

# ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE



CITY OF  
LEWISVILLE, TX

Prepared June 2012

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**June 2012**

# Introduction and Acknowledgements

## Introduction

This report provides an Analysis of Impediments to Fair Housing Choice (AI), commissioned by the City of Lewisville, Texas. This AI was conducted using a methodology consistent with the U.S. Department of Housing and Urban Development (HUD) guidelines. HUD requires that each jurisdiction receiving federal funds certify that it is affirmatively furthering fair housing. The certification specifically requires jurisdictions to do the following:

- Conduct an **analysis of impediments** to fair housing choice within the state or local jurisdiction.
- Take appropriate actions to overcome the effects of any impediments identified through that analysis.
- Maintain records reflecting the analysis and actions in this regard.

## Lead and Participating Agencies

City of Lewisville, Community Development Division of the Department of Economic Development and Planning was responsible for oversight and coordination of the AI process. The City of Lewisville retained J-Quad Planning Group, LLC, a Community Development, Urban Planning and Housing Consulting firm to assist in the preparation of the AI.

## Acknowledgements

Data collected in preparing the AI relied in part on input from the public. The process included information gathered from three citizen focus groups, key person interviews, and data provided by Denton County and the City of Lewisville. We also acknowledge the participation of the City government officials, development community, non-profit, social services, business and real estate industries. Special thanks to all focus group participants and their contributions toward making the AI process a success.

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## Executive Summary

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### Introduction

In 1995 the U.S. Department of Housing and Urban Development (HUD) announced that entitlement communities - communities receiving direct federal funding from Community Development Block Grant, HOME Investment Partnership and Emergency Shelter Grant programs – must conduct a study of existing barriers to housing choice. This required study is referred to as the "Analysis of Impediments (AI) and is part of entitlement communities' consolidated planning process.

The purpose of the AI is to examine how state and local laws, private, public and non-profit sector regulations, administrative policies, procedures, and practices are impacting the location, availability, and accessibility of housing in a given area. The AI is not a Fair Housing Plan rather it is an analysis of the current state of fair housing choice in Lewisville, The AI identifies specific barriers that need to be addressed if future fair housing initiatives are to be successful.

Each jurisdiction receiving federal funds must certify that it is affirmatively furthering fair housing. The certification specifically requires jurisdictions to do the following:

- Conduct an analysis of impediments to fair housing choice within the state or local jurisdiction.
- Take appropriate actions to overcome the effects of any impediments identified through that analysis.
- Maintain records reflecting the analysis and actions in this regard.

The City of Lewisville's commitment to furthering fair housing and affordable housing through planning and CDBG program design and implementation is noteworthy. These efforts will continue to improve and help maintain stability, and strengthen its older and lower income areas. The City and its nonprofit partners are encouraged to expand these efforts into other neighborhoods as a primary means of expanding fair housing choice. The impediments identified in Section Six can be directly linked to and supported by data and analysis from the previous sections. In some instances, footnotes have provided information should the reader need to refer to other sections for more details.

Evaluating fair housing is a complex process involving diverse and wide-ranging considerations. The role of economics, housing markets, and personal choice are important to consider when examining fair housing. Any disproportionate impacts on persons of a particular race, ethnicity, or members of the protected classes under fair housing law have been comparatively analyzed to determine to what extent those disparities are limiting fair housing choice. Lewisville has relatively few impediments to fair housing. However, some issues were identified.

The analysis of fair housing choice in the City of Lewisville has resulted in the identification of impediments, identified through a study methodology that included conducting focus group sessions, the construction of a demographic analysis resulting in a community profile and fair housing index, analysis of the Home Mortgage Disclosure Act (HMDA) data for the City of Lewisville and a fair housing law and public policy and program review. The following narrative provides a summary of those sections.

## **Community Profiles**

According to the population estimates provided by the North Central Texas Council of Governments (NCTCOG), the total population of Lewisville in January 2011 was 95,390. According to the 2010 Census estimates, the total population of Lewisville was 95,290, a 22.6 percent increase between 2000 and 2010. Table 1.1, presented in the Community Profile Section, shows the distribution of population by race and ethnicity in the city. The White population increased by 3.7 percent, but their percentage of the total population decreased from 77.2 percent to 65.3 percent between 2000 and 2010. African-Americans increased by 4,914 persons or 85.5 percent, and made up 11.2 percent of total population in 2010. Asian and Pacific Islanders increased by 4,406 persons or 144.3 percent, and made up 7.8 percent of total population in 2010. Lewisville experienced a 101.3 percent increase in the Hispanic population between 2000 and 2010. The percentage of Hispanic population of the total population increased from 17.8 percent in 2000 to 29.2 percent in 2010, an 11.4 percentage point increase. The Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity, this may account for the high increase of 70.5 percent in the “Other” category between 2000 and 2010 with 15.0 percent of the total population in 2010. It is a common misidentification for ethnic Hispanics to choose the ‘other’ category on the Census for race rather than White or African-American. The American Indian and Eskimo population increased by 14.5 percent between 2000 and 2010 but their percentage of total population remained 0.7 percent during the period.

Household compositions consisting of large families, families with children and female headed households with children appear most likely to encounter issues relative to fair housing choice. We noted disproportionate impacts for African Americans in these categories compared to Whites and sometimes Hispanics. The percentage of female-headed households with children among White households was 7.7 percent, compared to 10.7 percent in Hispanic households, 22.3 percent in African-American households, and 1.7 percent in Asian households between 2005 and 2009.

When considering all family types with children present, the data show that 28.6 percent of White households, 55.0 percent of Hispanic households, 46.3 percent of African-American households, and 40.8 percent of Asian households were in this category. Non-family households among Whites made up 42.5 percent of all White households in Lewisville. Non-family households among Hispanics accounted for 24.2 percent of all Hispanic households. Non-family households among African-Americans accounted for 36.9 percent of all African-American households and among Asians accounted for 28.1 percent of all Asian households.

Employment opportunities in the area and educational levels of the employees make a significant impact on housing affordability and the housing location choices available to residents. An analysis of occupation data indicates that there has been some shift in the distribution of occupations between 1990 and 2009. Arts, entertainment, recreation, accommodation, and food services had the largest increase, up 10.7 percentage points to 12.0 percent. Professional, Business, repair, and personal services had an increase, up 4.8 percentage points to 15.1 percent. Educational and Health services had an increase, up 4.2 percentage points to 15.7 percent. Manufacturing realized the largest reduction, decreasing 10.4 percentage points to 10.2 percent of the workforce. Transportation and warehousing, and utilities had a decrease of 4.1 percentage points decreasing to 5.6 percent of the total workforce. There was a reduction of 3.8 percentage points in Wholesale Trade, decreasing to 3.9 percent of the total workforce.

According to the City of Lewisville, the major employers in the city include JP Morgan Chase with 1,394 employees, Med Fusion Laboratories with 900 workers, and Nationstar Mortgage with 786 employees. Household Automotive Finance (HSBC) employed 680 workers, SYSCO Foods had 625 employees, and 21st Century Insurance had 500 workers.

Lower Income and unemployment has negatively impacted both White and minority households. According to the Bureau of Labor Statistics, the unemployment rate for the City of Lewisville was reported to be 6.8 percent at the end of 2010, and further decreasing to 6.7 percent as of September 2011. However, unemployment is higher among African-Americans and Asians compared to Whites. Between 2005 and 2009, 6.5 percent of White persons age 16 and over reported being unemployed. African-Americans persons in the same age group reported a 10.8 percent unemployment rate, Hispanic reported a 3.8 percent rate, and Asians reported an unemployment rate of 8.6 percent. As a comparison, the citywide unemployment rate was 6.3 percent during the period.

Income is a major factor contributing to fair housing choice among minority households, with disparities among Hispanics in particular. According to the 2005-2009 ACS estimates, the median household income was \$60,348 for White households, \$39,375 for Hispanic households, \$55,452 for African-American households, and \$61,351 for Asian households, compared to \$55,552 for the overall city. The percentage of population that earned less than \$50,000 between 2005 and 2009 was 39.9 percent for Whites, 63.0 percent for Hispanics, 44.9 percent for African-Americans, and 39.5 percent for Asians. This indicates that higher percentage of Hispanics and African-Americans earned incomes below the overall median income for the city.

The modal income class, the income classes with the highest number of households, for Whites, African-Americans, and Asians was the \$50,000 to \$74,999 range with 23.0 percent of Whites, 23.5 percent of African-Americans, and 22.5 percent of Asians in this income range. The modal income class for Hispanic households was \$35,000 to \$49,999 range with 27.4 percent of households in this range.

The poverty data shows major effects on the minority communities. The incidence of poverty among Hispanics was reported to be 18.1 percent, 9.3 percent for African-Americans, and 12.2 percent for Asians between 2005 and 2009. Among White persons, the data reported 3.3 percent lived in poverty. In comparison, the poverty rate for the city was 8.4 percent during the period.

In Lewisville, the difference in the unemployment rate between the four groups can, to some extent, be attributed to limitations due to educational attainment. Hispanics lagged far behind the other three groups in this category. According to the 2005-2009 ACS estimates (5-year average), 46.1 percent of Hispanics age 25 and above reported less than a high school education compared to 7.6 percent of Asians, 6.3 percent of Whites and 3.8 percent for African-Americans in the same age group. As a comparison, the percentage of population with less than a high school education in the city was 14.9 percent during the period.

The availability of jobs, consistent with the skill levels and educational levels of low-income persons, is largely dependent on the geographic location of the jobs and the workforces' ability to get to and from the employment centers where those jobs are located. If jobs are far removed from the areas where lower income persons live, their ability to get to and from work may be difficult, without public transportation. 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 and the extent to which public transportation provides flexible routes, affordable rates, time efficient commutes with direct route and limited transfers, and routes and schedules that provide access to major employment centers for peak and off-peak work shifts.

Denton County Transportation Authority (DCTA) provides transit services in the Greater Lewisville and Denton area. These services include local bus service in Denton, Highland Village and Lewisville, campus shuttles to the University of

North Texas (UNT) and North Central Texas College (NCTC), and a commuter rail service connecting passengers to Downtown Dallas. Additionally, DCTA offers demand response and paratransit service in Denton, Lewisville, and Highland Village, and a commuter vanpool service for those living or working in Denton County.

The A-train is a 21-mile regional rail system connecting Denton and Dallas Counties. DCTA has five A-train stations; two in Denton and three in Lewisville and also interfaces with Dallas Area Rapid Transit (DART) at their Trinity Mills Station in Carrollton. A-train connects to the DART Green Line, which provides access to Downtown Dallas, DART's Red, Orange and Blue Lines, and the Trinity Railway Express. The A-train operates during the peak periods at 25 minute frequencies; approximately 5:00 am to 9:00 am and 3:00 pm to 9:00 pm, all weekdays. DCTA operates the A-train Shuttle Bus during the midday when the A-train does not operate. Limited A-train service is available on Friday nights and Saturdays.

DCTA's Connect is a local fixed-route bus service in Denton and Lewisville. A peak period bus service called Connect RSVP is available in Highland Village/North Lewisville by appointment. The UNT Shuttle service provides local fixed-route bus service for the UNT campus in Denton. The NCTC Shuttle is available for passengers traveling from Denton and Lewisville to NCTC Corinth and Flower Mound campuses. Commuter Vanpool service is available for commuters living or working in Denton County. Curb-to-curb paratransit service is available in Lewisville/Highland Village and Denton for the disabled and elderly passengers. The transit system provides services in affordable fares with local and regional passes and reduced fares for senior citizens, disabled, Medicare card holders, children, and students.

According to the 2010 Census, the total number of housing units in the city was 40,037 with 3,167 or 7.9 percent vacant units. There were 31,764 housing units in Lewisville in 2000. The total number of housing units in the city increased 26.1

percent between 2000 and 2010. According to the 2005 - 2009 ACS estimates (5-year average), the total number of housing units in the city was 38,652 of which, 44.7 percent were owner-occupied, 47.2 percent were renter-occupied, and the remaining 8.1 percent were vacant. The median housing value in the city was \$148,900 and the median contract rent was \$737 between 2005 and 2009. According to the 2005 - 2009 ACS data, homeownership rate among Whites was 54.9 percent, compared to 44.1 percent among Hispanics, 33.6 percent among African-Americans, and 28.2 percent among Asians.

### **Fair Housing Law, Municipal Policies and Complaint Analysis**

The State of Texas has enacted fair housing law that is substantially equivalent to the federal Fair Housing Act. The City of Lewisville has not enacted local fair housing law. Having a fair ordinance, especially one 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. The City of Lewisville Community Development Division of the Department of Economic Development and Planning makes referrals of received fair housing complaints to HUD for enforcement. This agency is also responsible for conducting public education, training and outreach of fair housing rights and remedies in Lewisville.

Texas is part of HUD's five state Region VI that includes Arkansas, Louisiana, New Mexico, Oklahoma, and Texas. The Regional VI HUD Office in Fort Worth, Texas conducts investigations of fair housing complaints that are reported directly to their office. Fair housing complaint information was received from the Fort Worth, Texas FHEO Division of HUD. The data provides a breakdown of complaints filed for Lewisville from November 1, 2007 through October 31, 2011. During this period, seventeen complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race.

The City of Lewisville receives Community Development Block Grant (CDBG) entitlement allocations from HUD. The 2011 Annual Action Plan indicated that the City of Lewisville anticipated receiving approximately \$537,942 in Community Development Block Grant (CDBG) funding in FY 2011. A reallocation of \$180,000 in prior year's funds will provide a total estimated budget of \$717,942.

Highlights of their proposed expenditure for FY 2011 include:

- Public Services \$80,690
- Housing Assistance-First Time Home Buyers \$100,000
- Housing Rehabilitation-Owner Occupied \$185,000
- Program Administration and Planning \$107,586
- Public Facilities and Infrastructure \$64,666
- Public Facilities and Infrastructure (reprogrammed) \$180,000

### **Focus Groups, Fair Housing Index, Home Mortgage Disclosure Act Analysis**

Fair housing choice within the City of Lewisville encounters a number of impediments, as identified through the construction of a fair housing index, and analysis of the Home Mortgage Disclosure Act (HMDA) data for Lewisville.

Data collected in preparing the AI relied in part on input from the public. The process included information gathered from three focus group sessions, key persons interviews, and data provided by the Community Development Division. We also acknowledge the participation of the local chamber of commerce, and representatives from the banking and mortgage institutions, housing development, non-profit, social services, business and real estate industries. Participants attending the focus groups, community needs workshop, and community forums voiced their concerns relating to fair housing choice actions or policy they perceive as impediments. Section Three of this report details the input received during the community participation process.

The HMDA data analysis, detailed in Section Four, indicates that there are issues of concern in mortgage lending. Loan denials for minority populations were disproportionately higher than the denial rates for White applicants and there is some evidence to suggest that characteristics of redlining may exist and is found to be adversely impacting fair housing choice in Lewisville.

Section Five of the report, the Fair Housing Index, highlights geographic areas indicating a concentration of attributes prevalent in fair housing issues. These attributes include high minority concentrations, older housing stock, reliance on public transportation, low income, low housing values and contract rents, a high percentage of female headed households with children, a high ratio of loans denied to loans originated, high unemployment rates, and high rates of high school dropouts. The collective concentration of these issues leads to neighborhood deterioration and market conditions that tend to impede fair housing choice. The census tracts having moderate to low risk of fair housing problems are located in the central areas of the city.

### **Impediments to Fair Housing Choice**

Impediments to fair housing choice are detailed in Section Six of this report. This section draws on the information collected and analyzed in previous sections to provide a detailed look at fair housing impediments in Lewisville. Five major categories of impediments were analyzed: 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 suggested to address each impediment. Some of the remedial actions recommended in this section are conceptual frameworks for addressing the impediments. These actions will require further research, analysis, and final program design by the City of Lewisville for implementation.

The Analysis of Impediments to Fair Housing Choice identified fair housing impediments related to **real estate market conditions as impediments**: a lack of affordability and insufficient Income; **public policy related impediments**: a lack of public awareness of fair housing rights and local fair housing legislation; **banking, finance, insurance and other Industry related impediments**: large numbers of foreclosures in the real estate market; predatory lending; and low number of loan applications and lower origination rates among minority borrowers; **socio-economic impediments**: poverty and low-income among minority populations; and **neighborhood conditions related impediments**: Limited resources to assist lower income, elderly and indigent homeowners maintain their homes and stability in neighborhoods.

Housing affordability, and the cost, qualifying and associated issues such as credit appeared to be the most pressing issues faced relative to acquiring housing of one's choice. The increase in home foreclosures can be linked to predatory lending as a significant aftereffect of those lending practices. Adjustable Rate Mortgages (ARMs), interest only loans, one hundred percent loan-to-value mortgages, and other mortgage instruments that enabled large numbers of families enter into homeownership have become burdens to many as the housing bubble proved to be unsustainable. As the Community Profile points out, a number of Lewisville homeowners have lost their homes to foreclosure, many as a direct result of these lending practices. However, with this unfortunate state of the economy come opportunities for others. Relative bargains have been available to families as these foreclosed units are put back on the market. Investor purchases are common, with these homes being marketed as rental units, but where a family has been able to save enough for a down-payment and has avoided sub-prime mortgage products, some have been able to take advantage of the bursting housing bubble to find their own opportunities.

Review of City practices revealed no significant policy barriers to affordable housing. These policies include land use controls, zoning ordinances, building

codes, fees and charges, and tax policies. No excessive, exclusionary, discriminatory or duplicatory policies, rules or regulations were found that constitute barriers to affordability. However, in an effort to expand local resources, we also recommend that the City initiate an effort to research and consider one particular policy change, inclusionary zoning, as one alternative means of promoting balanced housing development. Inclusionary zoning has been used in other communities to ensure that some portion of new housing development is affordable.

### **Remedial Activities Designed To Address Impediments**

The major focus of the recommended remedial actions is centered on creating partnerships, identifying new federal resources and leveraging private funding needed to enhance the jurisdiction's ability to increase its supply of affordable housing and better meet the needs of low-income and moderate-income households. Other remedial actions are recommended as a means of reversing the negative impacts of the market conditions and mortgage lending trends that adversely and disproportionately impact the members of the protected classes under the fair housing law. These include sub prime lending, foreclosures, credit and collateral deficiencies that impact loan origination rates, poverty, unemployment and limited income. The details of the identified impediments and remedial actions are presented in Section Six of the report.

## Section 1: Community Profile

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### Introduction

The Community Profile is a review of demographic, income, employment, and housing data of Lewisville, Texas, gathered from the 2010 Census estimates, 2005-2009 American Community Survey (ACS) 5-Year estimates, 2000 and 2010 U.S. Census, City of Lewisville, and other sources. The following sections provide a look at the current status of the community in Lewisville:

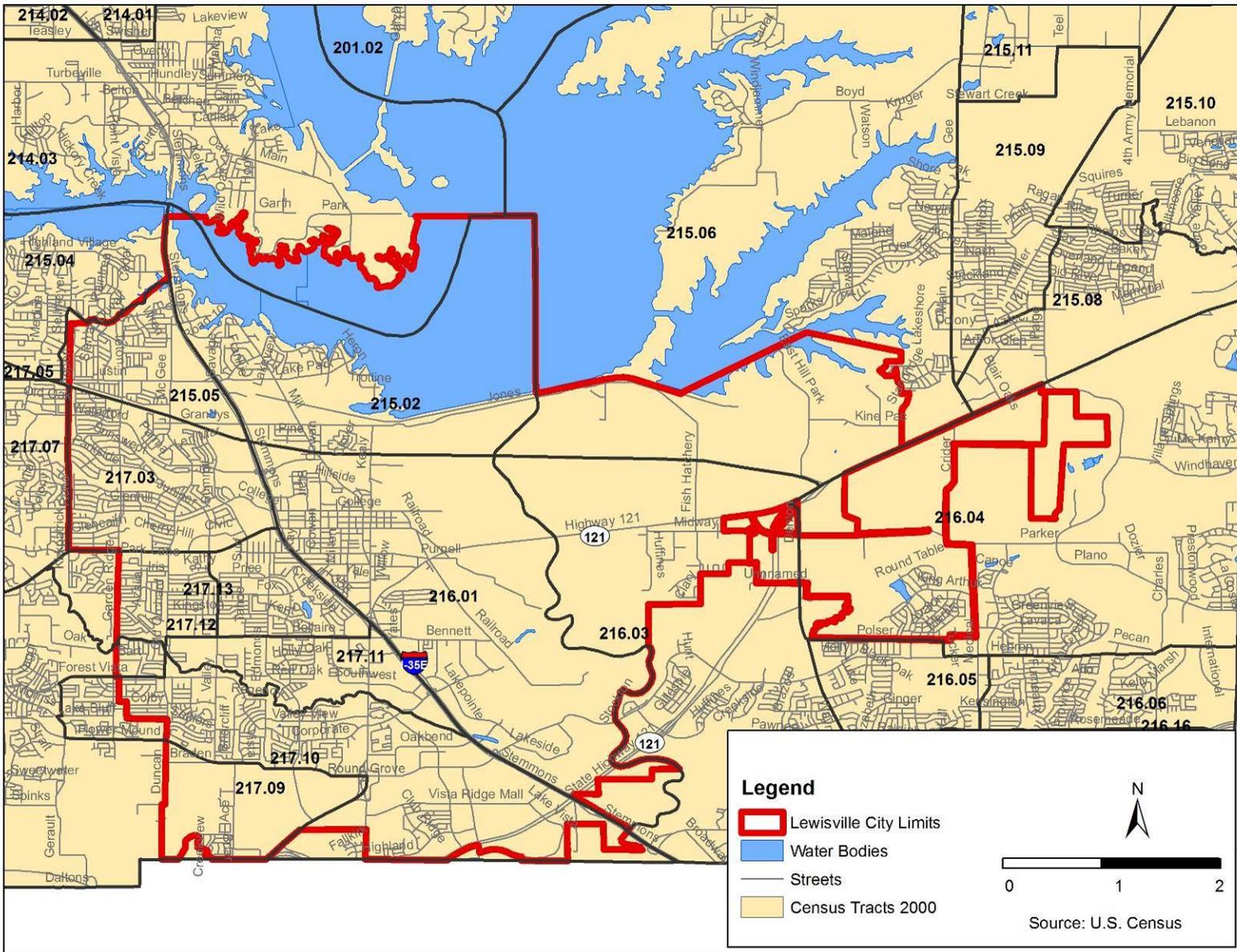
- *Demographics* - analyzes the basic structure of the community in terms of racial diversity, population growth, and family structure.
- *Income* - analyzes income sources, the distribution of income across income class, and poverty.
- *Employment* - examines unemployment rates, occupation trends, and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

Detailed analyses will concentrate on the four major ethnic groups in Lewisville: White, Hispanics, African-Americans, and Asians. All other ethnic groups are smaller in number and percentage and, therefore, the results of their analysis will not be presented in detail. The analysis is supported with tables and maps provided as reference materials. Most of the data presented in the tables and maps are directly referenced in the text. There may be some cases where additional information was included for the reader's benefit, though not specifically noted in the text.

### 1.1. Demographics

The demographic analysis of Lewisville concentrates on the magnitude and composition of the population and changes that occurred between 2000 and 2010. Please note that the attached maps present data by census tract with an overlay of the city limits. For reference, Map 1.1, on the following page, provides a visual representation of Lewisville.

Map 1.1: Lewisville, Texas



According to the population estimates provided by the North Central Texas Council of Governments (NCTCOG), the total population of Lewisville in January 2011 was 95,390. According to the 2010 Census estimates, the total population of Lewisville was 95,290, a 22.6 percent increase between 2000 and 2010. Table 1.1, below, shows the distribution of population by race and ethnicity in the city. The White population increased by 3.7 percent, but their percentage of the total population decreased from 77.2 percent to 65.3 percent between 2000 and 2010. African-Americans increased by 4,914 persons or 85.5 percent, and made up 11.2 percent of total population in 2010. Asian and Pacific Islanders increased by 4,406 persons or 144.3 percent, and made up 7.8 percent of total population in 2010. Lewisville experienced a 101.3 percent increase in the Hispanic population between 2000 and 2010. The percentage of Hispanic population of the total population increased from 17.8 percent in 2000 to 29.2 percent in 2010, an 11.4 percentage point increase. The Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity, this may account for the high increase of 70.5 percent in the “Other” category between 2000 and 2010 with 15.0 percent of the total population in 2010. It is a common misidentification for ethnic Hispanics to choose the ‘other’ category on the Census for race rather than White or African-American. The American Indian and Eskimo population increased by 14.5 percent between 2000 and 2010 but their percentage of total population remained 0.7 percent during the period.

