Analysis of Impediments to Fair Housing Choice 2009

City of Tucson & Pima County

Prepared by:

Southwest Fair Housing Council

2030 E. Broadway Blvd
Tucson AZ 85719
Voice (520) 798-1568
Fax (520) 620-6796
SWFHC@dakotacom.net

Richard Rhey – Executive Director

Jay Young – Senior Researcher

ACKNOWLEDGEMENTS **5**

INTRODUCTION **6**

Purpose **6**

Goals **7**
Primary Goals 7
Intermediate Goals 7

Methods **8**
General Methodology 8
Community Survey 8

JURISDICTIONAL BACKGROUND DATA **10**

Preface **10**

Geography **10**

Population **11**

Selected Demographic Data – Age and Race (2007) **13**

Selected Economic Characteristics (2007) **15**

Employment by Industry (2007) **19**
Top Five Employers in Pima County by Sector 20
Metropolitan Tucson Commuting Patterns 21

Selected Housing Characteristics (2007) **22**

Housing Affordability **24**

Minority Concentration Areas **28**
Hispanic Concentration Areas by Zip Code 29
Census Tract Data 32

Measures of Residential Segregation in metro Tucson **32**
Dissimilarity Index 32
Exposure Index 34

Demographic Indicators of Impediments to Fair Housing Choice **36**

Fair Housing Laws and Policies **38**
Enforcement of Tucson's Fair Housing Ordinance 39

IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING CHOICE..... 41

Recent Developments in Fair Housing.....41
Changes in the Housing Market and Local Economy 41
The Westchester County Decision and Reexamining "Affirmatively Furthering Fair Housing" 41
HUD Neighborhood Stabilization Program (NSP) 42
The American Recovery and Reinvestment Act 43

Public sector.....43
Landlord Accountability Ordinance 43
Crime Free Multi-housing (CFMH) 44
City of Tucson Affordable Housing Strategies Fiscal Year 2006 – 2010 45
Section 8 46
Public Housing 48
Property Tax Policies and Bonds 49
The Impact of Regulations on Fair Housing 49
City Strategic Plan 50
Tucson Housing Trust Fund 50
Southern Arizona Land Trust (SALT) & Pima County Land Trust 50
Regional Plan to End Homelessness 51

Neighborhood Revitalization, Municipal & Other Services, Employment-Housing-Transportation Linkage 51
Pima County Community Development Block Grant (CDBG) Target Areas 52
Colonias 52
Regional Transportation Plan 55
Grant Road Improvement Plan 55
Rio Nuevo and Investment in Inner-city Tucson 56
Jefferson Park and Miramonte Neighborhood and Area Plans 56
City Land Use Code Reorganization Project 56
Neighborhood Revitalization 57
Housing, Transportation and Land Use 58
A Community Conversation on Regional Land Use 59

Private Sector 62
The Foreclosure Crisis in Pima County 62
HMDA Denial Rates (2005 – 2007) 66
Payday Lending 67
Impacts on Fair Housing 68

ASSESSMENT OF CURRENT PUBLIC & PRIVATE FAIR HOUSING PROGRAMS & ACTIVITIES IN PIMA COUNTY & TUCSON 69

Survey Results.....69
Complaints filed with HUD 71
Fair Housing Complaints in Pima County Processed by the State Attorney General's Office 72
Education and Outreach Activities 73
Fair Housing Enforcement Activities 74
Changes in Housing Discrimination in Pima County 78

Assessment and Results of the 2005 Plan of Action.....83

CONCLUSIONS & RECOMMENDATIONS **90**

Building on Success and Preparing for the Future **90**

2009 Impediments and Plan of Action **92**

APPENDIX **97**

Figure 13: Census 2000 White (Alone) Percent by Census Tract **97**

Figure 14: Census 2000 Hispanic Percent by Census Tract **98**

Figure 15: Percentage of Minority by Census Tract **99**

Figure 16: Poverty Rate by Zip Code **100**

Figure 17: Median Household Income by Zip Code **101**

Figure 18: Home Ownership by Census Tract **102**

acknowledgements

The Southwest Fair Housing Council would like to thank:

- Pima County Community Development and Neighborhood Conservation Department
- City of Tucson Community Services Department
- The staff of Don't Borrow Trouble® Pima County
- The community members who took time to fill out the Community Survey and the Pima County organizations and agencies that helped distribute it
- The thousands of housing consumers and providers who participated in fair housing interviews, meetings, trainings, forums and events and expressed their thoughts, ideas and opinions in regard to fair housing
- Chuck Hauptman, Regional Director and Vicki Gums, Government Technical Representative, from the HUD San Francisco Office for the information included in this AI regarding fair housing complaints received by HUD and the Attorney General's Office
- Melanie Pate, Chief Counsel, Civil Rights Division, and Diana Verela Assistant Attorney General, from the Attorney General's Office in Phoenix for the extensive and detailed information regarding the education and outreach activities in Pima County conducted by the Attorney General
- The National Community Reinvestment Coalition (NCRC) for their help in analyzing Home Mortgage Disclosure Act (HMDA) data

introduction

Purpose

In order to carry out the intent of federal Fair Housing legislation, the United States Department of Housing and Urban Development (HUD), Fair Housing and Equal Opportunity (FHEO) division, requires that local Community Development Block Grant (CDBG) entitlement jurisdictions comply with regulations to affirmatively further fair housing. This mandate is carried out by the CDBG entitlement jurisdictions in part by completing an Analysis of Impediments to Fair Housing Choice in their communities. Requirements for this document include the following:

1. Grantees are required to complete or update an "Analysis of Impediments to Fair Housing Choice" (AI) pursuant to HUD's Fair Housing Planning Guidebook every three to five years within the Consolidated Planning Process.

2. Grantees are required to use their comprehensive AI study as the basis to formulate a "Fair Housing Plan" with measurable "actions to be taken to overcome the effects of any impediments" and then to conduct these in accordance with the plan.

3. Grantees are required to maintain records, including their AI study and records to support actions taken and to be taken in regard to implementing their Fair Housing Plan.

The City of Tucson and Pima County form a consortium that receives entitlement funds and collaborates to conduct the AI process and submit the AI report to HUD. The initial AI report was submitted in 1998. That document was updated and resubmitted to HUD in April 2000. In 2004, the AI was again updated and submitted to HUD with an Action Plan to cover years 2005 through 2009. This current update is prepared by the Southwest Fair Housing Council (SWFHC) under contract to Pima County and the City of Tucson and is being submitted to HUD as an analysis of current impediments to fair housing choice in Pima County, including the City of Tucson.[1] This document includes an Action Plan to eliminate or reduce these impediments that will be implemented in years 2010 through 2014 at which time the AI will again be updated.

[1] Locally the term "Pima County" is often used to refer to the legal jurisdiction that is separate and independent of the City of Tucson. However this study uses "Pima County" in a broader geographical sense to refer to all areas within County lines unless explicitly stating an exclusion.

Goals

Primary Goals

The consortium's primary goals in developing this AI and implementing its Plan of Action are consistent with HUD objectives in requiring CDBG jurisdictions to affirmatively further fair housing and include the following:

A. Eliminate all forms of illegal housing discrimination in Pima County.

B. Actively promote fair housing choice for all persons in Pima County.

C. Provide opportunities in all areas of Pima County for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability and national origin.

D. Actively promote housing that is structurally accessible to, and usable by, all persons, particularly persons with disabilities in Pima County.

E. Foster compliance with the nondiscrimination provisions of the Fair Housing Act in all areas of Pima County.

Intermediate Goals

The City of Tucson and Pima County has established the following intermediate goals to facilitate achieving the five overall goals identified above:

A. Maintain a firm and continued commitment to the analysis, planning, and implementation necessary to achieve fair housing goals.

B. Guarantee oversight by the City of Tucson Mayor and Council and the Pima County Board of Supervisors to ensure an ongoing fair housing program.

C. Create a comprehensive Analysis of Impediments to Fair Housing (AI) document, and devise a carefully structured plan for addressing impediments that are firmly grounded in the AI's conclusions.

