housing Enforcement Activity**

HUD investigates complaints of housing discrimination based on race, color, religion, national origin, sex, disability, or familial status. At no cost, HUD will investigate the complaint and attempt to conciliate the matter with both parties. If conciliation fails, HUD will determine whether "reasonable cause" exists to

believe that a discriminatory housing practice has occurred. If HUD finds "no reasonable cause," the Department dismisses the complaint. If HUD finds reasonable cause, the Department will issue a charge of discrimination and schedule a hearing before a HUD administrative law judge (ALJ). Either party may elect to proceed in federal court. In that case, the Department of Justice will pursue the case on behalf of the complainant. The decisions of the ALJ and the federal district court are subject to review by the U.S. Court of Appeals. As of April, 2009 the following cases are being investigated by HUD Headquarters:

**Table 3–1: Cases Under Investigation Nationally**

<a href="#">Color</a>   <a href="#">Disability</a>   <a href="#">Familial Status</a>   <a href="#">National Origin</a>   <a href="#">Race</a>   <a href="#">Religion</a>   <a href="#">Retaliation</a>   <a href="#">Sex</a> Previous Years: <a href="#">2004</a>   <a href="#">2005</a>   <a href="#">2006</a>   <a href="#">2007</a>   <a href="#">2008</a>   <a href="#">2009</a>			
<b>WARNING:</b> The attached documents may contain graphic and explicit language that may be offensive to some readers.			
Case Name	Case Number	Date Charge Issued	Basis of Charge
Long Island Housing Services, Inc. v. Sunrise Villas, LLC, Anna Maria Daniels, and Lisa Daniels <a href="#">Read the charge</a>	02-08-0977-8	07-21-09	Disability
HUD v. Warren Properties, Inc., Laurie Weaver and Evelyn Graves <a href="#">Read the charge</a>	04-08-0483-8	03-11-09	Disability
HUD v. BBR, LLC, Equity Homes, Inc., Shange Hartung, d/b/a Hartung Design, Sertoma Condominium Association, a necessary party, and Martin H. McGee Trust, a necessary party. <a href="#">Read the charge</a>	08-04-0201-8 08-04-0202-8	03-10-09	Disability
HUD v. Equity Homes, Inc., PBR, LLC, JSA Consulting and Engineering, and Myron R. VanBuskirk, a necessary party.	08-04-0203-8 08-04-0204-8	03-10-09	Disability

<a href="#"><u>Read the charge</u></a>			
HUD v. Equity Homes, Inc. and Shane Hartung, dba Hartung Design  <a href="#"><u>Read the charge</u></a>	08-04-0206-8	03-10-09	Disability
HUD v. 405 East 82nd Street Cooperative, Inc.  <a href="#"><u>Read the charge</u></a>	02-08-0760-8	1-22-09	Disability
Colon v. Bill, Wetherbee, Clarkin, RE/MAX Five Star, Marti, Trustee, and the Velna Marti Irrevocable Income Trust  <a href="#"><u>Read the charge</u></a>  Concepcion, Alvarez, and Argueta v. Marti, Trustee, and the Velna Marti Irrevocable Income Trust  <a href="#"><u>Read the charge</u></a>	01-08-0312-8  01-09-0209-8	07-18-09	Familial Status
Robert N. Leather v. Florence Tollgate Condominium Associates  <a href="#"><u>Read the charge</u></a>	02-06-0101-8	02-11-09	Familial Status
HUD v. Armando Chavez, et al. <a href="#"><u>Read the charge</u></a>	06-08-0968-8	01-09-09	Familial Status
HUD v. Mary Sue Brooks, etc. <a href="#"><u>Read the charge</u></a>	04-04-0859-8	06-11-09	Race
HUD v. Pinnacle Homestead Management, Inc., Columbus Arms, Ltd. <a href="#"><u>Read the charge</u></a>	06-07-0581-8	06-02-09	Race

HUD v. Christopher S. Hebert and Indigo Investments, LLC d/b/a Homestead Mobile Home Village, Edward L. Hamilton and Barbara A. Hamilton  <a href="#">Read the charge</a>	04-06-0723-8	04-30-09	Race/Color
HUD v. Pearl Beck and Gregory Bec  <a href="#">Read the charge</a>	05-07-1320-8	04-06-09	Race
HUD v. Wayne County Housing Authority, et al.  <a href="#">Read the charge</a>	05-08-0787-8	01-20-09	Race
Baize v. GuideOne Mutual Insurance Company  Valenzuela v. GuideOne Mutual Insurance Company Valenzuela v. Young Insurance Agency, Inc.  Lexington Fair Housing Council, Inc. v. GuideOne Mutual Insurance Company Lexington Fair Housing Council, Inc. v. Robert and Charolottea Lee, d/b/a Lee Insurance Agency  <a href="#">Read the charge</a>	(00-07-0008-8)  (04-07-0414-8)  (04-07-0415-8)	02-17-09	Religion

## Examples of Fair Housing Cases Under Investigation by FHCNA

### CASE #1:

A woman with an emotional disability was told that she would not be able to house her companion animal (a small dog) at her apartment because there was a “No Pets” policy in place. Management stuck to this position even after receiving a written “prescription” from the woman’s physician. This was followed by an attempt to evict her via Unlawful Detainer. That attempt was subsequently dropped, but the woman continued to be harassed. The FHC is preparing a legal complaint to be filed in federal court.

### CASE #2:

A man with an emotional disability sought housing in a public housing project. He was told that his dog was over the allowed weight limit for pets, and that his doctor's note that the animal provided emotional support made no difference. The FHC intervened on the man's behalf and he was given an apartment. The housing authority then attempted to collect a pet fee, but we were able to convince them the animal was technically not a pet, and no pet fee could be applied. The housing authority finally agreed, but a short time later initiated eviction proceedings against the tenant, claiming his dog had harassed some of the tenants. After some investigation, it appeared that there were intimidations by a dog, but not HIS dog. This however did not bring to an end the attempt to have the man evicted. He has subsequently decided that he will file a HUD complaint.

*CASE #3:*

A major apartment complex and its dealings with its tenants came to our attention after we received a complaint from a female tenant who had a physical disability and was seeking a handicap parking space. Upon further investigation, we determined there was a pattern and practice on the part of management to systematically exclude African Americans from the apartments – particularly those who are under the Section 8 program. We are developing information to be forwarded to the U. S. Department of Justice for possible legal action.

*CASE #4:*

Two African American tenants of white male landlord complain that LL is requiring them to perform hard manual labor as a condition of tenancy. They are paid up on rent and lease contains no provision dealing with this condition. Case is under investigation by FHCNA for possible referral to DOJ or HUD with a claim of differential treatment.

*CASE #5:*

Former African American tenant complain that apartment complex did not renew leases of any of its black tenants, but did renew for whites. Complainant says reasons given are arbitrary, capricious and unreasonable. That is, she was evicted for leaving a small bag of garbage outside her door, and for allegedly disturbing a white tenant. FHCNA is investigating for violations of FHA with possible referral to HUD, DOJ, or private attorney.

*CASE #6:*

Complainant is Section 8 recipient. She claims LL refused to allow her to have therapeutic companion animal. She says LL engaged in multi-month pattern of harassment, retaliation, and intimidation of complainant. This continued even after intervention and conciliation efforts by FHCNA. Complainant ultimately moved out because of hostility by management. FHCNA investigation is complete and case will be referred to private attorney or to HUD.

*CASE #7:*

Disabled tenant threatened with eviction for having a therapeutic companion animal in violation of "no pet" rule. FHCNA attempted to conciliate, but due to landlord's retaliation, referred case immediately to HUD. Case presently pending before HUD.

*CASE #8:*

Complainant alleges that she was given eviction notice because of alleged rules violations, including permitting her boyfriend to stay over after trespass violation. Complainant says police entered apartment without warrant and without her permission and in her absence and arrested boyfriend. Complainant says this rule not enforced against white tenants. This office intervened and stopped the eviction. A full investigation by FHCNA is under way. The case to be worked up for HUD complaint or referral to a private attorney.

**CASE #9:**

Couple approved for purchase of house, then had the approval withdrawn just days before closing, on grounds of garnishment of male in connection with previous marital property division. Lender knew of this denial for two months prior to closing. Complainants allege denial based on race. Case is under investigation as a discriminatory lending case, to be referred to HUD or to a private attorney.

**Birmingham Title VIII Complaints**

The following is an overview of HUD's accomplishments during 1/1/2000-2/28/2010 in Birmingham. The greatest number of complaints was in the Race and Disability Categories. When multiple protected Classes were cited, Race and Disabilities were generally the most prominent. During the past 10 years however, there were no complaints filed regarding Religion

It can be extremely difficult to detect unlawful discrimination, as an individual home-seeker, and the resolution of these complaints, following investigation, is also important to consider. Note, the following definitions:

**Administrative Closure**—Action taken as a result of a judicial proceeding, lack of jurisdiction due to untimely filing, inability to identify a respondent or locate a complainant, or if a complainant fails to cooperate.

**Conciliation**—Parties meet to work out a resolution. Meeting is generally initiated by the equivalent agency (HUD).

**Withdrawal/Relief**—Situation where the complainant wishes to withdraw without relief or there is relief granted following a resolution between the parties.

**No Reasonable Cause**—Although there may have been an action taken that appears to be discriminatory under the Fair Housing Law, there is not sufficient evidence uncovered as a result of investigation, to prove the action was in fact discrimination, or in other words one of "Reasonable Cause" to transfer to the U.S. DOJ, District Judge or the HUD Administrative Law Judge for a judicial ruling.

**Reasonable Cause**—As a result of investigation, that may also be considered in a conciliation or other attempted resolution action; there is sufficient evidence or "Reasonable Cause" to present the case to the (DOJ) District Judge or the HUD (ALJ), for a judicial ruling.

<b>Table 3-2: Birmingham Complaints 2000-2010</b>	
<b>Compliant</b>	<b>Number of Complaints</b>
Race	42
Sex	3
Family Status	3
Disability	28
Religion	0
Color	1
National Origin	3
Multiple	47
Total	127

Table 3-3 provides the outcome of cases undertaken during the period 2000-2010.

<b>Table 3-3: Birmingham Outcomes 2000-2009</b>	<u>Number</u>
Cause Findings	56
No Cause Findings	42
Administrative and Other Closures	22
Pending 1/1/10	7
Total	127

## **SECTION IV: Public Sector Analysis**

### **Overview**

The Fair Housing Act generally prohibits the application of special requirements through land-use regulations, restrictive covenants, and conditional or special use permits that, in effect, limit the ability of minorities or the disabled to live in the residence of their choice in the community. If large-lot minimums are prescribed, if a house must contain a certain minimum amount of square feet, or if no multi-family housing or manufactured homes are permitted in an area, the results can exclude persons protected by the Act. If local mandates make it unfeasible to build affordable housing or impose significant obstacles, then a community must affirmatively work toward eliminating this impediment to fair housing choice.

The Fair Housing Acts of 1968 and 1988, as amended, also make it unlawful for municipalities to utilize their governmental authority, including zoning and land use authority, to discriminate against racial minorities or persons with disabilities. Zoning ordinances segregate uses and make differentiations within each use classifications. While many zoning advocates assert that the primary purpose of zoning and land use regulation is to promote and preserve the character of communities, inclusionary zoning can also promote equality and diversity of living patterns. Unfortunately, zoning and land-use planning measures may also have the effect of excluding lower-income and racial groups.

Zoning ordinances aimed at controlling the placement of group homes is one of the most litigated areas of fair housing regulations. Nationally, advocates for the disabled, homeless and special needs groups have filed complaints against restrictive zoning codes that narrowly define “family” for the purpose of limiting the number of non-related individuals occupying a single-family dwelling unit. The ‘group home’ arrangement/environment affords many persons who are disabled the only affordable housing option for residential stability and more independent living. By limiting the definition of “family” and creating burdensome occupancy standards, disabled persons may suffer discriminatory exclusion from prime residential neighborhoods.

### **Transportation**

Transportation links are an essential component to successful fair housing. Residents who do not have access to commercial areas are limited in where they can shop for goods and services, as well as seek employment. The converse is true as well. Inadequate transportation routes limit the selection of housing to neighborhoods within transportation service areas. Convenient roads in good repair are as important for those who rely on their own vehicles for transportation as they are for those who rely on public transportation provided by the Birmingham-Jefferson County Transit Authority (BJCTA).

Currently, BJCTA provides fixed route and demand response service (para-transit) to various municipalities. The current service area is more than 200 square miles with a demand population base of nearly 400,000. The municipalities within the service area are Birmingham, Bessemer, Fairfield, Homewood, Mountain Brook, Hoover, and Vestavia Hills. The ridership and miles are over 3.5 million annually. BJCTA is in the process of replacing its entire fleet with state of the art Compressed Natural Gas vehicles for the benefit of its riders and continuing its commitment to air quality and pollution control.

There is a growing concern expressed in detail in Section III however, that the aging bus fleet and lack of funds to modernize have been a growing impediment over the past 10 years.

### **Neighborhood Revitalization**

Main Street Birmingham, Inc. (MSB) is a nonprofit organization under contract to the [City of Birmingham](#) to implement the BEACON program for neighborhood commercial district revitalization.

Main Street Birmingham's job: Growing Business, Revitalizing Neighborhoods and Empowering Communities.

#### *Growing Business*

- Helping to identify available properties in MSB target districts
- Guiding business owners to financing sources and incentives, like the City of Birmingham's Economic Stimulus Loan Program
- Reaching out to existing businesses to encourage retention and expansion

#### *Revitalizing Neighborhoods*

- Fostering catalytic developments that demonstrate an area's potential and attract future investment
- Developing focus groups and market surveys to help others find opportunities
- Seeking out corporate and community partners that bring passion, expertise and funding

#### *Empowering Communities*

- Empowering local businesses to work together to improve their environments through merchants associations

- Funding promotional and marketing efforts for target districts through Promotional Challenge Grants
- Fostering pride in commercial districts through programs like Birmingham in Bloom, which provides free flowers and landscaping in the spring and fall

## **Property Tax Policies**

Across the Country, older communities – with the support of the Federal government – have begun to invest in economic and community development programs designed to revitalize their decaying urban cores. Birmingham is no exception. The foundation upon which this kind of development is built is the ability to achieve fairness in the appraisal process within these neighborhoods. Since the starting point for most bank appraisals is the tax department, discriminatory assessment practices can undermine a homebuyer's ability to secure mortgage financing in an amount commensurate with the property's true market value.