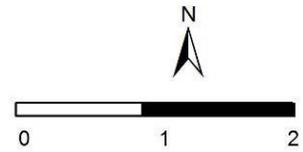
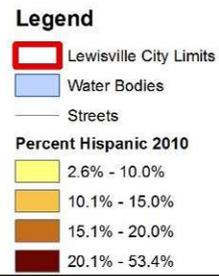
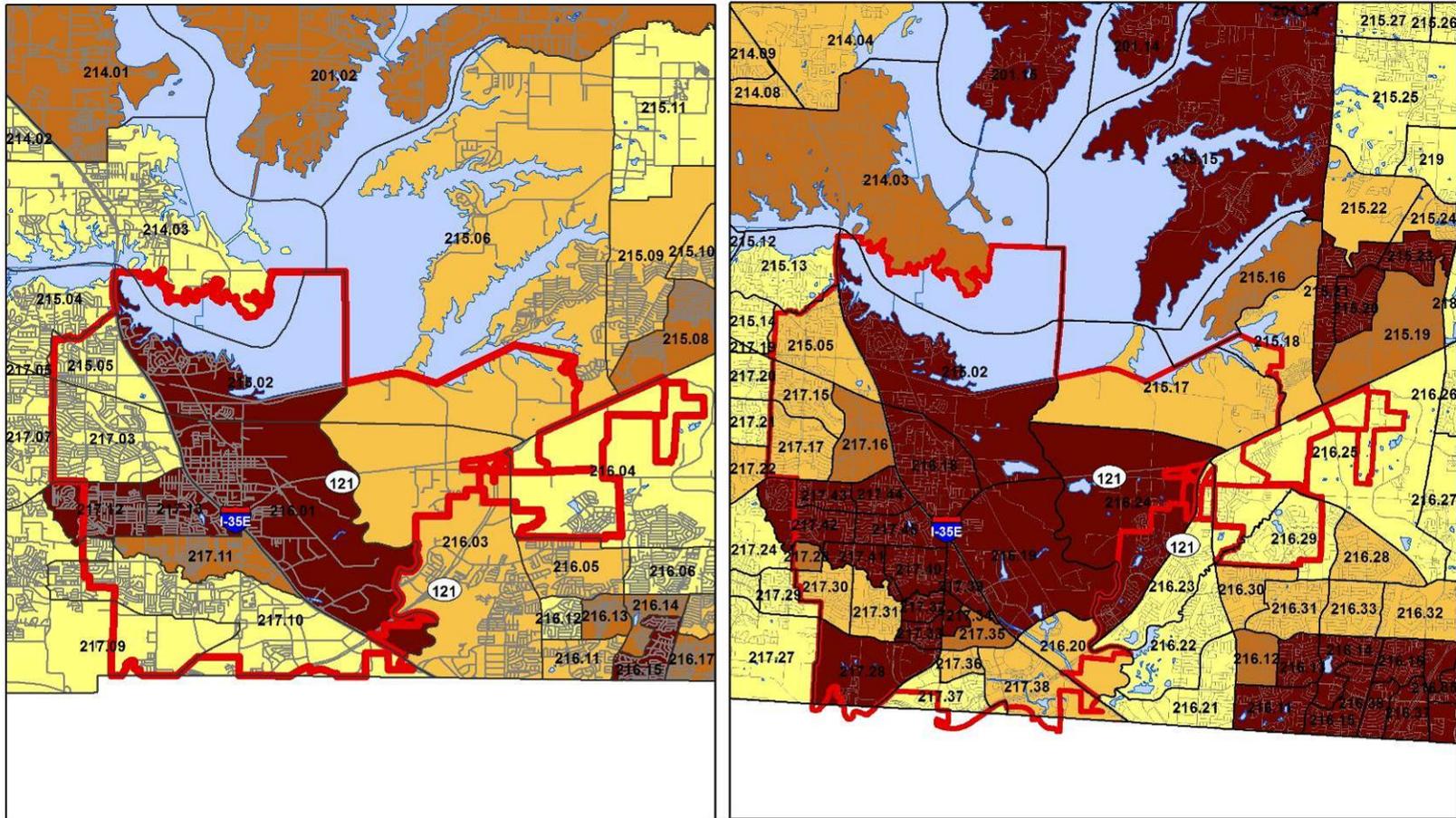
**Table 1.1**  
Total population by race and ethnicity for Lewisville, 2000 and 2010

Race	2000		2010		%Change 2000-2010
	#	%	#	%	
White	60,015	77.2%	62,263	65.3%	3.7%
African-American	5,747	7.4%	10,661	11.2%	85.5%
Asian or Pacific Islander	3,053	3.9%	7,459	7.8%	144.3%
American Indian and Eskimo	544	0.7%	623	0.7%	14.5%
Other race	8,378	10.8%	14,284	15.0%	70.5%
Total	77,737	100.0%	95,290	100.0%	22.6%
Hispanic (ethnicity)	13,799	17.8%	27,783	29.2%	101.3%

Source: US Census 2000 and 2010

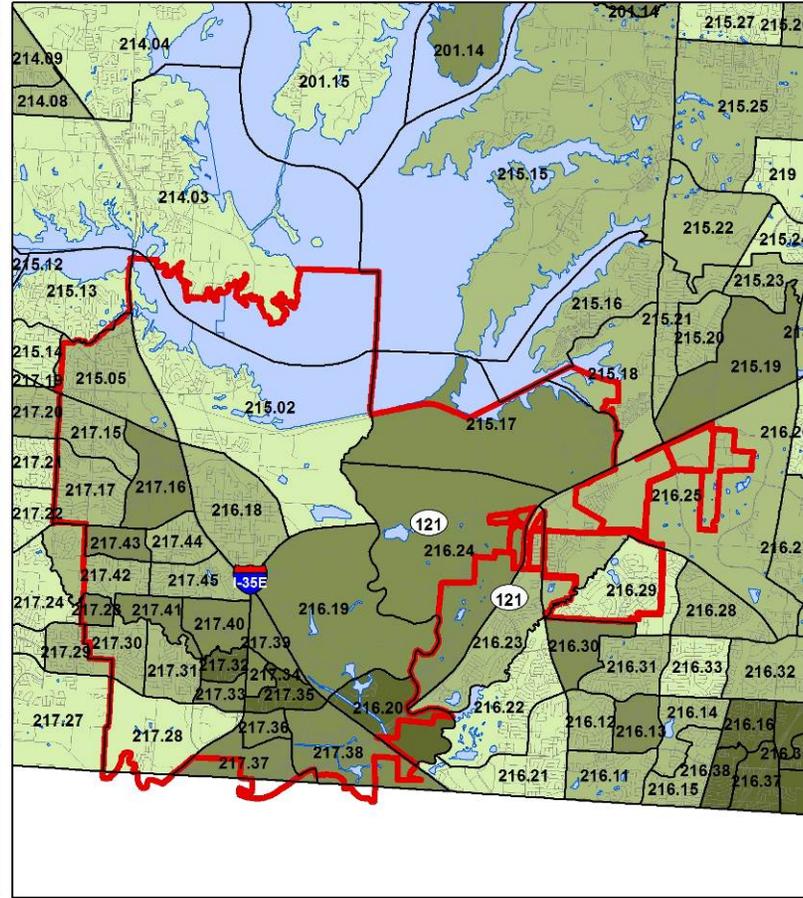
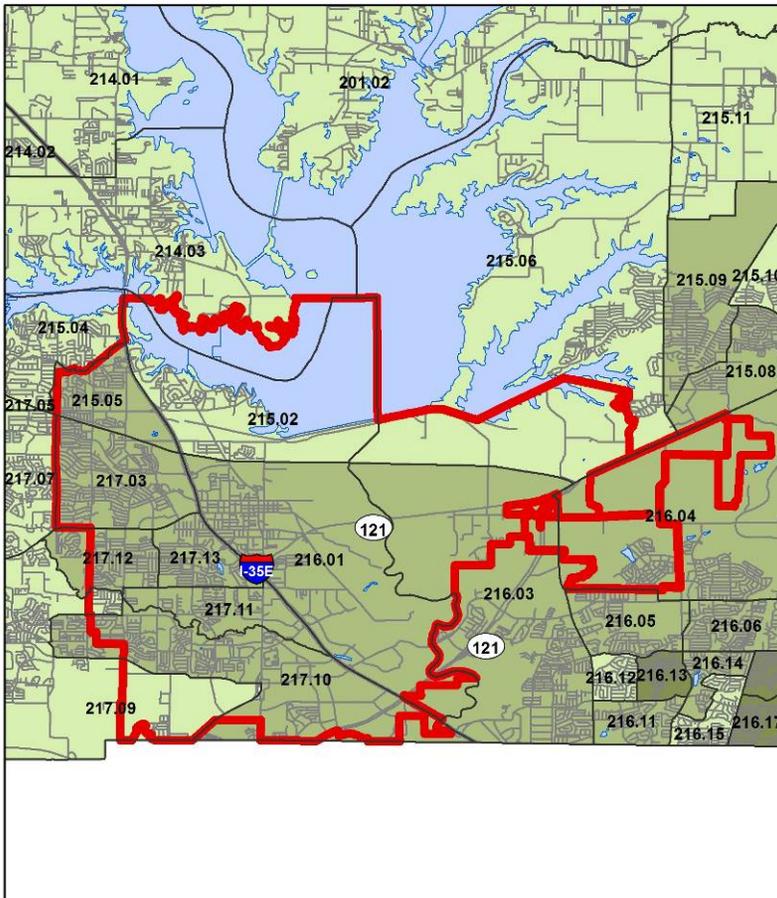
On the following pages are a series of Maps 1.2 through 1.5 indicate spatial concentrations of the various racial and ethnic groups within Lewisville.

Map 1.2: Percent Hispanic 2000 and 2010



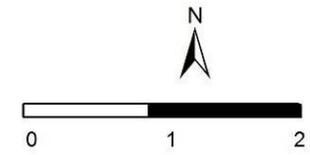
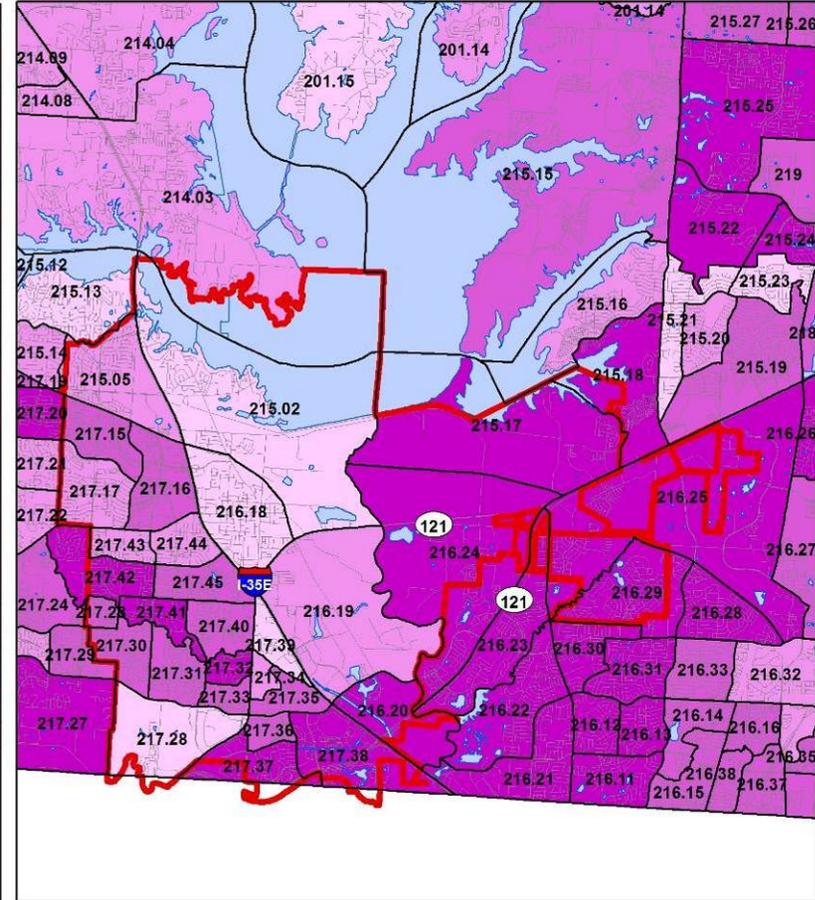
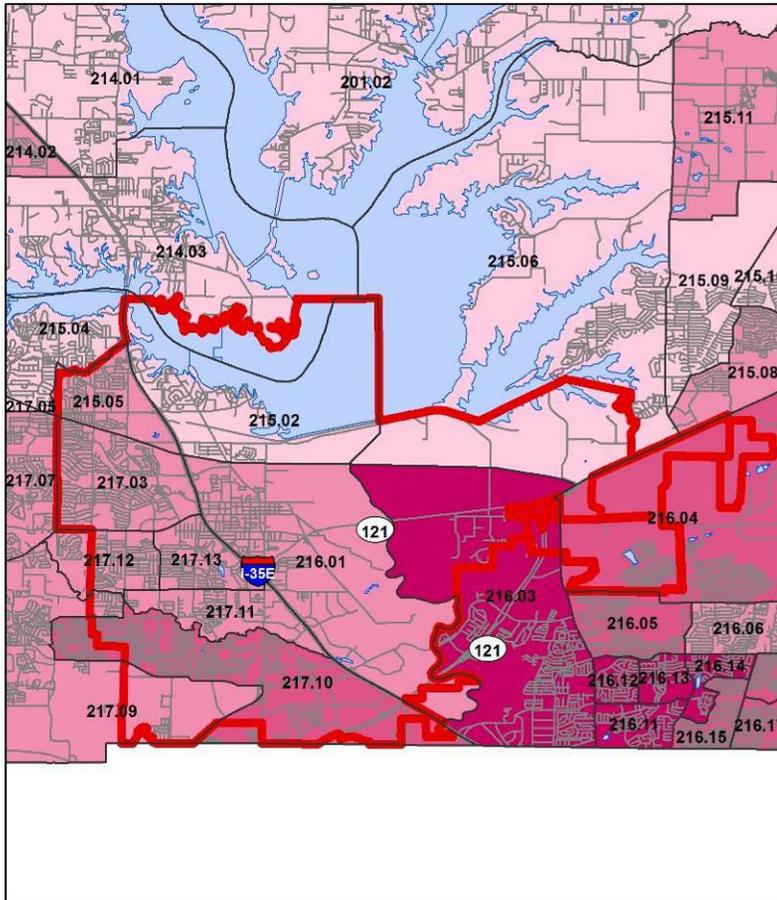
Source: U.S. Census

Map 1.3: Percent African-American 2000 and 2010



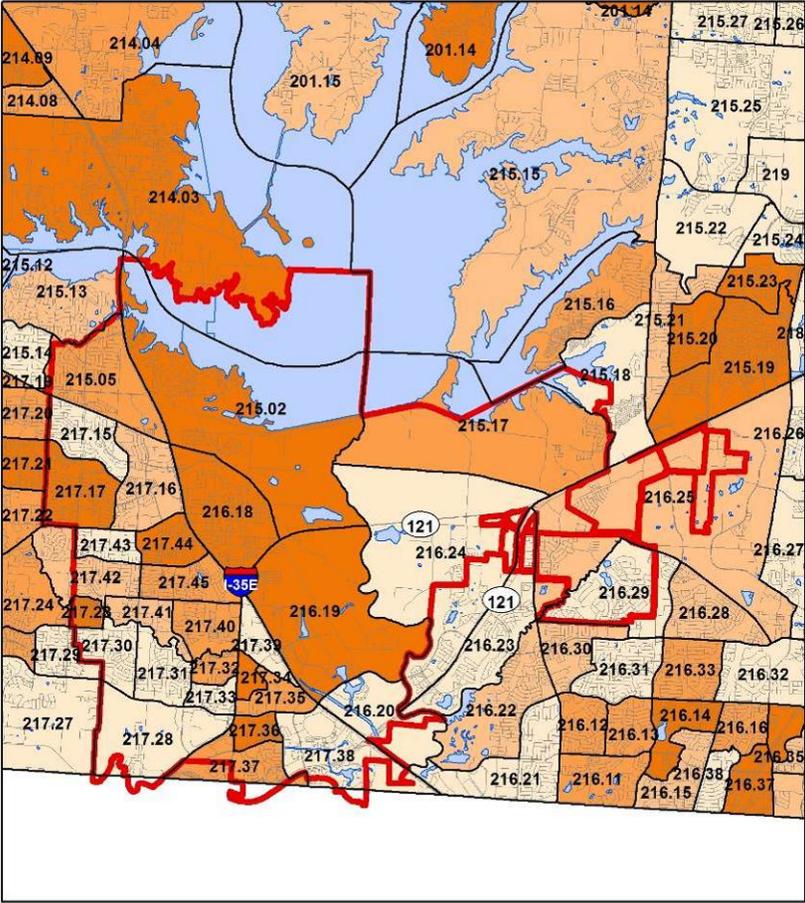
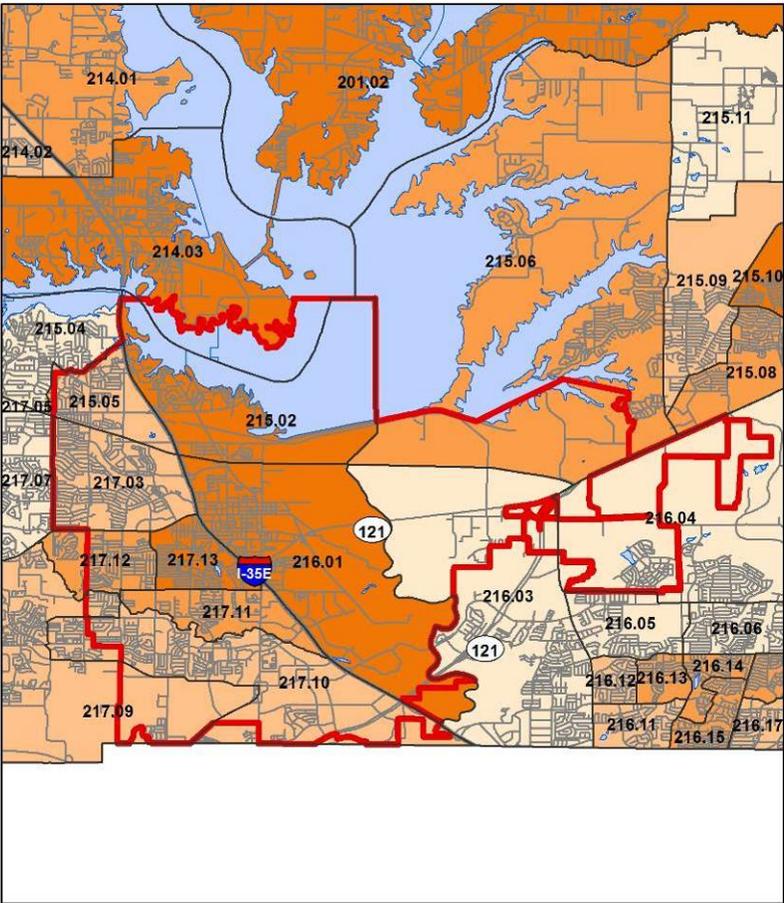
<p><b>Legend</b></p> <ul style="list-style-type: none"> <li><span style="border: 2px solid red; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> Lewisville City Limits</li> <li><span style="background-color: lightblue; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> Water Bodies</li> <li><span style="border-bottom: 1px solid black; display: inline-block; width: 15px; margin-right: 5px;"></span> Streets</li> </ul> <p><b>Percent African-American 2000</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #d9ead3; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> 0.4% - 5.0%</li> <li><span style="background-color: #c4e0c4; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> 5.1% - 10.0%</li> <li><span style="background-color: #a6c9a6; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> 10.1% - 20.0%</li> <li><span style="background-color: #8064a2; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> 20.1% - 27.9%</li> </ul>	<p><b>Legend</b></p> <ul style="list-style-type: none"> <li><span style="border: 2px solid red; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> Lewisville City Limits</li> <li><span style="background-color: lightblue; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> Water Bodies</li> <li><span style="border-bottom: 1px solid black; display: inline-block; width: 15px; margin-right: 5px;"></span> Streets</li> </ul> <p><b>Percent African-American 2010</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #d9ead3; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> 0.7% - 5.0%</li> <li><span style="background-color: #c4e0c4; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> 5.1% - 10.0%</li> <li><span style="background-color: #a6c9a6; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> 10.1% - 20.0%</li> <li><span style="background-color: #8064a2; border: 1px solid black; display: inline-block; width: 15px; height: 10px; margin-right: 5px;"></span> 20.1% - 32.3%</li> </ul>	<p>N</p>   <p>0 1 2</p> <p>Source: U.S. Census</p>
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Map 1.4: Percent Asian and Pacific Islander 2000 and 2010



Source: U.S. Census

Map 1.5: Percent American Indian and Eskimo 2000 and 2010



**Legend**

- Lewisville City Limits
- Water Bodies
- Streets

**Percent American Indian and Eskimo 2000**

- 0.3% - 0.4%
- 0.5% - 0.6%
- 0.7% - 0.8%
- 0.9% - 1.5%

**Legend**

- Lewisville City Limits
- Water Bodies
- Streets

**Percent American Indian and Eskimo 2010**

- 0.2% - 0.4%
- 0.5% - 0.6%
- 0.7% - 0.8%
- 0.9% - 1.5%

N

0 1 2

Source: U.S. Census

In many 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 correlates to increases incidents of reported rental property owners' refusal to rent to tenants with children. The percentage of female-headed households with children among White households was 7.7 percent, compared to 10.7 percent in Hispanic households, 22.3 percent in African-American households, and 1.7 percent in Asian households between 2005 and 2009.

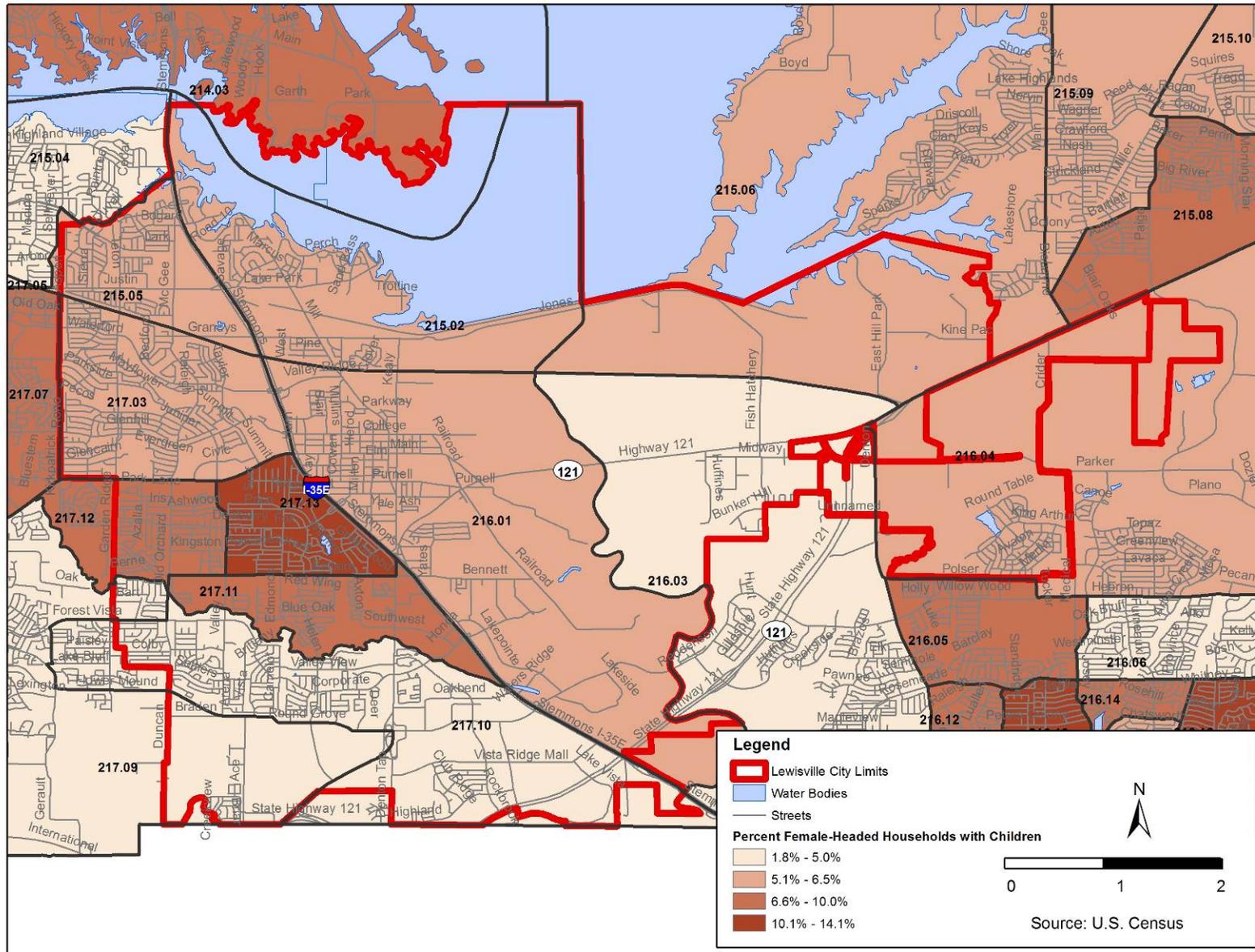
When considering all family types with children present, the data show that 28.6 percent of White households, 55.0 percent of Hispanic households, 46.3 percent of African-American households, and 40.8 percent of Asian households were in this category. Non-family households among Whites made up 42.5 percent of all White households in Lewisville. Non-family households among Hispanics accounted for 24.2 percent of all Hispanic households. Non-family households among African-Americans accounted for 36.9 percent of all African-American households and among Asians accounted for 28.1 percent of all Asian households. Table 1.2, below, shows the family structure of White, Hispanic, Asian, and African-American households between 2005 and 2009. The spatial distribution of female-headed households with children is shown in Map 1.6, on the following page.

**Table 1.2**  
Household structure by race for Lewisville, 2005-2009 (5-Year Average)

Household Type	White		Hispanic		African-American		Asian	
	# of households	% of Households	# of households	% of Households	# of households	% of Households	# of households	% of Households
Family Households	13,315	57.5%	4,761	75.8%	2,030	63.1%	1,418	71.9%
Married-couple	10,008	43.2%	2,981	47.5%	1,013	31.5%	1,315	66.7%
Married-couple with children	4,447	19.2%	2,114	33.7%	688	21.4%	756	38.3%
Male householder, no wife present	737	3.2%	991	15.8%	126	3.9%	30	1.5%
Male Householder with children	402	1.7%	666	10.6%	83	2.6%	15	0.8%
Female householder	2,570	11.1%	789	12.6%	891	27.7%	73	3.7%
Female-Headed with children	1,781	7.7%	674	10.7%	718	22.3%	33	1.7%
Non-Family Households	9,857	42.5%	1,516	24.2%	1,188	36.9%	554	28.1%
Total Households	23,172	100.0%	6,277	100.0%	3,218	100.0%	1,972	100.0%

Source: 2005-2009 American Community Survey

Map 1.6: Percent Female-Headed Households with Children, 2005-2009



## **1.2. Income**

Low-income households tend to be housed in less desirable housing stock and in less desirable areas in the city. Income limitations often prevent those households from moving to areas where local amenities raise the value of the housing. Income plays a very important part in securing and maintaining housing of your choice.

The data in Table 1.3 and Chart 1.1, on the following page, show the distribution of income across income classes among Whites, Hispanics, African-Americans, and Asians. Overall, the income distribution data show a higher proportion of low-income households within minority communities, but similar modal incomes among all four groups. In general, limitations on fair housing choice are more commonly found to affect housing decisions among low-income persons.

Chart 1.1 shows that the modal income class, the income classes with the highest number of households, for Whites, African-Americans, and Asians was the \$50,000 to \$74,999 range with 23.0 percent of Whites, 23.5 percent of African-Americans, and 22.5 percent of Asians in this income range. The modal income class for Hispanic households was \$35,000 to \$49,999 range with 27.4 percent of households in this range.