D. Take effective actions based on a realistic assessment of available resources.

E. Identify and track measurable results in meeting local fair housing goals.

F. Increase cooperation between public and private agencies in promoting public awareness of fair housing issues.

G. Educate the public on fair housing issues.

H. Effectively enforce fair housing laws.

I. Increase community awareness and promote equal housing opportunity and fair housing choices in the community.

Methods

General Methodology

The following methods were employed in collecting the information contained in this AI:

A. SWFHC conducted a community survey.

B. SWFHC personnel attended the meetings of public and private agencies and organizations, neighborhood and homeowner groups and organizations and housing industry associations and groups.

C. SWFHC staff conducted discussions regarding fair housing issues in the context of training sessions for housing providers and public and private agency staff, community meetings and events and SWFHC presentations.

D. SWFHC researchers reviewed reports, public documents and articles.

E. SWFHC staff interviewed key community actors including elected officials, public and private agency staff, housing providers, housing consumers and community advocates.

F. SWFHC received the cooperation of agencies conducting fair housing activities in Pima County and reviewed and analyzed the information that they provided. This included HUD, the Arizona Attorney General's Office and the City of Tucson Attorney's Office.

G. SWFHC tapped the fair housing experience and knowledge of the staff members of SWFHC, Pima County, the City of Tucson, HUD, the Arizona Attorney General's Office, nonprofit organizations and fair housing advocates nationwide.

Community Survey

The 2009 community survey is the same survey that was used in 2004 with some minor changes. This allows the results to be compared and trends in public opinion to be tracked. The survey is not scientific and does not purport to be statistically significant. The controls needed to credibly claim statistical significance were neither feasible nor cost effective for this analysis. The results of the survey are presented as indicators of

public opinion that can be monitored, compared and evaluated on a regular basis at minimal cost.

jurisdictional background data

Preface

In the tables that follow in this section (Jurisdictional Background Data), the data is drawn from the 2007 American Community Survey (ACS) unless otherwise noted. The advantage in using this data is that it was the most accessible and up-to-date data available to SWFHC. However, one disadvantage and an important caveat for reviewers is that the statistics for the City of Tucson and Pima County are not independently mutually exclusive. In other words, while the data for the City of Tucson does not include information outside of city boundaries, the data for Pima County is the entire Tucson Metropolitan Statistical Area (MSA), including Tucson. The City of Tucson itself entails over half the population of Pima County. Reviewers need to keep in mind that the comparisons in this study between City and County may reduce the extent of the differences between them. For example, when comparing percentages of Hispanic population, Pima County's percentage (excluding the City of Tucson) would be lower if the Tucson data (which has a high percentage Hispanic population) was excluded. Another example can be seen when comparing poverty data. If Tucson data was excluded from Pima County's poverty statistics, the County would have a smaller percentage of residents living in poverty.

Geography

Pima County, Arizona covers 9,189 square miles in southern Arizona. The counties that it borders are Santa Cruz, Cochise, Graham, Pinal, Maricopa and Yuma. To the south it borders the state of Sonora, Mexico. Nearly eighty-five percent of land in the county is federal, state or Native American-owned. The San Xavier, Pascua Yaqui and Tohono O'odham Indian reservations comprise 42.1 percent of county land; the state of Arizona owns 14.9 percent; the U.S. Forest Service and Bureau of Land Management, 12.1 percent; other public lands, 17.1 percent; and individual or corporate ownership, 13.8 percent.[2] The majority of the population lives in the eastern half of the county that includes the Cities of Tucson (525,529) and South Tucson (population 5,550) and the Towns of Marana (population 20,600), Oro Valley (population 37,225), Sahuarita (population 7,452), two Native American tribal reservation areas and a large urbanized unincorporated area. The two oldest jurisdictions are Tucson and South Tucson. Oro Valley incorporated in 1974, Marana incorporated in 1977 and Sahuarita incorporated in 1994. When the City of Tucson incorporated in 1877, its land area totaled two square

[2] http://www.pima.gov/areainfo/area.html

miles. Since then it has grown to encompass over 227 square miles, and is the center of a metropolitan area of over 400 square miles.[3]

Pima County's border with Mexico is an important geographical consideration that has a significant impact on fair housing. Pima County was part of Mexico until the United States acquired it through the Gadsden Purchase in 1854. Many Hispanic residents of Pima County trace their roots in the area back several generations, and sometimes as far back as when Mexico was still a part of the Spanish Empire. Pride in Mexican history and culture is strong in Pima County and has been a source of reaction, resentment and bias by some residents because it is seen as "un-American." In some cases this rationale has reinforced existing prejudices and led directly to acts of illegal housing discrimination.

Another geographic consideration that has on-going fair housing implications is that the border with Mexico is long and difficult to secure and because of this more illegal entrants cross the border through the Tucson Sector of the U.S./Mexico border than any other sector. The border's porous nature in Arizona also makes it one of the main gateways for illegal drugs coming into the country.

Illegal immigration, drugs and crime are major issues in Pima County and housing is integrally related in a number of ways to these issues. These are the basis of legitimate concerns by Pima County residents regarding the health and safety of themselves and their families. However, there have been times that these concerns cross into irrational racial and ethnic generalizations and stereotypes and have led to acts of illegal housing discrimination.

Population

The population of Pima County surpassed one million in 2006. The estimated population as of July 1, 2007 was 1,003,235, of which 360,365 lived in unincorporated areas. For 2008, unofficial estimates put the county at 1,023,320 residents, with 367,501 living in unincorporated areas.

- According to the 2000 Census, Tucson's population of 486,699 made it the thirtieth largest city in the nation and the second largest city in Arizona. By the middle of 2007, the city's population had grown to 541,132. The unofficial estimate for 2008, 548,880, showed continued population growth.

[3] http://www.pagnet.org/Default.aspx?tabid=407

• Table 1: Tucson and Pima County Population and Projections 1970 - 2020

Year	Tucson	Pima County
1970	262,933	351,666
1980	330,537	531,433
1985	376,195	611,471
1990	405,390	666,880
1995	442,910	758,585
2000	486,699	843,746
2005	529,770	957,345
2010	566,008	1,056,833
2015	620,850	1,185,465
2020	680,650	1,308,883

- Arizona has a booming population. In late 2006, Arizona passed Nevada as the fastest growing state in the nation.[4] Neighboring Pinal County to the north was the fastest growing county in the nation in 2007. Pima County's population increased by 1.9 percent in that same year.[5] Despite the fact that the rate of population increase has slowed since 2007 because of precipitous declines in the housing market and economy, the long term projection is for this rate to again become strong when the economy turns around and home lending recovers.

- The trend in residential development since 1970 shows more growth in suburban Pima County than within the city limits of Tucson. In 1970, 75 percent of the residents in Pima County lived in the city limits of Tucson. By 1995, it had decreased to 58 percent. By 2020, the percentage of Pima County residents that live in Tucson is predicted to fall to 52 percent.

[4] Les Christie, Growth States: Arizona overtakes Nevada, CNNMoney.com, December 25, 2006.
[5] Howard Fischer, "Pinal is nation's fastest-growing county," *Arizona Daily Star*, March 20, 2008.

Selected Demographic Data – Age and Race (2007)[6]

- Table 2: Age

Demographic Characteristic	Tucson	Pima Co.	U.S.
Total Population	519,260	967,089	301,621,159
Median age (years)	33.0	36.8	36.7
Under 5 years	7.2%	6.9%	6.9%
20 – 64 years	61.0%	58.3%	60.0%
18 years and over	76.8%	76.2%	75.5%
65 years and over	12.0%	14.8%	12.5%
65 to 74 years	5.6%	7.3%	6.4%
75 to 84 years	4.6%	5.6%	4.4%
85 years and over	1.8%	1.9%	1.7%

- Taken together Tucson and Pima County have an hour glass age profile with populations that are at the same time both younger and older than the national average. The median age of Tucson residents is over 10% lower than either Pima County or the Nation. At the same time, Arizona is known as a popular place to retire and the tourist and housing industries have promoted Pima County as a destination for winter visitors and retirees. As a result, the Pima County population exceeds the national average in the percent of population over 65 year of age by almost 20%.

- Projections forecast that the median age of the population of Tucson will continue to remain significantly below the national average while the proportion of the population of persons over 65 years in Pima County will continue to increase from 12% in 2000 to 16% in 2010.[7] The growing disparity between populations in the City of Tucson and Pima County will increase the challenge to fair housing in Pima County.