Although the Fair Housing Act specifically prohibits the consideration of the racial or ethnic composition of the surrounding neighborhood in arriving at appraised values of homes, no practical means exist to investigate violations of this kind. One reliable approach, however, is to review, periodically, the assessment policies and practices of the taxing jurisdiction since their valuations generally comprise the bases for private appraisals.

Property tax assessment discrimination against low-income groups occurs when lower value properties and/or properties in poorer neighborhoods are assessed for property tax purposes at a higher percentage of market value, on average, than other properties in a jurisdiction. Regressive assessments (the tendency to assess lower value properties at a higher percentage of market value than higher value properties) are not uncommon in this country. They result from political pressures, practical problems in assessment administration and the use of certain inappropriate appraisal techniques. Assessments tend to remain relatively rigid at a time when property values are rising in middle income neighborhoods and are declining or remaining at the same level in low-income neighborhoods.

Inequities in property tax assessments are a problem for both lower-income homeowners and low-income tenants. Millions of low-income families own homes. Variations in assessment-to-market value ratios between neighborhoods or between higher and lower value properties can make a difference of several hundred dollars or more each year in an individual homeowner's property tax bill. In addition to causing higher property tax bills, discriminatorily high assessment levels can also have an adverse impact upon property values. Buyers are less likely to purchase a property if the property taxes are perceived as too high thereby making the property less attractive and reducing its market value.

Another common inequity is the assessment of multifamily dwellings at a higher ratio to market value than single family dwellings. This type of inequity may be considered a form of discrimination against low-income groups because a higher percentage of low-income than middle-income persons live in multifamily rental dwellings. The requirement to pay a higher assessment is passed on to the tenant in the form of higher rent. Quite often, higher assessments also make it difficult for landlords to maintain property within the limits of the property's rent structure leading to substandard housing conditions.

Most jurisdictions rely heavily on a market value approach to determining value when conducting their property assessment appraisals. Under this approach, an appraiser compares recent sale prices of comparable properties within the area – in addition to site visits and a good deal of expert speculation – in arriving at an appraised value. The limitations inherent in market value approaches are many. Most prominent among them are the cumulative result of decades of discriminatory valuations, especially where the neighborhood is a minority one. Unless some radical re-appraisal process has been conducted within the preceding 10-year period, the present market value approach merely compounds past discrimination.

While the market value approach may operate successfully in some jurisdictions, a substantial percentage of jurisdictions rely primarily on a replacement cost approach in valuing properties. Making determinations of value based on comparable sales is a complex task, which requires considerable exercise of judgment. Assessor's departments, which must appraise every property within a jurisdiction, often do not find it feasible to make the detailed individual analysis required to apply the market value approach.

### **Zoning and Site Selection**

Zoning may have a positive impact and can help to control the character of the communities that make up a City. In zoning a careful balance must be achieved to avoid promoting barriers to equal housing.

Professor Richard T. Lal, Arizona State University surveying the view of representative studies concerning the nature of zoning discrimination states:

“If land-use zoning for the purpose of promoting reason, order and beauty in urban growth management is one side of the coin, so can it be said that exclusion of housing affordable to low and moderate income groups is the other...as practiced, zoning and other land-use regulations can diminish the general availability of good quality, low-cost dwellings....” I think a footnote is needed here.

In considering how zoning might create barriers to fair housing, four key areas were reviewed; these included the following which were selected because of the possible adverse effects they could have on families and persons with disabilities.

- Definitions used for “families” and “group homes”
- Regulations (if any) regarding group homes
- Ability for group homes or other similar type housing to be developed
- Unreasonable restrictions on developing multifamily units, such as lot size requirements.

While the definition of group care facility is broader in terms of the number of people that can be served and no limited related to temporary disability, group housing is much more restricted in where it is permitted under current zoning designations. Family care homes are permitted under all single-family zoning districts as well as all multifamily and office use districts, neighborhood business districts (light commercial), agriculture districts and mixed use districts (traditional neighborhoods). Group homes, on the other hand, are not permitted in any single-family zoning districts and are only permitted in the highest density multifamily residential districts and commercial, office and public and institutional districts. This serves to limit group homes located in single-family and low density multifamily districts to only small-scale homes (six persons or less) that serve those with temporary disabilities. Generally, the concept of group homes is to integrate them into neighborhoods, providing the maximum amount of independent living in a community-based environment. For example, those group homes that serve persons with permanent disabilities and/or more than six occupants, this neighborhood integration may be unattainable in some communities based on zoning restrictions.

Birmingham’s land use plan requires that adequate public facilities be available for any development activities. In this context, “adequate public facilities generally refers to governmental strategies for assuring that all infrastructure required to meet the service demands of a particular development is available as development occurs. Such strategies can, where permitted by statute, require that the costs for all or a portion of such infrastructure be borne by the developer (ultimately the consumer), and not the general public. Currently, the City’s policy is that all streets, water, sewer and storm drainage facilities within a subdivision, including any required water quality retention ponds, are paid for by the developer.”

The ability to provide affordable housing to low-income persons is often enhanced by an entitlement grantee’s willingness to assist in defraying the costs of development. Effective approaches include contributing water, sewer or other infrastructure improvements to projects as development subsidies or waiving impact and other fees. These types of approaches help to reduce development costs and increase affordability allowing developers to serve lower-income households. Birmingham has historically sought to defray development costs by contributing land, utilizing CDBG and CDBG-R for targeted infrastructure and utilizing NSP, SHP, and HOME funds to encourage affordable housing.

## **Birmingham Planning, Zoning, and Permits Department**

The Planning Department and several Boards are intended to be representative of the community and members are encouraged to be deeply interested in its physical, social and economic betterment. Members are responsible for the development of a comprehensive plan, which the Planning Department prepares and recommends to the City, along with other specialized plans and studies. A majority of the Board's work together with the Staff, however, involves hearing and making recommendations to the zoning map amendments, conditional use permit requests, special use permit requests and street closings.

Planning is responsible for assisting citizens and developers with all aspects of their development needs. This includes reviewing all plans submitted regarding the development of all property located within the City of Birmingham, assisting with the application process for rezoning, site plans, subdivision plats, lot splits, and historic preservation.

Planning is responsible for administering and maintaining the Birmingham Zoning Code, Master Plan, and the Official Zoning Map, as well as coordinating special projects and disseminating information to the public.

### *Services Available:*

- Review and Zoning Approval of site plans and development plans;
- Assistance with the filing of petitions for rezoning of property;
- Assistance with the filing of applications for the approval of Permits
- Enforcement of Zoning Code
- Long term and comprehensive planning assistance.

## **Consolidated Plan Housing Programs**

### **Affordable Housing Needs and Activities**

The Birmingham Community Development and Housing Programs are designed to implement various housing assistance strategies that include rehabilitation, down payment assistance for homebuyers, and affordable new construction. The City's community and neighborhood development activities are designed to:

- Assist with neighborhood improvement projects
- Assist homeowners, including elderly and disabled
- Provide housing rehabilitation
- Help low to moderate-income residents acquire needed information, knowledge and skills
- Enhance the provision of public services

### *Community Development Block Grant Program*

The Community Development Block Grant (CDBG) program is used to plan and implement projects that foster revitalization of eligible communities. The primary goal of the program is the development of viable urban communities. Program objectives include the provision of decent housing, a suitable living environment and expanded opportunities principally for low- to moderate-income individuals and families. Birmingham has been an entitlement community for over 35 years and receives its CDBG allocation directly from HUD.

### *HOME Investment Partnership Program*

The HOME Investment Partnership (HOME) program is used to assist in developing affordable housing strategies that address local housing needs. HOME strives to meet both the short-term goal of increasing the supply and availability of affordable housing and the long-term goal of building partnerships between state and local governments and nonprofit housing providers. Birmingham receives its funding directly from HUD.

The Community Development and Housing Department has designed and implemented various housing assistance strategies that include homeowner rehabilitation, homeless assistance and elderly housing. The City's community and neighborhood development activities are designed to assist with neighborhood improvement projects, provide public services, help low- to moderate-income residents acquire needed information, knowledge and skills to build their capacity, and enhance the provision of public services.

Housing and neighborhood improvement needs and activities are described 2010-15 Consolidated Plan Strategic plan.

Provide HOME and CHDO funding to a non-profit organization designated as a Community Housing Development Organization (CHDO) to undertake an eligible HOME activity.

Housing assistance for AIDS victims is provided through the City's **HOPWA** Program.

Assistance to the homeless is provided through the **ESG** Program and various federally-funded **SHP** Programs through the Metropolitan Birmingham Services for the Homeless (**MBSH**), the local Continuum of Care, has established permanent housing for homeless persons with supportive services as the highest priority for the area.

### **Dealing with Housing Priority Impediments**

Faced with the reality of limited Federal and local government resources for housing, Birmingham has been challenged to create a comprehensive, affordable housing program to meet the demands of priority needs households along the entire housing continuum---rental, ownership, special needs, supportive housing, etc. While the unmet need for rental housing for extremely low income

households might suggest that all resources should be devoted to addressing this gap, resources must also be devoted to addressing the housing needs of low and moderate income households that have cost burdens and other housing problems to ensure the housing continuum is intact and flowing. This includes enabling more homeownership among these income groups, which the City has determined is important for stabilizing families and neighborhoods. It also includes preserving the existing affordable housing stock, also key for neighborhood revitalization.

### **Institutional Structure**

The Birmingham Community Development Department is the lead agency implementing the strategies for addressing housing and community development needs identified as part of its consolidated planning process. The Department, with City Council approval, oversees the Birmingham's allocation of CDBG, HOME, HOPWA, and ESG funds and is responsible for maintaining records, overseeing work done using these federal funds and reporting information to HUD concerning the performance of these programs. The Birmingham Housing Authority is responsible for the development and maintenance of the City's public housing. The member agencies of Metropolitan Birmingham Services For the Homeless (MBSH), the local Continuum of Care, work on the 10 Year Plan to Eliminate Homelessness and to address the ongoing needs of the homeless and persons with special needs. The City also coordinates its efforts with other local, state and federal institutions to address specific needs or to implement new programs. Affordable housing in the City is provided through a variety of public agencies, nonprofit organizations, private sector developers and lenders. In many cases, individual housing providers focus their efforts on specific income groups, tenure types or on providing certain types of housing and supportive services.

### **Intergovernmental Cooperation**

The City has enjoyed a positive relationship with the Northern Alabama Fair Housing Center, Independent Living Resources, Rising West Resources, Habitat for Humanity, Metro Changers, the Urban League, Jefferson County, and Continuum of Care Agencies for many years. The City staff and the other Agencies work cooperatively and share information relative to the City's strategies to address housing and other community development needs.

### **Lead-Based Paint Hazard Reduction**

Lead poisoning is one of the worst environmental threats to children in the United States. While anyone exposed to high concentrations of lead can become poisoned, the effects are most pronounced among young children. All children are at higher risk to suffer lead poisoning than adults; but children under age six are even more vulnerable because their nervous systems are still developing. At high levels, lead poisoning can cause convulsions, coma, and even death. Such

severe cases of lead poisoning are now extremely rare, but do still occur. At lower levels, observed adverse health effects from lead poisoning in young children include reduced intelligence, reading and learning disabilities, impaired hearing, and slowed growth.

Since the 1970s, restrictions on the use of lead have limited the amount of lead being released into the environment. As a result, national blood lead levels for children under the age of six declined by 75 percent over the 1980s and dropped another 29 percent through the early 1990s. Despite the decline in blood-lead levels over the past decade, recent data show that 900,000 children in the United States still have blood lead levels above 10µg/dL (micrograms of lead per deciliter of whole blood). These levels are unacceptable according to the Centers for Disease Control and Prevention (CDC) which lowered blood lead intervention levels for young children from 25µg/dL to 10µg/dL in 1991. Many of these lead-poisoned children live in low-income families and in old homes with heavy concentrations of lead-based paint. The CDC identified the two most important remaining sources of lead hazards to be deteriorated lead-based paint in housing built before 1978 and urban soil and dust contaminated by past emissions of leaded gasoline.

The national goal for blood lead levels among children ages six months to five years is to limit elevations above 15µg/dL to no more than 300,000 per year and to entirely eliminate elevations above 25µg/dL.

Many housing units in the City may have lead-based paint. Since the City undertakes the rehabilitation of limited to comprehensive rehabilitation of housing units (many of which were constructed prior to 1978), painted surfaces will be disturbed as part of this process. As such, the City is required to incorporate lead-based paint hazard evaluation, approved remediation/reduction strategies and clearance requirements for all housing structures built before 1978.

To reduce the potential for adverse health effects attributable to the rehabilitation of deteriorated lead-based paint surfaces, the City provides educational material. All customers receiving housing rehabilitation assistance from the city are informed about the potential health hazards posed by the presence of deteriorated lead-based paint, which includes information about protecting their families from this hazardous substance.

In addition, Project Managers who oversee rehabilitation projects are trained to incorporate proper hazard reduction techniques into the treatment of lead-based paint. Instead of performing lead hazard evaluations on properties proposed for rehabilitation, it is City's policy to automatically presume that lead-based paint and/or lead-based paint hazards are present when the housing was built before 1978. Visual assessment, stabilization and standard treatment methodologies are employed to achieve clearance for each comprehensive rehabilitation project. The City will conduct one of the following lead hazard reduction methods as routine to rehabilitation activity:

- If interim controls are required, conduct standard treatments in lieu of interim controls on all applicable surfaces, including soil, to control lead based paint hazards that may be present
- If abatement is required, abate all applicable surfaces, including soil, to control lead based paint hazards that may be present

As the result of elevated lead poisoning cases that were reported by the local media, the City has stepped up its activities to elevate public consciousness regarding the adverse effects of lead poisoning in the City include and secure funding for lead hazard reduction activities.