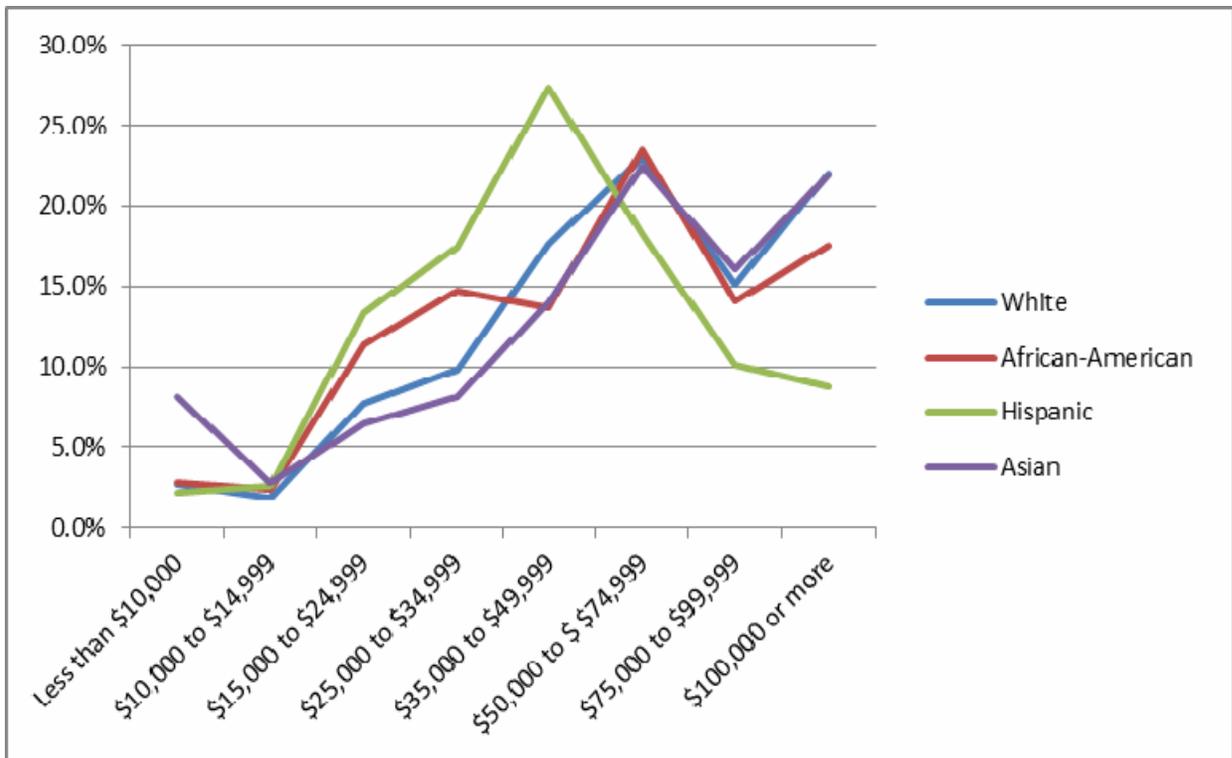
According to the 2005-2009 ACS estimates, the median household income was \$60,348 for White households, \$39,375 for Hispanic households, \$55,452 for African-American households, and \$61,351 for Asian households, compared to \$55,552 for the overall city. The percentage of population that earned less than \$50,000 between 2005 and 2009 was 39.9 percent for Whites, 63.0 percent for Hispanics, 44.9 percent for African-Americans, and 39.5 percent for Asians. This indicates that higher percentage of Hispanics and African-Americans earned incomes below the overall median income for the city.

Map 1.7, on page 12, shows the median household income by census tract between 2005 and 2009.

**Table 1.3**  
Households by race by income for Lewisville, 2005-2009

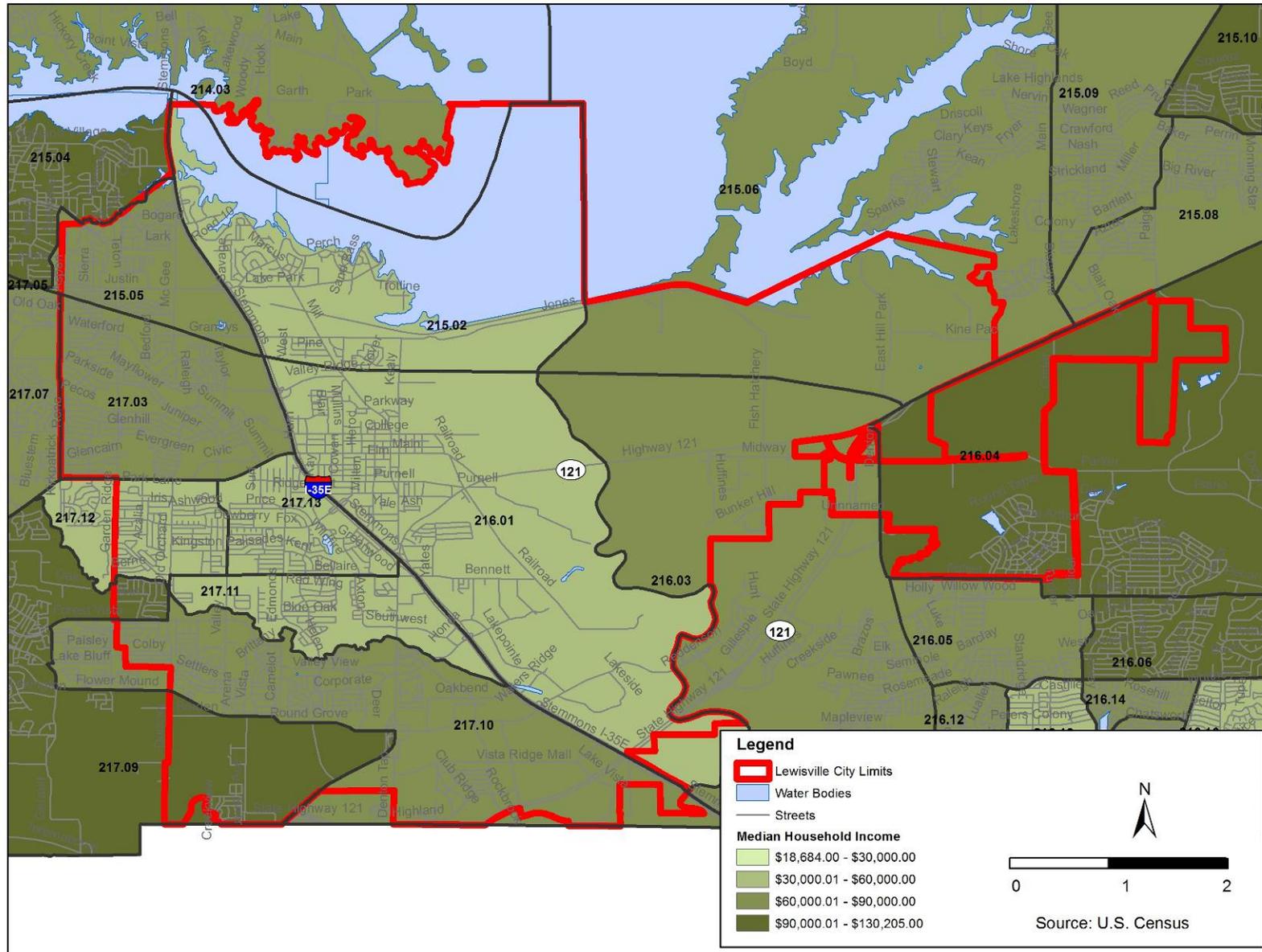
Household Type	White		Hispanic		African-American		Asian	
	# of households	% of Households	# of households	% of Households	# of households	% of Households	# of households	% of Households
Less than \$10,000	619	2.7%	137	2.2%	90	2.8%	161	8.2%
\$10,000 to \$14,999	432	1.9%	163	2.6%	76	2.4%	55	2.8%
\$15,000 to \$24,999	1,800	7.8%	839	13.4%	365	11.3%	127	6.4%
\$25,000 to \$34,999	2,277	9.8%	1,094	17.4%	474	14.7%	160	8.1%
\$35,000 to \$49,999	4,101	17.7%	1,717	27.4%	440	13.7%	276	14.0%
\$50,000 to \$74,999	5,331	23.0%	1,145	18.2%	755	23.5%	443	22.5%
\$75,000 to \$99,999	3,516	15.2%	634	10.1%	452	14.0%	318	16.1%
\$100,000 or more	5,096	22.0%	548	8.7%	566	17.6%	432	21.9%
Total:	23,172	100.0%	6,277	100.0%	3,218	100.0%	1,972	100.0%

**Chart 1.1:** Percent of Households by income class by race for Lewisville, 2005-2009



Source: 2005-2009 American Community Survey

Map 1.7: Median Household Income, 2005-2009



The poverty data in Table 1.4, below, shows major effects on the minority communities. The incidence of poverty among Hispanics was reported to be 18.1 percent, 9.3 percent for African-Americans, and 12.2 percent for Asians between 2005 and 2009. Among White persons, the data reported 3.3 percent lived in poverty. In comparison, the poverty rate for the city was 8.4 percent during the period.

**Table 1.4**  
Poverty Status by race Lewisville, 2005-2009

Age Group	White		Hispanic		African-American		Asian	
	Number in Poverty	% in Poverty						
Under 5 years	82	2.3%	992	31.4%	87	9.0%	32	5.2%
5 years	27	3.5%	155	27.8%	79	36.1%	0	0.0%
6 to 11 years	18	0.6%	364	16.5%	100	10.2%	72	17.2%
12 to 17 years	101	3.0%	589	22.8%	47	4.9%	0	0.0%
18 to 64 years	1,354	3.4%	2,388	15.0%	555	9.0%	604	12.7%
65 to 74 years	105	3.8%	17	6.2%	0	0.0%	53	23.8%
75 years and over	93	6.1%	17	6.1%	17	48.6%	23	33.3%
Total	1,780	3.3%	4,522	18.1%	885	9.3%	784	12.2%

Source: 2005-2009 American Community Survey

### 1.3. Employment

Employment opportunities in the area and educational levels of the employees make a significant impact on housing affordability and the housing location choices available to residents. Table 1.5, below, provides an analysis of occupation data, which indicate that there has been some shift in the distribution of occupations between 1990 and 2009. Arts, entertainment, recreation, accommodation, and food services had the largest increase, up 10.7 percentage points to 12.0 percent. Professional, Business, repair, and personal services had an increase, up 4.8 percentage points to 15.1 percent. Educational and Health services had an increase, up 4.2 percentage points to 15.7 percent. Manufacturing realized the largest reduction, decreasing 10.4 percentage points to 10.2 percent of the workforce. Transportation and warehousing, and utilities had a decrease of 4.1 percentage points decreasing to 5.6 percent of the total workforce. There was a reduction of 3.8 percentage points in Wholesale Trade, decreasing to 3.9 percent of the total workforce.

**Table 1.5**  
Occupation of employed persons for Lewisville, 1990 and 2005-2009 (5-Year Average)

Occupation	1990	2005-2009 Average	Percent Point Change
Agriculture, forestry, fishing and hunting and mining	1.8%	0.3%	-1.4%
Construction	4.3%	6.6%	2.2%
Manufacturing	20.6%	10.2%	-10.4%
Wholesale trade	7.7%	3.9%	-3.8%
Retail trade	17.0%	14.5%	-2.6%
Transportation and warehousing, and utilities	9.6%	5.6%	-4.1%
Finance, insurance, real estate, and rental and leasing	7.1%	9.0%	1.9%
Professional, scientific, management, administrative services	10.3%	15.1%	4.8%
Educational, health and social services	11.6%	15.7%	4.2%
Arts, entertainment, recreation, accommodation and food services	1.3%	12.0%	10.7%
Other services (except public administration)	5.3%	4.9%	-0.4%
Public administration	3.3%	2.2%	-1.1%

Source: US Census 1990 & 2005-2009 American Community Survey

The data presented in Table 1.6, provides an analysis of the distribution of the unemployed. A closer look at this distribution by Race and Ethnicity shows that unemployment is higher among African-Americans and Asians compared to Whites. Between 2005 and 2009, 6.5 percent of White persons age 16 and over reported being unemployed. African-Americans persons in the same age group reported a 10.8 percent unemployment rate, Hispanic reported a 3.8 percent rate, and Asians reported an unemployment rate of 8.6 percent. As a comparison, the citywide unemployment rate was 6.3 percent during the period.

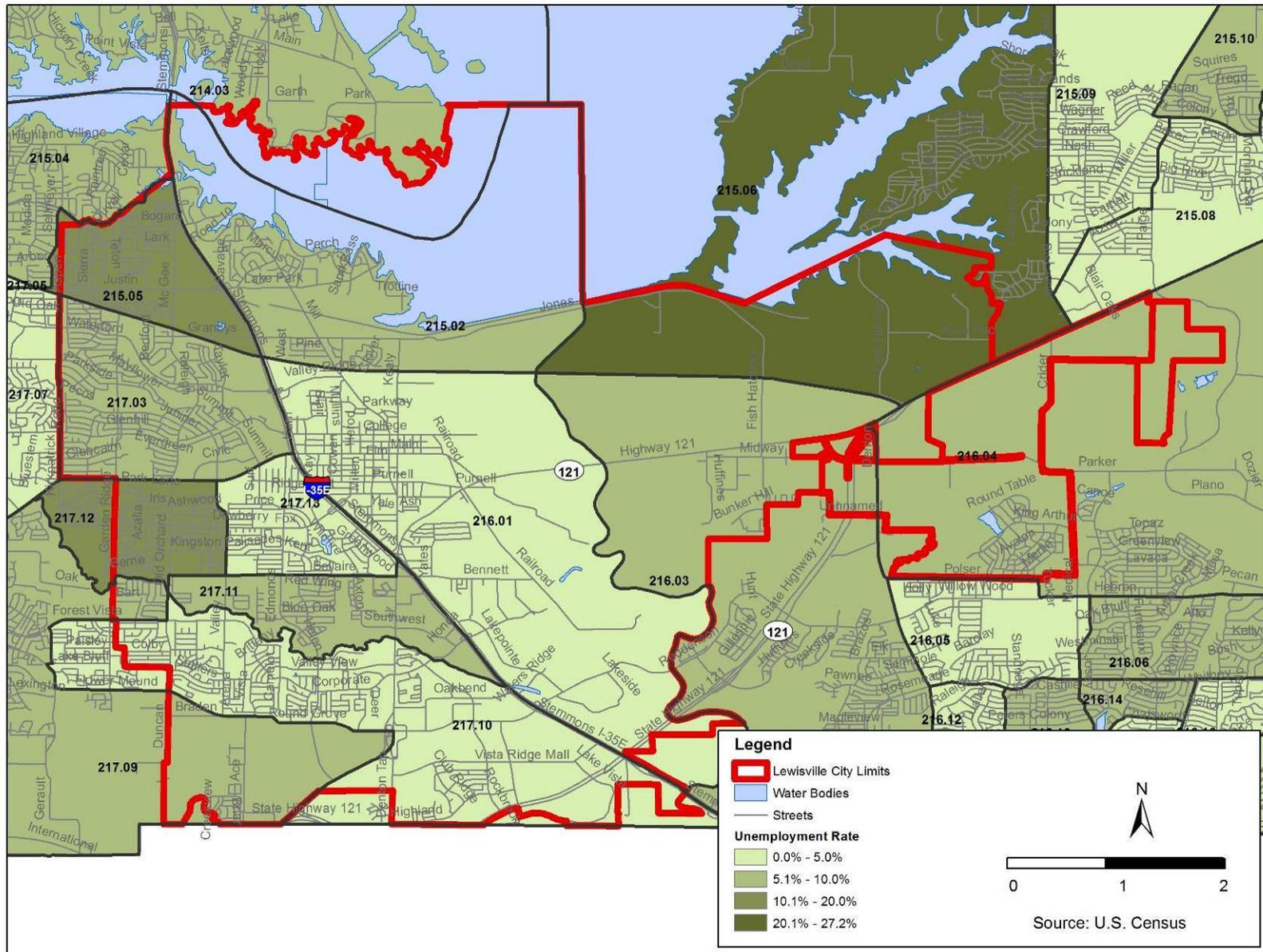
**Table 1.6**  
Employment Status by race for Lewisville, 2005-2009

Employment Status	White		Hispanic		African-American		Asian	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In Labor Force:	36,822		13,955		5,822		3,641	
In Armed Forces	63	0.2%	24	0.2%	0	0.0%	0	0.0%
Civilian:	36,759		13,931		5,822		3,641	
Employed	34,350	93.3%	13,398	96.0%	5,191	89.2%	3,327	91.4%
Unemployed	2,409	6.5%	533	3.8%	631	10.8%	314	8.6%
Not in labor force	8,203		3,234		847		1,537	
Total	45,025		17,189		6,669		5,178	

Source: 2005-2009 American Community Survey

According to the Bureau of Labor Statistics, the unemployment rate for the City of Lewisville was reported to be 6.8 percent at the end of 2010, and further decreasing to 6.7 percent as of September 2011. Map 1.8, on the following page, shows the distribution of unemployed in Lewisville.

Map 1.8: Unemployment Rate, 2005-2009



According to the City of Lewisville, the major employers in the city include JP Morgan Chase with 1,394 employees, Med Fusion Laboratories with 900 workers, and Nationstar Mortgage with 786 employees. Household Automotive Finance (HSBC) employed 680 workers, SYSCO Foods had 625 employees, and 21st Century Insurance had 500 workers.

In Lewisville, the difference in the unemployment rate between the four groups can, to some extent, be attributed to limitations due to educational attainment. Hispanics lagged far behind the other three groups in this category. According to the 2005-2009 ACS estimates (5-year average), 46.1 percent of Hispanics age 25 and above reported less than a high school education compared to 7.6 percent of Asians, 6.3 percent of Whites and 3.8 percent for African-Americans in the same age group. As a comparison, the percentage of population with less than a high school education in the city was 14.9 percent during the period.

The availability of jobs, consistent with the skill levels and educational levels of low-income persons, is largely dependent on the geographic location of the jobs and the workforces' ability to get to and from the employment centers where those jobs are located. If jobs are concentrated in largely upper income areas, and far removed from the areas where lower income persons live, their ability to get to and from work may be difficult. Most important, without adequate public transportation, lower income persons sometimes experience hardships if they cannot afford their own private automobile.

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. As a primary consideration, we examined the extent to which public transportation provides flexible routes, affordable rates, time efficient commutes with direct route and limited transfers, and routes and schedules that provide access to major employment centers for peak and off-peak work shifts.

#### **1.4. Public Transportation**

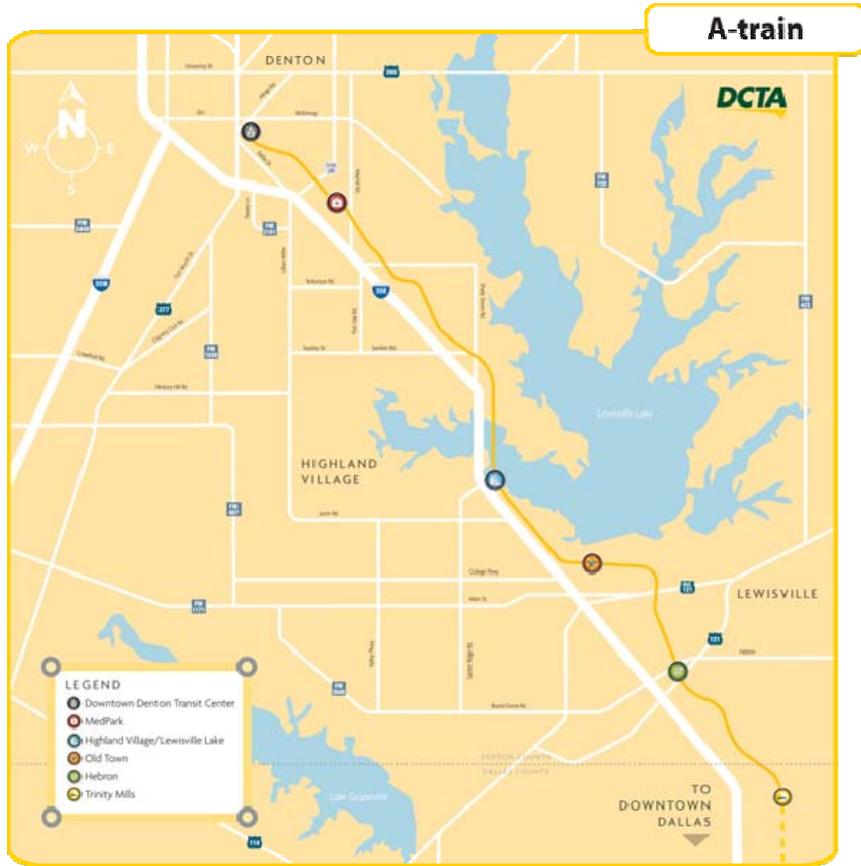
Denton County Transportation Authority (DCTA) provides transit services in the Greater Lewisville and Denton area. These services include local bus service in Denton, Highland Village and Lewisville, campus shuttles to the University of North Texas (UNT) and North Central Texas College (NCTC), and a commuter rail service connecting passengers to Downtown Dallas. Additionally, DCTA offers demand response and paratransit service in Denton, Lewisville, and Highland Village, and a commuter vanpool service for those living or working in Denton County.

The A-train is a 21-mile regional rail system connecting Denton and Dallas Counties. DCTA has five A-train stations; two in Denton and three in Lewisville and also interfaces with Dallas Area Rapid Transit (DART) at their Trinity Mills Station in Carrollton. A-train connects to the DART Green Line, which provides access to Downtown Dallas, DART's Red, Orange and Blue Lines, and the Trinity Railway Express. The A-train operates during the peak periods at 25 minute frequencies; approximately 5:00 am to 9:00 am and 3:00 pm to 9:00 pm, all weekdays. DCTA operates the A-train Shuttle Bus during the midday when the A-train does not operate. Limited A-train service is available on Friday nights and Saturdays.

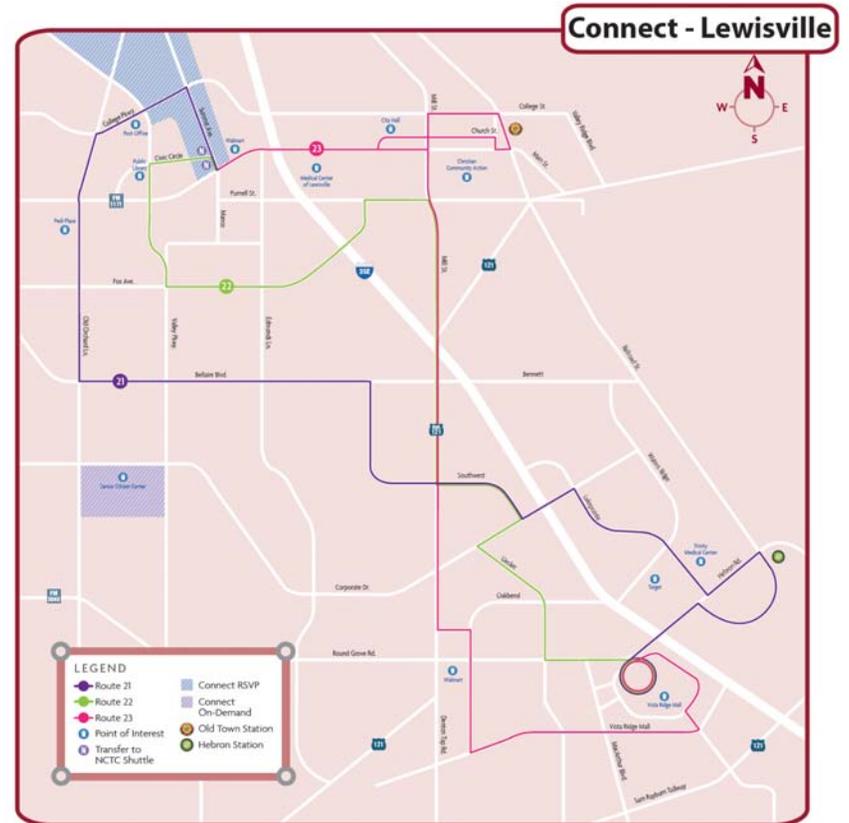
DCTA's Connect is a local fixed-route bus service in Denton and Lewisville. A peak period bus service called Connect RSVP is available in Highland Village/North Lewisville by appointment. The UNT Shuttle service provides local fixed-route bus service for the UNT campus in Denton. The NCTC Shuttle is available for passengers traveling from Denton and Lewisville to NCTC Corinth and Flower Mound campuses. Commuter Vanpool service is available for commuters living or working in Denton County. Curb-to-curb paratransit service is available in Lewisville/Highland Village and Denton for the disabled and elderly passengers. The transit system provides services in affordable fares with local and regional passes and reduced fares for senior citizens, disabled, Medicare card holders, children, and students. Map 1.9 on the following page illustrates Lewisville Shuttle bus routes, stops, and schedule.

## Map 1.9: Public Transportation Routes in Lewisville

### A-train Route



### Connect Lewisville – Bus Routes



Source: Denton County Transit Authority ([www.dcta.net](http://www.dcta.net))

## 1.5. Housing

According to the 2010 Census, the total number of housing units in the city was 40,037 with 3,167 or 7.9 percent vacant units. As shown in Table 1.7, to the right, there were 31,764 housing units in Lewisville in 2000. The total number of housing units in the city increased 26.1 percent between 2000 and 2010. According to the 2005 - 2009 ACS estimates (5-year average), the total number of housing units in the city was 38,652 of which, 44.7 percent were owner-occupied, 47.2 percent were renter-occupied, and the remaining 8.1 percent were vacant. The median housing value in the city was \$148,900 and the median contract rent was \$737 between 2005 and 2009.

**Table 1.7**  
Tenure for housing in Lewisville, 2000  
and 2005-2009 (5-Year Average)

Tenure	2000		2005-2009 (Average)	
	Number	Percent	Number	Percent
Owner-occupied	16,184	51.0%	17,287	44.7%
Renter-occupied	13,859	43.6%	18,243	47.2%
Vacant	1,721	5.4%	3,122	8.1%
Total:	31,764	100.0%	38,652	100.0%

Source: US Census 2000 and 2005-2009 American Community Survey

Table 1.8, to the right, shows that of all housing units in the City, 45.8 percent were categorized as single-family detached housing units, 2.4 percent as single-family attached units, 2.8 percent contained two to four units, 43.5 percent were multifamily, and 5.5 percent mobile home or other.

**Table 1.8**  
Housing type for Lewisville, 2005-2009  
(5-Year Average)

Units in Structure	Number*	Percent
Single-Family detached	17,700	45.8%
Single-Family attached	919	2.4%
2-4 units	1,085	2.8%
Multifamily	16,827	43.5%
Mobile home or Other	2,121	5.5%
Total	38,652	100.0%

Source: 2005-2009 American Community Survey

As shown on Table 1.9, on the following page, 0.7 percent of all housing units were built prior to 1950, 1.4 percent were built between 1950 and 1959, 3.4 percent were built between 1960 and 1969, 14.7 percent were built between 1970 and 1979, and 79.8 percent were built after 1979. Two percent of the housing stock is more than 50 years old, built prior to 1960. Over five percent of the housing stock was built prior to

1970 and based on national standards, these units may contain lead-based paint or likely be in need of repairs and maintenance.

**Table 1.9**  
Age of Housing Stock in Lewisville, 2005-2009 (5-Year Average)

Year Built	Number	Percent
Built 2005 or later	1,440	3.7%
Built 2000 to 2004	6,524	16.9%
Built 1990 to 1999	12,786	33.1%
Built 1980 to 1989	10,089	26.1%
Built 1970 to 1979	5,669	14.7%
Built 1960 to 1969	1,295	3.4%
Built 1950 to 1959	549	1.4%
Built 1940 to 1949	131	0.3%
Built 1939 or earlier	169	0.4%
Total:	38,652	100.0%

Source: 2005-2009 American Community Survey

According to the 2005-2009 ACS data shown in Table 1.10, homeownership rate among Whites was 54.9 percent, compared to 44.1 percent among Hispanics, 33.6 percent among African-Americans, and 28.2 percent among Asians.