- Table 3: Race

Demographic Characteristic	Tucson	Pima Co.	U.S.
Black or African American	4.3%	3.4%	12.7%
Hispanic or Latino	40.3%	32.7%	15.1%
American Indian or Alaska Native	2.3%	3.1%	0.8%
White	67.5%	72.6%	75.6%
Asian	2.9%	2.6%	4.5%
Native Hawaiian or Pacific Islander	0.1%	0.1%	0.1%
Two or more races	3.2%	3.2%	2.2%

[6] Refer to Figures 10, 11 and 12 in the Appendix for related maps.
[7] Tucson Housing Trust Fund Draft Implementation Plan

- Tucson and Pima County have a small African-American population compared to the rest of the United States. However, the Hispanic and American Indian populations are both more than twice the national average.

- The percentage of Hispanic residents is significantly higher in Tucson than the County at large.

- Findings from the 2008 study "The American Nightmare: Foreclosures and Their Impact in Metropolitan Tucson" indicate that minority populations have been disproportionately affected by the foreclosure crisis that engulfed Tucson and Pima County beginning in 2007.

Selected Social Characteristics (2007)

- Table 4: Social Characteristics

Social Characteristic	Tucson	Pima Co.	U.S.
Family Households	54.2%	61.8%	66.8%
Married-couple family	35.4%	44.6%	49.7%
Female householder, no husband present	13.6%	12.4%	12.5%
Female householder, no husband present with own children under 18	7.7%	6.7%	7.4%
Nonfamily households	45.8%	38.2%	33.2%
Avg. Household Size	2.44	2.53	2.61
Avg. Family Size	3.29	3.21	3.20
High school grad or higher	83.8%	87.1%	84.1%
Bachelor's Degree or Higher	24.9%	29.5%	27.5%
Foreign Born	17.0%	13.5%	12.6%
Speak language other than English at Home	35.9%	28.4%	19.7%
English only spoken at home	64.1%	71.6%	80.3%
5 years and over with a disability	17.4%	16.7%	14.9%

- The percentage of "Nonfamily Households" is significantly higher in Tucson as compared to Pima Country or the U.S.

- Educational attainment is higher in Pima County than in Tucson.

- There are significantly more foreign born residents, as well as residents speaking a language other than English at home living in Tucson than in the County.

- There is a slightly greater percentage of persons with disabilities in Tucson than in Pima County (5% more) and a significantly greater percentage than in the U.S. (16% more).

Selected Economic Characteristics (2007)

• Table 5: Economic Characteristics

Demographic Characteristic	Tucson	Pima Co.	U.S.
In labor force (pop. over 16 yrs. old)	63.2%	59.6%	65.0%
Commuted to work in car, truck or van – drove alone	73.8%	75.4%	76.1%
Commuted to work in car, truck or van – carpooled	11.2%	12.0%	10.4%
Commuted to work on public transit	3.2%	2.3%	4.9%
Mean travel time to work (minutes)	21.4	24.0	25.3

- A slightly greater percentage of the population in Tucson is in the labor force compared with Pima County, but somewhat less than the national average.

- Almost 40% more people in Tucson use public transportation than in Pima County, but 35% less than in the U.S.

Selected Income Characteristics (2007)[8]

• Table 6: Household Characteristics

Demographic Characteristic	Tucson	Pima Co.	U.S.
Total households	207,328	374,739	112,377,977
Median household income	$36,096	$43,546	$50,740
Mean household income	$47,961	$59,967	$69,193
Households earning less than $25,000	32%	27%	23.9%
Households earning less than $35,000	48%	40.3%	34.6%
Households earning $50,000 or more	35.3%	44.4%	31.9%
Households with Food Stamp benefits in the past 12 months	10.6%	8.4%	7.7%

[8] Refer to Figures 13 and 14 in the Appendix for related maps.

- Tucson's median household income is only 83 percent of Pima County's, and only 71 percent of the Nation's.

- Forty-eight percent of Tucson households earn less than $35,000 per year and 32 percent earn less than $25,000 per year.

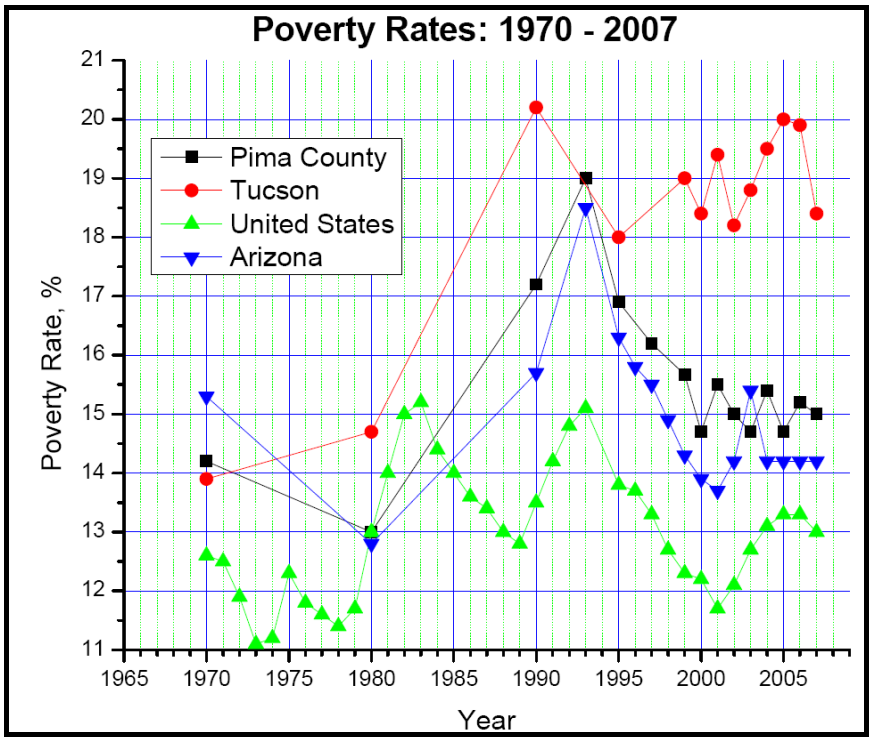


Figure 1: Poverty Rates

- The Arizona Daily Star reported that the poverty rate in Tucson reached 20% in 2005, the highest rate of any city in Arizona.

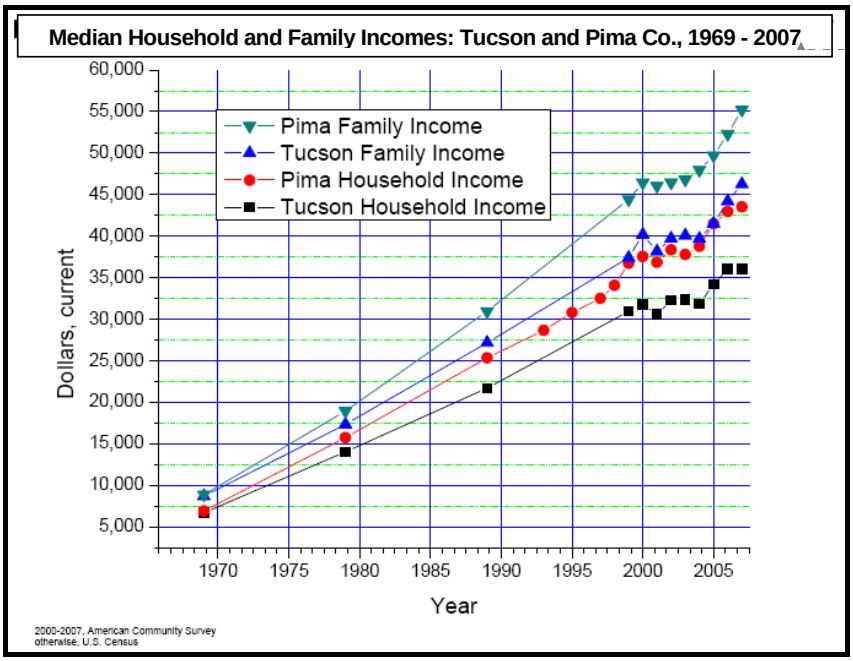
• Table 7: Family Characteristics

Demographic Characteristic	Tucson	Pima Co.	U.S.
Families	112,320	231,648	75,119,260
Median family income	$46,269	$55,219	$61,173
Mean family income	$58,110	$72,323	$80,256
Families earning less than $25,000	21.9%	17.2%	16.5%
Families earning less than $35,000	36.7%	29.4%	26.0%
Families earning $50,000 or more	46.2%	55.4%	59.9%
Per capita income	$20,337	$24,319	$26,688

- The median family income in Tucson is 75.6 percent of the Nation's and 83.8 percent of Pima County's.