## **SECTION V: Fair Housing and the City of Birmingham's Private Sector**

Homeownership rates are important to a community's financial well-being. Prospective homebuyers expect to have access to mortgage credit; and home ownership programs must be available without regard to discrimination, income, or profession. To truly live up to fair housing laws, all persons must have the ability to live where they want and can afford.

Access to mortgage credit enables residents to own their homes, and access to home improvement loans allows them to keep older houses in good condition. Access to refinancing loans allows homeowners to make use of the equity in their home for other expenses. Mortgage credit, home improvement loans, and refinancing loans together keep neighborhoods attractive and keep residents vested in their communities.<sup>13</sup>

### **Lenders in the City of Birmingham**

Poor lending performance results in various long-term and far ranging community problems. Of these, disinvestment is probably the most troubling. Disinvestment in the City of Birmingham by its lenders would reduce housing finance options for borrowers and weaken competition in the mortgage market for low-moderate income neighborhoods. High mortgage costs, less favorable mortgage loan terms, deteriorating neighborhoods, reduced opportunities for home ownership, reduced opportunities for home improvement and the lack of affordable housing are only a few of the consequences of inadequate lending performance. Financial decay in the business sector as well as in the private sector is also a result of disinvestment in the form of business relocation, closure, and bankruptcy. Full service local lenders that have traditionally served residents and businesses are one of the main elements that keep neighborhoods stable.

Significant changes are occurring in the lending market not only in the City of Birmingham but throughout the United States. The number and type of lenders have changed over the last ten years, and many local lenders have been bought by national lenders. These national lending institutions are becoming increasingly more active locally, as their market share continues to grow, and recent government bail-outs to prevent lender failures have impacted conventional lending prospects for the future.

The substantial growth of the sub-prime market and the impact these lenders have on communities and neighborhoods continues. More and more we see local commercial banks lose market share to lenders outside the city.

In part, this is attributable to the advent of on-line loan services (such as Lending Tree, e-loan, Ditech, and others) who submit applications on the borrower's behalf to several lenders. More favorable terms can often be available from remote lenders than can be found locally. HMDA data also reflect other impacts of the popularity of on-line loans. First, since several prospective lenders may report the same borrower's application, this results in an increase in the number

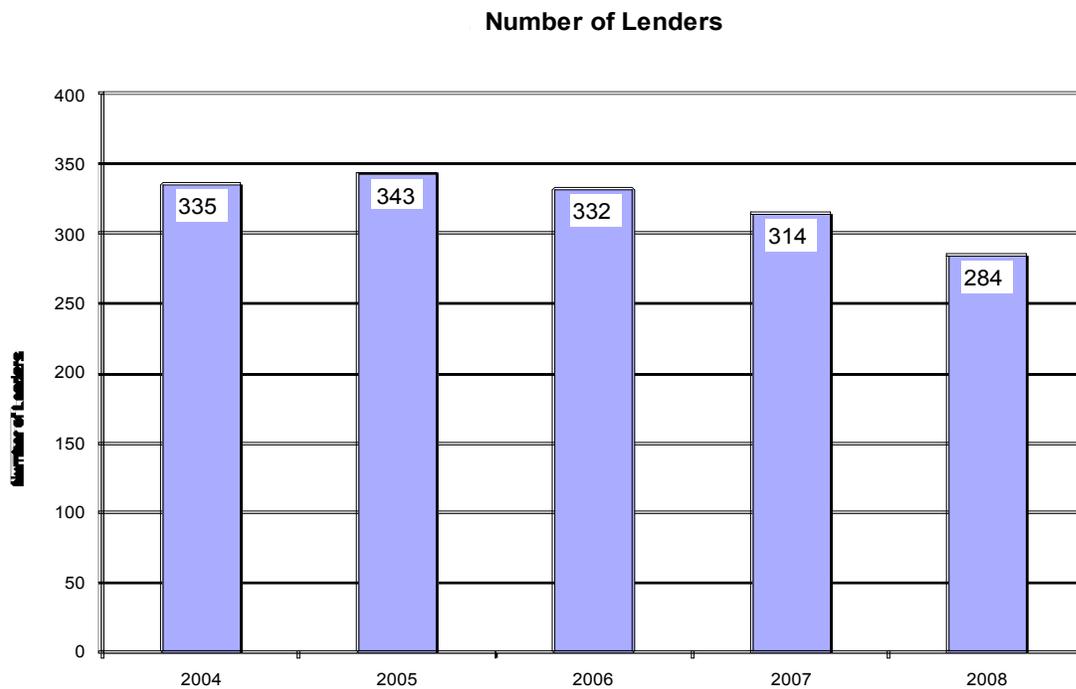
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<sup>13</sup> Profile of Lima, Ohio, Federal Reserve Bank of Cleveland, Fall 2000.

of loan applications, often by three or four times the actual number of loans sought. Secondly, since each borrower ultimately chooses just one loan, the number of applications approved but subsequently declined also increases. These effects are evident in the data.

There were 284 financial institutions with a home or branch office in the City of Birmingham, and whose data make up the 2008 aggregate report for the city. The number of all mortgage lenders in the City of Birmingham has declined in recent years, dropping by an overall average of -3.9 percent each year since 2004. In 2008, there were 15.2 percent fewer lenders serving the area than in 2004.

Figure 5-1 Number of Lenders



Source: HMDA, 2004 -2008

The physical presence of financial institutions in communities facilitates relationships with banks, and the location of these institutions is a primary concern for a community. Areas left without branches or with access to only ATM machines must find alternative sources for services (such as check cashing businesses or finance companies), which can be more expensive than traditional financial institutions or credit unions.

Number of Lenders Percent Change 2004 to 2008	
2004 to 2005	2.4%
2005 to 2006	-3.2%
2006 to 2007	-5.4%
2007 to 2008	-9.6%

The number of all mortgage lenders in the City of Birmingham showed an overall decline of 15.2 percent from 2004 to 2008. The pattern of lender activity depicted above closely mirrors a similar pattern nationwide that reflects the recent instability of the lending industry.

Table 5-1 shows the top five lenders in the City of Birmingham and their 2008 market share for mortgage applications (all types and purposes).

**Table 5-1. Five Largest Lending Institutions**

<b>Institution</b>	<b>Branches/ Offices</b>	<b>% Market Share 2008</b>
COUNTRYWIDE BANK	2	6.78%
WELLS FARGO BANK NA	2	6.39%
REGIONS BANK	31	4.38%
CIITMORTGAGE	1	4.11%
WELLS FARGO FUNDING	2	3.51%
<b>TOTAL</b>	<b>38</b>	<b>25.2%</b>

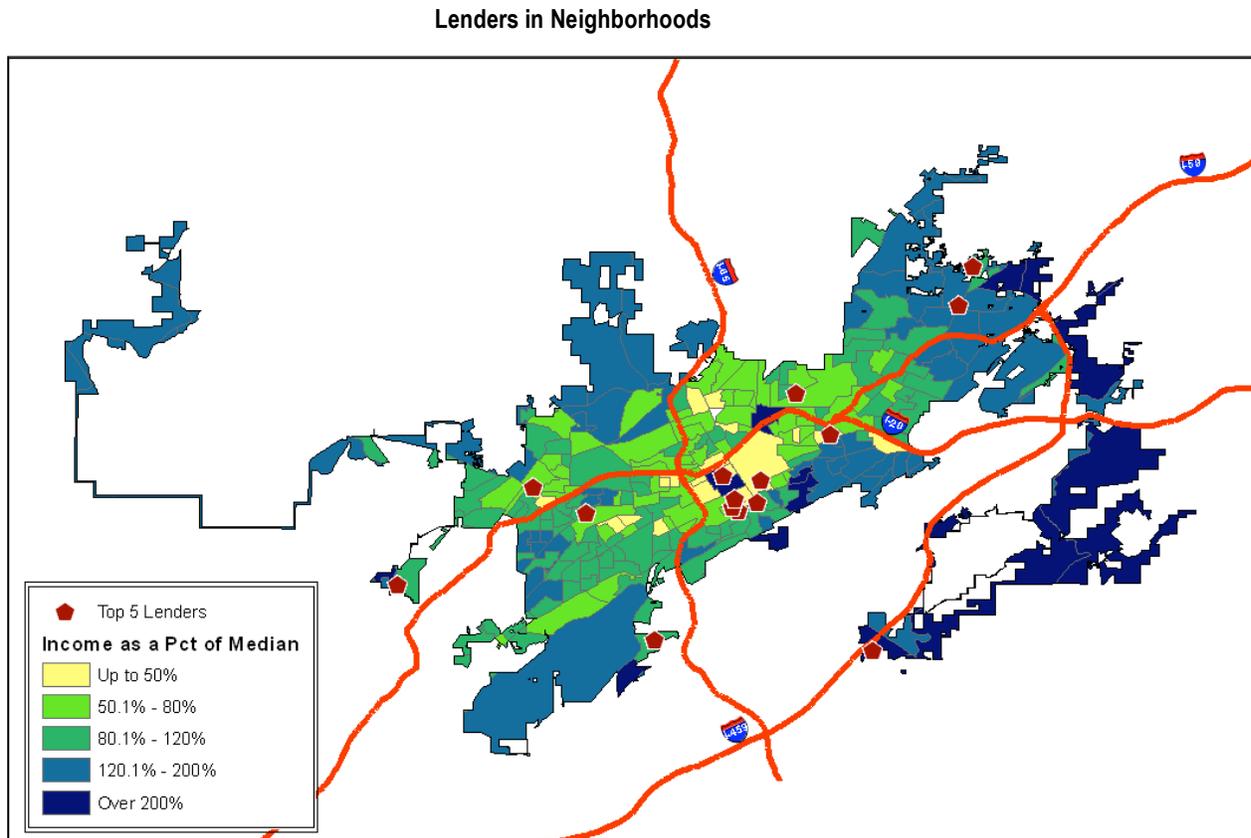
Source: HMDA, 2008

As lenders, these institutions wrote 25.2 percent of the residential lending business in the City of Birmingham in 2008. With all other lenders with locations in the MSA harnessing another 34.2 percent, local lenders realized a total of 59.4 percent of the city's residential mortgage business in 2008.

The remaining 40.6 percent went to lenders who do not have offices or branches in the City of Birmingham. This means that the residential real estate lending marketplace in the City of Birmingham is adequately served by local lenders.

The map on the following page illustrates the locations of the five top local lenders in the City of Birmingham. Sited throughout the city, they are readily accessible by residents at all but the highest income levels. The City of Birmingham's highest-volume lenders are scarce the north central and southernmost tracts; however, most prospective borrowers who earn over 80 percent of the area's median income have access to other sources of funds, such as might be found through remote or on-line brokers, who accommodate their needs remotely without the need for face-to-face interaction.

Figure 5-2 Lenders in Neighborhoods



According to HUD’s Subprime Lender criteria, 7.4 percent of the lenders active in 2008 lending in the City of Birmingham were subprime lenders. Generally located outside the state, their services are most often sought electronically through on-line brokers. These lenders are easy to access nationwide, making it convenient to shop for loans; and the local absence of top-tier accessibility can make the subprime market generally more attractive for local borrowers.

**Lending Activity in the City of Birmingham, 2004-2008**

Loan Applications Percent Change 2004 to 2008	
2004 to 2005	0.6%
2005 to 2006	-8.0%
2006 to 2007	-14.9%
2007 to 2008	-29.4%

The statistical databases used for this analysis were 2000 decennial census data, the 2008 American Community Survey and the Home Mortgage Disclosure Act (HMDA) data for the years 2004 to 2008, inclusive. HMDA data on loan activity are reported to document home purchase, refinancing, and home improvement loans. The broadest measure of lending activity is total market activity, which covers all three categories of home loans

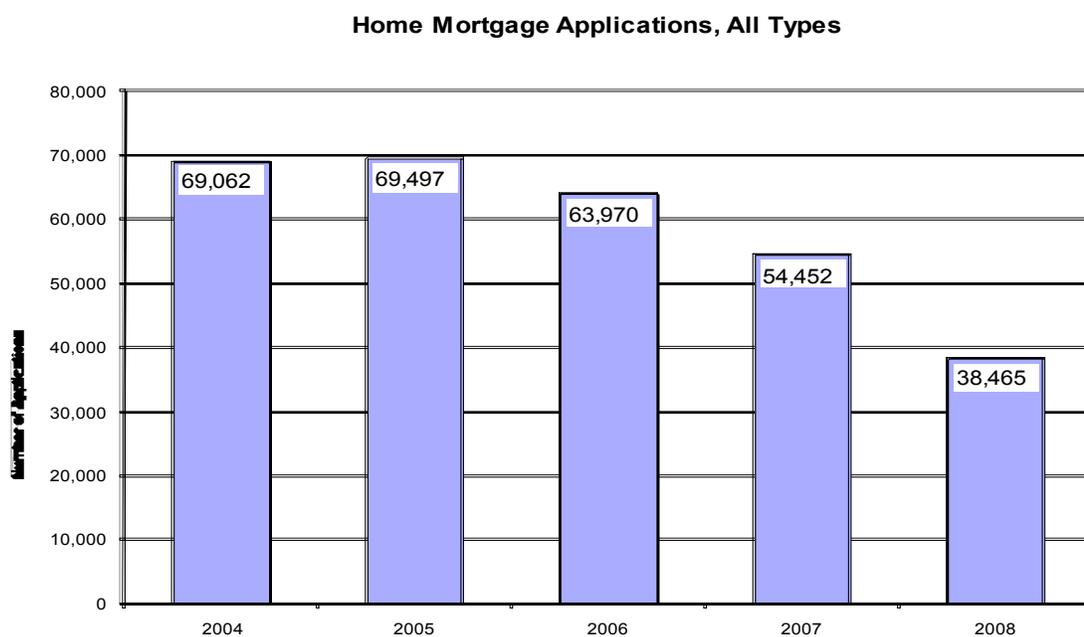
(purchase, refinance, and home improvement). In this report, if the loan purpose is not specified in the text or figures, the reference is to total market activity.

During the strong economic trends prior to 2005, there was a boost in income and employment, which generated a higher demand for homeownership and other mortgage related activities. Mortgage interest rates were quite low and there was a rush to refinance homes and to do home-improvement projects.

