

# CITY OF MESQUITE, TEXAS ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE<sup>1</sup>



City of Mesquite<sup>3</sup>



Housing and Community Services<sup>4</sup>

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## ACKNOWLEDGEMENTS<sup>1</sup>

The City of Mesquite would like to thank all participants contributing to the City of Mesquite Analysis of Impediments to Fair Housing (AI). A very special thanks to the following organizations and individuals contributing to the community engagement, data and analysis process.<sup>2</sup>

-  City of Mesquite Mayor and City Council<sup>3</sup>
-  Mesquite Housing and Community Services
-  Mesquite Industry and Business Owners
-  Mesquite Independent School District
-  NextDoor Mesquite and Dallas County
-  Banking and Construction Industry, Apartment Owners, Developers
-  Residents of Mesquite
-  Non-Profit Housing Providers
-  City of Mesquite Departments and Agencies
-  Mesquite Chamber of Commerce
-  Metro Dallas Homeless Alliance

# I. Executive Summary<sup>1</sup>

The preparation of the Analysis of Impediments (AI) serves as a component of the City of Mesquite's fulfillment of the requirements of the Housing and Community Development Act of 1974. The 1974 Act requires that any community receiving U.S. Department of Housing and Urban Development Federal Entitlement funding under the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG) and funding provided under the Public Housing Authorities' public and assisted housing programs must certify that the jurisdiction is "affirmatively furthering fair housing choice."<sup>2</sup>

The 1974 requirement is based on the Federal Fair Housing Act adopted by the U.S. Congress and signed into law by President Lyndon B. Johnson in 1968. The Federal Fair Housing Act prohibits discrimination in housing based on a person's race, color, religion, gender, disability, familial status, or national origin. Persons protected from discrimination by fair housing laws are referred to as "members of the protected classes". Protected class members under the Federal Fair Housing Act are protected "on the basis of race/ethnicity, color, religion, sex, disability, familial status, and national origin". In addition, the U.S. Department of Housing and Urban Development (HUD) issued a Final Rule on February 3, 2012 that prohibits entitlement communities, public housing authorities, and other recipients of federal housing resources from discriminating on the basis of actual or perceived sexual orientation, gender identity, or marital status.<sup>3</sup>

This Analysis of Impediments (AI) is a review of demographic data, metrics of discrimination and disparity, local regulations and administrative policies, procedures, and practices that affect the location, availability, and accessibility of housing. The AI also assesses the conditions where housing is located, both public and private, along with public policies and regulations that affect fair housing choice.<sup>4</sup>

A city-wide analysis and discussion on the trends and issues relating to housing supported the development of the AI. The community engagement process solicited<sup>5</sup>

multiple perspectives including those of government agencies and departments, City of Mesquite elected and appointed boards and commissions, fair housing advocates, social service agencies, housing developers, apartment owners, non-profit organizations, business, industry, civic and neighborhood associations, educational institutions, public and assisted housing residents, and the general public. <sup>1</sup>

Strategic planning sessions were held with appointed representatives of the City of Mesquite Housing and Community Services and other city department representatives with policy, regulatory, and program responsibilities that potentially impact housing, fair housing and neighborhood sustainability. The strategic planning sessions helped refine the AI work plan and to identify key issues and data for the analysis. Citizens, individuals, agencies, and groups were invited to attend one of 2 virtual public meetings on Tuesday, July 28, 2020. Supplemental input was encouraged from city departments, public officials, nonprofit and for-profit developers, continuum of care organizations, community, professionals and industry representatives to obtain information from those unable to attend the community engagement and focus group sessions. <sup>2</sup>

The combination of quantitative data analysis and qualitative research identified a series of factors that significantly contribute to fair housing issues in Mesquite. These contributing factors were assigned one of three priority levels: high, medium, or low based on the strength of supporting evidence that initially identified the factor: <sup>3</sup>

- High – factors that limit or deny fair housing choice or access to opportunity, as well as, other factors that are urgent or establish a foundation for future actions <sup>4</sup>
- Medium – moderately urgent or building on prior actions
- Low – limited impact on fair housing issues

The contributing factors are organized into groups that align with the issues discussed in the Fair Housing Analysis section of the AI: (B) (i) Segregation/Integration; (B) (ii) Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs); (B) (iii) Disparities in Access to Opportunity; (B)(iv) Disproportionate Housing Needs; (C) Publicly Supported <sup>5</sup>

Housing; (D) Disability and Access; and (E) Fair Housing Enforcement, Outreach Capacity, and Resources. The City of Mesquite programs, policies, procedures, waiting list, and regional influences have been reviewed and impediments identified are outlined in Section VI of this report. Section VI also includes recommendations and best practices to address identified impediments.

## **City of Mesquite AI Conclusions**

Assessment of characteristics affecting housing production, availability, and affordability were conducted, including the adequacy and effectiveness of housing programs designed, implemented, and operated by City of Mesquite Housing and Community Services (HCS). The assessments evaluated the Housing Division operated Section 8 Housing Choice Voucher Programs' ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need. The AI assessed the extent to which the HCS is currently utilizing programs and funding to address impediments identified in the FY 2019 - 2020 AI and previous Analysis of Impediments. The analysis also included a review of HCS programs, operating procedures, waiting list, tenant composition, and any regional impacts to fair housing. HCS programs policies and procedures were deemed consistent and in compliance with HUD requirements. There were no impediments identified in the review of HCS programs, policies and procedures. Conclusions of the review of these areas and recommendations of remedial actions are presented in Section VI of this report.

The analysis of impediments in Mesquite revealed that the cost of new housing development and replacement housing is resulting in higher rental rates for Low-Moderate Income (LMI) persons. HUD approved Fair Market Rents (FMR) for HCS's Section 8 Housing Choice Voucher Program, in some instances, do not support access to market rate housing throughout the City because the costs of available market rate properties are higher and participation by private owners of rental properties is voluntary. Other impediments include high cost of land, appraisal value after development that does not support financing, and de-concentration of race/ethnicity, poverty and lower income persons. Currently, some privately owned –

federally subsidized housing developments need repair and replacement of marginal and obsolete units. Current market values for existing developments versus the land and development cost to build new replacement units makes the sale of existing units and development of comparable replacement units infeasible. The cost to modernize and update existing units are difficult due to limited federal funding and the cost for renovation being equivalent to the cost of new construction on current and alternative sites. <sup>1</sup>

An important impediment for the City of Mesquite's consideration enacting a local Fair Housing Ordinance that is substantially equivalent to the Federal Fair Housing Act. The City of Mesquite has not enacted substantially equivalent legislation to the Federal Fair Housing Act and does not provide substantially equivalent local enforcement, judicial or city review, and adjudication or penalties for those who violate Fair Housing Law. The City of Mesquite provides for a designated Fair Housing Officer who receives complaints refers fair housing complaints to the HUD FHEO Regional Office in Fort Worth, Texas for investigation and enforcement. The City Fair Housing Officer is responsible for providing public education, training, and outreach of fair housing rights and remedies in Mesquite. A federal "substantially equivalent" fair housing ordinance is required to qualify for federal funding to support local enforcement, outreach, and education. During the five-year period preceding the 2019 AI, complaints received by the City were referred to the HUD FHEO Regional Office in Fort Worth, Texas for investigation and enforcement. <sup>2</sup>

Also reviewed was private sector and industry support for fair housing law and compliance in real estate-related publications advertising the sale or rental of housing and advertising home improvements and remodeling opportunities directed toward persons in the greater Mesquite area. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertiser included FHEO statements and/or logos. Including these statements and logos can be a means of educating the home seeking public that the purchase of property and financing for housing is available to all persons. <sup>3</sup>

Analysis of the City of Mesquite's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation submitted by the City <sup>4</sup>



of Mesquite to HUD were reviewed. The City of Mesquite Zoning Ordinance and public policies were examined to reveal any current ordinances or policies that impede fair housing. No concerns were noted. There were no impediments identified in the review of the City of Mesquite programs, policies and procedures. <sup>1</sup>

**Remedial Actions for Identified Impediments** - The major focus of the recommended remedial actions and goals are centered on creating partnerships, identifying new federal resources and leveraging private funding needed to enhance the City of Mesquite's ability to increase the supply of affordable housing and its ability to better meet the needs of low-income and moderate-income households in the City. Other remedial actions are recommended as a means of reversing the negative and sometimes disparate impacts of market conditions and mortgage lending that adversely and disproportionately impact minorities and members of the protected classes under the Fair Housing Act. These include sub-prime lending, credit and collateral deficiencies impacting loan origination rates, poverty, unemployment, living wages and limited income. <sup>2</sup>

Recommended remedial actions and goals were identified and prioritized with input from the public. The details of the identified goals and remedial actions are presented in Section VI of the report. Best practice examples are presented to demonstrate alternative ways other jurisdictions have successfully responded to similar impediments identified in their communities. However, the City of Mesquite will need to evaluate the fiscal impact of implementing recommendations and the best practice program examples' potential for addressing impediments in Mesquite. Some programs and approaches will need to be customized for use in Mesquite. <sup>3</sup>



## II. Community Profile<sup>1</sup>

### Introduction<sup>2</sup>

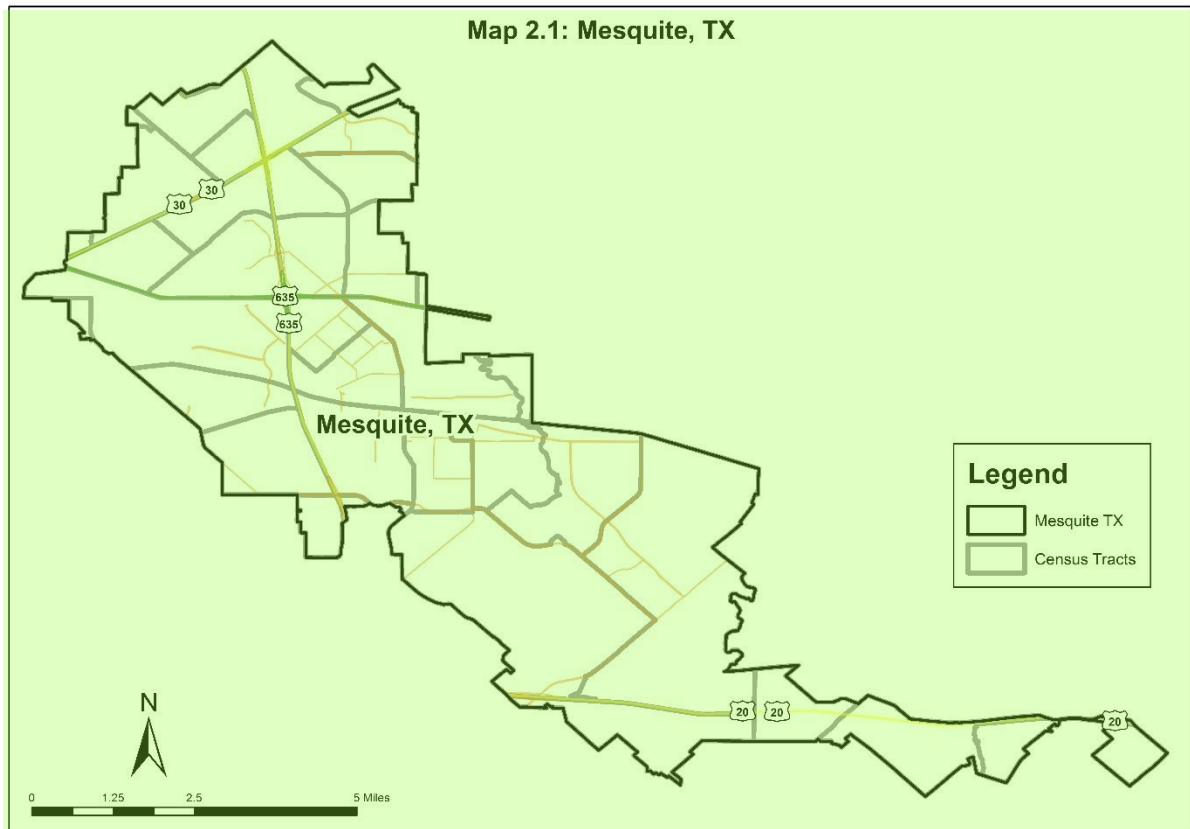
The Community Profile is a review of demographic, income, employment, and housing data of Mesquite, Texas gathered from the 2010 Census estimates, 2014 - 2018 American Community Survey (ACS) 5 - Year estimates, 2018 ACS 1 - Year estimate, 2010 U.S. Census, City of Mesquite, and other sources. The following sections provide data and analysis summarizing the status of Mesquite:<sup>3</sup>

- Demographics - details the basic structure of the community in terms of racial diversity, population growth, and family structure.<sup>4</sup>
- Income - analyzes income sources, the distribution of income across income class, and poverty.
- Employment - examines unemployment rates, occupation trends, and major employers.
- Public Transportation - analyzes access and availability of public transit systems.
- Housing - examines data on housing stock, with attention to the age of housing, condition, vacancy rates, tenure, and cost burdens.

Detailed analyses concentrate on the three major ethnic groups in Mesquite: White, African American, and Hispanics.<sup>5</sup> All other ethnic groups are smaller in number and percentage and, therefore, are not presented in as much detail in this report. The profiles include tables and maps as reference materials. Most of the data presented in the tables and maps are in the text. There may be some cases where additional information was included for the reader's benefit, though not explicitly noted in the text.

### 2.1. Demographics<sup>6</sup>

The demographic analysis of Mesquite concentrates on the magnitude and composition of the population and changes that occurred between 2010 and 2018.<sup>7</sup> Map 2.1, on the following page, provides a visual representation of Mesquite.



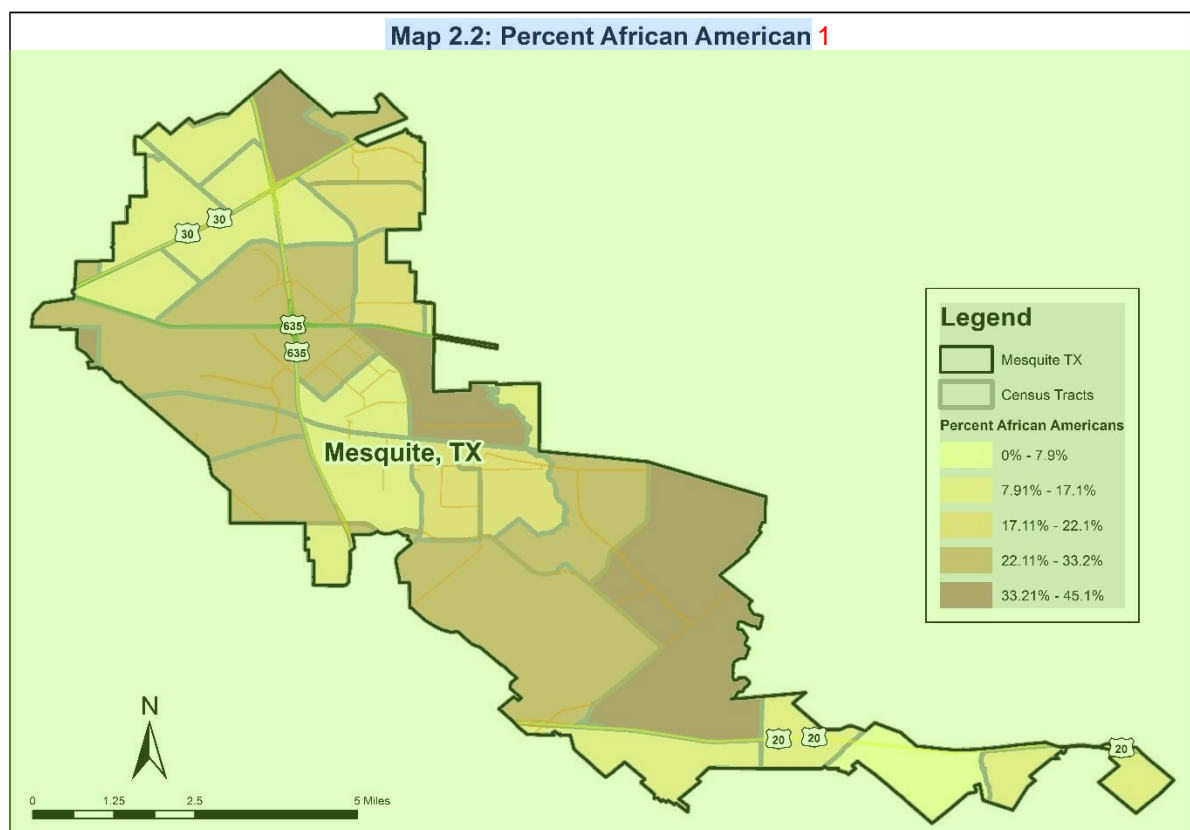
Map 2.1: Source: ESRI, USA Minor Highways 2

According to the 2018 Census estimates, the total population of Mesquite was 144,250. Table 2.1, below, shows that the total population of Mesquite increased between 2010 and 2018. Mesquite experienced an increase in the Black or African American population, increasing by 24 percent between 2010 and 2018. The White population increased by 5 percent, and The Hispanic population increased 54 percent between 2010 and 2018. The Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity. It is a common misidentification for ethnic Hispanics to choose the 'other' category on the Census for a race rather than White or African American. The Asian population decreased by 16 percent between 2010 and 2018. On the following pages are a series of Maps 2.2 through 2.5 illustrating spatial concentrations of the various racial and ethnic groups within Mesquite.

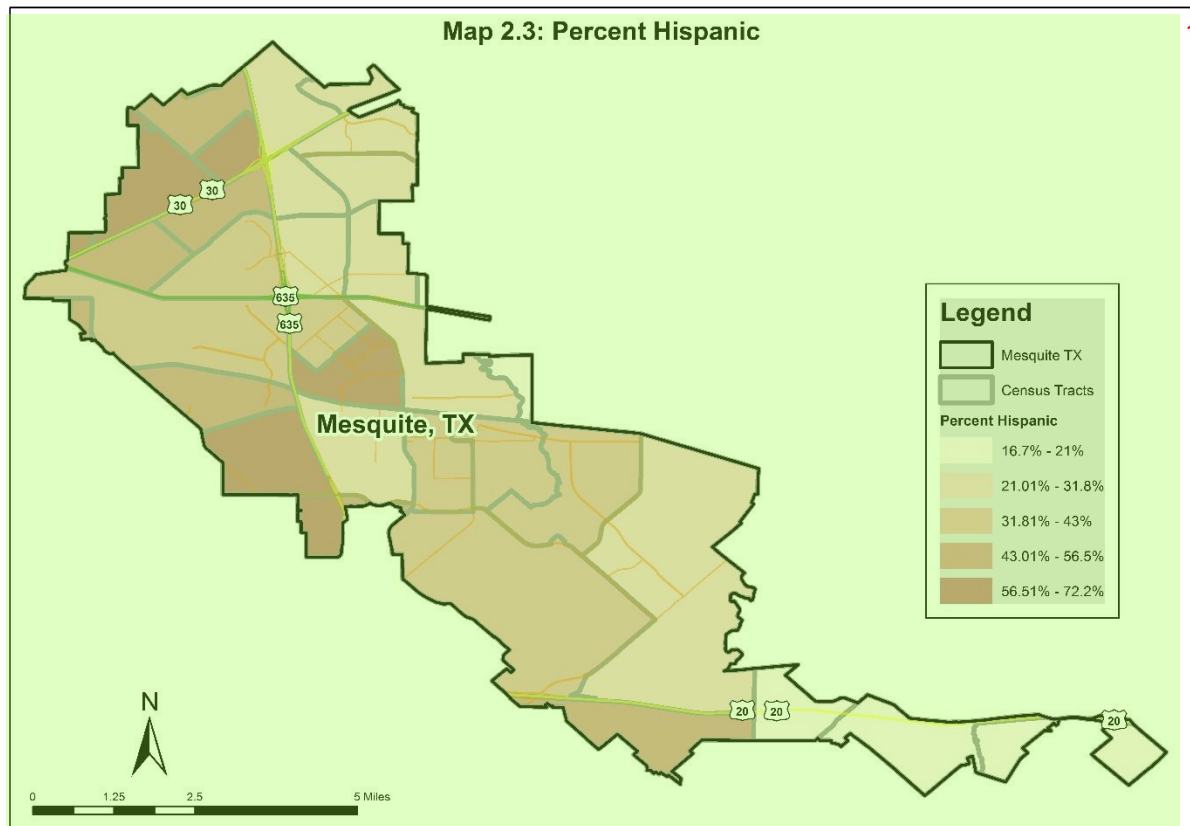
**Table 2.1**  
Total population by race and ethnicity for Mesquite, 2010 and 2018

	2010 Population	2018 Population	% Change
Total population	135,921	144,250	6%
White alone	87,009	91,595	5%
Black or African American alone	30,273	37,489	24%
American Indian and Alaska Native alone	384	1,116	191%
Asian alone	5,053	4,231	-16%
Native Hawaiian and Other Pacific Islander alone	31	81	161%
Some other race alone	10,329	4,801	-54%
Two or more races	2,842	4,937	74%
Hispanic or Latino (of any race)	37,747	58,256	54%

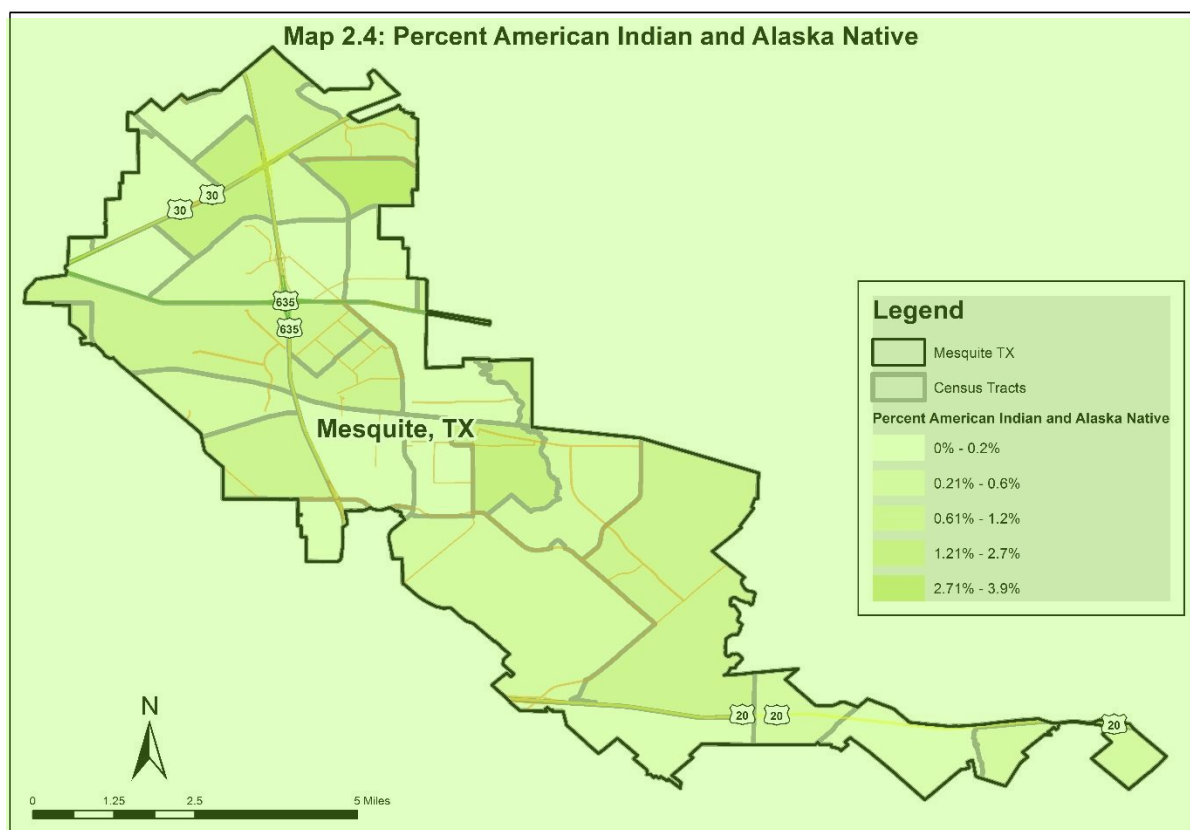
Table 2.1 Source: 2010 - 2018 American Community Survey (ACS) – U.S. Census



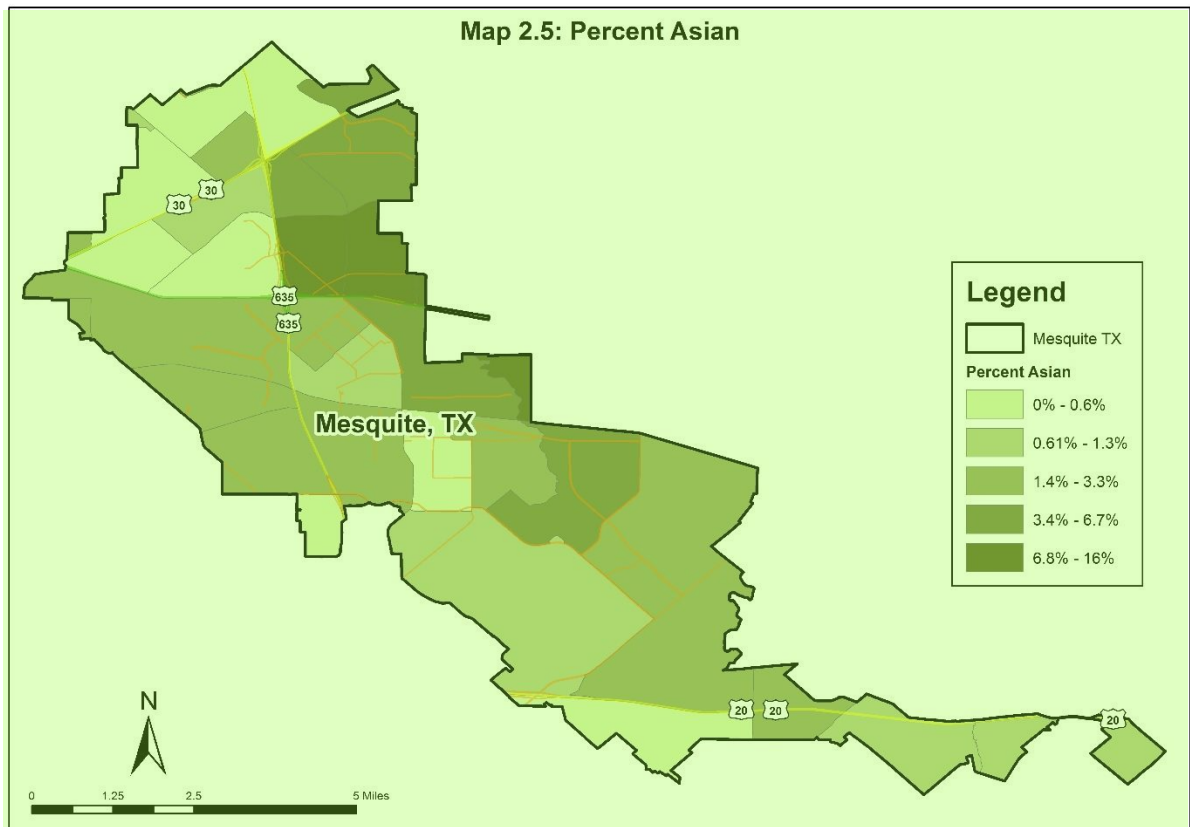
Map 2.2: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census <sup>3</sup>



Map 2.3: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census <sup>2</sup>



Map 2.4: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census 2



Map 2.5: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census 2



Mesquite's population significantly increased between 2010 and 2018 and the City's population has increasingly become more racially and ethnically diverse. However, there are areas of the city with concentrations of minority populations and concentrated poverty.