- The number of families earning less than $35,000 is 10.7 percent higher than the Nation at large and 7.3 percent higher than Pima County.

- In Tucson, the number of Families earning $50,000 dollars or more is 13.7 percent lower than the nation and 9.2% less than Pima County.



Formatted: Font: Bold

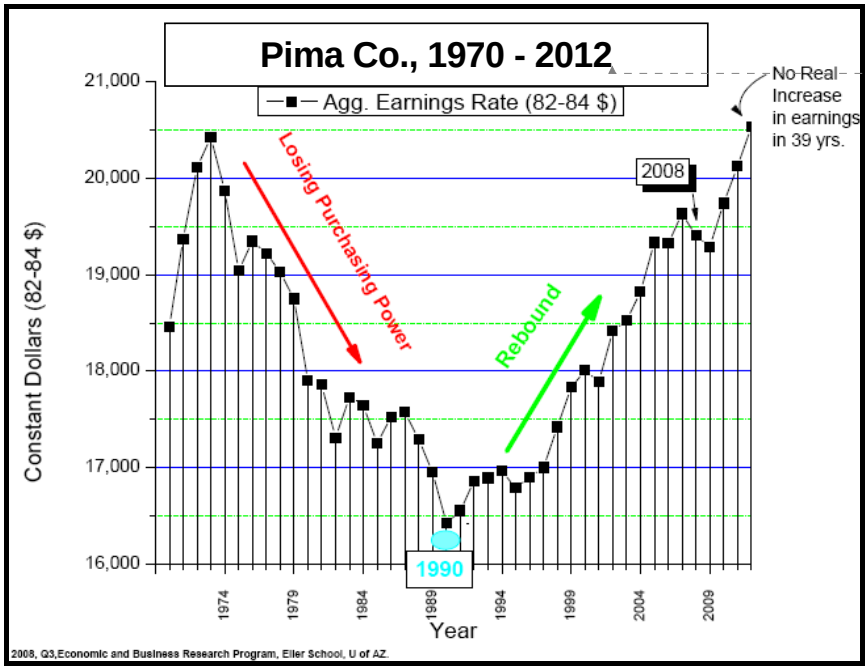
- Figure 2: Median Household and Family Incomes: Tucson and Pima Co., 1969 - 2007

- The graphic above (from the Pima Association of Governments) indicates that households and families in Tucson earn less than those in Pima County. This disparity would be greater except for the fact that Tucson is included in figures for Pima County, therefore holding down Pima County's numbers.

- **Table 8: Nonfamily Household Characteristics**

Demographic Characteristics	Tucson	Pima Co.	U.S.
Nonfamily households	95,008	143,091	37,258,717
Median nonfamily income	$26,776	$28,329	$30,909
Mean nonfamily income	$34,085	$37,484	$44,063

- The median income for nonfamily households in Tucson is less than in Pima County which is less than the U.S.



Formatted: Font: 16 pt, Bold

- Figure 3: Pima Co. Agg. Earning Rates (82 – 84 $)

- The graphic above (from Pima Association of Governments) shows that since 1970 there has been no real increase in earnings in Pima County. Even though people make more money than they did in 1970, they are no wealthier in real terms. During this time, and especially in the 2000s, house prices have increased far faster than wages in real terms.

Employment by Industry (2007)

- Table 9: Employment by Industry

Occupation	Tucson	Pima Co.	U.S.
Management, professional and related	30.2%	35.1%	34.6%
Service occupations	22.6%	19.5%	16.7%
Sales and office occupations	25.2%	25.6%	25.6%
Farming, fishing, and forestry occupations	0.2%	0.3%	0.7%
Construction, extraction, maintenance and repair occupations	11.3%	10.7%	9.7%
Production, transportation, and material moving occupations	10.4%	8.8%	12.7%
Agriculture, forestry, fishing and hunting, and mining	0.7%	0.9%	1.8%
Construction	8.4%	8.2%	7.7%
Manufacturing	6.6%	7.7%	11.3%
Wholesale trade	2.0%	2.1%	3.2%
Retail trade	11.3%	11.4%	11.4%
Transportation and warehousing, and utilities	4.3%	4.4%	5.2%
Information	2.0%	2.1%	2.5%
Finance and insurance, and real estate and rental and leasing	4.9%	5.8%	7.2%
Professional, scientific, and management, and administrative and waste management services	12.1%	11.9%	10.3%
Educational services, and health care and social assistance	23.5%	22.8%	21.2%
Arts, entertainment, and recreation, and accommodation, and food services	13.2%	11.9%	8.8%
Other services, except public administration	5.3%	4.9%	4.8%
Public administration	5.6%	5.9%	4.7%

- The City of Tucson and Pima County are similar in the percentage of workers in sectors of employment. One exception is management and professional where employment in Pima County is about 15% higher than in Tucson.

- There are certain employment sectors that are quite different from national averages. Tucson and Pima County have sizably smaller percentages of workers than national averages in the areas of farming, production, agriculture, manufacturing, wholesale trade, transportation, finance and insurance.

- Tucson and Pima County have higher percentages of workers than national averages in services, construction, arts and entertainment and public administration.

Top Five Employers in Pima County by Sector[9]

- Two of the top five for-profit employers in Pima County are mining companies whose business is tied to commodity markets. Due to the rise and fall of markets, levels of employment can be very unstable, increasing or decreasing dramatically.

• Table 10: For-profit Employers

Top 5 For-Profit Employers	Full-time Employees
Raytheon Missile Systems	12,515
Freeport-McMoRan Copper and Gold Inc.	5,840
Wal-Mart Stores Inc.	5,805
Fry's Food Stores	2,268
Asarco LLC	2,185

- The top for-profit employer is a defense contractor that depends largely on government contracts. These contracts depend on competitive bidding and defense budgets that are susceptible to substantial variations depending on political stability in the world as well as political factors in Washington. However, Raytheon also has an advantage in that it is well positioned to benefit from the military's demand for sophisticated high tech missile systems. While levels of employment are not assured, the projection for employment in the area of high tech weapons systems is that it will remain strong.

• Table 11: Non-profit Employers

Top 5 Non-Profit Employers	Full-time Employees
Carondelet Health Network	4,766
University Medical Center Corp	3,038
TMC HealthCare	3,038
University Physicians Healthcare	1,856
El Rio Health Center	635

- The top five non-profit employers in Tucson are all health care providers. While there is uncertainty in the Health Care Industry regarding profitability and substantial cuts in employment have been made, the demand will continue to expand as Pima County's

[9] The "Top 5" employment lists were taken from the Pima Association of Governments website. The source of the information is "Book of Lists."

population grows and ages. Health care delivery systems will no doubt change in coming years but nevertheless, overall, the level of employment will likely grow.

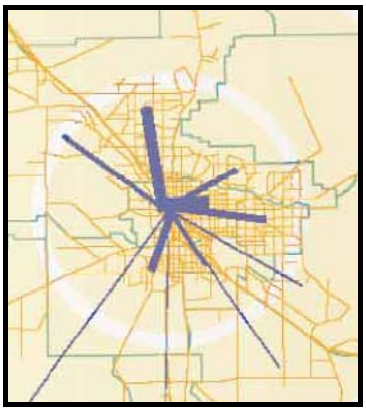
- Table 12: Public Sector Employers

Top 5 Public Sector Employers	Full-time Employees
State of Arizona	10,754
University of Arizona	10,535
Tucson Unified School District	8,018
Davis-Monthan Air Force Base	7,701
Pima County	6,954

- The public sector has been hit hard by dramatic reductions in tax revenues primarily because of the decline in the housing market, decrease of housing values, increase in the number of foreclosures and abandonments, and the impact this has had on retail sales. It remains to be seen the extent to which federal stimulus funds will take up the slack in tax revenues. Nevertheless, employment in the public sector is not expected to rebound anytime in the foreseeable future.