Not surprisingly, mortgage loan activity in the City of Birmingham showed strength over this same time period and the total number of applications submitted to lenders in the City of Birmingham was quite high. In 2006, however, data indicate the start of a declining trend in loan application activity over the prior year, and a significant drop of 14.9 percent in 2007. This timeframe roughly corresponds with United States military involvement in Iraq. The uncertainty of its outcome may have resulted in residents viewing commitment to a new mortgage a low priority. The striking 29.4 percent decline in 2008 illustrates the effect of the end of favorable interest rates and the threat of an uncertain economy.

The applications represented here are for all loans: conventional, government-backed, refinance, home improvement for owner-occupied, single-family dwellings.

Figure 5-3 Home Mortgage Applications, All Types



Source: HMDA, 2004 -2008

Approval rates<sup>14</sup> have been steadily declining since 2004 (Figure 5-4), unlike denial rates, that declined until 2006 and but rose to the highest levels over the study period in 2007. This decline in borrower behavior and conservative lender response is indicative of general economic conditions nationwide. In 2004, 11.3 percent of all loans were originated (not shown separately), while 6.3 percent of loans approved were declined by the applicants. Since that time, origination fell to 10.8 percent, while applicant decline of approved loans dropped off to 3.3 percent. The rate of denials dropped to 25.0 percent in 2006, but rose to more than 28 percent by 2007, where it remained steady in 2008. Withdrawals peaked in 2005 at 17.5 percent, while incomplete applications (interpreted as a sign of a borrower's reluctance to commit finances) have been on the decline from a high of 10.3 percent in 2004 to 5.9 percent in 2008.

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<sup>14</sup> Approved loans are those that originated (culminated in a closing) as well as those approved by the lender but subsequently declined by the borrower.

Figure 5-4 Actions Taken on Applications

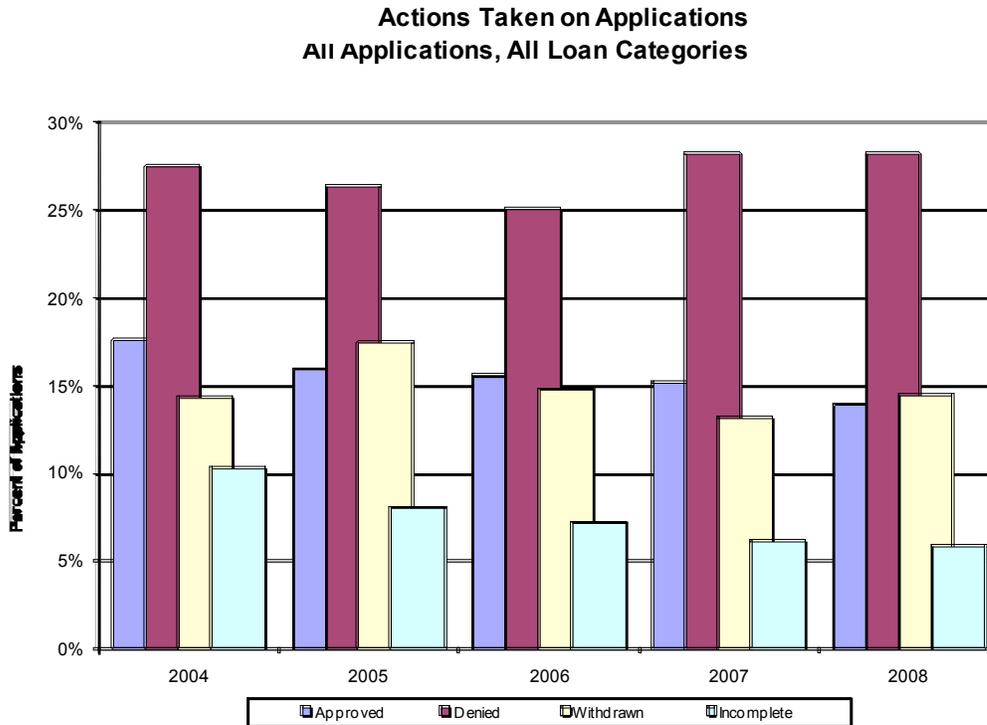
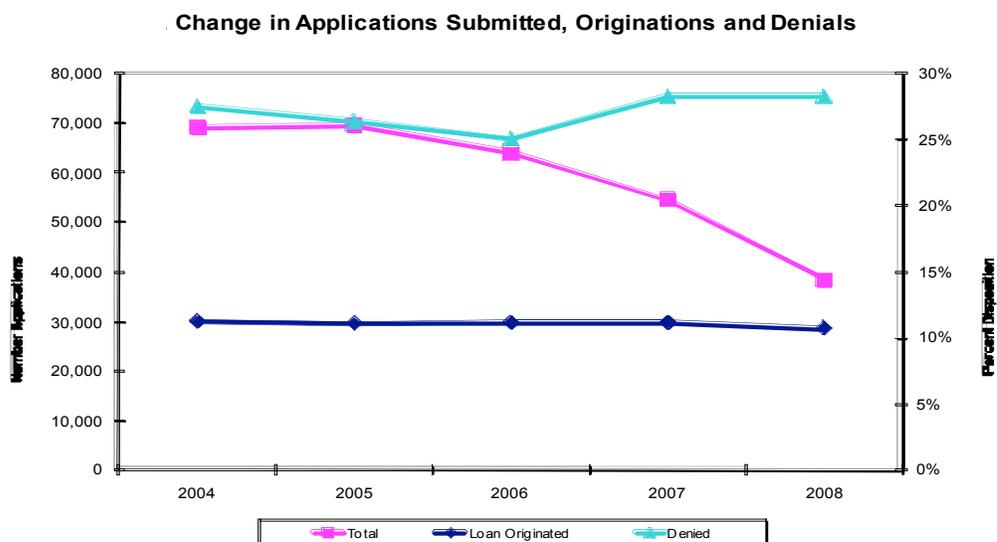


Figure 5-5 shows the relationship among percent of applications, originations and denials for the five-year period in the City of Birmingham. Despite the declining number of applications since 2005 (reading the axis on the left, and also see Figure 5-3, above), rates of originations remained stable at slightly above 11 percent (reading the axis on the right).

Denials declined in number by nearly one-half; however, when viewed in the context of the falling number of applications, the percent of denials dropped to 25.0 percent in 2006 and rose to 28.3 percent in 2007.

In this illustration, Originations are those loans that culminated in a closing. Loans that were approved but subsequently declined by the borrower have been subtracted from the total number approved (shown above). As anticipated, the number of loans declined by the borrower fell from 6.3 percent to 3.3 percent from 2004 to 2008 (not shown separately).

Figure 5-5 Change in Applications Submitted, Origins and Denials



Source: HMDA, 2004 -2008

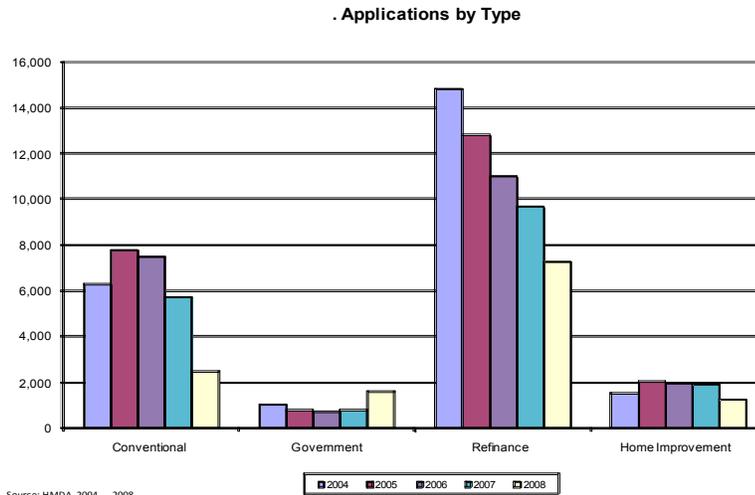
One factor that might contribute to a change in the rate of loan originations is the difference in the types of loans applicants seek. A review of applications by type (Figure 5-6) reveals that refinancing was the most sought-after loan type throughout the five-year period.

Refinancing is a common way for homeowners to access cash. Undoubtedly, the decline in applications in 2005 is an indication of homeowners taking advantage of the low interest rates in that year, and their subsequent increase. Despite the drop in applications for refinances in the following years, this continued to be the most sought after loan type.

The sudden decline in conventional applications for purchase in 2008 to just fewer than 2,500 applications (a drop of nearly 61 percent since 2004) as compared to a smaller decline in applications for refinances (almost 51 percent decline) reiterates efforts of borrowers seeking to take advantage of low interest rates to extract equity from their existing homes rather than committing to a new purchase. The increase in the use of on-line lending brokers helped fuel the ease of seeking out loans until cautions about an unstable economy stopped the flow.

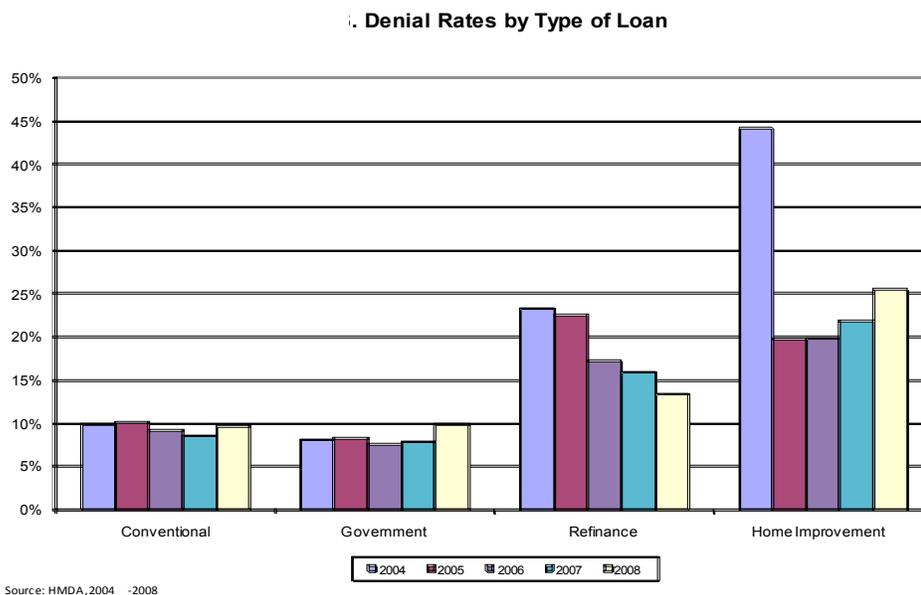
Elsewhere around the nation, home improvement loan applications are the least sought-after product. In the City of Birmingham, however, these were in higher demand than government loans, in all years except 2008. Government loans represented between 3.3 and 4.4 percent in all years prior to 2008, when they leapt to 12.6 percent.

Figure 5-6 Applications by Type



Conventional home purchase loans are a strong indicator of how many families are able to purchase single-family housing in the city. The denial rate for these loans has remained steady between 8.7 and 10.2 percent, (Figure 6). Government loans maintain their position as lowest in rate of denials, but by a very small margin below convention loans. Over the study period, government loans fluctuated between 7.6 percent in 2006 to a high of 9.9 percent in 2008, when denials for government loans (at 9.9 percent) outpaced denials for conventional loans (at 9.6 percent).

Figure 5-7 Denial Rates by Type of Loan



Applicants for both refinance and home improvement loans already have equity in their homes and have histories as borrowers. For these reasons, securing additional financing ought to be easier. In general, there are two reasons why homeowners apply for refinance loans. One involves borrowing funds in the amount of the existing mortgage at a lower interest rate so that the homeowner's monthly mortgage payment is lower. Certainly, this type of loan is favorable, since the homeowner will be spending less income on the home's mortgage and, theoretically at least, more money in the local economy. The second type is one in which the homeowner extracts accumulated equity in order to afford a large-ticket expense, such as a wedding or a new vehicle, or to consolidate accumulated smaller debts. This type of refinance can be viewed less favorably, since the owner is disinvesting in the property by withdrawing accumulated wealth. From a lender's point of view, this reduction in the owner's equity represents a higher risk for the lender. After a peak of 23.4 percent in 2004, the rate of denials for refinance applications has been steadily decreasing to a low of 13.5 percent in 2008.

Historically home improvement loan applications appear to have had the highest rate of denials, but this may be due to the fact that lenders use the home improvement category to report both second mortgages and equity-based lines of credit. Although home improvement loans may be a means for financially ailing homeowners to generate funds for needed repairs, in the City of Birmingham denial rates were exceptionally high in 2004 (44.2 percent). An important consideration in this area is the fact that nearly one-half—49.1 percent—of Birmingham's housing stock is more than 50 years old. Reinvestment in the form of home improvement is crucial to maintaining the supply of comfortable—and ultimately sellable—homes. Without improvements, homeowners are unable to command a fair market value once they decide to sell. Declining denial rates on these types of loans may reflect changing policies in the lending industry, but this is still an area that may warrant some attention in the City of Birmingham when it occurs. The associated disinvestment can have an undesirable effect on the community when it occurs in great numbers.

When loans are denied, lenders record the reasons for these decisions. Figure 5-8 shows the percent of denials by reason for the period from 2004 to 2008 for all loans of all types. In all years except 2005, the most common reason for denying loans continues to be the applicant's Credit History. Although this rate declined somewhat in 2005, it has consistently maintained a rate between 32 and 49 percent.

In earlier years, the second most common reason for denial was "Other" reasons<sup>15</sup>, which showed a dramatic decline as reason for denial from its recent high of 40.7 percent in 2005 to an historic low of 6.9 percent in 2008. However, this pattern appears to be consistent across markets nationwide and most likely is a function of recent changes in HMDA reporting criteria or analysis methodology, or changes in the definition of "Other" reasons. Still, the decline of denials for this reason since 2005 as a reason for denial is noteworthy.