**Female-headed households** - In Mesquite, like many other communities, female-headed households and female-headed households with children face a high rate of housing discrimination. Higher percentages of female-headed households with children under the age of 18, sometimes correlate to increased incidents of reported rental property owners' refusal to rent to tenants with children. This factor is evidenced when comparing the demographics to fair housing complaint data. There are also higher incidents of female-headed households among African American households in Mesquite. As shown in Table 2.2, on the following page, the percentage of female-headed households among White households in Mesquite was 12 percent, compared to 34 percent among African American households, and 17 percent among Hispanic households. Only 32 percent of African American households were husband/wife family households, compared to 46 percent of White households and 58 percent of Hispanic households. The absence of two wage earners in a family can significantly impact housing choice and housing affordability.

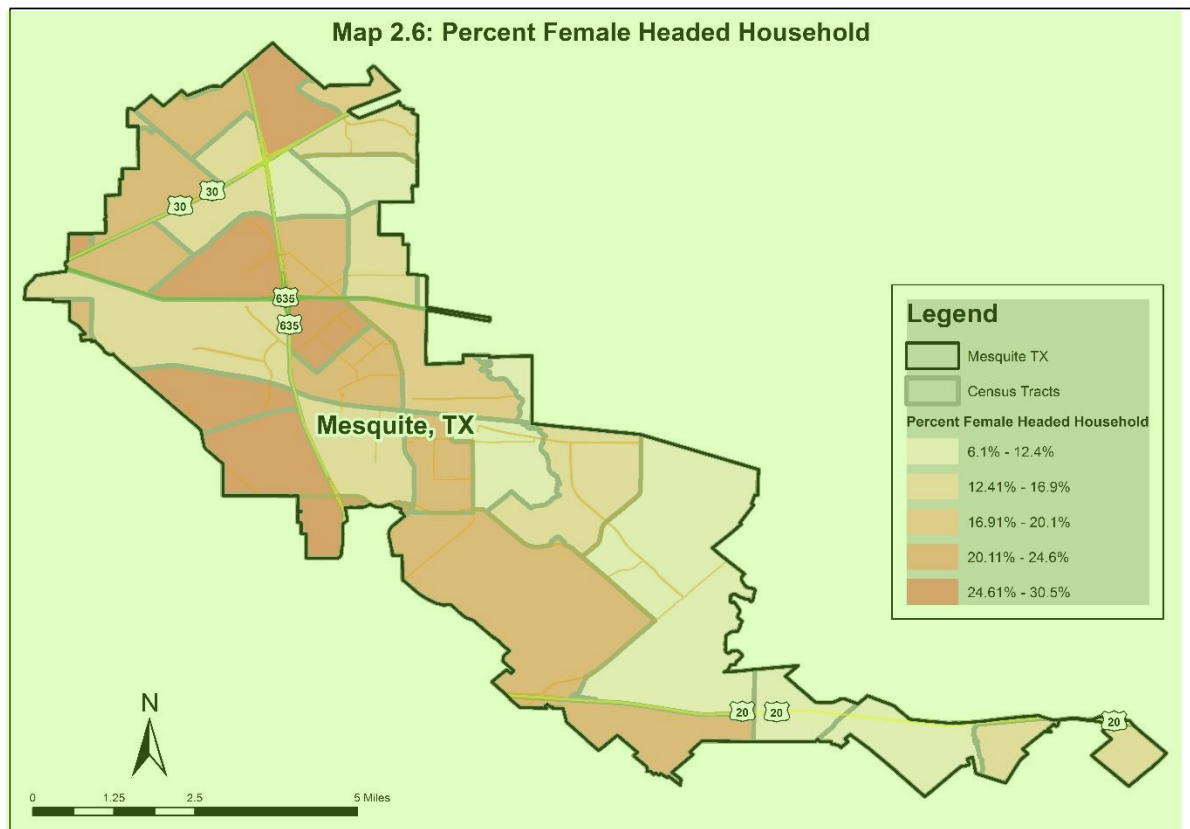
Non-family households as a percentage of total households for all three of the major races/ethnicities were comparable, with African American households lowest of the three. White non-family households made up 37 percent of all White households in Mesquite. Non-Family households among African Americans accounted for 30 percent of all African American households. Hispanics accounted for 15 percent of all Hispanic households. Table 2.2, on the following page, shows the family structure of White, African American, and Hispanic households in 2018.

**Table 2.2**  
Household Structure by Race for Mesquite, 2014-2018 (5-Year Average)

	White Non-Hispanic		African-American		Hispanic	
	# of	% of	# of	% of	# of	% of
Household Type	Households	Households	Households	Households	Households	Households
Family households:	11,620	63%	8,979	72%	11,820	88%
Married-couple family	8,442	46%	3,942	32%	7,860	58%
Other family:	3,178	17%	5,037	40%	3,960	29%
Male householder, no wife present	965	5%	836	7%	1,624	12%
Female householder, no husband	2,213	12%	4,201	34%	2,336	17%
Nonfamily households:	6,853	37%	3,465	28%	1,648	12%
Householder living alone	5,802	31%	3,092	25%	1,205	9%
Householder not living alone	1,051	6%	373	3%	443	3%
Total Households	18,473	100%	12,444	100%	13,468	100%

Table 2.2: Source: 20104 - 2018 American Community Survey (ACS) – U.S. Census

The spatial distribution of female-headed households with children is shown in Map 2.6, on the following page.



Map 2.6: Source: 20104 - 2018 American Community Survey (ACS) – U.S. Census 2

## 2.2. Income <sup>1</sup>

Low-income households are statistically more likely to be housed in less desirable <sup>2</sup> housing stock and less desirable areas of Mesquite. Income plays an essential part in securing and maintaining housing. Lack of income for housing often prevents those LMI households from moving to areas where local amenities raise the value of the housing.

The data in Table 2.3 on the following page show the distribution of income by income <sup>3</sup> classes among Whites, African American, and Hispanics. Overall, the income distribution data show a higher proportion of low-income households within the African American and Hispanic communities. In general, limitations on fair housing choices are more commonly found to affect housing decisions among low-income persons.

The data in Table 2.3 shows that the modal income classes (the income classes with <sup>4</sup> the highest number of households) for Whites were the \$60,000 to \$124,999 modal income class, with 35 percent of Whites in this income range. The most frequently reported income for African American households was the less than \$50,000 to \$99,999 range, with 32 percent of African Americans in this range. The most frequently reported income for Hispanic households in the 2018 ACS data was the \$50,000 to \$99,999 range, with 39 percent of Hispanics in this range.

According to the 2018 ACS estimates, the median household income was reported to <sup>5</sup> be \$60,566 for White households, \$50,806 for African American households, and \$56,183 for Hispanic households, compared to \$56,074 for Mesquite overall. Map 2.7, on page 21, shows the median household income by census tract in 2018. Again, there were disparities in median income among African Americans and Hispanics compared to the reported White Non-Hispanic household income.

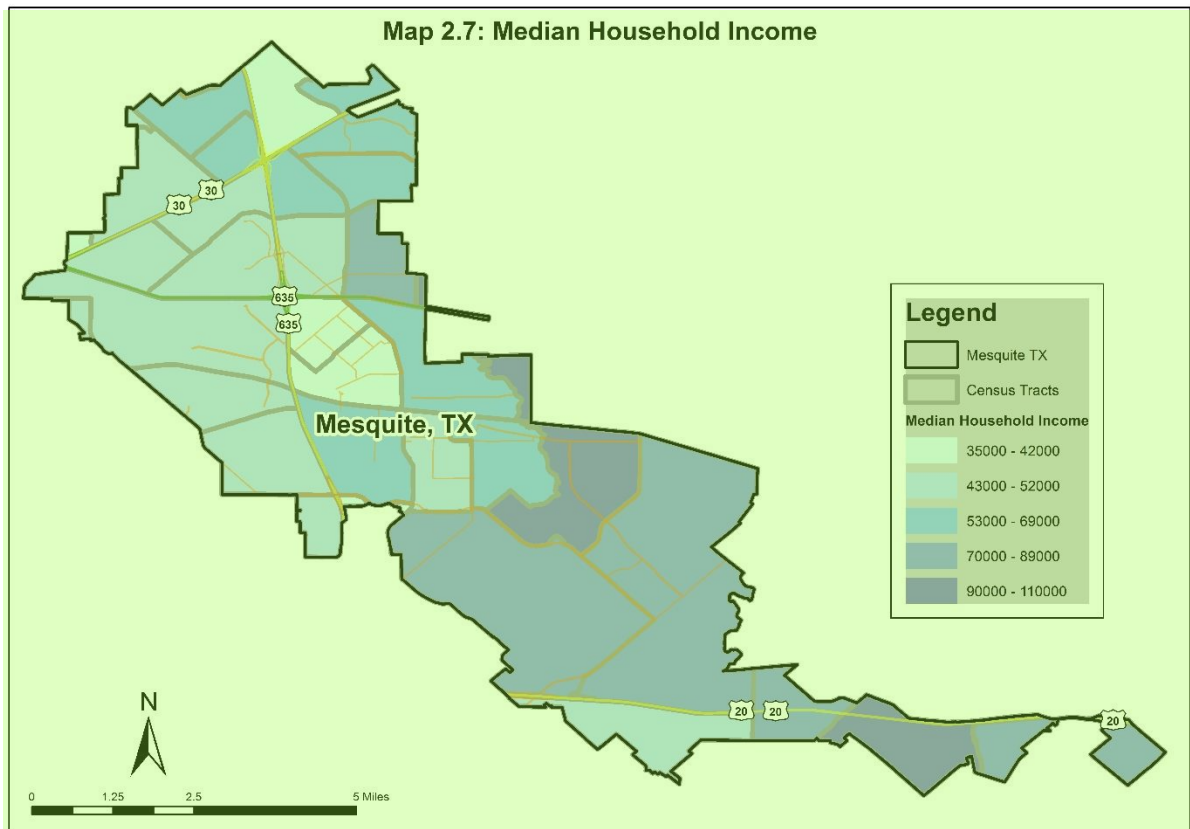
**Table 2.3**  
Households by race by income for Mesquite, 2014-2018 (5-Year Average)

	White Non-Hispanic		African-American		Hispanic		Total	
	# of	% of	# of	% of	# of	% of	# of	% of
Household Type	Households	Households	Households	Households	Households	Households	Households	Households
Less than \$10,000	952	5%	756	6%	391	3%	2,233	5%
\$10,000 to \$14,999	676	4%	673	5%	555	4%	1,943	4%
\$15,000 to \$19,999	820	4%	522	4%	377	3%	1,729	4%
\$20,000 to \$24,999	792	4%	594	5%	531	4%	2,137	5%
\$25,000 to \$29,999	903	5%	714	6%	984	7%	2,692	6%
\$30,000 to \$34,999	795	4%	713	6%	721	5%	2,292	5%
\$35,000 to \$39,999	859	5%	977	8%	871	6%	2,807	6%
\$40,000 to \$44,999	840	5%	646	5%	752	6%	2,324	5%
\$45,000 to \$49,999	963	5%	518	4%	665	5%	2,266	5%
\$50,000 to \$59,999	1,548	8%	1,348	11%	1,403	10%	4,506	10%
\$60,000 to \$74,999	2,681	15%	1,224	10%	1,914	14%	6,098	13%
\$75,000 to \$99,999	2,170	12%	1,446	12%	1,929	14%	5,775	12%
\$100,000 to \$124,999	1,629	9%	900	7%	1,182	9%	3,962	9%
\$125,000 to \$149,999	1,279	7%	713	6%	457	3%	2,615	6%
\$150,000 to \$199,999	998	5%	574	5%	611	5%	2,293	5%
\$200,000 or more	568	3%	126	1%	125	1%	831	2%
Total	18,473	100%	12,444	100%	13,468	100%	46,503	100%
Median Household Income	\$60,556		\$50,806		\$56,183		\$56,074	

Table 2.3: Source: 20104 - 2018 American Community Survey (ACS) – U.S. Census

Household income levels among African Americans were disproportionately lower compared to Whites and citywide income levels.

The median household income for Whites was \$60,556 compared to \$50,806 for African American households and \$56,183 for Hispanic households.



Map 2.7: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

The poverty data in Table 2.4, below, shows significant effects on the African American and Hispanic communities. The incidence of poverty among African Americans was 13 percent of the population in 2018, and Hispanics were reported to be 16.4 percent for that same period. Among White persons, the data reported that 9.3 percent lived in poverty. In comparison, the poverty rate for the city was 13.4 percent during the period.

**Table 2.4**

Poverty Status by Race Mesquite, 2014-2018 (5-Year Average)

	White Non-Hispanic		African American		Hispanic	
	# in	% in	# in	% in	# in	% in
Age Group	Poverty	Poverty	Poverty	Poverty	Poverty	Poverty
Under 6 years	357	0.9%	634	1.7%	1,396	2.4%
6 to 11 years	354	0.9%	764	2.0%	1,708	2.9%
12 to 17 years	270	0.7%	640	1.7%	1,299	2.2%
18 to 59 years	2,010	4.9%	2,409	6.5%	4,812	8.3%
60 to 74 years	476	1.2%	365	1.0%	196	0.3%
75 to 84 years	276	0.7%	35	0.1%	77	0.1%
85 years and over	33	0.1%	0	0.0%	21	0.0%
<b>Total in Poverty</b>	<b>3,776</b>	<b>9.3%</b>	<b>4,847</b>	<b>13.0%</b>	<b>9,509</b>	<b>16.4%</b>
Population	40,751		37,284		58,038	
<b>MSA Poverty %</b>	<b>13.4%</b>					

Table 2.4: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

Higher percentages of African Americans and Hispanics lived in poverty, compared to Whites.

The poverty rate among African Americans was 13 percent and 16.4 percent for Hispanics, compared to 9.3 percent for Whites in 2018.



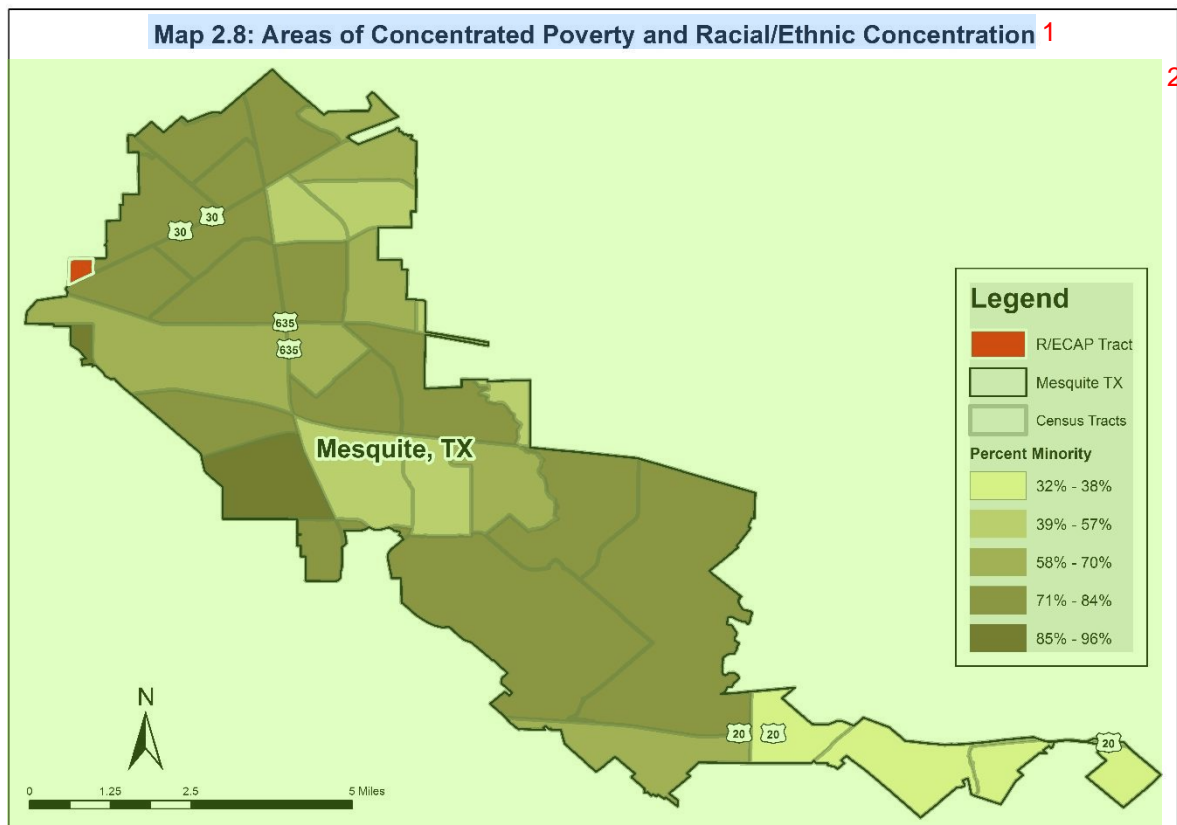
## **Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP/ECAP)**

<sup>1</sup>

The U. S. Department of HUD has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation (R/ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or higher minority population, three times or more the poverty level of the MSA, concentrated public and assisted housing, and areas generally lacking the necessary amenities and failing to provide a quality of life expected and desired for any area within the MSA. The goal of de-concentration would be to achieve minority concentrations and poverty levels less than defined above by R/ECAP and to transform these areas of concentration into “Opportunity Areas.” Opportunity Areas – areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. Map 2.8 on the following page depicts the census tracts with high concentrations of poverty and minorities.

The MSA poverty rate was 12.6 percent. Three times the poverty is 37.8 percent, thus making it the poverty threshold for the RCAP/ECAP criteria for Mesquite. The census tracts within the City of Mesquite that are comprised of 50 percent or higher minority population 37.8 percent and greater poverty rate are in the northwestern part of Mesquite within census tract 123.02.

In addition to poverty, racial and ethnic concentrations, and segregation, these areas contain concentrations of housing units in deplorable condition and neighborhood conditions and infrastructure that needs improvement in order for conditions to be reversed and for census tracts to become areas of opportunity.



Map 2.8 Source: American Community Survey (ACS), 2018; Decennial Census (2010); Brown <sup>3</sup> Longitudinal Tract Database (LTDB) based on decennial census data, 1990, 2000 & 2010.

### 2.3. Employment <sup>1</sup>

Employment opportunities in the area and educational levels of employees in the workforce significantly impact a resident's housing choices based on affordability and location. Limited educational attainment and job skills have severe impacts on a wage earner's ability to qualify for jobs paying living wages that are comparable to the growing cost of suitable and affordable housing. Table 2.5, below, provides occupation data, which indicates that there has been some shift in the distribution of occupations in 2010 and 2018. Arts, entertainment, and recreation, and accommodation and food services had the most significant increase during the period, up 28 percent. Construction had an increase of 26 percentage points. Transportation and warehousing, and utilities had an increase of 23 percentage points. Professional, scientific, and management, and administrative and waste management services had an increase of 19 percentage points. Educational services, and health care and social assistance increased by 10 percentage points. Agriculture, forestry, fishing and hunting, and mining experienced the largest decrease in occupations with 72 percent. While the occupation growth in the occupations mentioned above is trending upward, many are occupations that fail to pay wages that keep pace with the cost of housing <sup>2</sup>

**Table 2.5** <sup>3</sup>

Occupation of employed persons for Mesquite, 2010 and 2018

Industry	2010	2018	% Change <sup>5</sup>
Agriculture, forestry, fishing and hunting, and mining	686	193	-72%
Construction	6,391	8,034	26%
Manufacturing	6,154	5,427	-12%
Wholesale trade	2,653	1,974	-26%
Retail trade	8,859	7,750	-13%
Transportation and warehousing, and utilities	4,168	5,119	23%
Information	2,072	1,771	-15%
Finance and insurance, and real estate and rental and leasing	5,193	4,491	-14%
Professional, scientific, and management, and administrative and waste management services	6,225	7,378	19%
Educational services, and health care and social assistance	13,708	15,138	10%
Arts, entertainment, and recreation, and accommodation and food services	5,139	6,578	28%
Other services, except public administration	3,422	3,601	5%
Public administration	2,604	1,766	-32%

Table 2.5: Source: 2018 American Community Survey (ACS) – U.S. Census <sup>4</sup>

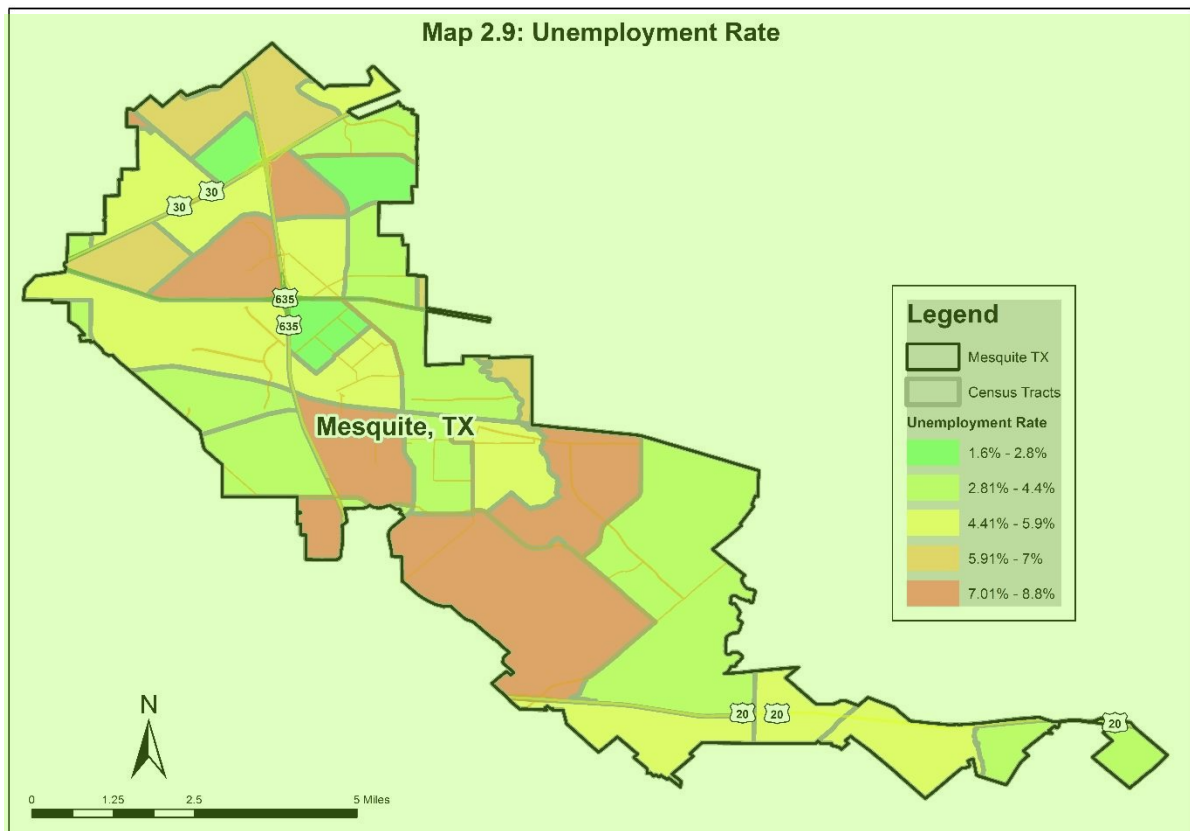
in the marketplace. More and more wage earners are cost-burdened or restricted to housing choices in less desirable areas of Mesquite. The data presented in Table 2.6 provide a portrait of the distribution of the unemployed. A closer look at the make-up of this total indicates that higher levels of unemployment are centered in the African American community. In 2018, 5.2 percent of White persons age 16 and over reported being unemployed. African Americans persons in the same age group reported an 8.0 percent unemployment rate, and Hispanics reported a 4.3 percent rate. As a comparison, the citywide unemployment rate was 5.2 percent during the period.