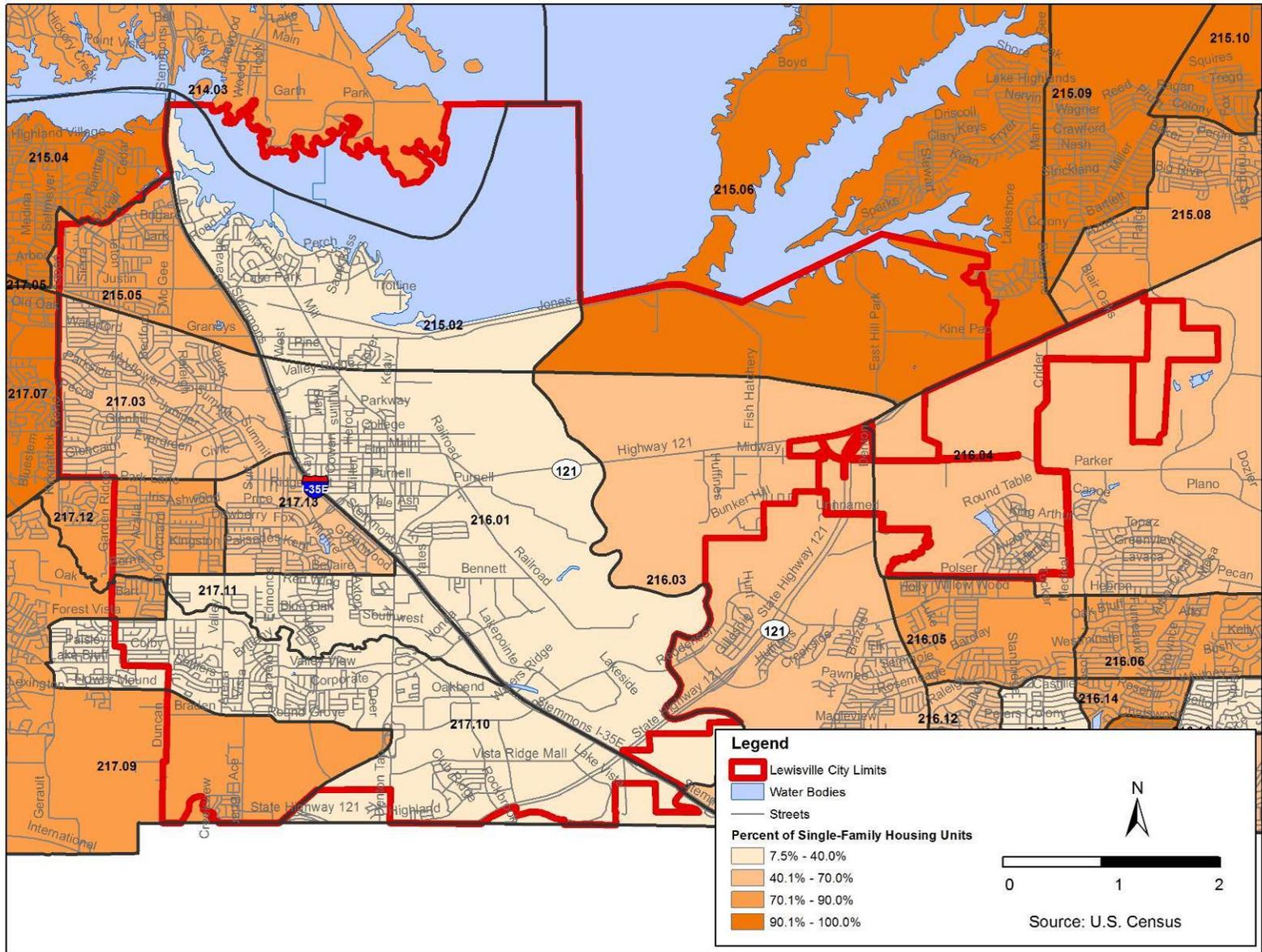
**Table 1.10**  
Tenure by Race in Lewisville, 2005-2009 (5-Year Average)

Tenure by Race	Owner-occupied		Renter-occupied	
	#	%	#	%
White	12,726	54.9%	10,446	45.1%
Hispanic	2,771	44.1%	3,506	55.9%
African-American	662	33.6%	1,310	66.4%
Asian	907	28.2%	2,311	71.8%

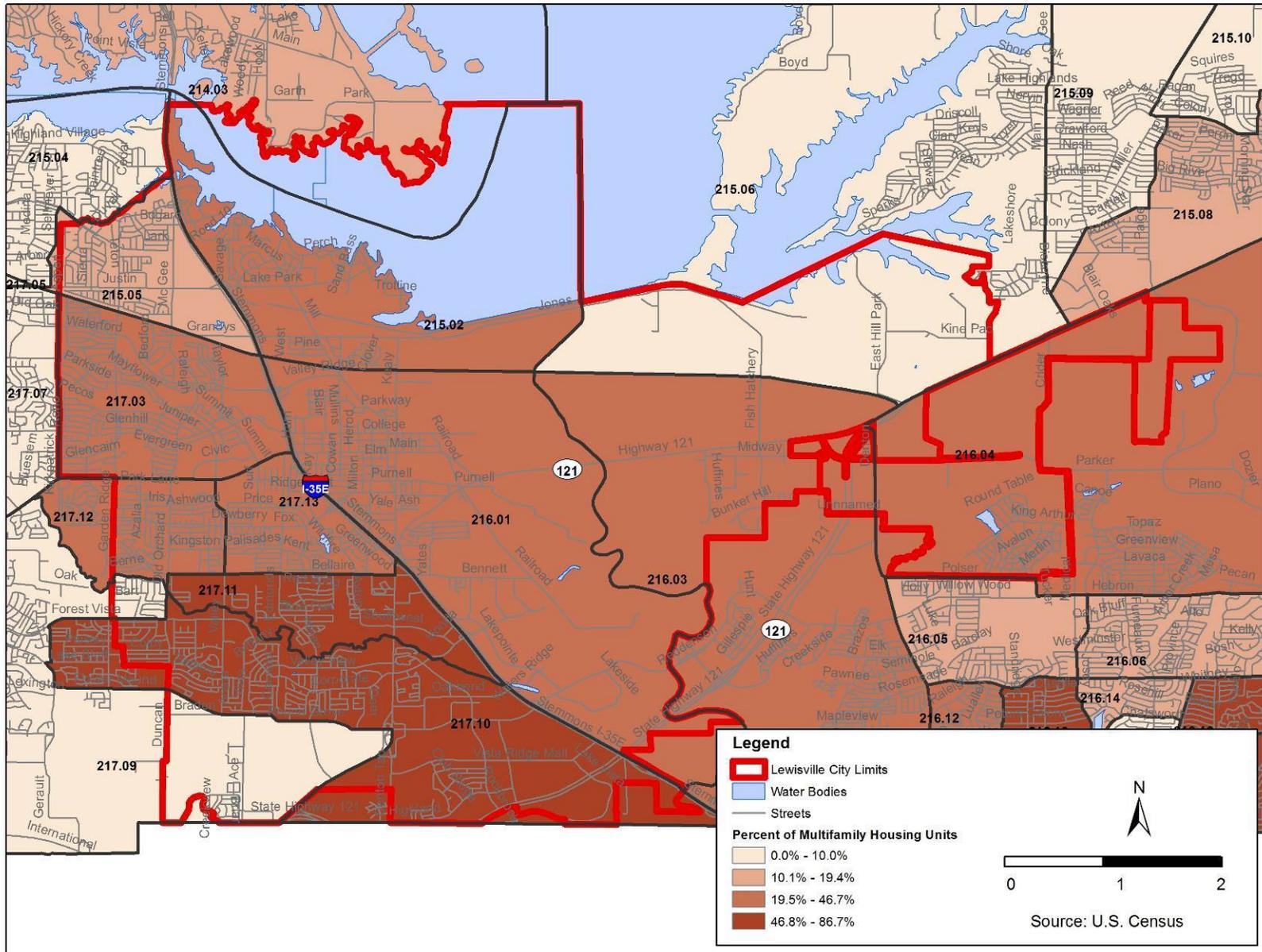
Source: 2005-2009 American Community Survey

Maps 1.10, on following page, and Map 1.11, on page 23, shows the distribution of single-family and multifamily housing across the city. Map 1.12, on page 24, provides a geographic representation of the distribution of the oldest housing stock in the city. Maps 1.13 and 1.14, on pages 25 and 26, provide a geographic depiction of the distribution of housing values and rents across the city.

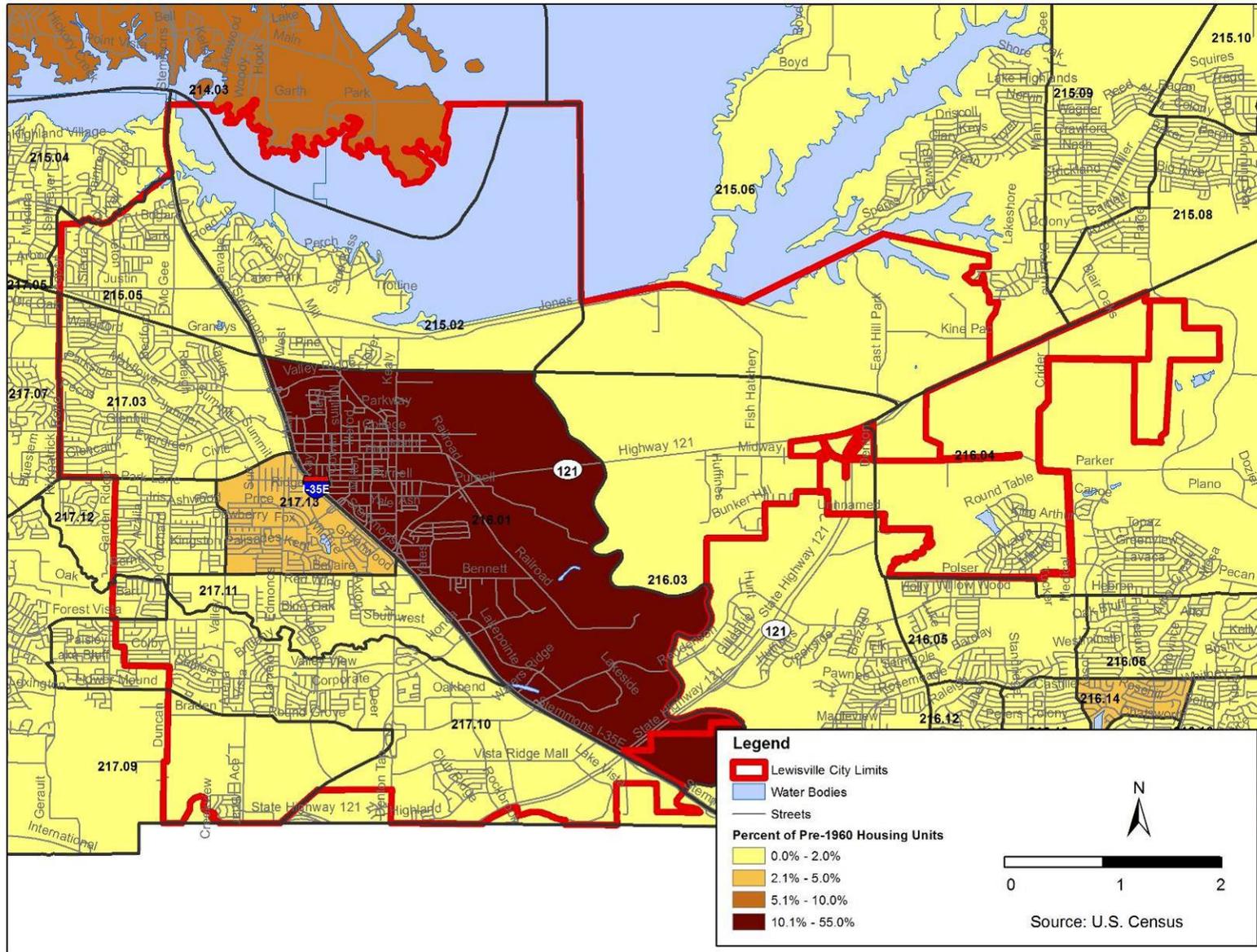
Map 1.10: Percent Single-Family Housing Units, 2005-2009



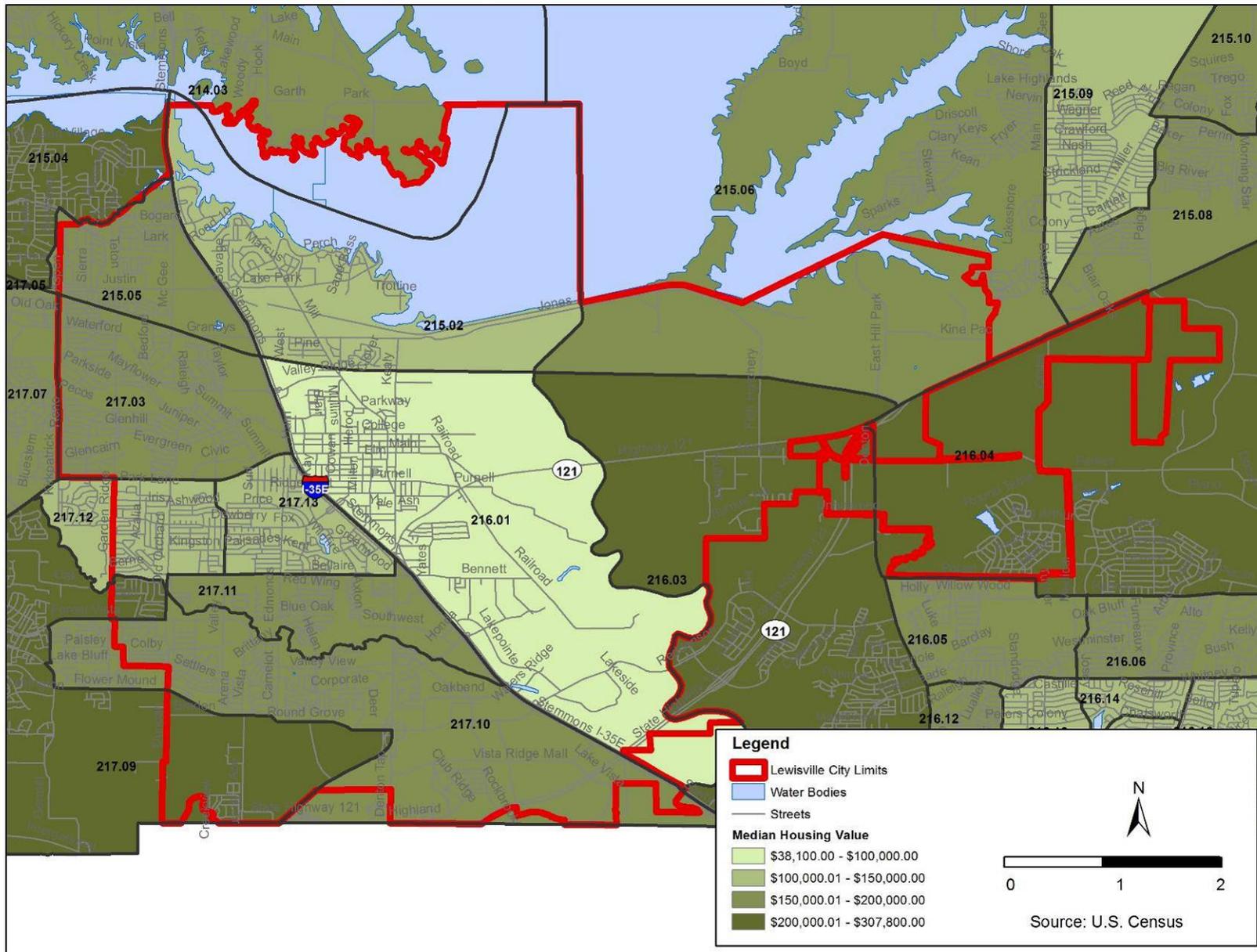
Map 1.11: Percent Multifamily Housing Units, 2005-2009



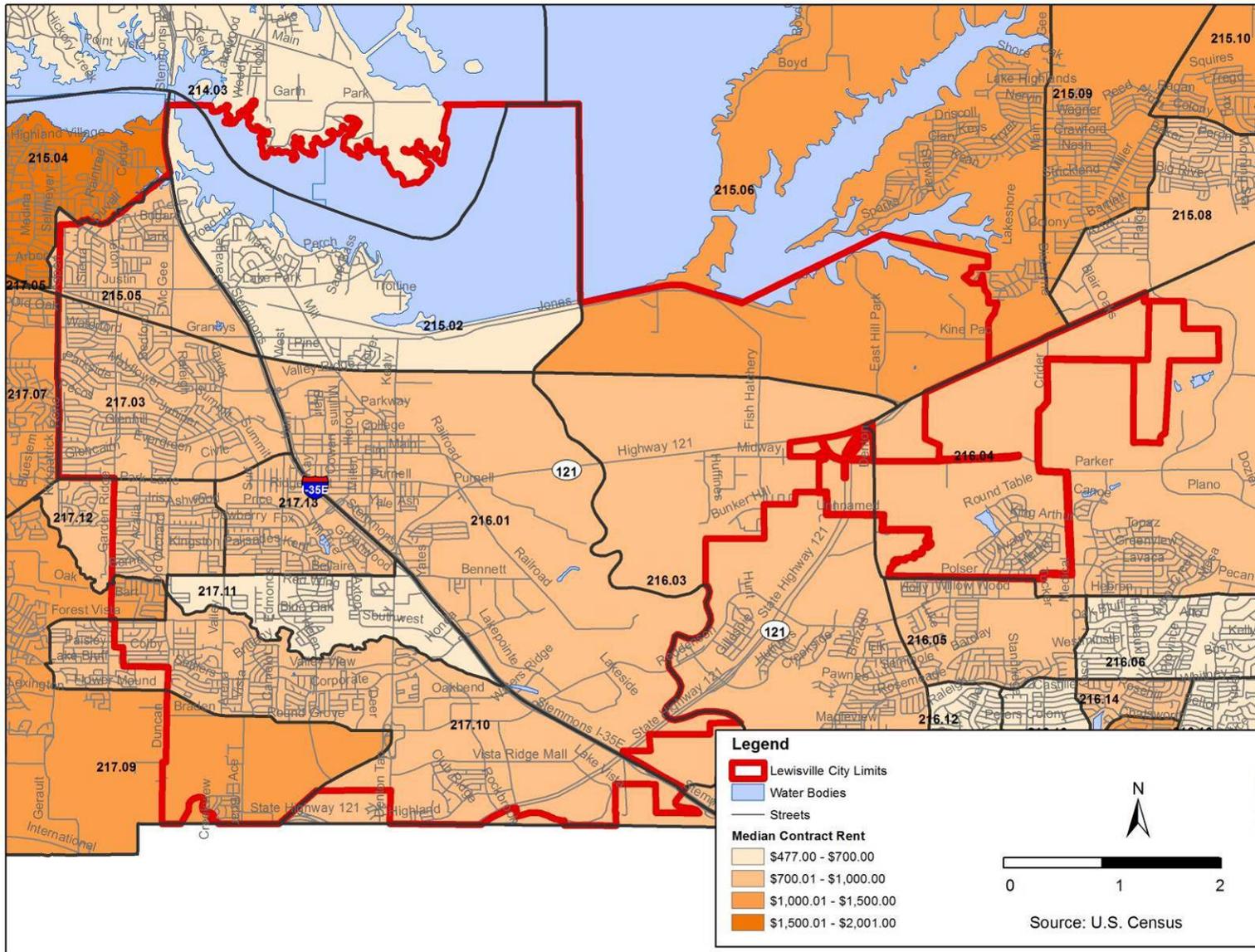
Map 1.12: Percent Pre-1960 Housing Stock



Map 1.13: Median Housing Value, 2005-2009



Map 1.14: Median Contract Rent, 2005-2009



Data contained in the Comprehensive Housing Affordability Strategy (CHAS) Table, for the year 2000, duplicated in Table 1.11, on the following page, indicates that the impact of housing costs on household incomes is very severe on low and very low-income households. The table shows that nearly 82.9 percent of all very low-income renters (those earning between 0 percent and 30 percent of the median family income) and 81.7 percent of very low-income homeowner households paid more than 30 percent of their income on housing expenses. Seventy seven percent of very low-income renters and 68.7 percent of very low-income homeowners paid more than 50 percent of their incomes on housing expenses in 2000.

Looking at the “Other Low-Income” households (those earning between 31 percent and 50 percent of the median family income), 84.4 percent of low-income renters and 72.9 percent of low-income homeowners paid more than 30 percent on housing expenses in 2000. Thirty five percent of renters and 35.5 percent of homeowners paid more than 50 percent on housing expenses.

In 2000, the moderate income category (those earning between 51 percent and 80 percent of the median family income), shows 53.9 percent of renters and 47.0 percent of homeowners with housing cost in excess of 30 percent of their household income, and 4.4 percent of renters and 10.4 percent of homeowners paid more than 50 percent of their household income on housing expenses.

**Table 1.11**  
Cost Burden by income and tenure, 2000

<b>Very Low-Income (Household income &lt;=30% MFI)</b>		
<b>Renters</b>	<b>% Cost Burden &gt; 30%</b>	<b>% Cost Burden &gt; 50%</b>
<b>Elderly</b>	81.6	79.9
<b>Small Related</b>	77	67.2
<b>Large Related</b>	100	90.4
<b>Other</b>	84	78.2
<b>Total Renters</b>	82.9	76.6
<b>Owners</b>		
<b>Elderly</b>	61.2	46.1
<b>Small Related</b>	91.8	81.5
<b>Large Related</b>	90.2	53.7
<b>Other</b>	85.8	85.8
<b>Total Owners</b>	81.7	68.7
<b>Total Households</b>	82.5	74.2

<b>Other Low-Income (Household income &gt;30 to &lt;=50% MFI)</b>		
<b>Renters</b>	<b>% Cost Burden &gt; 30%</b>	<b>% Cost Burden &gt; 50%</b>
<b>Elderly</b>	88.9	48.1
<b>Small Related</b>	80.2	32.4
<b>Large Related</b>	62.4	2.3
<b>Other</b>	94.5	44.5
<b>Total Renters</b>	84.4	35
<b>Owners</b>		
<b>Elderly</b>	58.2	23.6
<b>Small Related</b>	82.1	46.4
<b>Large Related</b>	72.3	13.9
<b>Other</b>	89.5	68.4
<b>Total Owners</b>	72.9	35.5
<b>Total Households</b>	80.3	35.1

<b>Moderate Income (Household income &gt;50% to &lt;=80% MFI)</b>		
<b>Renters</b>	<b>% Cost Burden &gt; 30%</b>	<b>% Cost Burden &gt; 50%</b>
<b>Elderly</b>	82.2	24.4
<b>Small Related</b>	54.6	5.4
<b>Large Related</b>	44.2	0
<b>Other</b>	50.7	1.5
<b>Total Renters</b>	53.9	4.4
<b>Owners</b>		
<b>Elderly</b>	21.3	6.3
<b>Small Related</b>	62.4	12.1
<b>Large Related</b>	36.8	3.3
<b>Other</b>	55.2	19
<b>Total Owners</b>	47	10.4
<b>Total Households</b>	51.5	6.4

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Tables, 2000

According to the 2005 - 2009 ACS estimates, as shown in Table 1.12 to the right, 26.7 percent of renter households paid more than 30 percent of their household income towards rent. Eighty percent of the renter households with household income of less than \$10,000, 84.3 percent of the renter households that earned between \$10,000 to \$19,999, 61.8 percent of the renter households that earned between \$20,000 to \$34,999, and 60.5 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 the five-year period.

As shown in Table 1.13, to the right, 26.7 percent of owner households were 30 percent cost burden and 7.2 percent of the owner households were 50 percent cost burden during the same period.

Hispanics and African Americans in particular, face a number of demographic concerns such as lower income and higher poverty levels that typically impact housing choice and

**Table 1.12**  
Gross Rent as a Percent of Household Income in Lewisville,  
2005-2009 (5-Year Average)

Gross Rent as a Percent of Household Income	Number of Households	Cost Burden 30%
Less than \$10,000	250	
Less than 30.0 percent	17	
30.0 percent or more	200	80.0%
Not computed	33	
\$10,000 to \$19,999	502	
Less than 30.0 percent	79	
30.0 percent or more	423	84.3%
Not computed	0	
\$20,000 to \$34,999	1,467	
Less than 30.0 percent	560	
30.0 percent or more	907	61.8%
Not computed	0	
\$35,000 to \$49,999	2,128	
Less than 30.0 percent	840	
30.0 percent or more	1,288	60.5%
Not computed	0	
\$50,000 or more	12,940	
Less than 30.0 percent	11,143	
30.0 percent or more	1,797	13.9%
Not computed	0	
Total Renter Households	17,287	
Less than 30.0 percent	12,639	
30.0 percent or more	4,615	26.7%
Not computed	33	

Source: 2005-2009 American Community Survey

**Table 1.13**  
Owner Housing Costs as a Percent of Household Income in  
Lewisville,  
2005-2009 (5-Year Average)

Housing Cost as a Percent of Household Income	Number of Owner Households	Percent
Less than 30.0 percent	12,639	73.1%
30.0 percent or more	4,615	26.7%
50.0 percent or more	1,244	7.2%
Not computed	33	0.2%
Total Owner-Occupied households	17,287	100.0%

Source: 2005-2009 American Community Survey

affordability negatively. One of the most revealing indicators that Hispanics and African-Americans lag far behind Whites in obtaining housing of their choice is in the category of homeownership. The homeownership rate among Whites was 54.9 percent, 10.8 percentage points higher than Hispanics at 44.1 percent, and 21.3 percentage points higher than African-Americans at 33.6 percent between 2005 and 2009.

Overall, there were significant disparities in the demographic characteristics for minorities compared to that of Whites in most all categories, including income, poverty, unemployment, educational attainment and other household characteristics. These demographic characteristics are likely negatively influencing minorities' choices in selecting the geographical location of their housing, condition of housing and neighborhoods, housing type, cost of housing, and minority households' decision to become or remain a renter verses a homeowner. These demographic characteristics are also unduly contributing to minorities' housing choice resulting in being cost burden or in creating overcrowded conditions for their household.

According to the 2010 Census estimates, the total population of Lewisville was 95,290, a 22.6 percent increase between 2000 and 2010. The distribution of population, based on the race and ethnicity of the City's population, is becoming increasingly more diverse as well. The White population, as a percentage of the total city population, decreased from 77.2 percent to 65.3 percent between 2000 and 2010. African-Americans increased by 4,914 persons or 85.5 percent, and comprised 11.2 percent of total population in 2010. Asian and Pacific Islanders increased by 4,406 persons or 144.3 percent, and made up 7.8 percent of total population in 2010. The percentage of Hispanic population compared to the total population increased from 17.8 percent in 2000 to 29.2 percent in 2010, an 11.4 percentage point increase. Given the aforementioned negative trends and disparate impacts in the demographic characteristics for minorities, Hispanics and African Americans households in particular, will likely continue to experience limitations in fair housing choice.

## Section 2: Fair Housing Law, Court Case, Policies, Regulatory and Complaint Analysis

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### Introduction

It is important to examine how the City of Lewisville'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 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.

The first part of this section, Section 2.1, will address the existing statutory and case law that work to remove impediments and promote fair housing choice. The Federal Fair Housing Act can be effective in mitigating barriers to fair housing choice, depending upon enforcement efforts. Relevant judicial court case decisions pertaining to fair housing were reviewed and are incorporated in the analysis. Other related regulations and case law that provide further interpretation, understanding, and support to the Federal Fair Housing Act were considered and will also be discussed.