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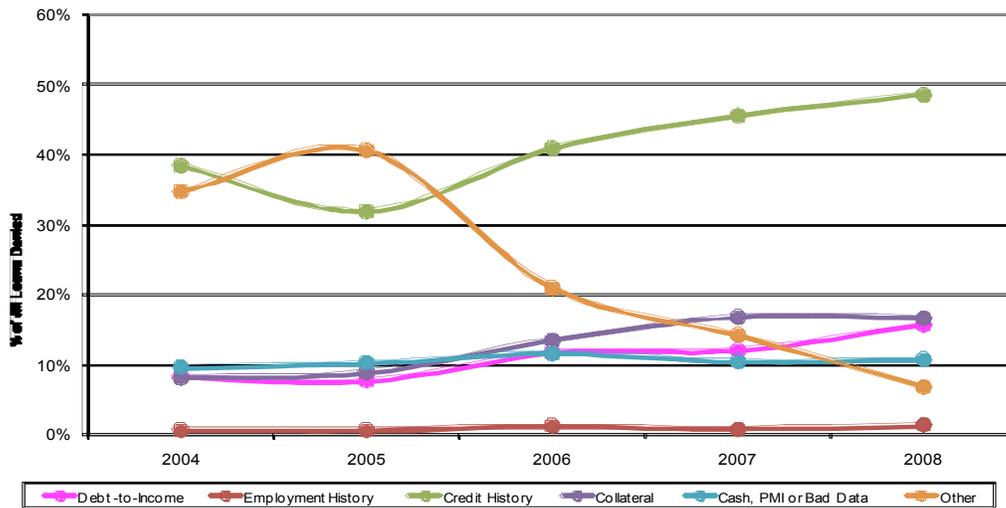
<sup>15</sup> This category was redefined in 2004 and now includes reasons that were independently specified in prior years. Consequently, denials for "Other" reasons increased for all applicants in 2004 and 2005, and have been declining since then.

Debt-to-Income ratio (15.7 percent in 2008), Insufficient Collateral (16.6 percent) and Insufficient Cash, Private Mortgage Insurance denied or Bad Data (10.8 percent) have been consistently rising since 2005; however, much of the difference appears to have been absorbed by “Other Reasons” through the years, again alluding to the redefinition of this category.

Employment history continues to be the least common reason for denials, and, despite small fluctuations, accounted for between just 0.7 and 1.4 percent of denials in any year.

Figure 5-8 Reasons for Denial of Applications

Fig. 7. Reasons for Denial of Applications



Source: HMDA, 2004 -2008

## Analysis by Race and Ethnicity

### Denials

This analysis seeks to determine whether there is disparity between loan applications received from black and white applicants. Ideally, the percentages of loan applications received would mirror the percent of population of each racial group. As described in the demographic section, Birmingham’s 2000 population was comprised of 24.2 percent White and 73.3 percent Black residents. American Community Survey data suggest a slight shift to 23.0 percent White and 74.1 percent Black residents.

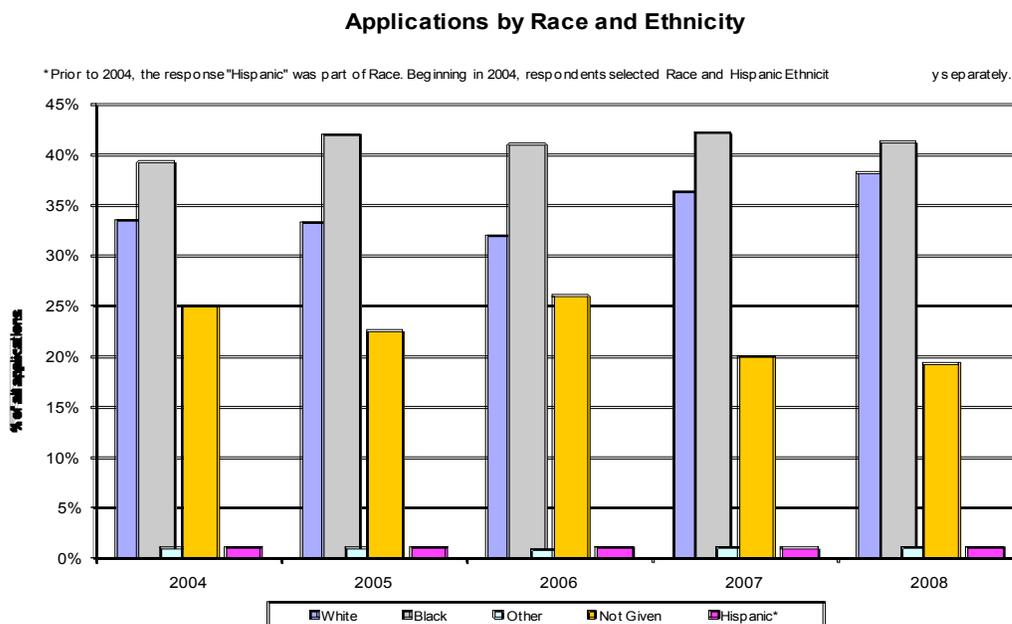
In 2008 the percent of applications made by white consumers was 38.3 percent, somewhat higher than the lowest rate of 32.0 percent in 2006 (Figure 5-9). At the same time, the rate of applications from black consumers rose from 39.3 percent in 2004 to a recent high of 42.3 percent in 2007. While applications from white

consumers are significantly above their 24.2 percent representation in the population, the rate of applications from black consumers is just two-thirds that of the city's black population (over 74 percent in 2008). Black applicants appear to be underrepresented as consumers in lending in the City of Birmingham.

Despite the fact that between 19.4 and 26.0 percent of applicants did not provide their race over the study period, if they had all been white (as is suggested by the nearly equal increase among white applicants as drop in Not Given), the proportion of black applicants would not be altered, thus maintaining a rate that is well below their representation in the population. Alternatively, if they had all been black, the resulting ratio would approach the proportion of the black population in Birmingham, but would still be underrepresented by 10 to 15 points. This finding strongly suggests that black consumers may incur barriers to the lending market in the City of Birmingham.

Hispanic applicants have been represented at a rate that is near that of their composition in the population, but this appears to be declining. In 2004, 1.4 percent of the applications were from Hispanic consumers, which was well aligned with their 1.5 percent representation in the population. The rate steadily declined to 1.1 percent by 2008, while 2008 American Community Survey data estimate the Hispanic population to have been 2.8 percent by that year. These differences do not appear to be significant and it is too early to state whether the disparity may be the onset of any trend. This finding may warrant vigilance to ensure that Hispanic applicants do not suffer any barriers to the lending market in the City of Birmingham.

Figure 5-9 Applications by Race and Ethnicity



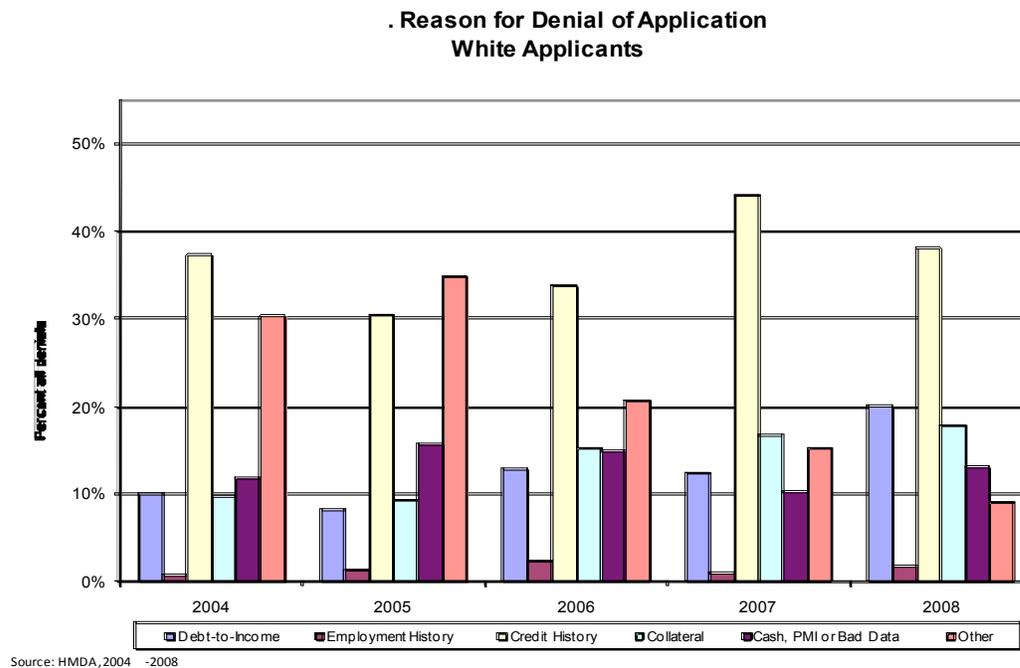
Source: HMDA, 2004 -2008

When examining reasons for denial among only white applicants, poor credit history maintains its position as the most common, except in 2005, when Other reasons were the most common (Figure 5-10). In 2006, Other reasons began a decline which continued through the analysis period.<sup>16</sup>

At the same time, Debt-to-Income Ratio and Insufficient Collateral began to rise, the latter outpacing Other reasons by 2007. Debt-to-Income doubled, rising from 10.0 percent in 2004 to 20.0 percent in 2008. The same was true of Insufficient Collateral, which increased from 9.7 percent in 2004 to 17.9 percent in 2008. This combination suggests consumers' attempts to extract equity through refinancing at a time when real estate prices had begun to stagnate and interest rates had started to rise.

The combined category of Insufficient Cash, Inability to Secure PMI or Bad Data remained steady over the period, fluctuating between a low of 10.2 in 2007 and a high of 15.7 in 2005. This combined category speaks to the funds required to secure a loan and illustrates a shortage of available cash among perspective borrowers.

Figure 5-10 Reasons for Denial of Application – White Applicants



<sup>16</sup> This is likely a function of the 2004 redefinition of the components that make up “Other” reasons.

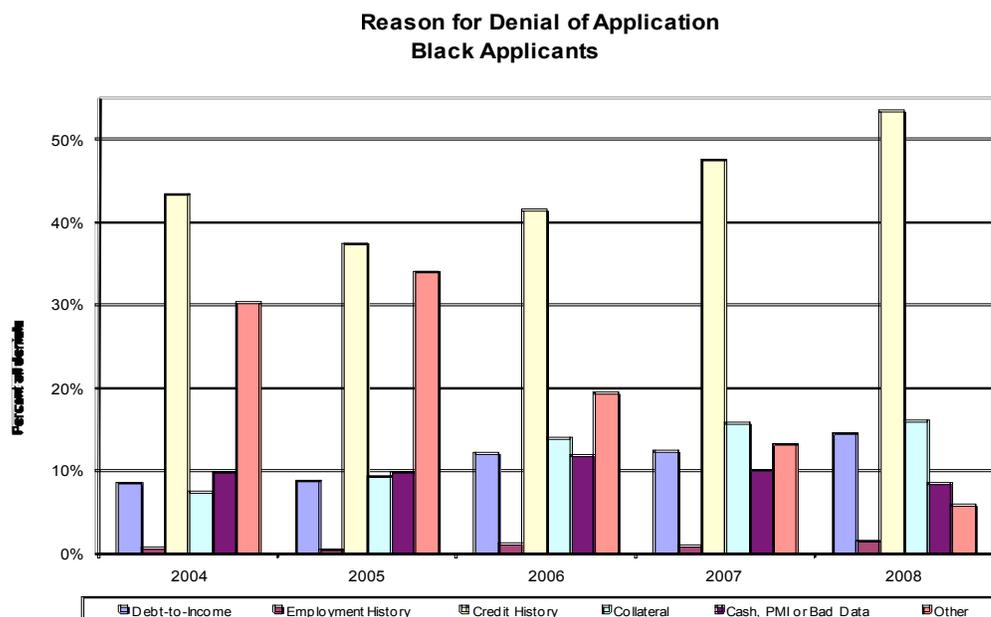
The graph below illustrates denial reasons for applications from black consumers. As with white applicants, credit history was the most common reason for loan denials among black applicants (Figure 5-11), even in 2005, which was the notable exception among white applicants. After a decline to 37.5 percent in 2005, the rate rose again in 2006, outpacing its 2004 level of 43.4 percent by 2008, when this rate was 53.5 percent. However, over the analysis period this reason was nearly 8 points more frequent among black applicants than among white.

The pattern of denials due to Other reasons mirrors that of denials among white applicants, peaking in 2005 and declining dramatically since that year. The numeric range is comparable to that of white applicants, with Other reasons for black applicants dropping to 5.9 percent in 2008—significantly below the 9.2 rate among white applicants.

Denials due to Debt-to-Income and Insufficient Collateral also rose throughout the period, as was the case among white applicants. Debt-to-Income rose from a low of 8.6 percent in 2004 to 14.6 in 2008. At the same time, Insufficient Collateral rose from 7.4 in 2004 and peaked at 16.0 percent in 2008. This rate has been slightly below that of white applicants (by fewer than 1.5 points), but followed a similar pattern across the five years.

Employment History remains low as a reason for denial of loans, but Insufficient Cash, inability to secure Private Mortgage Insurance and Bad Data fluctuated from 8.5 to 11.8 percent across the analysis period. Still, denials for this reason among black applicants were nearly 3 points less frequent than for white applicants.

Figure 5-11 Reason for Denial of Application – Black Applicants



The graph below illustrates denial reasons for Hispanic applicants; however, their comparatively small numbers in the population warrant a cautious analysis. There have been fewer than 220 Hispanic applicants in any given year since 2004.