**Table 2.6**

Employment Status by race for Mesquite, 2014-2018 (5-Year Average)

Employment Status	White Non-Hispanic		African-American		Hispanic		Total Employment	
	#	%	#	%	#	%		
In Labor Force:	20,640	56.8%	19,887	72.5%	26,242	70.7%	73,328	68.7%
In Armed Forces	7	0.0%	0	0.0%	10	0.0%	17	0.0%
Civilian	20,633	100.0%	19,887	100.0%	26,232	100.0%	73,311	100.0%
Employed	19,569	94.8%	18,300	92.0%	25,105	95.7%	69,220	94.4%
<b>Unemployed</b>	<b>1,064</b>	<b>5.2%</b>	<b>1,587</b>	<b>8.0%</b>	<b>1,127</b>	<b>4.3%</b>	4,091	<b>5.6%</b>
Not in Labor Force	6,067	16.7%	5,844	21.3%	8,668	23.3%	13,652	12.8%
Total	<b>36,348</b>	100%	27,422	100%	37,141	100%	106,706	100%

Table 2.6: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census



Map 2.9: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

According to the major employer data provided by the city of Mesquite, the major employers in the city include PepsiCo, Ashley Furniture Industries, FedEx Ground, Walmart Corporation, and UPS.

In Mesquite, income and unemployment rates may be attributable in part to limitations in educational attainment. According to the 2018 ACS estimates, 9.1 percent of African Americans age 25 and above reported less than a high school education compared to 9.6 percent of Whites and 32 percent of Hispanics in the same age group. As a comparison, the percentage of the population with less than a high school education in Mesquite was 18.6 percent during the period. Despite this trend of high school education among African Americans being higher compared to the Citywide, Whites, and Hispanics populations, African Americans still have the highest unemployment rate among the three major groups. It is also probable that percent of African Americans with a high school diploma compared to that of the total population and the other two groups reflect a lower percentage of African Americans as a percent of the total population.

To further examine the impact of employment proximity relative to housing choice for low- and moderate-income persons, we analyzed the use and availability of public transportation. The availability of jobs to low-income persons is mostly dependent on the geographic location of the jobs. If jobs are concentrated in mostly upper-income areas, far removed from lower-income persons, their ability to get to and from work may be difficult, sometimes causing hardships on employees or potential employees.

**African Americans had significantly higher unemployment rates, compared to unemployment rates citywide and compared to Whites and Hispanics.**

**The unemployment rate among African Americans was 8.0 percent, compared to Hispanics at 4.3 percent and Whites at 5.2 percent in 2018.**

## 2.4. Public Transportation<sup>1</sup>

Mesquite is not a member of Dallas Area Rapid Transit (DART) however, the following transportation options are available:<sup>2</sup>

### 201 Mesquite COMPASS<sup>3</sup>

STAR Transit connects to the DART Rail Green Line via COMPASS, City of Mesquite Passenger Shuttle. Mesquite COMPASS is a weekday express bus service between Mesquite's Hanby Stadium and Lawnview Station and a great way to travel to Dallas & Fort Worth, TX. The first bus leaves Hanby Stadium at 5:02 a.m. and the last bus departs Lawnview Station at 7:38 p.m. Peak period service operates every hour.<sup>4</sup>

The Mesquite Park & Ride is located at Hanby Stadium, 410 East Davis Street in Mesquite, and has free parking for 197 cars, plus 10 additional spaces for persons with disabilities.<sup>5</sup>

This service is made possible by an agreement between STAR Transit and the City of Mesquite.<sup>6</sup>

### Map 2.10 Public Transportation Provider Service Areas<sup>7</sup>



Map 2.10: Star Transit<sup>9</sup>



## 2.5. Housing <sup>1</sup>

According to the 2018 American Community Survey, the total number of housing units in Mesquite was 49,832 with 7 percent vacant units. As shown in Table 2.7, to the right,

**Table 2.7**  
Tenure for housing in Mesquite, 2010 and 2018 <sup>3</sup>

Tenure	2010		2018	
	Number	Percent	Number	Percent
Owner- occupied	29,784	58%	26,732	54%
Renter-occupied	16,958	33%	19,771	40%
Vacant	4,836	9%	3,329	7%
Total:	51,578	100%	49,832	100%

Table 2.7: Source: 2010 - 2018 American Community Survey (ACS) – U.S. Census <sup>5</sup>

there were 51,578 housing units in Mesquite in 2010. The total number of housing units increased between 2010 and 2018. Comparing tenure, homeowners occupied 54 percent of housing units, and renters occupied 40 percent. The remaining 7 percent or 3,329 housing units were vacant. The median housing value in Mesquite was \$56,074, and the median contract rent was \$881 in 2018. <sup>6</sup>

Table 2.8, to the right, shows that of all housing units, 70 percent were categorized as single-family detached, 2.2 percent as single-family attached, 3.2 percent contained two to four units, 24.3 percent classified as multifamily, and less than 1 percent as a mobile home or other. <sup>7</sup>

**Table 2.8**  
Housing type for Mesquite, 2014-2018 (5-Year Average) <sup>8</sup>

Units in Structure	Number	Percent
Single-Family Detached	34,902	70.0%
Single-Family Attached	1,097	2.2%
2-4 units	1,587	3.2%
Multifamily	12,124	24.3%
Mobile Home or Other	122	0.2%
Total	49,832	100%

Table 2.8: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census <sup>10</sup>

Most of the housing stock in Mesquite was single-family housing and more than half of housing stock in the city was owner-occupied in 2018. <sup>11</sup>

Seventy-two percent of housing units in the city were single-family, and 54 percent were owner-occupied during that same period.

A large amount of the housing stock in Mesquite was more than 40 years old, and these units may contain lead-based paint or likely need repairs and maintenance.

As shown on Table 2.9, over 36 percent of all housing units were built prior to 1980. These units may contain lead-based paint or likely need repairs and maintenance. About 28 percent were built between 1980 and 1989, and over 30 percent were built after 1990. The housing stock in Mesquite is not as old as compared to other surrounding cities in the area.

**Table 2.9**

Age of Housing Stock in Mesquite, 2018

Total housing units	49,832	49,832
Built 2014 or later	328	1%
Built 2010 to 2013	377	1%
Built 2000 to 2009	5,357	11%
Built 1990 to 1999	8,646	17%
Built 1980 to 1989	13,766	28%
Built 1970 to 1979	8,355	17%
Built 1960 to 1969	6,774	14%
Built 1950 to 1959	5,353	11%
Built 1940 to 1949	585	1%
Built 1939 or earlier	291	1%

Table 2.9: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

According to the 2018 ACS data shown in Table 2.10, the homeownership rate among Whites was 68 percent, compared to 34 percent among African Americans, and 64 percent among Hispanics.

**Table 2.10**

Tenure by Race in Mesquite, 2014-2018 (5-Year Average)

Tenure by Race	Owner-Occupied		Renter-Occupied		Total
	#	%	#	%	
White	12,648	68%	5,825	32%	18,473
African American	4,220	34%	8,224	66%	12,444
Hispanic	8,564	64%	4,904	36%	13,468

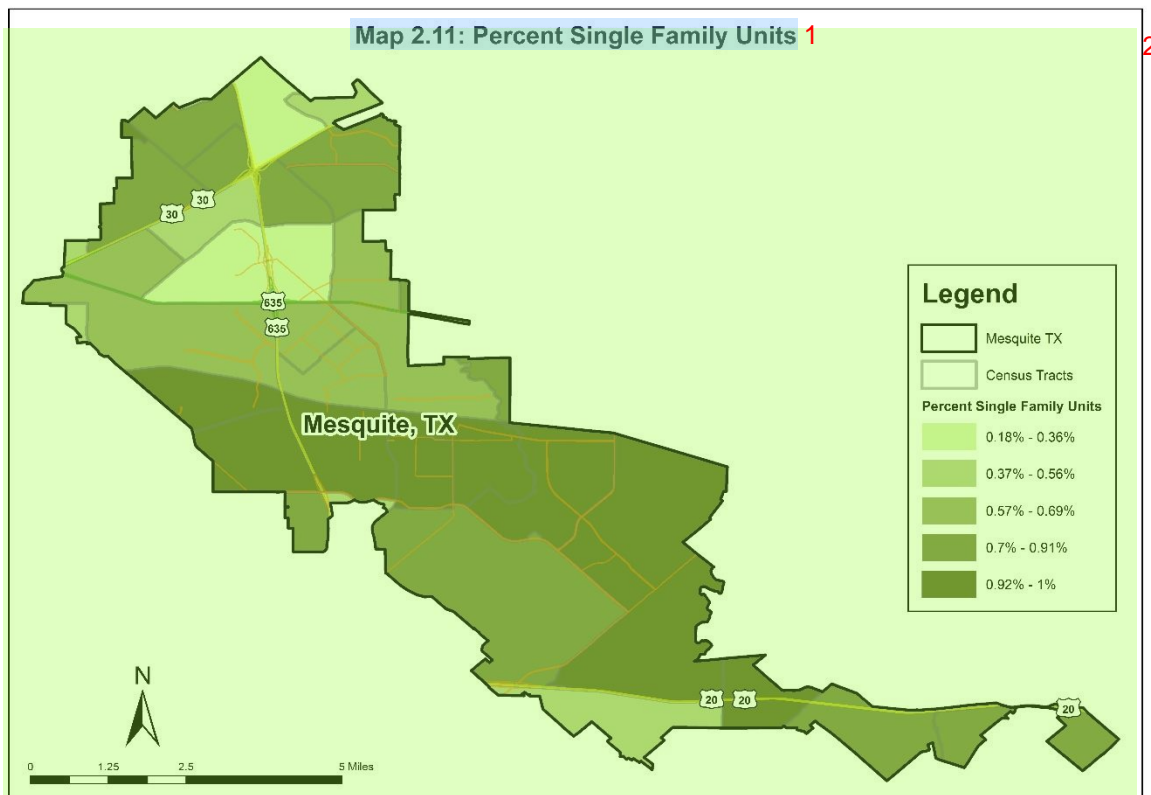
Table 2.10: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

Maps 2.11, and Map 2.12, indicate the distribution of single-family and

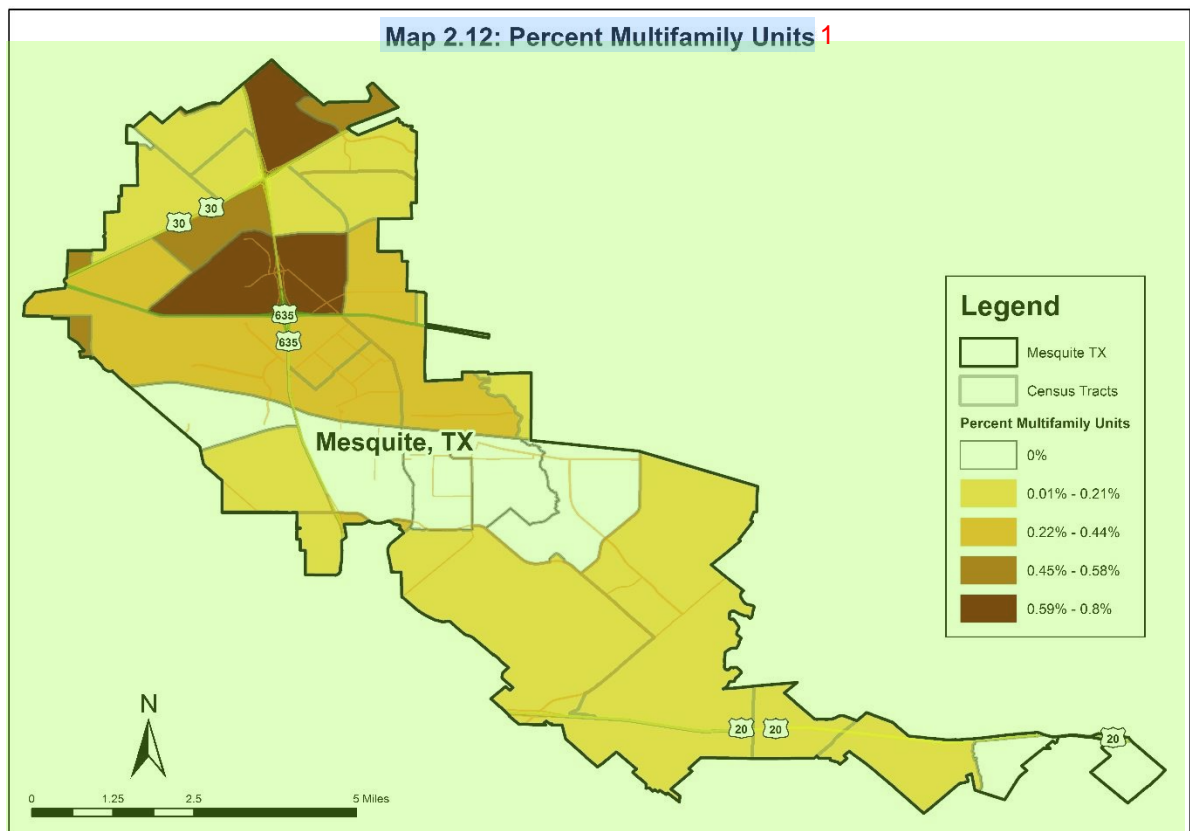
multifamily housing across the city. Map 2.13 provides a geographic representation of the distribution of the oldest housing stock in the city. Maps 2.14 and 2.15, provide a geographic depiction of the distribution of housing values and rents across the city.

Homeownership rates were disproportionately lower among African Americans, compared to Whites and Hispanics.

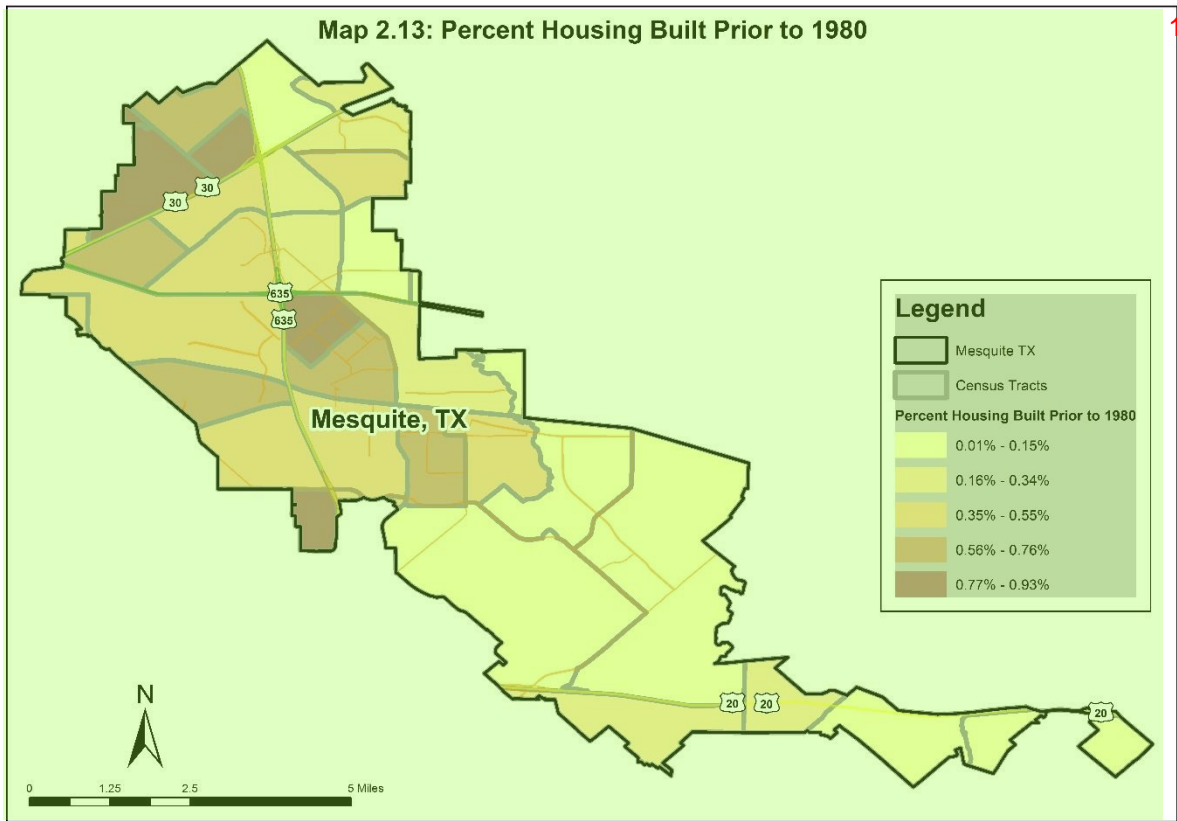
The homeownership rate among Whites was 68 percent, African Americans were 34 percent, and Hispanics was 64 percent in 2018.



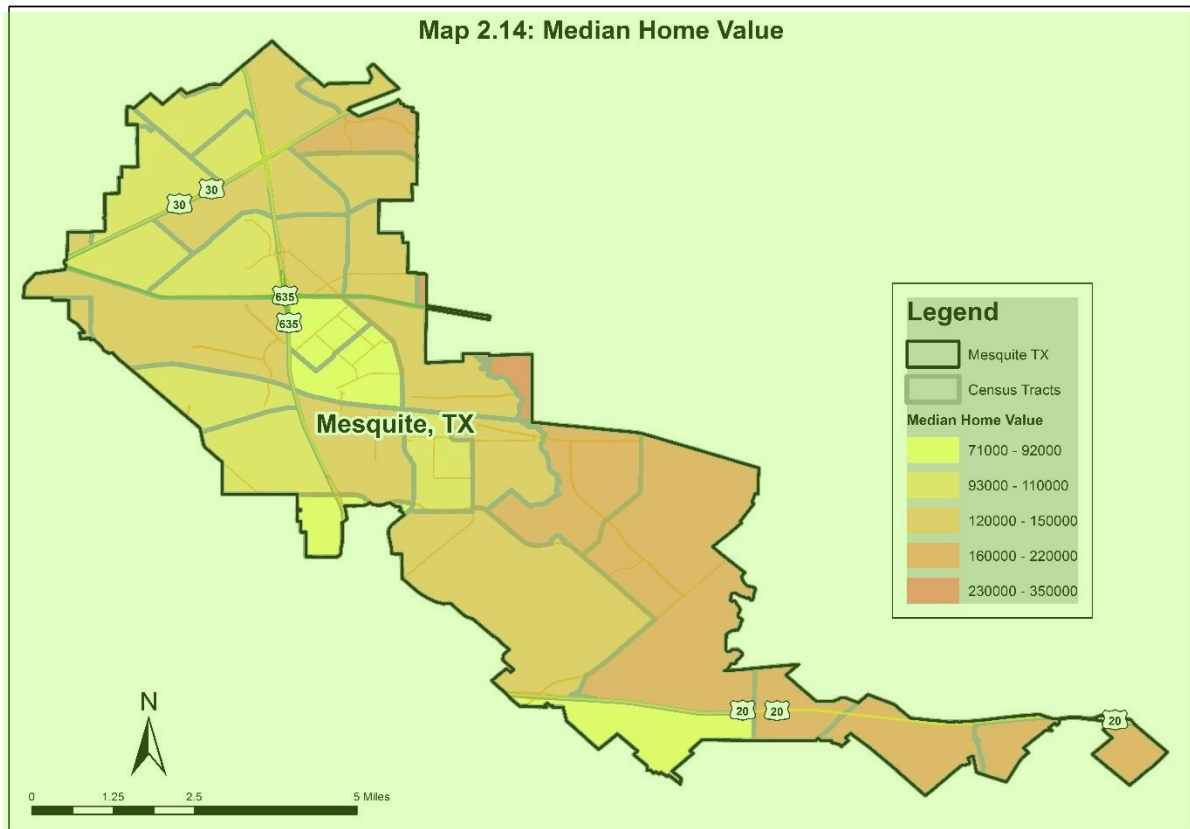
Map 2.11: Source: 2018 American Community Survey (ACS) – U.S. Census <sup>3</sup>



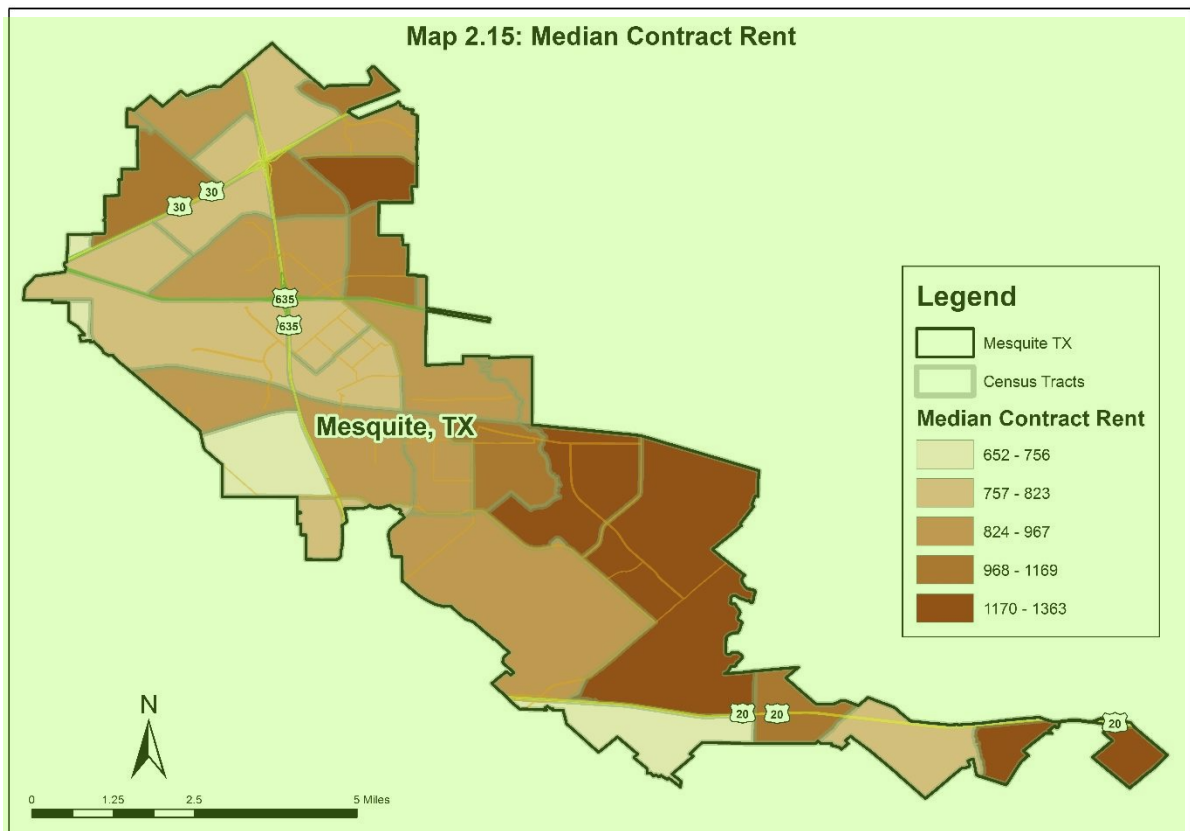
Map 2.12: Source: 2018 American Community Survey (ACS) – U.S. Census <sup>3</sup>



Map 2.13: Source: 2018 American Community Survey (ACS) – U.S. Census 2



Map 2.14: Source: 2018 American Community Survey (ACS) – U.S. Census



Map 2.15: Source: 2018 American Community Survey (ACS) – U.S. Census 2



Data contained in the Comprehensive Housing Affordability Strategy (CHAS) data<sup>1</sup> compiled from American Communities Survey results from 2012 through 2016, duplicated in Table 2.11, indicates that the impact of housing costs on household incomes is very severe for low- and very low-income households in Mesquite. The table shows that 73 percent of all very low-income renters (those earning between 0 percent and 30 percent of the median family income) and 49 percent of very low-income homeowner households pay more than 50 percent of their income on housing expenses. Paying more than 30 percent on housing expenses is considered “Cost Burdened,” and paying more than 50 percent on housing expenses is considered “Severely Cost Burdened.” Looking at households earning between 31 percent and 50 percent of the median family income, 17 percent of low-income renters and 31 percent of low-income homeowners pay more than 50 percent on housing expenses.

<sup>2</sup>

<b>Comprehensive Housing Affordability Strategy (CHAS) 2012 - 2016</b>					
<b>Income by Cost Burden (Renters only)</b>	<b>Cost burden &gt; 30%</b>		<b>Cost burden &gt; 50%</b>		<b>Total</b>
Household Income <= 30% HAMFI	3,595	40%	2,890	73%	4,515
Household Income >30% to <=50% HAMFI	3,035	34%	665	17%	4,010
Household Income >50% to <=80% HAMFI	1,910	21%	365	9%	5,060
Household Income >80% to <=100%	240	3%	0	0%	2,230
Household Income >100% HAMFI	210	2%	45	1%	6,290
Total	8,990	100%	3,965	100%	22,105
<b>Income by Cost Burden (Owners only)</b>	<b>Cost burden &gt;30%</b>		<b>Cost burden &gt;50%</b>		<b>Total</b>
Household Income <= 30% HAMFI	2,055	24%	1,585	49%	2,765
Household Income >30% to <=50% HAMFI	2,220	26%	1,005	31%	3,515
Household Income >50% to <=80% HAMFI	2,250	26%	420	13%	6,190
Household Income >80% to <=100%	1,015	12%	80	2%	4,440
Household Income >100% HAMFI	1,125	13%	160	5%	20,160
Total	8,665	100%	3,250	100%	37,070

Table 2.11 Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Tables, 2012 - 2016<sup>3</sup>

According to the 2018 ACS estimates, shown in Table 2.12 to the right, 81 percent of renter households with household incomes less than \$20,000 paid more than 50 percent of their household income towards rent, 55 percent of the renter households that earned between \$20,000 to \$34,999, and 54 percent of the renter households that earned between \$35,000 to \$49,999, spent more than 30 percent of their households income towards rent during 2018.

**Table 2.12**  
Gross Rent as a Percent of Household Income

Gross Rent as a Percent of Household Income	2018
Less than \$20,000	3,777
30.0 percent or more	6%
50.0 Percent or more	81%
\$20,000 to \$34,999	4,020
30.0 percent or more	55%
50.0 Percent or more	30%
\$35,000 to \$49,999	3,955
30.0 percent or more	54%
50.0 Percent or more	6%
\$50,000 to \$74,999	4,506
30.0 percent or more	21%
50.0 Percent or more	1%

Table 2.12: Source: 2018 American Community Survey (ACS) – U.S. Census

As shown in Table 2.13, to the right, 59 percent of owner households earning less than \$20,000 were 50 percent cost burden, and 29 percent of owner households earning between \$20,000 to \$34,999 were 30 percent cost burden during the same period. Owner households earning between \$35,000 to \$49,999, the household group earning around 80 percent of the area median income indicates 39 percent of homeowners paying more than 30 percent on owner cost.