The City of Lewisville has not enacted substantially equivalent Fair Housing Law. Therefore, our analysis of applicable fair housing laws focused on the State of Texas Fair Housing Act. In the analysis the State of Texas statutes were compared to the Federal Fair Housing Act to determine whether they offered similar rights, remedies, and enforcement to the federal law and might be construed as substantially equivalent. Pertinent related laws, such as the Community Reinvestment Act and Home Mortgage Disclosure Act, were reviewed with respect to how they can facilitate fair lending. Section 2.2 summarizes the level of fair housing enforcement activity in the City of Lewisville.

A more difficult, but intertwined, aspect of evaluating 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 people of all incomes. We examined government subsidies and public funding appropriations used to provide housing assistance for very low- and low-income households. This included an analysis of city operated housing programs provided in Section 2.3. Numerous documents were collected and analyzed to complete this section. The key documents are Consolidated Plans, current and previous Annual Action Plans, the Consolidated Annual Performance Evaluation Reports (CAPER), Denton County Housing Authority Five Year and Annual Plans and documentation on various housing programs and projects. City staff also provided information on its 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 2.4. 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 advisory boards and commissions such as the Denton County Housing Authority Board, and City of Lewisville City Council, CDBG Advisory Committee, Zoning Board of Adjustment, Planning and Zoning Commission, and Housing Finance Corporation.

Section 2.5 provides an analysis of fair housing complaints filed with HUD. Section 2.5 also 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 fair housing enforcement in Lewisville. Official compliant date was

received from the HUD Fort Worth, Texas Regional Office, Fair Housing Equal Opportunity Division.

## **2.1. Fair Housing Law**

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:

- Misrepresent that a house or apartment is unavailable by:
  - ✓ 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:
  - ✓ 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:
  - ✓ 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
- ✓ 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;
- Persuade or attempt to persuade people, for profit, to rent or sell their housing due to minority groups moving into the neighborhood by:
  - ✓ Real estate agents mailing notices to homeowners in changing area with a listing of the homes recently sold along with a picture of a Black real estate agent as the successful seller, or
  - ✓ 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:
  - ✓ Using different procedures or criteria to evaluate credit worthiness,
  - ✓ 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;
- Intimidate, coerce or interfere; or
- Retaliation against a person for filing a fair housing complaint.

The Fair Housing Act requires housing providers to make reasonable accommodations in rules, policies, practices, and paperwork for persons with disabilities. 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. The fine for the first offense can be 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 from January and February 2012 was conducted. These types of advertisements cover an area larger than just Lewisville, 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. The advertising, especially those with images of prospective or current residents was reviewed, with a sensitivity toward:

- Advertising with 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 of time, including a number of 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 Lewisville 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 and a city or county in that state have 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 located 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 contain the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have substantially equivalent violations, remedies, investigative processes, and enforcement powers.

In addition, the process for investigating and conciliating complaints must mirror HUD's. 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.

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.

The State of Texas Property Code Chapter 301, Texas Fair Housing Act, was amended most recently in 1993. This Act declares it illegal to discriminate in the sale, rental,

advertising, financing, or providing of brokerage services for housing. The Texas Statute parallels the Federal Fair Housing Act, and has been determined to contain all of the requisite provisions to pass HUD's scrutiny as a substantially equivalent law. The City of Lewisville has not enacted local Fair Housing

### **Court Decisions**

Walker 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 **Walker** public housing/Section 8 desegregation litigation began in 1985 when one plaintiff, Debra 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 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, with the exception of 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).

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.

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 was 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 in the West Dallas project.

(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.

Similar to 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 projects, desegregation of the tenant population in previously 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.

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

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

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 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 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 black homeowners and predominantly black neighborhoods.

Another case was settled for \$250,000 in Maryland when Baltimore Neighbors, Inc., a 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 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."

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.

*“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 individual with the disability, and resources available are sufficient. The courts agreed with “the most integrated setting” provision of the ADA.

In a historic federal settlement order to resolve a lawsuit brought by the Anti-Discrimination Center (ADC) against Westchester County, NY. 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 tie to federal funds, a false certification can be seen as 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 with regard to 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-discrimination policy to be published on the website, and require all employees to undergo training on the new practices.

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.

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.

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.

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 allegation is that this increase has a disproportionate impact on minorities and this effect 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 is in progress and a judgment is pending appeal.

### **Homelessness and the Fair Housing Act**

Homelessness is defined as lacking a fixed, regular, and adequate night-time residence; 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 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, is in conflict with the Fair Housing Law.

### **Unfair Lending Practices**

Unfair lending practices are more difficult to detect and to prove. However, there are 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 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.

## **2.2. Enforcement**

It has long been settled that fair housing testing is legal and that non-profits 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.

The Department of Housing and Urban Development (HUD) enforce 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.

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 five state Region VI that includes Arkansas, Louisiana, New Mexico, Oklahoma, 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.

When a complaint is filed with any of the jurisdictions, HUD is notified of the complaint. 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 and or Texas Ordinance 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 Federal District Court.

### **Education and Outreach**

The City of Lewisville Grants Division receives fair housing complaints and makes referrals to HUD for enforcement. This agency is also responsible for conducting public education, training and outreach of fair housing rights and remedies in Lewisville. Education of the public regarding the rights and responsibilities afforded by fair housing law is an essential ingredient of fair housing enforcement. This includes outreach and education to the general public, landlords and tenants, housing and financial providers, as well as citizens, concerning fair housing and discrimination. 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 of time 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 probably 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.

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

An assessment of characteristics affecting housing production, availability, and affordability in Lewisville was conducted, including the adequacy and effectiveness of housing and housing related programs designed and implemented by the City of Lewisville Grants Division (GD) of the Department of Economic Development and Planning (DEDP), and the Section 8 Voucher Program operated by the Denton County Housing Authority. 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 agencies prioritized funding and utilized programs to address impediments identified in the City's Fair Housing Impediment Analysis conducted prior to FY 2012. Our analysis for this section is based on the Denton County Housing Authority Section 8 Management and Assistance Plan and City of Lewisville's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation provided by the city and housing authority.

The 2011 Annual Action Plan indicated that the City of Lewisville anticipated receiving approximately \$537,942 in Community Development Block Grant (CDBG) funding in FY 2011. A reallocation of \$180,000 in prior year's funds will provide a total estimated budget of \$717,942. Highlights of their proposed expenditure for FY 2011 include:

- Public Services \$80,690
- Housing Assistance-First Time Home Buyers \$100,000
- Housing Rehabilitation-Owner Occupied \$185,000

- Program Administration and Planning \$107,586
- Public Facilities and Infrastructure \$64,666
- Public Facilities and Infrastructure (reprogrammed) \$180,000

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

The City of Lewisville has not enacted substantially equivalent fair housing law. Having a fair ordinance, especially one 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.

The city zoning ordinance, development code and public policies were examined to reveal any current ordinances or policies that impede fair housing choice. Lewisville's land development codes and zoning regulations address affordable housing and the provision of making 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.

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

Fair housing complaint information was received from the Fort Worth, Texas FHEO Division of the Regional Office of the U.S. Department of HUD. The data provides a breakdown of complaints filed for Lewisville from November 1, 2007 through October 31, 2011. During this period, seventeen complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race. Table 2.1 on the following page provides a breakdown of those complaints. The actual total number of cases by basis sums to more than seventeen, since some complainants filed based on more than one basis or protected classes.

**Table 2.1: Number of Complaints by Protected Class by Year ( 2007 - 2011)**

Protected Class	Race/ Color	National Origin	Familial Status	Disability	Sex	Religion	Totals
2007	1						1
2008	6		1	2	1		10
2009	3						3
2010				2			2
2011			1	2			3
<b>Totals</b>	<b>10</b>		<b>2</b>	<b>6</b>	<b>1</b>		<b>19</b>

**Source: HUD Fort Worth Regional Office, FHEO**

Table 2.2, on the following page, shows the tally of the case closure types by year the case was opened. Of the 17 complaints, all were closed with a satisfactory resolution.

**Table 2.2: Number of Complaints by Protected Class by Year ( 2007 - 2011)**

Type of Closure	2007	2008	2009	2010	2011	Totals
Case Conciliated		6			2	8
No Probable Cause	1		2			3
Withdrawn		1	2	1	1	5
Lack of Jurisdiction						
Complainant failed to cooperate				1		1
Unable to Locate the complainant						
FHAP judicial dismissal						
FHAP judicial consent order						
<b>Totals</b>	<b>1</b>	<b>7</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>17</b>

**Source: HUD Fort Worth, Texas Regional Office, FHEO**

## **2.6. Conclusions and Implications for Fair Housing Barriers and Impediments**

The State of Texas has enacted fair housing law that is substantially equivalent to the Federal Fair Housing Act. The City of Lewisville has not enacted local substantially equivalent Fair Housing Law. The State of Texas ordinance disallows the same activities prohibited under the federal act. Having a fair ordinance, especially one equivalent to the federal Fair Housing Act, evidences a jurisdiction's commitment to fair housing choice. Between November 2007 and October 2011, a total of 17 complaints have been received and investigated through the HUD FHEO Regional Office in Fort Worth, Texas.

The City of Lewisville Grants Division 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 Lewisville.

Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling, directed toward persons in the greater Lewisville 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. Including these logos can be a means of educating the home seeking public that the property is available to all persons.

The 2011 Annual Action Plan submitted to HUD by the Grants Division indicated that the City of Lewisville anticipated receiving approximately \$537,942 in Community Development Block Grant (CDBG) funding in FY 2011. A reallocation of \$180,000 in prior year's funds provided a total estimated budget of \$717,942. Based on Lewisville City's planned utilization of these funds for housing and housing related programs, they should enhance their ability to address some of the impediments relative to housing advocacy, availability, affordability, rehabilitation, homeownership, and financial literacy, as identified in this AI conducted in FY 2012.

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.

## **Section 3: Focus Group Sessions and Community Engagement**

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### **Introduction**

This section will report on the results from two focus group sessions held on December 8, 2011 at the Lewisville City Hall, 151 west Church Street, Lewisville, Texas 75057. Participants in the focus groups sessions and supplemental interviews included City Staff, Community Development Advisory Committee, City Council Members, Denton County Housing Authorities personnel and other government representatives; homeless coalition and Continuum of Care representatives, administrators from local colleges, universities, and school districts; non-profit organizations, home builders, housing and social service agencies representatives; real estate and financial industry representatives; and the general public and other community representatives.

Attendees were gathered through invitations sent to select resident and community leaders, organizations, industry professionals and public officials and a public meeting notice published in the local newspaper. At each focus group session, general issues related to the housing market, neighborhoods and concerns pertaining to fair housing choice in Lewisville were discussed. Supplemental interviews were conducted with various community, professional and industry representatives to obtain information from those unable to attend the sessions on December 8, 2011 sessions. The Focus Group sessions were hosted by the City of Lewisville Community Development Division of the Department of Economic Development and Planning.

It should be noted that the comments summarized in this section represent the comments and views of the focus group participants and those participating in supplemental interviews. 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 corroborated by the data and analysis, included in Section Six: Impediments and Remedial Actions. Comments from Focus Group participants included the following.

### **3.1. Focus Group Concerns and Comments**

#### **Social-Economic Conditions**

Among the social-economic issues frequently mentioned in the focus group sessions 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 is not only a concern with regard to social equity and the plight of renters, but poverty and limited incomes are also having an adverse impact on the condition and quality of single family owner occupied housing in some areas.

In areas where a majority of homeowners cannot afford routine maintenance and rising utility costs, poor housing conditions may quickly become the prevalent state of affairs. The impact of a lack of job opportunities and insufficient incomes to afford decent housing were cited as contributing factors to housing and neighborhood decline.

Focus group participants wanted to have a greater emphasis placed on financial assistance to acquire housing suitable to meet the needs of the changing demographics in the city and specific problems faced by residents and the working poor relative to foreclosure. Participants also felt that increased housing

counseling-both pre-purchase and post purchase support-was needed to help applicants qualify for financing 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. Homebuyers will need assistance with providing greater down payments and equity investments when buying a home, to replace the loss of private mortgage insurance. Participants emphasized the need for increased funding for project based rental assistance due to limitations in the Section 8 Vouchers program, fair market rents that lag far below many of the rents charged by multifamily and single family rental housing providers, increased demand for rental assistance, and additional development funding for new scattered site public and assisted housing units.

### **Housing Supply, Neighborhood Conditions, and Infrastructure and Regulatory Controls**

Participants' desired greater emphasis is placed on building codes and regulatory controls being utilized to improve housing conditions, cost and accessibility. They recommended incorporating energy efficiency and green building standards in construction of affordable housing; the need for infrastructure to support new housing development and emergency 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 despite programs funded by the City, 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 actually occurring. Others felt that residents often fear retaliation by those who

violate the laws. For example, attendees and persons interviewed felt that in some instances, people do not register 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.

Others expressed concerns that lower income residents are paying higher prices due to a lack access to basic goods and services. For example, healthy food choices were often limited resulting in resident in low income and minority concentrated neighborhoods having diets lacking in fresh vegetables and fruits and other commodities being priced outside their affordability. Neighborhood markets and grocery stores in the neighborhoods are sometime limited to convenience stores charging exorbitant prices, taking advantage of persons with limited mobility or access to public transportation.

### **Lending, Foreclosures and the Mortgage Industry**

The inability to obtain home mortgages was seen as a major barrier that limits 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. Greater emphasis should be given to preventing damage to one's credit history and providing a solid foundation that could prevent future financial problems. Persons with a criminal felony record and those convicted of sex crimes are having particular 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 their home a health and safety risk or place the homeowner in violation of local property standards codes.

### **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 statistics relative to 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 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.

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 seen as particularly needed due to the limited supply of shelter, transitional and permanent housing and housing services in Lewisville. Others were concerned with limitations in funding for existing agencies providing services to the homeless.

## **Public Transportation and Mobility**

Participants cited limited mobility and public transportation as impediments to housing choice. 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.

### **3.2. Other Issues and Solutions**

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 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.

## **Section 4: Home Mortgage Disclosure Act Analysis (HMDA)**

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### **Introduction**

The Federal Financial Institutions Examination Council (FFIEC) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry. 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 and retrieval software on compact disk. Data can be summarized within the software package or downloaded in its raw form for analysis. For this analysis, the FFIEC databases were utilized for 2004 through 2009.

The data reported in this analysis are summarized by a variety of methods. Tables 4.1 and Tables 4.2 provide information for the City of Lewisville and Denton County. Table 4.4 provides information for Denton County. Tables 4.3 and the charts present the data by census tract and income groups. The maps provided at the end of this section, present data according to census tracts for Denton County.

### **4.1. Analysis**

Table 4.1 examines home loan activities in Lewisville and Denton County. The data are presented by loan type, ethnicity, income, and loan purpose. In the county, White applicants represented the largest number of loan applicants at 80,480. Origination rates (the percentage of applications that result in loans being made) for Whites were 72 percent. Hispanics were the next largest applicant group with 25,408 applications submitted and an origination rate of over 36 percent. African-Americans had 8,748 applications and an origination rate of over 34 percent. Asian origination rates were about 32 percent, with 6,088

applications reported. High-income applicants showed both the highest number of applications, at 133,556, and the highest origination rate, at over 48 percent. Both the number of applications and the origination rates drop significantly for all other income groups, with 15,548 applications from middle-income applicants and an origination rate of over 45 percent. Conventional loans account for the largest number of applications for loan type, at 167,520, with an origination rate of about 39 percent. Home purchase loans show the highest number of applications for loan purpose, at 106,088, and the highest origination rate of about 46 percent. Refinance loans had the second highest origination rate at 38 percent with 79,304 loan applications. Home Improvement loans show 30,052 applications and an origination rate of about 22 percent.

Isolating the tracts within Lewisville for Loan Type, “Conventional” shows the highest number of loan applications at 20,060 and the percentage of loan originations at over 42 percent of all applications. FHA loans show an origination rate of about 41 percent and VA and other loans showed origination rates of about 46 percent. For loan purpose, about 50 percent of home purchase loans were originated out of 12,873 applications. The origination rate for home improvement was about 24 percent and refinance loans was about 39 percent. In Lewisville, White applicants had the highest origination rate at about 80 percent and the highest number of loan applications at 9,434. The origination rate for African Americans was over 31 percent with 1,214 applications. The origination rate for Hispanics was over 32 percent with 2,481 applications. The origination rate for Asians was 34 percent with 941 applications. The origination rate for the very low-income group was 25 percent, compared to 49 percent in high-income group.

Table 4.2 displays the HMDA data for the same data categories (Loan Type, Ethnicity, Income, and Loan Purpose). On this table, however, percentages are taken within category, rather than demonstrating the percentage of applications that result in loan originations. For example, the first percentage in the “% of

Originations” column indicates that 76.2 percent of originations in the county were for conventional loans compared to a 38.8 percent origination rate in Table 4.1. For comparison, 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 at over 76 percent of all originations in Denton County. FHA loans, which are government insured and have more stringent lending criteria, were about 21 percent of all originations. For Ethnicity, “White” shows the highest percentage of originations at 68 percent of the total originations in the county. The percentage of Whites in the population was 75 percent. Hispanic applicants accounted for 10.8 percent of originations, while their presence in the population was 18.2 percent of all residents. African-American applicants accounted for 3.5 percent of all originations, with 8.4 of the total population in the county. Asian applicants represent 2.3 percent of originations with 6.7 percent of the total population in the county. The highest income group (>120% median) displays the highest percentage of originations, at about 76 percent of all originations. In contrast, the very low-income group accounts for just over one percent of all originations. The loan purpose data for the county shows that home purchase loans were the most frequent purpose at about 57 percent. Refinance loans accounted for over 35 percent of the originations. Home improvement loans accounted for about eight percent of all originations.

In Lewisville, over 77 percent of all originations were from conventional loans. FHA loans were about 20 percent of the originations. In the city, Whites had the highest percentage of origination, over 68 percent of the total. The percentage of Whites in the population was over 65 percent. Hispanic applicants accounted for over seven percent of originations, while their presence in the population was over 29 percent of all residents. African-American applicants accounted for over three percent of all originations and about 11 percent of the total population. Asian applicants represented about three percent of originations with about eight

percent of the total population. Native American applicants represented 0.3 percent of originations with 0.7 percent of the total population. The highest income group (>120% median) displays the highest percentage of originations at about 76 percent of all originations in the city. In contrast, the very low-income group accounts for one percent of all originations. The loan purpose data show that home purchase loans were the most frequent purpose at about 59 percent of all originations in the city. Refinance purchase loans accounted for about 34 percent of the originations. Home improvement loans accounted for over seven percent of all originations in the city.

Table 4.3, examines the HMDA data more closely with respect to the possibility of redlining within Denton County census tracts. Redlining relates to the avoidance of certain locations by mortgage lenders in response to undesirable characteristics of the area. The origination rates in very low-income tracts are compared to high-income tracts to find the evidence to support the possibility of redlining.

Origination rates for Lewisville indicate that Very Low-Income applicants (<51% median income) were successful in obtaining mortgage loans 25.0 times per 100 loan application submissions, Low-Income applicants (51-80% median income) were successful 31.3 times per 100 submissions, Moderate-Income (81-95% median income) had an origination success ratio of 40.4 percent, Middle-Income applicants (96-120% median income) had an origination success ratio of 46.9 percent, and High-Income applicants (>120% median income) had a 49.0 percent success ratio. When isolating the Very Low-Income census tracts, the origination rates are lower than the overall city origination rates. In Very Low-Income tracts, Very Low-Income applicants generated originations 19.1 percent of the time, a 5.9 percentage point decrease from their overall success in the city. Similar differences in origination rates are noted in the other income groups. Moderate-Income applicants in very low-income tracts had a 12.1 percent origination rate, 28.3 percentage points lower than in the city overall. High-

Income applicants in very low-income tracts had a 22.2 percent origination rate, 26.8 percentage points lower than in the city overall.

Comparing Low-Income tracts to High-Income tracts, significant differences are noted between origination rates. Within High-Income tracts, Very Low-Income applicants generated a 37.0 percent origination rate, 17.9 percentage points higher than Very Low-Income applicants in the Very Low-Income tracts. High-Income applicants generated a 65.5 percent origination rate within High-Income tracts, 43.3 percentage points higher than in Very Low-Income tracts. Origination rates for Middle-Income applicants in High-Income tracts were 44.9 percentage points higher than in the Very Low-Income tracts. While this analysis does not provide conclusive proof that redlining exists, it is reasonable to expect that higher-income applicants would have relatively equal origination rates across all census tracts. The relatively small number of applications in the lower income tracts, however, makes any conclusions about redlining impossible.

Table 4.4 compares origination rates between minorities and White applicants for the various loan purposes and income groups in Denton County. For all loan purposes shown, White origination rates are higher than minorities. For home purchase loans, origination rates were over 66 percent for Whites and about 50 percent for minorities, a difference of about 16 percentage points. White applicants for home improvement loans were successful about 25 percentage points more often than minorities. The rates for refinance loans show over 15 percentage points difference.

Looking at the income group comparison in the county, minorities have origination rates 16.2 percentage points lower than Whites in the High-Income group (>120% MFI) and 14.6 percentage points lower in the Middle-Income group (96-120% MFI). In the Very Low-Income group (<51% MFI), Minority origination rates were 13.0 percentage points lower. In the Low-Income group (51-80% MFI), Minority origination rates were 13.4 percentage points lower.

Chart 4.1 provides a look at origination rates by census tract income for the loan types: conventional, FHA, and VA. Government-insured loans have higher origination rates than conventional loans with the exception of high income tracts. In Middle-income tracts, the origination rates of conventional and government-insured loans are almost equal. In very low-income tracts VA loans show 100 percent origination rate with only three applications.

Chart 4.2 shows origination rates by ethnicity and income of the census tract. Though the origination rates in Asian and Native American categories show higher origination rates than Whites in the lower income groups of tracts, they represent a very low number of applications. Whites showed higher origination rates than Hispanics and African-Americans. Hispanics had higher origination rates than African-Americans in all income groups in tracts with the exception of Very Low and High-Income tracts.

Chart 4.3 looks at origination rates by the income of the applicant and the income of the census tract for the loan application. Ideally, origination rates should be similar within the income groups across the tracts of different incomes. The origination rates of all the income groups increase as the tract income increases. This indicates that families with similar income are more likely to be successful if they are buying in a higher income census tract. This loan result is characteristic of redlining and evidence the possible impact on lower income applicants purchasing in lower income tracts. The relatively small number of applications in lower income tracts, however, makes any conclusions about redlining impossible.

Chart 4.4 looks at origination rates by loan purpose and the income of the census tract. Applications for all loan types have a higher success rate as the tract income increases, with loans for all purposes peaking at about 55 percent for the High-Income tracts. Home purchase loans had the highest origination rates in the Low-, Moderate- and Middle-Income tracts. Home improvement loans show

the highest origination rates in High-income tracts and the lowest origination rates in the Low-, Moderate- and Middle-Income tracts. Refinance loans show the highest origination rate in the Very Low-Income tracts.

Maps 4.1 and 4.3 through 4.6 provide an analysis of 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 red indicate those areas where 75 or more applications are denied for every 100 applications that are originated. The red areas represent 50 to 75 applications denied for every 100 applications originated. The mauve areas show 25 to 50 applications denied for every 100 applications originated. The pink areas show 0 to 25 applications denied for every 100 applications originated.

Map 4.2 shows the total number of loan originations by census tract. Less active areas are shown in the lighter colors, with the most active areas in dark red. Unlike the other maps, the light areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials. Maps 4.3 and 4.4 compare the ratio of loan denials to originations for Conventional loans and Government Backed loans. Maps 4.5 and 4.6 compare the ratio for home purchase loans and home improvement loans.

A look at reasons for denial showed that the majority are related to the applicants' credit history, debt-to-income ratio, and collateral. In Lewisville, about 7,230 denials (64.7%) were related to the applicants' credit history in the six years of the study. Nearly 3,025 (27.1%) denials were related to the applicants' debt-to-income ratio, and 915 denials (8.2%) were attributed to collateral. Other possible reasons for not originating a loan included incomplete applications, employment history, mortgage insurance denied, unverifiable information, and insufficient cash for downpayment and/or closing costs.

## **4.2. Conclusions**

In Lewisville, the least success in loan origination was found in the home improvement loan sector and the highest success was in the home purchase loan sector. These results are similar to the results in Denton County overall.

Overall, the origination rates among Whites were higher than minorities in home purchase, home Improvement, and refinance loans. Home purchase loans were the most frequent loan type in the county and the city. The loan applications and originations were significantly lower compared to their percentage in population for Hispanics, African-Americans, and Asians in the county and the city. This is attributed to two issues, the lack of applications from minorities and higher loan denial rates among minorities. The possible reasons for lower loan originations among minorities could be lack of credit history, poor credit history, or higher debt-to-income ratio. During the period between 2004 and 2009, the majority of loan denials for all applicants were related to the applicants' credit history.

While the analysis offered in this report does not provide conclusive evidence of redlining, the data tend to suggest that lenders are less likely to approve loans in very low-income census tracts in Denton County and Lewisville. 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 in lower income census tracts. Due to very low number of applications in the lower income census tracts, any conclusive determination of redlining is impossible for the city.

Overall, the lending activity for new home purchases in the city and county decreased in recent years due to the economic slowdown. However, lower interest rates are still providing opportunities for borrowers to buy housing or refinance existing higher interest loans.