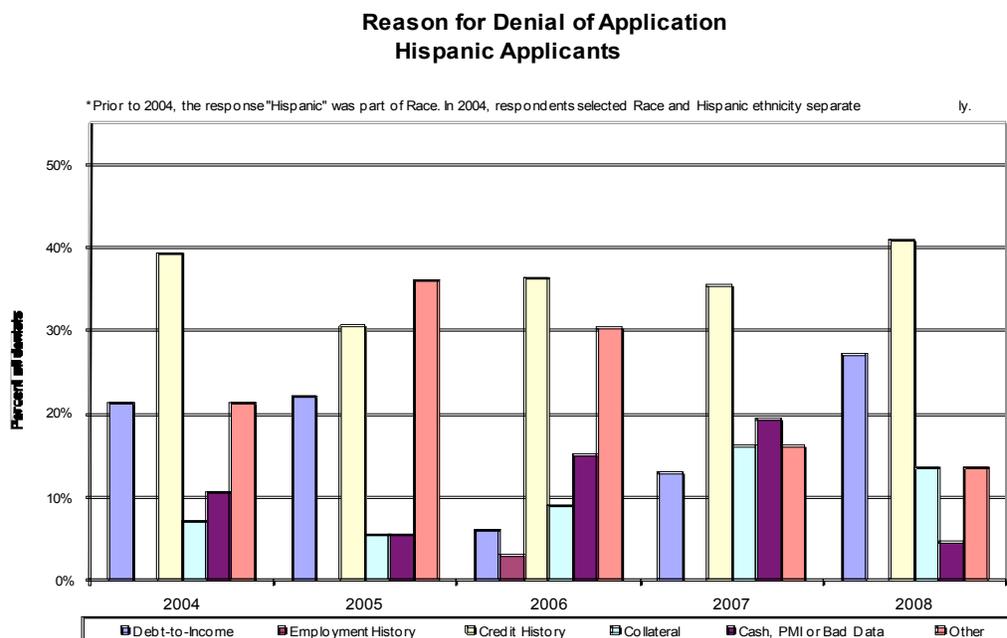
The denial patterns closely mirror those identified among white and black applicants, illustrating Credit History as the most prevalent reason for denial in all years, and followed the same general pattern, although at slightly higher frequency than among white applicants (by a difference of less than 0.3 points).

While denials for Other reasons also generally declined over the period, its lowest rate was 13.6 percent (in 2008). Still, this rate is more than twice as high as the rate for black applicants (5.9), and significantly higher than white applicants (9.2). Depending on the specific criteria lenders apply to this reason for denial, this may be an area of concern for access to the lending market for Hispanic borrowers.

At the same time, Insufficient Collateral has been a less prevalent reason among Hispanic applicants than white or black. However, the combined measure of Insufficient Cash, inability to acquire Private Mortgage Insurance or Bad Data rose dramatically since 2004 among Hispanic applicants, to a significantly high rate of 19.4 percent in 2007, then falling to the lowest level across all population groups and all years of just 4.6 in 2008.

Employment History continues to be the least frequent reason for denial. No Hispanic applicants were denied for this reason over the five year study period except in 2006, when Employment History represented 3.0 percent of denials.

Figure 5-12 Reason for Denial of Applications – Hispanic Applicants



Asian applicants are quite infrequent in the City of Birmingham; therefore, their small number makes identifying trends over the five-year period difficult—there were between 90 and 155 applications from Asian consumers in any year of the study period. According to the Demographic overview (Section 2 of this report), Asians make up less than 1 percent of the city's population. Still, since 2004 they have accounted for between just 0.2 and 0.3 percent of loan applications—a rate that is about one-third of their representation in the population. While this may signal low access to the lending marketplace, this may also be a reflection of cultural traditions that promote “lending circles” through which individuals rely on social networks to help them acquire funds for large purchases. But this means that when they do seek loans through conventional channels, they are perceived to have poor credit history through lack of participation in the conventional credit marketplace.

While there are some inconsistencies with regards to reasons of denial for one race over the other, in general, rates of reasons for denial somewhat closely mirror those for all races combined (Figure 7).

When compared by race, on average, white applicants were most frequently denied for the reasons of Insufficient Collateral and Inadequate Cash, inability to secure Private Mortgage Insurance or Bad Data by a difference just over 3 points over any other group. White applicants were also most frequently denied due to Employment History, but the difference was less than 1 point.

On average, Credit History was the most frequently reason for denial of applications from black consumers by a difference of more than 8 points. Black applicants are denied less frequently on all other measures across all groups.

On average, Hispanic applicants are most frequently denied on the basis of Debt-to-Income ratio with a difference of about 6.7 points, or one-third more frequently than white or black consumers. Hispanic applicants are also more frequently denied on the basis of Other reasons, but this measure differs by fewer than 3 points across all groups. Employment History is the least frequent reason for denial for Hispanic consumers, who denied for this reason one-half as frequently as are white consumers, and at two-thirds the rate of black applicants.

While these findings become apparent through lending data, they may not necessarily be a sign of discrimination in lending, but a signal of discrimination in other areas. For example, the high rate of denials for Debt-to-Income ratio (as found among Hispanic consumers) or poor Credit History (as found among black consumers) may suggest a lack of opportunities to maintain steady employment that would yield an adequate wage to avoid incurring high debts. This may be an area of concern and may warrant monitoring in the City of Birmingham.

In general, the results of this analysis do not indicate any significant patterns to report that might suggest unfair practices in the lending industry with regards to the application process. While, overall, this signals good news for fair lending with respect to racial discrimination, these data show only a small piece of the lending picture.

## Purpose of Loan

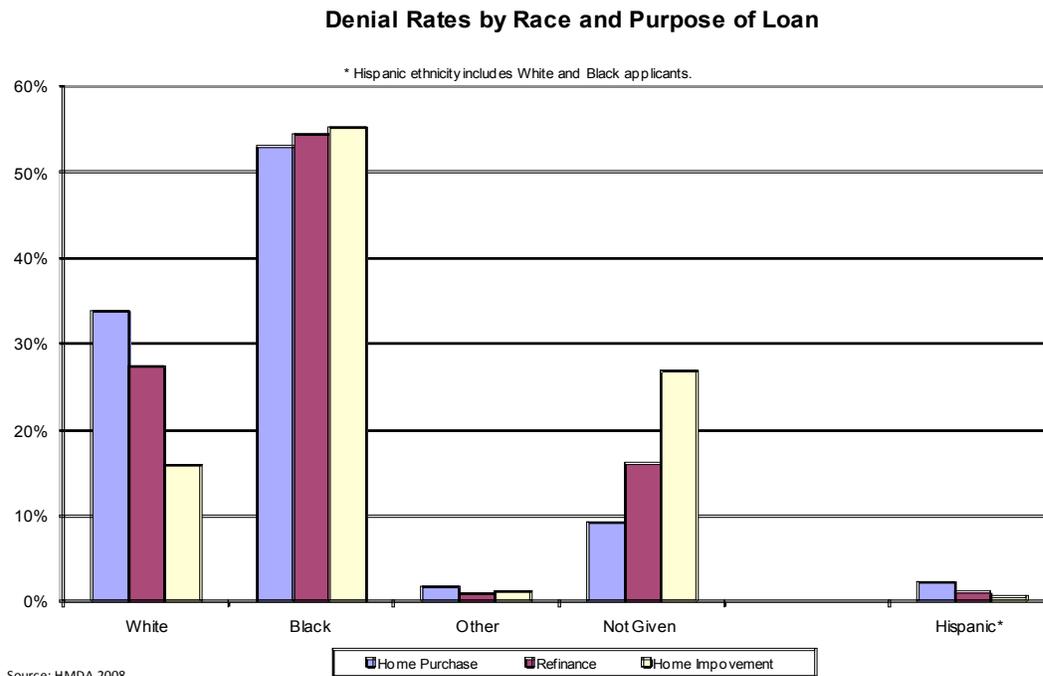
In 2008, of all denied applications for home purchase, 33.8 percent were from white applicants, 2.3 percent were from Hispanic applicants, and 1.8 percent were from those who identified their race as Other. More than one-half of these applications (53.0 percent) were from black consumers.

Of all refinance applications denied, 54.4 percent were from black applicants and 27.5 percent were from white consumers. An additional 16.1 percent were from applicants who chose not to give their race.

In that same year, 55.2 percent of all applications denied for home improvement loans were from black applicants, while 27.0 percent were from consumers chose not to give their race.

This information notwithstanding, with over 20 percent of homebuyers, over 19 percent of applicants for refinance loans, and an additional 15 percent of those seeking home improvement loans not reporting their race, any conclusions attempted from comparing data in these areas may be critically flawed. Nonetheless, the finding that black applicants and those who did not give their race are denied loans for home improvement may be significant in that their homes require maintenance. Conversely, since this category also includes equity loans and lines of credit, it is possible that applicants sought to extract cash from the equity in their homes. This is an area that merits vigilance.

Figure 5-13 Denials by Race and Reason



### *Analysis by Income*

Low- and moderate-income households make up a substantial portion of the City of Birmingham's total households. According to the description in the demographic section of this report, 29.8 percent of the city's residents earned under \$15,000 annually, and another 17.3 percent earned from \$15,000 to \$25,000 in 2000. As compared to a median income of \$26,735, this means that 47.0 percent of the population earned less than 93.5 percent of this amount. By 2008, 22.8 percent of the population earned less than \$15,000, with an additional 16.6 percent earning less than \$15,000. As compared to a median income of \$32,070, 39.4 percent of the population earned less than 78.0 percent of this amount. Because homeownership is the most effective way to increase personal net worth and assets, it is especially essential for these households to have access to credit for home loans.

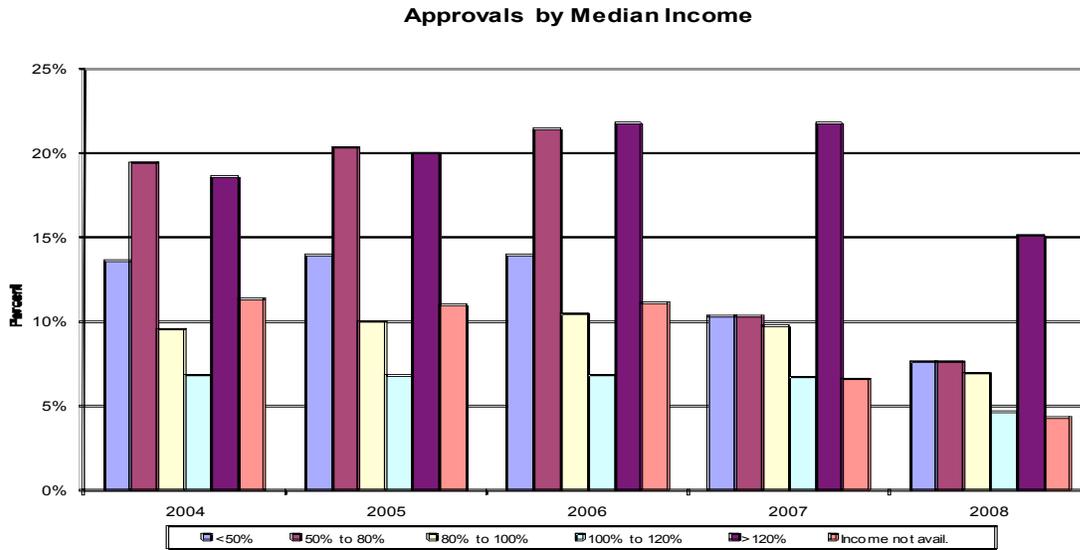
In the City of Birmingham, of the 18,830 loans originated in 2004, 33.1 percent went to low- and moderate-income borrowers combined: 13.6 percent to those households earning less than 50 percent of the area's median and 19.4 percent to those earning from 50 to 80 percent (Figure 11). Of the 10,926 loans originated in 2008, just 15.3 percent went to low- and moderate-income households combined, with approvals evenly divided between those earning less than 50 percent and those earning from 50 to 80 percent of the area's median (7.7 percent each).

By 2008, 46.5 percent of all loans originated, as compared to 79.5 in 2004. About one-half of the 33-point difference was felt among low-income borrowers (earning from 50 to 80 percent of the area's median income) whose origination rate fell by 17 points.

Households earning 80 percent to 100 percent of the area median received just 9.6 percent of the loans originated in 2004, and subsequently saw approval rates decline to 7.0 percent by 2008. In 2004 and 2005 the highest proportions of loans went to those earning between 50 and 80 percent of the area's median—19.4 and 20.4 percent, respectively. Since then, the highest proportions of loans have gone to those earning over 120 percent of the city's median—ranging from 21.8 percent in 2006 and 2007 to 15.2 percent in 2008, dropping 6.6 points over the three years.

While it is not difficult to understand that those whose earnings exceed 120 percent of the area's median would be more likely to secure loan approval, the graph below illustrates the disparities that exist among income levels. In 2007 each of the lower two income levels experienced an approval rate of exactly 10.4 percent; a pattern that was repeated in 2008 with each level experiencing an approval rate of exactly 7.7 percent. This pattern is not unique to Birmingham and may be the result of a policy directive in the lending industry.

Figure 5-14 Approvals by Median Income



Source: HMDA, 2004 - 2008

On average, 8.9 percent of applicants' incomes are not available. While there are several reasons why incomes may not be reported, it is unlikely that these applicants would be from low or moderate income levels. Applicants who earn incomes near the median are more likely to be required to verify income; whereas, those at the highest level often do not face this requirement. It is, therefore, almost certain that this refers to the highest earners. This means that an additional 8.9 percentage points can be added to those of higher income groups, bringing the highest earners' approval rate to 19.5 percent in 2008 and illustrating even further disparity among income groups in loan approvals.

An examination of approval rates by income by race can prove to be a revealing tool. The uppermost bars on the graph shown in Figure 5-15 represent the mean rate of approvals for each income group (Low/Mod, Middle and Upper), regardless of race.