Metropolitan Tucson Commuting Patterns

Commuting Patterns to Midtown Tucson



Commuting Patterns to Downtown Tucson

- The map on the left shows the commuting patterns to Midtown Tucson and the one on the right shows the commuting patterns to Downtown Tucson.
- Midtown and Downtown combined account for more than 50% of the jobs in the region.

- Over 70% of Downtown workers commuted from another district. Over 65% of Midtown workers commuted from another region.

- The maps provide an indication of the extent to which employment in the metropolitan area depends upon transportation. It also graphically illustrates the fact that the cost of transportation, whether public or private, needs to be factored into the definition of affordable housing.

Selected Housing Characteristics (2007)[10]

Table 13: Final FY 2009 Fair Market Rent by Unit Bedrooms for Tucson MSA, AZ[11]

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
$493	$579	$743	$1,070	$1,131

Table 14: Final FY 2009 Fair Market Rent by Unit Bedrooms for Santa Cruz County, AZ

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
$574	$575	$729	$1,063	$1,094

Table 15: Final FY 2009 Fair Market Rent by Unit Bedrooms for Maricopa County

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
$624	$727	$877	$1,277	$1,495

Table 16: Final FY 2009 Fair Market Rent by Unit Bedrooms for Bernalillo County, New Mexico (Albuquerque)

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
$507	$596	$753	$1,096	$1,315

Table 17: Final FY 2009 Fair Market Rent by Unit Bedrooms for Denver County, Colorado

Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
$617	$704	$891	$1,265	$1,475

[10] Refer to Figures 15 and 16 in the Appendix for related maps.
[11] HUD, http://www.huduser.org/datasets/fmr/fmrs/fy2009_code/2009summary.odn?inputname=METRO 46060M46060*Tucson%2C+AZ+MSA&data=2009&fmrtype=Final

- Fair market rent in metro Tucson remains at or slightly below the average for metro areas in the state and in the Southwest. However, as noted, because of lower incomes and the limited availability of regional public transportation in Metropolitan Tucson, housing may be less affordable than it appears.

Table 18: Housing Characteristics

Demographic Characteristic	Tucson	Pima Co.	U.S.
Total housing units	232,331	425,878	127,377,977
Occupied housing units	89.2%	88.0%	87.9%
Vacant housing units	10.8%	12.0%	12.1%
Owner-occupied	52.5%	63.7%	67.2%
Renter-occupied	47.5%	36.3%	32.8%
No vehicles available	12.1%	8.9%	8.7%
1 vehicle available	42.6%	39.7%	33.1%
2 vehicles available	31.6%	35.0%	38.1%
3 or more vehicles	13.7%	16.5%	20.1%
Lacking complete plumbing facilities	0.3%	0.5%	0.4%
Lacking complete kitchen facilities	0.7%	0.8%	0.6%
No telephone service available	7.4%	5.5%	5.4%
Median value of owner-occupied units	$184,000	$210,700	$194,000
Median monthly owner costs for owner with mortgage	$1,200	$1,321	$1,464
Median monthly owner costs for owner without mortgage	$322	$348	$407
Median gross rent	$658	$710	$789
Owners with mortgages cost burdened∗	26.6%	25.1%	25.6%
Renters cost burdened*	51.5%	49.5%	45.6%

∗ Cost burden indicates that households spend more than 30% of income on housing

- Compared to Pima County and the Nation, Tucson has a very high number of renter-occupied housing and a very low number of owner-occupied housing.

- Over 36 percent more residents in Tucson than in Pima County have no vehicle available to them.

- Over 51 percent of renters in Tucson are cost burdened.

Housing Affordability

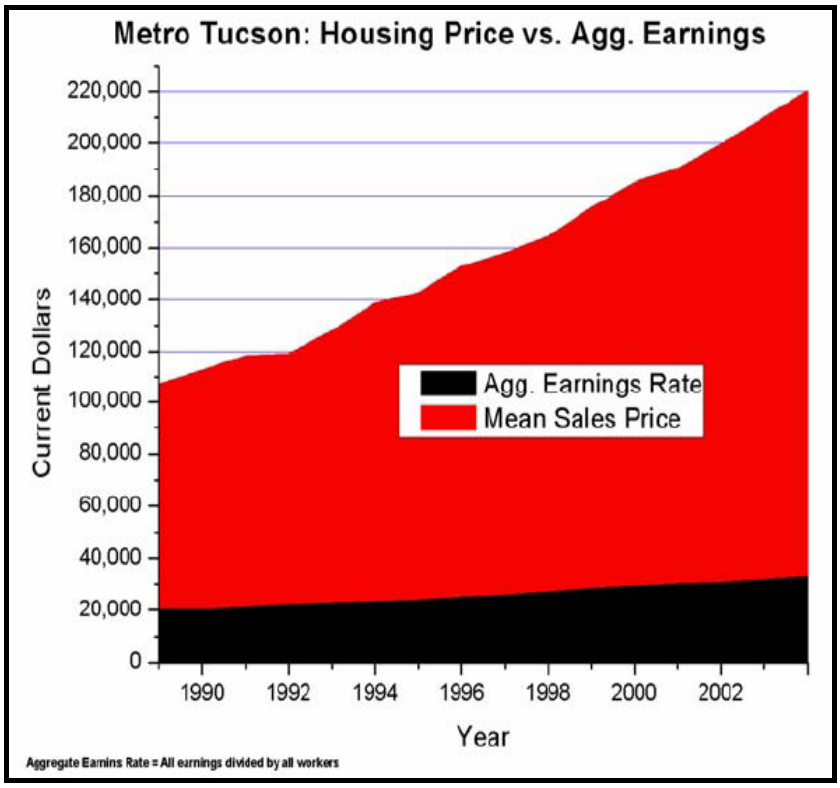
This decade has seen housing become much less affordable across Arizona as house prices rose considerably faster than income. Between 2000 and 2007, the median sales price of homes in Arizona spiked by 75%, while median family income rose by a more modest 13.8%. Although the bottom began to fall out of the housing market in 2007 and prices declined sharply through 2008, in many areas of Arizona housing values still outstripped the rise in median incomes over the same period. In fact, as noted above, real earnings have not increased since 1970. In addition while foreclosures have flooded many markets throughout the state and pushed prices down, lenders have dramatically tightened qualifications for loans and they remain unobtainable to the market that needs homes. Overall the bursting of the housing bubble, the subsequent avalanche of foreclosures and the impact this has had on lenders has done a great deal more harm to the availability of affordable housing than the decrease in home prices has improved it.[12]

- Using a formula devised by universalwage.org, to afford a one-bedroom apartment at HUD's fair market rent for Tucson of $579, an individual would need to earn $11.13 an hour or $23,160 a year.[13] To afford a two-bedroom apartment a family would need to make $14.29 an hour or $29,720 a year. A three-bedroom would require $20.58 an hour or $42,800 a year.

- Per capita income in Tucson is only $20,337. Affordable housing (less than 30% of monthly income) is a serious issue for many residents in Tucson where 32% of households have a yearly income of less than $25,000. Many families in Tucson live in precarious financial situations and are often one emergency away from a financial crisis.

- By December 2008, the median sales price of a home in Pima County had declined over 25% from a high of $226,465 to $167,900. Prices that low have not been seen since August 2004.[14] Despite this decrease and even if the lending market opened up today the monthly payments on a median priced home in Pima County is financially beyond the reach of over 55% of families in Pima County.

[12] "Arizona's Housing Market…a glance, 2008," Governor's Housing Forum. http://www.housingaz.com/ahc/publiceducation.aspx.
[13] http://www.universallivingwage.org/hthlink.htm#onebed
[14] Tucson Association of Realtors Monthly Statistical Digest, September 2008.