**Table 4.1**

**Home Mortgage Disclosure Act (HMDA) Analysis  
Comparison of Number of Loan Applications and Origination Rates  
City of Lewisville and Denton County  
2004 - 2009**

	Lewisville		Denton County	
	Number of App.s	Origin. Rate	Number of App.s	Origin. Rate
<b>Loan Type:</b>				
Conventional	20,060	42.4%	167,520	38.8%
FHA	5,280	41.2%	43,988	40.7%
VA & Other	701	45.8%	5,820	44.4%
<b>Ethnicity:</b>				
Native	95	40.0%	576	23.2%
Asian	941	34.0%	6,088	31.6%
Black	1,214	31.0%	8,748	34.4%
Hispanic	2,481	32.4%	25,408	36.3%
White	9,434	79.6%	80,480	72.0%
Other	1,122	54.1%	8,956	49.0%
Not Provided	3,050	25.1%	25,420	23.9%
Unknown	7,704	7.6%	61,652	4.1%
<b>Income:</b>				
<51% median (very low)	425	25.0%	3,540	26.1%
51-80% median (low)	1,421	31.3%	11,764	32.6%
81-95% median (moderate)	1,100	40.4%	8,856	39.6%
96-120% median (middle)	1,887	46.9%	15,548	45.1%
>120% median (high)	17,047	49.0%	133,556	48.4%
Unknown	4,162	18.5%	44,060	12.4%
<b>Loan Purpose:</b>				
Home Purchase	12,873	50.1%	106,088	45.8%
Home Improvement	3,420	23.8%	30,052	21.6%
Refinance	9,513	39.2%	79,304	38.0%
Multifamily Dwelling	236	6.4%	1,880	7.5%
<b>Totals</b>	<b>26,041</b>	<b>42.2%</b>	<b>217,328</b>	<b>39.2%</b>

**Table 4.2**

**Home Mortgage Disclosure Act (HMDA) Analysis  
Comparison of Originations Within Categories  
City of Lewisville and Denton County  
2004- 2009**

	Lewisville			Denton County		
	# of Originations	% of Originations	%Pop.	# of Originations	% of Originations	%Pop.
<b>Loan Type:</b>						
Conventional	8,506	77.3%		64,924	76.2%	
FHA	2,176	19.8%		17,912	21.0%	
VA & Other	321	2.9%		2,396	2.8%	
<b>Ethnicity:</b>						
Native	38	0.3%	0.7%	134	0.2%	0.7%
Asian	320	2.9%	7.8%	1,924	2.3%	6.7%
Black	376	3.4%	11.2%	3,009	3.5%	8.4%
Hispanic	804	7.3%	29.2%	9,223	10.8%	18.2%
White	7,509	68.3%	65.3%	57,954	68.0%	75.0%
Other	607	5.5%	15.0%	4,388	5.1%	3.0%
Not Provided	766	7.0%		6,075	7.1%	
Unknown	586	5.3%		2,528	3.0%	
<b>Income:</b>						
<51% median	106	1.0%		924	1.1%	
51-80% median	445	4.0%		3,836	4.5%	
81-95% median	444	4.0%		3,508	4.1%	
96-120% median	885	8.0%		7,016	8.2%	
>120% median	8,353	75.9%		64,596	75.7%	
Unknown	769	7.0%		5,444	6.4%	
<b>Loan Purpose:</b>						
Home Purchase	6,444	58.6%		48,588	56.9%	
Home Improvement	814	7.4%		6,496	7.6%	
Refinance	3,729	33.9%		30,100	35.3%	
Multifamily	15	0.1%		140	0.2%	
<b>Totals</b>	<b>11,002</b>	<b>100.0%</b>		<b>85,228</b>	<b>100.0%</b>	

**Table 4.3**

**Analysis of Home Mortgage Disclosure Act Data, 2004-2009  
Analysis of Redlining in Low-Income Census Tracts**

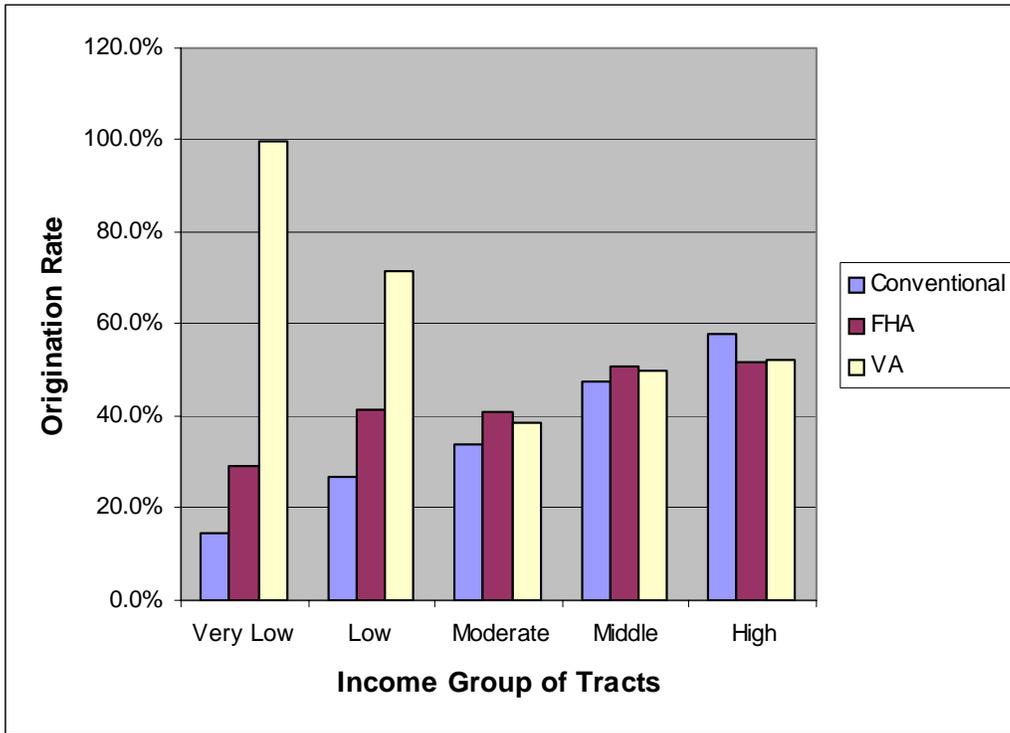
	<b>Denton County Number of Applications</b>	<b>Origination Rate</b>
<b>Very Low-Income Tracts</b>		
<51% median	108	19.1%
51-80% median	308	8.9%
81-95% median	256	12.1%
96-120% median	396	9.5%
>120% median	940	22.2%
Unknown	104	26.9%
<b>High-Income Tracts</b>		
<51% median	600	37.0%
51-80% median	3,012	42.8%
81-95% median	2,540	48.1%
96-120% median	4,656	54.4%
>120% median	60,444	65.5%
Unknown	19,472	19.9%
<b>Difference Between High and Very Low-Income Tracts (percentage point difference)</b>		
<51% median		17.9%
51-80% median		33.8%
81-95% median		36.0%
96-120% median		44.9%
>120% median		43.3%
<b>Origination Rates for Lewisville</b>		
<51% median		25.0%
51-80% median		31.3%
81-95% median		40.4%
96-120% median		46.9%
>120% median		49.0%
Unknown		18.5%

**Table 4.4  
Analysis of Home Mortgage Disclosure Act Data**

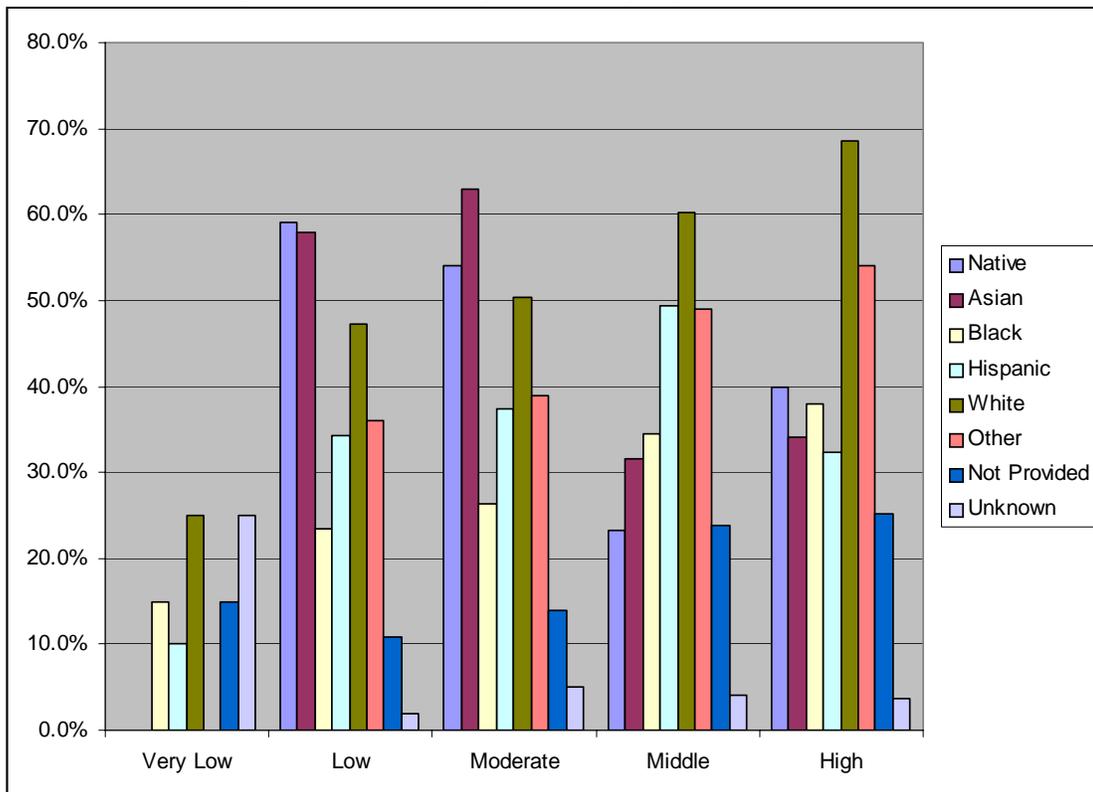
**HMDA Activity for Denton County, 2004 - 2009**

	<b># Apps.</b>	<b>% of Apps.</b>	<b>% Orig.</b>	<b>% Denied</b>
<b>Home Purchase Loans</b>				
Minorities	15,380	14.5%	49.5%	26.8%
White	67,268	63.4%	66.1%	12.4%
Not Provided	23,444	22.1%	15.1%	7.5%
<b>Home Improvement Loans</b>				
Minorities	6,516	21.7%	28.0%	56.5%
White	15,124	50.3%	52.7%	33.8%
Not Provided	8,412	28.0%	22.4%	52.8%
<b>Refinance Loans</b>				
Minorities	9,616	12.1%	43.4%	31.1%
White	45,440	57.3%	58.6%	15.7%
Not Provided	24,248	30.6%	22.1%	26.1%
<b>All Loan Purposes</b>				
Minorities	31,032	14.3%	46.5%	8.1%
White	130,048	59.8%	56.9%	6.0%
Not Provided	56,248	25.9%	9.6%	2.2%
<b>Income Groups</b>				
<b>&lt;51% MFI</b>				
Minorities	800	22.6%	23.0%	60.6%
White	1,212	34.2%	36.0%	43.5%
Not Provided	1,528	43.2%	19.9%	55.8%
<b>51 to 80% MFI</b>				
Minorities	2,692	22.9%	28.7%	50.8%
White	4,676	39.8%	42.1%	36.3%
Not Provided	4,396	37.4%	24.6%	49.1%
<b>81 to 95% MFI</b>				
Minorities	1,724	19.5%	35.3%	42.8%
White	3,928	44.4%	47.9%	28.1%
Not Provided	3,200	36.2%	32.2%	38.6%
<b>96 to 120% MFI</b>				
Minorities	2,708	17.4%	38.8%	39.3%
White	7,360	47.3%	53.4%	22.9%
Not Provided	5,480	35.2%	38.2%	32.7%
<b>&gt;120% MFI</b>				
Minorities	18,972	14.2%	52.5%	25.3%
White	88,448	66.2%	68.7%	12.2%
Not Provided	26,136	19.6%	37.3%	30.4%
<b>Not Provided</b>				
Minorities	1,612	3.7%	46.5%	8.1%
White	8,240	18.7%	56.9%	6.0%
Not Provided	34,208	77.6%	9.6%	2.2%

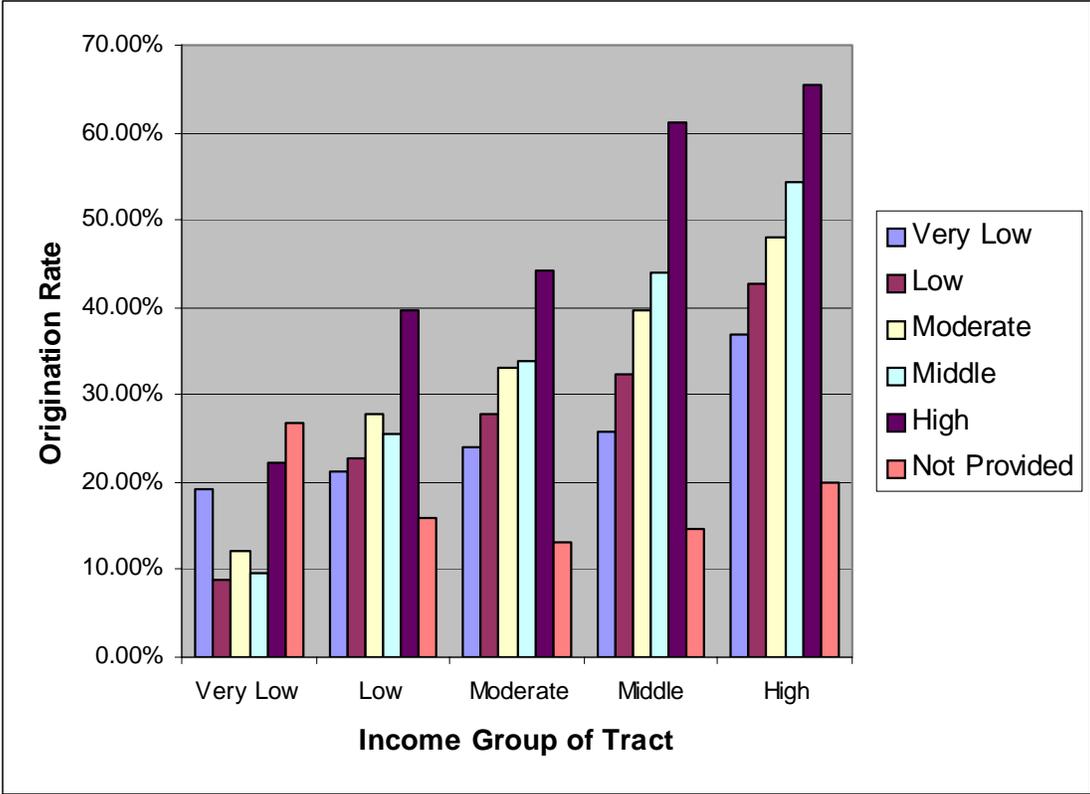
**Chart 4.1: Origination Rates by Loan Types by Income of Census Tracts**



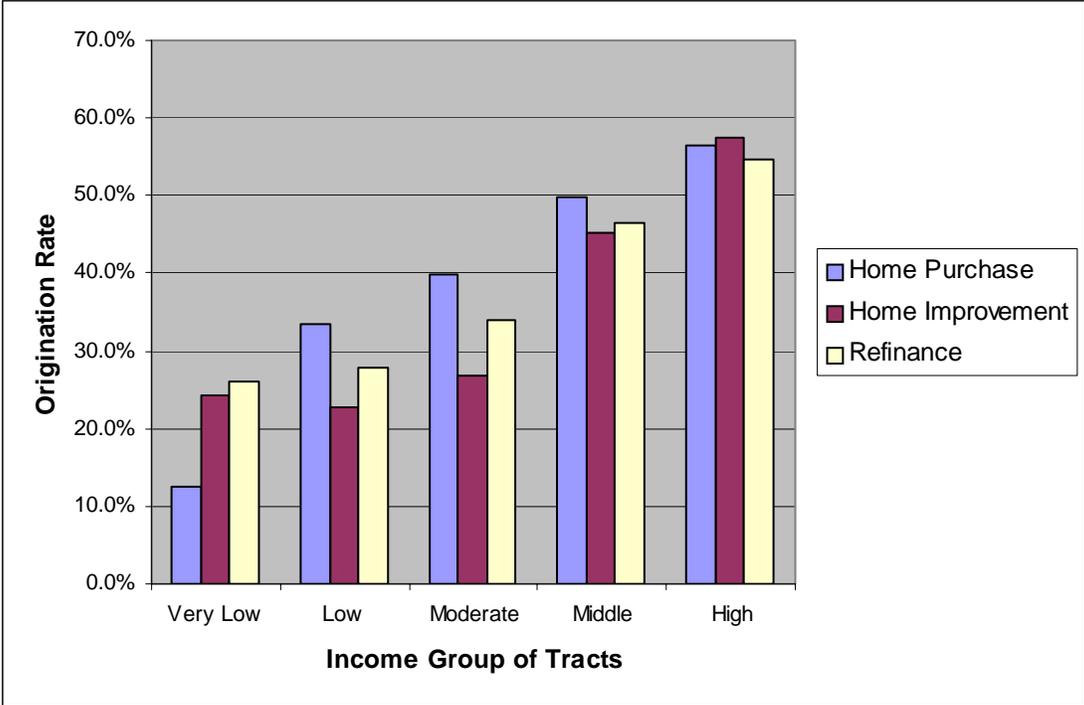
**Chart 4.2: Origination Rates by Ethnicity by Income of Census Tracts**



**Chart 4.3: Origination Rates by Applicant Income by Income of Census Tracts**

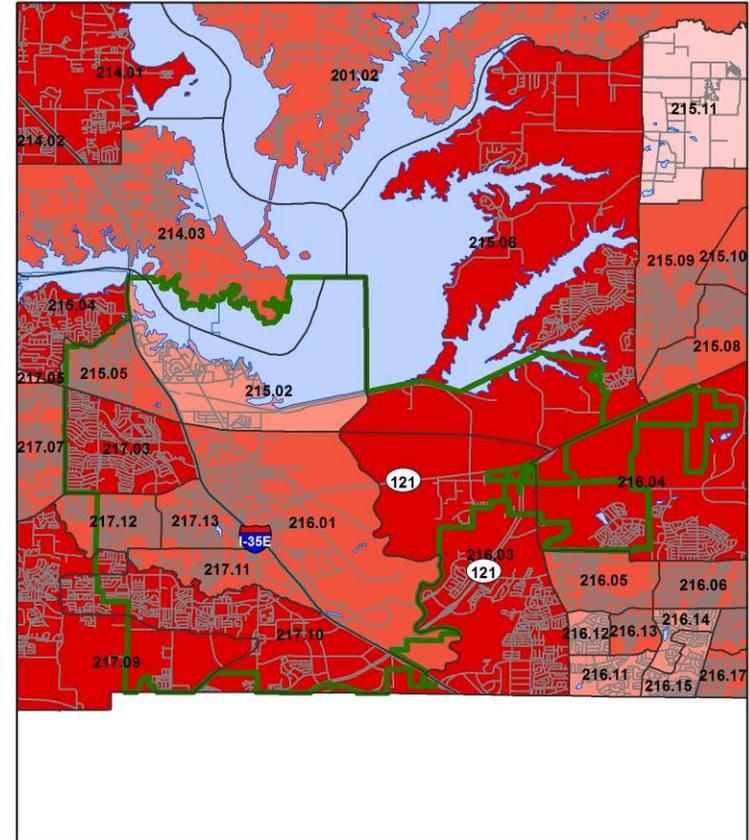
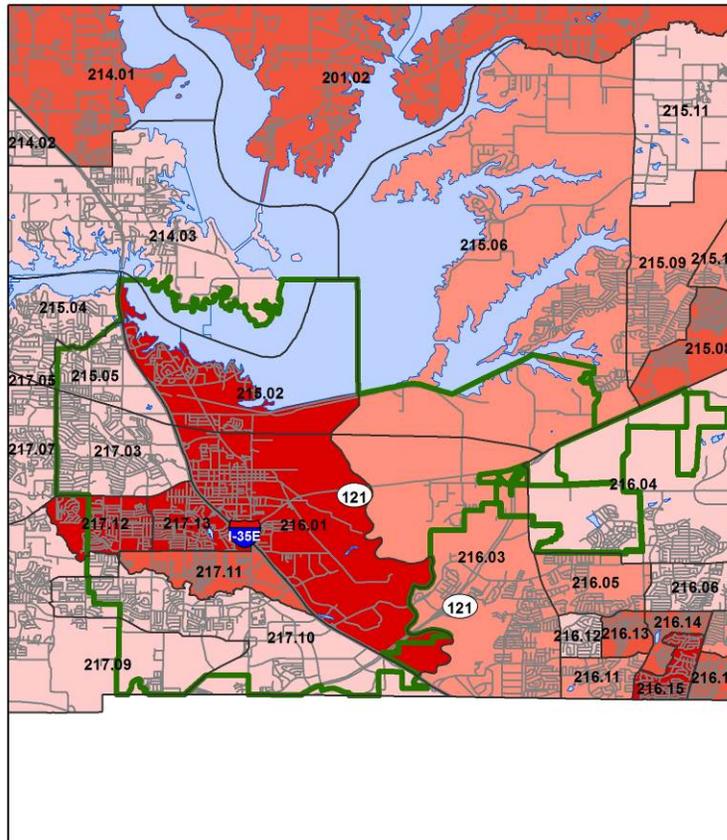


**Chart 4.4: Origination Rates by Loan Purpose by Income of Census Tracts**



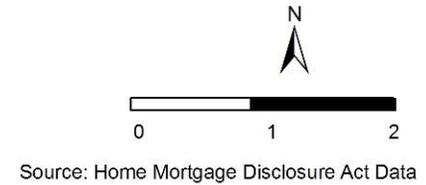
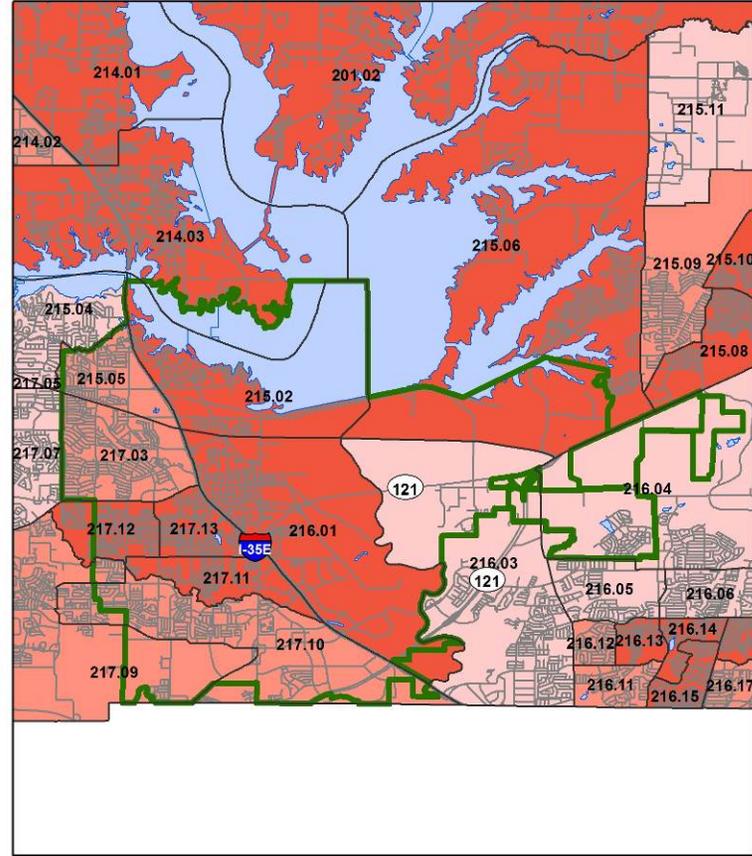
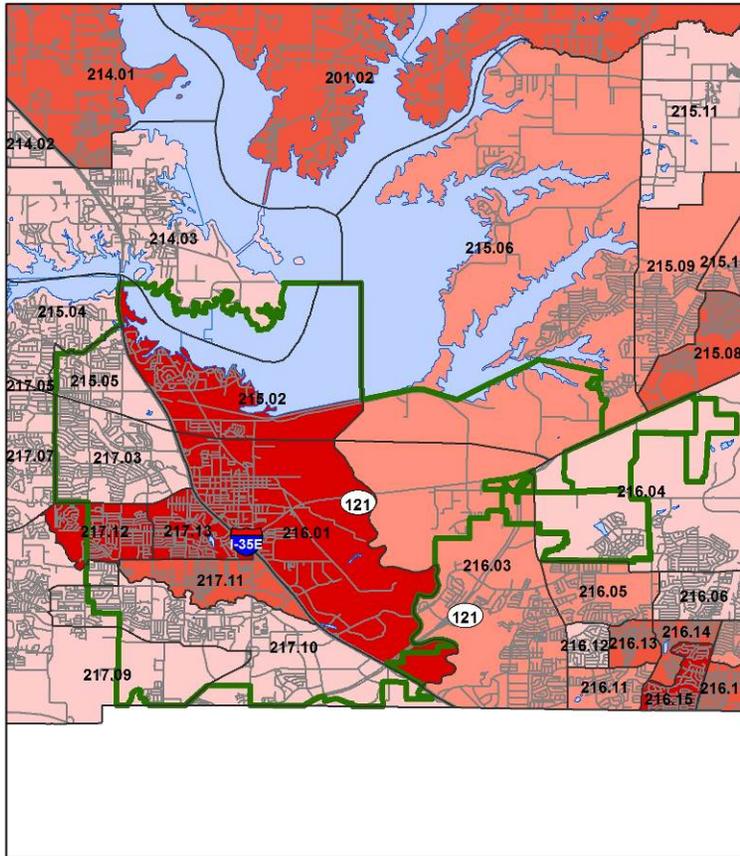
Map 4.1: Ratio of All Loan Denials to Originations, 2004-2009

Map 4.2: Total Number of Loan Applications, 2004-2009



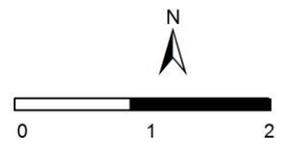
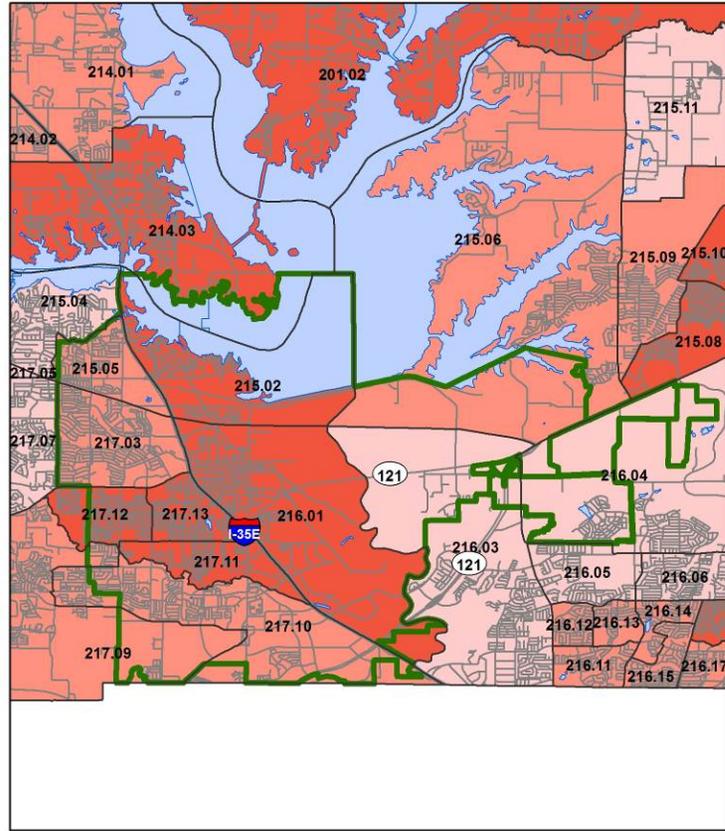
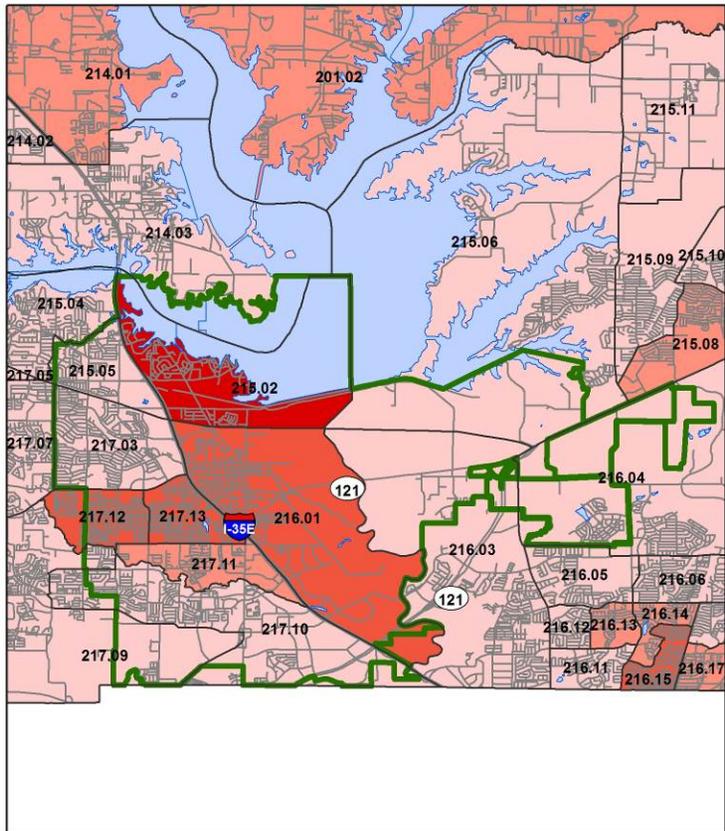
Map 4.3: Ratio of Conventional Loan Denials to Originations, 2004-2009

Map 4.4: Ratio of Government Backed Loan Denials to Originations, 2004-2009



Map 4.5: Ratio of Home Purchase Loan Denials to Originations, 2004-2009

Map 4.6: Ratio of Home Improvement Loan Denials to Originations, 2004-2009



Source: Home Mortgage Disclosure Act Data

## Section 5: Fair Housing Index

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### **Introduction**

The Fair Housing Index is a measure developed specifically for Analyses of Impediments to Fair Housing. The index combines the effects of several demographic variables with Home Mortgage Disclosure Act (HMDA) data and maps the results by census tract. Data for ten variables, shown in the Fair Housing Index table are standardized and added to classify the conditions in various census tracts in Denton County into degree of problems that may cause impediments to fair housing choice. The map provides a general indication of geographic regions within Lewisville where residents may experience some level of housing discrimination or have problems finding affordable, appropriate housing. The discussion is highly technical and contains statistical techniques that may be beyond the statistical experience of some readers.

