



2020-2024 Analysis of Impediments to Fair Housing Choice Study

City of Phoenix, Arizona

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Prepared for the City of Phoenix
By
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Executive Summary

The City of Phoenix (City) boasts a population of over 1.6 million people, making it the fifth largest city in the United States. As the county seat of Maricopa County and the capital of Arizona, Phoenix has experienced near continuous growth since its incorporation in 1881, spurred on by its diverse economy, warm climate, and relatively low cost of living. To further nurture economic growth and increased access to opportunity, the City presents this Analysis of Impediments to Fair Housing Choice (AI).

Purpose of Analysis of Impediments

Fair housing is the right to choose housing free from unlawful discrimination. This right has been codified in federal law since 1968 through the Fair Housing Act and has been incrementally strengthened and expanded since then. The Americans with Disabilities Act of 1990 further cemented the right of fair housing for all Americans.

Central to providing and protecting fair housing choice is the concept of affirmatively furthering fair housing. This means undertaking a three-pronged Fair Housing Planning (FHP) process. The AI is one component of the FHP required by the U.S. Department of Housing and Urban Development (HUD) as part of a jurisdiction's five-year Consolidated Plan. The other components are taking actions to eliminate identified impediments to fair housing choice and the maintenance of fair housing records.

This AI presents a demographic profile of Phoenix, assesses the extent of housing needs among specific income groups, and evaluates the range of available housing choices for residents. The AI also analyzes the conditions in the private market and public sector that may limit the range of housing choices or impede a person's access to housing. More importantly, this AI identifies impediments that may prevent equal housing access and develops solutions to mitigate or remove such impediments.

Organization of Report

This report is divided into seven sections:

- **Methodology and Definitions** – outlines the data sources and key concepts of the AI.
- **Background** – provides a brief history of Phoenix, defines fair housing, and explains the purpose and context of this report.
- **Community Outreach** – summarizes the community engagement process the City undertook to solicit feedback on fair housing issues in Phoenix.
- **Community Profile** - presents the demographic, housing and income characteristics in Phoenix. The relationships among these variables are discussed.
- **Lending Practices** – analyzes private lending activities that could impede fair housing choices in Phoenix.
- **Public Policies** – evaluates various public policies and actions that could impede fair housing choice in Phoenix.
- **Fair Housing Profile** – evaluates the fair housing services available to residents and identifies fair housing complaints and violations in Phoenix.
- **Impediments and Recommendations** – summarizes the findings regarding fair housing issues in Phoenix and provides recommendations for furthering fair housing practices.

A page is attached at the end of this report that includes the endorsement of the City Manager and a statement certifying that the AI represents Phoenix's official conclusions regarding impediments to fair housing choice and the actions necessary to address these impediments.

Methodology and Definitions

This report was prepared by LeSar Development Consultants (LDC) on behalf of the City of Phoenix. The City's Neighborhood Services Department is responsible for Phoenix's Fair Housing Planning, to include this AI.

The following include, but are not limited to, data sources and resources that were used to complete this AI:

- American Community Survey (ACS), U.S. Census Bureau
- City of Phoenix 2015-2020 Consolidated Plan
- City of Phoenix Draft 2020-2025 Consolidated Plan
- Decennial Census, U.S. Census Bureau
- Fair Housing Planning Guide, U.S. Department of Housing and Urban Development
- FBI Hate Crime statistics
- Home Mortgage Disclosure Act (HMDA) data on lending activities
- PEOD data
- PlanPHX General Plan (2015)
- U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy (CHAS)

The following concepts are found throughout this document and are the basis on which the AI is developed:

Affirmatively Further Fair Housing – In keeping with the latest proposed guidance from HUD, to Affirmatively Further Fair Housing Choice (AFFH) is to comply with “the 1968 Fair Housing Act’s obligation for state and local governments to improve and achieve more meaningful outcomes from fair housing policies, so that every American has the right to fair housing, regardless of their race, color, national origin, religion, sex, disability or familial status.”¹

Affordable Housing – Housing for which the occupant spends no more than 30 percent of their gross income on costs. For rental housing, the 30 percent amount is inclusive of any tenant-paid utility costs. For homeowners, the 30 percent includes mortgage costs, property taxes, homeowner’s insurance, and any homeowners’ association fees.

Fair Housing –A condition in which individuals of similar income levels in the same housing market have a like range of choice available to them regardless of race, color, ancestry, national origin, religion, sex, disability, age, marital status, familial status, sexual orientation, source of income, or any other category which may be defined by law now or in the future. For the purposes of this AI, federally protected classes are examined, which may differ from local standards.

¹ U.S. Department of Housing and Urban Development. “HUD Publishes New Proposed Rule on Affirmatively Furthering Fair Housing Choice.” Press Release No. 13-110. July 19, 2013.

Impediments to Fair Housing Choice - As adapted from the *Fair Housing Planning Guide*, impediments to fair housing choice are understood to include:²

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices.
- Any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.

Protected Classes - Title VIII of the Civil Rights Act of 1968 prohibits housing discrimination based on race, color, national origin or ancestry, sex, or religion. The 1988 Fair Housing Amendments Act added familial status and mental and physical disability as protected classes. State and local laws may add additional protected classes, such as sexual orientation, gender identity, and source of income; however, for the purposes of this AI, information is primarily provided on federal protected classes.

² U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity. *Fair Housing Planning Guide: Volume 1* (Chapter 2: Preparing for Fair Housing Planning, Page 2-17). March 1996.

Background

History of Phoenix

As one of the largest cities in the United States, Phoenix (City) has experienced near continuous population and economic growth since its modern founding in 1867 by John W. (Jack) Swilling. In just the last 20 years, the City's population has increased 25.7 percent and its gross domestic product – the total value of goods produced and services provided – has almost doubled during that time.³

Prior to the inhabitation of the Swilling and others, various populations, both modern and prehistoric, lived in and contributed to the development of Phoenix. These groups adapted to the environment, modifying the land and soil as necessary to survive. Most notably, the Hohokam people, who inhabited Phoenix and surrounding areas for over 1,500 years, developed an irrigation system still used today. Early pioneers expanded on the Hohokam's irrigation system, which led to an adequate water supply for longer crop seasons. As with the rest of Arizona, copper, cattle, cotton, citrus, and the climate have played a major role in the growth of Phoenix. These five commodities were the economic and social foundations of the territory and early statehood of Arizona.

With a brief decline following the Great Depression in 1930's, Phoenix's economy regained footing by the 1940s due to the United States' involvement in World War II. The Arizona deserts attracted many air bases, testing stations, and training camps. Nearby soldiers on active duty visited Phoenix for recreation, frequenting local businesses. Following this postwar growth, many of those stationed near Phoenix remained and relocated with their families to nearby suburban areas which led to an economic boom in the 1940s that has remained relatively steady over the years.

The City of Phoenix has maintained a Council-Manager government since 1913. This varies from the previous Mayor-Council structure in that significant administrative authority is vested in the City Manager. The City Manager is responsible for overseeing the delivery of public services and the management of City departments while the council acts as a legislative body serving on behalf of the community. Both the Mayor and City Council members are elected into office and serve four-year terms, whereas the City Manager is appointed by the Mayor and City Council. In 1993, Phoenix captured the international Bertelsmann Award for being one of the best managed cities in the world and was regarded as "employee-centered and responsive to the public's needs." Today, the City continues to maintain its organized approach to government and strong political leadership.

While economic growth has brought prosperity to the region, social and economic challenges persist. Relevant to this report, barriers to fair housing choice continue to frustrate residents' ability to secure accessible and affordable housing.

Equal access to housing is fundamental to meeting essential needs and pursuing personal, educational, and employment goals. In recognizing equal housing access as a fundamental right, the federal government established fair housing choice, defined as the right to choose housing free from unlawful discrimination, as a right protected by law.⁴ Through many of its policies, programs, and services, the City of Phoenix works diligently to ensure fair housing choice for its residents.

³ <https://fred.stlouisfed.org/series/NGMP38060>

⁴ <http://www.fhcm.org/whatisfairhousing>

Conducting an Analysis of Impediments to Fair Housing Choice (AI) became a requirement for entitlement jurisdictions in 1995. Entitlement jurisdictions are those that receive U.S. Department of Housing and Urban Development (HUD) funding under the Community Development Block Grants (CDBG), HOME Investment Partnership (HOME), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs. Phoenix receives funding under each program and as such is required to conduct an AI.

Included in the report is a demographic profile of the City, an assessment of the extent of housing needs among specific income groups, and an evaluation of the availability of a range of housing choices for residents. It also analyzes the conditions in the private market and the public sector that could limit the range of housing choices or impede a person's access to housing.

Fair Housing Framework

Federal Law

The Fair Housing Act of 1968 is the foundation of the United States' commitment to fair housing. Along with the Civil Rights Act of 1964, it is one of the landmark federal laws that protects all Americans from discrimination based on race, color, religion, sex, and national origin. The Fair Housing Amendments Act of 1988 expanded the scope of civil rights by banning discrimination based on familial or disability status.

The statuses that fall within the scope of fair housing – race, color, religion, sex, national origin, familial composition, and disability status – are referred to as “protected classes.” Not all seemingly unfair treatment, whether in housing or in other areas, is prohibited. For example, young families can be lawfully rejected for tenancy if a rental property qualifies as senior housing.⁵ But protected classes receive special consideration under the law and with few exceptions, such as when families are disqualified from senior housing, discriminating against someone based on any of the protected classes is prohibited.

The areas to which the Fair Housing Act (as amended) are applicable are as follows:

- Selling or renting housing. Refusing to rent or sell a home based on a protected class is perhaps the clearest example of housing discrimination, but there are many other actions that are expressly prohibited. These include offering different rental terms as compared to other tenants, falsely claiming there are no housing units available, or providing a person with different housing services or facilities.
- Mortgage lending. Refusing to make a mortgage loan, imposing different loan terms, and unfairly appraising a home, among other actions related to mortgage lending, are all illegal under federal fair housing law.
- Forms of harassment. Many laws and policies make different forms of harassment illegal across sectors, but the Fair Housing Acts expressly prohibit harassment, especially sexual harassment, as it relates to housing.

⁵ Ron Leshnowar, “The Fair Housing Act’s Protected Classes: What Landlords Need to Know,” Nolo.com.

- Advertising. Advertisements for and marketing of housing must be compliant with the Fair Housing Acts' prohibition on discrimination. For example, phrases such as "no children" or "no wheelchairs" may be in violation of the federal Fair Housing Acts.
- Interference of rights and protections under fair housing legislation. According to HUD, it is illegal to "threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise the right." It is also illegal to retaliate against a person who has filed a fair housing complaint or assisted in a fair housing investigation.⁶

What is not included in fair housing protections at the federal level is a prohibition of discrimination based on source of income. This usually refers to the treatment of those who are recipients of Housing Choice Vouchers (commonly referred to as Section 8). For example, it is not uncommon for landlords to advertise a rental unit as "no Section 8." To address this, many states and cities have passed laws that make discriminating against source of income unlawful. Where applicable, landlords are barred from marketing their properties as "no Section 8" and cannot reject prospective tenants based on their source of income alone. Some jurisdictions, including Phoenix, report that tenants are sometimes denied housing based on a past criminal record or other negative history; however, this type of discrimination is not addressed in federal fair housing laws.

Central to the Fair Housing Acts is the concept of affirmatively furthering fair housing (AFFH). It is defined in part as "taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination."⁷ In other words, it is not enough to simply declare housing discrimination illegal. Instead, HUD program participants, including the City of Phoenix, must actively address and mitigate barriers to fair housing choice.

The major step toward remedying past injustices is ending various discriminatory lending practices based on race, color, religion, sex, or national origin (discussed in greater detail in Lending Practices section). The amendments to the Fair Housing Act enacted in 1988 added familial status and disabilities as protected classes and the passage of the Community Reinvestment Act (CRA) in 1977 further improved access to credit for all members of the community. The CRA is intended to encourage regulated financial institutions to help meet the credit needs of LMI communities. The CRA also authorizes federal regulators to assess depository institution's record in helping meet the credit needs of LMI communities.

The Home Mortgage Disclosure Act (HMDA), which was initially enacted in 1975 and substantially expanded in 1989, requires lending institutions to make annual public disclosures of their home mortgage lending activity. The law aims to curb discrimination by compelling banks, savings and loan associations, and other lending institutions to report annually the amounts and geographical distribution of their mortgage applications, origination, and denials. Lending institutions must also report the race, gender, and annual income of its applicants.

Such data is collected and disclosed by the Federal Financial Institutions Examination Council (FFIEC). It also makes HMDA data available to the public and financial regulators to determine if lending practices are lawful and are serving the housing needs of all communities. It should be noted that HMDA data can

⁶ https://www.hud.gov/program_offices/fair_housing_equal_opp/fair_housing_act_overview

⁷ <https://www.hudexchange.info/programs/affh/>

indicate potential problems, but such data alone cannot definitively conclude that discriminatory lending practices occurred.

Fair Housing Planning and Impediments to Fair Housing Choice

The federal government defines impediments to fair housing choice as:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restrict housing choices or the availability of housing choice.
- Any actions, omissions, or decisions that have this effect.

The AI identifies these impediments and serves as one of the three principles of Fair Housing Planning (FHP) that the federal government requires. Another principle includes actions to overcome the effects of identified impediments. This relates to AFFH previously discussed. The last principle of FHP is maintaining records to support the AFFH certification, of which this AI and documentation of actions to AFFH is a part.

State and Local Law

Federal fair housing law applies to all states. Arizona has also codified its own fair housing law in the Arizona Civil Rights Act, which is substantially equivalent to the federal Fair Housing Act. The Arizona Civil Rights Act is enforced by the Civil Rights Division of the Arizona Attorney General's Office, and it includes the same protected classes as the federal Fair Housing Act. The Phoenix City Code also includes fair housing protections in Chapter 18, Article III, for persons who live in Phoenix, and it is enforced by the City of Phoenix Equal Opportunity Department. The Phoenix City Code is also substantially equivalent to the federal Fair Housing Act, but it additionally prohibits discrimination based on sexual orientation, gender identity, and gender expression.

Limitations of this Analysis

HUD's primary guidance for developing AIs is found in the Fair Housing Planning Guide, published in 1996. Since that time, HUD's approach to fair housing has evolved, but formal guidance has largely yet to reflect contemporary legal, political, and technological developments. In 2015, HUD implemented a new rule titled "Affirmatively Furthering Fair Housing" that outlined significant changes to the development of AIs. The new rule would have required jurisdictions to more finely analyze housing discrimination and segregation and allowed the federal government to better enforce the Fair Housing Acts. However, the AFFH rule was waived indefinitely in 2018. Because the AFFH was not fully implemented, the methodology and components of this AI, to the greatest extent possible, meet the AI requirements found in HUD's Fair Housing Planning Guide.

Additionally, the impediments to fair housing choice identified in this report should not be interpreted as an indication of unlawful discrimination. Though licensed attorneys with land use and fair housing experience have helped developed this document, no portion of this AI shall constitute or be relied upon as legal advice or as a legal opinion.

Finally, while actions to address impediments to fair housing choice are outlined in this report, additional research, ongoing analysis, and legislative action that are extraneous to the AI may be required. Community Outreach

This AI was developed to provide an overview of laws, regulations, conditions or other possible obstacles that could affect access to housing. As part of this effort, the report incorporates the issues and concerns of residents, housing professionals and service providers. To assure that the report responds to community needs, the development of the AI included:

- Five community workshops;
- A focus group with various City staff;
- Five consultations with key stakeholders, including a representative of the City’s Equal Opportunity Department;
- Presentation at City Council Land Use and Livability Subcommittee informing the Councilmembers of the start of the Consolidated Plan process;
- Online community needs survey;
- 30-day public comment period; and,
- Public hearings.

According to HUD’s Fair Housing Planning Guide, citizen participation relating to Fair Housing Planning (FHP) is a component of the Consolidated Plan governed by 24 CFR § 91. Accordingly, the City’s FHP outreach occurred in conjunction with its Consolidated Planning process.

Community Meetings

Five community workshops were conducted to introduce residents to the City’s Consolidated Plan (ConPlan) and FHP process, familiarize them with federal funding, and to solicit input. The workshops sought to obtain broad input from the City’s diverse communities. A total of 86 community members participated in the workshops and provided feedback on their housing, economic and community development priorities. The workshops were held at the following locations:

Meeting	Date	Location
1	November 4, 2019 5:30 – 7:00 PM	South Mountain Community Center 212 E. Alta Vista Road, Mesquite Room
2	November 5, 2019 10:00 AM – 12:00 PM	Burton Barr Library 1221 N. Central Avenue, Auditorium
3	November 5, 2019 5:30 – 7:00 PM	Broadway Heritage Neighborhood Resource Center 2405 E. Broadway Road, Large Conference Room
4	November 6, 2019 5:30 – 7:00 PM	Maryvale Community Center 4420 N. 51 st Avenue, Auditorium
5	November 7, 2019 5:30 – 7:00 PM	Adam Diaz Senior Center 4115 W. Thomas Road, Multipurpose Room

Information about the ConPlan and FHP processes were presented at each meeting. The presentation included the purpose of the ConPlan and AI, the funding programs with which it is associated, and an economic and demographic profile of Phoenix to frame the next ConPlan and AI cycle.

The presentation was followed by a series of facilitated small group discussions in which attendees discussed how the City can make a positive impact in supporting its residents and communities. They were also asked to rank their top four priorities in their communities using “dot voting” by placing stickers on their preferred goals and priorities listed on a poster. Priorities included infrastructure, jobs,

affordable housing, fair housing), addressing homelessness, public service, workforce and economic development.

Community Needs Survey

To supplement the community workshops and to further understand the needs of the City's LMI residents, a Community Needs Survey was offered in English and Spanish. In order to gather feedback from residents, the City engaged in inclusive community engagement and an emphasis was placed on making the survey widely available and gathering as many responses as possible. The survey was available online on the City's website and hardcopies were made available at community workshops as well as at senior centers. It was also publicized in the following ways:

- A link to the online survey was placed on the City's website.
- Organizations, agencies, and persons were emailed a link to the survey.
- Staff posted the link to the survey through the City's social media accounts, along with Facebook.

During the two-month survey period from October to December there were a total of 2,026 responses, 1,875 in English and 151 in Spanish. Four of the questions pertained to fair housing. Of the 1,425 people who answered the question, 20 percent (296 people) said they or someone they know encountered a form of housing discrimination. Of those that answered affirmatively, a majority believe race was the basis for discrimination. The most common form of discrimination was refusing to rent or sell a home.

The final fair housing question asked if respondents felt they are well-informed on housing discrimination. A little more than a third (37.2 percent) said yes, while roughly 20 percent of respondents said no. The rest felt they are somewhat informed on housing discrimination. Overall, however, the full survey results reveal affordable housing is the top concern among respondents, and fair housing undoubtedly plays a part in that.

Focus Groups

The City held a focus group with staff from several city departments including Neighborhood Services, Housing, Equal Opportunity, Planning and Development, and Human Services. A total of 52 staff participated. This focus group held a similar structure to the community workshops with a presentation on the Consolidated Plan, AI, and community data, followed by small group discussions. The focus group feedback placed an emphasis on the ConPlan and AI needing to address affordable housing, homelessness, and services for special needs⁸ populations.

Consultations

The City conducted comprehensive outreach to key stakeholders to enhance coordination, solicit feedback, and discuss new approaches and efficiencies with public and assisted housing providers, private and governmental health, mental health and service agencies, and stakeholders that utilize

⁸The term "special needs" covers a broad spectrum of sub-populations ranging from those with disabilities, those currently homeless, those with health and mental health needs, persons with HIV/AIDS, seniors, transition age youth, female-headed households and veterans (amongst others). HUD does not provide a specific definition for special needs, but puts many groups into this category.

funding for eligible activities under HUD’s entitlement programs, including fair housing services. These organizations included:

Organization	Type	Topic
Compliance and Enforcement Division, Equal Opportunity Department, City of Phoenix	City Department	Fair housing
Maricopa Association of Governments	Continuum of Care	Homelessness
Housing Department, City of Phoenix	City Department	Housing Opportunities for Persons With HIV/AIDS Digital divide
Human Services Department, City of Phoenix	City Department	ESG
Southwest Fair Housing Council	Fair housing Advocacy Group	Fair housing

Public review

During a 5-day public review period from June 1, 2020 to June 5, 2020 the draft AI and ConPlan document was made available at the Neighborhood Services Department and the Equal Opportunity Department, both located in Phoenix City Hall, 200 W. Washington St., Phoenix, and posted on the City of Phoenix’s website. The public comment period was reduced from 30 days to 5 days through a COVID-19 related waiver.

Notice of public review was published in the Arizona Republic May 29, 2020. During the 5-day public review period from June 1, 2020 to June 5, 2020, XX written comments were received on the AI.

Public Hearing

A virtual public hearing was held online via Web-Ex on June 2, 2020 to obtain public comment on the draft documents and a City Council meeting was scheduled on June 3, 2020 to consider adopting the City’s proposed 2020-2025 Consolidated Plan, 2020-2021 Action Plan, and 2020-2025 Analysis of Impediments to Fair Housing Choice

Key Issues Identified

Key issues identified from public outreach efforts offered insight into the following issues and recent trends related to fair housing in Phoenix:

- A significant number of people – a fifth of respondents to the fair housing survey questions – believe they or someone they know has experienced housing discrimination.
- Among those who felt they or someone they know experienced housing discrimination; race was believed to be the primary factor.
- According to the City’s Equal Opportunity Department, a vast majority of fair housing cases in the region involve discrimination against people with disabilities. Most often, this involves refusing to provide reasonable accommodations.
- An increasing number of fair housing complaints involve sexual harassment.

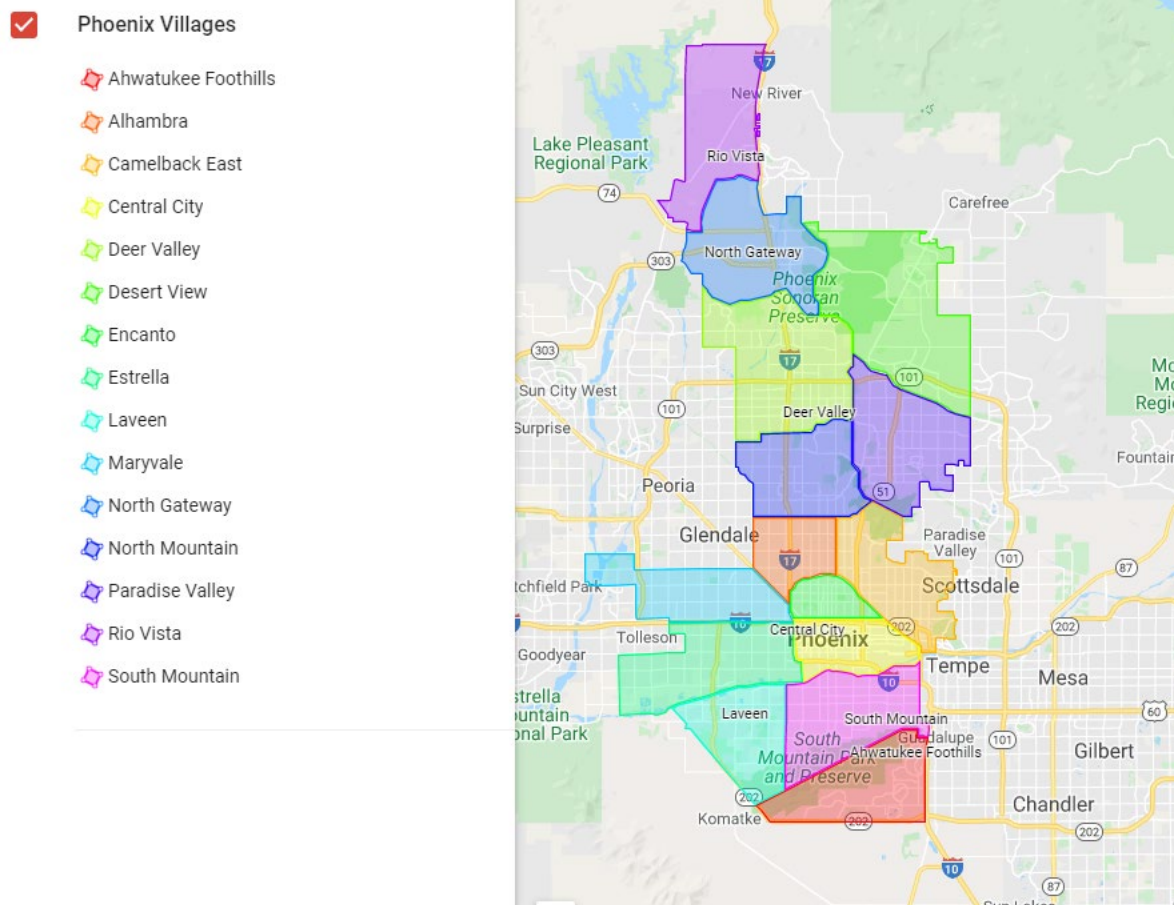
- Just 37 percent of survey respondents believe they are well-informed on housing discrimination.
- Over 60 percent of respondents reported had difficulty finding an affordable home.