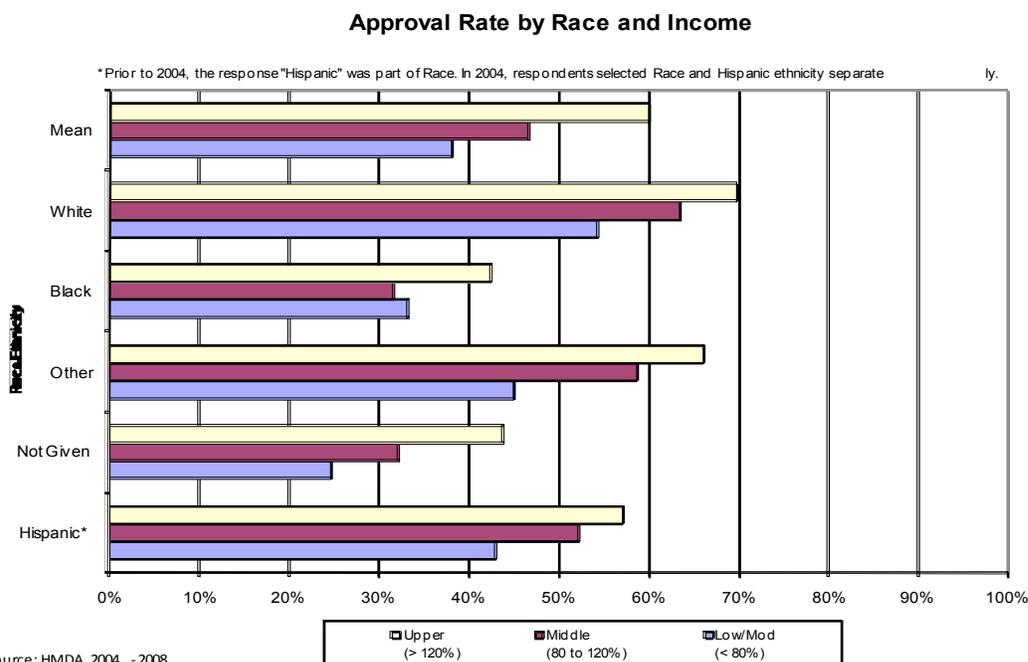
White and Other applicants (represented by the second and fourth sets of bars) were both consistently above the mean at all income levels. White applicants were nearly 43 points higher overall, while Other applicants were nearly 25 points higher. Hispanic applicants earning below 120 percent of the area median were also above the mean. Hispanic applicants at the highest income level fell less than 3 points below the mean and were almost 8 points higher overall. While Hispanic applicants do not seem to incur discrimination, their very small representation in the population must be kept in mind.

Black applicants were well below the mean, falling over 37 points below the mean overall—the greatest disparity of all given racial groups. Applicants who did not specify race also fell below the mean at all income levels, with an aggregate difference of over 44 points.

Among those who did not specify race, those earning less than 80 percent of the area’s median household income were three times less likely to be approved for a loan than Black applicants at this same income level. The difference at higher income levels was less than one half of one percentage point.

While it appears that black applicants are less likely to be approved at any income level, if all those who did not specify race were black, the approval rates would exceed those of white applicants. Since there is no way to know who declines to specify race, this cannot be positively ascertained.

Figure 5-15 Approval Rates by Race and Income



While this analysis reveals distinct racial differences in rates of approval, it is difficult to disentangle race from income, especially in light of the high rate of applicants who did not specify their race (ranging from 19.4 to 26.0 percent across all years). Still, there appears to be evidence that race plays some role in loan approval in the City of Birmingham, which may or may not be specifically attributable to overt discrimination in lending.

Conventional wisdom points to structural factors that serve to restrict access to the services that accompany participation in the homeownership and mortgage

arenas. When prospective homebuyers are prevented from accessing the appropriate opportunities, structural discrimination takes place. Obvious examples of these factors may be steering in the real estate industry, a lack of earning opportunities in the labor market, or poor educational opportunities that can lead to incomes that might improve creditworthiness. While these examples are easy to cite, most structural discrimination is quite unintentional, very subtle and extremely difficult to identify.

## **Alternative Lending Sources**

### *Sub-Prime Lenders*

While conventional lenders focus their marketing efforts on consumers with few or no credit blemishes (those with “A” credit), an alternative source of loan funds for consumers with lower credit scores (“B” or “C” credit) is sub-prime lending institutions. While sub-prime lenders simplify the application process and approve loan applications more quickly and more often, these lenders also charge higher interest rates to help mitigate the increased risk in lending to consumers with poorer credit histories. Interestingly, consumers who borrow from sub-prime lenders often do qualify for loans from conventional lenders, but succumb to marketing tactics that encourage them choose sub-prime institutions over conventional. Recent studies by Freddie Mac, the government-sponsored entity that purchases mortgages from lenders and packages them into securities that are sold to investors, show that between 25 percent and 35 percent of consumers receiving high cost loans in the sub-prime market qualify for conventional loans.<sup>17</sup> This may be a result of the loss of conventional lenders in the community. Having fewer lenders from which to choose, consumers select those that are conveniently located, even at a higher price.

### *“Payday Lenders”*

Another source of loans is check cashing or “payday” lenders. Check cashing outlets (such as currency exchanges) cash payroll, government, and personal checks for a fee. Their popularity increases as customers lose access to banks or cannot afford rising fees associated with the inability to maintain minimum balance requirements. Consumers use these outlets for their banking needs and are charged for the services they receive. These businesses offer temporary “payday loans” by accepting a postdated check from the customer, who receives the funds immediately, minus a fee. When used regularly, these fees can equate to double-digit interest rates.

Although these services tend to be located in areas of highest minority and low-income concentration, they are also found in very close proximity to local lenders. Customarily, however, they fill the void left by banks that do not service an area or have moved from it.

### *Predatory Lenders*

While most sub-prime lenders serve a need by targeting borrowers with sub-par credit histories, some go too far. Those that do are known as predatory lenders. Lending becomes predatory when lenders target specific populations (such as

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<sup>17</sup> Information for this discussion provided by Miami Valley Fair Housing Center.

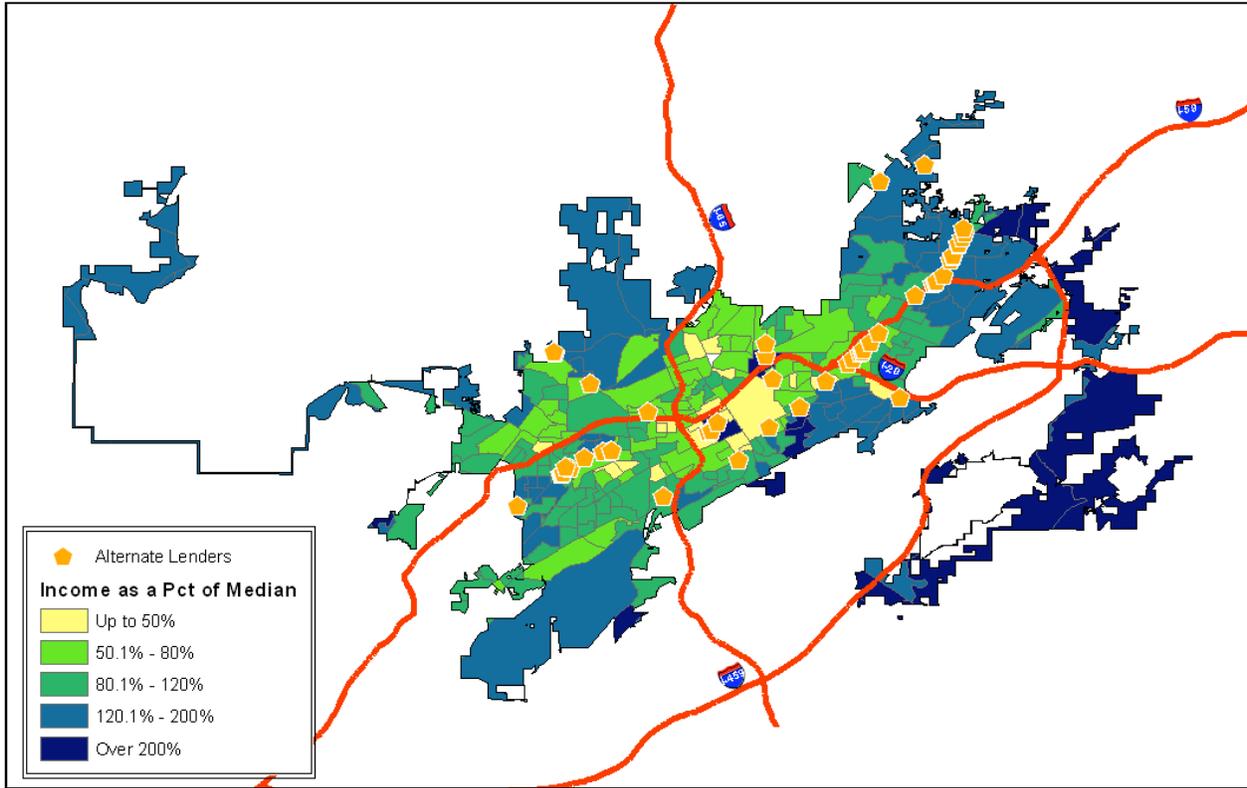
low-income, minority, or elderly homeowners), charge excessive fees, frequently refinance the loan, and often mislead the borrower. Since wealth is often tied to property ownership, this system threatens to deprive residents of their assets by overextending their home's equity and, in some cases, foreclosing on the homes of people who cannot afford the high interest rates and associated fees.

Mainstream financial institutions often unwittingly exclude the very groups targeted by predatory lenders when they market loan products. Additionally, unknowing consumers find themselves at a disadvantage due to a lack of financial savvy. The lending process can be complicated, and often consumers are ill-prepared to deal with the large volume of paperwork required for the loan process. Most predatory lenders use their clients' inexperience to their advantage, however, and do not provide quality counseling for consumers seeking their products. They use the consumers' ignorance as their opportunity to reap profits. In the end, borrowers pay substantially higher interest rates and purchase unnecessary credit, life, and disability insurance products.

Sub-prime lenders charge higher rates to compensate for higher risk. While these types of loans and lenders provide an important service to those without opportunities, these institutions have been associated with predatory lending nationally and are a source of potential concern locally. When compared to the list of sub-prime lenders provided by HUD, there were 21 identified within the City of Birmingham that wrote loans in 2008, representing 7.4 percent. In addition, 54 unique personal lending sources were identified, including pawnshops, "payday" lenders, personal and title loan establishments, and others. These are located primarily along the I-59 and I-20 corridors and elsewhere throughout the city, where they may serve populations of all income levels.

The map on the following page shows location of alternative lenders in the City of Birmingham.

Figure 5-16: Locations of Alternative Lenders in the City of Birmingham



## Other Private Entities that Impact Fair Housing Choice

### *Homeowners Insurance Industry*

Fair housing is about expanding the housing choice for those restricted by economic, social, political, and other forces. The persistence of unfair housing underlies unequal education, unequal access to jobs, unequal income, and redlining. Redlining is an exclusionary practice of real estate agents, insurance companies, and financial institutions that exists when ‘there is a lack of activity by [an] institution to extend credit or coverage to certain urban neighborhoods because of their racial composition; or they are denied because of the year-to-year change in racial composition and the age of structure in a neighborhood regardless of the creditworthiness or insurability of the potential buyer and policy holder or the condition of the property.’<sup>18</sup>

Over 40 years ago, an observation was made that “insurance is essential to revitalize our [American] cities. It is the cornerstone of credit. Without insurance, banks and other financial institutions will not—and cannot—make loans. New housing cannot be repaired. New businesses cannot expand, or survive. Without insurance, buildings are left to deteriorate, and services, goods and jobs diminish.”<sup>19</sup> This statement can accurately describe many cities in 2008 as well as those in 1968. Investigations and statistical and applied research throughout the United States has shown that residents of minority communities have been discouraged in pursuit of homeownership, while many predominantly white neighborhoods have been successful in attracting those seeking the American dream of owning a home.

Discrimination in the provision of housing insurance has a lasting effect on the vitality of America’s neighborhoods. Many traditional industry underwriting practices which may have some legitimate business purpose also adversely affect minorities and minority neighborhoods. While more recent studies have found little evidence of differential treatment of mortgage applications, evidence does suggest that lenders may favor applicants from Community Reinvestment Act (CRA)-protected neighborhoods if they obtain private mortgage insurance (PMI). The requirement of obtaining this additional type of insurance may actually mask lender redlining of low-income and minority neighborhoods. For loan applicants who are not covered by PMI, there is strong evidence that applications for units in low-income neighborhoods are less likely to be approved. Furthermore, these potential homeowners are more likely to be subject to policies that provide more limited coverage in case of a loss, and are likely to pay more for comparable policies.

Another critical factor in marketing of insurance is the location of agents. Most of the property insurance policies sold by agents are to insure within neighborhoods in which the agent is located. Studies have shown that the distribution of agent locations was clearly related to the racial composition of neighborhoods.

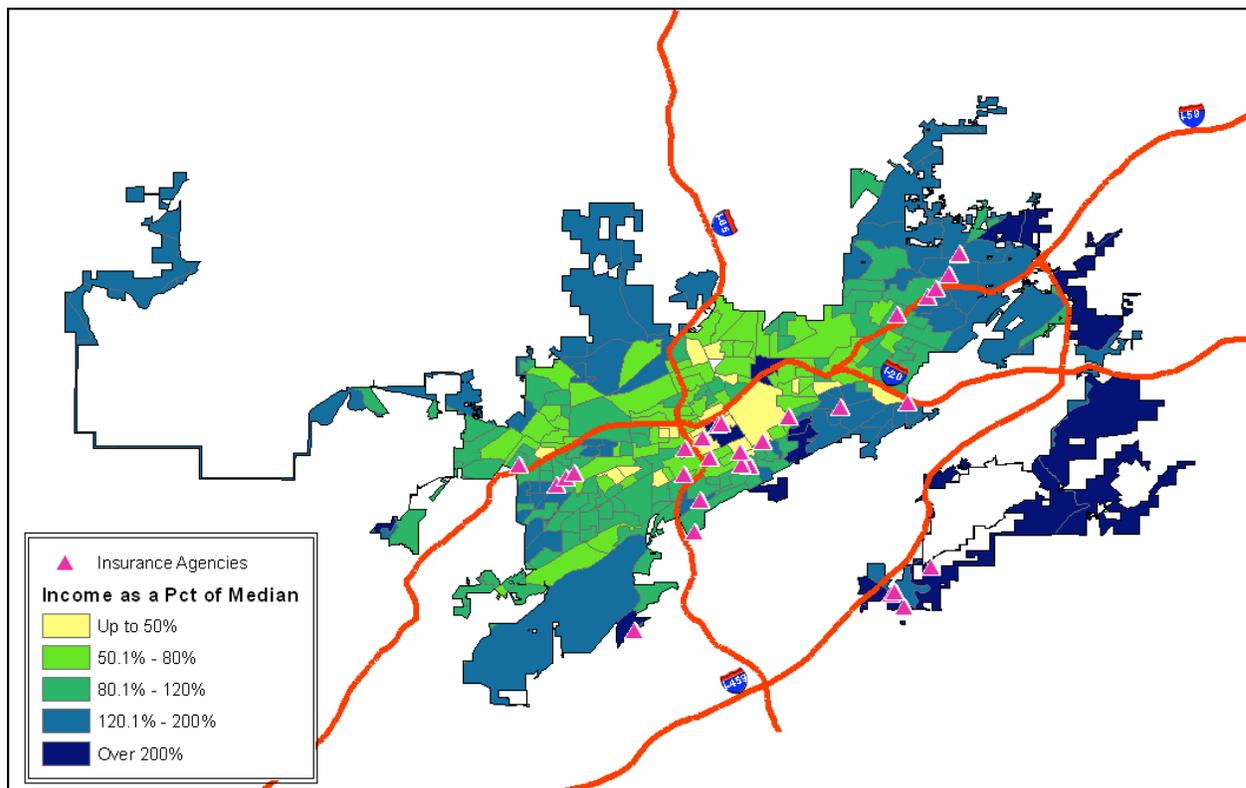
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<sup>18</sup> Hutchinson, Peter M., James R. Ostas, and J. David Reed, 1977, A Survey and Comparison of Redlining Influences in Urban Mortgage Lending Markets. AREUEA Journal 5(4):463-72.