**Table 2.13**  
Owner Costs as a Percent of Household Income

Owner Cost as a Percent of Household Income	2018
Less than \$20,000	2,128
30.0 percent or more	13%
50.0 Percent or more	59%
\$20,000 to \$34,999	3,101
30.0 percent or more	29%
50.0 Percent or more	30%
\$35,000 to \$49,999	3,442
30.0 percent or more	36%
50.0 Percent or more	6%
\$50,000 to \$74,999	6,098
30.0 percent or more	17%
50.0 Percent or more	1%

Table 2.13: Source: 2018 American Community Survey (ACS) – U.S. Census

Renters were most cost burdened in the \$20,000 to \$34,999 household income range with 29 percent paying more than 30% on rent and 30 percent households paying more than 50% on rent.

One of the most revealing indicators that minorities are more likely to require rental housing and lag far behind Whites in obtaining housing of their choice is in the category of homeownership; the homeownership rate among Whites was 68 percent and 34 percent for African Americans and 64 percent for Hispanics.<sup>1</sup>

Other limitations for minorities include lower incomes and a disproportionate number of minority households living in poverty. The incidence of poverty among African Americans was 13 percent of the population in 2018, and Hispanics were reported to be 16.4 percent. Among White persons, the data reported that 9.3 percent lived in poverty. In comparison, the poverty rate for the city was 13.4 percent during the period. The median household income was reported to be \$60,556 for White households, \$50,806 for African American households, and \$56,183 for Hispanic households, compared to \$56,074 for the Mesquite overall. All these factors combine the limited housing choice of Mesquite's minority populations.<sup>2</sup>

# III. Fair Housing Law, Court Cases, Policy, Regulatory and Complaint Analysis<sup>1</sup>

## Introduction<sup>2</sup>

The AI examine how the City of Mesquite's laws, regulations, policies and procedures will ultimately affect fair housing choice. Fair housing choice is defined, generally, as the ability of people with similar incomes to have similar access to location, availability and quality of housing. Therefore, impediments to fair housing choice may be linked to acts that violate a law or acts or conditions that do not violate a law but preclude people with varying incomes from having equal access to decent, safe, and affordable housing.<sup>3</sup>

The first part of this section, Section 3.1, will address existing statutory and case law that resulted in removal of impediments and served to promote fair housing choice. Statutory and case law pertaining to interpretation and enforcement of the Federal Fair Housing Act can be effective in mitigating barriers to fair housing choice, depending upon enforcement efforts, judicial and administrative court rulings. Relevant landmark judicial court case decisions pertaining to fair housing were reviewed and are incorporated in the analysis. Other related regulations and case law that provide interpretation, understanding, and support to the Federal Act were also considered.<sup>4</sup>

City regulations were examined to determine if they included substantially equivalent fair housing legislation to the Federal Act. To make this determination, the City of Mesquite statutes were compared to the Federal Fair Housing Act to determine whether they offered similar rights, remedies, and enforcement to the federal law and based on that evaluation, whether the Mesquite Ordinance has enacted local legislation that can be construed as substantially equivalent. The determination based on that review was the City has not enacted substantially equivalent Fair Housing Law to the Federal Fair Housing Act. Pertinent related laws, such as the Community Reinvestment Act and Home Mortgage Disclosure Act, were reviewed with respect to how they facilitate fair lending. Section 3.2 summarizes the level of federal fair housing enforcement activity in the City of Mesquite.<sup>5</sup>

A more difficult, but intertwined, aspect of evaluating impediments and barriers to fair housing choice involves an analysis of public policy, programs and regulations that impact the availability of affordable housing. Our analysis centered on how governmental actions impact fair housing choice and the availability of adequate, decent, safe, and affordable housing for protected class members and people of all incomes. We examined government subsidies and public funding appropriations used to provide housing assistance for low- and moderate and very low-income households. This included an analysis of city operated housing programs provided in Section 3.3. Numerous documents were collected and analyzed to complete this section. The key documents are the City of Mesquite Consolidated Plans, current and previous Annual Action Plans, and Consolidated Annual Performance Evaluation Reports (CAPER) and documentation on various housing programs including the Section 8 Housing Choice Voucher program. City staff also provided information on current and future initiatives to develop affordable housing and acquire additional funds.

Our analysis of development regulations, City advisory board actions and public policy documents are presented in Section 3.4. This section focuses on building codes, zoning ordinances, land use plans, local initiatives and governmental actions relative to development and incentives that stimulate development. The analysis of public policy includes decisions by elected and appointed advisory boards and commissions including City of Mesquite City Council, City Planning and Zoning Commission, Zoning Board of Adjustment, and other appointed boards and agencies responsible for housing and development policy and enforcement of codes.

Section 3.5 provides an analysis of fair housing complaints filed with HUD. Section 2.6 contains conclusions about fair housing barriers based on the existing law, enforcement efforts, complaint analysis, and the availability of affordable housing. The HUD Fort Worth, Texas Regional Fair Housing and Equal Opportunity (FHEO) Office has responsibility for enforcement of the Federal Fair Housing Act in Mesquite. Official compliant date was requested from the HUD Fort Worth Regional Office, Fair Housing Equal Opportunity Division.

### 3.1. Fair Housing Law<sup>1</sup>

The Federal Fair Housing Act (the Act) was enacted in 1968 and amended in 1974 and 1988 to add protected classes, provide additional remedies, and strengthen enforcement. The Act, as amended, makes it unlawful for a person to discriminate on the basis of race, color, sex, religion, national origin, handicap, or familial status. Generally, the Act prohibits discrimination based on one of the previously mentioned protected classes in all residential housing, residential sales, advertising, and residential lending and insurance. Prohibited activities under the Act, as well as examples, are listed below.

It is illegal to do the following based on a person's membership in a protected class:<sup>2</sup>

- Misrepresent that a house or apartment is unavailable by:<sup>4</sup>

- ✓ Providing false or misleading information about a housing opportunity,
- ✓ Discouraging a protected class member from applying for a rental unit or making an offer of sale, or
- ✓ Discouraging or refusing to allow a protected class member to inspect available units;

- Refuse to rent or sell or to negotiate for the rental or sale of a house or apartment or otherwise make unavailable by:<sup>6</sup>

- ✓ Failing to effectively communicate or process an offer for the sale or rental of a home,
- ✓ Utilizing all non-minority persons to represent a tenant association in reviewing applications from protected class members, or
- ✓ Advising prospective renters or buyers that they would not meld with the existing residents;

- Discriminate in the terms, conditions, or facilities for the rental or sale of housing by:<sup>8</sup>

- ✓ Using different provisions in leases or contracts for sale,
- ✓ Imposing slower or inferior quality maintenance and repair services,
- ✓ Requiring a security deposit (or higher security deposit) of protected class members, but not for non-class members,

- ✓ Assigning persons to a specific floor or section of a building, development, or neighborhood, or <sup>1</sup>
- ✓ Evicting minorities, but not whites, for late payments or poor credit;

- Make, print, publish, or post (direct or implied) statements or advertisements that indicate that housing is not available to members of a protected class; <sup>2</sup>

- Persuade or attempt to persuade people, for profit owners or nonprofit organization, to rent or sell their housing due to minority groups moving into the neighborhood by: <sup>3</sup>

- ✓ Real estate agents mailing notices to homeowners in changing area with a listing of the homes recently sold along with a picture of a minority real estate agent as the successful seller, or <sup>4</sup>
- ✓ Mailed or telephonic notices that the "neighborhood is changing" and now is a good time to sell, or noting the effect of the changing demographics on property values;

- Deny or make different loan terms for residential loans due to membership in a protected class by: <sup>5</sup>

- ✓ Using different procedures or criteria to evaluate credit worthiness, <sup>6</sup>
- ✓ Purchasing or pooling loans so that loans in minority areas are excluded,
- ✓ Implementing a policy that has the effect of excluding a minority area, or
- ✓ Applying different procedures (negative impact) for foreclosures on protected class members;

- Deny persons the use of real estate services; <sup>7</sup>
- Intimidate, coerce or interfere; or
- Retaliation against a person for filing a fair housing complaint.

The Federal Fair Housing Act requires housing providers to make reasonable accommodations in rules, policies, practices, and paperwork for persons with disabilities. <sup>8</sup> They must allow reasonable modifications in the property so people with disabilities can live successfully. Due to the volume of questions and complaints surrounding this aspect of the federal act, in March 2008, the Department of Justice (DOJ) and the Department

of Housing and Urban Development (HUD) released a joint statement to technically define the rights and obligation of persons with disabilities and housing providers.

In addition to prohibiting certain discriminatory acts, the Act places no limit on the amount of recovery and imposes substantial fines. Based on previous actions, the fine for the first offense is generally up to \$11,000; the second offense within a five year period, up to \$27,500; and for a third violation within seven years up to \$55,000.

The prohibition in the Fair Housing Act against advertising that indicates any "preference, limitation or discrimination" has been interpreted to apply not just to the wording in an advertisement but to the images and human models shown. Ad campaigns may not limit images to include only or mostly models of a particular race, gender, or family type.

As a test to determine if advertising relative to housing and real estate in the local housing market have impediments to fair housing, a review of local advertisements in real estate publications was conducted. These types of advertisements cover an area larger than just the City of Mesquite, and the time-period is insufficient to conclusively establish a pattern of discrimination. The data does however provide an accurate snapshot of the advertising available, and a general overview of the state of compliance with fair housing law by advertisers. The advertising, especially those with images of prospective or current residents was reviewed, with a sensitivity toward whether or not ads included:

- Advertising included all or predominately models of a single race, gender, or ethnic group;
- Families or children in ad campaigns depicting images of prospective residents;
- Particular racial groups in service roles (maid, doorman, servant, etc.);
- Particular racial groups in the background or obscured locations;
- Any symbol or photo with strong racial, religious, or ethnic associations;
- Advertising campaigns depicting predominately one racial group;
- Campaigns run over a period, including several different ads, none or few of which include models of other races;



- Ads failing to contain Equal Housing Opportunity (EHO) statements or logos, or contains the statement or logo, but it is not readily visible; and
- Ad campaigns involving group shots or drawings depicting many people, all or almost all of whom are from one racial group.

Publications advertising the sale or rental of housing directed toward persons in the greater Mesquite area were reviewed including Apartment Finder, The Real Estate Book, and various local real estate sales publications. There were no major concerns revealed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Most of the advertisers advertise with the equal housing opportunity logo or slogan. Including the logo helps educate the home seeking public that the property is available to all persons. A failure to display the symbol or slogan may become evidence of discrimination if a complaint is filed. Additionally, most of the images included in the selected materials either represented racial, ethnic or gender diversity among the models selected.

### **Fair Housing Assistance Program (FHAP) Agencies**

The U. S. Department of Housing and Urban Development (HUD) provides funding to state and local governmental agencies to enforce local fair housing laws that are substantially equivalent to the Fair Housing Act. Once a state, city or county enacts a substantially equivalent fair housing law, they can apply to become certified as a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints or a Fair Housing Initiatives Program (FHIP) Agency and receive funds for education, promoting fair housing, and investigating allegations. It should be noted that a county or city must be in a state with a fair housing law that has been determined by HUD to be substantially equivalent. Then, the local jurisdiction must also adopt a law that HUD concludes is substantially equivalent to participate in the FHAP Program. The local law must at minimum contain the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have

substantially equivalent fines for violations, remedies, investigative processes, and enforcement powers.<sup>1</sup>

In addition, the process for investigating and conciliating complaints must mirror HUD's process outlined in federal regulations. HUD's process begins when an aggrieved person files a complaint within one year of the date of the alleged discriminatory housing or lending practice. The complaint must be submitted to HUD in writing. However, this process can be initiated by a phone call. HUD will complete a complaint form, also known as a 903, and mail it to the complainant to sign. The complaint must contain the name and address of the complainant and respondent, address and description of the housing involved, and a concise statement of the facts, including the date of the occurrence, and the complainant's affirmed signature. Upon filing, HUD is obligated to investigate, attempt conciliation, and resolve the case within 100 days. Resolution can be a dismissal, withdrawal, settlement or conciliation, or a determination as to cause.<sup>2</sup>

The FHAP certification process includes a two-year interim period when HUD closely monitors the intake and investigative process of the governmental entity applying for substantial equivalency certification. Also, the local law must provide enforcement for aggrieved citizens where cause is found. It can be through an administrative hearing process or filing suit on behalf of the aggrieved complainant in court. The FHAP certification process is contingent on the type of funding for which the agency is applying. There are four programs to which an agency can apply; Fair Housing Organizations Initiative (FHOI), Private Enforcement Initiative (PEI), Education Outreach Initiative (EOI), and Administrative Enforcement Initiative (AEI). Currently, there is no funding under the AEI status.<sup>3</sup>

## **Court Decisions**<sup>4</sup>

The impact of Landmark Cases and other significant Court Cases were reviewed to examine how court litigation and settlements might be impacting interpretation of Fair<sup>5</sup>

Housing Law. The following summarizes some of the key cases that provide responses<sup>1</sup> to Fair Housing issues and solutions and remedial actions for resolving those issues.

**Texas Department of Housing and Community Affairs v. Inclusive Communities Project Inc.**<sup>2</sup> is the first case to affirm disparate impact must be considered in determining violations to the 1968 Federal Fair Housing Act. On June 25, 2015, the U.S. Supreme Court, in a 5-4 decision written by Justice Kennedy, upheld the disparate impact doctrine under the Fair Housing Act. This precedent-setting opinion affirmed both 40 years of legal jurisprudence and the decisions of 11 U.S. appellate courts in holding that disparate impact is cognizable under the Fair Housing Act.

The Court acknowledges the Fair Housing Act's continuing role in moving the Nation<sup>3</sup> toward a more integrated society. The Court affirmed that disparate impact is an important protection for all of us. This also affirms that those protected under the 1968 Fair Housing Act, individuals and families, and their right to housing, cannot be restricted because they have children, women who experience domestic violence cannot suffer eviction just because they suffered abuse, or their previous address is a shelter. It also affirmed that communities of color can live with the security of knowing that predatory lending practices that dumped millions of subprime loans into their neighborhoods will not be allowed. Neighborhoods still trying to recover from the financial crisis, or neighborhood decline caused by concentrated poverty, race and ethnicity can have hope because disparate impact is an important tool in addressing unfair practices that contribute to economic and wealth disparities. The courts affirmed that where we live makes a difference in housing affordability and quality of life, but our zip code should not define us. The case centered on low income tax credit selection criteria in Texas and unintended impacts on residents.

**Walker v. HUD**<sup>4</sup> represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The **Walker** Public Housing/Section 8 desegregation litigation began in 1985 when one plaintiff, Debra

1 Walker, sued one Dallas, Texas area suburb, Mesquite. The lawsuit contended that Mesquite's refusal to give its consent for DHA to administer Section 8 certificates within Mesquite violated the 14th Amendment and the other civil rights law prohibiting racial discrimination in housing. The early stage of **Walker** resulted in the entry of the 1987 consent decree involving DHA and HUD without any liability findings. The suit was subsequently amended to bring in DHA, HUD, and the City of Dallas and to provide for a class of Black or African American public housing and Section 8 participants who contended that the Dallas Housing Authority segregated person in public housing by race leading to racial concentrations of African Americans in minority concentrated areas. The suburbs, except for Garland, gave their consent to the operation of DHA's Section 8 program within their jurisdiction and were dismissed from the case. The City of Dallas was subsequently found liable for its role in the segregation of DHA's programs in the Court's 1989 decision, **Walker III**, 734 F. Supp. 1289 (N.D. Tex. 1989).

2 HUD and DHA were subsequently found liable for knowingly and willingly perpetuating and maintaining racial segregation in DHA's low income housing programs. HUD was found liable not just for its failure to affirmatively further fair housing under the Fair Housing Act but also for purposeful violations of the Fifth Amendment to the U.S. Constitution, Title VI of the 1964 Civil Rights Act, 42 U.S.C. §§ 1981, 1982, and 1983. The district court found that the defendants had the remedial obligation to not only cease any present discrimination but to also eliminate the lingering effects of past segregation to the extent practical.

3 Court orders entered in this case have provided the following desegregation resources:

- (a) approximately 9,900 new assisted units have been made available to **Walker** class members.
- (b) Approximately \$22 million was made available for the creation of housing opportunities in predominantly White areas of the Dallas metroplex.
- (c) \$2 million dollars were provided for the operation of a fair housing organization that focused on the problems of low-income minority families.

(d) Hope VI funding for 950 units was provided by HUD in the West Dallas project.

1

(e) \$94 million was provided by the City of Dallas for neighborhood equalization and economic development in the public housing project neighborhoods.

(f) \$10 million was provided for mobility counseling to be used in connection with the Settlement Voucher program.

Like the Walker case, **Young v. HUD** represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The Young case involved 70 plus housing authorities in 36 counties in East Texas, HUD, and the State of Texas. The litigation did not end until 2004. The remedy involved the equalization of conditions including the provision of air conditioning in the segregated black developments, desegregation of the tenant population in previously racial segregated black and white projects, use of the public housing and Section 8 programs and funding for a private fair housing organization to provide over 5,000 desegregated housing opportunities in predominantly white areas, equalization of neighborhood conditions around the predominantly black projects, injunctions against local cities blocking the development of public housing in white neighborhoods, sale of the Vidor public housing and the use of the proceeds for housing opportunities in white areas that were accessible by black public housing tenants, and \$13 million in State funding for neighborhood equalization. Most of the relief was obtained only after the record of HUD's violations of previous remedial orders was compiled and presented to the Court.

2

Some of the orders, agreements, and reports from this case that are attached are:

3

A. The final judgment that was entered by the Court in 1995,

4

B. The order modifying final judgment entered in 2004. This order includes a HUD manual on creating desegregated housing opportunities as exhibit 3 to the order,

C. The agreement between the plaintiffs and the State of Texas for the last \$4.4 million<sup>1</sup> of the total \$13 million that the State contributed to the neighborhood equalization activities required by the Final Judgment.

At the inception of the Fair Housing Act, insurance companies took the position that they<sup>2</sup> were not covered by the Act. However, in 1992 a Wisconsin Appeals Court determined that the Act “applies to discriminatory denials of insurance and discriminatory pricing that effectively preclude ownership of housing because of the race of an applicant.” The case was a class action lawsuit brought by eight African American property owners, the NAACP, and the American Civil Liberties Union against the American Family Insurance Company. The plaintiffs claimed they were either denied insurance, underinsured, or their claims were more closely scrutinized than Whites. American Family’s contention was that the Act was never intended to prohibit insurance redlining. The appeals Court stated, “Lenders require their borrowers to secure property insurance. No insurance, no loan; no loan, no house; lack of insurance thus makes housing unavailable.” A 1998 court verdict against Nationwide Insurance further reinforced previous court action with a \$100 million judgment due to illegally discriminating against African American homeowners and predominantly African American neighborhoods.

Another case was settled for \$250,000 in Maryland when Baltimore Neighbors, Inc., a<sup>3</sup> non-profit organization, alleged that real estate agents were steering. Fine Homes’ real estate agents were accused of steering prospective African American buyers away from predominantly White neighborhoods and Whites were almost never shown homes in predominantly African American zip codes.

In 2009, a landmark housing discrimination case was settled between the Connecticut<sup>4</sup> Fair Housing Center and the New Horizons Village Apartments. In this case, the State of Connecticut Office of Protection and Advocacy for Person with Disabilities sued New Horizons Village, an apartment complex which provides independent housing for people with severe physical disabilities. Under the consent decree, New Horizons will no longer

be allowed to require tenants to open their private medical records for review and require them to prove they can “live independently”. CT Fair Housing Center stated “The Fair Housing Act is clear that it is impermissible to limit the housing choices of people with disabilities based on stereotypes about their ability to care for themselves; people with disabilities are entitled to the same freedom to choose how and where they want to live as people without disabilities.”<sup>1</sup>

In *County of Edmonds v. Oxford House*, the United States Supreme Court ruled that the Fair Housing Amendments Act of 1988 prevents communities from excluding group homes for the handicapped from single-family residential zones. The Oxford House is a nonprofit umbrella organization with hundreds of privately operated group homes throughout the country that house recovering alcoholics and drug addicts. Recovering alcoholics and drug addicts, in the absence of current drug use or alcohol consumption, are included under the protected class of handicapped in the Fair Housing Act as amended in 1988. In *Oxford House v. Township of Cherry Hill*, 799 F. Supp. 450 (D. N.J. 1991), the federal court rejected a state court ruling that recovering alcoholic and drug addicted residents in a group home do not constitute a single-family under the Township’s zoning ordinance. In *Oxford House-Evergreen v. County of Plainfield*, 769 F. Supp. 1329 (D. N.J. 1991) the court ruled that the county’s conduct, first announcing that the Oxford House was a permitted use only to deny it as a permitted use after neighborhood opposition, was intentionally discriminatory.<sup>2</sup>

*“Unjustified institutionalization of persons with mental disabilities...qualifies as discrimination.”*- was stated as the majority opinion of the U.S. Supreme Court. In a landmark decision by a 6-3 vote, the U.S. Supreme Court ruled in June 1999, that a state may not discriminate against psychiatric patients by keeping them in hospitals instead of community homes. The court said that the Americans with Disabilities Act (ADA) may require that states provide treatment in community-based programs rather than in a segregated setting. This case, known as the *Olmstead* case, ruled that community placement is a must when deemed appropriate by state professionals, agreed to by the<sup>3</sup>



individual with the disability, and resources available are sufficient. The courts agreed with “the most integrated setting” provision of the ADA.<sup>1</sup>

In a historic federal settlement order to resolve a lawsuit brought by the **Anti-Discrimination Center (ADC) against Westchester County, NY**.<sup>2</sup> Westchester County conducted its own Analysis of Impediment to Fair Housing and did not examine race and its effects on housing choice. Only income was studied from a demographic perspective. Westchester did not believe that racial segregation and discrimination were the most challenging impediments in the County. ADC filed lawsuit against Westchester stating that the entitlement is not taking appropriate steps to identify and overcome impediments of fair housing. The Court stated that grant recipients must consider impediments erected by race discrimination, and if such impediments exist, it must take appropriate action to overcome the effects of the impediments. The settlement order issued in August 2009 found that Westchester had “utterly failed” to meet its affirmatively furthering fair housing obligations throughout a six-year period. All entitlements receiving federal funds must certify that they have and will “affirmatively further fair housing.” Because of the connection to federal funds, a false certification be fraudulent intent. Westchester was ordered to submit an implementation plan of how it planned to achieve the order’s desegregation goals. One major outcome from the landmark agreement is the construction of 750 units of affordable housing in neighborhoods with small minority populations.

In 2003, a settlement was ordered by the District Court in New Jersey for the owner of the internet website, [www.sublet.com](http://www.sublet.com), who was found guilty of publishing discriminatory rental advertisements which is prohibited by the Fair Housing Act. It was the first of its kind to be brought by the Justice Department. It was thought to be imperative that the federal laws that prohibit discriminatory advertising should be enforced with the same vigor about internet advertising as it would for print and broadcast media. The court ordered the site to establish a \$10,000 victim fund to compensate individuals injured by the discrimination. They were also ordered to pay a civil penalty of \$5,000, adopt a non-<sup>3</sup>



discrimination policy to be published on the website, and require all employees to undergo training on the new practices. <sup>1</sup>

Under the Fair Housing Act, apartment complexes and condominiums with four or more units and no elevator, built for first occupancy after March 13, 1991, must include accessible common and public use areas in all ground-floor units. An apartment complex near Rochester, New York was ordered to pay \$300,000 to persons with disabilities for not making its housing facility fully accessible, with \$75,000 set aside for the plaintiffs. They were required to publish a public notice of the settlement fund for possible victims and pay a \$3,000 civil penalty. <sup>2</sup>

In 2005, the Connecticut Commission on Human Rights and Opportunities (CHRO) issued a charge of discrimination on the basis of disability when an apartment manager refused to rent to a person with a disability on the first floor of the complex due to the absence of access ramp. The apartment manager was unwilling to make a modification to add a ramp. The court recognized that the renter has a disability and the defendant knew the fact and refused to make accommodations. The court concluded that the renter was entitled to compensatory and emotional distress damages of \$10,000 and imposed a civil penalty of \$1,000. <sup>3</sup>

In 2007, the 9th Circuit Court of Appeals gave a decision in support of Fair Housing Council of San Fernando Valley that Roommates.com has violated the fair housing laws by matching roommates by gender, sexual orientation, and parenthood. By asking prospective roommates to put in their status on these criteria and allowing prospective roommates to judge them on that basis is a violation of Fair Housing Act. <sup>4</sup>

In 2005, the National Association for the Advancement of Colored People (NAACP), The National Association of Home Builders (NAHB), and the Home Builders Association (HBA) of Greater Austin, filed a federal lawsuit against the County of Kyle, Texas. The plaintiffs contended that ordinances passed by the Kyle County Council, imposing requirements such as all-masonry construction, expanded home size, and expanded garage size, drive up the cost of starter homes by over \$38,000 per new unit. The <sup>5</sup>

allegation is that this increase has a disproportionate impact on minorities and this effect<sup>1</sup> violates the Fair Housing Act. The County of Kyle filed a motion to dismiss, asserting that both NAACP and NAHB lack standing. The federal district court recognized the plaintiff's standing in 2006. Thereafter, the cities of Manor, Round Rock, Pflugerville, and Jonestown, all moved to join the litigation on the grounds that they each have ordinances similar to the one being challenged in Kyle and that any positive decision in this case would allow NAHB and NAACP to sue them at some later date. In May the court decided that the cities could participate as friends of the court but may not join in the litigation otherwise. This case was not resolved until 2011.