Community Profile

This section presents demographic, economic, and housing information collected from the Census Bureau, the Bureau of Economic Analysis, the Bureau of Labor Statistics, and other sources. Data were used to analyze a broad range of socioeconomic characteristics, including population growth, race, ethnicity, disability, employment, poverty, and housing trends. Ultimately, the information presented in this section helps illustrate the underlying conditions that shape the housing market and fair housing choice in Phoenix.

The City of Phoenix is divided into 15 villages: Ahwatukee Foothills, Alhambra, Camelback East, Central City, Deer Valley, Desert View, Encanto, Estrella, Laveen, Maryvale, North Gateway, North Mountain, Paradise Valley, Rio Vista, and South Mountain. The figure below shows the boundaries of these villages:

Figure 1 Phoenix Villages



Demographic Overview

The population and demographic data in this section summarize the City's residents falling within protected classes, as well as the characteristics of the general population. These data help determine whether racial and ethnic minorities or lower income households are concentrated in certain areas. They also provide context for analyzing in later sections the fair housing environment in Phoenix.

Population Growth

In the nine years since the 2010 Census, Phoenix’s population has increased 12 percent, eclipsing Arizona’s growth of 7.6 percent over that same time period. Since 2000, the City’s population has grown nearly 26 percent, and the population is expected to continue to grow. Since 1870, Phoenix has seen at least double-digit growth every decade except for one (2000’s), and it has been one of the fast-growing American cities since the Great Recession.⁹

Table 1-Historical Population by Decade

Census	Population	Population Change	Change (in %)
1870	240	240	-
1880	1,708	1,468	611.7
1890	3,152	1,444	84.5
1900	5,544	2,392	75.9
1910	11,314	5,770	104.1
1920	29,053	17,739	156.8
1930	48,118	19,065	65.6
1940	65,414	17,296	35.9
1950	106,818	41,404	63.3
1960	439,170	332,352	311.1
1970	581,572	142,402	32.4
1980	789,704	208,132	35.8
1990	983,403	193,699	24.5
2000	1,321,045	337,642	34.3
2010	1,445,632	124,587	9.4

Source: U.S. Census Bureau

Table 2- Recent Population Trend

Year	Population	Change (in %)
2010	1,449,242	-
2011	1,451,966	0.2
2012	1,464,727	0.9
2013	1,485,751	1.4
2014	1,506,439	1.4
2015	1,527,509	1.4
2016	1,559,998	2.1
2017	1,579,253	1.2
2018	1,597,738	1.2
2019	1,617,344	1.2

Source: Population Estimates, Arizona Office of Economic Opportunity

⁹ Brenda Richardson, “Census Reveals the Fastest-Growing Cities in the U.S.: Here’s Why Phoenix is So Hot,” Forbes, May 28, 2019.

Age Composition

Table 3 below shows the age distribution of Phoenix compared to the State of Arizona. The working adult age group (ages 25 to 64 years) represents over half (53.1 percent) of Phoenix’s total population, while school-aged youth (5 to 24 years) represent almost one-third (29.2 percent). Seniors (65 years and over) accounted for 9.8 percent of the local population. In comparison, working age Arizonans comprise 50.1 percent of the statewide population and school-aged youth and seniors account for 27.3 percent and 16.2 percent of the state population, respectively. This indicates that the local population is younger than the State’s.

Table 3- Age Distribution

Age Group	Phoenix		Arizona	
	Number	% of total	Number	% of total
Under 5	118,568	7.5	316,189	6.0
5-9	119,946	7.6	334,939	6.4
10-14	115,691	7.3	342,602	6.5
15-19	109,046	6.9	353,293	6.7
20-24	116,847	7.4	366,650	7.0
25-39	125,721	8	343,292	6.6
30-34	122,228	7.8	326,573	6.2
35-39	110,376	7	311,297	5.9
40-44	108,183	6.9	311,856	6.0
45-49	104,604	6.6	309,878	5.9
50-54	100,018	6.4	326,410	6.2
55-59	88,771	5.6	324,280	6.2
60-64	77,312	4.9	319,014	6.1
65-69	57,201	3.6	305,398	5.8
70-74	38,865	2.5	243,468	4.7
75-79	25,960	1.6	178,118	3.4
80-84	16,205	1	116,526	2.2
Over 85	18,879	1.2	105,742	2.0

Source: 2013-2017 American Community Survey, U.S. Census Bureau

Analyzing the age distribution is important because it affects the need for jobs, housing, and other social services. More than half of the City’s population is under the age of 35, and includes young children, students, recent graduates, or adults just entering the job market. Planning efforts may need to incorporate additional schools, entry-level jobs, and starter homes. On the other hand, adults over 35-years old may prefer larger homes to accommodate larger families, whereas seniors may prefer smaller units that have lower costs and are closer to services.

Age and fair housing intersect when managers or property owners make housing decisions based on the age of residents. For example, property owners or managers may prefer to limit the number of children in their complex or discourage older residents due to their disabilities. Although a housing provider may establish reasonable occupancy limits and set reasonable rules about the behavior of tenants, those rules cannot single out children or refuse to make reasonable accommodation.

Race/Ethnicity

Table 4 illustrates the racial/ethnic breakdown of Phoenix residents. Since 2000, the fastest growing racial/ethnic group in the City is the Hispanic population. By 2017, it lagged the share of white population by less than one percent. More broadly, Phoenix has become much more diverse over time, and is a now majority-minority city, with all minorities but the American Indian and Alaska Native race increasing its population share.

Table 4- Population by Race/Ethnicity

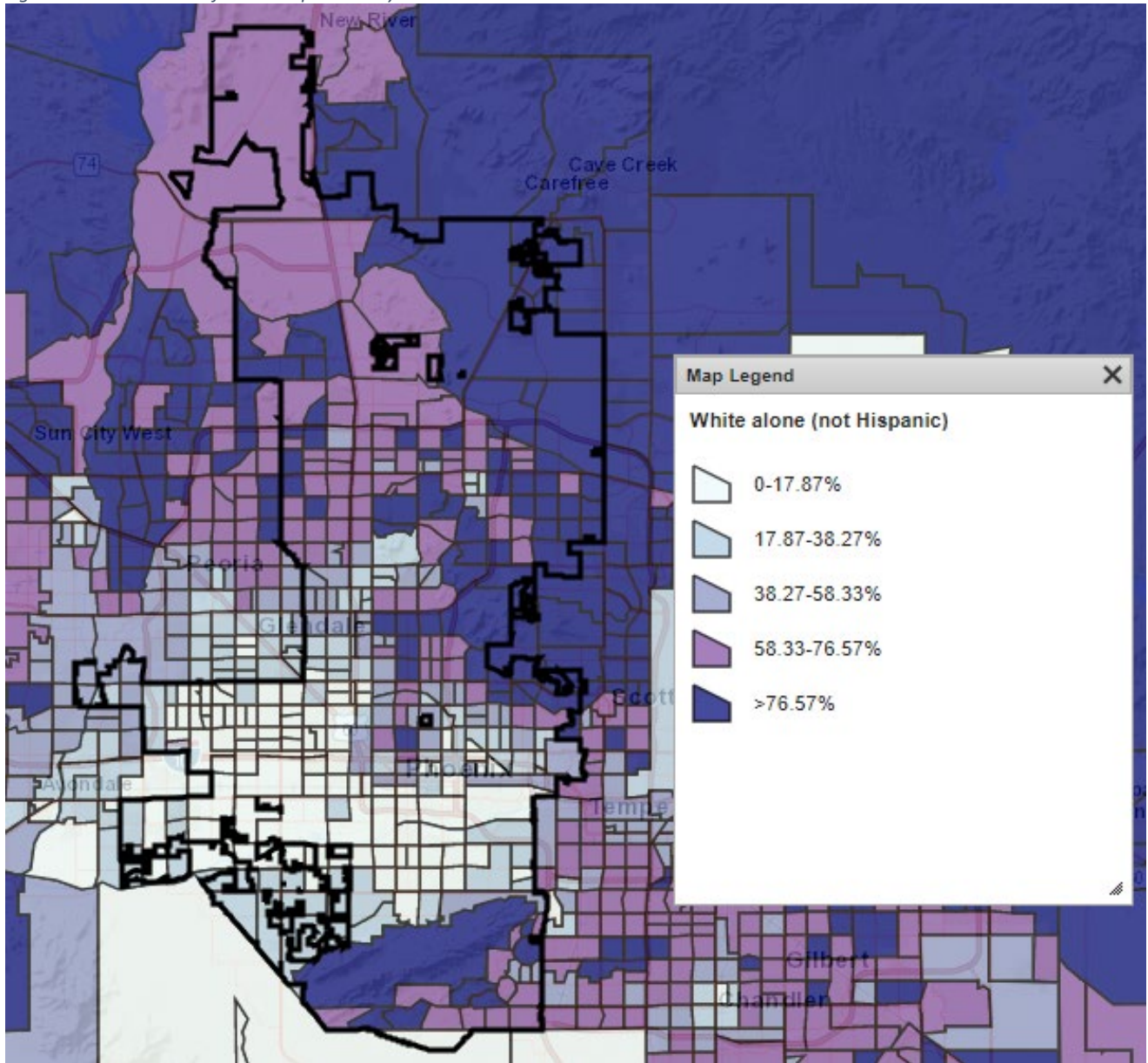
Race/Ethnicity	Share of population (by %)		
	2000	2010	2017
White	55.8	46.5	43.3
Hispanic/Latino	34.1	40.8	42.5
Black/African American	5.1	6.0	6.6
Asian	2.0	3.0	3.5
Native Hawaiian and Pacific Islander	0.1	0.1	0.2
American Indian and Alaska Native	2.0	1.6	1.6
Two or more/other	3.3	1.7	2.2

Source: 2013-2017 American Community Survey, U.S. Census Bureau

Ethnic and racial composition of a region is useful in analyzing housing demand and related fair housing concerns. Research by the National Fair Housing Alliance (NFHA) and HUD Department of Fair Housing and Equal Opportunity (FHEO) show that race-based discrimination ranks second behind only disability in the number of fair housing complaints between 2000 and 2017.¹⁰ Therefore, understanding the number and concentration of minority populations can inform fair housing practices. Figure 1 depicts the white alone population by census tract.

¹⁰ "Fair Housing by the Numbers," National Low Income Housing Coalition, February 25, 2019.

Figure 2 Concentration of White Population by Census Tract



Source: U.S Department of Housing and Urban Development

The map from HUD above represents the distribution of the City’s white population. Counterintuitively, the census tracts highlighted in white represent those that are more than 83 percent non-white. This map shows a clear pattern – the southern part of the City is largely non-white, while the northern part is predominately white.

National Origin

Phoenix’s population is about 19.6 percent foreign born. This is above the foreign-born population share of the Metropolitan Statistical Area (MSA) (13.8 percent), state (13.2 percent) and U.S. (14 percent), but since the 2000 Census, the latter three areas added more foreign-born people than did the City of

Phoenix. The largest share of foreign-born Phoenix residents is from Latin America (71 percent). The table below reports the share of foreign-born population by major area.

Table 5- National Origin

National Origin	2010		2017		Percent Change
	Count	Share	Count	Share	
Europe	21,928	7.0	19,909	6.4	-0.4
Asia	36,412	11.5	51,358	16.6	5.1
Africa	10,486	3.3	10,758	3.5	0.2
Oceania	810	0.2	1,358	0.4	0.2
Americas	245,718	77.9	225,361	73	-4.9
Foreign-born Population	315,354	100	308,744	100	-2.1
As share of total population	1,450,206	21.7	1,574,421	19.6	8.6

Source: 2013-2017 American Community Survey, U.S. Census Bureau

A closer examination that most foreign-born residents living in Phoenix are from Mexico (63.3 percent). No other country constituted more than five percent of the non-native population. However, the population from the Americas, including Mexico, is down nearly five percent since 2010. Making up for this dip is the growth in the foreign-born Asian population, specifically India. Native-born Indians now make up nearly 4.3 percent of the foreign-born population. For recently relocated foreign born persons, language difficulties, lack of credit histories, lack of short-term rental options, and insufficient transportation can all act as barriers to obtaining housing. It can also encourage violations of fair housing choice.

Large households

Large households are defined as having five or more members. These households are usually families with two or more children or families with extended family members, such as in-laws or grandparents. These can also include multiple families living in one housing unit in order to save on housing costs.

Large households are a special needs group because the availability of adequately sized, affordable housing units is often limited. To save for necessities such as food, clothing, and medical care, large LMI households may reside in smaller units, resulting in overcrowding. Furthermore, families with children, especially those who are renters, may face discrimination in the housing market. For example, some landlords may charge large households a higher rent or security deposit, limit the number of children in a complex, confine them to a specific location in the development, limit the time children can play outdoors, or choose not to rent to families with children altogether, which would violate fair housing laws. Table 6 shows the number of households in Phoenix that are large families based on their Area Median Income (AMI).

Table 6- Large Family Households

	0-30% AMI	>30-50% AMI	>50-80% AMI	>80-100% AMI	>100% AMI	Total
Large Family Households	11,915	10,905	13,030	6,095	19,110	61,055
Total Households	81,775	66,940	91,040	53,780	232,080	525,595
Share of all Households (in %)	14.6	16.3	14.3	11.3	8.2	11.6

Source: 2011-2015 CHAS

Single-parent households

Single-parent families often require special consideration and assistance because of their greater need for affordable housing and accessible daycare, healthcare, and other supportive services. Due to their relatively lower incomes, female-headed families have comparatively limited opportunities for finding affordable and decent housing. Female-headed families may also be discriminated against in the rental housing market because some landlords are concerned about the ability of these households to make regular rent payments. Consequently, landlords may require more stringent credit checks or higher security deposits for women, which would be a violation of fair housing laws. Table 7 presents the number of single-parent households in Phoenix.

Table 7- Single-Parent Households (HHs)

Category	2010		2017	
	Number	% of HHs	Number	% of HHs
Male head of household	32,489	6.3	37,495	6.9
Female head of household	72,672	14.1	82,038	15.1
Total	105,161	20.4	119,533	22.0

Source: American Community Survey, U.S. Census Bureau

Persons with disabilities

As mentioned above, disability is the basis on which most fair housing complaints are filed in the City. The Census Bureau defines and collects data on six disability types:

- Hearing difficulty – Deaf or having serious difficulty hearing (DEAR).
- Vision difficulty – Blind or having serious difficulty seeing, even when wearing glasses (DEYE).
- Cognitive difficulty – Because of a physical, mental, or emotional problem, having difficulty remembering, concentrating, or making decisions (DREM).
- Ambulatory difficulty – Having serious difficulty walking or climbing stairs (DPHY).
- Self-care difficulty – Having difficulty bathing or dressing (DDRS).
- Independent living difficulty – Because of a physical, mental, or emotional problem, having difficulty doing errands alone such as visiting a doctor’s office or shopping (DOUT).

Approximately 10 percent of Phoenix’s population lives with a disability. This represented 161,585 persons living with a disability in the City, including 15,866 persons 17 years old or younger and 55,031 persons over the age of 65. ACS estimates for 2017 reflect the disability rate has increased from about nine percent since the last AI.

Table 8 displays the number of civilian non-institutionalized Phoenix residents with the Census-defined disabilities.

Housing needs for residents with a disability vary depending on several factors, including disability type. Ambulatory difficulties affect the largest portion of Phoenix residents with a disability and thus can affect the requisite accessibility features in a home. Cognitive difficulties and independent living difficulties can also affect housing opportunities. Note that the total number of difficulties is 1.9 times Phoenix’s total disabled population, indicating that many people face more than one difficulty.

Table 8- Disability Status

Disability Status	2012		2017	
	Number	% of Population	Number	% of Population
Total	134,773	9.3	161,585	10.2
Population under 65 with a disability	89,070	6.1	106,554	6.8
Population over 65 with a disability	44,660	3.1	55,031	3.5
Hearing difficulty	33,755		43,625	
Vision difficulty	26,050		34,714	
Cognitive difficulty	52,492		62,219	
Ambulatory difficulty	70,493		81,272	
Self-care difficulty	27,306		31,496	
Independent living difficulty	47,194		55,169	
Note: People can report multiple disabilities. Thus, the number of disabilities exceeds the population with a disability and cannot be compared to the overall population.				

Source: 2010 and 2017 One-Year Estimates, American Community Survey

Persons with HIV/AIDS

Persons with HIV/AIDS face an array of barriers to obtaining and maintaining affordable, stable housing, which is important to their general health and wellbeing. According to the National AIDS Housing Coalition, people with HIV/AIDS who are experiencing homelessness or housing instability are:

- More likely to enter HIV care late
- Less likely to receive and adhere to antiretroviral therapy
- More likely to be hospitalized and use emergency rooms
- More likely to experience a premature death¹¹

Despite federal and state anti-discrimination laws, many people face illegal eviction from their homes when their illness is made known. The Fair Housing Amendments Act of 1988, which is primarily enforced by HUD, and Chapter 18 of the Phoenix City Code, enforced by the Equal Opportunity Department, both of which prohibit housing discrimination against persons with disabilities, including persons with HIV/AIDS.

The Maricopa County Public Health Department administers a range of HIV/AIDS services including STD/HIV testing, and there are many nongovernmental organizations that offer HIV/AIDS-specific

¹¹ “Housing and Health,” National AIDS Housing Coalition, accessed October 4, 2019.

services. Additionally, the City of Phoenix Housing Department administers the Housing Opportunities for Persons with HIV/AIDS (HOPWA). The HOPWA program was established by HUD to address the specific needs of persons living with HIV/AIDS and their families. HOPWA benefits low-income persons medically diagnosed with HIV/AIDS and their families.

Persons experiencing homelessness

People experiencing homelessness often have a difficult time finding permanent housing. Homeless residents often have little to no income and face high housing costs. This group may also encounter fair housing issues when landlords refuse to rent to them for a variety of reasons including source of income, previous addresses, onerous third-party payer requirements, or a lack of government-issued identification. The perception may be that homeless persons are financially or behaviorally unstable. These difficulties are more severe for homeless families that need larger affordable units to accommodate children.

In January 2019, the Maricopa Association of Governments, serving as the region’s Continuum of Care, conducted a Point-in-Time (PIT) count of homeless persons in Maricopa County. Table 9 represents the 2019 PIT count for the City of Phoenix.

Table 9- 2019 Point-in-Time Count

	Number of Persons	Change since 2018
Sheltered	3,439	-7%
Unsheltered	3,175	22%
Total	6,614	5%

Source: Maricopa Association of Governments, 2019

Housing Overview

The housing profile presents a snapshot of housing conditions in Phoenix and includes components such as the characteristics of housing stock, housing conditions, housing market sales, foreclosure data, and affordability. This housing market analysis is an essential piece of understanding the fair housing choice in Phoenix.

According to the 2011 report by HUD and the U.S. Department of Treasury entitled “Spotlight on the Housing Market in: Phoenix-Mesa, Glendale, Arizona”, the Phoenix-Mesa- Glendale Metropolitan Statistical Area (MSA) experienced some of the most extreme difficulties in its housing market following the 2007-8 financial crisis (Great Recession). In 2007, when the effects of the housing crisis and economic recession became apparent in the region, population growth slowed from 3.9 percent annually to 0.2 percent. This decline represents a stark contrast to the 1990’s and early part of 2000’s, during which Phoenix’s population grew by more than 50 percent.

Phoenix had some the highest mortgage delinquency and foreclosure rates in the United States during and after the Great Recession, but today the housing market is on strong footing. The foreclosure and home loan delinquency rate in Phoenix are now lower than the national average,¹² which reflects the national trend in improving home loan delinquency. According to the Mortgage Bankers Association, the

¹² Kara Carlson, “Arizona, Phoenix foreclosure and delinquency rates are below national averages,” Phoenix Business Journal, April 10, 2018.

delinquency rate in the United States is at a 25-year low as of November 2019.¹³ As of March 2019, HUD’s Office of Policy Development and Research considered the Phoenix metro area’s sales market balanced and its apartment market conditions “slightly tight” indicating a lack of supply and an increase in population growth.¹⁴ The lack of housing supply is also indicated in the study completed by Up for Growth, Housing Underproduction in the U.S.¹⁵ This study indicates that housing production was halted by the great recession, which has resulted in an underproduction of 505,000 units throughout the state of Arizona. This lack of supply coupled with population growth have put pressure on the Phoenix housing market and led to increased housing cost and an increase in the number of households that are housing cost burdened and not living in affordable housing.

Housing stock

Phoenix’s housing stock consists of a variety of housing types, but Table 10 shows two-thirds of the housing stock is single-family homes (either attached or detached). This is close to the State’s rate of 70.9 percent. This can complicate fair housing choice, as single-family homes are often more expensive than other housing types, thus limiting a household’s ability to seek greater opportunity. Additionally, the Turner Center for Housing Innovation has found that maintaining anti-density zoning, such as land use being dominated by single-family detached housing, results in more racially segregated cities and tend to exclude blue collar workers.¹⁶

Table 10- Housing Stock Composition

Housing Type	Phoenix		Arizona	
	Number of Units	% of Total	Number of Units	% of Total
Single Family, detached	345,221	63.5	1,640,570	66.1
Single Family, attached	23,231	4.3	118,174	4.8
Two to Four Units	31,916	5.9	113,880	4.6
More than Five Units	126,612	23.3	381,529	15.4
Mobile Homes	17,042	3.1	228,158	9.2
Total	544,022	100	2,482,311	100
Vacancy Rate	10.6%		15.6%	

Source: 2013-2017 American Community Survey, U.S. Census Bureau

Home values

According to the 2013-2017 ACS, the Census Bureau’s most recent dataset, the median value for an owner-occupied home is \$197,800 in the City. The table below reports the number of homes by home value. Private companies and real estate groups often track home values in real time, offering a more up-to-date look into the housing market. As of December 2019, Zillow reported a median home value of \$248,100, up 4.3 percent in a year.¹⁷ Redfin reported an average sale price of \$268,000 between November-December 2019.¹⁸

¹³ “Mortgage Delinquencies Fall to Lowest Level in Nearly 25 Years,” Mortgage Bankers Association, November 14, 2019.

¹⁴ “Phoenix-Mesa-Scottsdale, Arizona,” HUD PD&R Housing Market Profiles, March 1, 2019.

¹⁵ “Housing Underproduction in the U.S.,” UpForGrowth, 2018.

¹⁶ Jonathan Rothwell, “Land Use Politics, Housing Costs, and Segregation in California Cities,” Turner Center for Housing Innovation, September 2019.

¹⁷ “Phoenix Home Prices and Values,” Zillow.com, accessed December 12, 2019.

¹⁸ “Phoenix Housing Market,” Redfin.com, accessed December 12, 2019.

Data from ACS and other sources show Phoenix home values trend with national data. The median home value in the United States in 2017 was \$193,500, slightly lower than Phoenix's. Zillow reports a national median home value of \$231,700, again just below that in Phoenix. These differences demonstrate the degree to which the Phoenix housing market has rebounded from the Great Recession. At the same time, higher home values without commensurate increases in wages can diminish the City's housing affordability.

Table 11- Owner-occupied Home Values

Homes Values	Number of Units	Percentage of Units (in %)
Less than \$50,000	18,661	6.4
\$50,000-\$99,999	32,310	11.1
\$100,000-\$149,999	43,646	15.0
\$150,000-\$199,999	52,617	18.1
\$200,000-\$299,999	61,984	21.3
\$300,000-\$499,999	55,871	19.2
\$500,000-\$999,999	21,544	7.4
\$1,000,000 or more	4,145	1.4

Source: 2013-2017 American Community Survey, U.S. Census Bureau

Housing conditions

Assessing housing conditions can provide the basis for developing policies and programs to maintain and preserve the quality of the housing stock. Housing age can indicate general housing conditions within a community, particularly when it comes to accessibility and lead-based paint (LBP) hazards. LBP has been banned for residential use since 1978, but housing units constructed prior to that year are more likely to contain LBP. The Americans with Disabilities Act was passed in 1990, strengthening building codes for accessibility and prohibiting discrimination based on disability. Therefore, newer homes are generally more accessible. Table 12 represents the age of the housing stock in Phoenix.

Table 12- Age of Housing Stock

Year Built	Number of Units	% of Housing Stock
2014 or later	3,368	0.6
2010 to 2013	10,555	1.9
2000 to 2009	94,468	17.4
1980 to 1999	185,537	34.1
1960 to 1979	165,297	30.4
1940 to 1959	74,430	13.7
1939 or earlier	10,367	1.9
Total	544,022	100

Source: 2013-2017 American Community Survey, U.S. Census Bureau

Approximately 54 percent of the City's housing stock was built after 1980, reflecting the growth Phoenix has experienced as its economy and population have expanded. Still, homes constructed prior to 1980 are more likely to contain LBP, less likely to be accessible, and may have significant rehabilitation needs. The last decade saw the lowest number of new housing units built since 1939 despite population growth remaining consistent, likely due to the City's slow recovery from the housing market crash. The increased demand for housing coupled with a lack of additional units undoubtedly plays a role in the rising cost of housing.