<sup>19</sup> National Advisory Panel on Insurance in Riot Affected Areas, 1968.

A review of the local Birmingham Yellow Pages<sup>20</sup> shows that the insurance companies who provide homeowners insurance have offices primarily located along the I-59 and I-20 corridor through the city. Their distribution makes their services accessible to households across the breadth of the city, but those who reside in the remote north and south portions of the city must do business with insurance agents outside their neighborhoods.

Figure 5-17: Location of Insurance Agencies in the City of Birmingham



### *Internet Advertising*

The real estate industry depends largely on marketing through the Internet, thereby eliminating much of the initial direct contact. A review of 94 real estate sites on the Internet revealed no use of human models that would suggest discriminatory advertising. However, just 43 (46%) displayed the HUD fair housing logo somewhere on the web page. This may serve as a barrier to some home-seekers by deterring prospective customers from seeking the services of real estate professionals to locate housing, thereby denying themselves the fair and equal treatment provided by professionals who are trained in protecting equal housing opportunity and Fair Housing regulations.

<sup>20</sup> On-line review of [www.yellowpages.com](http://www.yellowpages.com), accessed 3/18/10.

### *The General Public*

Focus Groups and Community Roundtable discussions are held frequently in Birmingham. The results of the most recent meetings are described in Section IV: Public Sector Analysis.

## **Section VI: Conclusions and Recommendations**

This section presents the Fair Housing Analysis Update for the Birmingham 2010-2015 Consolidated Plan. It includes parts of existing impediments to fair housing choice currently being addressed and the plans recommended to remedy them, as well as several additional impediments. The City's prior Analysis of Impediments was conducted in 2007 and included issues that are carried over to this update. This update is based on available public/private information from the City, Northern Alabama Fair Housing Center the real estate, insurance and banking industries, the Birmingham Housing Authority, and the Atlanta and Birmingham HUD Offices of Fair Housing and Equal Opportunity and Community Planning and Development.

### **Important Considerations**

During its review of the City of Birmingham, some situations were discovered that, while not qualifying as impediments, per se, indicate a certain amount of unfairness and have the potential to foster unfair housing practices. For example,

1. Loans granted to lower-income borrowers decline in frequency in areas with higher minority populations. While this may be a result of fewer opportunities for homeownership due to the commercial or industrial nature of the surrounding geographic area, this may be an area that warrants further investigation.
2. There is some evidence that race plays a role in loan approval in the City of Birmingham, which may or may not be specifically attributable to overt discrimination in lending.
  - a. Black loan applicants are substantially underrepresented in comparison to their frequency in the population. Furthermore, if all applicants who declined to state their race had been black, the resulting ratio would still under-represent black consumers by 10 to 15 points. This suggests that black consumers may incur barriers to the lending market in the City of Birmingham.
  - b. Black applicants are denied most frequently on the basis of Credit History than any other group, signaling an area of concern.
  - c. Black applicants and those who did not give their race are denied loans for home improvement significantly more frequently than white consumers, suggesting a barrier to accessing cash needed to protect their investments in their homes through performing needed home maintenance and improvements.
  - d. The declining rate of Hispanic applicants contradicts this group's growth in the population. Further, the increasing rate of denials for Other reasons may warrant vigilance to ensure that Hispanic applicants do not suffer barriers to the lending market.
  - e. High rates of denials for Debt-to-Income ratio (as found among Hispanic consumers) or poor Credit History (as found among black consumers) may suggest a shortage of opportunities to maintain

steady employment that would yield an adequate wage to avoid incurring high debts.

In response, the development of the city's fair housing plan should consider the following improvements.

1. Ascertain that low homeownership rates (where they occur) are a reflection of a geographic area's function and not a reflection of the race, ethnicity, or income levels of its residents.
2. Remedy high vacancy rates in areas with high racial or ethnic concentrations by ensuring availability of and access to services and amenities that will attract other residents.
3. Take steps to educate credit consumers in management of household finances and responsible use of credit.
4. Encourage compliance with equal opportunities in employment to create and maintain sustainable employment.

Three key housing related groups in the City—the Office of Community Development, the non-profit assistance and development sector and the City Housing Authority—must all work continually with the private sector to promote and explain the requirements of the Fair Housing Act. Local housing providers do receive calls when an alleged violation occurs, and provide information on the Act, and provide guidance on how to lodge a formal complaint. Complaints relative to projects funded with federal dollars situations as well as all private citizen complaints are investigated by HUD as described in the Introduction. Many complaints are channeled through the North Alabama Fair Housing Center.

Throughout the year, the City and local housing providers must work together to promote fair housing, hold conferences, distribute materials, educate both tenants and landlords, and continually strive to limit the local violations to the Fair Housing Act.

Discussions are and should continue to be held with the Chamber of Commerce, government officials, Realtors® and individuals regarding discriminatory practices and complaints lodged and resolved successfully through mediation. The more widely distributed resolved complaints are the higher the educational value to the community.

The City joins with Realtors® to disseminate current information on fair housing as training tools for housing industry professionals. In general, Realtors in the home sales portion of the business do not currently utilize the Equal Opportunity logo effectively in either print or electronic media.

Home Mortgage Disclosure Act (HMDA) data suggests that the lending practices of major lending institutions in the City are not entirely fair, reporting some disparities in accessibility to home mortgage financing by race, income and geographic concentration. The City encourages lenders to participate in educational workshops on Fair Housing/Equal Opportunity

One frequent threat to Fair Housing is the development of housing options for special needs populations. In some instances, residents place significant pressure on local elected officials and zoning officers to deny variances, permits, etc.

During the next five years, as housing markets expand and become more competitive in the City, instances of NIMBY-ism, or “not in my backyard”, may become more common. Whether it is neighborhood opposition to density, low-income housing or housing for special population groups, obtaining a site and approval by communities is difficult. In many cases, the process leads to greater costs, making it difficult to maintain affordability for those who need them. In an effort to open the doors wider to fair housing options for all individuals, the City works closely with local public housing providers, landlords, non-profits government, service providers, and funding institutions to assess the housing needs and promote an organized mechanism for addressing these needs.

At the same time, discussion about limiting sprawl, improving social service delivery centers, and placing special need populations back in the community will continue. This discussion will result in continued conflicts between identifying appropriate housing for those who need the most assistance and finding a place for them to live. Therefore, it will be important to continue to provide community education to ensure the ability to continue to develop affordable housing that will also take into account economic and health issues that are directly related the problems of deteriorated housing including the presence of lead based paint and the literacy that relates to employability of the low/moderate income community in the City.

Implementation of activities includes:

- Continue to develop fair housing brochures and flyers
- Continue disseminating fair housing brochures and flyers throughout the community, via conferences, housing fairs, information racks in public facilities, etc.
- Continue to review proposed policies in the City land use plans, codes, and zoning to guard against unintended violations of the Fair Housing Law.
- Recommending the inclusion of policies allowing for a diversity of housing types and locations.
- Reviewing existing zoning and land development policies for possible revisions to permit more affordable housing.
- Reviewing successful models for developing new low- and moderate-income housing by other communities and private developers.

Finally, based upon the current data available, the following are the impediments and suggested actions that have been identified for the City. The City will

document and report its actions to HUD on the removal of impediments through Annual Reports which are a part of the Consolidated Plan Process, and independent efforts of non profits such as the Northern Alabama Fair Housing Center.

## **Impediments**

*Impediment # 1: Lack of Equivalent Fair Housing Law In Birmingham or the State Requires the HUD Atlanta Office to Conduct All Complaint Investigations and Adjudications.*

### Observation

Since there is no Alabama or Birmingham law which allows the City to conduct fair housing investigations, HUD staff in Atlanta, Ga. is obligated to accept and process all complaints in the State.

### Suggested Steps to Remove this Impediment

The City may wish to consider asking the State to adopt new legislation for an equivalent Fair Housing Ordinance that would allow the State to conduct its own fair housing program and request HUD FHIP (for Initiatives) and HUD FHAP (for Investigation and Adjudication) funding to cover most of the cost and allow the State to carry out Fair Housing Initiatives appropriate to the community. Alternatively, the City can ask the State to pass enabling legislation for the city to establish an equivalent Fair Housing Ordinance

The City may wish to ask the Northern Alabama Fair Housing Center to study this proposition and recommend a course of action to the Office of Community Development.

*Impediment # 2: Potential Protected Class Discrimination in Homebuyer Lending Market.*

### Observation

Often Protected Classes are not equal partners in the home buying market in the City. Prime lenders had few applications and high originations and sub prime lenders had high applications and few originations.

Loan data show an under representation of applicants for loan applications and denials based on debt to income ratios and credit history. These are factors which could point to disinvestment in low/mod neighborhoods which limit access to home improvement loans, access to refinancing loans and access to funds to afford new homes.

### Suggested Steps to Remove this Impediment

Lenders need to be made aware of this issue and initiate positive efforts in establishing a broader market.

Working with local lenders, the City should do further analysis of lending data to determine to what extent disparate treatment of protected classes accounts for loan denials.

The City should take an active role in monitoring Home Mortgage Disclosure Act Data (HMDA) to insure that lenders continue to equalize lending practices.

*Impediment # 3: Public Policy Implementation and Lack of Fair Housing Training Often Lead to Misunderstanding in Local Housing Initiatives.*

Observation

As is the case in any local governmental operation, elected official and staff turnover requires periodic training to stay up to date in various requirements such as addressing fair housing and civil rights policies. While various City staff have lead assignments and serve on supportive committees for fair housing, representatives need to be aware that certain public policies such as building requirements, lack of public infrastructure, taxes, land use and zoning could lead to unintended discriminatory actions.

Suggested Steps to Remove this Impediment

The City should support a strategy of addressing fair housing in all departments and programs by articulating supportive government-wide civil rights policies and training for staff involved in activities related to fair housing. The City should also be careful in adopting land use policies and related zoning that would have the effect of limiting fair and affordable housing opportunities. Additionally, the City needs to continue support of rental and homeownership development in areas where assisted and affordable housing may be readily available to protected classes. Finally, the City needs to continue to support ways to deal with the cost of real estate, higher taxes, and public infrastructure requirements.

*Impediment # 4: Continuum of Care Needs to Continue to Consider the Need for Permanent Housing for the Homeless, Persons with HIV AIDS, or Those at Risk of Being Homeless.*

Observation

There are limited housing opportunities for the homeless, those who are at risk of homelessness, and special needs populations. There is not enough funding for permanent housing. Too many citizens are on the brink of becoming homeless because they have to spend too much of their income on housing (many times not decent or safe housing) or have a foreclosure facing them.

Suggested Steps to Remove this Impediment

The City should continue to support programs to increase family self-sufficiency and to prepare homeless, at risk and special needs populations for rental or homeownership opportunities through financial literacy, credit counseling and rental assistance. The City also needs to support a number of initiatives to assist low-moderate homebuyers with down-payment assistance, default delinquency counseling, anti-predatory lending counseling and homeless prevention programs. City needs to take full advantage of ARRA programs such as NSP to deal with foreclosures and need for additional revitalization.

## **Impediments Carried Over From Previous A.I.**

The results of FHCNA's fair housing discrimination inquiries have resulted in several impediments sited in previous impediment studies. They include the following:

- Lack of Accessible Units for Persons with Disabilities

Apartment owners and especially those that are publically assisted need to be encouraged, assisted, and required by law (as appropriate) to make units accessible by installing grab bars, bathrooms, kitchens, light switches, and accessible routes as appropriate.

The City should establish a special referral service for ADA accessibility complaints, bringing these to the attention of the City housing inspector, who is charged with ensuring that accessibility requirements are met.

- Need for Improved Transportation

The City should continue to encourage the transit authority to seek state funding for transit funding; to seek federal matching funding for transit funding; to find ways of increasing efficiency of current operation system; to implement plans for upgrading current service; to implement plans for offering new service to better cover a larger area

- Rental issues for Hispanic, Latino, and other Protected Class Housing Seekers

The City should post bilingual public notices with information about FHCNA and City housing assistance services and Fair Housing enforcement agencies. Related steps include securing local news media advertising informing both English and non-English speaking residents about their rights as homebuyers and tenants, and providing residents with information about whom to contact with a Fair Housing complaint; scheduling Fair Housing training sessions for City employees to enable them to provide residents with Fair Housing information and appropriate referrals; providing similar training to Realtors, lenders, insurance agents, and landlords to inform them of their obligations to homebuyers, borrowers and tenants under Fair Housing law; and establishing a written policy on how HUD and FHCNA and the Fair Housing enforcement process will respond to citizen complaints by investigating and resolving all housing discrimination complaints in a timely manner.

- Declining property values

Although this matter is not technically or legally a fair housing issue, the City should take full advantage of all public and private assistance available to revitalize Birmingham's housing market and economy. The low-moderate population as well as protected class citizens are always injured to a greater impact than those citizens of greater means.