- Figure 4: metro Tucson: Housing Price vs. Agg. Earnings.[15]

- Between 2001 and 2007, employment in Arizona increased by 400,900 jobs, one-third of which were low-wage. Low-wage workers on average do not make enough money to purchase a house at the median price or rent an apartment as a single earner.[16]

- The economic downturn has reversed the trend of job creation between 2001 and 2007. By April of 2009, unemployment in Tucson grew to over 9%. According to the University of Arizona's Economic and Business Center, statewide unemployment will likely top out near 11% before getting better. As people lose their jobs, housing costs further strain budgets.

[15] From the PowerPoint presentation "Understanding Employer Assisted Housing," presented by Amy L. W. Hosier. PhD, Director of Research and Policy of Homes for Working Families.
[16] "Arizona's Housing Market."

Cost of Living

A comparison of the "cost of living" in Tucson with other Metro Areas shows that it is at or close to the national average in most cost categories, including housing which is 96.5%.of the average. However, by itself this data is misleading. The median household income in metro Tucson is only 71% of the national average which means that housing along with many other consumer goods and services are much less affordable than in most metropolitan areas. The significance of this is that many more families (about 26% more) than those in the average metropolitan housing market cannot buy a home. This is also an indication that a recovery in the housing market in Tucson will not significantly improve (and will likely worsen) the availability of affordable housing. Without intervention and substantial efforts to develop effective programs to address this need, the availability of affordable housing will remain a chronic need with deleterious repercussions throughout Metropolitan Tucson.

The table below compares Tucson's cost of living to other cities. It appears that Tucson's housing stock is affordable since it is only 96.5 percent of the national

5/23/2008 ACCRA INDEX U.S. City Average = 100

Intercity Cost of Living Index
1st Quarter, 2008
Sorted by Composite Index

State	Place	All Items 100%	Groceries 13%	Housing 30%	Utilities 9%	Transp. 9%	Health 4%	Misc. 35%
OK	Oklahoma City	86.4	89.9	77.3	86.6	98.0	100.2	87.8
TX	San Antonio	88.7	83.7	78.2	83.7	97.3	98.3	97.7
TX	Dallas	91.9	100.6	72.1	99.1	100.6	103.0	100.0
TX	El Paso	92.2	107.4	83.8	92.9	94.9	99.6	91.9
TX	Austin	94.7	93.4	83.8	93.0	98.7	96.2	104.1
NM	Albuquerque	95.5	93.5	97.7	88.2	95.2	97.6	96.3
GA	Atlanta	97.6	96.4	94.0	90.3	105.0	103.6	100.3
UT	Salt Lake City	98.7	103.5	97.5	92.7	102.1	99.6	104.8
AZ	**Tucson**	**99.8**	**103.7**	**96.5**	**96.2**	**98.9**	**101.5**	**102.5**
AZ	Phoenix	101.6	103.8	101.0	94.7	98.7	99.0	104.7
AZ	Yuma	104.4	111.6	100.0	106.9	101.4	102.3	106.2
CO	Denver	105.1	104.7	111.4	103.4	92.8	104.0	104.2
AZ	Prescott	107.4	102.4	117.3	92.3	101.9	98.9	107.8
NV	Las Vegas	110.6	99.0	136.7	99.5	101.4	104.7	98.3
IL	Chicago	111.5	107.9	129.0	118.0	109.2	103.3	96.9
AZ	Lake Havasu	112.0	108.4	139.7	93.0	100.3	95.0	99.9
CA	Fresno	119.8	116.3	147.1	104.9	109.0	108.2	105.7
OR	Portland	119.9	108.2	138.9	101.3	109.4	105.5	117.9
WA	Seattle	121.5	115.1	148.7	88.8	108.0	119.1	113.7
PE	Philadelphia	122.6	126.5	140.6	118.5	105.2	108.6	113.3
MA	Boston	134.0	121.6	160.5	130.4	108.5	136.2	123.8
DC	Washington	138.0	107.4	218.2	102.4	105.9	108.6	101.7
CA	San Diego	139.4	112.7	216.5	94.6	109.6	114.1	106.0
CA	Los Angeles	150.3	111.4	256.5	96.9	111.0	108.9	102.8
CA	San Francisco	173.6	131.4	292.7	96.6	114.5	118.6	131.1
NY	New York	218.8	141.0	404.9	150.1	124.8	129.1	142.0

= highest

American Chamber of Commerce Researchers Association, Pima Assoc. of Governments

Figure 5: ACCRA Intercity Cost of Living Index

average. However the median household income is only 71 percent of the national average, indicating that many households struggle with housing cost burdens.

Minority Concentration Areas

Minority concentration areas exist in part because of historic patterns of discrimination in housing. Current practices and policies exacerbate the problem. Much of the minority concentration has its roots in institutionalized race-based housing policies. In a county like Pima that has had explosive post-war growth, housing patterns have been greatly affected by exclusion of minorities from government backed mortgages that facilitated and encouraged the expansion of new white-only suburbs after World War II ended. Mostly white (if not all white) suburban areas grew and prospered and received disproportionately greater public investment as compared to inner-city areas. Since minorities were almost completely shut out of affordable mortgages that would have allowed them to move to more prosperous suburbs, they often remained concentrated close to city centers. City centers suffered from disinvestment, further exacerbating housing issues in minority concentration areas. Even though racial discrimination in housing policy is no longer the norm, its legacy continues to impact fair housing issues for minorities.

Private sector practices like redlining by banks and insurance companies affected minority concentration in similar ways that government policy did. Redlining often made it difficult, if not impossible, for minorities that lived in high minority concentration areas to get mortgage loans or home-improvement loans. Lack of capital to make improvements or build additions on existing homes or to build new homes contributed to lower property values in these areas.

Before the housing market crashed in 2007, the practice of reverse redlining became more prevalent. This entails targeting minority residents for riskier mortgages when they could qualify for ones with better terms. Another practice that has appeared during the foreclosure crisis is redlining neighborhoods by denying mortgages or mortgage insurance because of a high foreclosure rate in a particular area.

Real estate agents have and still do play a role in racial concentration by steering clients to particular neighborhoods based on race or ethnicity. Fair housing requires that people have a choice about where they live and that other impediments to fair housing are addressed and eliminated. City and County policy must be monitored to ensure that fair housing requirements are being met and that they affirmatively further fair housing.

Hispanic Concentration Areas by Zip Code

In Pima County, seven zip codes have over 10,000 Hispanic residents. Five of those zip codes are contiguous on Tucson's South Side and West Side and all are over 49% Hispanic. In Pima County, Hispanics make up nearly 33% of the population. Zip codes with over 33% are classified as minority concentration areas. Refer to the Appendix for maps related to minority concentration areas.

- **Table 19: Pima County Zip Codes with over 10,000 Hispanic Residents**

Pima County Zip Code	Total Population	Hispanic Population	Percent Hispanic
85706	70,406	49,576	70.41%
85713	47,998	29,792	62.07%
85746	44,665	25,325	56.70%
85705	55,199	17,884	32.40%
85745	30,881	15,165	49.11%
85714	14,549	12,671	87.09%
85711	42,859	12,647	29.51%

Figure 6 shows Urban Pima County zip codes with Hispanic concentrations of 49% or greater highlighted in orange. Tucson is shaded blue.