HUD also analyzes four housing conditions as part of its Comprehensive Housing Affordability Strategy (CHAS) derived from American Community Survey data. These four conditions are housing units that lack complete kitchen facilities, housing units that lack complete plumbing facilities, housing that is overcrowded, and housing cost burden. The first two problems can survey as proxies for housing conditions in the city. Fortunately, less than one percent of all households live with substandard kitchen or plumbing facilities.¹⁹

Household Overview

The Demographic Overview provided information on Phoenix’s general population and the Housing Overview provided an analysis of the physical and financial characteristics of the housing market. This section combines those two concepts and analyzes the household, defined by the Census Bureau as all the people, either family or non-family, who occupy a housing unit. A housing unit is an independent living quarters with direct access to the outside or through a common hall.

Housing tenure

Housing tenure refers to the financial arrangements under which a household resides in a housing unit. Table 13 below shows the owner occupancy and tenancy, by far the most common housing tenures, of occupied housing units in Phoenix. Neither tenure status is immune from fair housing concerns. Discriminatory lending practices, for example, can affect prospective and current homeowners, and prospective and current tenants in rental units can face a host of discriminatory practices.

Table 13- Housing Tenure

Tenure	2010		2017	
	Occupied units	% of total	Occupied units	% of total
Owner	307,539	59.6	290,778	53.4
Renter	208,162	40.4	253,244	46.6
Total	515,701	100	544,022	100

Source: American Community Survey, U.S. Census Bureau

Since the Great Recession, ACS data shows Phoenix experienced a decline in homeownership, reflecting a nationwide trend. More recent data points to a rebound in homeownership both in Arizona and the United States. According to the Federal Reserve Bank of St. Louis, Arizona’s homeownership rate reached a low of 61.7 percent in 2015, undoubtedly affected by the lingering foreclosure crisis and a sluggish economic recovery. In 2018, however, homeownership ticked up to 65.7 percent.²⁰ This matches what is occurring nationally, as homeownership is ticking up with an increasingly strong economy.²¹

Household composition and size

The average size and composition of households are highly sensitive to the age structure of the population, but they also reflect many different social and economic changes. For example, economic downturns may prolong the time adult children live at home, may result in multiple families and non-family members living together to lower housing costs, and are typically associated with lower birth rates. At the same time, strong, developed economies may result in better access to birth control and

¹⁹ 2013-2017 American Community Survey, U.S. Census Bureau

²⁰ “Homeownership Rate for Arizona,” Federal Reserve Bank of St. Louis, accessed December 12, 2019.

²¹ Kevin Erdmann, “What Are Homeownership Rates Telling Us?,” The Bridge, November 5, 2019.

sexual health education, in turn lowering the birth rate. Table 14 depicts the average household size by housing tenure, and Table 15 reports the number of households by composition.

Table 14- Housing Tenure

Tenure	Average Household Size	
	2010	2017
Owner	2.83	2.89
Renter	2.68	2.82
Total	2.77	2.86

Source: American Community Survey, U.S. Census Bureau

Table 15- Composition of Households by Income

	0-30% HAMFI	>30-50% HAMFI	>50-80% HAMFI	>80-100% HAMFI	>100% HAMFI
Total Households	81,775	66,940	91,040	53,780	232,080
Small Family Households	27,580	24,325	34,175	21,260	113,900
Large Family Households	11,915	10,905	13,030	6,095	19,110
Household contains at least one person 62-74 years of age	12,150	11,320	15,360	8,775	41,995
Household contains at least one person age 75 or older	5,598	7,245	8,600	4,040	12,840
Households with one or more children 6 years old or younger	20,460	17,425	20,059	9,724	26,590

Source: 2011-2015 CHAS

The average household size has increased slightly since 2010, possibly due to increasing housing costs and a younger population. While household size or composition alone cannot determine current or future housing needs, it is an important factor to understanding the local housing market. For example, LMI households are more likely to live in overcrowded conditions, which can be an indication of a constrained housing supply, insufficient incomes, high housing costs, or social and cultural norms.

Household income

Next to housing costs, household income is the most important factor determining a household's ability to afford housing. Although economic and financial factors that affect a household's housing choice are not a fair housing issue per se, the relationships among household income, household type, race/ethnicity and other factors often create misconceptions and biases that raise fair housing issues. The City's income distribution is indexed to area median income (AMI), calculated by HUD. Based on the AMI, it establishes four income categories that dictate eligibility for most publicly assisted housing programs:

- Extremely Low Income – At or below 30 percent of AMI
- Very Low Income – 30-50 percent of AMI
- Low Income – 50–80 percent of AMI
- Moderate Income – 80–120 percent of AMI

Another income category definition used in this report is the HUD Adjusted Median Family Income, or HAMFI:

- Extremely low-income: 0-30% HAMFI
- Very low-income: 30-50% HAMFI
- Low-income: 50-80% HAMFI
- Middle-income: 80-100% HAMFI
- Upper income 100% HAMFI and above

Note: AMI and HAMFI are functionally the same when referring to lower-income populations. However, HUD uses HAMFI to determine Fair Market Rents, which guides eligibility for many of its programs including Housing Choice Vouchers (i.e. Section 8). AMI is an industry term used more generally, but often refers to income limits for income-restricted affordable housing. The use of each term is noted

Table 16 specifies the 2019 income limits for Phoenix-Mesa-Scottsdale MSA based on Area Median Income.

Table 16-2019 Phoenix MSA Income Limits

Phoenix MSA Area Median Income: \$72,900	Number of Persons in Household:	1	2	3	4	5	6	7	8
	Extremely Low	15300	17500	19700	21850	23600	25350	27100	28850
Very Low Income	25550	29200	32850	36450	39400	42300	45200	48150	
Low Income	40850	46650	52500	58300	63000	67650	72300	77000	
Median Income	51100	58400	64700	72900	78800	84600	90400	96300	
Moderate Income	61320	70080	78840	87480	94560	101520	108,480	115560	

Source: Arizona Department of Housing, 2019

HMDA data report these income levels differently, based on Community Reinvestment Act (CRA) requirements:

- Low income – At or below 50 percent Median Family Income
- Moderate income – 50 to 80 percent Median Family Income
- Median income – 100 percent Median Family Income
- Middle income – 80 to 120 percent Median Family Income
- Upper income – greater than 120 percent Median Family Income

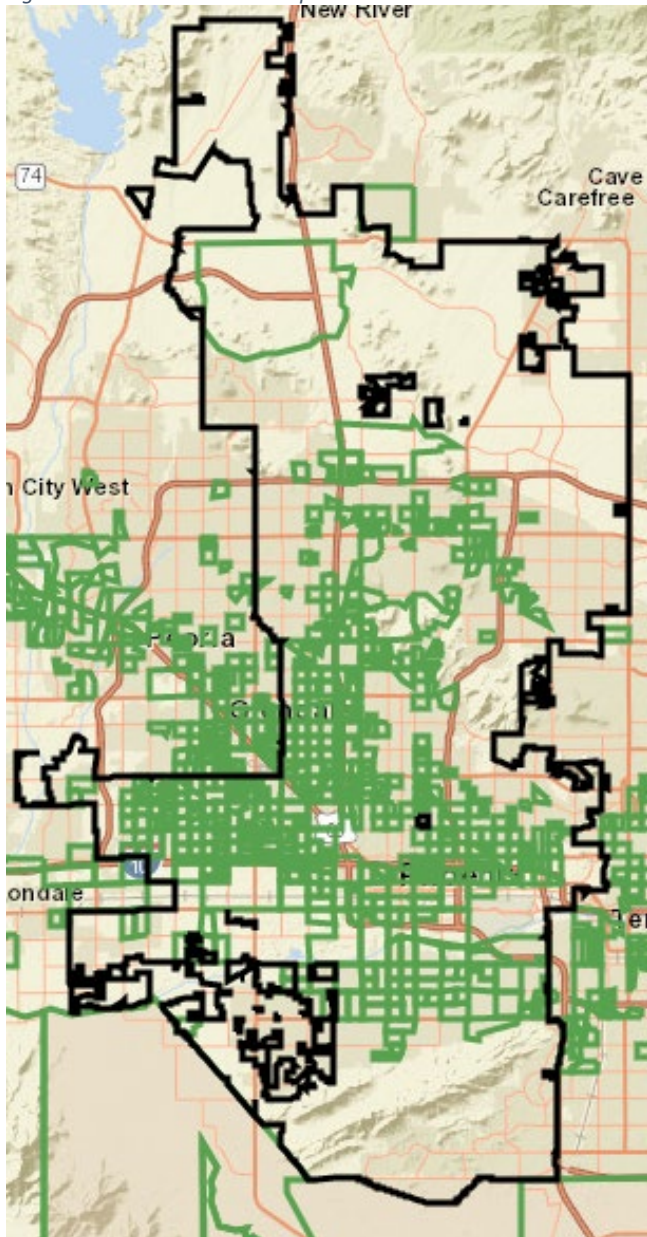
Table 17 reports the number of households in these income categories in 2016 (the most recent years for which complete HMDA data is available).

Table 17-Households by Income Level

	Number of Households	% of total
Low Income	96,801	26.7
Moderate Income	65,854	18.2
Middle Income	68,421	18.9
Upper Income	131,459	36.3
Total Households	362,535	100

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Figure 3 -Low-Mod Block Groups



Source: U.S Department of Housing and Urban Development, 2019

Over half of all households are considered LMI, but these households are not evenly distributed throughout the city. Like in most major cities, LMI households in Phoenix are concentrated in certain areas. The areas outlined in green in Figure 2, above, are the LMI block groups, or areas assessed by the Census Bureau where at least half of residents are LMI. As the map shows, nearly all the City's LMI block groups are clustered in the southern and western portions of the city.

Housing cost burden

HUD considers affordable housing as that which costs less than 30 percent of a household's income. Households that spend over that threshold are considered by HUD to be "cost burdened" and may have difficulty affording other basic household necessities such as food, clothing, and transportation. Severe cost burden occurs when monthly housing costs represent 50 percent or more of gross household income.

For homeowners, housing costs include property taxes, insurance, energy payments, water and sewer service, and refuse collection. If the homeowner has a mortgage, the determination also includes principal and interest payments on the mortgage loan. For renters, this figure represents monthly rent plus utility charges, but does not include the costs of home maintenance. The tables below indicate 29 percent of all households spend at least 30 percent of their gross monthly income on housing costs. Renters fare far worse, however. Nearly 43 percent of all renter households are cost burdened.

Table 18- Housing Cost Burden > 30 percent

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
NUMBER OF HOUSEHOLDS PAYING MORE THAN 30 % OF INCOME TOWARDS HOUSING COSTS								
Small Related	16,510	14,015	9,855	40,380	4,565	5,435	7,115	17,115
Large Related	7,050	5,735	2,285	15,070	2,340	2,570	2,295	7,205
Elderly	6,075	4,480	3,060	13,615	5,295	5,200	4,920	15,415
Other	13,980	11,565	9,735	35,280	3,285	2,210	3,985	9,480
Total need by income	43,615	35,795	24,935	104,345	15,485	15,415	18,315	49,215

Data Source: 2011-2015 CHAS

Table 19- Housing Cost Burden > 50 percent

	Renter				Owner			
	0-30% AMI	>30-50% AMI	>50-80% AMI	Total	0-30% AMI	>30-50% AMI	>50-80% AMI	Total
NUMBER OF HOUSEHOLDS PAYING MORE THAN 50% OF INCOME TOWARDS HOUSING COSTS								
Small Related	14,375	5,180	1,150	20,705	3,915	3,090	1,675	8,680
Large Related	5,625	1,615	140	7,380	2,100	895	395	3,390
Elderly	4,885	2,115	925	7,925	4,005	2,960	1,940	8,905
Other	12,715	4,790	1,515	19,020	2,930	1,685	1,515	6,130
Total need by income	37,600	13,700	3,730	55,030	12,950	8,630	5,525	27,105

Data Source: 2011-2015 CHAS

The level of poverty in Phoenix undoubtedly plays a role in housing cost burden. While Phoenix is relatively affordable compared to other large American cities, it has the fifth-highest poverty rate in the country.²² Extremely low-income renters, which for almost every household size fall under the poverty line, are the most likely household type to experience housing cost burden. It is clear lower incomes and housing cost burden are inextricably linked. Additionally, lower incomes limit people’s ability to choose the housing of their choice, as there is a clear shortage of affordable homes for lower income households, which can lead to the concentration of poverty.

Segregation Analysis

Residential segregation is the degree to which two or more racial or ethnic groups are geographically separate from one another. The task in this Segregation Analysis is to analyze the extent to which residents of the City of Phoenix are segregated by race and ethnicity, and how that has changed throughout time. This analysis will use established methodology set forth by Duncan and Duncan²³ and Massey and Denton²⁴ to measure population distribution by race as well as measures of exposures of one race to another based on populations counts from the 2000 Census, 2010 Census, and 2018 American Community Survey. The following indices will be used for analysis:

- Dissimilarity Index – a measure of the evenness with which two groups are distributed across geographic areas
- Exposure Index – a measure of how much exposure one group has to other racial groups
- Isolation Index – a measure the extent to which minority members are exposed only to one another

Practitioners in the field generally agree that these measures paint an adequate picture of the racial and ethnic distribution patterns of a geography. These measures have the added benefit of being frequently used in these types of analysis which allow comparison between study areas. This analysis will also

²² Griselda Zetino, “Arizona is home to the nation’s fifth-highest poverty rates,” KTAR News, January 22, 2018.

²³ Duncan, Otis D., and Beverly Duncan. 1955. “A Methodological Analysis of Segregation Indices.” *American Sociological Review*, Vol. 20.

²⁴ Massey, Douglas, S. and Denton, N. A., 1988. “The Dimensions of Residential Segregation.” *Social Forces*, Vol. 67, No. 2, University of North Carolina Press.

include an entropy index which will provide a measure of diversity when comparing multiple groups, which is not accounted for by the other indices which are limited to comparing two racial or ethnic groups at a time.

Dissimilarity Index

The Dissimilarity Index (DI) indicates the extent a minority group is segregated from a majority group residing in the same area because the two groups are not uniformly distributed geographically. The DI methodology calculates this between pairs of racial and ethnic groups in the region. The DI measures the proportion of minority and majority members in a small area and compares that to the proportion of these groups in the larger area, in this case census tracts versus the City of Phoenix. This is considered a measure of evenness. The DI ranges from 0.0 (complete integration) to 1.00 (complete segregation). HUD identifies a DI value between 0.41 and 0.54 as a moderate level of segregation and 0.55 or above as a high level of segregation.

When measuring DI, a minority population may only constitute a small portion of the overall population and not be segregated if they are spread consistently among the tracts. Segregation is highest when no minority and majority population reside in the same tracts. A common explanation used for DI is that it represents the proportion of minority members that would have to change their area of residence to achieve a distribution matching that of the majority.

The following equation was used for this analysis:

$$D = \left(\frac{1}{2}\right) \sum_{i=1}^n \left| \frac{Min_i}{Min_T} - \frac{Maj_i}{Maj_T} \right|$$

where:

D = Dissimilarity Index;

Min_i = Minority group population of census tract i;

Min_T = Minority group regional population;

Maj_i = Majority group population of census tract i;

Maj_T = Majority group regional population; and

n = Total number of census tracts in the region.

The table below presents the results of these calculations between non-Hispanic Whites, non-Hispanic Blacks, non-Hispanic Asians, and Hispanics in Phoenix²⁵. The graph that follows presents the same data in a visual format so that trends can be more readily identified.

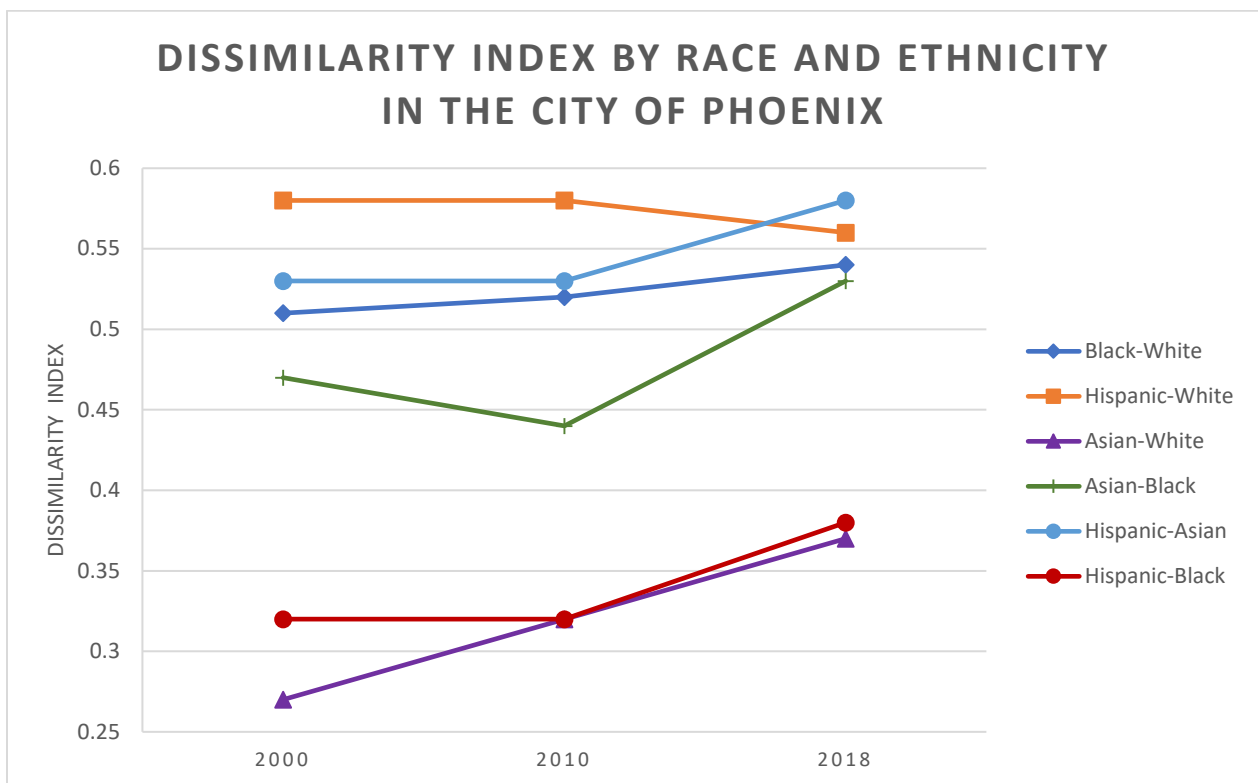
²⁵ The DI methodology requires that each group be distinct from each other. Each racial or ethnic group cannot overlap. This study focuses primarily on four groups: Hispanics, non-Hispanic Whites, non-Hispanic Blacks, and non-Hispanic Asians (to be called “Whites,” “Blacks,” and “Asians” for simplicity).

Table 20- Dissimilarity Index for City of Phoenix

Group Exposure	2000	2010	2018	Change since 2010
Black-White	0.51	0.52	0.54	0.02
Hispanic-White	0.58	0.58	0.56	-0.02
Asian-White	0.27	0.32	0.37	0.05
Asian-Black	0.47	0.44	0.53	0.09
Hispanic-Asian	0.53	0.53	0.58	0.05
Hispanic-Black	0.32	0.32	0.38	0.06

Source: 2015 Analysis of impediments, U.S. Census 2000 SF1 Table P008, 2010 SF1 Table P5, ACS 2018 5-year Table B03002

Figure 4- Dissimilarity Index for City of Phoenix



Source: 2015 Analysis of impediments, U.S. Census 2000 SF1 Table P008, 2010 SF1 Table P5, ACS 2018 5-year Table B03002

Overall, the DI calculations show an increasing level of segregation since 2010. The only area to see a decrease during this timeframe is the segregation between Hispanic and White residents in Phoenix with a decrease in dissimilarity index from .58 in 2010 to .56 in 2018. While this indicates some progress during this time, it still falls into HUD’s definition of high segregation. This figure indicates that 56% of Hispanic residents or 56% of White residents would have to move census tracts in order for the two groups to be distributed identically geographically. Several other groups show similar levels of segregation including Black and White residents, Hispanic and Asian residents, and Asian and Black populations. Population groups that have previously shown similar geographic distribution (and thus

least segregated from one another) have also shown large increases in DI. Hispanic and Black populations, as well as Asian and White populations have shown a high level of increase since 2010.

Exposure Index

Exposure Indices (EI) measure the probabilities for interaction between persons of one race or ethnicity with persons of a different race or ethnicity within a defined geographical region. Exposure is a measure of the extent two groups share common residential areas and so it reflects the degree to which the average minority group member experiences segregation. The EI measures the exposure of minority group members to members of the majority group as the minority-weighted average (the first term in the equation below) of the majority proportion (the second term) of the population in each census tract, which can be written as:

$$Prob = \sum_{i=1}^n \left(\frac{Min_i}{Min_T} \right) \left(\frac{Maj_i}{Tot_i} \right)$$

where:

Prob = Probability that minority group members interact with majority group members

Min_i = Minority group population of census tract i;

Min_T = Minority group regional population;

Maj_i = Majority group population of census tract i;

Tot_i = Total population of census tract i; and

n = Total number of census tracts in the region.

The EI is given in a range of values from 0.0 to 1.0, where higher values represent lower segregation. While EI is similar to DI in that it compares the geographical distribution of two populations, EI is distinct from DI in that it is not “symmetrical”. This means that the probability of a typical Hispanic person meeting a White person in a tract is not the same the probability of a typical White person meeting a Hispanic person in that tract. An example of this might be a single Hispanic person residing in a census tract with mostly White residents. The Hispanic resident would have a high level of exposure to White residents while the White residents would have limited exposure to Hispanic residents.

The EI value depends on the distribution of racial and ethnic groups as well as the proportion of minorities in the geographical study area. If two groups have equal populations and are evenly distributed geographically (low segregation) they tend to have higher EI indices. Similarly, if a racial or ethnic group constitute a small portion of the overall population, they tend to have high levels of exposure to the majority populations regardless of geographical distribution.

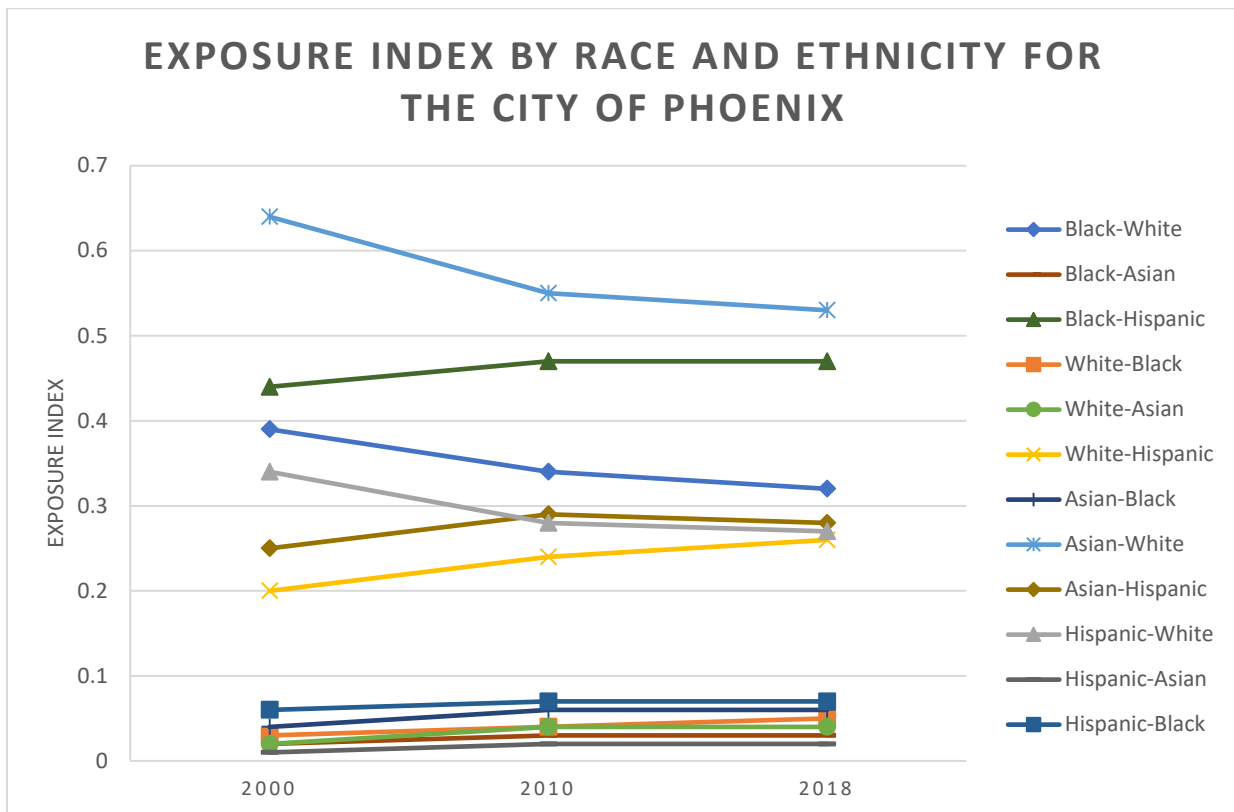
Table 21- Exposure Index in the City of Phoenix

Interacting Groups	2000	2010	2018
Black-White	0.39	0.34	0.32

Black-Asian	0.02	0.03	0.03
Black-Hispanic	0.44	0.47	0.47
White-Black	0.03	0.04	0.05
White-Asian	0.02	0.04	0.04
White-Hispanic	0.20	0.24	0.26
Asian-Black	0.04	0.06	0.06
Asian-White	0.64	0.55	0.53
Asian-Hispanic	0.25	0.29	0.28
Hispanic-White	0.34	0.28	0.27
Hispanic-Asian	0.01	0.02	0.02
Hispanic-Black	0.06	0.07	0.07

Source: 2015 Analysis of impediments, U.S. Census 2000 SF1 Table P008, 2010 SF1 Table P5, ACS 2018 5-year Table B03002

Figure 5- Exposure Index in the City of Phoenix



Source: 2015 Analysis of impediments, U.S. Census 2000 SF1 Table P008, 2010 SF1 Table P5, ACS 2018 5-year Table B03002

The data shows moderate levels of exposure for Blacks to Whites (.32), Asians to Hispanics (.28), Hispanics to Whites (.27). The highest levels of exposure are Blacks to Hispanics (.47) and Asians to White (.53) while the opposite is not the case. Hispanic to Black exposure is low (.07) as well as White to Asian (.04). This is likely due to the low percentage of Asians and Blacks as a portion of the overall population of the area.