### **Homelessness and the Fair Housing Act**<sup>2</sup>

Homelessness is defined as lacking a fixed, regular, and adequate night-time residence;<sup>3</sup> or where the primary night-time residence is:

- A supervised publicly or privately operated shelter designed to provide temporary living accommodations;
- An institution that provides temporary residence for individuals intended to be institutionalized; or,
- A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Fair Housing Act's definition of "dwelling" does not include overnight or temporary<sup>5</sup> residence, so mistreatment of the homeless is not generally covered by Fair Housing Law. The ability of persons to find affordable housing is a protected right of Fair Housing; therefore, the inability of people to find affordable housing which may lead to homelessness, conflicts with the Fair Housing Law.

## Unfair Lending Practices <sup>1</sup>

Unfair lending practices are more difficult to detect and to prove. However, there are <sup>2</sup> laws, other than the fair housing law, to assist communities in aggressively scrutinizing fair lending activity. One such law is the Home Mortgage Disclosure Act (HMDA), which requires banks to publish a record of their lending activities annually. Frequently, fair housing enforcement agencies and nonprofits use this data to help substantiate a discrimination claim or to determine a bank's racial diversification in lending. Another law frequently utilized by community organizations is the Community Reinvestment Act (CRA). When a bank wants to merge with or buy another bank or establish a new branch, the community has an opportunity to comment. Usually, the CRA commitments made by the bank are analyzed, utilizing other data such as HMDA, to determine adherence. The community can challenge the action if the bank has a poor record. Sometimes agreements can be reached with the bank promising a certain level of commitment to the community. Additionally, the Equal Credit Opportunity Act (ECOA) prohibits discrimination in lending generally and can be quite significant when it comes to securing information about unfair lending practices and imposing remedies, which may include up to one percent of the gross assets of the lending institution.

The U.S. Supreme Court ruled in June 2009 that states may investigate national banks <sup>3</sup> to determine if they have discriminated against minorities seeking home loans. Furthermore, states may charge accused violators if found guilty. The new legislation stemmed from a discrimination investigation of national banks by the New York attorney general. The federal Office of the Comptroller of the Currency (OCC) sought legal action through the courts to stop the attorney general's investigation because legal principals suggested that only federal regulators can require national banks to conform to regulations and practices that discourages unfair lending. The Supreme Court overturned this ruling giving state government power to enforce consumer-protection and lending policies.

### **3.2. Enforcement**<sup>1</sup>

It has long been settled that fair housing testing is legal and that non-profit enforcement agencies have standing to sue so long as certain criteria are met. These decisions make it feasible for non-profits to engage in fair housing enforcement activities.<sup>2</sup>

The Department of Housing and Urban Development (HUD) enforce provisions under a local, state and federal fair housing laws which prohibit discrimination in the buying, selling, rental or enjoyment of housing because of race, color, national origin, religion, sex, disability or familial status.<sup>3</sup>

The Regional HUD Office in Fort Worth conducts investigations of fair housing complaints that are reported directly to their office. Texas is part of HUD's Region IV that includes Arkansas, Louisiana, Oklahoma, New Mexico, and Texas. When HUD Regional Office investigates complaints of discrimination, an investigator generally spends time in the city, on-site, interviewing the complainant, respondents, and witnesses, reviewing records and documentation, while observing the environment. A detailed discussion of the complaints filled with HUD follows in Section 2.5.<sup>4</sup>

When a complaint is filed with any of the jurisdictions, HUD is notified of the complaint.<sup>5</sup> HUD will notify the violator of the complaint and permit all parties involved an opportunity to submit an answer. HUD will conduct investigations of the complaint to determine whether there is reasonable cause to believe the Federal Fair Housing Act has been violated. The complainant is then notified. A detailed discussion of the complaints filed with HUD follows in Section 2.5. A case is typically heard in an Administrative Hearing unless one party wants the case to be heard in the Federal District Court.

### **Education and Outreach**<sup>6</sup>

The City of Mesquite receives fair housing complaints and makes referrals to HUD for enforcement.<sup>7</sup> HUD is responsible for fair housing enforcement of provisions under the Federal Fair Housing Act in Mesquite. The City of Mesquite provide outreach and

education to the public, landlords and tenants, housing and financial providers, as well as citizens, concerning fair housing. It is important that potential victims and violators of housing and/or lending discrimination law be aware of fair housing issues generally, know what may constitute a violation, and what they can do in the event they believe they have been discriminated against. Likewise, it is important for lenders, housing providers, and their agents to know their responsibilities and when they may be violating fair housing law.

Often, people may be unaware of their fair housing rights. Present day housing discrimination tends to be subtle. Instead of saying that no children are allowed, they may impose unreasonable occupancy standards that have the effect of excluding families with children. Rather than saying, “We do not rent to Hispanics,” they may say, “Sorry we do not have any vacancies right now, try again in a few months,” when, in fact, they do have one or more vacancies. Printed advertisements do not have to state, “no families with children or minorities allowed” to be discriminatory. A series of ads run over an extended period that always or consistently exclude children or minorities may very well be discriminatory. In addition, a person who believes he/she may have been discriminated against will likely do nothing if he/she does not realize that a simple telephone call can initiate intervention and a resolution on his/her behalf, without the expenditure of funds or excessive time. Thus, knowledge of available resources and assistance is a critical component.

### **3.3. Production and Availability of Affordable Units**

An assessment of characteristics affecting housing production, availability, and affordability in Mesquite was conducted, including the adequacy and effectiveness of housing and housing related programs designed, implemented, and operated by the City of Mesquite. The assessment included assessment of the City Section 8 Housing Choice Voucher Programs and CDBG formula entitlement funding from HUD. The assessment evaluated the programs’ ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need. We also assessed the extent

to which the programs administered by the City of Mesquite are currently utilized to address impediments identified in this FY 2020 AI. Our analysis for this section is also based on the City's Section 8 Management and Assistance Plans and a review of the City of Mesquite's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation provided by the city.

### **3.4. Regulatory and Public Policy Review**

The City of Mesquite has not enacted substantially equivalent fair housing law. Having a fair ordinance that is substantially equivalent to the federal Fair Housing Act, exemplifies a jurisdiction's local commitment to enforcing fair housing regulations and it provides public awareness of individuals' rights under the Fair Housing Act. A substantially equivalent law also qualifies the local jurisdiction to apply for federal funding for enforcement. However, this is not a legal requirement under federal fair housing law.

The City zoning ordinance, development code and public policies were examined to reveal policies that impede fair housing choice. Land development codes and zoning regulations address affordable housing and makes allowances through the code to allow the construction of a variety of types of housing including single family and multifamily housing. The regulations provide for the consideration of variances to development barriers that affect the feasibility of producing housing within the jurisdictions.

### **3.5. Analysis of Fair Housing Complaints**

Fair housing complaint information was received from the Fort Worth FHEO Division of the Regional Office of the U.S. Department of HUD. We requested data providing a breakdown of complaints filed for Mesquite from December 1, 2015 through December 31, 2019. HUD identified during this period, 17 complaints filed according to one or more of seven bases, including National Origin, Religion, Familial Status, Handicap, Sex, Disability, and Race-Color in Mesquite. Table 3.1 depicts complaint filed, divided on a protected class basis.

**Table 3.1: Number of Complaints by Protected Class by Year (2015 - 2019) Mesquite 1**

Protected Class	Race/ Color	National Origin	Familial Status	Disability	Sex	Religion	Totals
2015	0	1	0	0	0	0	1
2016	1	0	0	2	0	0	3
2017	1	0	0	2	0	0	3
2018	2	2	0	0	0	0	4
2019	1	0	1	3	1	0	6
<b>Totals</b>	5	3	1	7	1	0	17

**Source: HUD Fort Worth, Texas Regional Office, FHEO 3****Table 3.2: Number of Complaints by Protected Class by Year (2015 - 2019) 4**

Type of Closure	2015	2016	2017	2018	2019	Total
Case Conciliated	1	0	0	0	1	2
No Probable Cause	0	2	3	3	3	11
Withdrawn	0	0	0	0	0	0
Lack of Jurisdiction	0	0	0	0	0	0
Complainant failed to cooperate	0	1	0	0	0	1
Unable to Locate the complainant	0	0	0	0	0	0
FHAP judicial dismissal	0	0	0	0	0	0
FHAP judicial consent order	0	0	0	0	0	0
Pending	0	0	0	0	0	3
<b>Totals</b>	1	3	3	3	4	17

**Source: HUD Fort Worth, Texas Regional Office, FHEO 6****Summary of Cases Files 7**

Table 3.1 reveals 17 cases were filed with the Fort Worth Regional Office of HUD between December 1, 2015 through December 31, 2019. Cases filed on the basis of Disability represented 7 cases, 41 percent of the total 17 cases filed, followed by 5 cases representing 30 percent of total cases that were filed on the basis of Race or Color. A total of seventeen cases over a five-year period is a relatively small number of cases, an average of 3.5 cases per year. While the number of cases filed per year does not provide conclusive evidence alone as to the status or knowledge of fair housing in a community,

it does support the need for additional outreach and education on fair housing law and how persons can file a complaint. <sup>1</sup>

### 3.6. Conclusions and Implications for Fair Housing Barriers and Impediments <sup>2</sup>

**Mesquite AI related conclusions:** An assessment of characteristics affecting housing production, availability, and affordability was conducted, including the adequacy and effectiveness of housing designed, implemented, and operated HCS. The assessment evaluated the Section 8 Voucher Housing Choice programs' ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need. <sup>3</sup>

The AI also assessed the extent to which the City is currently utilizing programs and funding to address impediments identified in this FY 2020 AI. The analysis included review of City programs, operating procedures, waiting list, tenant composition, and any regional impacts to fair housing. Formal review of these areas and recommendations are presented in Section 06 of this report. Analysis including review of the following: <sup>4</sup>

- Housing Programs, Policies, and Procedures Analysis <sup>5</sup>
- Section 8 Application, Admission and Continued Occupancy Policies
- Section 8 Waiting List Policies and Procedures
- Section 8 Tenant Composition and Waiting List Requirements
- Regional Impediments Impacting the City

City programs policies and procedures were reviewed and deemed consistent and in compliance with HUD requirements. There were no impediments identified in the review of HCS operated programs, policies and procedures. However, the cost of new housing and replacement housing, including higher rental rates, fair market rents that are less than market rates, cost of land, existing development value verses property values, and development cost for replacement sites and housing are major <sup>6</sup>



impediments to developing more efficient affordable housing and de-concentration of race/ethnicity and poverty and lower income persons. <sup>1</sup>

Currently, privately owned – federally subsidized housing developments need repair and replacement of marginal and obsolete units. However, current market values for existing developments versus the land and development cost to build comparable new and substantially renovated replacement units is not feasible. <sup>2</sup>

The cost to modernize and update the existing units are also difficult due to limited federal funding to subsidize cost for renovation being similar to the cost for building new replacement units on other sites. Rental subsidies for LMI tenants are also limited rendering new units and renovated units unaffordable. <sup>3</sup>

The City of Mesquite provides referral of fair housing complaints to HUD for investigation and enforcement and is responsible for conducting public education, training and outreach of fair housing rights and remedies in Mesquite. The City of Mesquite has not enacted fair housing law that is substantially equivalent to the Federal Fair Housing Act. The lack of a federal substantially equivalent fair housing ordinance limits enforcement actions by the local jurisdiction and federal government. Impediments are also impacted by limited funding for fair housing education. The community engagement process reveals limited knowledge of the city and federal fair housing acts, the public's understanding of the reporting process for complaints, or how and where to file a complaint. Substantiation of complaints and investigated by the HUD FHEO Regional Office in Fort Worth, Texas is often difficult. <sup>4</sup>

Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling, directed toward persons in the greater Mesquite area were reviewed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertiser included EHO statements and/or logos. <sup>5</sup>

Including these logos can be a means of educating the home seeking public that the property is available to all persons. <sup>1</sup>

Analysis of the City of Mesquite's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation submitted by the City of Mesquite to HUD were also included. The City of Mesquite should enhance their ability to address impediments relative to limited fair housing education and outreach. <sup>2</sup>

The city zoning ordinance and public policies were examined to reveal any current ordinances or policies that impede fair housing. No concerns were noted as a result. <sup>3</sup>

There were no impediments identified in the review of City of Mesquite Entitlement Grant programs, policies and procedures. However, the cost of new housing and replacement housing, including higher rental rates, fair market rents that are less than market rates, cost of land, existing development value verses property values, and development cost for replacement sites and housing are major impediments to developing more efficient affordable housing. <sup>4</sup>

De-concentration of race/ethnicity and poverty and lower income persons in the city are also difficult to overcome. In this instance, "concentration" is not simply defined as the number and proximity of units, race and ethnicity, poverty, and LMI populations in a specified geographical area such as the census tract. The basis for R-ECAP designation also includes the extent to which these factors eliminate housing choice and restrict protected class members and LMI populations to areas disproportionately lacking the neighborhood quality enjoyed by others due to these factors. <sup>5</sup>

Currently, there are designated areas in the northwestern part of Mesquite within census tract 123.02 where based on HUD definition R-ECAP concentrations exist. Privately owned – federally subsidized housing developments may also be contributing to neighborhood decline with housing in need of repair and replacement of marginal and obsolete units in designated R-ECAP areas. Private real estate is also exhibiting this <sup>6</sup>

same decline. Based on limited reinvestment and current market values for existing developments versus the land and development cost to build new replacement units, the sale of existing units and development of comparable replacement units is not feasible in some cases without increased subsidies to support development and renovation cost and affordability. The cost to modernize and update existing units are difficult due to limited federal funding and the cost for renovation being similar to the cost for building new replacement units on other sites.

## IV. Community Engagement<sup>1</sup>

### 4.1. Introduction<sup>2</sup>

The Community Engagement process included virtual focus group sessions on July 28, 2020. The aim was a collaborative effort involving strategic planning sessions with city staff, elected and appointed city officials; and interviews with stakeholders, and focus groups to determine from the community's perspective, what are the housing needs and impediments to fair housing choice faced by Mesquite.<sup>3</sup>

The community engagement process included interviews and focus group sessions designed to receive input from the community. Attendees for the focus groups were solicited through public notice and invitations sent to residents and community leaders, organizations, industry professionals and public officials. During the focus group session general issues related to the housing market, neighborhoods and concerns pertaining to fair housing choice in Mesquite were discussed. Supplemental interviews were conducted with various community, professional and industry representatives to obtain information from those unable to attend the sessions. The Focus Group sessions were hosted by the City of Mesquite HCS Department. It should be noted that the comments summarized in this section represent the comments and views of focus group participants and those participating in supplemental interviews and providing data for the analysis. JQUAD has made every effort to document all comments as a matter of record, and to ensure that the comments, as presented on the following pages, have not been altered to reflect our analysis, investigation or substantiation of information obtained during these sessions. Focus Group comments and information obtained during interviews were later analyzed and to the extent substantiated or collaborated by the data and analysis, included in Section VI: Impediments and Remedial Actions. Comments from Focus Group participants included the following.<sup>4</sup>

## 4.2. Focus Group Concerns and Comments <sup>1</sup>

**Social-Economic Conditions** - Among the social-economic issues discussed in the focus group session and interviews was the perception that the supply of affordable housing is inadequate and the cost to purchase homes or to rent housing continues to soar beyond the range affordable to many local area residents. Others believed that poverty and the number of persons lacking sufficient income for housing was on the rise, severely impacting housing choice for the lowest income households. Participants indicated that poverty and limited incomes are also having an adverse impact on the condition and quality of neighborhoods and single-family owner-occupied housing in some areas. The impacts of unemployment, lack of job opportunities and insufficient incomes to afford decent and affordable housing were cited as contributing factors to housing and neighborhood decline. <sup>2</sup>

Participants cited a need for greater emphasis on financial assistance to acquire housing suitable to meet the needs of the changing demographics in the city and to address specific problems faced by residents and the working poor. Participants also felt that increased housing counseling-both pre-purchase and post purchase support is needed to help applicants qualify for mortgage financing and rental units and to remain current with mortgage payments and home maintenance needs. Increased funding should be identified to provide rental assistance to those needing assistance with rent and utilities and security deposits necessary to initiate a lease. Participants cited the increasing need for utility assistance and other essential housing related support to remain in the housing they currently reside and avoid homelessness. These has become urgent needs due to COVID – 19 and loss of income by LMI wage earners. <sup>3</sup>

Participants emphasized the need for increased funding for project based rental assistance due to funding limitations for the Section 8 Vouchers Program. Fair market rents lag far below many of the rents charged by multifamily and single-family rental housing providers, and demand for rental assistance, and <sup>4</sup>

additional development funding for new assisted housing units is also increasing. The participants indicated that Section 8 program guidelines and Fair Market Rents (FMR) do not include incentives for landlords to participate in the program, restricting program participants' ability to access quality housing, especially housing in non-racially concentrated and lower income census tracts.

Housing programs such as City funded CDBG programs, while successful, are experiencing problems with affordability due to housing related cost such as taxes and insurance. Solutions are needed to insure that as values increase among houses benefiting from grants and loans, that homeowners can keep pace with housing cost and housing related cost including taxes, insurance, utilities and maintenance. Nonprofit developers voiced a need for development and permit fee exemptions and reduced cost of tax liens on adjudicated properties.

**Housing Supply, Neighborhood Conditions, and Infrastructure and Regulatory Controls** - Participants' desired greater emphasis be placed on building codes and regulatory controls being utilized to improve housing conditions, cost and accessibility. participants recommended incorporating energy efficiency and green building standards in construction of affordable housing; the need for infrastructure to support new housing development and repair funding for owner occupied housing; and assurance that zoning regulations provide variances, when necessary, to induce vacant lot infill housing in developed neighborhoods. Acquisition and utilization of vacant lots, homebuyer subsidies for repairs, drainage, sidewalks, and increased emphasis on code enforcement were also cited as needs.

**Public Policy and Public Awareness of Fair Housing** - Participants cited public awareness of fair housing rights as a concern. They felt that some residents appear to be unaware of their rights under fair housing law and that the number of violations reported, and cases substantiated may be much lower than the number of violations occurring. Others felt that residents often fear

retaliation by those who violate the laws. For example, attendees and persons interviewed cited instances of people not reporting fair housing complaints for fear of retaliation by their landlords, or if they report violations such as housing code, enforcement will result in higher rents or evictions actions by their landlords.

Participants also felt that residents needed increased access to homebuyer education and counseling when considering purchase of a home and rental housing and tenant's rights counseling and advocacy for renters. They were concerned that first-time home buyers often do not know where to go for help or how to start the process of purchasing a home. Anecdotal accounts by attendees and those interviewed included obstacles faced by renters such as denial of rental applications based on having no prior address, and/or frequent gaps in their rental histories. Others cited housing barriers faced by the "untouchables", persons such as ex-offenders, convicted sex offenders and others recently discharged from the criminal justice system.

**Access to Banking and Financial Institutions Products, and Basic Goods and Services** - Predatory lending practices were identified as a major issue. Perception were that predatory lenders are absorbing much of the market formerly controlled by FDIC insured banks and other reputable financial institutions and fast becoming lenders of choice in some low income and minority concentrated areas. In other instances, persons facing economic hardships are being preyed upon due to their inability to qualify for traditional lending and banking services. For example, predatory businesses provide individuals with loans backed by the title to their car or house at relatively high interest rates. Lenders are quick to foreclose in the event the borrower misses a payment. Attendees were concerned that a growing number of people have fallen prey to sub prime loans because they have a poor credit rating or limited to no credit history.

**Lending, Foreclosures and the Mortgage Industry** - Limited success in obtaining home mortgages was a major barrier to fair housing choice. Criminal background histories and immigration status are relatively new factors contributing to the inability to qualify for home purchases and rental housing leases. Credit issues appeared to be the major barrier, based on focus group participants' comments. Both a lack of qualified applicants and an adequate pool of applicants for mortgages, coupled with the inability of some housing units to qualify based on lending program guidelines were cited as barriers. Participants felt that greater emphasis should be placed on credit counseling and financial literacy being accessible to a broader population including youth and young adults age eighteen to thirty. <sup>1</sup>

Persons with a criminal felony record and those convicted of sex crimes are having problems finding housing to rent as well as qualifying for mortgages. Other participants cited instances in which elderly and other owners of affordable housing are no longer able to afford routine maintenance on their home. Any major systems failure such as roof replacement, foundation problems or even heating and air conditioning replacement can render homes a health and safety risk or place the homeowner in violation of local property standards codes. <sup>2</sup>

**Special Needs Housing** - Participants were concerned that greater funding be provided for the elderly to age in place, and to provide housing for others in need of special needs housing. Participants cited the growth expected in the elderly population over the next decade which will elevate this problem. Without such funding elderly and disabled persons are sometimes placed in nursing homes prematurely, even though they could otherwise continue to live on their own with some limited assistance or ADA accessibility modifications where they currently reside. Participants were also concerned that limited options exist for persons in need of transitional housing whether they be recently paroled, victims of domestic violence, mentally ill, physically handicapped, and homeless or at <sup>3</sup>



1  
risk of becoming homeless. Others cited a need for more permanent supportive housing. Participants felt that more public resources should also be identified and dedicated to homeless programs, shelters and supportive services to the homeless and elderly. Participants were also concerned with limitations in available rental housing for the disabled and a lack of emphasis on building code standards that require new home construction to meet “visitable housing” standards. Some were concerned that information as to availability of ADA compliant housing is not readily available to those in need. These standards include insuring that at least one main entry into the dwelling and at least one bathroom, downstairs bedroom and hallway are handicapped accessible.

2  
Housing for the homeless and those persons at risk of becoming homeless was cited as an important issue that needs to be addressed. Housing for the homeless, victims of domestic violence and others were particularly needed due to the limited supply of shelter, transitional and permanent housing and housing services in Mesquite. Others were concerned with limitations in funding for existing agencies providing services to the homeless.

3  
**Public Transportation and Mobility** - Participants cited limited mobility and public transportation as impediments to housing choice. Concerns including identifying alternatives to public transportation due to Mesquite’s non-participation in DART rail services. These limitations also included a concern for elderly and disabled persons in need of public transportation to access supportive services. Public transportation was deemed inadequate, for persons commuting to major employment centers in Mesquite and in neighboring cities.

#### 4.3. Other Issues and Solutions <sup>1</sup>

Attendees indicated a need for increased emphasis on mitigating the impacts of increased incidents of discrimination or impediments to housing for persons with disabilities, renters with past criminal records or prior convictions for sexual abuse related crimes, those in need of special needs housing or facing evictions, foreclosures and homelessness. Participants also voiced support for a greater emphasis on credit education and housing consumer counseling. Increased financial literacy courses taught in high schools was a best practice identified by the facilitator for the focus group session and well received by participants. Participants cited the need for additional funding for fair housing outreach, education and enforcement, fair housing training for landlords and homeowner associations and other at risk of violating fair housing law. <sup>2</sup>

# V. Home Mortgage Disclosure Act<sup>1</sup>

## Analysis

### Introduction<sup>2</sup>

The Consumer Financial Protection Bureau (CFPB) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry. This data is made publicly available by the Federal Financial Institutions Examination Council (FFIEC). The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose. The FFIEC provides the Home Mortgage Disclosure Act (HMDA) databases through their website for download and analysis. Data were input into a spreadsheet for analysis. As of 2018, the CFPB has modified, expanded, and removed specific data points under the revised HMDA rule adopted in October 2015.<sup>3</sup>

The data reported in this section are summarized by a variety of methods. Tables 5.1 and Tables 5.2 provide information for Mesquite Tables 5.3, and the charts present the data by census tract income groups. The maps, provided at the end of this section, present data according to census tracts for Mesquite.<sup>4</sup>

### 5.1. Analysis<sup>5</sup>

Table 5.1 examines home loan activities in Mesquite. The data are presented by loan type, ethnicity, income, and loan purpose. In Mesquite, White applicants represented the most significant number of loan applicants at 6,615. Origination rates, the percentage of applications that result in loans being made, for Whites were 54 percent. The next largest applicant group, persons stated their race was not available, submitted 3,859 applications with an origination rate of 28 percent. Blacks submitted 2,248 applications with an origination rate of 49 percent, followed Hispanics with 3,346 applications submitted with an origination rate of 52 percent.<sup>6</sup>

Asian origination rates were about 55 percent, and there were 550 applications reported. High-income applicants showed 3,030 with an origination rate of 54 percent. The origination rates decrease for all other income groups, with 3,448 applications from low-income applicants and an origination rate of 51 percent. Conventional loans account for the largest number of applications for loan type at 8,404 and an origination rate of over 47 percent. Home Purchase loans show the highest number of applications for loan purposes, at 8,132 and the origination rate of over 51 percent. Home improvement loans had an origination rate of about 26 percent with 544 loan applications. Refinance loans had a 44 percent origination rate with 2,428 applications. The newly added loan purpose categories "Cash-out Refinance" and "Other Purpose" had about a 42 percent origination rate with 1,783 applications submitted and a 23% origination rate with 440 submitted applications.

Table 5.2 displays the HMDA data for the same data categories (Loan Type, Ethnicity, Income, and Loan Purpose). On this table, however, percentages are taken within the category, rather than demonstrating the percentage of applications that result in loan originations. For example, the percentage in the "% of Originations" column indicates that 64 percent of originations in were for conventional loans compared to 41 percent origination rate from Table 5.1. For comparison, race and ethnic percentages were included under the "% Pop." column to compare the percentage of originations by ethnic group to their percentage in the population.

Within the "Loan Type" category, "Conventional" shows the highest percentage, about 64 percent of all originations in that category. FHA loans, which are government-insured and have more stringent lending criteria, were about 27 percent of all originations. Referring to Table 5.1, the origination rates were about 42 percent for FHA versus approximately 47 percent for conventional.

For Race and Ethnicity, "Whites" shows the highest percentage of origination at 57 percent of the total originations in the metro area. The percentage of Whites in

the population was over 28.6 percent. Hispanic applicants represented over 54 percent of originations, with slightly more than 59.6 percent of the total population. Black applicants accounted for 17.8 percent of all originations, with about 25 percent of the total population. Asian applicants accounted for about 4.8 percent of all originations while comprising less than 2.9 percent of the total population.