### **5.1. Methodology**

Data for ten variables for all census tracts in Denton County were gathered for analysis. These ten variables were: percent minority, percent female-headed households with children, median housing value, median contract rent, percent of the housing stock constructed prior to 1960, median household income, percent of the population with less than a high school degree, percent of the workforce unemployed, percent using public transportation to go to and from work, and the ratio of loan denials to loan originations for 2004 through 2009 from the Home Mortgage Disclosure Act (HMDA) report published by the Federal Financial Institutions Examination Council. With the exception of the HMDA data, all data were found in the 2005 - 2009 American Community Survey (ACS) 5-Year estimates of Population and Housing. Each variable contained data for every census tract in the city as defined by the ACS estimates.

When the database was complete, Pearson correlation coefficients (a statistical measure that indicates the degree to which one variable changes in relation to changes in another variable and range in value from  $-1$  to  $1$ ) were calculated to assure that all variables displayed a high relationship to each other. It is important, in this type of analysis, that the variables selected are measuring similar aspects of the population. The results of the calculations showed that all variables displayed moderate to high degrees of correlation with other variables in the model, ranging up to 0.8163.

Once the relationship of the variables was established, each variable was standardized. This involves calculating a Z-score for each record by variable. For instance, for the variable percent minority, a mean and standard deviation were calculated. The mean for the variable was subtracted from data for each census tract and divided by the standard deviation. The result was a value representing the distance that the data point lay from the mean of the variable, reported in number of standard deviations. This process allows all variables to be reported in the same units (standard deviations from the mean) and, thus, allows for mathematical manipulations using the variables.

When all variables were standardized, the data for each census tract were summed with negative or positive values given to each variable to assure that effects were being combined. For instance, in a fair housing environment, high minority concentrations raise suspicions that there may be problems relative to housing conditions and housing choices in the area based on correlations between these variables found in the census data. Therefore, the percent minority variable would be given a negative value. Conversely, in areas of high housing values, the current residents are likely not having problems with fair housing choice. High housing value, therefore, would be assigned a positive value. Each variable was considered in this light and assigned an appropriate sign, thus combining effects. This new variable, the total for each census tract, was then standardized as described for the original ten variables above.

The standardized form of the total variable provides a means of identifying individual census tracts where fair housing choice is at high risk due to demographic factors most often associated with housing discrimination. With the data presented in standardized form, the results can be compared to the standard normal distribution, represented by a bell curve with a mean of 0 and a standard deviation of 1. The analysis shows High Risk areas as those census tracts with standard scores below  $-2.00$ . Areas with scores between  $-1.99$  and  $-1$  are designated Moderate Risk areas. Areas with scores between  $-0.99$  and  $0$  are reported as Low Risk and Areas scoring above  $0$  are designated as Very Low Risk. The results are summarized in the following section.

It should be emphasized that the data used to perform this analysis do not directly report fair housing violations. The data were utilized in order to measure potential problems based on concentrations of demographic groups who most often experience restrictions to fair housing choice. Areas identified as having extreme problems are those where there is a high concentration of minorities, female-headed households, unemployment, high school dropouts, low property values, and, most likely, are areas where a large proportion of loans (conventional home mortgages, FHA or VA home mortgages, refinance, or home improvement) have been denied.

Included following the map is the correlation table (Table 5.1). MedValue is the median home value according to the 2005-2009 ACS estimates. MedRent is the median contract rent. XMinority is the percent minority. XFemHH is the percent female-headed household. XPre60 is the percent of housing built prior to 1960. MedHHI is the median household income. XLessHS is the percent of the population 25 years of age and older that has less than a high school degree. XUnemp is the unemployment rate for the population aged 16 and older considered being in the labor force. XPubTrans is the percent utilizing public transportation to get to and from work. AllRat is the ratio of denials to originations from the HMDA data from 2004 to 2009.

## 5.2. Findings

Looking first at the correlation table (Table 5.1), the correlation between percentage minority and percentage female-headed households with children is high and positive (0.7553); this correlation indicates that the minority community has a higher rate of female-headed households with children than the non-minority community. The percentage of minorities had a moderate negative correlation with median household income (-0.5531) and median housing value (-0.5007). This indicates that minorities tend to earn lower incomes and are more likely to live in housing with lower values. The percentage of female-headed households has a moderate negative correlation with median housing value (-0.6222), which indicates that single mothers are more likely to live in housing with lower values.

The percentage not graduating from high school has a strong negative correlation to median household income (-0.8163). The percentage not graduating from high school has a strong negative correlation to housing value (-0.7975), which indicates that non-high school graduates live in much lower value housing. The median income has a high negative correlation with unemployment rate (-0.7001) and has a moderate positive correlation with median value (0.6988) and median rent (0.6532). These correlations indicate that lower income groups and unemployed persons are more likely to live in housing with lower values and rents in the city.

The ratio of home loan denials to originations had a moderate negative correlation with median household income (-0.6214). This correlation indicates that lower income groups are less likely to receive a home loan approval than higher income groups. The ratio of home loan denials to originations had moderate positive correlations with the percentage of minority (0.6388), percentage of less than high school education (0.6461), and unemployment rate (0.5939). These correlations indicate that minorities, unemployed persons, and

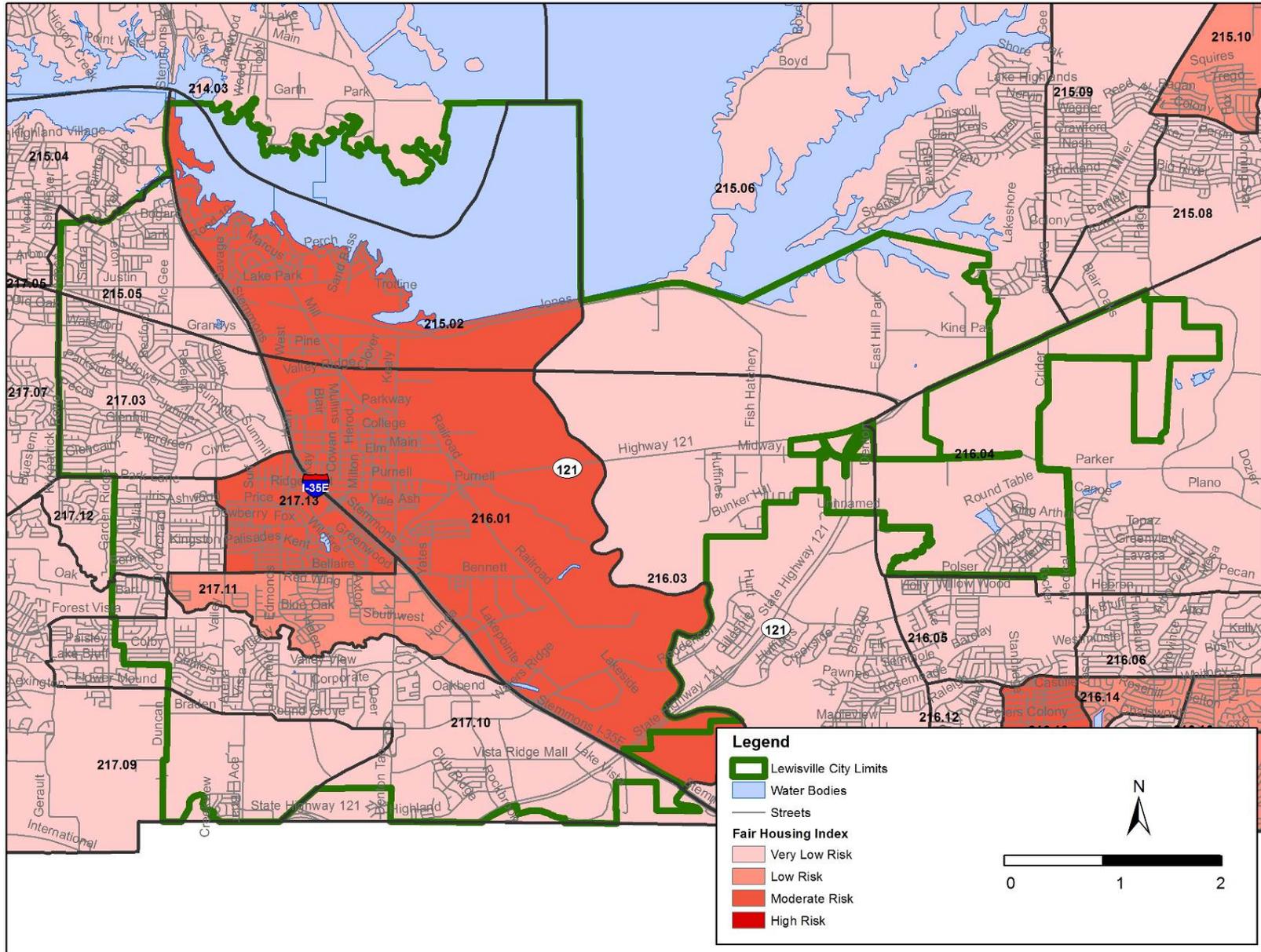
persons with no high school degree have lower likelihood of receiving loan originations.

The percentage of population using public transportation has a moderate negative correlation with income (-0.6277) which indicated that lower income groups are more likely to use public transportation.

As indicated on Map 5.1, the City of Lewisville does not have census tracts designated as having high risk of fair housing related problems. The census tracts having moderate to low risk of fair housing problems are located in the central areas of the city.

These areas of greatest concern contain the housing stock, most likely in poor condition, with lower housing values and rents, and are primarily occupied by minority households that have higher percentages of households headed by females with children than that of other census tracts or areas. There is a higher than average unemployment rate and lower than average level of educational attainment.

Map 5.1: Fair Housing Index



## Table 5.1

Correlation Table of Index Variables

	<b>AllRat</b>	<b>XPubTrans</b>	<b>XLessHS</b>	<b>XUnemp</b>	<b>MedHHI</b>	<b>XPre60</b>	<b>MedRent</b>	<b>MedValue</b>	<b>XMinority</b>	<b>XFemHH</b>
<b>AllRat</b>	1.0000									
<b>XPubTrans</b>	0.6321	1.0000								
<b>XLessHS</b>	0.6461	0.4421	1.0000							
<b>XUnemp</b>	0.5939	0.3922	0.3267	1.0000						
<b>MedHHI</b>	-0.6214	-0.6227	-0.8163	-0.7001	1.0000					
<b>XPre60</b>	0.2001	0.2266	0.5647	0.1948	-0.4546	1.0000				
<b>MedRent</b>	-0.6214	-0.3142	-0.3132	-0.2335	0.6532	-0.2918	1.0000			
<b>MedValue</b>	-0.2219	-0.4738	-0.7975	-0.4009	0.6988	-0.2233	0.5090	1.0000		
<b>XMinority</b>	0.6388	0.3388	0.2183	0.2211	-0.5531	0.2000	-0.2003	-0.5007	1.0000	
<b>XFemHH</b>	0.2988	0.2007	0.3928	0.3535	-0.3199	0.3975	-0.3888	-0.6222	0.7553	1.0000

<b>Variable</b>	<b>Definition</b>
<b>XFemHH</b>	<b>% Female-Headed Households, 2005-2009</b>
<b>XMinority</b>	<b>% Minority, 2005-2009</b>
<b>MedValue</b>	<b>Median Home Value, 2005-2009</b>
<b>MedRent</b>	<b>Median Contract Rent, 2005-2009</b>
<b>XPre60</b>	<b>% of Housing Built Prior to 1960, 2005-2009</b>
<b>MedHHI</b>	<b>Median Household Income, 2005-2009</b>
<b>XLessHS</b>	<b>% Less than High School Degree, 2005-2009</b>
<b>XUnemp</b>	<b>% Unemployed, 2005-2009</b>
<b>XPubTrans</b>	<b>% Taking Public Transportation to Work, 2005-2009</b>
<b>AllRat</b>	<b>Ratio of Denials to Originations, All Loan Types, 2004-2009</b>

## Section 6: Impediments to Fair Housing and Remedial Actions

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### Introduction

This section draws on the information collected and analyzed in previous sections to provide a detailed look at fair housing impediments in Lewisville. Five major categories of impediments were analyzed: 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 suggested to address each impediment. Some of the remedial actions recommended in this section are conceptual frameworks for addressing the impediments. These actions will require further research, analysis, and final program design by the City of Lewisville for implementation.

Evaluating fair housing is a complex process involving diverse and wide-ranging considerations. The role of economics, housing markets, and personal choice are important to consider when examining fair housing. The effects on persons of a particular race, ethnicity, or members of the protected classes under fair housing law are comparatively analyzed to determine any disparities. Lewisville has relatively few impediments to fair housing. However, some issues were identified.

The City of Lewisville's commitment to furthering affordable housing, community services, planning and CDBG/Community Service program design and implementation is noteworthy. These efforts will continue to improve and help maintain stability, and strengthen its older and lower income areas. The City and its nonprofit partners are encouraged to expand these efforts into other neighborhoods as a primary means of expanding fair housing choice. The impediments identified in this section can be directly linked to and supported by data and analysis from the previous sections. In some instances, footnotes have provided links to the corresponding sections should the reader need to refer to those sections for more details.

## 6.1 Real Estate Impediments

**Impediment:** Lack of affordability and insufficient Income.

**Issues:** Lack of affordability, that is households having inadequate income to acquire housing currently available in the market, may be the most critical impediment faced by all households in Lewisville. The median housing value in the city was \$148,900 and the median contract rent was \$737 between 2005 and 2009.<sup>1</sup> The 2000 Census reported the median value of a home to be \$116,700, up from \$81,500 in 1990. The average income required to qualify for a mortgage based on the year 2008 median home price of \$148,900 is approximately \$38,000 to \$50,000 in household income and the average income to qualify for a contract rent of \$783 is \$36,000 to \$40,000. When you factor in housing related expenses other than mortgage or rent payments such as taxes, insurance, and utilities, home ownership and rental housing is not attainable to many in the City with approximately 22.2 percent of White person households, 31.2 percent of African American households, 35.6 percent of Hispanic households, and 25.5 percent of Asian households earned less than \$35,000. The percentage of population that earned less than \$50,000 between 2005 and 2009 was 39.9 percent for Whites, 63.0 percent for Hispanics, 44.9 percent for African-Americans, and 39.5 percent for Asians. This indicates a disproportionate impact on minorities with higher percentage of Hispanics and African-Americans earned incomes below the overall median income for the city of \$55,552.

We do acknowledge that median income is not the only factor to be considered in qualifying for mortgage and that other indicators and underwriting criteria are important. However even if the median income for each of the four racial/ethnic groups remained comparable to that of the city median, the continued disparity in incomes required to acquire

housing in the current market, means it will be difficult for many regardless of race or ethnicity to acquire housing of their choice or acquire housing without being cost burdened.

One of the most revealing indicators that Hispanics and African-Americans lag far behind Whites in obtaining housing of their choice and suffer a disproportionate impact is the category of homeownership. The homeownership rate among Whites was 54.9 percent, 10.8 percentage points higher than Hispanics at 44.1 percent, and 21.3 percentage points higher than African-Americans at 33.6 percent between 2005 and 2009. This means that the housing market is declining in terms of not only affordability, but the overall number of units available, as well as the increased age and quality of housing.

We therefore have identified a shortage of affordable housing in standard condition as a primary impediment to fair housing in Lewisville. A wide range of interconnected issues influence the development pricing and affordability of housing. These issues include the rapidly rising cost of land, materials, and construction; development fees; or the investment needed to rehabilitate substandard housing. This combination of rising prices and the lack of affordability, in some income categories among minorities, and particularly for lower income groups, elderly and renters have made attainable housing of choice harder to secure. Focus group participants voiced particular concern that the supply of affordable homes for working families were in short supply in the areas where they are needed which is only adding to the overall affordable housing shortage.

**Impacts:** Affordable housing impacts the structure and stability of neighborhoods. Income diversified neighborhoods and neighborhoods that are accessible to a mix of incomes have shown a greater potential to maintain themselves as a viable community. That is, people are most

likely to maintain housing they own or when it is their housing of choice. In 2009, there was a disproportionately higher percent of White households owning their own homes compared to that of African Americans and Hispanics<sup>2</sup>. Most important, a declining housing market and the lack of income to acquire housing limit housing choice and increase the probability of cost burdens. To the extent that household income correlates to housing value, this limitation is even greater<sup>3</sup>. The Census data reveals higher percentages of African Americans and Hispanics fall into lowest income group whose household incomes are insufficient to qualify for the housing in Lewisville at any price without public assistance<sup>4</sup>. An analysis of household income and cost burden suggests that there is a strong need for additional affordable housing to meet the needs of lower-income households in the City.

Without adequate affordable housing Lewisville households have also shown higher incidents of cost burdened with regard to their monthly mortgage (principal, interest, taxes, insurance, and utilities) or rent payments for all income groups<sup>5</sup>. Based on 2006 – 2009 ACS data the cost of housing has drastically increased. While the 2009 median household income increased between 2000 and 2010, it was far lower than the income required to acquire the median home priced at \$148,900 and the median contract rent at \$783 in 2010.

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<sup>1</sup> Community Profiles page 20.

<sup>2</sup> 2005 – 2009 ACS Census homeownership rates for the City of Lewisville, page 30 of the Community Profiles.

<sup>3</sup> Fair Housing Index Table 5.1 on page 83, shows a strong correlation between lower income groups relative to housing values and rents.

<sup>4</sup> According to the 2005 – 2009 ACS Census, Table 1.3 page 11, 18.2 percent of Hispanic households, 17.4 percent Asian households, and 16.5 percent of African American households earned less than \$25,000 in income compared to White households at 12.4 percent.

<sup>5</sup> According to Comprehensive Affordability Strategy (CHAS) data, Table 1.11 on page 27 of the Community Profile in year 2010, 82.9 percent of low-income renter-occupied households and 82.5 percent of low-income owner-occupied households (31 -50% of median) paid more than 30% of their household income on housing expenses. Even 53.1 percent of moderate income renters and 51.1 percent of homeowners (51 -80% of median) paid more than 30 percent of their income for housing expenses.

**Remedial Actions:** Lewisville should continue to work with local banks, developers and non-profit organizations to expand the stock of affordable housing. The City has had success with its partnerships with banks and non profits in leveraging federal funds with additional funding for affordable housing from non entitlement fund sources. A continuation of these efforts should increase the production of new affordable housing units and assistance toward the purchase and renovation of housing in existing neighborhoods. Greater emphasis should also be placed on capacity building and technical assistance initiatives aimed at expanding non-profit, faith based organizations and private developers' production activities in the City. Alternative resources for housing programs should be sought from Fannie Mae, U.S. Department of Treasury Community Development Funding Institution (CDFI) program, Federal Home Loan Bank and other state and federal sources.

It is recommended that the City aggressively seek resources and explore opportunities to expand funding for first time homebuyer mortgage assistance program. This would support eligible person in the market in acquiring affordable housing within the community and support those responsible for providing financing and engaged in affordable housing development.

In an effort to expand local resources, we also recommend that the City initiate an effort to research and consider one particular policy change, inclusionary zoning, as one alternative means of promoting balanced housing development. Inclusionary zoning has been used in other communities to ensure that some portion of new housing development is affordable. As housing prices rise, low to moderate-income residents may be displaced or unable to afford new housing in mixed income areas of the City without the use of Inclusionary Zoning provisions. Mixed-income housing broaden access to services and jobs and provide opportunities for

lower-wage earning families to buy homes in appreciating housing markets and, as a result, accumulate wealth.

**Inclusionary Zoning**, also known as **inclusionary housing**, can be implemented by enacting provisions in the local Zoning or Development Ordinances that require a given share of new construction houses be affordable to people with low to moderate incomes. The term *inclusionary* zoning is derived from the fact that these ordinances seek to counter *exclusionary* zoning practices which aim to exclude affordable housing from a jurisdiction through the zoning code. In practice, these policies involve placing restrictions on 10% - 30% of new houses or apartments in a given development in order to make the costs of the housing affordable to lower income households. The mix of "affordable" and "market-rate" housing in the same neighborhood is seen as beneficial by many, especially in jurisdictions where housing shortages have become acute. Inclusionary Zoning is becoming a common tool for local jurisdictions in the United States to help provide a wider range of housing options than the market provides on its own. The zoning code must be amended to include this provision and can also be applied when residential planned unit development zoning is requested. Implementation is triggered at the building permitting phase. Inclusionary Zoning could increase the resources for affordable housing through private developer built units or developer dollars allocated in lieu of building units. Inclusionary Zoning could also generate additional resources for affordable housing since the federal grant programs cannot address all of the City's needs for affordable housing. Based on the current level of build out in the City and limited development opportunities, it is recommended that the City consider Inclusionary Zoning in its future development plans, particularly in areas such as Lake Hamilton.

**Inclusionary Zoning Ordinances** vary substantially between jurisdictions. These variables can include:

- Mandatory or voluntary ordinance. While many cities and counties require inclusionary housing, many more offer zoning bonuses, expedited permits, reduced fees, cash subsidies, or other incentives for developers who voluntarily build affordable housing.
- A percentage of units dedicated as inclusionary housing. This varies quite substantially between jurisdictions, but appears to range between 10-30%.
- Minimum size of development that the ordinance applies. Most jurisdictions exempt smaller developments, but some require that even developments incurring only a fraction of an inclusionary housing unit pay a fee.
- Whether inclusionary housing must be built on site. Some programs allow housing to be built nearby, in case of hardship.
- Whether fees can be paid in lieu of building inclusionary housing. Fees-in-lieu allow a developer to "buy out" of his/her inclusionary housing obligation. This may seem to defeat the purpose of inclusionary zoning, but in some cases the cost of building one affordable unit on-site could purchase several affordable units off-site.
- Income level or price defined as "affordable," and buyer qualification methods. Most ordinances seem to target inclusionary units to low- or moderate-income households, earning approximately the regional median income or somewhat below. Inclusionary housing typically does not create housing for those with very low incomes.
- Appearance and integration of inclusionary housing units. Many jurisdictions require that inclusionary housing units be indistinguishable from market-rate units, but this can increase costs.
- Longevity of price restrictions attached to inclusionary housing units, and allowable appreciation. Ordinances that allow the "discount" to expire essentially grant a windfall profit to the inclusionary housing buyer, preventing that subsidy from being recycled to other needy households. Therefore, many programs restrict annual price appreciation, often tying it to inflation plus market value of home improvements, striving to balance

the community's interest in long-term affordability with the homeowner's interest in accruing equity over time.

The City, in coordination with the Chamber of Commerce, should encourage major employers and lenders to consider Employer-Assisted Housing (EAH) programs, encouraging employers to work with employees in their efforts to purchase housing. In some instances, the City and the Chamber will have to help raise the awareness among local employers and increase their understanding that not all wage levels permit ready entry into homeownership, without some sort of subsidy. This is important in that the private sector and employment community often view the use of subsidies to help low to moderate income households achieve homeownership as a public responsibility. In reality, with limited resources, the city government can only assist a small percentage of those in need. The Chamber can play a critical role in researching this issues and encouraging local businesses, local school districts, universities and local hospitals to consider implementing such programs for their employees. Employer-Assisted Housing programs benefit employers, employees, and the community. Employers benefit through greater employee retention. Employees receive aid to move into home-ownership. Ultimately, communities benefit though 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 met with success was developed by Fannie Mae, which not only has their own EAH program, but also helps employers implement EAH programs. Fannie Mae's own EAH program has made it possible for 2,200 of its employees to become

homeowners. The City of Waco, Texas has implemented an EAH program and made it eligible to all city employees.

## **6.2 Public Policy Impediments**

**Impediment:** Increased public awareness of fair housing rights and local fair housing legislation should be evaluated.

**Issues:** The City of Lewisville has not enacted a local Fair Housing Ordinance substantially equivalent to the federal Fair Housing Act. Therefore, our analysis of applicable fair housing laws focused on the State of Texas Fair Housing Act. In the analysis the state statutes were compared to the Federal Fair Housing Act. Our Analysis determined that state statute offered similar rights, remedies, and enforcement to the federal law and might be construed as substantially equivalent. The City of Lewisville is part of the enforcement geography afforded enforcement coverage by the Fort Worth Regional HUD FHEO Office. While the current system provides an acceptable process for filing and investigating fair housing complaints, increased local fair housing outreach, education and training would be an important step toward raising local awareness and establishing more effective local Fair Housing Policy.

Fair housing complaint information was received from the Fort Worth, Texas FHEO Division of the Regional Office of the U.S. Department of HUD. The data provides a breakdown of complaints filed for Lewisville from November 1, 2007 through October 31, 2011. During this period, seventeen complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race.