The exposure of minority groups (Hispanics, Blacks, and Asians) to Whites trends negatively from 2000 to 2018. For example, Hispanic to White exposure has decreased (.34 to .27) while White to Hispanic exposure has increased since 2000 (from .20 to .26). This trend likely reflects a growing diversity in Phoenix, as these minority groups make up a larger share of the population, particularly the Hispanic population.

Isolation Index

The Isolation Index (II) measures, “the extent to which minority members are exposed only to one another” (Massey and Denton, p. 288). The II is a measure of the probability that a resident will meet and interact only with a member of the same race or ethnicity. The index measures a sociological isolation of residents from other groups of people.

The calculation used to determine this is similar to EI with the key difference being that it does not compare the distribution of groups in pairs. Rather II performs the calculation on the single group. The II is the minority weighted average (the first term of the equation) of each tract’s minority population (the second term) and can be defined as:

$$Prob = \sum_{i=1}^n \left(\frac{Min_i}{Min_T} \right) \left(\frac{Min_i}{Tot_t} \right)$$

where:

Prob = Probability that minority group members share an area with each other;

Min_i = Minority group population of census tract i;

Min_T = Minority group regional population;

Tot_i = Total population of census tract i; and

n = Total number of census tracts in the region.

The II is a single measure comprised of the sum of all tracts within the region. The range of the measure is 0.0 to 1.0 with low scores indicating low segregation or small dispersed groups and higher scores implying that group members are increasingly isolated from other groups.

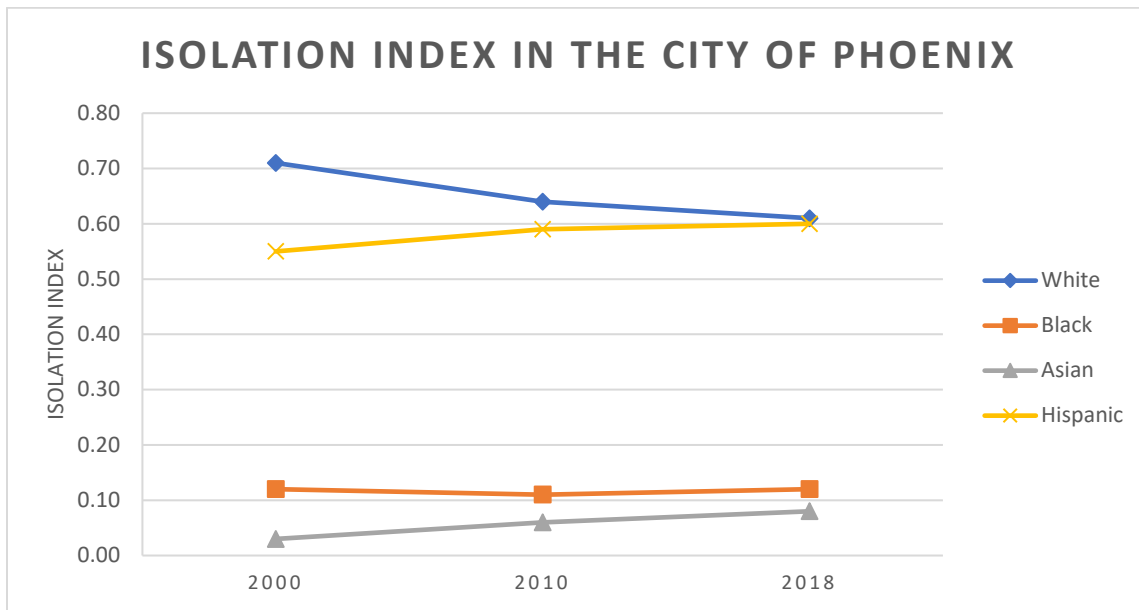
The Isolation Index values for Phoenix show Whites to be the most isolated from other racial or ethnic groups with a value of .61, closely followed by Hispanics at .60. The trend since 2000 shows that this level of isolation is decreasing for Whites while it is increasing for Hispanics. In 2000 Whites residents, on average, lived in census tracts that were 71% white while currently that figure is 61%. Conversely in 2000 the average Hispanic residents resided in census tracts that were 55% Hispanic while that figure is 60% today. Blacks and Asian residents had much lower isolation index levels of .12 and .08 respectively, reflecting their low population shares and likelihood of residing among Hispanics and Whites.

Table 22- Isolation Index in the City of Phoenix

Group	2000	2010	2018	Change since 2010
White	0.71	0.64	0.61	-0.03
Black	0.12	0.11	0.12	0.01
Asian	0.03	0.06	0.08	0.02
Hispanic	0.55	0.59	0.60	0.01

Source: 2015 Analysis of impediments, U.S. Census 2000 SF1 Table P008, 2010 SF1 Table P5, ACS 2018 5-year Table B03002

Figure 6-Isolation Index in the City of Phoenix



Source: 2015 Analysis of impediments, U.S. Census 2000 SF1 Table P008, 2010 SF1 Table P5, ACS 2018 5-year Table B03002

Entropy Index

Entropy is a mathematical concept measuring the evenness of the spatial distribution of population groups within an area. While the previous indices measured segregation between groups, Entropy has the advantage of being able to measure multiple groups simultaneously, producing a measure of the overall diversity of census tracts.

The Entropy Score (h) for a census tract is given by:

$$h_i = - \sum_{j=1}^k p_{ij} \ln(p_{ij})$$

Where:

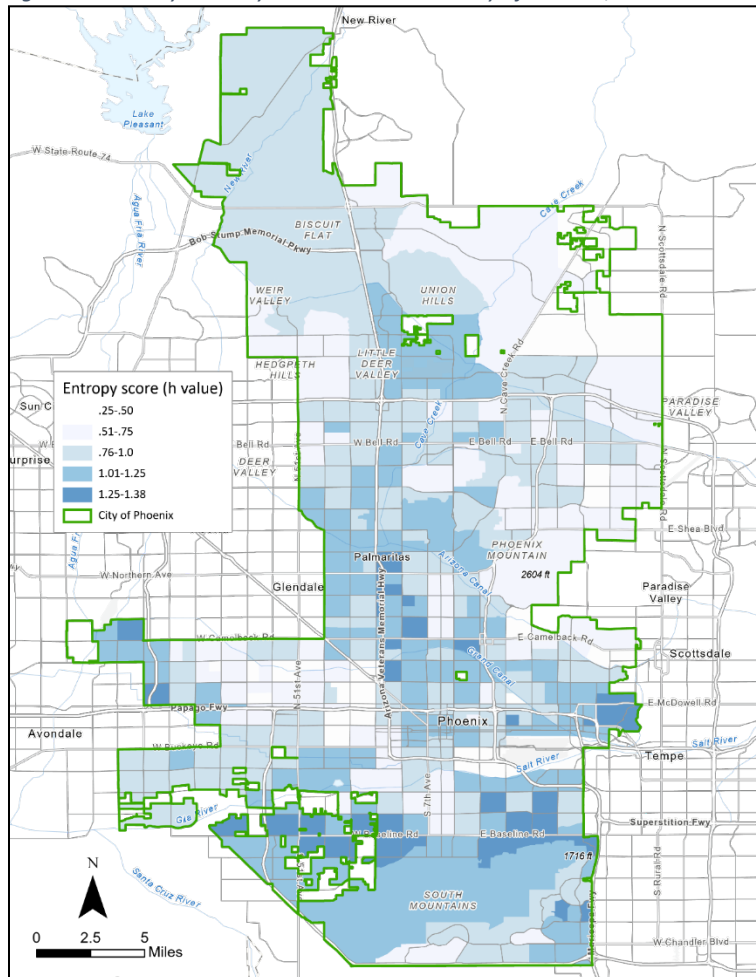
k = Number of groups;

p_{ij} = Proportion of population of j^{th} group in census tract i ($= n_{ij}/n_i$);
 n_{ij} = Number of population of j^{th} group in tract i ; and
 n_i = Total population in tract i .

The higher the value for h , the more diverse the tract. The maximum possible level of entropy is a product of the natural logarithm(\ln) of the number of groups used in the calculations. This maximum score represents equal representation by all groups in the geographic area. In this case 4 groups are used (non-Hispanic Whites, non-Hispanic Blacks, other non-Hispanic populations, and Hispanics) so the maximum value for h is $\ln(4) = 1.39$. A tract with a $h = 1.39$ would have equal portions of all groups while a tract with $h = 0$ would contain only a single group.

The Diversity Index map below shows the results of the tract-level calculations of the Entropy score as a measure of diversity in Phoenix in 2018. Visually it can be seen that the areas with the most diversity are located in Laveen and around South Mountain. There are also several census tracts located in the center of the city that show very high levels of diversity.

Figure 7- Diversity Index by Census Tract in the City of Phoenix, 2018



Source: ACS 2018 5-year Table B03002

Lending Practices

A key aspect of fair housing choice is equitable access to credit for the purchase, improvement, or refinancing of a home. This chapter reviews the lending practices of mortgage lenders and the access to financing for all households, particularly LMI populations and people of color.

Publicly available data on lending does not contain the detailed information necessary to make conclusive statements on fair or discriminatory lending, but it can point to potential areas of concern. Furthermore, local jurisdictions' ability to influence lending practices is limited (except for outreach and education efforts). Such practices are largely governed by national and State law and regulations.

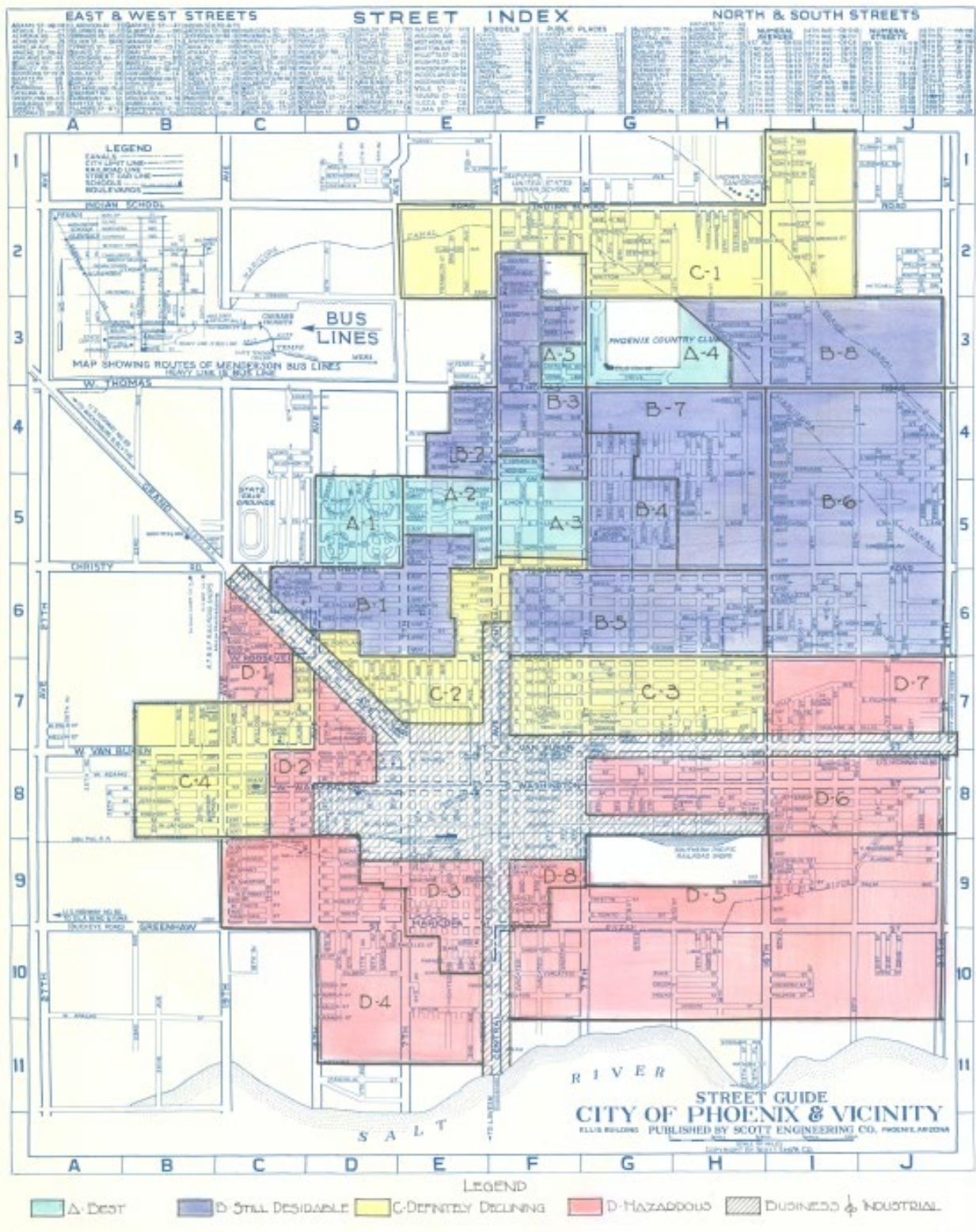
Background

Discriminatory practices in home mortgage lending has a long history in the United States. In the 1930's, the federal government founded the modern mortgage loan market through a suite of bills that established the Federal Housing Administration and the Federal National Mortgage Association (Fannie Mae). Together, these entities insured and purchased mortgages to allow more Americans to access credit and receive favorable and affordable home loan terms.

An unfortunate part of this history is the method by which the government assessed borrower risk. Through the Home Owners' Loan Corporation (HOLC), the federal government created maps indicating where lending federally insured mortgages would be too risky. These areas, colored in red, marked predominately minority neighborhoods, especially areas with a large African American population. The effects of government-sanctioned redlining are still impacting the community. Many of the areas that were deemed "hazardous" in the 1930's are still impoverished today, more than eight decades later. A recent study found 74 percent of the neighborhoods redlined by HOLC are considered LMI and 64 percent are majority-minority areas.²⁶

²⁶ Bruce Mitchell and Juan Franco, "HOLC 'Redlining' Maps: the persistent structure of segregation and economic inequality," National Community Redevelopment Coalition, March 20, 2018.

Figure 8- Phoenix HOLC Redlining Map, 1930's



Source: Mapping Inequality, University of Richmond's Digital Scholarship Lab

The map above depicts Phoenix's HOLC designation in the 1930's. Phoenix was a much smaller city then, boasting a population of just 65,000 in 1940. Compared to the geographic reach of the city today, the area HOLC rated is extremely small. However, it is clear that the redlining designation nearly eight decades ago both reflected the City's demographic patterns and exacerbated it. Minorities are still concentrated in the southern portion of the City, while Whites are more prevalent in the northern region.

The federal government did stop its redlining practices and eventually outlawed such actions through landmark legislation like the Civil Rights and Fair Housing Acts, but discriminatory lending practices continue to affect LMI communities. For example, the subprime mortgages that contributed to the 2007-8 financial crisis disproportionately affected Phoenix in general and racial and ethnic minorities and LMI homeowners specifically.

LMI and minority communities continue to have less-than-equal access to the best loan prices and terms than their credit history, income, and other individual financial considerations may merit. It is with this backdrop that the City's AI seeks to analyze local lending practices.

Conventional and Government-Backed Financing

Conventional financing is typically market-rate loans provided by private lending institutions such as banks, mortgage companies, and savings and loans associations. Government-backed financing include loan products that are insured ("backed") by a given government agency. These loans typically require lower credit scores and down payments than conventional loans. Sources of government-backed financing include the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), and the U.S. Department of Agriculture. Government-backed loans are often offered to consumers through private lending institutions because the government is not the lender itself.

Typically, LMI households have a much better chance of getting a government-backed loan than a conventional loan, but many factors play into borrowers' decisions. For example, subprime loans with terms such as zero percent down or interest-only payments proliferated leading up to the 2007-8 financial crisis. Some lenders did not even require verification of a borrower's income or assets. These subprime loans were risky to both the borrower and the lender but were competitive with government-backed loans because of accessibility.

Lending Patterns

HMDA requires lending institutions to disclose information on the disposition of loan applications by the income, gender, and race of the applicants. This applies to all loan applications for home purchases, improvements, and refinancing, whether financed at market rate or with government assistance. HMDA data are submitted by lending institutions to the FFIEC. Certain data are available to the public via the FFIEC site either in raw data format or as preset printed reports.

HMDA data presented in this AI were made available by [LendingPatterns](#), a web-based data tool that analyzes HMDA data to produce reports on various aspects of home loan lending. It provides information on lender market share, approval rates, denial rates, low/moderate income lending, and high-cost lending, among other aspects. This AI uses data from calendar year 2016, which is the most recent full dataset available. Local programs such as first-time homebuyer and rehabilitation programs

are not subject to HMDA reporting requirements and therefore are not considered in this analysis. For the purposes of the tables in this section, the follow definitions are used:

Loan actions

- Applications received – the number of applications submitted for a home loan
- Originated – a completed loan application that results in a loan
- Rejected – loan applications approved, but the loans were not accepted by the applicant
- Denied – loan applicants did not qualify for a loan
- Withdrawn – applicant withdrew their loan application from further processing
- Incomplete – loan applications were not completed and were not processed

HMDA data report income levels differently than the U.S. Census Bureau or HUD. These calculations are based on Community Reinvestment Act (CRA) requirements and assume a family size of four persons. The income levels are as follows:

Income levels

- Low income – zero to 50 percent Median Family Income (no more than \$25,656)
- Moderate income – 50 to 80 percent Median Family Income (\$25,656 to \$41,049)
- Median income – 100 percent Median Family Income (\$53,300)
- Middle income – 80 to 120 percent Median Family Income (\$41,049 to \$61,573)
- Upper income – greater than 120 percent Median Family Income (more than \$61,573)

Overview

In 2016, there were 88,099 total home loan applications in the City, which includes first mortgages, home improvement and refinancing loans. Of all home loans, approximately 59 percent, or 52,373, were originated. Mortgage origination is the process by which a lender works with a borrower to complete a mortgage transaction. The tables below represent an overview of all of Phoenix’s home loan applications, which includes purchase, home improvement, and refinancing loans.

Table 23- All Loan Applications by Race Ethnicity

Race/Ethnicity	Apps Received	Loans Originated	Loans Rejected	Apps Denied	Apps Withdrawn	Files Closed for Incompleteness
White	51,371	32,429	1,298	8,031	7,638	2,335
Black	3,603	1,567	81	760	472	183
Hispanic	18,725	10,344	425	3,785	3,222	949
Asian	3,115	1,929	88	493	450	155
Native American	398	199	8	111	56	24
Hawaiian	267	134	14	53	43	23
Multi-race	402	200	7	97	72	26
Unknown	9,820	5,141	267	2,039	1,781	592
Not Applicable	578	430	17	59	62	10
Total	88,099	52,373	2,205	15,428	13,796	4,297

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 24- All Loan Applications by Income Level

Race/Ethnicity	Apps Received	Loans Originated	Loans Rejected	Apps Denied	Apps Withdrawn	Files Closed for Incompleteness
Low	7,544	3,272	187	2,469	1,328	288
Moderate	16,119	9,125	372	3,361	2,621	640
Middle	18,236	11,144	380	3,172	2,818	722
Upper	36,768	23,453	948	5,341	5,515	1,511
Unk/NA	9,432	5,379	318	1,085	1,514	1,136
Total	88,099	52,373	2,205	15,428	13,796	4,297

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

In an ideal scenario, the applicant pool for home loan lending would be reflective of the demographics of a community. For example, if 50 percent of a population is White, then one would expect that 50 percent of home loan applicants would be White. When one racial/ethnic group is overrepresented or underrepresented in the total applicant pool, it could be an indicator of unequal access to housing opportunities. The table below compares the demographics of Phoenix against overall home loan statistics.

Table 25- Disposition of All Home Loans Compared to Population by Race/Ethnicity

Race/Ethnicity	Population share (in %)	Application share (in %)	Difference in Applications from Population
White	44.4	58.3	13.9
Black	6.5	4.1	(2.4)
Hispanic	41.8	21.3	(20.5)
Asian	3.4	3.5	0.1
Native American	1.6	0.5	(1.1)
Hawaiian	0.2	0.3	0.1
Multi-race	2.1	0.5	(1.6)

Source: 2013-2017 American Community Survey, U.S. Census Bureau; and LendingPatterns HMDA 2016 Database, ComplianceTech

The starkest disparity between demographics and loan applications is for the Hispanic/Latino population. There is 20.5 percent difference between the Hispanic/Latino population share and its share of total home loan applications. Conversely, the White population has the greatest positive difference – its application share is 13.9 percent greater than its population share. For comparison, the United States is 61.5 percent White and represented 63.9 percent of all home loan applications throughout the nation. The country’s Hispanic/Latino communities represent 17.6 percent of the population and represented 9.96 percent of all home loan applicants. Therefore, the lending patterns in Phoenix suggest unequal access to home loans.

Income representation in home loan applications paints a different picture. As one might anticipate, low-, middle- and moderate-income households are underrepresented in home loan applications and upper-income households are overrepresented. Low- and moderate-income people have lower incomes and are likely to have fewer assets than middle- and upper-income households. They may also be unable to meet down payment requirements. These all lead to lower rates of home loan applications.

Table 26- Disposition of All Home Loans Compared to Income Level

Income Level	Population share (in %)	Application share (in %)	Difference in Applications from Population
Low	15.8	8.6	(7.2)
Moderate	31.6	18.3	(13.3)
Middle	27.1	20.7	(6.4)
Upper	25.5	41.7	16.2

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Home Purchase Loans

A home purchase loan is commonly referred to as a first mortgage and is offered as either a conventional or government-insured loan (see previous discussion). There were 34,864 total home purchase loan applications in 2016, marking a 73 percent increase from the City's previous AI. The 38,864 applications were nearly split between conventional and government-backed loans. The latter represented 35.7 percent of loan applications, while the former represented 52.6 percent. Below are discussions on home purchase loans by race/ethnicity and by income level.

By Race/Ethnicity

Table 27- Home Purchase Loans

Race/Ethnicity	Apps Received	Loans Originated	Loans Rejected	Apps Denied	Apps Withdrawn	Files Closed for Incompleteness
White	19,519	14,598	370	1,545	2,595	411
Black	1,156	796	22	156	153	29
Hispanic	9,074	6,136	132	1,097	1,494	215
Asian	1,401	1,041	32	117	177	34
Native American	143	106	2	15	16	4
Hawaiian	106	70	5	14	11	6
Multi-race	156	105	4	23	21	3
Unknown	2,955	1,891	67	314	593	90
Not Applicable	354	291	9	23	30	1
Total	34,864	25,034	643	3,304	5,090	793

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 28- Home Purchase Loans by Type

Race/Ethnicity	Conventional		FHA, VA, and FSA/RHS	
	Number of Applications	Share of all applications (in %)	Number of Applications	Share of all applications (in %)
White	13,497	70.0	5,773	30.0
Black	474	42.2	649	57.8
Hispanic	2,999	34.8	5,617	65.2
Asian	1,163	84.4	215	15.6
Native American	64	45.4	77	54.6
Hawaiian	48	46.6	55	53.4
Multi-race	88	58.7	62	41.3

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 29- Home Purchase Loans Denial Rates

Race/Ethnicity	Population share (in %)	Application share (in %)	Applications Denied (in %)
White	44.4	56.0	7.9
Black	6.5	3.3	13.5
Hispanic	41.8	26.0	12.1
Asian	3.4	4.0	8.4
Native American	1.6	0.4	10.5
Hawaiian	0.2	0.3	13.2
Multi-race	2.1	0.4	14.7

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

The White, Asian, and Hawaiian populations apply for mortgages at greater rates relative to their population shares, and only the White and Asian populations have mortgage denial rates lower than the overall rate of denial of 9.48 percent. This indicates racial and ethnic minorities, excluding Asians, apply for mortgages at lower rates and, when they do, are denied at higher rates. Further, Black and Hispanic/Latino populations are much more likely to apply for government-backed loans (indicated in Table 26 above), perhaps because they do not meet the income, credit score, or down payment required to qualify for conventional loans.