The low-income group (51-81% median) with 28 percent and high-income group (>120% median) with 26 percent displays the highest percentage of all originations. In contrast, the very low-income group accounts for less than 11 percent of all originations.

Table 5.3 examines the HMDA data more closely with respect to the possibility of redlining within census tracts in Mesquite. Redlining relates to the avoidance of certain locations by mortgage lenders in response to undesirable characteristics of the area. The table also compares origination rates between minorities and White applicants for the various loan purposes and income groups. Denials are higher for minorities, especially very low income compared to Whites. For all loan purposes shown, White origination rates are higher than minorities.

Looking at the income group comparison, minorities origination rates are around 14 percentage points lower than Whites in the very low-income group and 15 percentage points lower in the low-income group. With Moderate Income applicants (81-95% MFI), White origination rates are higher than minorities by 11 percentage points. In the High-Income group (>120% MFI), White origination rates are 9 percentage points higher. Within each income group, Whites and minorities are not entering the loan markets with equal incomes.

Chart 5.1 provides data on origination rates by census tract income for the loan types: Conventional, FHA, and VA. All types of loans had higher origination rates within the higher income group of tracts. Conventional and Government loans

alternate between the first and second highest origination rates in all income groups of tracts. VA loan origination rates are the highest in moderate group tract.

Chart 5.2 shows origination rates by ethnicity and income of the census tract. Whites and Hispanics are among the higher origination rates of all races in all income groups of tracts.

Map 5.1 and 5.3 through 5.6 detail loan activity by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest blue indicate those areas where at least 44 applications are denied for every 100 applications that are originated. The next category indicates those areas where between 35 and 44 applications are denied for every 100 applications originated. The teal areas show 28 to 35 applications denied for every 100 applications originated. The marine blue areas show 24 to 26 applications denied for every 100 applications originated.

Map 1.7 in the Community Profiles section shows the median household income for Mesquite by census tract. When comparing Map 5.1 and Map 1.7, in the HMDA analysis to median household income, the areas that had higher denial to origination ratio for all types of home loans generally coincide with areas with lower incomes. This indicates that lower-income census tracts had lower home loan origination rates.

Map 5.2 shows the percentages of total loan applications by census tract. Most active areas are shown in the darker colors and the least active areas in lighter colors. The lighter areas are meant to indicate areas of concern, either for lack of loan activity or for their low rate of application originations in relation to denials.

## 5.2. Conclusions<sup>1</sup>

In Mesquite, the highest success in loan originations was in the Home Purchase<sup>2</sup> loans, and the least success was in home improvement and other purpose loans. Overall, the origination rates among Whites were higher than minorities in a home purchase, home improvement, and refinance loans.

Home Purchase loans were the most frequent loan type in the city. Loan<sup>3</sup> applications and originations were even when compared to their percentage in population for African Americans in the city. The analysis reveals two issues, lower origination rates from minorities and the disproportionate loan denials rates between Whites and some minority populations. One possible explanation for lower loan originations among minorities could be a lack of credit history, poor credit history, or higher debt-to-income ratio. During 2019, the majority of loan denials for all applicants were related to the applicants' credit history.

While our analysis does not provide conclusive evidence of redlining, the data tend<sup>4</sup> to suggest that some characteristics of redlining may exist and therefore impacting lending decisions and higher denial rates in some of the very low-income census tracts in Mesquite. While it is expected that very-low-income applicants would not have a very high success rate in their loan applications, within the very low-income census tracts, even high-income applicants showed a poor success rate. Due to a very low number of applications in the lower-income census tracts, any conclusive determination of redlining is impossible for the city.

The higher denial rates for lower-income groups, coupled with the possibility that<sup>5</sup> characteristics of redlining may be adversely impacting originations in lower-income concentrated census tracts, are indicative of impediments to fair housing. Overall, lending activity has decreased in recent months due to economic slowdown and issues relative to the COVID – 19 Pandemic. However, the outlook for lending in this community remains positive since lower interest rates still exist for borrowers to buy housing or refinance existing higher-interest loans.

**Table 5.1**  
**Home Mortgage Disclosure Act (HMDA) Analysis**  
**Comparison of Originations Within Categories**  
**Mesquite 2019**

Loan Type:	Number of Apps	Loans Originated	Origination %
Conventional	8,404	3,955	47%
FHA	4,048	1,706	42%
VA	1,059	512	48%
USDA	119	51	43%
Total	13,630	6,224	46%
Loan Purpose			
Home purchase	8,132	4,160	51%
Home improvement	544	141	26%
Other purpose	440	99	23%
Not Applicable	303	2	1%
Refinancing	2,428	1,065	44%
Cash-Out Refinancing	1,783	757	42%
Total	13,630	6,224	46%
Race			
2 or more minority races	25	5	20%
American Indian or Alaska Native	86	32	37%
Asian	550	300	55%
Black or African American	2,248	1,109	49%
Joint	199	108	54%
Native Hawaiian or Other Pacific Islander	47	16	34%
Race Not Available	3,859	1,068	28%
White	6,615	3,586	54%
Ethnicity			
Ethnicity Not Available	3,500	938	27%
Hispanic or Latino	3,346	1,750	52%
Joint	349	189	54%
Not Hispanic or Latino	6,428	3,347	52%
Income			
<51% median (very low)	1,714	668	39%
51-80% median (low)	3,448	1,759	51%
81-95% median (moderate)	1,450	756	52%
96-120% median (middle)	1,770	958	54%
>120% median (high)	3,030	1,632	54%
N/A	2,218	451	20%

Table 5.1: Source: Home Mortgage Disclosure Act (HMDA)



**TABLE 5.2**  
**Home Mortgage Disclosure Act (HMDA) Analysis**  
**Comparison of Originations Within Categories**  
**Mesquite 2019**

<b>Loan Type:</b>	<b>Number of Apps</b>	<b>Loans Originated</b>	<b>Origination %</b>	<b>% of Originations</b>	
Conventional	7	3955	47%	64%	
FHA	4,048	1706	42%	27%	
VA	1059	512	48%	8%	
USDA	119	51	43%	1%	
Total	13,630	6,224	46%	100%	
<b>Loan Purpose</b>					
Home purchase	8,132	4,160	51%	67%	
Home improvement	544	141	26%	2%	
Other purpose	440	99	23%	2%	
Not Applicable	303	2	1%	0%	
Refinancing	2,428	1,065	44%	17%	
Cash-Out Refinancing	1,783	757	42%	12%	
Total	13,630	6,224	46%	100%	
<b>Race</b>					% of Population
2 or more minority races	25	5	20%	0.1%	2.00%
American Indian or Alaska Native	86	32	37%	0.5%	0.40%
Asian	550	300	55%	4.8%	2.90%
Black or African American	2248	1109	49%	17.8%	25.60%
Joint	199	108	54%	1.7%	-
Native Hawaiian or Other Pacific Islander	47	16	34%	0.3%	-
Race Not Available	3,859	1,068	28%	17.2%	-
White	6,615	3,586	54%	57.6%	28.60%
<b>Ethnicity</b>					
Ethnicity Not Available	3,500	938	27%	15%	
Hispanic or Latino	3,346	1750	52%	28%	40.40%
Joint	349	189	54%	3%	
Not Hispanic or Latino	6,428	3,347	52%	54%	59.60%
<b>Income</b>					
<51% median (very low)	1,714	668	39%	11%	
51-80% median (low)	3,448	1,759	51%	28%	
81-95% median (moderate)	1,450	756	52%	12%	
96-120% median (middle)	1,770	958	54%	15%	
>120% median (high)	3,030	1,632	54%	26%	
N/A	2,218	451	20%	7%	

Table 5.2: Source: Home Mortgage Disclosure Act (HMDA) 2

**Table 5.3**  
**Analysis of Home Mortgage Disclosure Act Data**  
**HMDA Activity for – Mesquite**  
**Minority Origination Compared to White**

<b>Minority</b>				
<b>Income</b>	<b>Loans Originated</b>	<b>Origination %</b>	<b>Loans Denied</b>	<b>Loan Denial %</b>
<51% median (very low)	224	31%	253	35%
51-80% median (low)	673	43%	291	19%
81-95% median (moderate)	344	48%	120	17%
96-120% median (middle)	418	48%	132	15%
>120% median (high)	668	49%	150	11%
<b>White</b>				
<b>Income</b>				
<51% median (very low)	444	45%	238	24%
51-80% median (low)	1,086	58%	249	13%
81-95% median (moderate)	412	57%	100	14%
96-120% median (middle)	540	60%	100	11%
>120% median (high)	964	58%	168	10%
N/A	444	45%	238	24%

Table 5.3: Source: Home Mortgage Disclosure Act (HMDA)

**Chart 5.1: Origination Rates by Loan Types by Income of Census Tracts** <sup>1</sup>

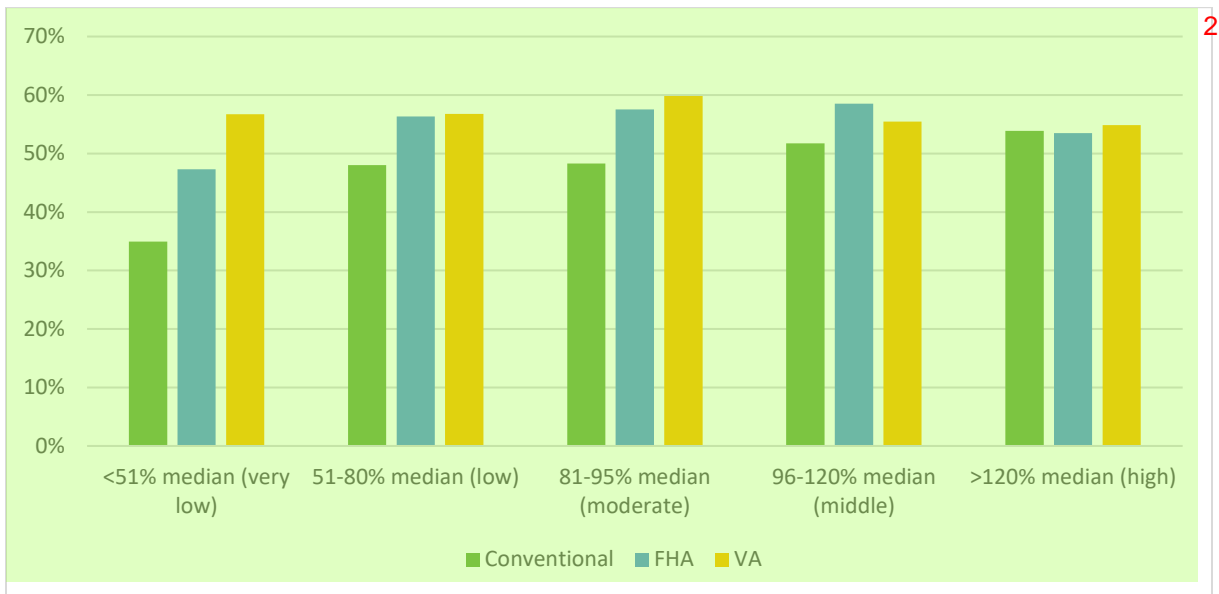


Chart 5.1: Source: Home Mortgage Disclosure Act (HMDA) <sup>3</sup>

**Chart 5.2: Origination Rates by Ethnicity by Income of Census Tracts** <sup>4</sup>

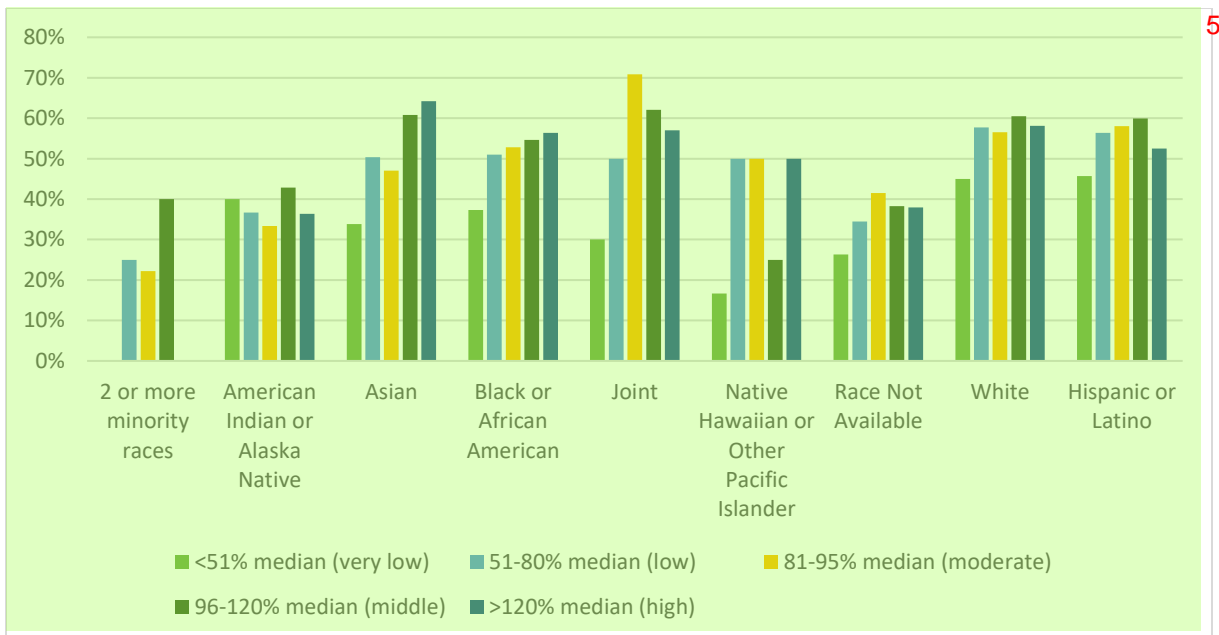
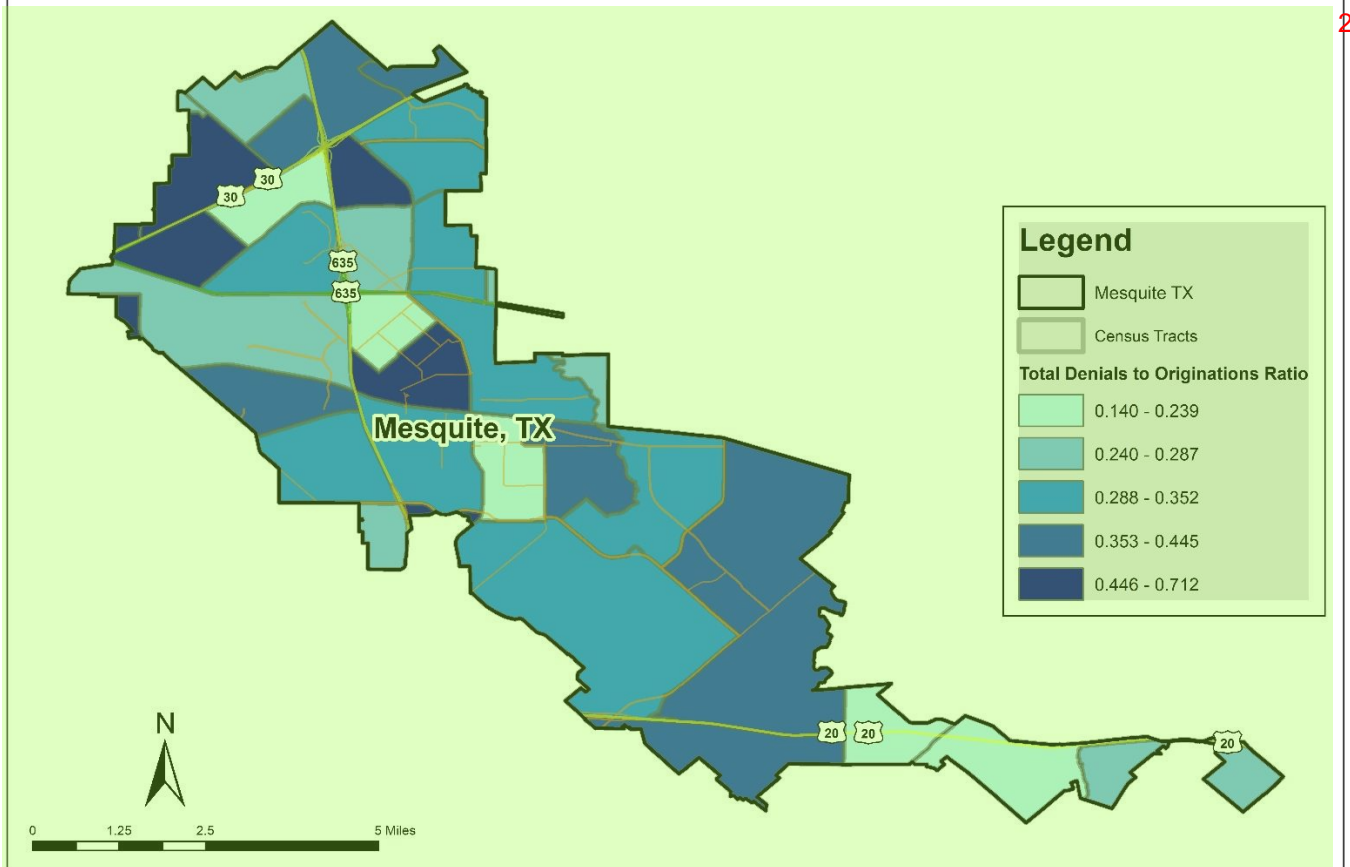


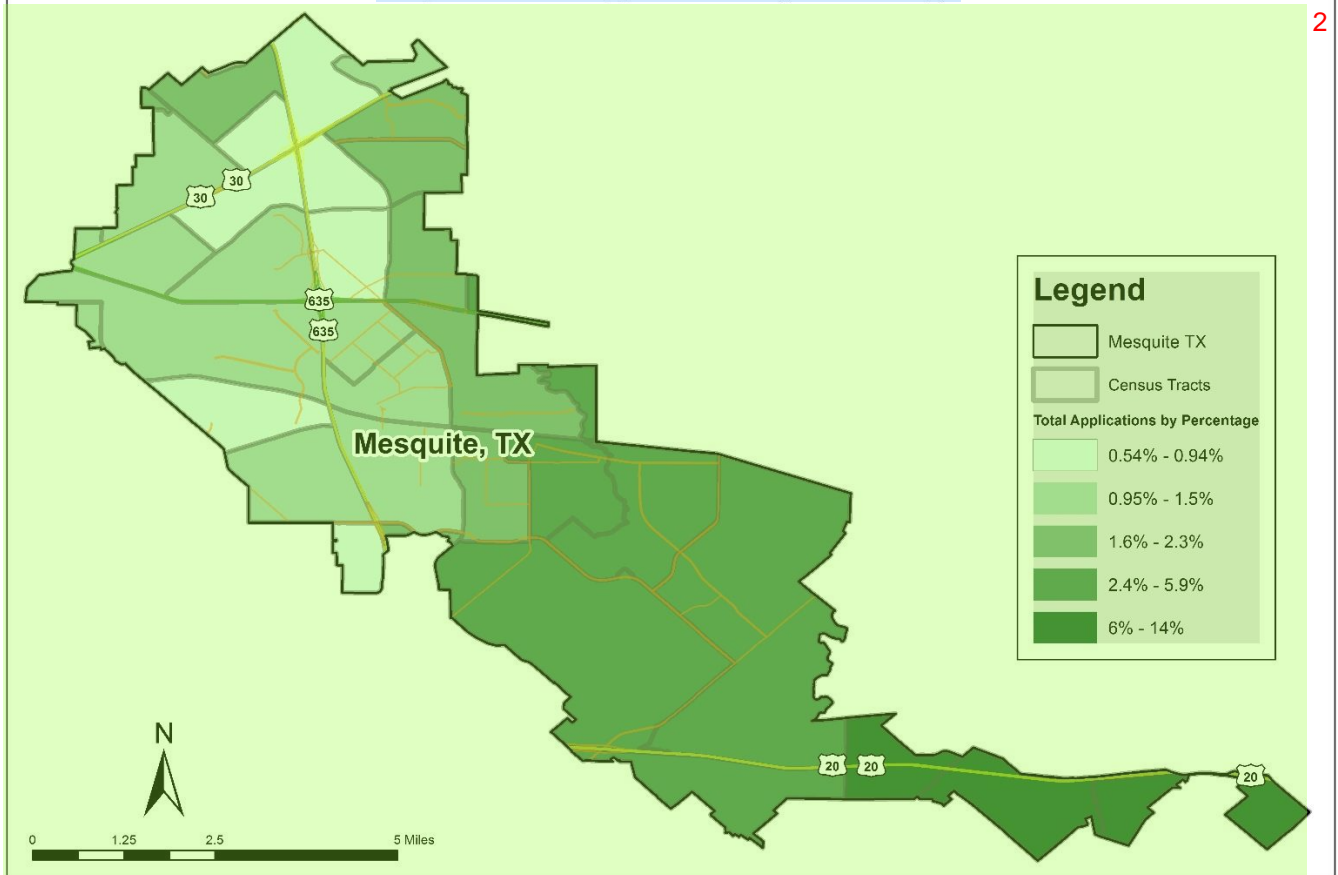
Chart 5.2: Source: Home Mortgage Disclosure Act (HMDA) <sup>6</sup>

Map 5.1: Total Denials to Originations Ratio <sup>1</sup>



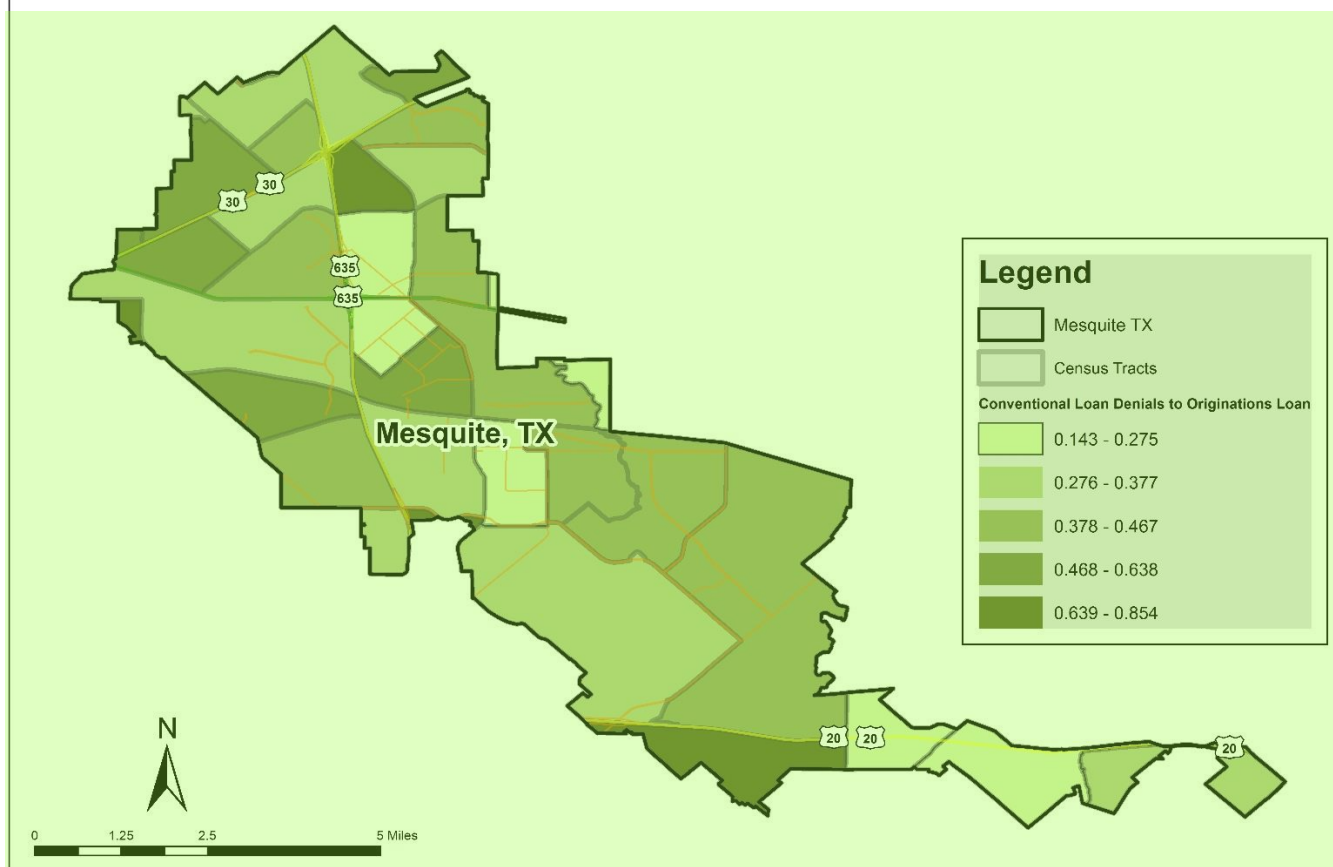
Map 5.1: Source: Home Mortgage Disclosure Act (HMDA) <sup>3</sup>