While we were unable to determine what factors attributed to the low number of complaints filed over the past 5 years, we are concerned that the public's awareness relative to their fair housing rights may be a major contributing factor. We believe that local fair housing outreach, education and training must be increased, as an important step toward raising local awareness and establishing more effective local Fair Housing Policy.

**Impacts:** Most communities benefit greatly from having local fair housing legislation, effective outreach, education and training, and local enforcement. Most jurisdictions also have benefited from enforcement and outreach through a State having received FHAP and FHIP funding from HUD to enhance its fair housing education and outreach programs, enforcement and activities. However, these efforts have not generated significant filing of fair housing complaints. With little knowledge of their rights, the general public and potential buyers or tenants may not realize that their rights have been violated or how to seek remedies offered by federal and state enforcement agencies.

**Remedial Actions:** The City of Lewisville should continue increasing fair housing education and outreach in an effort to raise awareness and increase the effectiveness of its local fair housing ordinances. The City should target some of its CDBG funding to fair housing education and outreach to the rapidly growing Hispanic and other immigrant populations. The City should also continue organizing fair housing workshops or information sessions to increase awareness of fair housing rights among immigrant populations and low income persons who are more likely to be entering the home-buying or rental markets at a disadvantage. Other alternatives for increasing awareness and effectiveness of fair housing include providing local enforcement. However, community development resources are limited and therefore local enforcement would necessitate additional funds for investigation and enforcement and expansion of

outreach and education. We do not recommend this approach at the current time assuming the State continues its' enforcement services in the local jurisdiction.

Future consideration should be given to a regional approach to local enforcement, perhaps through a partnership of other local jurisdictions and the City of Lewisville, and a joint application for FHAP and FHIP funding being submitted to HUD.

### **6.3 Banking, Finance, Insurance and other Industry related impediments**

**Impediment:** Impacts of the Subprime Mortgage Lending Crises and increased Foreclosures.

**Issues:** The housing foreclosure rates across the country continue to soar and the impacts are being felt in Texas as well. Numerous web sites are providing numerical counts and locations for homes with foreclosure filings across the country and for jurisdictions in the State of Texas. RealtyTrac.com shows 36 properties with foreclosure filings in May 2012 for Lewisville, 368 filings for Denton County and 58,486 properties foreclosure for the State of Texas in May 2012, representing 1 in every 870 homes in Texas in foreclosure.

The rise in foreclosures may relate to the rise and fall of subprime lending market. Subprime lenders offer loans to less-creditworthy borrowers, borrowers that lack sufficient down-payments to afford the property, and risk based borrowers that speculate on the real estate market by acquiring real estate with no equity investment/down-payment in hopes that the property will appreciate in value over a short period of time. These loans are generally offered at higher interest rates or through products involving

adjustable interest rates and balloon payments. When the borrower cannot meet the increased mortgage payment they default and the property goes into foreclosure.

Neighborhood Housing Services, NHS, and Neighbor Works America are two national housing intermediaries that have created innovated programs in Chicago, Baltimore, and New York City designed to reduce the impacts of foreclosures and subprime lending in those affordable housing markets.

**Remedial Actions:**

The City of Lewisville should continue pursuing CDBG, HOME and Neighborhood Stabilization Program (NSP) funding if it becomes available to provide home buyer assistance and subsidies to homebuyers to acquire foreclosure property and get it back into commerce. Some of the buyers that have already acquired housing in Lewisville utilizing entitlement funds from the City and State will likely face the issues of foreclosure. The City, if successful in obtaining additional funding, should consider expanding its program goals to consider initiatives that reduce mortgage defaults and foreclosure rates among low and moderate income home buyers.

The City should work with the State, National Non-Profit Housing Intermediaries and HUD to develop a program and identify funding that can help reduce the mortgage default rate and foreclosure rates among low and moderate income home buyers and existing home owners. These programs offer initiatives such as loan default prevention programs based on providing counseling to affected borrowers, assistance with identifying alternative products that helps borrowers avoid subprime lending, and assistance with re-negotiation for more favorable terms for borrowers with subprime loans. These programs identify government assistance programs that also serve to assist distressed borrowers and are currently evaluating the feasibility of creating a maintenance and replacement

reserve account for affordable home buyers assisted with the entitlement and other federal funds to insure that funds are escrowed to help cover the cost of major repairs. Other alternatives being evaluated include the feasibility of creating a mortgage default and foreclosure prevention account for affordable home buyers assisted with federal funds to insure that funds are escrowed to help cover the cost of unexpected income/job loss and to write down interest rates.

**Impediment:** Lower number of applications, loan originations and approvals from minorities.

**Issues:** The analysis the Home Mortgage Disclosure Act data for Lewisville indicates that the overall experience of minority groups within the home mortgage loan market differs from that of Whites. We recognize that removal of this impediment is not solely within the control of the government, and that finance industry policies, consumer credit worthiness, and economic trends all impact this issue. However, it is possible that the City could play a dual role of providing programming and leadership to help resolve the problem.

The continuing disparity between the loan origination rates among White applicants and minorities, and the extent to which the aforementioned factors contribute to their denial rates must be addressed. This is evidenced in our HMDA analysis that shows In Lewisville, over 77 percent of all originations were from conventional loans. FHA loans were about 20 percent of the originations. In the city, Whites had the highest percentage of origination, over 68 percent of the total. The percentage of Whites in the population was over 65 percent. Hispanic applicants accounted for over seven percent of originations, while their presence in the population was over 29 percent of all residents. African-American applicants accounted for over three percent of all originations and about 11 percent of the total

population. Asian applicants represented about three percent of originations with about eight percent of the total population. Native American applicants represented 0.3 percent of originations with 0.7 percent of the total population.

The HMDA analysis also examined data more closely with respect to the possibility of redlining within Denton County and Lewisville City census tracts. Redlining relates to the avoidance of certain locations by mortgage lenders in response to undesirable characteristics of the area. The origination rates in very low-income tracts are compared to high-income tracts to find the evidence to support the possibility of redlining.

Origination rates for Lewisville indicate that Very Low-Income applicants (<51% median income) were successful in obtaining mortgage loans 25.0 times per 100 loan application submissions, Low-Income applicants (51-80% median income) were successful 31.3 times per 100 submissions, Moderate-Income (81-95% median income) had an origination success ratio of 40.4 percent, Middle-Income applicants (96-120% median income) had an origination success ratio of 46.9 percent, and High-Income applicants (>120% median income) had a 49.0 percent success ratio. When isolating the Very Low-Income census tracts, the origination rates are lower than the overall city origination rates. In Very Low-Income tracts, Very Low-Income applicants generated originations 19.1 percent of the time, a 5.9 percentage point decrease from their overall success in the city. Similar differences in origination rates are noted in the other income groups. Moderate-Income applicants in very low-income tracts had a 12.1 percent origination rate, 28.3 percentage points lower than in the city overall. High-Income applicants in very low-income tracts had a 22.2 percent origination rate, 26.8 percentage points lower than in the city overall.

Finally, it should also be noted that as of 2012, there have been even further increases in the minority population as a percentage of Lewisville's total population, widening the disparity in lending.

**Impacts:** The lower percentage of loan applications and origination rates among minority groups indicates that fewer minority households are purchasing homes or improving housing conditions. Disparity in lending practices suggests that a higher proportion of Hispanic and African American households will remain renters, thereby limiting the potential for these citizens to build equity through homeownership opportunities. Higher percentages of lower income groups and minority households also tend to live in older housing stock in the City. A lack of home improvement loans and a higher percentage of renters among low income households in minority concentrated areas suggest that persons living in such areas are not likely to receive improvements to the home they are living in and therefore more likely to be living in substandard housing. This leads to the further deterioration of the housing stock and the evolution of minority concentrated neighborhoods. These factors combined reduce the chance that a neighborhood sustain itself and its resident can provide the homeowner and rental maintenance necessary to maintain stable neighborhoods.

**Remedial Actions:** Lewisville should continue to pursue additional funding for homebuyer assistance and outreach and education efforts in order to increase the number of minorities who apply for and receive approval for mortgage loans. The City should encourage financial institutions and mortgage companies to expand their homebuyer support services to more people as a means of improving the origination rates among minorities. The City could help raise the awareness of this concern by discussing the findings in this study relative to the HMDA data with

lending institutions and by encouraging lenders to develop strategies to improve the success rate among minority loan applicants.

Financial literacy is an important factor in the successful management of personal finances, which sets the stage for all of life's important purchases such as house, car, etc. A well ordered personal budget prepares households to qualify with the best credit terms, eliminates the major obstacles in the home buying process, and enables households to build equity through homeownership. An early start in managing personal finances can prepare an individual for those major purchases. Lewisville should encourage lenders and the local school district to expand homeownership and credit counseling classes as part of the high school curriculum in order to help prevent credit problems rather than attempting to correct credit profiles in order to successfully qualify an applicant for a home loan origination.

One example is a program launched by the Texas Credit Union Foundation, the Texas Cooperative Extension, and the National Endowment for Financial Education (NEFE) on March 29, 2007 in Dallas, Texas. Project NEFE is part of a statewide collaborative initiative to bring the accredited High School Financial Planning Program along with comprehensive training to schools across Texas, all free of charge. Signed into law in 2005 by Gov. Rick Perry, House Bill 492 by Rep. Beverly Woolley (R-Houston), requires school districts and open-enrollment charter schools to incorporate instruction in personal financial literacy beginning with the 2006-2007 school years. The National Endowment for Financial Education (NEFE) has provided both leadership and funding for this effort. The NEFE curriculum will be used by participating Texas schools and that curriculum meets the learning objectives and standards approved by the Texas Education Agency and State Board of Education to meet the requirement.

Since 1984, The National Endowment for Financial Education (NEFE) has been addressing youth financial literacy with the nationally known NEFE High School Financial Planning Program® (HSFPP). The HSFPP consists of a seven unit student manual, instructor's guide that offer a large, continually growing collection of resources, articles, and financial tools for teachers, students, and parents. To learn more about the HSFPP, visit <http://hsfpp.nefe.org>. Unit Include:

- Your Financial Plan: Where It All Begins
- Budgeting: Making the Most of Your Money
- Investing: Making Money Work for You
- Good Debt, Bad Debt: Using Credit Wisely
- Your Money: Keeping It Safe and Secure
- Insurance: Protecting What You Have
- Your Career: Doing What Matters Most

The City should help raise awareness of this issue including dialogue with the school district about evaluating the NEFE funding as a possible source of financing for credit education programs in City schools. Continued emphasis should also be placed on homeownership and credit education provided through bilingual instructors and counselors and as a part of the English as a second language (ESL) program.

**Impediment:** Predatory lending and other industry practices.

**Issue:** Predatory lending is a widespread concern in Lewisville. Several incidents were cited, by person interviewed and those attending the focus group sessions, suggesting unfavorable lending practices<sup>6</sup>. In some of the minority neighborhoods, lending institutions display an insignificant presence in the community. In other low-income neighborhoods, traditional banking and lending relationships have been relegated to an overabundance of pay-day loan, check-cashing, and title-loan stores due to a lack of traditional lending institutions. Focus Group participants also

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<sup>6</sup> Focus Group Sessions page 56

complained of extremely high interest rates being charged by not only neighborhood predatory lenders, but traditional banks and financial institutions for credit cards, auto loans, and other consumer loans. In some instances, the low-income population may be subject to predatory lending because they have a poor credit rating and limited credit history.

Others participating in the Focus Group sessions and interviews provided anecdotal comments that they believed that recent homes built in older neighborhoods and minority concentrated areas are sometimes priced lower than comparable units in other areas based on industry appraisals. Appraisals generally determine value based on comparable units in close proximity to the subject property, Older neighborhoods tend to have limited or sometimes no recently built units for use in making a value comparison. If comparable units are limited to the immediate area, the values may be distorted in favor of comparisons to older homes that are the same square footage but have less amenities and updated features and therefore lower values. In other instances, participants were concerned the influences of the foreclosure rates and sub prime lending on mortgage approvals and higher private mortgage insurance for small loans.

**Impact:** Predatory lending practices often result in a lower-income household losing their home, automobile or other collateral. In some cases, Focus Group participants cited instances where homeowners who had already paid off their original mortgage were losing their home when used as collateral on a loan for a small fraction of the home's value. With low approval rates when submitting loan applications to traditional lenders, residents are more likely to utilize the services of subprime lenders and check-cashing stores that may charge exorbitant interest rates and have severe default penalties. Predatory lending may further impair an individual's credit and monopolize more of a low-income person's monthly

income with high interest rates and finance charges, leaving less money for housing and necessities. Consumers felt that they had little recourse to address adverse industry practices that impact their housing choice.

**Remedial Actions:** The City should encourage lending institutions to provide greater outreach to the low income and minority communities. Greater emphasis on establishing or reestablishing checking, saving, and credit accounts for residents that commonly utilize check-cashing services is desired. This may require traditional lenders and banks to establish “fresh start programs” for those with poor credit and previous non-compliant bank account practices. Lending institutions should therefore be encouraged to tailor products to better accommodate the past financial deficiencies of low income applicants with credit issues.

City Officials should help raise awareness among the appraisal industry concerning limited comparability for affordable housing products. Industry representatives should be encourage to perform comparability studies to identify real estate comparables that more realistically reflect the values of homes being built in low income areas.

#### **6.4 Socio-Economic Impediments**

**Impediment:** Poverty and low-income among minority populations.

**Issues:** For many households, low or no income is a major factor preventing their exercise of housing choice. Minority populations in the City are confronted with much larger numbers of their population living in poverty than Whites<sup>11</sup>. The incidence of poverty among Hispanics was reported to be 18.1 percent, 9.3 percent for African-Americans, and 12.2

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<sup>11</sup> Table 1.4 Poverty status by Race on page 13 of the Community Profiles

percent for Asians between 2005 and 2009. Among White persons, the data reported 3.3 percent lived in poverty. In comparison, the poverty rate for the city was 8.4 percent during the period.

However, with minority populations increasing as a percentage of the city's population, the total number of households living in poverty for each race indicates large numbers of minority households living in poverty compared to Whites with 1,780 household among Whites, 885 for African Americans, 784 for Asians and 4,522 for Hispanic households. Of even greater concern is the number of households living in poverty for Hispanic households with children under the age of five years. The poverty rate for Hispanic households with young children under the age of five years was 31.4 percent compared to 9.0 percent of households for African Americans, 5.2 percent for Asian households and 2.3 percent among Whites. Disproportionately higher poverty among minorities is also an area of concern relative to housing choice because as some of the lower-income and minority concentrated census tracts revitalize, many homes will be priced above any reasonable rate for purchase or rent by these households. Additionally, as property values rise, minorities' housing choices tend to be even more limited to areas with older housing stock. Factors such as family size, lower educational attainment, limited job skills, and higher unemployment are also major contributors to the plight of these households in acquiring housing of their choice.

**Impacts:** Households experiencing a severe lack of income and those unemployed typically must accept housing in the lowest income census tracts or rely on public assistance and public and assisted housing wherever it is available. Housing tends to be segregated by income class and sometimes by race or ethnicity, where the housing stock is most likely in poor condition, there are higher reported incidents of criminal activity, and opportunities for improving a person's quality of life are low. Children

from these households grow up in an environment that sometimes dooms them to replicate their community's living standards, continuing the cycle of poverty for generations to come. Focus group participants voiced a perception that certain areas of the City are home to a disproportionate number of low-income persons, living in substandard and crime ridden multifamily housing developments. Participants indicated that the concentration of poverty is not only a concern with regard to social equity and the plight of renters, but poverty is also having a significant impact on the condition and quality of single family housing in the neighborhoods where there are high concentrations of home owners. In areas where a majority of homeowners cannot afford routine maintenance, poor housing conditions may quickly become the prevalent state of affairs. Lack of job opportunities and lack of sufficient income to afford decent housing were cited as concerns. Both crime and perception of crime were discussed as critical issues that are hindering some residents from living in various areas of Lewisville.

**Remedial Actions:** The City and Chamber of Commerce should continue to work on expanding job opportunities through the recruitment of corporations, the provision of incentives for local corporations seeking expansion opportunities, assistance with the preparation of small business loan applications, and other activities whose aim is to reduce unemployment and expand the base of higher income jobs. A particular emphasis should be to recruit jobs that best mirror the job skills and education levels of those populations most in need of jobs. For Lewisville, this means jobs that support person with high school education, GED's and in some instances, community college or technical training. These persons are evident in the workforce demographics and in need of jobs paying minimum wage to moderate hourly wages. The City should also continue to support agencies that provide workforce development programs and continuing education courses to increase the educational

level and job skills of residents. The goal should be to increase the GED, high school graduation, technical training, and college matriculation rates among residents. This will help in the recruitment of industry such as “call centers”, clerical and manufacturing jobs. Call centers and customer service centers where employees are recruited to process sales or provide customer service support for various industries, have become more and more attracted to areas with similar demographics to that of Lewisville. The combination of well developed and well situated industrial parks and commercial parks available in Lewisville, government incentives for relocation and the workforce to support their industries, have all become incentives in recent years, and Lewisville is poised to continue and take advantage given its assets as well.

The Aflac Insurance Company is a great example of a “call center operation” that relocated to a smaller city, and is making a difference by dramatically expanding employment in Columbus, Georgia for persons from similar demographic groups to those most in need of jobs in Lewisville. In 1998, Aflac opened its Computer Service Center housing 600 employees. In 2001, the company opened its Corporate Ridge office, a 104-acre development housing the company’s claim processing and call center operations. Aflac recently opened a new phase of the expansion in 2007, which added 90,000 square feet to the existing Paul S. Amos Corporate Ridge campus building located in Columbus. The City of Columbus provided an incentive package including tax abatement and land assembly and acquisition subsidies in part through the use of their federal grant funds.

We recommend that the City, in conjunction with the Chamber of Commerce, continue to focus on actively recruiting industries that match the demographics of the populations most unemployed, as a means of improving poverty rates, incomes and home ownership rates in the City. The City should continue providing incentives similar to those the city has

used in the past and incentives programs structured by other communities to achieve this goal. Recruiting such industries can assist in increasing the City's tax base and while serving to provide the necessary income for more person to achieve home ownership.

## **6.5 Neighborhood Conditions Related Impediments**

**Impediment:** Limited resources to assist lower income, elderly and indigent homeowners maintain their homes and stability in neighborhoods.

**Issue:** Neighborhood decline and increasing instability in Lewisville's older neighborhoods is a growing concern. Neighborhoods relatively stable today with most of its housing stock in good condition will decline if routine and preventive maintenance does not occur in a timely manner. The population is aging, which means more households with decreasing incomes to pay for basic needs. This increase in elderly households coupled with the steady rise in the cost of housing and the cost of maintaining housing means that many residents will not be able to limit their housing related cost to 30 percent of household income and still maintain their property. Rental property owners will be faced with increasing rents to pay for the cost of maintenance and updating units rendering rental units unaffordable to households as well.

Government programs utilizing CDBG and HOME HUD funding and other sources impact only a small percentage of those in need of assistance. Increased support from volunteers and community resources will be needed to close the gap between total needs and resources available.

**Impact:** Neighborhoods and homeowners and renters must devise a means for residents and landlords to keep pace with the maintenance

demands of housing, an aging housing stock, and support those persons unable to maintain their properties on their own. This will enhance and support a healthy neighborhood “Image and Identity” and help attract new residents and retain existing residents and businesses. An essential component of this recommendation will include becoming healthier, sustainable neighborhoods, able to meet the essential quality of life needs of its residents and to improve the physical character of the neighborhood. In some neighborhoods, these attributes are viewed as negative and uninviting both internally by its residents and externally by the community at large. Some neighborhoods are viewed as unsafe and a haven for criminal activities. Whether this is reality or a perception, it has a detrimental effect on the image of the neighborhood either way.

Neighborhood assets must be protected and improved. Structures should be strategically removed if found to no longer contribute to the well being of the community. Maintaining vacant lots, including clearing weed, litter, and junk, and maintaining tree growth, would immediately improve the appearance of neighborhoods. Existing regulatory efforts need to be expanded and additional resources allocated to support enhanced code enforcement throughout the City. Other amenities such as providing streetscape enhancements in the medians and pedestrian areas along residential streets, adding street lighting, sidewalks, shrubs, and new development on vacant lots, would significantly improve the neighborhoods. Most of all, there is a need to revive the “sense of community and trust” and encourage participation and cooperation from residents to maintain their homes, yards, and surroundings and to actively participate in community empowerment activities such as Crime Watch, neighborhood associations and self help initiatives.

**Remedial Actions:**

The City should evaluate the design and implement a Centralized Program of Self-Help Initiatives based on volunteers providing housing assistance to designated elderly and indigent property owners and assist them in complying with municipal housing codes. This will require an organized recruiting effort to gain greater involvement from volunteers, community organizations, religious organizations/institutions and businesses as a means of supplementing available financial resources for housing repair and neighborhood cleanups.

While there have been successful initiatives of this nature, initiated and funded both by the City of Lewisville and nonprofit agencies, a more comprehensive effort, perhaps coordinated by the City, needs to be designed and implemented that fully utilizes the resources of the community and area businesses. The program will be based on a case management system where the select needs of area property owners are matched with volunteer resource teams capable of solving the city code violations and other needed exterior repairs for select properties. Requests for assistance would be received from code enforcement officials, housing program administrators, social service agencies, community institutions, and homeowners. Priority will be given to those owners immediately affected by an active code compliance case, a targeted block or area project, and those with life threatening or uninhabitable conditions.

Eligibility for assistance will require verification of income or status as elderly or disabled. Levels of assistance would be based on the specific needs to be addressed and the ability of the property owners and their family to assist in the effort. The City could possibly fund or seek funding from the private sector for a part-time Program Coordinator designated to conduct home visits of each program participant, evaluate the

appropriateness for volunteers to perform the work, and determine and advise the homeowner of their responsibilities in support of the effort. The Program Coordinator, upon securing a match between volunteers and property owner, will coordinate project dates, materials, supplies, and project support for the day of the project. Again, some of these activities may have been initiated in the past, so in some instances, our recommendations are that activities be continued, offer an enhanced level of programming, or that the City apply for funds as they become available. Activities that could be considered for the centralized self-help initiatives program include:

- **Increase self-help initiatives such as "fix-up," "paint-up," or "clean-up" campaigns and "corporate repair projects".** In order to increase resources available for these efforts, neighborhood residents, religious institutions, community organizations, individuals, and corporations would be recruited to participate in the repair to homes occupied by elderly, disabled, and indigent homeowners through organized volunteer efforts involving their members and employees.
- **Implement a Youth Build and Repair Program in conjunction with the local school district or the Lewisville Housing Authority.** Youth Build is a U.S. Department of Housing and Urban Development (HUD) program that teaches young people how to build new homes and repair older ones. HUD offers competitive grants to cities and non-profit organizations to help high-risk youth, between the ages of 16 and 24, develop housing construction job skills and to complete their high school education.
- **Organize a "Compliance Store"** where home builders, building supply stores, merchants, and celebrities, such as radio and television personalities, are used to demonstrate simple, cost effective ways to

make improvements to houses and donate building supplies for use in self-help projects. The supplies and storage facility for supplies could be provided to enrollees by building supply stores, contractors, and hardware stores.

- **Organize "adopt-a-block" and "adopt-an-intersection" campaigns** where neighborhood groups, residents, scout troops, and businesses adopt key vistas and intersections to maintain and implement beautification projects, such as flower and shrub plantings and maintenance.
  
- **Creating Community Gardens as interim uses on select vacant lots** provide an opportunity for neighborhood residents to work together to increase the attractiveness of their neighborhood. Formats for community gardens range from attaching simple window boxes to homes along a street reflecting a common theme, coordinating garden planting, or converting a vacant lot that may previously have been an eyesore in the neighborhood into a flower or vegetable garden tended by members of the community. Naturally, ownership of a vacant lot is an issue to be resolved before gardening begins. The City Assessor can provide information on the ownership of the property, including a mailing address. If the lot is privately owned, permission to use the lot must be received from the owner. If the property is owned by the City or expropriated, ownership of the property might be transferred to a local non-profit organization or neighborhood association. While the costs of plant materials and supplies are an important consideration for community gardens, many nurseries and home improvement stores offer discounts for community improvement projects.

## **Section 7: Oversight, Monitoring and Maintenance of Records**

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### **Introduction**

This section summarizes the ongoing responsibilities of the City of Lewisville relative to oversight of efforts to implement the remedial actions recommend in Section Six of this report. It also sets forth the monitoring and maintenance of records procedures that will be implemented by the jurisdictions to insure that implementation efforts can be evaluated and accomplishments reported to HUD in a timely manner.

### **Oversight and Monitoring**

The Analysis of Impediment process has been conducted under the oversight and coordination of the City of Lewisville Community Development Division (CDD) of the Department of Economic Development and Planning (DEDP) with the support of an independent consultant.

The Department of Economic Development and Planning, Community Development Division, will be designated as the lead agency for the City of Lewisville with responsibility for ongoing oversight, self-evaluation, monitoring, maintenance and reporting of the City's progress in implementing the applicable remedial actions and other efforts to further fair housing choice identified in this report. The CDD, as the designated lead agency, will therefore provide oversight, as applicable, of the following activities.

■The CDD will evaluate each of the recommendations and remedial actions presented in this report, and ensure consultation with appropriate City Departments and outside agencies to determine the feasibility and timing of implementation. Feasibility and timing of implementation will be based on City policies, fiscal impacts, anticipated impact on or remedy to the impediment identified, adherence to federal, state and local regulations, and accomplishment of desired outcomes. The DEDP

and its' CDD will provide recommendations for implementation to the City Manager based on this evaluation.

■The CDD will continue to ensure that all sub-grantees receiving CDBG, and other grant funds have an up-to-date Affirmative Fair Housing Marketing Plan; display a Fair Housing poster and include the Fair Housing Logo on all printed materials as appropriate; and provide beneficiaries with information on what constitutes a protected class member and instructions on how to file a complaint.

■The CDD will ensure that properties and organizations assisted with federal, state and local funding are compliant with uniform federal accessibility standards during any ongoing physical inspections or based on any complaints of non-compliance received by the City.

■The CDD will continue to support Fair Housing outreach and education activities through its programming for sub-recipients and its participation in community fairs and workshops; providing fair housing information brochures at public libraries and City facilities; and sponsoring public service announcements with media organizations that provide such a service to local government.

■The CDD will incorporate fair housing requirements in its grant program planning, outreach and training sessions.

■The CDD will continue to receive fair housing complaints and or direct person persons desiring information or filing complaints with the HUD FHEO Regional Office in Fort Worth, Texas.

### **Maintenance of Records**

In accordance with Section 2.14 in the HUD Fair Housing Planning Guide, the CDD will maintain the following data and information as documentation of the City's certification that its efforts are affirmatively further fair housing choice.

- A copy of the 2012 Analysis of Impediments to Fair Housing Choice and any updates will be maintained and made available upon request.

- A list of actions taken as part of the implementation of this report and the City's Fair Housing Programs will be maintained and made available upon request.

- An update of the City's progress in implementing the FY 2012 AI will be submitted to HUD at the end of each program year, as part of the City of Lewisville's Consolidated Annual Performance and Evaluation Report (CAPERS).