By Income

Table 30- Home Purchase Loans by Income Level

Income Level	Apps Received	Loans Originated	Loans Rejected	Apps Denied	Apps Withdrawn	Files Closed for Incompleteness
Low	2,959	1,826	41	542	466	84
Moderate	7,805	5,446	123	863	1,198	175
Middle	8,223	6,085	132	679	1,146	181
Upper	15,141	11,238	323	1,133	2,108	339
Unk/NA	736	439	24	87	172	14
Total	34,864	25,034	643	3,302	5,090	793

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 31- Home Purchase Loans by Type

Income Level	Conventional		FHA, VA, and FSA/RHS	
	Number of Applications	Share of all applications (in %)	Number of Applications	Share of all applications (in %)
Low	1,250	42.2	1,709	57.8
Moderate	3,262	41.8	4,543	58.2
Middle	4,127	50.2	4,096	49.8
Upper	11,792	77.9	3,349	22.1

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 32- Home Purchase Loans Denial Rates by Income Level

Income Level	Population share (in %)	Application share (in %)	Applications Denied (in %)
Low	15.8	8.5	18.3
Moderate	31.6	22.4	11.1
Middle	27.1	23.6	8.3
Upper	25.5	43.4	7.5

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

As shown in Table 29, low- and moderate-income mortgage applicants are denied at far higher rates than middle- and upper-income applicants. This is understandable considering the financial barriers to accessing credit discussed in the previous section, but the implication is households who are in most need of wealth and affordable housing are the least likely to attain them through homeownership.

Conversely, upper-income households represent most mortgage applicants, despite representing less than a third of the population, and are denied home loans far less often. Indeed, low-income mortgage applicants are denied loans at a rate almost three times higher than upper-income households. Consequently, upper-income homeowners can access additional financial benefits once they are homeowners. For example, they can build wealth through increasing property values and claim the mortgage interest deduction on their tax returns, thus lowering their taxable income.

Home Improvement Loans

Home improvement loans are often used to improve the quality or structural integrity of a home to maintain or increase its value. Historically, home improvement loan applications have a higher rate of denial when compared to home purchase loans in part because an applicant's debt-to-income ratio may exceed underwriting guidelines. Another reason is many lenders use the home improvement category to report both second mortgages and equity-based lines of credit, even if the applicant's intent is to do something other than improve the home. Loans that will not be used to improve the home are viewed less favorably since the owner is divesting in the property by withdrawing accumulated wealth. Lenders often view these types of loans as riskier than mortgages.

The 3,927 home improvement loans reported in the latest HMDA data. An improved economy since the Great Recession and higher property values with which to leverage play a part in the number of home improvement loan applications. However, White and upper-income populations are again overrepresented related to home improvement loan applications.

By Race/Ethnicity

Table 33- Home Improvement Loans by Race/Ethnicity

Race/Ethnicity	Apps Received	Loans Originated	Loans Rejected	Apps Denied	Apps Withdrawn	Files Closed for Incompleteness
White	2,168	1,153	95	600	243	77
Black	113	31	6	63	9	4
Hispanic	946	353	25	422	112	34
Asian	96	47	2	28	15	4
Native American	31	13	1	16	0	1
Hawaiian	12	5	1	3	2	1
Multi-race	14	6	0	6	1	1
Unknown	515	210	9	185	97	14
Not Applicable	32	25		6	0	0
Total	3,927	1,843	140	1,329	479	136

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 34- Home Improvement Loan Denial Rates

Race/Ethnicity	Population share (in %)	Application share (in %)	Applications Denied (in %)
White	44.4	55.2	27.7
Black	6.5	2.9	55.8
Hispanic	41.8	24.1	44.6
Asian	3.4	2.4	29.2
Native American	1.6	0.8	51.6
Hawaiian	0.2	0.3	25.0
Multi-race	2.1	0.4	42.9

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

As expected, the approval rates for home improvement loans are much lower than mortgages. Over 44 percent of home improvement loan applications from Black and Hispanic populations are denied, whereas just 13.5 percent and 12.1 percent of home purchase loans are denied for these populations, respectively.

By Income

Table 35- Home Improvement Loans by Income Level

Income Level	Apps Received	Loans Originated	Loans Rejected	Apps Denied	Apps Withdrawn	Files Closed for Incompleteness
Low	406	134	15	197	43	17
Moderate	768	312	17	319	92	28
Middle	838	405	25	278	104	26
Upper	1,806	929	78	513	227	59
Unk/NA	109	63	5	22	13	6
Total	3,927	1,843	140	1,329	479	136

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 36- Home Improvement Loans Denial Rates by Income Level

Income Level	Population share (in %)	Application share (in %)	Applications Denied (in %)
Low	15.8	10.3	14.8
Moderate	31.6	19.6	24.0
Middle	27.1	21.3	20.9
Upper	25.5	46.0	38.6

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Upper-income homeowners represent nearly 50 percent of home improvement loan applicants and they also have the highest rate of approval among all income levels. Low- and moderate-income households are less likely to own homes, which partly explains why there are so few of these applicants for home improvement loans.

Refinancing

Homeowners refinance existing home loans for many reasons. It can allow homeowners to take advantage of better interest rates, consolidate multiple debts into a single loan, reduce monthly payments, reduce risk (i.e. by switching from variable rate to fixed rate loans), or borrow against equity. In 2016, there were 49,308 refinancing loan applications in Phoenix.

By Race/Ethnicity

Table 37- Refinancing Loans by Race/Ethnicity

Race/Ethnicity	Apps Received	Loans Originated	Loans Rejected	Apps Denied	Apps Withdrawn	Files Closed for Incompleteness
White	30,044	16,678	833	5,886	4,800	1,847
Black	1,794	740	53	541	310	150
Hispanic	8,705	3,855	268	2,266	1,616	700
Asian	1,618	841	54	348	258	117
Native American	224	80	5	80	40	19
Hawaiian	149	59	8	36	30	16
Multi-race	232	89	3	68	50	22
Unknown	6,350	3,040	191	1,540	1,091	488
Not Applicable	192	114	7	30	32	9
Total	49,308	25,496	1,422	10,795	8,227	3,368

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 38-Refinancing Loan Denial Rates

Race/Ethnicity	Population share (in %)	Application share (in %)	Applications Denied (in %)
White	44.4	60.9	19.6
Black	6.5	3.6	30.2
Hispanic	41.8	17.7	26.0
Asian	3.4	3.3	21.5
Native American	1.6	0.5	35.7
Hawaiian	0.2	0.3	24.2
Multi-race	2.1	0.5	29.3

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Once again, the City’s White population is overrepresented in its share of applicants and has the lowest denial rate. However, the Asian population has a denial rate on par with that of the White population. All other racial/ethnic populations have a denial rate above the overall average of 21.9 percent.

B. By Income

Table 39- Refinancing Loans by Income Level

Income Level	Apps Received	Loans Originated	Loans Rejected	Apps Denied	Apps Withdrawn	Files Closed for Incompleteness
Low	4,179	1,312	131	1,730	819	187
Moderate	7,546	3,367	232	2,179	1,331	437
Middle	9,175	4,654	223	2,215	1,568	515
Upper	19,821	11,286	547	3,695	3,180	1,113
Unk/NA	8,587	4,877	289	976	1,329	1,116
Total	49,308	25,496	1,422	10,795	8,227	3,368

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 40- Refinancing Loans Denial Rates by Income Level

Income Level	Population share (in %)	Application share (in %)	Applications Denied (in %)
Low	15.8	8.5	41.4
Moderate	31.6	15.3	28.9
Middle	27.1	18.6	24.1
Upper	25.5	40.2	18.7

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Upper income homeowners again represent the preponderance of applicants and have the lowest denial rate. Just as prospective low-income homeowners are most in need of homeownership and least likely to attain it, low- and moderate-income homeowners are least likely to refinance their home loans. In fact, over half of all refinance loan applications by low-income homeowners were denied. Further, just 21 percent of low-income refinancing applicants ultimately received a loan.

All Lending by Tract Characteristics

To identify potential geographic differences in mortgage lending activities, an analysis of the HMDA data was conducted by census tract in two ways. First, lending by all types (home purchase, improvement, and refinance) was analyzed by census tracts’ minority population. Minority populations are considered

non-White populations. In terms of HMDA data, this means Black, Hispanic, Asian, Native American, and Hawaiian populations. Table 38 below displays overall lending in census tracts by minority population percentage.

Table 41- Lending by Census Tract by Minority Population

Tract Minority Level	Census Tracts		Loan Applications	Originated		Denied	
	Number of Tracts	% of City		#	%	#	%
0-30 percent	132	34.4	43,076	27,044	51.6	6,615	42.9
30-50 percent	60	15.7	13,511	8,150	15.6	2,340	15.2
50-60 percent	32	8.4	6,694	3,872	7.4	1,209	7.8
60-70 percent	30	7.8	5,135	2,798	5.3	963	6.2
70-80 percent	32	8.4	7,141	3,973	7.6	1,469	9.5
80-90 percent	57	14.9	9,309	4,893	9.3	2,025	13.1
90-100 percent	40	10.4	3,233	1,643	3.2	807	5.2
Total	383	100.0	88,099	52,373	100.0	15,428	100.0

Source: Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Loan applications by minority population share suggests a disproportionate distribution. Nearly 65 percent of applications come from census tracts in which minorities are less than 50 percent of the population. Therefore, less than half of applications come from majority-minority census tracts. Additionally, more than half (67.2 percent) of originated loans come from census tracts that are less than 50 percent minority (although, the denial rate is higher in census tracts that are below 50 percent minority than those that are above 50 percent minority).

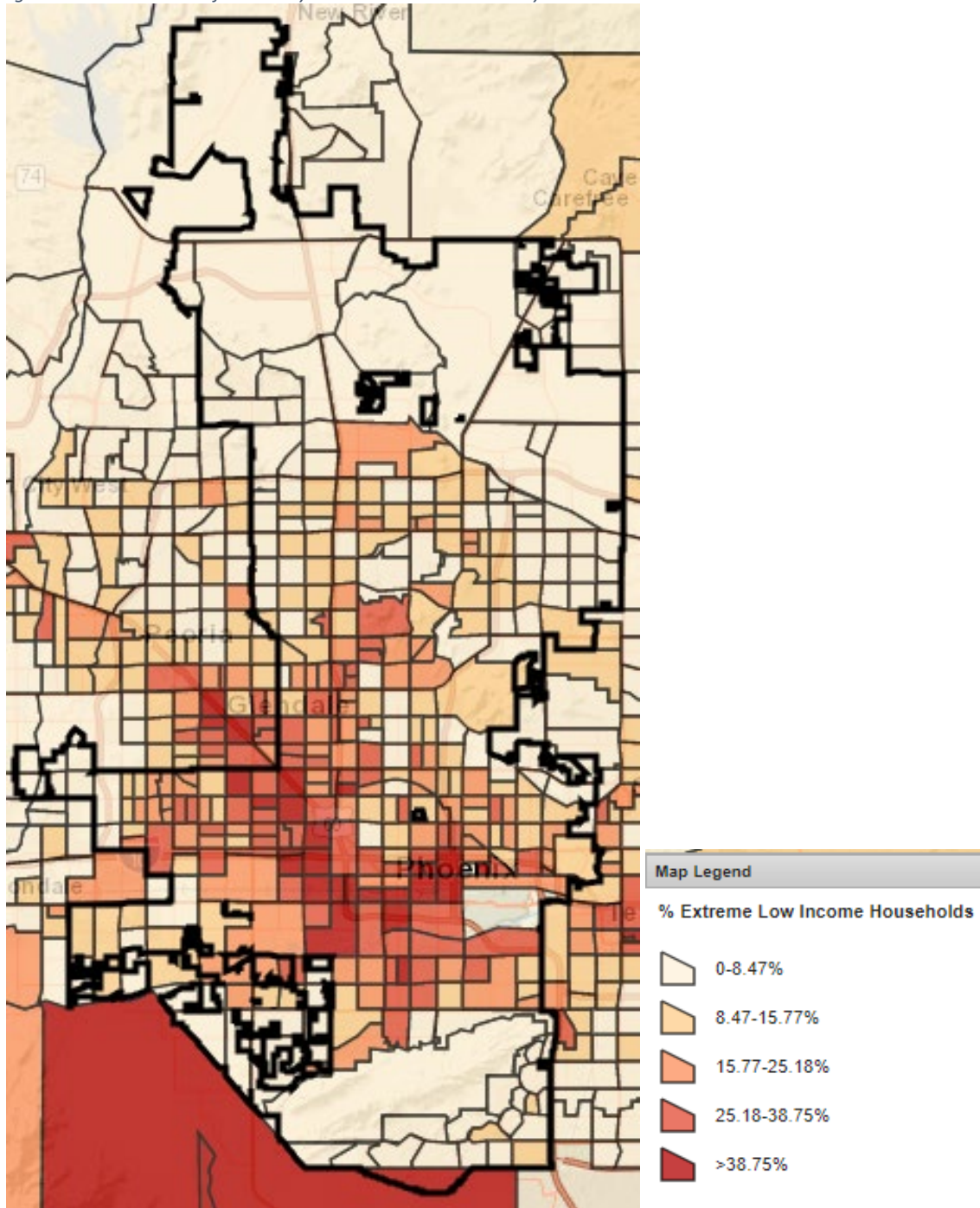
Table 42- Lending by Census Tract Income

Tract Minority Level	Census Tracts		Loan Applications	Originated		Denied	
	Number of Tracts	% of City		#	%	#	%
Low	68	17.8	4,434	2,244	4.3	1,021	6.6
Moderate	109	28.5	18,920	10,399	19.9	3,902	25.3
Middle	101	26.4	28,799	17,123	32.7	5,010	32.5
Upper	102	26.6	35,943	22,606	43.2	5,494	35.6
Unknown	3	0.8	3	1	0.0	1	0.0
Total	383	100.0	88,099	52,373	100.0	15,428	100.0

cSource: LendingPatterns HMDA 2016 Database, ComplianceTech

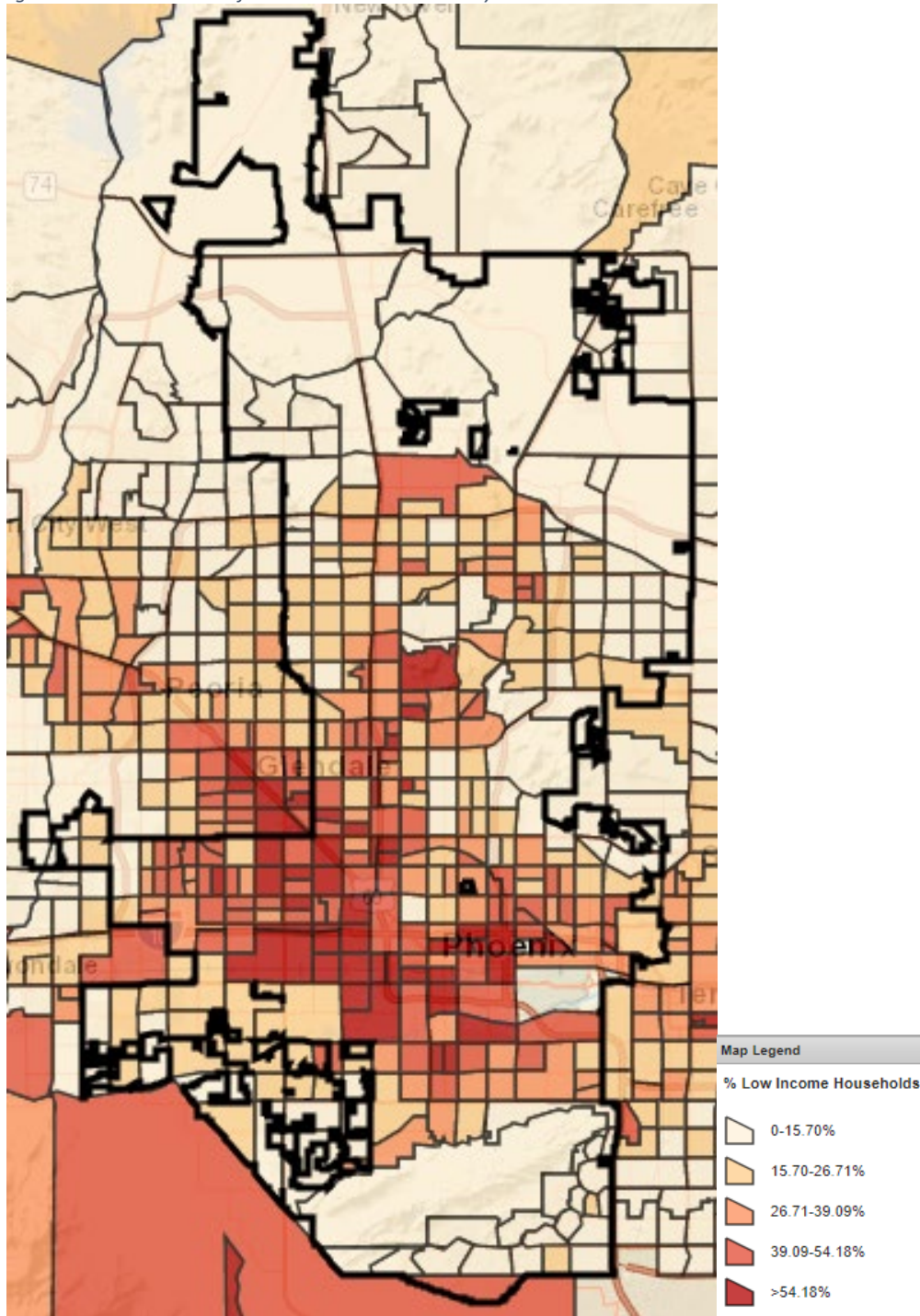
The second way census tracts were analyzed was by income level. Low- and moderate-income census tracts represent about 68.3 percent of the City but attained only 24.1 percent of all originated loans. These census tracts also have 31.9 percent of all denied applications. Below is a series of maps representing income distribution in the City. Darker colored census tracts represent a higher concentration of a given income level. There is a consistent pattern to these maps: LMI households are concentrated in western and southern Phoenix.

Figure 9- Concentration of Extremely Low-Income Households by Census Tract



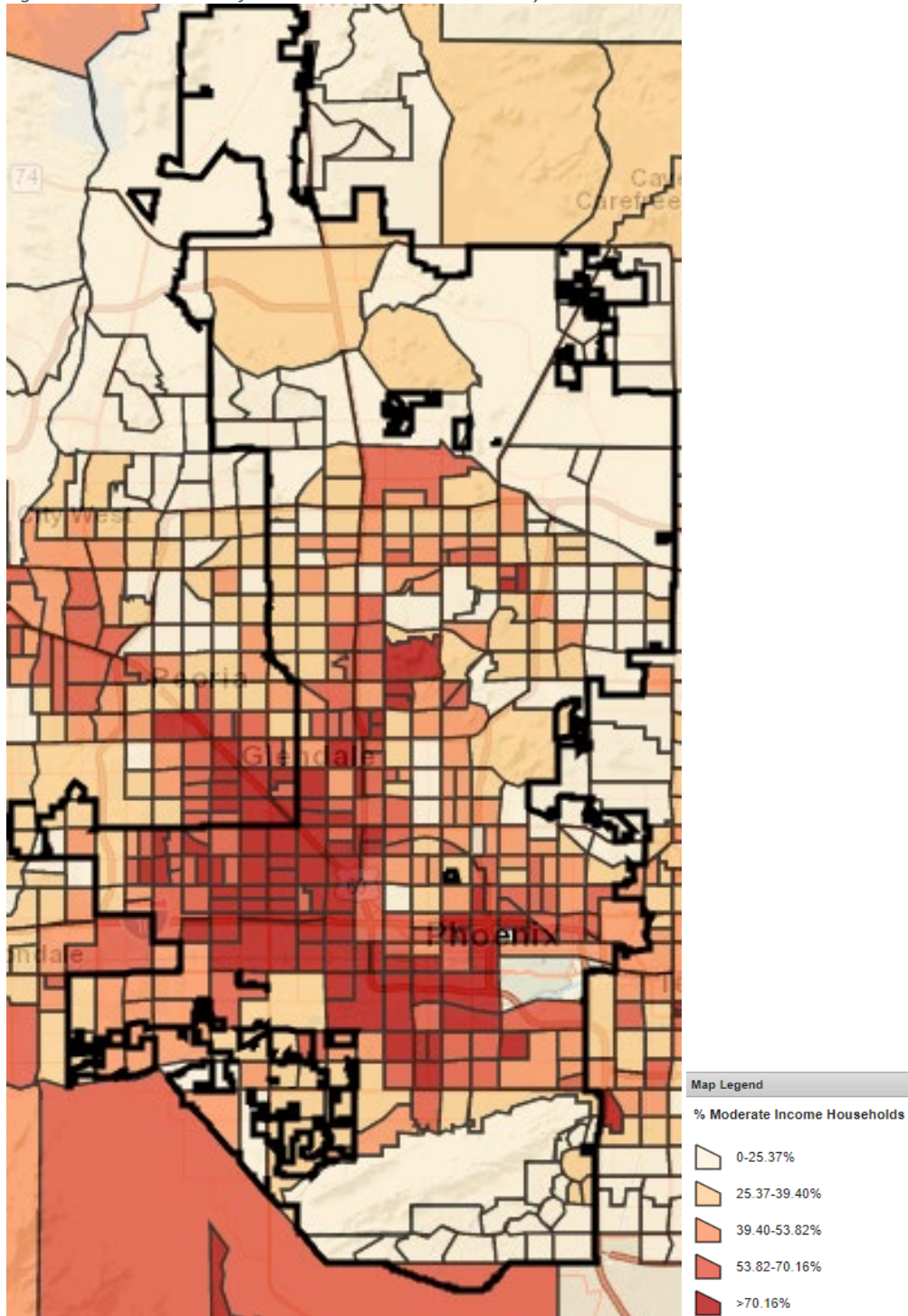
Source: U.S Department of Housing and Urban Development

Figure 10- Concentration of Low-Income Households by Census Tract



Source: U.S. Department of Housing and Urban Development

Figure 11- Concentration of Moderate-Income Households by Census Tracts



Source: U.S. Department of Housing and Urban Development

Subprime Lending

According to the Federal Reserve, prime mortgages are offered to persons with excellent credit and employment history with an income adequate to support the loan amount. Subprime loans are loans to borrowers who have less-than-perfect credit history, poor employment history or other factors such as limited income. By providing loans to those who do not meet the credit standards for borrowers in the prime market, subprime lending can and does serve a critical role in increasing levels of homeownership.

Subprime loans are generally characterized by higher risk, lower loan amounts, higher costs to originate, faster prepayments, and higher fees. These loans can both impede and extend fair housing choice. On the one hand, subprime loans extend credit to borrowers who otherwise could not attain it. The increased access to credit by previously underserved consumers and communities contributed to record high levels of homeownership among minorities and lower income groups. Yet, these loans can expose lower-income and minority borrowers to default and foreclosure risk.

HMDA data does not classify loans as subprime, but it does track the interest rate spread on loans. Spread is the difference between Annual Percentage Rate (APR) and the Average Prime Offer Rate (APOR). In other words, spread is the interest on a single mortgage compared against an industry average. Historically, a high spread (or high interest) first lien loan has been defined as 150 basis points (or 1.5 percent) above the APOR, or average. Loans with a reported spread is one indication of subprime lending.

Table 43- Spread on Loans with First Lien Status by Race/Ethnicity

Race/Ethnicity	Percent of Loans with Reportable Spread	Average Spread
White	6.64	1.88
Black	14.76	1.84
Hispanic	24.82	1.83
Asian	3.27	3.39
Native American	11.46	2.07
Hawaiian	12.21	1.76
Multi-race	6.67	1.72
Total	10.04	1.88

Source: LendingPatterns HMDA 2016 Database, ComplianceTech

Table 40 illustrates the concept of spread. Nearly 25 percent of home loans for Hispanic loan applicants carried interest rates 1.5 percent more than the industry interest rate average. Those loans averaged 1.83 percent more than the average. For example, if the APOR (average) was 3.0, nearly 25 percent of the loans to Hispanic applicants had reportable spread averaging an interest rate of 4.83 percent.

Predatory Lending

Predatory lending involves abusive loan practices usually targeting minority applicants or those with less-than-perfect credit histories. Typical predatory lending practices include:²⁷

²⁷ Bill Fay, "What is Predatory Lending?" Debt.org, September 21, 2017.