Map 5.2: Total Applications by Percentage <sup>1</sup>



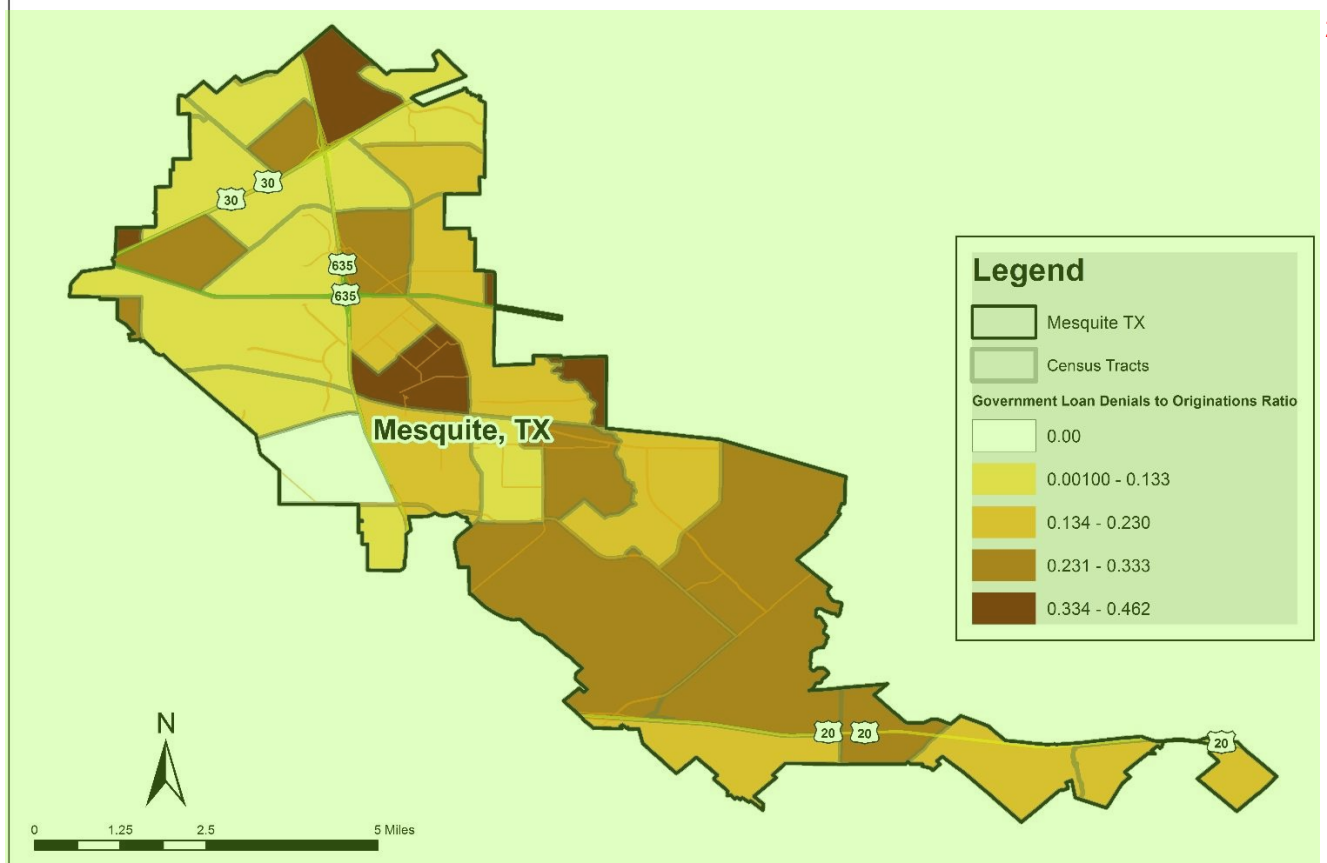
Map 5.2: Source: Home Mortgage Disclosure Act (HMDA) <sup>3</sup>

Map 5.3: Conventional Loan Denials to Originations Loan <sup>1</sup>



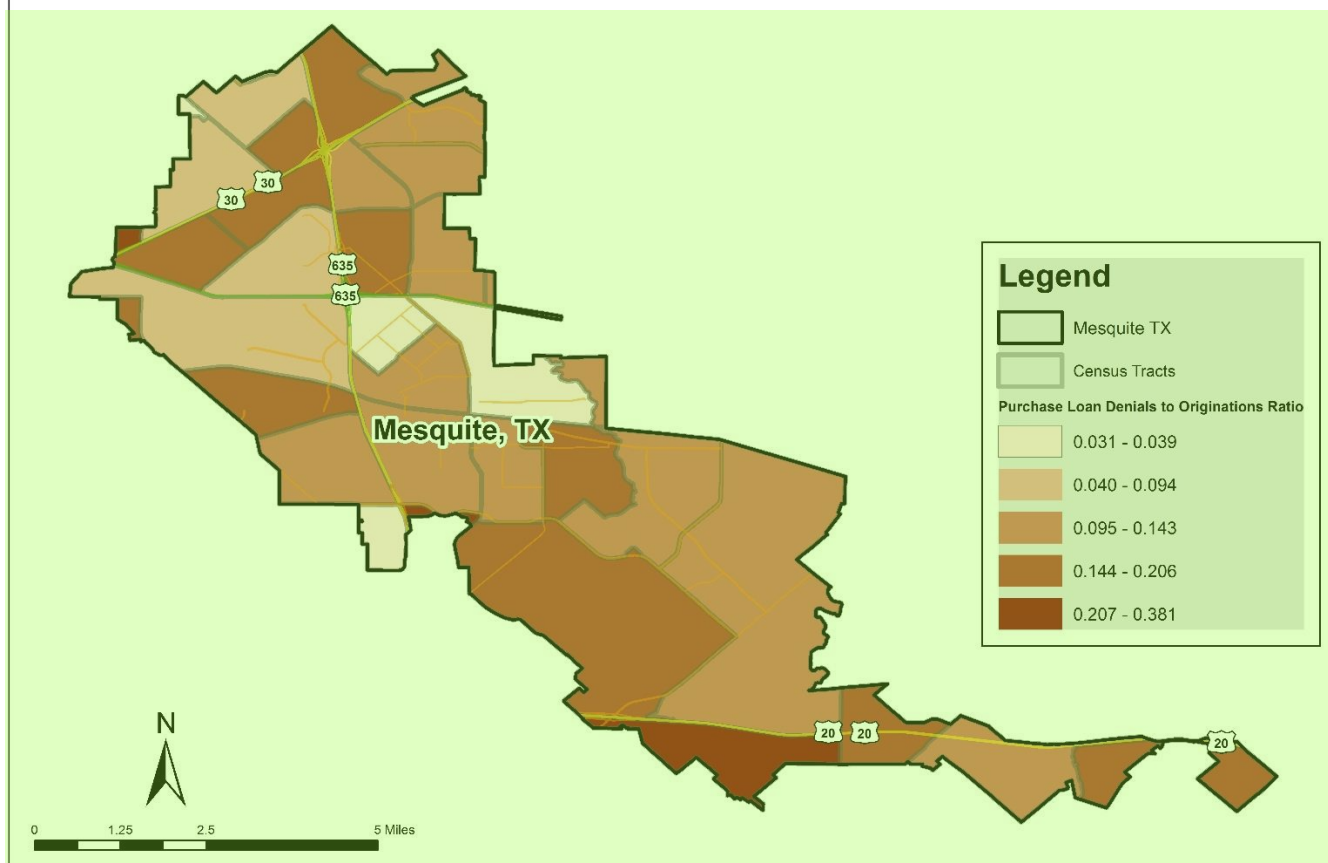
Map 5.3: Source: Home Mortgage Disclosure Act (HMDA) <sup>3</sup>

Map 5.4: Government Loan Denials to Originations Ratio <sup>1</sup>



Map 5.4: Source: Home Mortgage Disclosure Act (HMDA) <sup>3</sup>

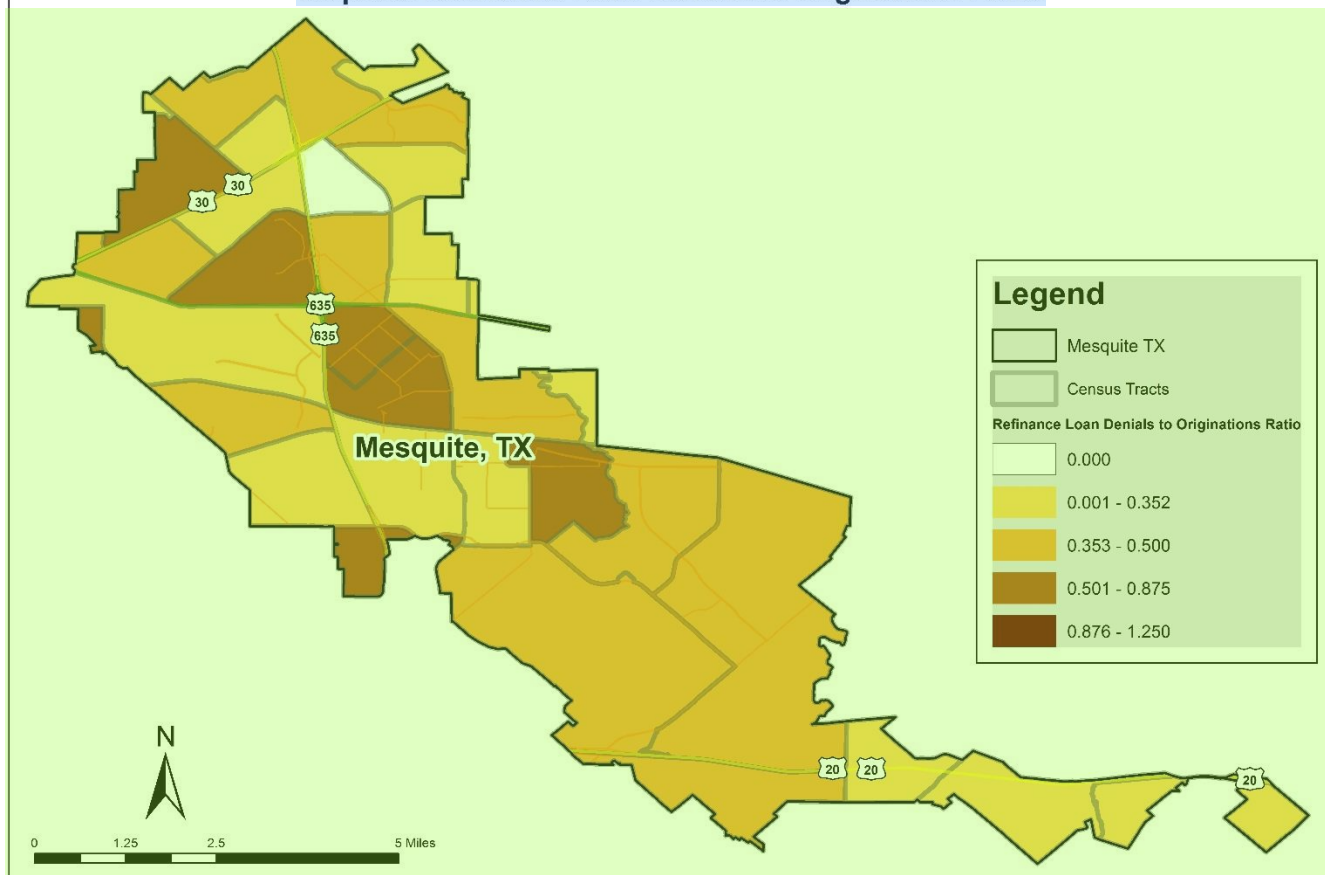
Map 5.5: Purchase Loan Denials to Originations Ratio <sup>1</sup>



Map 5.5: Source: Home Mortgage Disclosure Act (HMDA) <sup>3</sup>



Map 5.6: Refinance Loan Denials to Originations Ratio <sup>1</sup>



Map 5.6: Source: Home Mortgage Disclosure Act (HMDA) <sup>3</sup>

## **VI. Fair Housing Impediments for 2020 Analysis of Impediments**

### **2020 Analysis of Impediments to Fair Housing Choice**

Impediments to fair housing choice are detailed in Section VI of the Analysis of Impediments report. The impediments identified draw on information collected and analyzed in other sections that provide a context for remedial actions intended to address those impediments. Divided into five major categories, Impediments to Fair Housing include: Real Estate Impediments; Public Policy Impediments; Neighborhood Conditions as Impediments; Banking, Finance, and Insurance Related Impediments; and Socioeconomic Impediments. For each impediment identified, issues and impacts are detailed. Remedial actions are recommended, when appropriate, to address each impediment. Some of the remedial actions and recommended goals are conceptual frameworks for addressing the impediments. Conceptual actions and goals may require further research, analysis, and program design by the City prior to implementation.

### **Goals and Remedial Activities designed to address impediments**

The major focus of the recommended remedial actions and goals are intended to create public - private partnerships, identify new federal resources and leverage private funding needed to enhance the City of Mesquite's ability to increase the supply of affordable housing. Additional focus is needed on policies and programs that assist in meeting the needs of low- and moderate-income households and protected class members under the Fair Housing Act. Remedial actions are recommended as a means of reversing the negative and sometimes disparate impacts of the market conditions and mortgage lending trends that adversely and disproportionately impact minorities and members of the protected classes under the federal Fair Housing Act. These include sub-prime lending, credit and collateral deficiencies that impact loan origination rates, poverty, unemployment and income. The goals were prioritized with input from the public. Remedial actions are presented in this section of the report.

The following component of Section VI describes the identified impediments, analysis of data relative to identified impediments, remedial actions needed, and goals for addressing identified impediments to fair housing. The Housing Needs Assessment details the following impediments and impacts relative to Impediment.

## Impediments<sup>2</sup>

- ✚ Concentrated Poverty, Income, Race, Ethnicity, Public and Assisted Housing (R-ECAP) Areas – High Priority
- ✚ Limited Development Subsidies, Increasing Cost of Development – High Priority
- ✚ Housing Affordability, Insufficient Income, Cost Burden – High Priority
- ✚ Limited Housing Resources to assist lower income, elderly, and disabled homeowners maintain homes and enhance neighborhood stability – High Priority
- ✚ Expand the supply of Affordable Housing, Housing Choices and Access to Financing – High Priority
- ✚ Limited Special Needs housing and services – High Priority
- ✚ Increase Homeownership among protected Class Members, Increase Rehabilitation of existing housing, and sustainability – High Priority
- ✚ Regulatory and Policy Changes – High Priority
- ✚ Local Substantially Equivalent Fair Housing Regulations – High Priority
- ✚ Increase Outreach to Developers, Real Estate Professionals, Landlords, and Citizens on Fair Housing and Development Opportunities – High Priority
- ✚ Increase Economic Development, Job Creation, Small Business Entrepreneurial Opportunities and Commercial Corridor Revitalization – High Priority
- ✚ Improve Transportation and Mobility for LMI Populations, Seniors, and Disabled Persons – High Priority

## **Impediment No. 1: De-concentration of Poverty, Race/Ethnicity, Public and Assisted Housing (R-ECAP) - Neighborhood Conditions Impediment**

High Priority – The U. S. Department of HUD has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation” as areas or census tracts within a jurisdiction comprised of 50% or greater minority population, and three (3) times or more the poverty level of the Metropolitan Statistical Area (MSA). These areas are negatively impacted by concentrated public and assisted housing and are generally lacking basic amenities and a quality of life expected and desired for any area within the MSA. It is important to note that concentrated assisted housing units are not simply related to the number of housing units in a census tract and their proximity to other assisted units. The analysis also considers how assisted units have contributed to concentrated racial/ethnic populations, poverty / LMI population, disinvestment / decline in neighborhood conditions, their proportion of affordable housing compared to privately owned affordable housing and market rate housing in the census tract. The MSA poverty rate was 12.6 percent. Three times the poverty is 37.8 percent, thus making it the poverty threshold for the RCAP/ECAP criteria for Mesquite. The census tracts within the City of Mesquite that are comprised of 50 percent or higher minority population and 37.8 percent and greater poverty rate are in the northwestern part of Mesquite within census tract 123.02. Map 2.8 in Section 2: Community Profile depicts the census tracts with high concentrations of poverty and minorities, indicating early signs of concentrations.

R-ECAP areas generally have suffered decline over the past decades due to limited reinvestment. Some designated areas have limited housing choice in rental and ownership housing. In some R-ECAP areas, there are limited resources to assist LMI renters and to assist LMI, elderly, and disabled homeowners maintain their homes and stability in neighborhoods. In some R-ECAP areas, conditions are relatively stable, and the housing stock is in fair to good condition. Other areas are currently in the early stages of decline. In addition to the early decline in R-ECAP areas, other neighborhoods are also in transition, showing advanced characteristic of declining conditions and likely will continue to decline if reinvestment, routine and preventive maintenance does not occur in a timely manner.

A component of affordable multifamily - assisted housing in Mesquite is comprised of privately-owned multifamily housing funded with various forms of federal and state assistance, built prior to 1975. In addition, approximately 80 percent of the housing stock in Mesquite, was built prior to 1990. With a higher number of homes built prior to 1990, it is reasonable to assume housing stock is more likely in need of repairs and updates given its age. Housing stock 30 years and older have a longer period for the effects of deferred routine maintenance and disinvestment to negatively impact housing condition. While age does not always indicate diminished housing condition, correlations exist. Higher income areas with older but higher priced housing tend to have less correlation between age of housing and condition of housing than lower income areas. Neighborhood covenants and homeowner associations, which are generally associated with higher cost housing, also contribute to stability. Some housing, neighborhoods, and commercial corridors conditions demonstrate the impact of disinvestment in areas more than others. There is also a correlation between concentrated poverty, race, ethnicity, and assisted housing and areas of decline.

The goal of de-concentration is to achieve minority concentrations and poverty level less than defined above by R-ECAP and to transform areas of concentration into “opportunity areas”. Opportunity areas are characterized as areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation.

### **Alternative Solutions and Best Practices**

Inclusionary / Incentivized zoning regulation (example) Charleston SC  
(example) Charleston, SC MU - 2 District

Housing Choice Neighborhoods Grant - U.S. Department of HUD  
(example) Shreveport and Baton Rouge, Louisiana; Huntsville, Alabama.

LIHTC Regulation - changes supporting de-concentration including Section 8  
Voucher increased FMR's and Landlord Incentives

## Remedial Actions: <sup>1</sup>

The City of Mesquite should consider the implementation of **Inclusionary Zoning – <sup>2</sup>**  
**Incentivized Zoning** as a source of funding for affordable housing and to reduce concentrations in R-ECAP impacted areas. Inclusionary Zoning (IZ) refers to a set of strategies that aim to create balanced housing development and mixed-income communities by ensuring that some portion of new housing development is affordable. This strategy may be appropriate to encourage a mix of incomes in the City of Mesquite where development may create neighborhoods of homogenous home prices and residents of similar incomes. Mixed-income communities broaden access to services and jobs, as well as provide openings through which lower-wage earning families can buy homes in appreciating housing markets and accumulate wealth. Inclusionary Zoning policies can be voluntary or mandatory.

**HUD Choice Neighborhood Program Grants** - The City of Mesquite, should evaluate <sup>3</sup>  
applying for a HUD Choice Neighborhood Planning Grant. The U.S. Department of Housing and Urban Development awarded five Choice Neighborhoods Planning Grants in 2019 including \$450,000 to the City of Huntsville, Alabama. Implementation Grants including \$24.2 million to the City of Shreveport for fiscal year 2018 and \$29.5 million to the City of Baton Rouge in 2019 were awarded to assist in the transformation, rehabilitation and preservation of public housing and privately-owned HUD-assisted housing, and surrounding distressed neighborhoods. The Choice Neighborhood initiative expands on the success of the HOPE VI Program by recognizing that communities must link affordable housing with quality education, public transportation, good jobs and safe streets. As part of HUD's overall plan to revitalize areas of concentrated poverty, the Choice Neighborhoods Grants are intended to help transform distressed and at risk public or assisted housing, and their surrounding neighborhoods into sustainable, mixed-income housing that connects to key services, such as education and transportation, and supports positive outcomes for the neighborhood's families. Eligible applicants are public housing authorities, local governments, non-profit organizations, and for-profit developers that apply jointly with a public entity. Applicants must demonstrate their plan to revitalize the neighborhood through public-private partnerships that seek to develop high-quality

public schools and early learning programs, public transportation, and improved access to jobs and well-functioning services.

**Low Income Tax Credit Policies and Regulations (LIHTC)** – Currently federally assisted housing and LIHTC assisted developments are predominately located in areas/census tracts where minority populations are concentrated and in areas of concentrated poverty, lower incomes, and areas of poor housing conditions as defined by HUD’s definition of concentrated Racial and Ethnic, Poverty and Low Income (R-ECAP). The fair market rents approved for the Section 8 Housing Choice Voucher Program while in theory was intended to support housing choice are resulting in voucher holders being largely concentration in these same areas. The areas surrounding the federally assisted housing developments are largely concentrated by with minority persons based on race-ethnicity and lower income persons and exhibit advanced signs of disinvestment and poor housing and living conditions. The need for de-concentration makes revitalization, which is aimed at reversing these conditions, a high priority. Recommendations include the City of Mesquite taking the following actions:

- Lobby the Texas Legislature to amend LIHTC Funding Criteria to include a Location Criteria Policy that incentivizes developers’ applications that do not choose poverty and racial/ethnic concentrated census tracts to help reduce concentrated poverty, race and ethnicity

**Request HUD adjustments to the Section 8 Housing Choice Voucher Program to assist in deconcentrating** - The City of Mesquite should evaluate a voucher disbursement strategy which results in a 30 percent reduction of Section 8 Voucher utilization in R/ECAP poverty and minority impacted census tracts, and no more than 30 percent utilization in any census tract not currently designated as R-ECAP. This strategy will require HUD approval and supplemental funding. Alternatives could include:

1. Voucher Program: Increase the payment standard in all bedroom sizes to encourage voucher holders to avoid concentrated census tracts and to select housing in non-concentrated census tracts. Targeted units in non-concentrated census tracts are those in which 70 % or fewer units are currently accessible to

voucher holders at the current FMR or 30% or less of total vouchers are currently utilized. <sup>1</sup>

2. Voucher Program: Offer landlords a one-time bonus fee, dependent upon bedroom size, for leasing rental property to voucher holders, provided property is located in a non-concentrated census tract to recruit more landlords to participate in the Section 8 Housing Choice Voucher Program. <sup>2</sup>

3. Voucher Program: Offer landlords of property in non-concentrated areas, a guarantee of rent subsidy for the initial or one full term of the lease, in the event of a tenant default on their initial lease agreement, as an incentive for landlords to stay in the Section 8 Program. <sup>3</sup>

4. Voucher Program: Add a waiting list preference for voucher applicants who are willing to select a unit in a non-impacted concentrated census tract in the city, or county, for their housing choice voucher. <sup>4</sup>

5. Voucher Program: Implement a survey tracking system that will map/chart locations of units under contract and track how family patterns changes in connection with a voucher holder's move by annually surveying family members. <sup>5</sup>

## **Impediment No. 2: Limited development subsidies, increasing cost of development, expanded housing types and locations - Neighborhood Condition, Banking and Finance, and Public Policy Impediment <sup>6</sup>**

High Priority – Resources are needed to expand housing development and housing types in areas where they are limited. Resources are also needed to reduce cost of development and address impediment which constrain new housing production and housing choice. In the central city, land available for affordable housing is further complicated by the number of vacant private and adjudicated properties that cannot be utilized for development due to various legal constraints and tax encumbrances. As a result, new residential production on infill lots are challenging and costly. <sup>7</sup>



Renovations are not cost effective in some instances when developing and renovating affordable housing. Construction cost, which includes materials and labor, have increased due to market demand and natural disasters. Renovation constraints for existing multifamily development include cost benefit of renovation as opposed to replacement cost. Location of central city multifamily housing is also included in Impediment No. 1 because multifamily units in R-ECAP are in poor condition, surrounded by concentrated distressed conditions, and needing to de-concentrate lower income person in need of housing.

The Housing Needs Assessment details the following impediments and impacts relative to Impediment No. 2.

### Impediments<sup>3</sup>

- Expanded resources for housing development<sup>4</sup>
- Expanded resources for housing assistance – rental and ownership
- Nonprofit housing developer assistance and incentives
- Recapture of vacant lots and obsolete building
- Infrastructure improvements to support housing development
- Developer incentives to build the type of housing needed

### Alternative Solutions and Best Practices<sup>5</sup>

- General Obligation Bonds to finance housing and infrastructure<sup>6</sup>  
(example) Charleston, SC
- New Market Tax Credits to generate subsidies for housing  
(example) Houston, TX BBVA Compass Stadium

### **Impediment No. 3: Housing affordability and insufficient income, and cost burden<sup>1</sup>** **- Neighborhood Condition, Banking and Finance, and Public Policy Impediment**

High Priority - Households having inadequate income to acquire housing available in the market may be the most critical impediment faced by households in Mesquite. Cost burden is a major concern as the 2014 - 2018 ACS estimates revealed a significant percentage of the population at all income levels are paying more than 30 percent of their income for rent and home ownership. HUD defines affordability and housing cost burden as housing cost not exceeding 30 percent of household monthly income.

The report details the following impediments and impacts relative to Impediment No. 3.<sup>3</sup>

#### **Impediments<sup>4</sup>**

- + Limited resources for housing assistance – rental and ownership<sup>5</sup>
- + Limited assistance and incentives for nonprofit housing developer
- + Expanded funding for infrastructure improvements to support housing development and rehabilitation
- + Need for expanded self-help, community and faith based and institution initiatives
- + Housing assistance for cost burden persons for all populations, and disparate impact on protected class members
- + Continue to expand job opportunities through the recruitment of corporations and industries paying living wages

#### **Alternative Solutions and Best Practices<sup>6</sup>**

- Increased self-help initiatives - fix-up," "paint-up," or "clean-up" campaigns, corporate and volunteer repair projects, youth build, compliance store (example) Mesquite, TX<sup>7</sup>
- High school and community college financial literacy courses (example) Prince Williams County, Virginia

- Lease purchase subdivisions – Lease purchase housing finance <sup>1</sup>  
(example) Shreveport, LA Shepard Place and Stoner Hill
- Opportunity Zones to create reinvestment for affordable housing  
(example) Houston, TX Prospectus

## Remedial Actions: <sup>2</sup>

**Financial Literacy** - The first considerations when attempting to increase <sup>3</sup> homeownership rates should include improving the financial literacy and home buying preparedness of potential buyers. Banks and credit agencies work with buyers to educate them on home ownership responsibilities. Homebuyer education classes are a prerequisite for homebuyer assistance programs providing down payment assistance. However, the 18 to 35-year-old demographic is impacted by financial literacy as well. An early start in managing personal finances can prepare individuals for those major purchases. The City should consider working with local school districts to increase courses that provide financial literacy education for high school juniors and seniors. Local lending institutions and real estate professionals should be recruited to assist in curriculum development and to provide instructors for the classes. The City may consider working with school districts to identify funding for pilot programs.