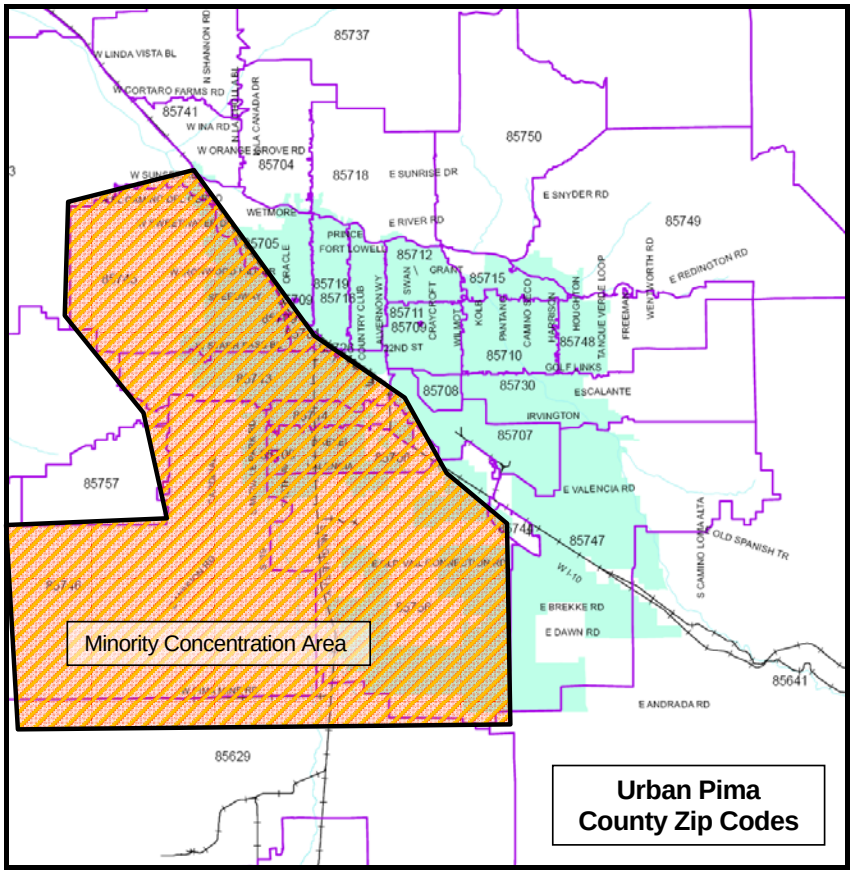


Figure 6: Zip Codes in Urban Pima County with High Hispanic Concentration

When zip codes with less than 10,000 Hispanic residents are considered, three more (85701, 85736 and 85735) have Hispanic populations higher than 33% of the total population. Those zip codes are also contiguous with the zip codes noted previously that have more than 10,000 residents and are greater than 49% Hispanic. The chart below shows all of the Pima County zip codes with more than 33% Hispanic population.

- **Table 20: Pima County Zip Codes Over 33% Hispanic**

Pima County Zip Code	Hispanic Population	Percent Hispanic
85714	12,671	87.09%
85706	49,576	70.41%
85713	29,792	62.07%
85746	25,325	56.70%
85745	15,165	49.11%
85701	2,008	44.88%
85736	1,877	39.83%
85735	2,875	35.05%

The map (Figure 7) below shows all of Pima County with the highlighted portion showing zip codes with Hispanic populations accounting for more than 33% of the total population in that zip code.

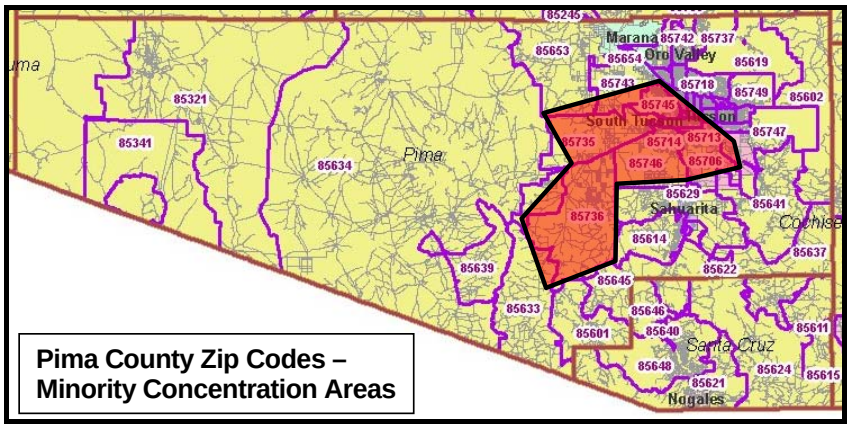


Figure 7: All Hispanic Concentration Areas in Pima County

Census Tract Data

The table below examines U.S. Census 2000 data across tracts of varying minority concentration levels.

- Table 21: Owner-Occupied, Renter-Occupied and Vacant Units[17]

Minority concentration tracts	# of Units Owner-Occupied	# of Units Renter-Occupied	# of Units Vacant
30% and higher (88 tracts)	79,587 (51.5%)	60,770 (39.5%)	14,170 (9%)
Less than 10% (12 tracts)	20,239 (75.5%)	1,793 (7%)	4,713 (17.5%)
All County Tracts (198 Tracts)	213,620 (58%)	118,730 (32.5%)	34,387 (9.5%)

- Table 22: Average Tract Poverty Rates, Family Incomes and Housing Age[18]

Minority concentration tracts	% Below Poverty	Median Family Income*	Median Age of Housing
48% and higher (52 tracts)	26.25%	$30,717	28.5 years
30% and higher (88 tracts)	22.50%	$33,741	27 years
Less than 10% (12 tracts)	3.20%	$66,213	19.5 years

*Figures shown provide the average of the noted numbers calculated for each tract within the category of concentration.

The Census data reveals that homeownership rates and incomes tend to be lower in high minority concentration areas, while the rates of poverty and the age of the housing stock tend to be higher.

Measures of Residential Segregation in metro Tucson

Dissimilarity Index[19]

Segregation and isolation are indicators of inequality in residential areas. A strong community requires interaction and discourse between individuals of different backgrounds and viewpoints. Dissimilarity indices are traditionally used to measure the distribution of racial and ethnic groups across a particular region. Ranging from 0 to 100, the index indicates the percentage of a certain population that would need to relocate to

[17] 2000 U.S. Census.
[18] 2000 U.S. Census
[19] The information in the "Dissimilarity Index: Race" section is taken directly from http://www.censusscope.org/us /m8520 /chart_dissimilarity.html

create an equitable population distribution.[20] For example, a dissimilarity index of 50% between non-Hispanic white and Hispanic in a region would mean that 50% of all non-Hispanic whites would need to relocate to create an equitable population distribution. Thus, the higher the dissimilarity index, the greater the degree of residential segregation.

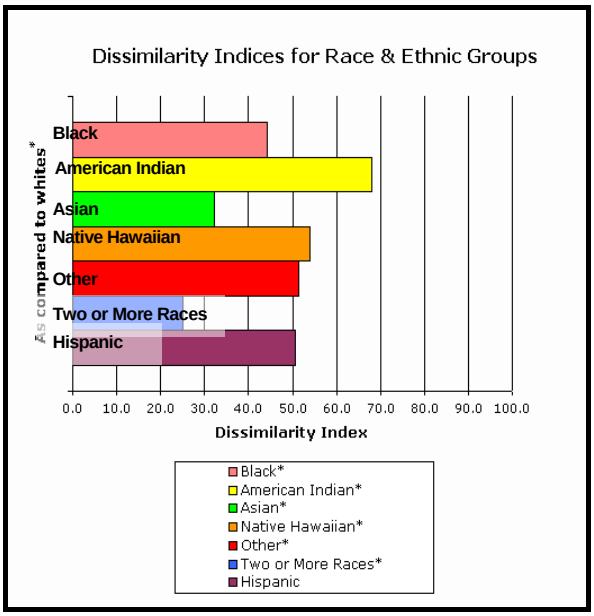


Figure 8: Dissimilarity Index for metro Tucson

According to the Lewis Mumford Center, a value of 60 or more indicates a high level of residential segregation, 40 to 50 a moderate level and less than 30, a low level.

[20] http://dallasindicators.org

- Table 23 Dissimilarity Indices for Race & Ethnic Groups in Tucson in 2000

	Dissimilarity Index with Whites*	Population**	Percent of Total Population
White*	--	518,720	61.48%
Black*	44.2	24,047	2.85%
American Indian*	67.9	21,821	2.59%
Asian*	32.4	16,595	1.97%
Native Hawaiian*	54.0	891	0.11%
Other*	51.3	1,012	0.12%
Two or More Races*	25.2	13,082	1.55%
White/Black*	38.8	2,242	0.27%
White/American Indian*	32.2	2,956	0.35%
White/Asian*	33.5	2,692	0.32%
White/Other*	46.0	2,097	0.25%
Other Combinations*	--	3,095	0.37%
Hispanic	50.5	247,578	29.34%
Total Population	--	843,746	100.00%

* Non-Hispanic only

The dissimilarity index between Hispanics and non-Hispanic whites in Metropolitan Tucson in 2000 was 50.5, which is generally considered to be a moderate to high level of residential segregation between these two groups.