- Inadequate or False Disclosure: The lender hides or misrepresents the true costs, risks and/or appropriateness of a loan's terms, or the lender changes the loan terms after the initial offer.
- Risk-Based Pricing: While all lenders depend on some form of risk-based pricing — tying interest rates to credit history — predatory lenders abuse the practice by charging very high interest rates to high-risk borrowers who are most likely to default.
- Inflated Fees and Charges: Fees and costs (e.g., appraisals, closing costs, document preparation fees) are much higher than those charged by reputable lenders, and are often hidden in fine print.
- Loan Packing: Unnecessary products like credit insurance — which pays off the loan if a homebuyer dies — are added into the cost of a loan.
- Loan Flipping: The lender encourages a borrower to refinance an existing loan into a larger one with a higher interest rate and additional fees.
- Asset-Based Lending: Borrowers are encouraged to borrow more than they should when a lender offers a refinance loan based on their amount of home equity, rather than on their income or ability to repay.
- Reverse Redlining: The lender targets limited-resource neighborhoods that conventional banks may shy away from. Everyone in the neighborhood is charged higher rates to borrow money, regardless of credit history, income or ability to repay.
- Balloon Mortgages: A borrower is convinced to refinance a mortgage with one that has lower payments upfront but excessive (balloon) payments later in the loan term. When the balloon payments cannot be met, the lender helps to refinance again with another high-interest, high-fee loan.
- Negative Amortization: This occurs when a monthly loan payment is too small to cover even the interest, which gets added to the unpaid balance. It can result in a borrower owing substantially more than the original amount borrowed.
- Abnormal Prepayment Penalties: A borrower who tries to refinance a home loan with one that offers better terms can be assessed an abusive prepayment penalty for paying off the original loan early. Up to 80 percent of subprime mortgages have abnormally high prepayment penalties.
- Mandatory Arbitration: The lender adds language to a loan contract making it illegal for a borrower to take future legal action for fraud or misrepresentation. The only option for an abused borrower is arbitration, which generally puts the borrower at a disadvantage.

Predatory lending is a growing fair housing issue. Predatory as well as discriminatory lending is addressed under the Fair Housing Acts and applies to loan originators as well as the secondary mortgage market. Additionally, the Equal Credit Opportunity Act of 1972 requires equal treatment in loan terms and availability of credit for people of all protected classes. Predatory lending and unsound investment practices were central to the 2007-8 financial crisis. It resulted in a series of reforms, including the federal government establishing the Consumer Financial Protection Bureau.

Data available to investigate the presence of predatory lending are extremely limited. HMDA data are the most comprehensive available for evaluating lending practices, yet such data lack the financial details of the loan terms to determine predatory lending.

Public Policies

Public policies established at each level of government can affect housing development and may impact the range and location of housing choices available to residents. The Fair Housing Planning process is designed to encourage an inclusive living environment, active community participation, and an assessment of public policies and practices that can help identify impediments to fair housing choice. This section discusses the various public policies that could influence fair housing choice in the City of Phoenix.

Zoning Ordinance

Comprehensive land use planning is a critical process by which communities address a myriad of public policy issues such as housing, transportation, health, recreation, environmental protection, commercial and retail services, and land values, and address how the interconnection and complexity of these issues can ultimately impact the entire City. For example, the decision to develop a parcel of land for a shopping mall will not only influence the value and use of surrounding property but will also impact future traffic and environmental decisions (i.e. intensive commercial use will increase traffic flow and large impervious parking lots will increase storm water runoff).

One goal of zoning is to balance individual property rights with the public good (the health, safety, and general welfare of the overall community). Zoning laws regulate how a parcel of land in a community may be used and the density of development. Local governments may divide their jurisdiction into zoning districts by adopting a zoning map; define categories of permitted and special approval uses for those districts; and establish design or performance standards for those uses. Zoning may regulate the height, shape, and placement of structures and lot sizes or shapes. Jurisdictions can also expressly prohibit certain types of uses within zoning districts. In this way, local ordinances may define the type and density of housing resources available to residents, developers and other organizations within certain areas, and as a result influence the affordability of housing.

For these reasons, decisions regarding land use and zoning have a direct and profound impact on affordable housing and fair housing choice. The Fair Housing Acts do not preempt local zoning laws, but they do apply to local government entities by prohibiting land use policies and zoning ordinances that exclude or otherwise discriminate against persons of protected classes

The Arizona Fair Housing Act (1990) is substantially like the federal FHA. The State Act identifies unlawful housing practices and protects against discrimination based on race, color, religion, sex, familial status, national origin, or disability. The Act creates a statutory procedure for aggrieved persons to file an administrative complaint with the state Attorney General. The Act also grants jurisdiction to the superior courts to enforce local fair housing ordinances.

On a local level, the City of Phoenix has adopted a Fair Housing ordinance and prohibits discrimination in housing (as well as in employment and public accommodation) on the basis of race, color, religion, sex, national origin, age, and disability. In 2013, the City Council passed an ordinance adding protections based on the categories of sexual orientation, gender identity or expression.

Discrimination in zoning and land use may occur unintentionally. Land use policies such as density or design requirements that make residential development prohibitively expensive, include prohibitions on

multifamily housing, or impose onerous occupancy standards may be considered discriminatory if it can be proven these policies have a disproportionate impact on protected classes. A study in the Turner Center’s ongoing California Residential Land Use Survey confirms this phenomenon: cities that limit density and have greater opposition to multifamily housing tend to have higher housing prices. In addition, anti-density zoning, such as land use being dominated by single-family detached housing, results in more racially segregated cities and tend to exclude blue collar workers.²⁸

Table 10 in the Community Profile section shows that Phoenix’s housing stock is about 64 percent detached single-family homes. While housing stock is not a perfect reflection of the zoning ordinance – developers can seek deviations from the allowable land use and density – it does suggest that much of the City’s land zoned for residential use is designated for low-density housing. This can increase housing costs and restrict availability of relatively affordable homes.

Although local municipalities have authority to rezone private property, in 2016 Arizona voters approved Proposition 207, the Private Property Rights Protection Act, which requires the state or any local municipality to pay a landowner compensation when a land use regulation (such as a zoning ordinance) imposed without the consent of the landowner, results in a decrease in the landowner’s property value. Critics argued that the Act may have a chilling effect on local zoning authorities’ willingness to make changes to existing land use regulations. For instance, mandating zoning²⁹ implementing an overlay zone³⁰, or establishing an historic landmark or historic district designation may be politically or financial infeasible, even if the result would be for the benefit of the public good.

In the City of Phoenix, the responsibility for administering a local zoning ordinance is divided between the Planning Commission, the City Council, the Zoning Administrator, and the Board of Adjustment (BOA). Permitted uses are those allowed as a matter of right in a zoning district. For a use not expressly permitted by right, a property owner may seek special approval through a special use permit, variance, or zoning amendment following a public notice and hearing process.

The Planning Commission hears and decides applications for rezoning and special exception permits. Appeals from a Planning Commission decision are decided by the City Council. The Zoning Administrator is the official appointed to hear applications and grant use permits to authorize variance requests from the zoning ordinance. The Board of Adjustment is the official body designated to hear and decide appeals from a decision of the Zoning Administrator.

Although comprehensive plans and zoning and land use codes play an important role in regulating the health and safety of the structural environment, restrictive codes can negatively impact housing affordability and fair housing choice within a jurisdiction. Examples of zoning provisions that most commonly result in barriers to fair housing choice include the following:

²⁸ Jonathan Rothwell, “Land Use Politics, Housing Costs, and Segregation in California Cities,” Turner Center for Housing Innovation, September 2019.

²⁹ Inclusionary zoning is a program that requires developers of housing to set aside some percentage of units for affordable housing.

³⁰ Overlay zoning is a regulatory tool that creates a special zoning district, placed over an existing base zone(s), which identifies special provisions in addition to those in the underlying base zone. The overlay district can share common boundaries with the base zone or cut across base zone boundaries

- Restrictive forms of land use that exclude any particular form of housing, particularly multi-family housing, or that require large lot sizes or low-density that deter affordable housing development by limiting its economic feasibility;
- Restrictive definitions of family that impede unrelated individuals from sharing a dwelling unit;
- Placing administrative and siting constraints on group homes for persons with disabilities;
- Restrictions making it difficult for residents with disabilities to locate housing in certain neighborhoods or to modify their housing;
- Restrictions on occupancy of alternative sources of affordable housing such as accessory dwellings, mobile homes, and mixed-use structures.

Phoenix’s treatment of these types of issues are explored and evaluated in the tables and narrative below. Land development activities are regulated through the Zoning Ordinance, the Building Code, and the Subdivision Regulations. The Zoning Ordinance was adopted under the authority granted by the State to local municipalities to regulate land use.

Since zoning codes present a crucial area of analysis for a study of impediments to fair housing choice, the Phoenix Zoning Ordinance, as amended through June 5, 2019, was reviewed and evaluated against a list of 15 common fair housing issues. The ordinance was assigned a risk score of either 1, 2, or 3 for each issue and was then given an aggregate score calculated by averaging the individual scores, with the possible scores defined as follows:

1. Low risk – the provision poses little risk for discrimination or limitation of fair housing choice;
2. Medium risk – the provision is neither among the most permissive nor most restrictive; while it could complicate fair housing choice, its effect is not likely to be widespread;
3. High risk – the provision causes or has potential to result in systematic and widespread housing discrimination or the limitation of fair housing choice.

Issue	Risk Score
1. Does the jurisdiction’s definition of “family” have the effect of preventing unrelated individuals from sharing the same residence? Is the definition unreasonably restrictive?	Medium Risk
2. Does the definition of family discriminate against unrelated individuals with disabilities (or members of any other protected class) who reside together in a congregate or group living arrangement?	Medium Risk
3a. Does the zoning code treat housing for individuals with disabilities differently from other single family residential and multifamily residential uses by requiring a special or conditional use permit in certain residential districts? Is housing for individuals with disabilities allowed in the same manner as other housing in residential districts? 3b. Is such housing mischaracterized as a “boarding or rooming house” or “hotel”?	Low Risk
4. Does the zoning ordinance unreasonably restrict housing opportunities for individuals with disabilities who require onsite supportive services?	Low Risk
5. Do the jurisdiction’s policies, regulations, and/or zoning ordinances allow persons with disabilities to make reasonable modifications or provide reasonable accommodation to specific zoning or regulatory requirements?	Low Risk
6a. Does the jurisdiction require a public hearing to obtain public input for specific exceptions to zoning and land-use rules for applicants with disabilities? 6b. Is the hearing only for applicants with disabilities rather than for all applicants?	Low Risk

7. Does the ordinance impose spacing or dispersion requirements on certain protected housing types?	Medium Risk
8. Does the jurisdiction restrict any inherently residential uses protected by fair housing laws (such as residential substance abuse treatment facilities) only to non-residential zones?	Low Risk
9. Does the jurisdiction’s zoning and land use rules constitute exclusionary zoning that precludes development of affordable or low-income housing by imposing unreasonable residential design regulations (such as high minimum lot sizes, wide street frontages, large setbacks, low FARs, large minimum building square footage, and/or low maximum building heights)?	Low Risk
10a. Does the zoning ordinance fail to provide residential districts where multi-family housing is permitted as of right? 10b. Do multi-family districts restrict development only to low-density housing types?	Low Risk
11. Are unreasonable restrictions placed on the construction, rental, or occupancy of alternative types of affordable or low-income housing (for example, accessory dwellings or mobile/manufactured homes)?	Medium Risk
12. Is the process by which a use permit (CUP, SUP, SLUP) is obtained unreasonably lengthy, complex, or costly, effectively discouraging applicants? 12b. Is there a clear procedure by which denials may be appealed?	Low Risk
13. Does the zoning ordinance include an inclusionary zoning provision?	Medium Risk
14. Does the zoning ordinance or municipal code include a discussion of fair housing?	Low Risk
15a. Do the jurisdiction’s codes presently make specific reference to the accessibility requirements contained in the 1988 amendment to the Fair Housing Act? 15b. Are the jurisdiction’s accessibility standards (as contained in the zoning ordinance or building code) congruent with the requirements of the Fair Housing Act? 15c. Is there any provision for monitoring compliance?	Low Risk

Phoenix’s total risk score (calculated by taking the average of the 15 individual issue scores) is 1.33, indicating that these zoning codes are a low risk to impeding fair housing choice in Phoenix.

Strengths

In general, the zoning ordinances lot and building requirements would not unreasonably impact the feasibility of developing affordable housing somewhere within the residential districts (Issues # 9 and #10). While the single family residential sub-districts are limited to low to moderate densities by large minimum lot size requirements, higher densities for detached and attached dwellings (apartments) are permitted in the multifamily sub-districts. Minimum lot sizes and densities in the single-family districts range from one unit per acre (43,560 sq. ft. lot size) in RE-43 sub-district to 5.5 u/a (or 6.5 u/a with Planned Residential Development PRD approval) in the R1-6 sub-district. In the multifamily districts, detached dwellings up to 12 u/a (with approved density bonus) may be developed. In multifamily residential districts multifamily housing is permitted as of right. The highest densities permitted are in the R-5 zone, with allowed densities up to approximately 45 u/a or 52 u/a with an approved bonus. The Mid-Rise and High-Rise overlay districts may permit even greater height and density allowances. While the zoning code’s development standards may impact the feasibility of developing affordable housing

within all single-family districts, the code provides for lot sizes and densities that could accommodate affordable housing somewhere within the residential districts.

The zoning ordinance incentivizes the development of low- or moderate-income housing by offering a density bonus for such housing (Issue #13). The density bonus (one additional conventional unit for every two low/moderate income units up to an overall 10% increase beyond the original allowance) can be applied to the maximum density for any zoning district and may be in addition to other bonuses earned. The units must be approved by the Phoenix Housing Department, and the location must be consistent with the Phoenix Housing Assistance Allocation Plan. To ensure long-term affordability of these units, legal mechanisms such as deed covenants, the preemptive right to purchase, the right to cure a foreclosure, the right to purchase a home entering foreclosure, and requirements of notice of default or delinquency; resale formulas; and monitoring and stewardship partnerships with the local housing authority and nonprofit housing advocacy organizations should be included.

The zoning ordinance received mixed results for its treatment of housing for persons with disabilities. It scored a “1” on Issues #2 and #4, but a “2” on Issues #1 and #3. The zoning ordinance defines housing for persons with disabilities living together as a single housekeeping unit as community residence homes (1-10 residents) and community residence centers (11 or more residents). Both of these housing types are licensed by the Arizona Department of Health Services as assisted living, behavioral health, or sober living; or licensed by the Arizona Department of Child Safety as a juvenile home.

While the foregoing is a picture of the City’s strengths in terms of how its code protects fair housing choice, the following recommendations illustrate concrete actions the City could make in terms of zoning and land use regulations to uphold the commitment to furthering fair housing. The issues highlighted below show where zoning ordinances and policies could go further to protect fair housing choice for protected and disadvantaged classes, and still fulfill the zoning objective of protecting the public’s health, safety, and general welfare.

Recommendations

Often one of the most scrutinized provisions of a municipality’s zoning code is its definition of “family.” Ideally, the definition does not unreasonably restrict the number of unrelated individuals permitted to live together as a single housekeeping unit where the definition does not similarly limit the number of related persons who may reside together in a single dwelling. Phoenix’s definition of family (Issue #1) limits the number of unrelated persons who may reside together to a group of not more than five living together as a single housekeeping unit. The limitation of five unrelated persons may pass a reasonableness test under fair housing laws as it is not facially discriminatory because it does not restrict persons with disabilities or other protected classes from residing together *because of* their disability or protected status. However, a more permissive definition would not limit the number of unrelated persons who may reside together as a single housekeeping unit more than it does the number of related persons who may reside together. A potential source of challenge could be under a state due process or familial status claim, where a household that is not entirely biologically or legally related still acts as a “functionally equivalent” family.

As applied to persons with developmental disabilities residing together, the City’s definition of “family” conflicts with the Arizona Developmental Disabilities Act, A.R.S. § 36-582, which provides that up to six

unrelated residents with developmental disabilities plus two caregivers must be considered a family for the purposes of any law or zoning ordinance which relates to the residential use of property.

Congress amended the federal Fair Housing Act ("FHA") in 1988 to add protections for persons with disabilities (and families with children). Congress explicitly intended for the FHA to apply to zoning ordinances and other laws that would restrict the placement of group homes for persons with disabilities. *H.R. Rep. No. 100-711, at 24 (1988)*, reprinted in *1988 U.S.C.C.A.N. 2173, 2185* (stating that the amendments "would also apply to state or local land use and health and safety laws, regulations, practices or decisions which discriminate against individuals with handicaps").

As to Issue #4, the FHA prohibits discriminatory land use and zoning actions that adversely affect the availability of housing for persons with disabilities.

For the sake of clarity and uniform treatment, and the protection of persons with all types of disabilities not just developmental, the City's zoning ordinance expressly provides that family-style housing for persons with all types of disabilities (i.e. housing commonly referred to as adult homes, group homes, convalescent homes, personal care homes, assisted living homes, etc.) meets the definition of family and will be allowed as a permitted use in all residential zoning districts.

There also is potential risk of fair housing discrimination under Issue #7. Under Phoenix's zoning ordinance, community residence homes and centers must be spaced at least 1,320 feet from another such home in all residential zoning districts. And under the state Developmental Disabilities Act, residential facilities for persons with developmental disabilities must be separated by at least a 1,200 foot radius. Research did not indicate that a similar spacing requirement has been adjudicated in Arizona or by the 9th Circuit that would provide precedent for the constitutionality of A.R.S. § 36-582(H) or Phoenix's zoning ordinance. However, the Department of Justice and HUD take the position, and federal courts that have addressed the issue mostly agree, that spacing and density restrictions for housing for persons with disabilities are generally inconsistent with the FHA and discriminatory.³¹ If challenged, the jurisdiction would have to make a showing that the ordinance was passed to protect a compelling governmental interest (e.g. over-concentration of GHH's could adversely affect individuals with disabilities and would be inconsistent with the goal of integrating persons with disabilities into the wider community) and that the spacing requirement is the least restrictive means of protecting that interest.

Phoenix's spacing requirements limit the overall aggregate capacity of housing for persons with disabilities even if the need in the community or region is greater than what the spacing limitations would allow. Accordingly, Phoenix is given a score of 2 for Issue #7, and it is emphasized that there is a strong potential for litigation on this issue. The restrictions create a time-consuming and possibly expensive hurdle to overcome for housing providers and residents in need of supportive housing. Additionally, many persons within the protected class may not have the sophistication, resources, or adequate legal representation to challenge such discriminatory limits. Rather than enforcing spacing restrictions, if the City believes a particular neighborhood has its "fair share" of housing for persons with disabilities, it could offer incentives to providers to locate future homes in other neighborhoods.

³¹ See, e.g., *Horizon House Developmental Serv., Inc. v. Township of Upper Southampton*, 804 F. Supp. 683, 693 (E.D.Pa. 1992) (invalidating 1,000 feet separation requirement), *aff'd without opinion*, 995 F.2d 217 (3rd Cir. 1993).

Federal and state fair housing laws require that municipalities provide individuals with disabilities or developers of housing for people with disabilities flexibility in the application of land use and zoning and building regulations, practices and procedures or even waiving certain requirements, when it is necessary to eliminate barriers to housing opportunities. However, the FHA does not set forth a specific process that must be used to request, review, and decide a reasonable accommodation. The City has a Zoning Disability Accommodation Committee that considers reasonable accommodation requests from zoning requirements for any form of housing for individuals with disabilities.

Often local municipalities handle the mandate to provide a reasonable accommodation through their variance or special use permit procedures. However, the purpose of a variance is not congruent with the purpose of requesting a reasonable accommodation. To obtain a variance or special permit, an applicant must show special circumstances or conditions applying to the land and not self-imposed or owing to the applicant. In contrast, a reasonable accommodation is to allow individuals with disabilities to have equal access to use and enjoy housing. The jurisdiction does not comply with its duty to provide reasonable accommodation if it applies a standard based on the physical characteristics of the property rather than considering the need for modification based on the disabilities of the residents of the housing. Whereas simple administrative procedures may be adequate for the granting of exceptions, the variance and special use permit procedures subject the applicant to the public hearing process where there is the potential that community opposition based on stereotypical assumptions about people with disabilities and unfounded speculations about the impact on neighborhoods or threats to safety may impact the outcome. The City has adopted reasonable accommodation process as one specific way to address barriers in land use and zoning procedures and would help Phoenix more fully comply with the intent and purpose of fair housing laws.

Variety of Housing Opportunity

To ensure fair housing choice in a community, a zoning ordinance should provide for a range of housing types, including single-family, multifamily, second dwelling units, mobile homes, licensed community care facilities, employee housing for seasonal or migrant workers as necessary, assisted living facilities, emergency shelters, supportive housing, transitional housing, and single room occupancy (SRO) units. This section discusses these housing opportunities.

Table 44- Housing Stock Composition

Housing Type	Phoenix		Arizona	
	Number of Units	% of Total	Number of Units	% of Total
Single Family, detached	345,221	63.5	1,640,570	66.1
Single Family, attached	23,231	4.3	118,174	4.8
Two to Four Units	31,916	5.9	113,880	4.6
More than Five Units	126,612	23.3	381,529	15.4
Mobile Homes	17,042	3.1	228,158	9.2
Total	544,022	100	2,482,311	100
Vacancy Rate	10.6%		15.6%	

Source: 2013-2017 American Community Survey, U.S. Census Bureau

I. Single- and Multifamily Uses

Single- and multifamily housing types include detached and attached single-family homes, duplexes, townhomes, condominiums, and rental apartments. These are the most common and popular housing

types and Phoenix’s zoning ordinance accommodates each of these. Table 41 shows that nearly 97 percent of the housing stock is comprised of these common housing types; however, just 23.3 percent of the housing stock is comprised of denser, typically smaller apartment buildings, which are usually more affordable than single-family homes and nearer to transit and other services.

II. Second Dwelling Units

Second or accessory dwelling units (ADUs), commonly known in Phoenix as guesthouses, have been the focus of many legislative efforts in recent years. State laws now require all local jurisdictions to allow for ADUs. Phoenix’s City Code accounts for and allows for guesthouses with the following provisions:

- The square footage of the guesthouse shall not exceed fifty percent of the gross floor area of the primary dwelling unit with a maximum of nine hundred square feet. Any garage area attached to the guesthouse which is more than the area of a single-car garage shall be counted toward the allowable square footage of the guesthouse.
- On lots with more than forty-three thousand five hundred sixty square feet in net area with a primary dwelling unit of at least three thousand six hundred square feet in gross floor area, the square footage of the guesthouse may be twenty-five percent of the gross floor area of the primary dwelling unit.
- The floor area of the connecting structure shall be included in the floor area of the guesthouse.
- Pergolas and other roofed structures without walls shall not be considered a connecting structure.
- Vehicular access to the accessory dwelling unit must be provided from the same curb (driveway) as the primary dwelling unit, except that separate access may be permitted from a paved alley.
- One parking space must be provided for the accessory dwelling unit in addition to the parking required for the primary dwelling unit.
- Only one guesthouse is permitted on a single lot.
- The guesthouse shall be constructed of similar building materials and in the same architectural style as that of the primary dwelling unit and shall not exceed the height in feet or number of stories of the primary dwelling unit.
- A guesthouse shall not:
 - Provide more parking than the one required space;
 - Be advertised for occupancy through any print or electronic media or through placement of signs on the property;
 - Provide separate mail service or have a separate address from the primary dwelling unit; or
 - Be separately metered for utilities.
- Single-family use requirements shall apply to the guesthouse and the primary dwelling unit as a single unit.³²

Guesthouses have been identified as alternative housing types that can increase the housing supply and provide better affordability.³³ Since a large percentage of the housing stock is comprised of detached single-family units, there are many properties eligible for guesthouse construction. This can lead to units

³² Phoenix City Code.

³³ “California’s Housing Future: Challenges and Opportunities,” California Department of Housing and Community Development.

that are often “naturally” affordable, a result of lower construction costs and smaller footprints than typical single-family or multifamily homes. In one study, 58 percent of ADU owners rented their unit at below-market rates.³⁴

However, the City’s code imposes requirements that stand in contrast to some of the efforts in other states to spur production of accessory dwellings. In California, for example, there can now be up to two accessory dwellings on all single-family property and there are no occupancy requirements (i.e. the owner of the property must live onsite), minimal design limitations, and often there are no parking requirements. In Phoenix, parking and aesthetic requirements and height limits can all impose costs or discourage greater production of accessory units.

III. Mobile Homes

The City defines a mobile home in its municipal code as “something that can be easily moved from one place to another, is over 32-feet in length or over 8-feet wide. It can be towed on its own chassis and can be installed with or without a permanent foundation and use for living purposes.”³⁵ Mobile homes are allowed only in mobile home parks. Currently, 3.1 percent of the local housing stock is mobile homes, far lower than the State’s rate of nine percent.

Mobile home parks are a crucial rung in the housing ladder and have received more attention recently as housing crises afflict the nation’s major metropolitan areas, with Phoenix area as no exception. In Tempe, a mobile home park operating for 60 years made way for a development that is now being billed as “luxury condominiums” – 80 two-story attached townhomes.³⁶ In Phoenix, the more than 17,000 mobile homes represent a significant resource for lower-income households, and the City may consider adopting policies and programs to assist the preservation of these units.

IV. Supportive, Transitional, and Emergency Housing

There are several kinds of housing meant for those experiencing homelessness or housing precariousness. HUD uses the following definitions:

- **Permanent (or supportive) housing:** Community-based housing without a designated length of stay in which formerly homeless individuals and families live as independently as possible. This kind of housing is often accompanied by either onsite or off-site supportive services like job and medical assistance. The permanent housing accompanied by supportive services is meant to increase housing security, improve health status, and maximize the ability to live and, when possible, work in the community.
- **Transitional housing:** Provides homeless individuals and families with the interim stability and support to successfully move to and maintain permanent housing. Tenancy in transitional housing can last anywhere from a few weeks to up to 24 months, depending on facility regulations and success in finding permanent housing.
- **Emergency housing:** Emergency shelters provide short-term housing for homeless persons or persons facing other difficulties, such as domestic violence.