**Opportunity Zones** - The Federal Opportunity Zone Program is a community and <sup>4</sup> economic development tool that aims to drive long-term private investment into low-income communities throughout the country. The program was established by Congress in the Tax Cuts and Jobs Act of 2017. It encourages investors with recently realized capital gains to invest in local businesses, real estate, or development projects in exchange for a reduction in their tax obligations. Zones were designated by the Governor of each state. The program incentivizes investors to make equity investments in Opportunity Zone-based businesses and development projects by providing:

- A temporary tax deferral for any realized, but not recognized, capital gains <sup>5</sup> reinvested through the program

- The potential for a 10% to 15% reduction in the amount of tax otherwise payable on the Original Gain
- If the investment in the Opportunity Zone is held for ten years or more, a permanent exclusion of any capital gains derived from the eventual sale or exchange of the Opportunity Zone investment







While the regulations are not yet finalized, it appears that the Opportunity Zones could provide a source of equity for housing and economic development initiatives similar to tax credit equity generated by LIHTC. This is important because Mesquite's older residential and commercial, and a shift toward diversification of mixed income and mixed housing types, will require unrestricted equity that does not require the concentration of person of low-moderated income in current R-ECAP Areas. It is essential that Mesquite develop alternative approaches for utilizing the Opportunity Zone designation to generate reinvestment dollars for neighborhoods suffering decline and areas such as downtown that appear most marketable to younger demographics and those seeking more affordable housing.

#### **Impediment No. 4: Limited Housing Resources to assist lower income, elderly, and disabled homeowners maintain homes and enhance neighborhood stability - Neighborhood Condition, Socio-Economic Conditions, Public Policy Impediments.**

High Priority – In general, limitations relative to fair housing choice are more commonly found to affect housing decisions among low-income persons and special needs populations. Lower income, poverty and limited resources to make housing affordable for LMI, minority, and senior populations are impacting fair housing choice. Overall, the income distribution data show a higher proportion of low-income households within the African American and Hispanic communities. The analysis details the following impediments and impacts relative to Impediment No. 4.

#### **Impediments**

- Senior housing needs
- Younger demographics housing needs

- 
- Affordable housing needs
- 
- Employer and faith-based housing development assistance
- 
- Green building and energy efficiency
- 
- Nonprofit development
- 
- Special needs housing, homelessness, homeless prevention, and transitional housing
- 
- Mixed market rate and subsidized housing

## Alternative Solutions and Best Practices<sup>2</sup>

- 55+ and Active Seniors Housing<sup>3</sup>  
(example) Dallas-Fort Worth, TX Robson Ranch Development  
(example) Flower Mound, TX Orchard Flower Development
- Cottage – Cluster Housing for Seniors  
(example) Tigard, OR Cottage Housing Zoning District  
(example) Old West Austin Cottage Housing
- Grand Parent Housing  
(example) Kansas City, MO Pemberton Park
- Employer Assisted Housing  
(example) Columbus, GA Aflac EAH
- Tiny Homes Subdivisions  
(example) Austin, TX Village Farms

## Remedial Actions:<sup>4</sup>

**Modular Housing as an alternative lower cost housing product** – Cities now face<sup>5</sup> a crisis of affordability in the housing industry with difficulty delivering high-performance and durable buildings at an affordable cost. Modular housing is fast becoming a cost-effective alternative to traditional on-site construction. The components of the building are constructed in a factory, transported and assembled on the lot. These industrialized

building offers two primary advantages: predictability and time required for construction.<sup>1</sup> Unlike mobile homes, each modular housing building is required to meet local and national building codes. In Shreveport, Louisiana non-profit development organizations have utilized modular housing as a means of lowering the purchase price of new housing, while replicating the architectural style of the existing neighborhood and meeting local building code requirements as well. These units feature siding as opposed to traditional brick construction and offer the residents porches similar to those found on the units currently in the neighborhood. These units could provide alternatives for affordable housing in areas throughout Mesquite. Modular housing is currently permitted by right in Mesquite's building codes if the construction meets building codes. Unlike mobile homes, modular housing is designed the same as a traditional single-family housing situated on a permanent foundation. The walls and other components are typically constructed off site and then transported to the site for assembly. Local building officials are responsible for building permits and evaluating construction to ensure compliance with local codes.

**Employer Assisted Housing** - The City should work with local employers to market Employer Assisted Housing (EAH) as a means of creating homeownership opportunities for the workforce. It is vital that major employers and financial institutions promote wage levels adequate for people to enter into homeownership, without down-payment and other assistance. City governments and school districts should also consider initiating programs to assisted qualified employees with becoming homeowners. The City should coordinate with major employers and lenders to design and aid firms in the implementation of Employer- Assisted Housing (EAH) programs, encouraging employers to work with employees in their efforts to purchase housing in the Plan area.<sup>2</sup>

Employer-Assisted housing programs benefit employers, employees, and the community.<sup>3</sup> Employers benefit through greater employee retention. Employees receive aid to move into homeownership. Ultimately, communities benefit through investment in the neighborhoods where the employers and employees are located. The most common benefits provided by employers are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education provided by an employer-funded counseling agency. Successful EAH

programs use a combination of some of the benefits listed above. One program that has<sup>1</sup> been successful was developed by Fannie Mae, which not only initiated their own EAH program, but also helps employers implement EAH programs. Fannie Mae's EAH program has made it possible for 2,200 of its employees to become homeowners. Seventy-six (76%) percent of all Fannie Mae employees own their own homes, compared to the national average of sixty-eight (68%) percent.

**55+ and Active Seniors' Housing Development** – The Dallas Fort Worth MSA have<sup>2</sup> been successful in attracting 55+ Active Senior Housing Developments. This housing type is primarily a private sector development product requiring very little or no government subsidy at all. Seniors / active adults with household incomes and financial means are choosing 55+ active adult communities as an option to meet their housing needs. This housing product recognizes that senior owners are exchanging their larger and older existing homes where they raised children for housing in communities that combine world-class resort amenities with new luxury homes that meet their changing needs and preferences. Community amenities include golf courses, club house facilities, activities, health clubs, classes and social opportunities allowing them to enjoy an exceptional way of life. Beyond that, senior who can afford housing in these developments want a home they can personalize to suit their preferences and lifestyle with the flexibility to create not only the living space of their dreams, but also the life of their dreams.

**Cottage Housing** - An option for addressing the needs of elderly homeowners may include<sup>3</sup> finding them more appropriate housing rental or owner housing. Many elderly homeowners are over-housed once their children have left home. While this is not always a problem, if a homeowner can no longer care for their larger home, something smaller and more easily cared for may be more appropriate. The major objection that many in these circumstances have is losing their familiar surroundings and social networks. Small neighborhood cottage housing developments can address these housing needs. Instead of providing expensive repairs to a housing unit that may be occupied by only one or two persons, other buyers can purchase their home allowing them to transition to a smaller unit, while relieving them of the burden of the larger home. The program would then rehabilitate their home and sale it to a larger family through a new homebuyer program. Cottage housing, or cluster

housing as it is sometimes called, provides a smaller unit for the elderly as a homeownership option or as an alternative to continuing ownership of a larger unit that essentially over-houses them or has become too costly to maintain. It should also be considered a viable alternative to a grant-funded major rehabilitation when an elderly applicant is living in unsafe conditions and the rehabilitation costs exceed the projected value of the completed structure. There may also be applicants who, as a result of limited funding, will have to wait years for assistance because their application is on a long rehabilitation program waiting list.

**Job Expansion** - The City and local Chamber of Commerce will continue to work on expanding job opportunities through the recruitment of corporations, incentives for local corporations seeking expansion opportunities, and other activities aimed at reducing unemployment and expanding the base of higher income jobs. The City in conjunction with the Chambers will actively support recruiting industries that match the demographics of the populations experiencing high unemployment, as a means of decreasing poverty rates, and increasing incomes and home ownership rates.

## **5. Impediment: Expand Supply of Affordable Housing, Housing Choice, and Access to Financing**

### **Neighborhood Condition, Banking, Finance, Regulatory – High Priority**

High Priority - The housing market analysis revealed significant affordability gaps in both ownership and rental units. The housing supply and demand analysis for owner units in the City shows significant gaps in the supply within the price range of all household income categories with the exception of moderate-income households. Affordability within the extremely low and very-low household income categories are fairly limited, as ownership opportunities within these lower income levels is cost prohibitive. However, the Home Mortgage disclosure Act shows large gap in the purchaser's ability to qualify for existing supply of owner units, especially minority loan approval rates compared to Whites in LMI and Median income ranges applying for purchase of homes in the \$75,000 to \$150,000 and below range.



## Impediments<sup>1</sup>

- ✚ Low number of loan applications for minorities and low origination rates for minority applicants.<sup>2</sup>
- ✚ After rehabilitation or new construction infill appraisal does not support mortgage loan.
- ✚ Recapture of adjudicated and abandoned properties for affordable housing.
- ✚ Predatory lending practices.

The millennial generation is expected to grow at a slower pace, resulting not only in fewer of them, but also fewer children. The housing needs of seniors and millennials, the two largest growth groups, will be similar in that both the baby boomers and millennials will likely seek smaller housing units, throughout the community, near amenities, families, and friends. Thus, there is the potential for higher density and mixed income housing development, including rental units for the millennials and seniors.<sup>3</sup>

Predatory lending practices are aggressively absorbing the market formerly controlled by FDIC insured banks and other reputable financial institutions and fast becoming lenders of choice in some low income and minority concentrated areas. In other instances, persons facing economic hardships are being preyed upon due to their inability to qualify for traditional lending and banking services. Consumers face underwriting criteria used by lenders that fail to adjust ratios or provide funding with more favorable terms.<sup>4</sup>

## Alternative Solutions and Best Practices<sup>5</sup>

- CHDO Incentives, Financing, City Development Fee abatement (example) Port Arthur, Texas<sup>6</sup>
- Lease Purchase Subdivisions – Lease Purchase Housing Finance (example) Shreveport, LA Shepard Place and Stoner Hill
- Modular Housing Infill Housing (example) Shreveport, LA Queensborough Neighborhood

## 6. Special Needs Housing and Services<sup>1</sup>

### Socio-Economic, Banking, Finance, Regulatory, Policy – High Priority<sup>2</sup>

High Priority - According the 2014 - 2018 ACS, the population of seniors over 65 has significantly increased.<sup>3</sup>

### Impediments<sup>4</sup>

-  Homeless prevention, rapid rehousing, coordinated intake<sup>5</sup>
-  “Visitable” housing standards
-  Transportation and mobility
-  Temporary housing and shelters
-  Housing and services for people with aids or at risk
-  Accessibility for persons with disabilities

### Alternative Solutions and Best Practices<sup>6</sup>

- Homeless Prevention, Rapid Rehousing, coordinated intake<sup>7</sup>  
(example) TX 500 San Antonio – Bexar County, TX
- Visitable Housing  
(example) Atlanta, GA Habitat for Humanities
- Transportation Assistance Program  
(example) Desoto, TX

**7. Increase homeownership among protected class members, increase rehabilitation of existing housing and sustainable neighborhoods**  
**Neighborhood Condition, Banking, Finance, Regulatory – High Priority**

High Priority – Lack of housing affordability, which are households having inadequate income to acquire housing currently available in the market, may be the most critical impediment in the study area. The correlation between median home values and household income underscores this issue.

**Impediments**

- Restoring basic attributes to LMI Areas
- Reclamation of vacant property
- Housing and neighborhood conditions
- Lack of Affordable and Infill Housing
- Land use compatibility
- Limited streetscape, branding and neighborhood marketability
- Housing demand, cost, affordability, and access to financing
- Low number of loan applications for minorities and low origination rates

**Alternative Solutions and Best Practices**

- Modular Housing  
(example) Queensborough Infill Housing, Shreveport, LA
- Lease Purchase Subdivisions – Lease Purchase Housing Finance  
(example) Shreveport, LA Shepard Place and Stoner Hill
- Employer Assisted Housing  
(example) Columbus, GA Aflac EAH

## **8. Regulatory and Policy Changes – High Priority**<sup>1</sup>

### **Neighborhood Condition, Public Policy, Regulatory – High Priority**<sup>2</sup>

High Priority - Success in meeting future housing needs, developing housing that is affordable to a wide range of consumers, and stimulating revitalization and reinvestment in existing areas must include addressing needed improvements to the community's basic attributes. These attributes include public safety, street maintenance, clean streets, timely infrastructure improvements, trash collection, brush collection, well maintained buildings, and vacant lots regularly mowed and free of debris, regular yard maintenance, and a general neighborhood appearance and level of community involvement that suggests that people care about their community. Public schools must continue to demonstrate academic programming and student achievement are comparable to that of surrounding school districts, and the public's perception of the quality of their schools must validate that comparability. Resident must feel safe in their homes and confident that they can conduct their daily routines in the neighborhood without being victimized by crime. These basic attributes tend to shape both the way a community sees itself and how non-residents entering the community view it as well. To achieve this goal of improved basic attributes, the following are proposed strategies and recommendations identified for Mesquite and prototypical examples of their application to specific areas that may also be applied throughout the City, as appropriate.

- Enhance communities' image, identity and physical attributes
- Deconcentrate poverty, race-ethnicity, and public and assisted housing
- Define area destination and purpose
- Reclaim vacant lots for residential development
- Improve neighborhood identity, marketing and branding
- Improve neighborhood image and physical attributes
- Create new mixed-use development, mixed housing types

- Improve access to recreation, retail, and desired destinations
- Enhance gateway and corridor improvements
- Introduce new residential types and financing for housing development that increase affordability

## Impediments<sup>2</sup>

- ✚ CPTED – Crime Prevention Through Environmental Design Regulations<sup>3</sup>
- ✚ Pro-Active Code Enforcement
- ✚ Incentivized Zoning Regulations
- ✚ Predatory Lending
- ✚ Fair Housing Ordinance

## Alternative Solutions and Best Practices<sup>4</sup>

- CPTED – Crime Prevention Through Environmental Design Regulations<sup>5</sup>  
(example) Houston, TX

## 9. Local “Substantially Equivalent” Fair Housing Regulations<sup>6</sup> Public Policy, Regulatory – High Priority

High Priority - The City of Mesquite has not enacted substantially equivalent Fair Housing Law to the Federal Fair Housing Act. To make this determination, the City of Mesquite statutes were compared to the Federal Fair Housing Act to determine whether local legislation offered similar rights, remedies, and enforcement to the federal law. The City of Mesquite does not have substantially equivalent fair housing laws when comparing them to the Federal Fair Housing Act because it does not provide substantially equivalent

local enforcement, judicial or city administrative review, and adjudication or penalties for those who violate Fair Housing Law. <sup>1</sup>

Therefore, substantially equivalent local enforcement, judicial or city review, adjudication and penalties would be required for a City of Mesquite Fair Housing Act. <sup>2</sup>

### **Impediment** <sup>3</sup>

**The City of Mesquite has not enacted a Fair Housing Ordinance considered “Substantially Equivalent” Local Fair Housing Legislation to the Federal Fair Housing Act. Mesquite’s local ordinance would have to provide similar rights, remedies, and enforcement to the federal law.** <sup>4</sup>

- City of Mesquite has not enacted local fair housing policy that is substantially equivalent to the Federal Act because it does not provide local enforcement, hearings, penalties, or remedies for complaints as provided by federal law. <sup>5</sup>
- HUD currently provides duties of investigation, enforcement, adjudication, remedies if found in violation. However, HUD limits its enforcement of the local ordinance to complaints / violations filed by the seven protected classes under the Federal Fair Housing Act. (federal ordinance identifies seven protected classes as having standing: Race, Color, Disability, Familial Status, Religion, National Origin, and Sex. <sup>6</sup>

Substantially equivalent fair housing legislation is not required by HUD or under federal law. However, local fair housing laws are considered part of the evidence that a City is Affirmatively Furthering Fair Housing, substantially equivalent or not to the Federal Act. While HUD regulations do not require a substantially equivalent law, funding for local enforcement by HUD does require having a substantially equivalent local ordinance. Jurisdictions can include additional protected classes at their discretion. However, HUD will not enforce actions against additional protected class members not covered under the Federal Act. These complaints would have to be enforced by the local jurisdiction. Since the Federal Act was adopted in 1968, amended in 1988, local jurisdictions are adding protected classes to address local <sup>7</sup>

discrimination that may not have been contemplated in 1968 such as same sex marriages. <sup>1</sup>

- Examples of additional protected classes other jurisdictions have included in local ordinances: Age, Source of Income, Sexual Orientation, Marriage Equality, same sex marriages, gender equality, student status. <sup>2</sup>
- Advantages to local substantially equivalent ordinances include eligibility to apply for federal enforcement funding. <sup>3</sup>
- Substantially Equivalent local enforcement is not a legal requirement and we are not aware of any City being litigated on this issue. <sup>4</sup>

**Fair Housing Assistance Program (FHAP) Agencies** - The U. S. Department of Housing and Urban Development (HUD) provides funding to state and local governmental agencies to enforce local fair housing laws that are substantially equivalent to the Fair Housing Act. Once a state, city or county enacts a substantially equivalent fair housing law, they can apply to become certified as a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints or a Fair Housing Initiatives Program (FHIP) Agency and receive funds for education, promoting fair housing, and investigating allegations. It should be noted that Mesquite meets the HUD criteria that a county or city must be in a state with a fair housing law that has been determined by HUD to be substantially equivalent. Then, the local jurisdiction must also adopt a law that HUD concludes is substantially equivalent in order to participate in the FHAP Program. The local law must at minimum contain the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have fines for violations, remedies, investigative processes, and enforcement powers. <sup>5</sup>

In addition, the process for investigating and conciliating complaints must mirror HUD's process outlined in federal regulations. HUD's process begins when an aggrieved person files a complaint within one year of the date of the alleged discriminatory housing or lending practice. The complaint must be submitted to HUD in writing. However, this process can be initiated by a phone call. HUD will complete <sup>6</sup>

a complaint form, also known as a “903”, and mail it to the complainant to sign. The complaint must contain the name and address of the complainant and respondent, address and description of the housing involved, and a concise statement of the facts, including the date of the occurrence, and the complainant’s affirmed signature. Upon filing, HUD is obligated to investigate, attempt conciliation, and resolve the case within 100 days. Resolution can be a dismissal, withdrawal, settlement or conciliation, or a determination as to cause.

The FHAP certification process includes a two-year interim period when HUD closely monitors the intake and investigative process of the governmental entity applying for substantial equivalency certification. The local law must provide enforcement for aggrieved citizens where cause is found. It can be through an administrative hearing process or filing suit on behalf of the aggrieved complainant in court. The FHIP certification process is contingent on the type of funding for which the agency is applying. There are four programs to which an agency can apply: Fair Housing Organizations Initiative (FHOI), Private Enforcement Initiative (PEI), Education Outreach Initiative (EOI), and Administrative Enforcement Initiative (AEI). Currently, there is no funding under the AEI status.

### Alternative Solutions and Best Practices<sup>3</sup>

**(example) Austin, Texas Fair Housing Act** – provides for local enforcement and additional protected classes beyond Federal Act including sexual orientation, gender identification, marital status, student status, age

**Remedial Action:** The City of Mesquite should evaluate enacting a substantially equivalent local Fair Housing Ordinance that includes enforcement, remedies for violations, and additional protected classes.

**Remedial Action:** Continue to maintain and update the Affirmative Fair Housing Marketing Plan (AFHMP) to support fair and open access to affordable housing. The AFHMP should ensure that individuals of similar economic levels in the same housing market areas have equal access to a range of housing choices regardless of race, color,






religion, sexual orientation, gender, familial status, disability, or national origin. The City<sup>1</sup> should provide outreach to private landlords not receiving entitlement funding and encouraging landlords to embrace fair education for the staff and management and participate in entitlement funded affordable housing and fair housing programs education and outreach.

**10. Increased Outreach Needed to Developers, Real Estate, Landlord, Industry and Citizens on Fair Housing, and Housing Development Needs Neighborhood Condition, Banking, Finance, Regulatory – High Priority<sup>2</sup>**

High Priority – Greater emphasis is needed on developer partnership to assist with the rehabilitation of existing residential structures in marginal or poor condition, and to build replacement units on vacant lot. Existing residential is an essential component of the supply of single-family affordable housing for both home ownership and rental. The need for infill housing on vacant lots and rehabilitation of existing multi-family housing needed is evident in Mesquite neighborhood. Mesquite currently operates several programs designed to assist existing low-moderate income households improve their properties and low-moderate income households become homeowners. Other programs are designed to assist rental housing provider maintain existing rental units. Programs are working but have limited funding. The City should explore coupling funding to CHDO and non-profit organizations for development, with tax abatement, building and permitting abatement, with PID and TIFS to pay for infrastructure.<sup>3</sup>

**Impediments<sup>4</sup>**

-  Developer incentives to build the type of housing needed<sup>5</sup>
-  After rehabilitation or new construction infill appraisals do not support mortgage loan
-  Recapture of Adjudicated and abandoned properties for affordable housing.



## Regulatory Changes

1



Limited Fair Housing Outreach and Education for Rental Housing Management and Owners



Expanded Fair Housing Outreach and Education for Citizens

Zoning Regulations and Development Incentives - Regulatory options include revisions to regulations ensuring land uses compatibility and development options; zoning code and subdivision regulations that codify changes to support sustainability and resiliency. The City of Mesquite has adopted building and code enforcement regulations, and local officials must continue to aggressively address substandard housing conditions, abandoned or obsolete commercial structures, and adverse land use that are contributing to the decay of the area. Developer incentives may be needed to encourage the development of a mix of housing types, affordable to persons with diverse incomes and needs. Recommendations include consideration of enacting regulations for incentivized zoning, and city incentives for tax abatement, development subsidies and a variety of programs funding with federal entitlement funds to encourage housing development.

2

Crime Prevention Through Environmental Design (CPTED) – one of the issues identified was the need to address crime and the perception of crime in older neighborhoods and along commercial corridors. The CPTED concept could be explored as one means of implementing this recommendation. CPTED is based on the premise that "The proper design and effective use of the built environment can lead to a reduction in the fear of crime and incidence of crime, and to an improvement in quality of life.

3

## Alternative Solutions and Best Practices

4

- CPTED – Crime Prevention Through Environmental Design Regulations
- Continue City and Housing Authority Program Initiative Briefings for Developers and Industry
- Incentivized Zoning Regulations Development Incentives

5

- Request HUD consideration for FMR Increases and Incentives for Section 8 Voucher Program participation by Landlords<sup>1</sup>
- Increased Fair Housing Outreach and Education
- Seek Industry Assistance in developing New Standards for Appraisal comparability in low-moderate income neighborhoods

## **11. Increased Economic Development, Job Creation, Small Business Entrepreneurial Opportunities, and Commercial Corridor Revitalization Neighborhood Condition, Banking, Finance, Regulatory – High Priority<sup>2</sup>**

High Priority – Impediments include success in meeting future housing needs, developing housing that is affordable to a wide range of consumers, stimulating revitalization and reinvestment in existing areas must include addressing needed improvements to existing conditions and restoring the community's basic attributes. While maintaining and enhancing neighborhood stability is the immediate vision and goal, achieving sustainability is an essential recommendation for all areas where future growth in housing is expected to occur. At the core of this vision is enhancing "image and identity" of areas as a means of attracting new residents and retaining existing residents. Components of this recommendation include the areas becoming healthier, sustainable neighborhoods, able to meet the housing and essential quality of life needs of its residents. This means improving housing and the physical character of the areas, which in some instances, are viewed both internally by its residents and externally by the broader community as uninviting. Some areas are considered unsafe and havens for criminal activities. Whether this is reality or perception, it can have a detrimental effect on the image of the area.<sup>3</sup>

Beyond a lack of quality development, entry points and gateways into neighborhoods fail to create a positive impression of the area or provide curb appeal in terms of neighborhood appearance. Residential areas must be protected and improved or strategically removed if found to no longer contribute to the wellbeing of the community. Vacant land and deteriorating buildings should be evaluated for development as new residential. Commercial corridor improvements are needed in some areas to cultivate<sup>4</sup>

reinvestment and promote activities and events that attract interest in existing neighborhoods. The planning process identified a need for streetscape improvements and landscaping in area medians, sidewalks, street lighting, benches, and public art, plantings/murals that could make a significant impact on the image of R-ECAP areas. Repurposed use of existing buildings and new development on vacant lots would significantly improve the corridors and neighborhoods. Equally important to urban design and streetscape amenities, is the physical improvement of building and land use along the corridors. Economic development along commercial corridors are needed both to stimulate quality retail and commercial development, but also to increase economic viability of the areas and job creation for residents.

## **Impediments**

- Living Wages for Workforce
- Housing Affordability
- Small Business Employment Opportunities
- Access to Business Development and Expansion
- Housing and Job Opportunities for Ex-Offenders



## **Alternative Solutions and Best Practices**

- Economic Development incentives to Small Businesses
  - Increased Recruitment of Job paying Living Wages
  - Recruitment of Jobs that provide opportunities for LMI Skill Levels
  - Increased Job Training and Basic Skills Programs
  - Increased Employment Opportunities, Job Training and Basic Skills Programs for Ex-Offenders
- (example) Edwin's Restaurant and Culinary Education Program for Ex-Offenders – Cleveland, Ohio

## 12. Improved Transportation and Mobility for LMI and Senior Populations, Entrepreneurial Opportunities, and Commercial Corridor Revitalization Neighborhood Condition, Socio-Economic – High Priority <sup>1</sup>

**High Priority** - Housing needs and transportation and mobility are connected needs. <sup>2</sup>  
The City must be conscious of the need for public transportation and new housing development be designed and situated to accommodate advantage of public transportation in the future. Most often, planning for future growth and meeting housing needs are guided by transportation availability. In Mesquite the reverse appears to be the case, as transportation will be developed to meet the needs of existing residential, employment, and shopping/amenity development.

### Impediments <sup>3</sup>

-  Limited Demand Responsive Transportation <sup>4</sup>
-  Transportation Affordability for seniors and LMI populations

### Alternative Solutions and Best Practices <sup>5</sup>

- (example) Transportation Assistance Program <sup>6</sup>  
Desoto, TX