³⁴ David Garcia, “ADU Update: Early Lessons and Impacts of California’s State and Local Policy Changes,” Turner Center for Housing Innovation, December 2017, pg. 1-2.

³⁵ Zoning Information Guide, Frequently Asked Zoning Questions, City of Phoenix Planning and Development Department.

³⁶ Paulina Pineda, “Luxury townhomes will replace former Tempe Mobile Home Park,” AZ Central, April 4, 2019.

The table below summarizes the number of housing types designated for those experiencing homelessness within the Phoenix, Mesa/Maricopa County CoC:

Table 45- Housing Inventory Count, 2018

	Family Units ¹	Family Beds ¹	Adult-Only Beds	Child-Only Beds	Total Yr-Round Beds	Seasonal	Overflow / Voucher	Subset of Total Bed Inventory		
								Chronic Beds ²	Veteran Beds ³	Youth Beds ³
Emergency, Safe Haven and Transitional Housing	666	2,163	2,051	24	4,238	0	17	n/a	267	122
Emergency Shelter	294	1,001	1,329	24	2,354	0	17	n/a	33	34
Safe Haven	n/a	n/a	22	n/a	22	n/a	n/a	n/a	22	0
Transitional Housing	372	1,162	700	0	1,862	n/a	n/a	n/a	212	88
Permanent Housing	1,006	3,258	5,363	0	8,621	n/a	n/a	n/a	1,340	49
Permanent Supportive Housing*	529	1,507	4,761	0	6,268	n/a	n/a	1,812	1,145	38
Rapid Re-Housing	218	850	417	0	1,267	n/a	n/a	n/a	166	1
Other Permanent Housing**	259	901	185	0	1,086	n/a	n/a	n/a	29	10
Grand Total	1,672	5,421	7,414	24	12,859	0	17	1,812	1,607	171

Source: U.S. Department of Housing and Urban Development, 2018

The majority of housing designated for homelessness is designed for adult-only households, leaving a gap for youth designated beds (ages 18 to 24 years), who also require different case management services. Additionally, the region has seen a 22 percent increase in unsheltered homelessness per the 2019 Point-In-Time count and a 7 percent decrease in sheltered homeless. This implies a lack of housing inventory and services need to meet the needs of the homeless population, including emergency housing and an increase in rapid re-housing for permanent housing options. Rapid re-housing has been found to resolve the homelessness for individuals and families using short-term rental assistance and supportive services and is more cost-effective than emergency shelter and transitional housing.³⁷ Ultimately, increasing the availability of affordable housing would help to decrease the number of people experiencing homelessness and was recommended in the Maricopa Regional Homeless System Performance and SWOT Analysis report.

Affordable Housing Development

Affordable housing is defined as housing which costs no more than 30 percent of a household’s income and in general, minority and LMI households are disproportionately affected by a lack of adequate and affordable housing in a region. For example, there’s a strong correlation between high housing costs and an increase in homelessness and according to the 2019 Point in Time count, African Americans comprised 25 percent of the homeless population, but represent just 5.4 percent of Maricopa County’s total population.

The City of Phoenix Housing Department serves as the public housing authority (PHA) which administers public housing programs and therefore must adhere to fair housing law. Key to the City’s operations is the Housing Choice Voucher (Section 8) program. HUD establishes income limits for vouchers annually, based on family size for the area. As of December 2019, there are 16,000 households on the Section 8 Housing Choice Voucher (HCV) Program waitlist with an average wait time of seven to ten years. The Section 8 HCV waitlist is currently a lottery system.

The Housing Department also administers the City’s public housing units and monitors covenants on privately-owned affordable housing. HUD’s 2018 Picture of Subsidized Households estimated there are 8,991 subsidized units housing approximately 21,726 individuals within the City. This inventory includes

³⁷ Mary Cunningham, Sarah Gillespie, Jacqueline Anderson, “Rapid Re-housing: What the Research Says,” June 2015

Low Income Housing Tax Credit (LIHTC), Section 8, Section 811, Section 202, Public Housing project units and other HUD multi-family properties. There are approximately 10,331 LIHTC units in the City with 9,045 available to low-income households. The City's assisted inventory includes the following:

- Average Occupancy: Approximately 93 percent
- Approximately 2.6 persons per unit
- Average household income of \$13,699 per year
- 29 percent of households have wages as a major source of income
- Approximately 75 percent are comprised of female headed households
- Approximately 75 percent of households are minorities

Siting of Affordable Housing

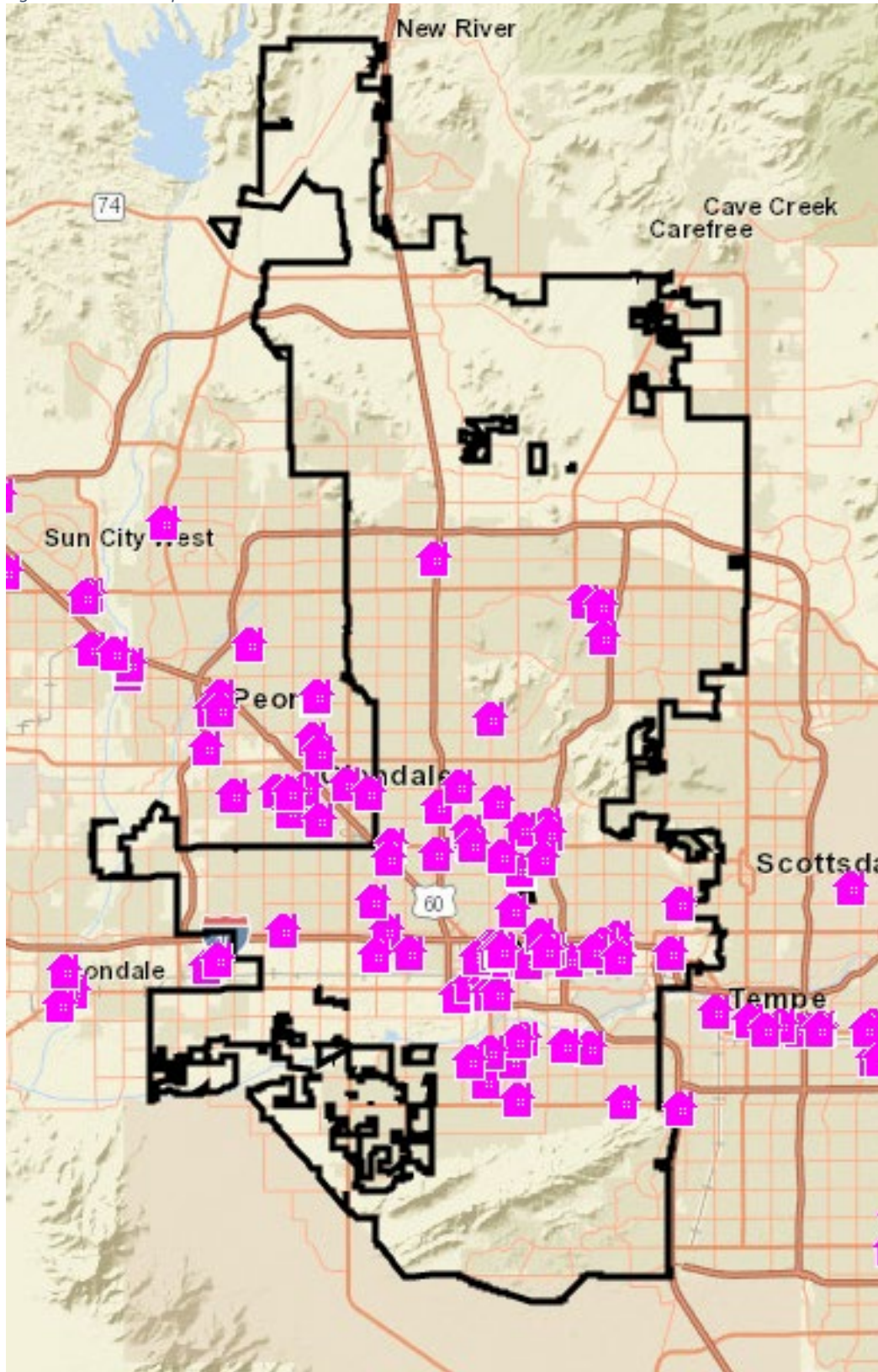
Concentrating affordable housing in historically disadvantaged or lower-income areas can lead to a concentration of poverty, which HUD recognizes has five wide-ranging impacts:

- Limits educational opportunity for children
- Leads to poor health outcomes
- Hinders wealth building
- Reduces private-sector investment and increases prices for goods and services
- Raises costs for local governments³⁸

Taken together, these impacts can impede fair housing choice. However, concentrating poverty is not usually a purposeful policy goal. Instead, concentration of poverty is often an unintended consequence of seemingly benign policies. The City's zoning codes, for example, allows most of its multifamily residential uses in and around the downtown neighborhood. Consequently, that is where much of the City's Low-Income Housing Tax Credit (LIHTC) properties are, as noted in the following map:

³⁸ "Confronting Concentrated Poverty With a Mixed-Income Strategy," Office of Policy Development and Research, U.S. Department of Housing and Urban Development, Spring 2013.

Figure 12- LIHTC Properties



Source: U.S. Department of Housing and Urban Development

The presence of LIHTC properties does not alone indicate violations of fair housing or discriminatory intent, but it does lead to questions of why denser, more affordable housing is concentrated in a few areas. First, the LIHTC program utilizes what are known as Qualifying Census Tracts (QCTs) to determine project eligibility. QCTs are census tracts in which 50 percent of households earn incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more. As such, LIHTCs are designed to put affordable housing where it is needed, but it also concentrates affordable housing (and in turn the people who need it) in a few areas. These areas tend to be those which have been relatively impoverished for decades. In this way, QCT designations perpetuate poverty. It should be noted that LIHTC funding and policies are developed by the Federal Government and administered by the State of Arizona and the City does not have discretion over its policies or administration.

Even though this program is administered by the State and not subject to direct local control, , many jurisdictions are considering or have implemented mechanisms for siting LIHTC properties in higher opportunity areas. California’s Tax Credit Allocation Committee, for example, instituted “opportunity mapping” as criteria for its LIHTC project allocations. In short, projects proposed in higher opportunity areas are weighted over those in lower opportunity areas. The goal is to increase “access for low-income families to high-resource neighborhoods where there historically have been limited affordable housing opportunities,” as well as to provide “investments to revitalize under-resourced neighborhoods.”³⁹

Second, single-family homes are traditionally not seen as affordable housing and new, income-restricted, for-rent single-family homes are extremely rare. This is mainly because new single-family units are much more expensive on a per-unit basis than multifamily housing. Due to this, most publicly-supported housing programs do not finance single family home development as affordable housing.

Funding

The LIHTC is the largest and most impactful affordable housing production program in the country. Since its inception in 1986, over 3 million units of affordable housing have been constructed across the country. In Phoenix, the LIHTC program has resulted in 38,119 units of affordable housing. Supplementing the federal LIHTC program are Arizona’s private activity bonds, 501(c)(3) bonds, and the State Housing Fund program, as well as the entitlement program funds relevant to the Consolidated Plan.

Unfortunately, the demand for affordable housing far outstrips available resources and thus the supply of affordable homes. Therefore, funding for affordable housing is a constant need. The LIHTC program is essential in providing affordable homes, but its prominence has coincided with the downsizing of other publicly-supported housing programs. In 1978, HUD’s budget stood at \$83 billion. Its proposed Fiscal Year 2020 budget is \$44.1 billion, a substantial drop in both real and adjusted terms. In the interim period, thousands of public housing units have been divested, funding for new public housing units has been zeroed out, funding for community development programs has shrunk, and so too has the number of rental assistance vouchers.

³⁹ “Opportunity Mapping Methodology,” California Fair Housing Task Force, November 27, 2018.

Arizona is third worst in the nation in number of affordable units for households earning up to 30 percent AMI. Ahead of only California and Nevada, the state has just 25 affordable and available rental homes for every 100 extremely low-income renter households.⁴⁰ This is not coincidental, as only rental assistance vouchers and the National Housing Trust Fund (HTF) explicitly address the housing needs of extremely low-income households. As discussed above, voucher programs are not entitlement programs and their availability are based upon annual budget appropriations, and the HTF had a budget of just \$267 million in 2018.

For comparison, the mortgage interest deduction (MID) cost the federal government nearly \$60 billion per year prior to 2017 (it is currently estimated to cost \$30 billion following revisions to the federal tax code in 2017). Further, in 2018, 17 percent of MID benefits went to the top one percent of households, and 80 percent went to the top 20 percent.⁴¹ Funding is a fair housing issue, as regressive tax policies and constrained budgets demonstrably limits affordable housing opportunities and in turn, fair housing choice.

Public Transit

The City of Phoenix is served by the Valley Metro public transit system. Since 2012, the area has been served by a regional transportation system following the merging of the Regional Public Transportation Authority (RPTA) and the Valley Metro Rail. Valley Metro provides several public transit services including: Local, LINK, Express and RAPID bus service, light rail, neighborhood circulators, rural routes, Dial-A-Ride, and vanpool services. Valley Metro also serves local businesses through carpools and vanpools and encourages biking to work to help meet Maricopa County trip reduction goals.

Public transportation is supported through a portion of the state of Arizona's lottery revenues and local sales taxes from jurisdictions throughout Maricopa County. In 2016, voters in Phoenix approved a sales tax to make a substantial and unprecedented investment in public transportation. This investment, called, Transportation 2050, contains the following goals:

- Improved frequency on local bus service
- Service through midnight on weekdays and 2 a.m. on weekends for local buses and Dial-A-Ride service
- New transit-related technology, such as Wi-Fi on buses and trains, reloadable transit passes, real time data for Dial-A-Ride and security improvements for bus and light rail
- 75 miles of new RAPID routes
- 42 miles of new light rail
- Addition of new light rail stations
- 680 miles of new asphalt pavement on major arterial streets
- 1,080 miles of new bicycle lanes
- 135 miles of new sidewalks
- 2,000 new streetlights
- \$240 million for major street improvement projects

⁴⁰ Alden Woods, "Critical mass: Arizona is now third-worst in the nation for affordable housing," AZ Central, March 15, 2019.

⁴¹ William G. Gale, "Chipping away at the mortgage deduction," Brookings Institute, May 13, 2019.

Public investment in transportation and related infrastructure has a huge impact on both housing availability and affordability. For example, the Valley Metro has a strategy and plan to increase Transit Oriented Development (TOD) near its transit assets throughout the region. The overall goal of the TOD strategy is to encourage mixed land use, the development and creation of an environment that is friendly to both pedestrians and transit users and promote a transit system that increase access to housing choice and employment. The TOD strategy involves a partnership between The Maricopa Association of Governments (MAG), Valley Metro, and local jurisdictions/communities.

In the plan Valley Metro will take the lead in accessing TOD potential in corridor development, research and monitor trends for regional TOD, and develop plans and policies to guide agency’s activities and roles. Local jurisdictions, such as the City of Phoenix, will take the lead in incorporating TOD principles into land use plans and regulations, encourage the use of TOD principles into community goals, and develop policies and plans to guide agency activities and roles. These efforts are comparable to other TOD-related activities all over the country. For example, The Metropolitan Transportation Commission and the Association of Bay Area Governments in Northern California have jointly developed long-term TOD Plans to create focused growth and livable communities throughout the nine counties. The following table summarizes the roles of TOD stakeholders:

Table 46- TOD Stakeholders

Roles and Responsibilities	MAG	Valley Metro	Local Jurisdictions
Promote and educate regional TOD Benefits and Principals	L	P	P
Include assessment of regional TOD potential as part of system planning	L	P	P
Include assessment of regional TOD potential as part of corridor development	P	L	P
Acquire public land adjacent to transit for TOD		LD	L
Incorporate TOD principles in land use plans and regulations			L
Incorporate TOD principles with regional planning goals	L	P	P
Encourage the incorporation of TOD principles in community goals	P	P	L
Collaborate in the development of a regional TOD plan	L	P	P
Develop strategic plans and policies to guide each agency’s activities and roles	L	L	L
Research and monitor regional trends for TOD	P	L	P
Symbol	Definition		
L	Lead - lead agency has the primary responsibility for this TOD role. In some cases, there are various agencies who will lead the role within its jurisdiction. The lead agency is responsible for facilitating collaboration among the partner agencies.		
P	Partner – partner agency has a secondary responsibility for this TOD role. In most cases, there are multiple partners that should collaborate with and support the lead partner(s).		

LD	Lead by Delegation – the lead by delegation agency is only given the lead role by the local jurisdiction involved; partner agency has the primary responsibility for this TOD role.
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Fair Housing Profile

This section provides an overview of the institutional structure of the local housing market regarding fair housing practices. This section also discusses the fair housing services available to residents, as well as the nature and extent of fair housing complaints received by the City. Typically, fair housing services encompass the investigation and resolution of housing discrimination complaints, discrimination auditing/testing, and education and outreach, including the dissemination of fair housing information. Tenant/landlord counseling services are usually offered by fair housing service providers but are not considered fair housing.

HUD oversees, administers, and enforces the federal Fair Housing Acts. HUD’s Region IX office in San Francisco, California, oversees housing, community development, and fair housing enforcement in American Samoa, Arizona, California, Guam, Hawaii, and Nevada. The Office of Fair Housing and Equal Opportunity (FHEO) within HUD’s San Francisco office enforces the Fair Housing Act and other civil rights laws that prohibit discrimination in housing, mortgage lending, and other related transactions in Phoenix. HUD also provides education and outreach, monitors agencies that receive HUD funding for compliance with civil rights laws and works with state and local agencies under the Fair Housing Assistance Program (FHAP) and Fair Housing Initiative Program (FHIP), as described below.

Fair Housing Services

In general, fair housing services include receiving, investigating, and resolving housing discrimination complaints; discrimination auditing and testing; and education and outreach, such as disseminating fair housing information through written material, workshops and seminars. Landlord/tenant counseling services involve informing landlords and tenants of their rights and responsibilities under fair housing law and other consumer protection legislation and mediating disputes between landlords and tenants. Below are descriptions of fair housing services available to all Phoenix residents.

Fair Housing Assistance Program

In the U.S., many agencies receive funding directly from HUD as FHAP recipients, which requires an ordinance or law that empowers a state or local governmental agency to enforce the state or local fair housing law. If HUD determines that the local entity can operate on a “substantially equivalent” level to federal agency enforcement activities, HUD contracts with that agency to process fair housing complaints and reimburses the jurisdiction on a per-case basis. FHAP grants are awarded to public, not private, entities and are given on a noncompetitive, annual basis to substantially equivalent state and local fair housing enforcement agencies.

To create a substantially equivalent agency, a state or local jurisdiction must first enact a fair housing law that is substantially equivalent to federal law. In addition, the local jurisdiction must have both the administrative capacity and fiscal ability to carry out the law. With these elements in place, the jurisdiction may apply to HUD in Washington, D.C., for substantially equivalent status. The jurisdiction’s

law would then be examined, and the federal government would decide as to whether it is substantially equivalent to federal fair housing law.

When substantially equivalent status has been granted, complaints of housing discrimination are dually filed with the state or local agency and HUD, with the state or local agency investigating most complaints. When federally subsidized housing is involved, however, HUD will typically investigate the complaint. Regardless, the state or local agency is reimbursed for complaint intake and investigation and is awarded funds for fair housing training and education.

The Civil Rights Division of the Arizona Attorney General's Office and the City of Phoenix's Equal Opportunity Department (EOD) are substantially equivalent agencies that partner with HUD to promote and enforce fair housing law under the auspices of the FHAP. The City's EOD investigates discrimination complaints in the areas of housing, employment, and public accommodations. It also conducts fair housing outreach and education.

Fair Housing Initiative Program

A Fair Housing Initiative Program (FHIP) participant may be a government agency, a private nonprofit, or a for-profit organization. FHIPs are funded through a competitive grant program that provides funds to organizations to carry out projects and activities designed to enforce and enhance compliance with fair housing law. Eligible activities include education and outreach to the public and the housing industry on fair housing rights and responsibilities as well as enforcement activities in response to fair housing complaints, such as testing and litigation.

The Arizona Fair Housing Center (AFHC) and the Southwest Fair Housing Council (SFHC) have consistently been awarded FHIP grants. The AFHC provides enforcement activities, fair housing tests, and intake and processing of complaints. The AFHC also provides counseling, mediation, and referral services; and will recruit, train, and retrain new and/or existing testers. The SFHC conducts fair housing/fair lending trainings, submits referrals to HUD or a Fair Housing Assistance Program agency for assistance in remedying allegations of housing/lending discrimination, facilitates or participates in fair housing events, and conducts education and outreach activities.

Fair Housing Statistics and Enforcement

As part of the enforcement and tracking services discussed above, a compilation of statistics is documented as part of fair housing complaints. Other fair housing data is collected through other means, such as surveys and outreach. These data provide context to the City's fair housing profile and can help identify gaps in services or areas to focus on.

Surveys

The City conducted a survey October to December 2019 that asked residents and stakeholders about community needs as they pertain to the Consolidated Planning and Fair Housing Planning processes. The survey asked residents what their top housing needs were, with fair housing services as an option. Fair housing was a top housing concern to 23.82 percent of the 1,608 respondents.

The survey also asked four fair housing-related questions, which are recreated with results below. The results are by percent of total votes, following by the number of raw votes. The total number of votes across questions varies due to the nature of the questions and that the questions were not mandatory.

- Have you or someone you know ever encountered any form of housing discrimination?
 - Yes – 20.77 percent; 296 responses
 - No – 79.23 percent; 1,129 responses
- If you, or someone you know, has encountered any form of housing discrimination, please let us know on what basis.
 - Race – 50.51 percent; 148 responses
 - Color – 21.84 percent; 64 responses
 - Family status – 21.84 percent; 64 responses
 - Sexual orientation – 21.16 percent; 62 responses
 - Age – 19.11 percent; 56 responses
 - Disability – 19.11 percent; 56 responses
 - Other – 17.41 percent; 51 responses
 - Gender – 12.97 percent; 38 responses
 - National origin – 12.63 percent; 37 responses
 - Religion – 5.80 percent; 17 responses
- If you have experienced housing discrimination, in which way did you or someone you know face housing discrimination?
 - Refusing to rent or sell a home – 47.01 percent; 126 responses
 - Discouraging the rental or sale of a home – 26.49 percent; 71 responses
 - Steering potential tenant/homeowner to a different home or neighborhood – 24.25 percent; 65 responses
 - Facing unfavorable terms in a home loan or lease – 21.64 percent; 58 responses
 - Unfair, misleading, and/or deceptive loan practices – 20.90 percent; 56 responses
 - Refusing, discouraging, or charging more for home or rental insurance – 16.04 percent; 43 responses
- Do you feel you are well-informed on housing discrimination?
 - Yes – 37.18 percent; 393 responses
 - Somewhat – 43.33 percent; 458 responses
 - No – 19.49 percent; 206 responses

The survey results demonstrate that the majority of the community feel somewhat informed or not informed on housing discrimination (43.33 percent and 19.49 percent, respectively). This lack of knowledge impacts a person's ability to identify housing discrimination that may occur within their own housing situation or amongst their community connections. It should be noted that of those who identified knowing someone who identified housing discrimination, the highest basis was for race, followed by color and family statuses, where the City of Phoenix identified disability as the most common basis of discrimination.

Fair Housing Complaints and Cases

U.S. Department of Housing and Urban Development

HUD's Office of Fair Housing and Equal Opportunity (FHEO) administers federal laws and establishes national policies that make sure all Americans have equal access to the housing of their choice. Individuals who believe they are victims of housing discrimination can choose to file a fair housing complaint through their respective Regional Office of FHEO. Typically, when a complaint is filed with the agency, a case is opened and an investigation of the allegations of housing discrimination is initiated. If the complaint cannot be successfully mediated, the FHEO determines whether reasonable cause exists to believe that a discriminatory housing practice has occurred. Where reasonable cause is found, the parties to the complaint are notified by HUD's issuance of a "Determination", as well as a "Charge of Discrimination", and a hearing is scheduled before a HUD administrative law judge. Either party (complainant or respondent) may cause the HUD-scheduled administrative proceeding to be terminated by electing instead to have the matter litigated in Federal court.

Individuals with more knowledge are more likely to pursue a complaint than those with less knowledge of fair housing laws. Therefore, there is an association between knowledge of the law, the discernment of discrimination, and attempts to pursue it. Locally, it is critical that there are efforts in place to educate, to provide information, and to provide referral assistance regarding fair housing issues in order to better equip persons with the ability to assist in reducing impediments.

Each year National Fair Housing Alliance (NFHA) collects data from both private, nonprofit fair housing organizations, and government entities to present an annual snapshot of fair housing enforcement in the United States. According to NFHA, nearly a quarter of all fair housing complaints made in the U.S. in 2018 occurred in HUD's Region IX, which includes Arizona, California, and Nevada.

NFHA also reports nearly 84 percent of fair housing complaints involve rental properties. As the City's Consolidated Plan states, renter households are more likely to be lower income and more racially and ethnically diverse than the general population. Therefore, the 7,373 fair housing complaints in HUD's Region IX are likely to disproportionately affect people in protected classes.

Disability complaints have remained the greatest percentage of all complaints for the past several years, in part because it is the easiest discrimination to detect. This is because it usually involves a denial of reasonable accommodation, an observable action of discrimination. Across all jurisdictions in the U.S., the 31,202 fair housing complaints in 2018 marked a 10-year high, even at a time when fair housing organizations "saw protracted delays in funding and increased regulatory and legal challenges to the federal Fair Housing Act and other civil rights laws."⁴²

City of Phoenix

The City of Phoenix's Equal Opportunity Department (EOD) strives to improve Phoenix quality of life by promoting equal opportunity, embracing diversity and eliminating discrimination. The Compliance and

⁴² "2019 Fair Housing Trends Report," National Fair Housing Alliance, 2019.

Enforcement Division enforces City of Phoenix's ordinances that prohibit discrimination in employment, housing and public accommodations. The division:

- Investigates complaints related to employment, housing and public accommodations
- Serves as an advocate in fair housing as well as fair employment education and outreach
- Monitors the development and implementation of the City's equal employment opportunity program
- Administers the City's Americans with Disabilities Act (ADA) compliance program as an employer and as a service provider

The City's EOD tracks the number of fair housing complaints in Phoenix. The table below reports the cumulative numbers between 2014-2019.

Table 47- Fair Housing Complaints by Protected Class

Basis	2014	2015	2016	2017	2018	2019	Total
Disability	14	19	28	19	29	20	129
Race/Color	16	9	12	6	7	0	50
National Origin	7	4	11	3	2	1	28
Sex	3	5	3	1	0	5	17
Family Status	3	2	3	3	1	0	12
Retaliation	3	0	2	1	1	2	9
Religion	1	2	1	1	0	0	5
Marital Status	0	0	0	0	0	0	0
Sexual Orientation	0	2	1	0	0	0	3
Total	47	43	61	34	40	28	

Source: City of Phoenix Equal Opportunity Department, 12-1-2019. Complainants may allege more than one basis.

Table 48- Fair Housing Complaints by Issue

Issues	2014	2015	2016	2017	2018	2019	Total
Discriminatory terms, conditions, privileges, services, or facilities	38	38	29	20	73	33	231
Failure to permit reasonable modification / accommodation	8	24	20	45	97	26	220
Refusal to sell / rent	8	11	17	9	0	2	47
Sexual Harassment	3	4	4	1	9	10	31
Discriminatory acts under Section 818 (coercion, etc.)	4	2	4	3	6	6	25
Discriminatory eviction	4	5	8	0	0	3	20
Discriminatory advertising, statements, and notices	1	1	2	1	3	0	8
False denial or representation of availability – rental	0	0	2	3	0	2	7
Usage of facilities / services	1	1	4	1	0	0	7
Otherwise deny or make housing available	0	0	0	0	1	0	1
Total	67	86	90	83	189	82	

Source: City of Phoenix Equal Opportunity Department, 12-1-2019. Note: Complainants may allege more than one issue.

Table 49- Fair Housing Cases by Result

Basis	2014	2015	2016	2017	2018	2019	Total
No cause	27	25	24	19	23	8	126
Lack of Prima Facie	1	8	0	31	67	18	125
Successful conciliation or settlement	8	11	24	14	13	2	72
Open investigation	0	0	0	0	3	32	35
Administrative Closure	2	1	1	11	4	4	23
Failure to cooperate	2	9	2	2	6	0	21

Withdrawal without resolution	1	3	3	3	1	2	13
Lack of jurisdiction	1	0	0	6	0	3	10
Failure to locate	2	1	2	0	2	0	7
Withdrawal after resolution	0	3	0	0	1	1	5
Cause Finding	0	0	0	0	3	0	3
Total	44	61	56	86	123	70	

Source: City of Phoenix Equal Opportunity Department, 12-1-2019.

Table 50- Fair Housing Cases by Basis of Claim

Basis	2014	2015	2016	2017	2018	2019	Total
Disability	14	19	28	19	29	20	129
Race/Color	16	9	12	6	7	0	50
National Origin	7	4	11	3	2	1	28
Sex	3	5	3	1	0	5	17
Family Status	3	2	3	3	1	0	12
Retaliation	3	0	2	1	1	2	9
Religion	1	2	1	1	0	0	5
Marital Status	0	0	0	0	0	0	0
Sexual Orientation	0	2	1	0	0	0	3
Total	47	43	61	34	40	28	

Source: City of Phoenix Equal Opportunity Department, 12-1-2019.

National data reflects an uptick in fair housing complaints. As noted above, the number of fair housing complaints is at a 10-year high. Local data tells a slightly different story, as the number of fair housing complaints in Phoenix has varied from year-to-year. (Note: 2019 is still being collected and is incomplete in the table.)

Fair Housing Education and Outreach

In concert with its fair housing partners, the City's EOD has conducted and tracked their extensive outreach efforts since the last AI. The City's partners in this effort include the Neighborhood Services and Housing Departments, Latino Institute, Southwest Fair Housing Council, and LUCHA Arizona. The tables summarize the City's outreach, media, and intake efforts. (Note: recording attendance at some events was not possible; therefore, the actual attendance is likely higher than what is reported below.)

Table 51- Fair Housing Outreach, Calendar Years 2014-2019

Number/Type of Events	2014	2015	2016	2017	2018	2019	TOTAL
Workshop/Trainings	7	23	24	19	20	17	110
Community Outreach	1	8	12	3	8	6	38
Community Meeting	0	5	0	1	2	0	8
Canvassing	0	0	40	0	0	0	40
Total attendance	78	7,825	6,214	573	5,583	6,298	20,273

Source: City of Phoenix Equal Opportunity Department

Table 52- Fair Housing Intakes, Calendar Years 2014-2019

Number/Type of Events	2014	2015	2016	2017	2018	2019	TOTAL
Total intakes	242	177	193	182	158	77	1,029

Source: City of Phoenix Equal Opportunity Department

Table 53- Fair Housing Advertising, Calendar Years 2014-2019

Number/Type of Ads	2014	2015	2016	2017	2018	2019	TOTAL
Radio	1	5	2	3	N/A	1	12
Print	0	5	1	4	N/A	3	13
Television	0	4	2	1	N/A	1	8
Online	0	1	1	2	N/A	2	6
Total	1	15	6	10	N/A	7	39
Note: 25 of the 39 advertisements and notices were conducted in Spanish.							

Source: City of Phoenix Equal Opportunity Department

Hate Crimes

Hate crimes, defined as violent acts against people, property, or organizations motivated by a bias related to a victim’s race, ethnicity, religion, gender, sexual orientation, national origin, or physical or mental disability, can be fair housing concerns. The federal Fair Housing Act makes it illegal for residents to be intimidated or harassed into removing themselves from certain areas. Additionally, the rate at which hate crimes occur can also deter potential residents from residing in certain neighborhoods from fear of harm or harassment.

Hate crimes are considered serious offences. Persons who commit hate crimes can face time in prison, large fines or both, especially for violent acts, serious threats of harm, or injuries to victims. Some examples of illegal behavior include threats made in person, writing or by telephone; vandalism of the home or property; rock throwing; suspicious fires, cross-burning or bombing; or unsuccessful attempts at any of these. The table below reports the number of hate crimes in the City of Phoenix.

Table 54- City of Phoenix Hate Crime Statistics by Bias Motivation, 2015-2018

Year	Race/ Ethnicity/ Ancestry	Religion	Sexual Orientation	Disability	Gender	Gender Identity	Total
2018	59	24	25	1	1	2	112
2017	142	41	44	4	0	12	243
2016	90	40	44	1	0	0	175
2015	137	40	49	5	0	0	231
Total	428	145	162	11	1	14	761

Source: Federal Bureau of Investigations Uniform Crime Reports

The FBI’s Uniform Crime Reports indicates the total number of hate crimes in a year have varied. What is consistent, though, is hate crimes attributed to race, ethnicity, or ancestry is by far the largest bias motivation. What is also consistent, unfortunately, is hate crimes in Phoenix represent the bulk of those reported in Arizona. In 2018, 65 percent of the hate crimes reported in the State occurred in Phoenix. In 2015, it was even higher – about 86 percent of the State’s hate crimes occurred in the City.

Fair Housing Action Plan

In the Fair Housing Planning Guide, HUD defines an impediment to fair housing choice as an action, omission or decision based on race, color, religion, sex, disability, familial status, or national origin that restricts or has the effect of restricting housing choices or the availability of housing choices.⁴³

Throughout this assessment, various community issues have surfaced, both positive and negative. Some of these issues represent general community needs and, while valid, do not restrict or have the effect of restricting housing choice and thus do not constitute impediments.

For this analysis, qualitative data received in the form of input from interviews and community meetings was combined with quantitative data from the U.S. Census and from the many other sources consulted. In some cases, the quantitative data collected from a single source was clear and compelling enough on its own to indicate the existence of an impediment. In other cases, and particularly with the use of qualitative data, the cumulative effect of a comment or criticism repeated many times over in many different settings was enough to indicate a barrier.

In this section, the impediments from the previous 2015-2019 AI and the progress toward overcoming them are reviewed. Next, impediments for the current cycle are summarized with supporting examples noted. Each impediment listed is followed by recommendations, the implementation of which will correct, or begin the process of correcting, the related barrier. It should be noted that these barriers are largely systemic and will require effort from both private sector and public sector actors to correct.

Assessment of Past Goals and Actions

The following tables review the City's progress in implementing actions identified in the 2015-2020 AI.

Impediment #1: Lack of Awareness of Fair Housing Laws

Since 2014, the City has been conducted dozens of education and outreach events in concert with various community-based organizations and fair housing partners. As stated previously, the City has achieved the following:

- Outreach events with a total of 26,656 people in attendance
 - 113 workshops/trainings
 - 39 outreach events
 - 8 community meetings
 - 40 canvassing events
- 1,029 fair housing consultations and intakes
- 39 fair housing-related advertisements that reached thousands of Phoenix residents
 - 12 radio ads
 - 13 print ads
 - 8 television ads
 - 6 web-based ads

⁴³ "Fair Housing Planning Guide," U.S. Department of Housing and Urban Development.

Achieving these outcomes is a big achievement; however, there is more to do. According to the ConPlan and AI survey, nearly 63 percent of respondents either were not familiar or only somewhat familiar with fair housing.

Impediment #2: Age and Condition of Housing Stock

As discussed in both this AI and the ConPlan, lead-based paint hazards, which are associated with homes built prior to 1978, are more likely to affect LMI households. Additionally, older homes are more likely to need rehabilitation, but high housing costs and limited assets often prevent LMI households from investing in home renovation and rehabilitation.

To address this the City funds home rehabilitation grants for LMI homeowners through the CDBG program. Approximately 120 LMI homeowners have been assisted each year since 2015. While compared to the City's almost 600,000 total housing units, its rehabilitation program is small, rehabilitation has been extremely impactful for the households who otherwise would not have been able to upgrade their home.

Impediment #3: Unequal Distribution of Resources

In its recommendation to overcoming this impediment to fair housing choice, the City indicated it would "work to expand public transit in low-income neighborhoods by increasing routes and hours especially targeting the creation of routes into major business centers and areas with high performing schools and centering transit hours around typical work hours."

This is precisely what has occurred in recent years. In August 2015, Phoenix voters approved Transportation 2050, a citywide plan aimed at dramatically expanding investment in Phoenix's public transportation. In a vote in August 2019, Phoenix voters confirmed this investment. "T2050," as it is known, will result in the following:

- Improved frequency on local bus service
- Service through midnight on weekdays and 2 a.m. on weekends for local bus and Dial-A-Ride service
- New transit-related technology, such as Wi-Fi on buses and trains, reloadable transit passes, real-time data for Dial-A-Ride and security improvements for bus and light rail
- 75 miles of new RAPID routes
- 42 miles of new light rail
- Addition of new light rail stations
- 680 miles of new asphalt pavement on major arterial streets
- 1,080 miles of new bicycle lanes
- 135 miles of new sidewalks
- 2,000 new streetlights
- \$240 million for major street improvement projects

Impediment #4: Disparities in Mortgage Lending

As noted previously, there are significant disparities between how certain racial or ethnic groups are treated in the lending arena. According to HMDA data, there is 20.5 percent difference between the

Hispanic/Latino population share and its share of total home loan applications. Conversely, the White population has the greatest positive difference – its application share is 13.9 percent greater than its population share. For comparison, the United States is 61.5 percent White and represented 63.9 percent of all home loan applications throughout the nation. The country’s Hispanic/Latino communities represent 17.6 percent of the population and represented 9.96 percent of all home loan applicants. Therefore, the lending patterns in Phoenix suggest unequal access to home loans.

Impediment #5: Location of Affordable Housing

The siting of affordable housing and landlords’ willingness to accept rental assistance vouchers were two major areas identified for improvement under this impediment. The City recently hired an Affordable Housing Advocate staffed in the Housing Department. A major part of their duties is developing the City’s first affordable housing action plan.

Impediments

This AI identifies impediments to fair housing choice and presents recommendations that the City can adopt to overcome those barriers. The AI should then be used to monitor the City’s progress toward achieving the adopted recommendations. Identifying and analyzing barriers to fair housing choice is integral to ensuring that the City has at its disposal the information needed to develop a comprehensive strategy to meet its commitment to “affirmatively further fair housing” (AFFH).

The previous sections of this report have identified the demographic, housing, socioeconomic, quality of life, and financial lending characteristics of the City as well as a brief profile of the City’s current policies and procedures as they relate to furthering fair housing. While there is much that Phoenix can do to combat discrimination in housing, some external factors beyond the City’s control also affect housing choice. These forces include poverty and income levels, the cost of housing, linguistic isolation, transportation, employment opportunities, educational achievement, and regional planning agencies. The following is a list of key conclusions and potential impediments that may exist in the City of Phoenix.

Impediment #1: Education. Interviews with fair housing and service providers in Phoenix identified that some landlords and property managers continue to lack knowledge of fair housing rules and requirements. Consequently, these landlords may discriminate (potentially inadvertently or without full understanding of the law) against protected classes. Anecdotally, service providers indicated that this discrimination seemed to be especially prevalent for persons with disabilities making reasonable accommodation requests to the landlord. Tenants also lack sufficient understanding of their rights and responsibilities under fair housing laws and would benefit from additional education.

Impediment #2: Age and Condition of Housing Stock. The City’s prior AI focused concern on housing units built between 80 and 90 years ago, however, the issue of deteriorating housing stock is not confined to any particular timeframe. In fact, for those households earning lower incomes, not only are they often unable to pay for adequate maintenance, they also face restricted housing choice because they may be only able to afford more dilapidated housing. Significant numbers of households need disability access but are unable to afford such modifications.

Households and individuals with limited English proficiency (LEP) also face housing access challenges because leases or habitability guidelines are not translated into Spanish. Indeed, some landlords may be reluctant to rent to a person with LEP because communication is presumed to be too difficult or may not provide adequate translation in advertising rents.

Impediment #3: Unequal Distribution of Resources. As noted in the prior AI, many lower-income communities lack adequate public transit options. While this is not directly a fair housing issue, it does impact the ability of certain community members to find housing equally throughout the City. The City's ongoing efforts to address disparate access through the Transportation 2050 initiative will continue to build on past successes.

Indeed, as indicated in the Consolidated Plan, areas of high minority concentration, and low-income areas have limited access to community assets such as banks, transit and employment centers. The limited access to these assets has an adverse impact on the residents (disproportionately protected classes) to have access to jobs, quality schools, fresh food and financial institutions.

Impediment #4: Disparities in Mortgage Lending. As noted previously, there are significant disparities between how certain racial or ethnic groups are treated in the lending arena. According to HMDA data, the starkest disparity between demographics and loan applications is for the Hispanic/Latino population. There is 20.5 percent difference between the Hispanic/Latino population share and its share of total home loan applications. Conversely, the White population has the greatest positive difference – its application share is 13.9 percent greater than its population share. For comparison, the United States is 61.5 percent White and represented 63.9 percent of all home loan applications throughout the nation. The country's Hispanic/Latino communities represent 17.6 percent of the population and represented 9.96 percent of all home loan applicants. Therefore, the lending patterns in Phoenix suggest unequal access to home loans.

Income representation in home loan applications paints a different picture. As one might anticipate, low-, middle- and moderate-income households are underrepresented in home loan applications and upper-income households are overrepresented. Low- and moderate-income people have lower incomes and are likely to have fewer assets than middle- and upper-income households. They may also be unable to meet down payment requirements. These all lead to lower rates of home loan applications.

Impediment #5: Lack of Affordable Housing. While housing affordability is not directly a fair housing issue, **expanding access to housing choices for impacted groups** would result in a more equitable housing market. There is an ongoing, severe shortage of suitable housing available and affordable to very low-, low-, and moderate-, income households in Phoenix. As housing prices continue to rise, low- and moderate-income households, especially renters, will be priced out of traditionally affordable neighborhoods in the City.

As documented in this report and the City's Consolidated Plan, protected classes such as minorities, seniors, persons with disabilities, and female head of household are disproportionately low- and moderate-income households and are more adversely impacted by the lack of housing than the population as a whole. Lower-income households are more likely to have severe cost burdens and live in overcrowded conditions.

Section 8 voucher holders are also disproportionately impacted by the lack of landlords willing to rent housing to Phoenix residents who hold this type of housing subsidy. As reported by stakeholders, there are decreasing numbers of landlords that accept Section 8 vouchers. Anecdotal evidence also suggests that the City and/or the State **study the expansion of protected categories in fair housing laws** by adding source of income and criminal background, since many lower income people are unfairly discriminated against because of how they pay for their housing unit, or because of prior arrests.

The City has taken great efforts in promoting affordable housing in the past five years, but with the reduction in Federal resources, increased development costs, and the increase in market demand, this issue remains a significant impediment to fair housing choice in Phoenix.

Impediment #6: Planning, Land Use, and Zoning Requirements. The City has made gains in improving planning and land use practices to eliminate constraints to developing affordable housing in the City. However, there are some unintended barriers to the development of housing that should be reviewed. For example, Phoenix’s housing stock consists of a variety of housing types, but **two-thirds of the housing stock is single-family homes** (either attached or detached). This can complicate fair housing choice, as single-family homes are often more expensive than other housing types, thus limiting a household’s ability to seek greater opportunity. Additionally, the Turner Center for Housing Innovation has found that maintaining anti-density zoning, such as land use being dominated by single-family detached housing, results in more racially segregated cities and tend to exclude blue collar workers.⁴⁴

Since zoning codes present a crucial area of analysis for a study of impediments to fair housing choice, the Phoenix Zoning Ordinance, as amended, was reviewed and evaluated against a list of 15 common fair housing issues. The ordinance was assigned a risk score of either 1, 2, or 3 for each issue and was then given an aggregate score calculated by averaging the individual scores, with the possible scores defined as follows:

1. Low risk – the provision poses little risk for discrimination or limitation of fair housing choice;
2. Medium risk – the provision is neither among the most permissive nor most restrictive; while it could complicate fair housing choice, its effect is not likely to be widespread;
3. High risk – the provision causes or has potential to result in systematic and widespread housing discrimination or the limitation of fair housing choice.

The resulting analysis shows that the **State of Arizona’s prohibition against inclusionary zoning** is a potentially high-risk impediment to fair housing choice, not just in the City of Phoenix, but in the State as a whole.

Another potential impediment is the **inconsistent definition of “family” in the zoning ordinance**. Phoenix’s definition of family limits the number of unrelated persons who may reside together to a group of not more than five living together as a single housekeeping unit. The limitation of five unrelated persons may pass a reasonableness test under fair housing laws as it is not facially discriminatory because it does not restrict persons with disabilities or other protected classes from residing together *because of* their disability or protected status. However, a more permissive definition would not limit the number of unrelated persons who may reside together as a single housekeeping unit

⁴⁴ Jonathan Rothwell, “Land Use Politics, Housing Costs, and Segregation in California Cities,” Turner Center for Housing Innovation, September 2019.

more than it does the number of related persons who may reside together. In addition, as applied to persons with developmental disabilities residing together, the City’s definition of “family” conflicts with the Arizona Developmental Disabilities Act, A.R.S. § 36-582, which provides that up to six unrelated residents with developmental disabilities plus two caregivers must be considered a family for the purposes of any law or zoning ordinance which relates to the residential use of property.

The FHA prohibits discriminatory land use and zoning actions that adversely affect the availability of housing for persons with disabilities. Assisted living homes and personal care homes, in which residents live together as a single housekeeping unit but require onsite supportive services and care, are limited in where they can locate. Personal care homes, subject to a use permit and conditions, may be sited in the R-5 and R-4A multifamily districts (and in the C-1 and C-2 commercial districts) only. Assisted living homes are only expressly permitted (with spacing conditions) in the Downtown character areas. **It is not clear that there is a legitimate governmental purpose for treating these types of small family-type residences differently than GHHs.**

The recommendations proposed in this document address impediments relative to the need for fair housing education, the age of housing stock, unequal distribution of resources, disparities in lending practices, and location of affordable housing. Implementation of the recommendations can assist the City in achieving the reality of an open and inclusive region that truly embraces fair housing choice for all its residents.

2020-2025 Goals and Actions

The City is committed to ensuring fair housing choice for all residents. Based on the analysis contained in this report and the progress toward the previous AI’s goals, the City proposes the following actions to address the impediments to fair housing choice for 2020-2025.

Education

Impediment	Proposed Actions
Landlords and tenants lack knowledge of fair housing rules and requirements.	In concert with various City departments and local apartment association groups, develop a training program for landlords and tenants to hear about fair housing laws. Offer programs to help educate on “reasonable accommodations” and how receive City assistance.

Age and Condition of Housing Stock

Impediment	Proposed Actions
Lower-income households often lack resources to upgrade their homes.	Continue to provide home rehabilitation grants, regardless of the age of the structure.
For lower-income households with Limited English Proficiency, housing choice is hampered by a	Work with service providers to ensure that landlords and tenants have access to key documents in Spanish. Provide

lack of language appropriate rental forms and leasing guidance.	landlord/property manager training to educate on the importance of providing wide access to LEP households.
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Unequal Distribution of Resources

Impediment	Proposed Actions
Lower-income communities have historically lacked sufficient public transit opportunities.	<p>Continue implementation of Transportation 2050, which will result in:</p> <ul style="list-style-type: none"> • Improved frequency on local bus service • Service through midnight on weekdays and 2 a.m. on weekends for local bus and Dial-A-Ride service • New transit-related technology, such as Wi-Fi on buses and trains, reloadable transit passes, real-time data for Dial-A-Ride and security improvements for bus and light rail • 75 miles of new RAPID routes • 42 miles of new light rail • Addition of new light rail stations • 680 miles of new asphalt pavement on major arterial streets • 1,080 miles of new bicycle lanes • 135 miles of new sidewalks • 2,000 new streetlights • \$240 million for major street improvement projects

Disparities in Mortgage Lending

Impediment	Proposed Actions
There are significant disparities between how certain racial or ethnic groups are treated in the lending arena.	Consider developing informational material to send to a variety of lending institutions to educate them on the need to eliminate discrimination in financial practices.

Lack of Affordable Housing

Impediment	Proposed Actions
There is insufficient funding for affordable housing.	Continue to seek funding for affordable housing development and preservation. Support Statewide efforts to create permanent sources of housing funding.

Households can be discriminated against on the basis of source of income to pay for housing (Section 8 Housing Choice Voucher holders), or because of prior criminal backgrounds.	Consider adding to protected classes in local ordinances households and persons who receive subsidies for housing, and/or who have criminal backgrounds.
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Planning, Land Use and Zoning Practices

Impediment	Proposed Actions
The State prohibition against enacting inclusionary zoning programs limits housing choice for lower income protected classes.	Consider requesting City officials support eliminating the prohibition of enacting inclusionary zoning, and work with State legislators to educate them on the need for this type of program.
The definition of “family” in the Zoning Ordinance may be inconsistent with State and federal law, thereby reducing housing options for protected classes.	Review the Zoning Ordinance against State and federal law to determine if modifications to the Ordinance are needed to bring it into alignment.
Single-family zones reduce opportunities for more affordable housing to be built	The City will review its zoning code to ascertain potential opportunities to increase the amount of land available for multifamily dwellings.
Group homes and other similar facilities are subject to distance requirements that may be inconsistent with State and federal law.	Review the Zoning Ordinance against State and federal law to determine if modifications to the Ordinance are needed to bring it into alignment.

Conclusion

Through this Analysis of Impediments to Fair Housing Choice, several barriers have been identified that restrict the housing choice available to residents of the City of Phoenix. These barriers may prevent residents from realizing their right to fair and equitable treatment under the law. It is imperative that residents know their rights and that those providing housing or related services know their responsibilities. The City will work diligently toward achieving fair housing choice for its residents using the recommendations provided here to address the identified impediments. However, it should be noted that these impediments are largely systemic and will require effort from both private sector and public sector entities at all levels of government to correct. The City has an important role to play but cannot on its own bring about the change necessary to remove these impediments to fair housing choice.

The recommendations proposed in this document address impediments relative to the need for fair housing education, the age of housing stock, unequal distribution of resources, disparities in lending practices, and location of affordable housing. Implementation of the recommendations can assist the

City in achieving the reality of an open and inclusive region that truly embraces fair housing choice for all its residents.