Exposure Index[21]

Exposure Indices 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. In the table below, the first five columns represent the average racial composition of the neighborhood of a person of a given race. The rightmost column shows the racial composition of the metro area or city as a whole.

[21] http://www.censusscope.org/us /m8520 /chart_dissimilarity.html

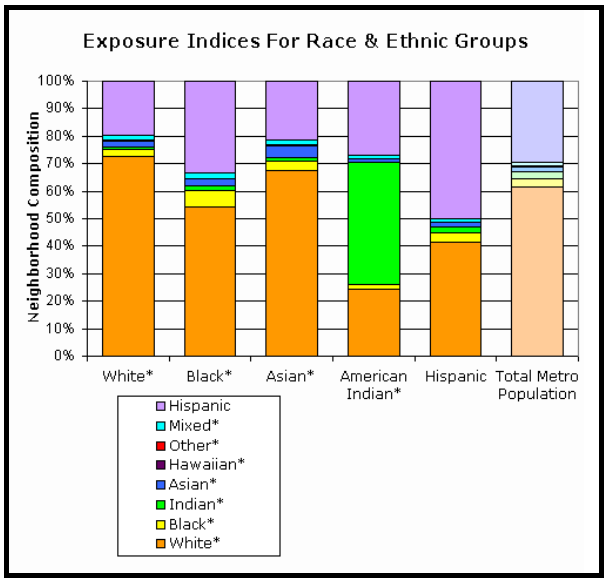


Figure 9: Exposure Indices for metro Tucson

Table 24 below breaks down Figure 9 above. The higher the number, the more likely the two races will be exposed to one another. For example, the probability that a white person will interact with another white person, 72.5, is high. However, the probability that a white person will interact with an Indian person, 1.1, is very low.

Table 24: Index of Exposure by Tract - Tucson MSA[22]

Race	White	Black	Indian	Asian	Hisp-anic	Black_ White	Asian_ White	Indian_ White
White	72.5	2.6	1.1	2.2	20.6	0.3	0.4	0.4
Black	55.9	5.1	1.6	2.4	33.9	0.4	0.4	0.4
Indian	25.2	1.7	43.9	0.9	27.6	0.1	0.1	0.3
Asian	68.9	3.4	1.2	3.4	22	0.3	0.4	0.4
Hisp-anic	43.1	3.3	2.4	1.5	48.9	0.2	0.2	0.3
Black_ White	64.7	3.9	1.3	2.4	26.5	0.4	0.4	0.4
Asian_ White	70.2	3.4	1	2.8	21.4	0.3	0.5	0.4
Indian_ White	65.3	2.9	2.4	2	26.4	0.3	0.3	0.5

[22] http://enceladus.isr.umich.edu/race/

Demographic Indicators of Impediments to Fair Housing Choice

Demographic trends, socio-economic statistics and residential patterns are both a cause and effect of the nature of housing discrimination in a community. Based on the data reviewed in this section, the following are observations regarding their impact on fair housing.

- The pattern of growth in Metropolitan Tucson has led to racial and economic disparities in the residential patterns of Tucson and Pima County. The factors driving the development of the metropolitan urban fringe have included governmental policies and programs, rapid population growth, increasing housing costs, the scarcity of land, the desire for larger homes, increases in taxes and, in some cases, bigotry and illegal housing discrimination. Once etched in the residential landscape, these disparities are difficult to change and are accepted and reinforced in governmental policies, business practices and public attitudes.

- Transportation is an important consideration in defining affordability and identifying impediments. Many homes that are affordable under the traditional definition of "affordable housing" are actually not affordable when transportation costs are factored into the cost of the home, especially for minorities who have lower per capita incomes than whites.

- A continuation of rapid growth is projected for Pima County, and will challenge fair housing needs. Although the bursting of the housing bubble and the economic recession have, in the last two years, slowed what had been a torrid rate of population growth, estimates project a return to strong population increases once the economy bottoms out and starts to improve. The growth of the Hispanic population will continue to outpace the white population, expanding the proportion of Hispanic residents. This trend will expand the need for fair housing services and proactive programming.

- Pima County, and especially Tucson, has a high percentage of low income residents compared to national figures. Furthermore, median income for households, families and individuals is significantly lower in Tucson compared to Pima County as a whole. A very high percentage of Tucson residents are renters compared to Pima County. Even though median rent in Tucson and Pima County is less than the national average, about half of all renters are cost-burdened in both Pima County and the City of Tucson. Even with the collapse of the housing market in 2008 and decreases in home values, the availability of affordable housing has not improved. A poor economic forecast, increasing unemployment, stagnant wages and tight lending policies have offset the plunge in housing prices. High rates of foreclosure and dismal home sales have led to dramatic increases in home abandonment. This causes more homes to deteriorate to the

point that they need to be razed because it is no longer cost efficient to rehabilitate them. When the economy does improve and home mortgage loans become available to more people, the availability of affordable housing will still be far too scarce to meet the high demand of Pima County residents.

- Pima County is a popular place for people to retire and is reflected in the high percentage of residents over 65. However, the City of Tucson has a significantly lower median age than both Pima County and the U.S., indicating a higher number of families with children. A growing demand for housing for families with children in Pima County will confront a similarly growing demand for housing for retirees and the elderly. Communities marketed to retirees can be age restricted (over 55 years of age) in conformity with an FHA provision that allows them to discriminate against families with children. Recently, many communities in Pima County have been loose in following HUD requirements for 55+ communities in order to expand their market in the slumping economy. Sometimes the law is broken intentionally and sometimes it is not. Either way, what is needed is more education and outreach or more enforcement. The trend is increasing the number of communities illegally denying housing to families with children and further exacerbates the shortage of housing available to this FHA protected class.

- Both Pima County and the City of Tucson have residential areas that have high concentrations of Hispanic residents. Hispanics are approximately 33% of the total population of Pima County. Over 53% of all Hispanics in Pima County live in seven of the thirty-two zip codes in Pima County and 42% live in five zip codes that are over 49% Hispanic. In addition, there are wide disparities in the dissimilarity and exposure indices between Hispanics and non-Hispanic whites in Pima County which indicate moderately high degrees of residential concentration and segregation. This data raises red flags since they may be indicators of illegal housing discrimination.

pima county and tucson – fair housing legal status

Fair Housing Laws and Policies

The City of Tucson has a fair housing ordinance that has a few significant differences from the Federal Housing Administration (FHA) including:

1. The Tucson ordinance is broader and includes all federally protected classes as well as age, marital status and sexual orientation.

2. Complainants must be bona fide and filed directly with the City Attorney or referred by the City of Tucson Equal Opportunity Office.

3. Only the City Attorney can pursue cases as a violation of the City's fair housing ordinance and the offense is classified as a misdemeanor. Individuals cannot use private attorneys.

4. A person found responsible for a first time offense is fined a minimum of $300, but not more than $2,500. A fine of at least $600 but not more than $2,500 is assessed for a second violation. And, a third infraction receives a fine of at least $900 and again, not more than $2,500.

5. A fine cannot be suspended and there is language regarding failure to comply with an order.

Because of the advantages of federal and state fair housing laws, except for the two classes protected by the City and not FHA, the vast majority of complainants choose to file their complaints through HUD, the Attorney General's Office or The Southwest Fair Housing Council (SWFHC).

Pima County does not have a fair housing ordinance and defers to the state fair housing statute. All allegations of illegal housing discrimination are referred to SWFHC or the Attorney General's Office.

Several other City and County offices promote non-discrimination. The City of Tucson Equal Opportunity Office develops and implements affirmative action programs in employment for minority- and women-owned businesses and small businesses. It conducts educational programs on cultural awareness, diversity, gender, disability, sexual orientation, age, religion, etc. The Office also conducts conflict resolution (mediation) sessions to resolve conflict based on bias, and investigates allegations of discrimination, both internal and external.

The Equal Opportunity Office receives complaints regarding violations of the City of Tucson Fair Housing Ordinance. An individual claiming to be aggrieved must file a complaint with the Office of Equal Opportunity Programs (OEOP) within 180 days from the time of the alleged violation. If the complaint meets the legal requirements, the OEOP will investigate to determine if there is a reasonable case to substantiate the charge. The OEOP attempts to conciliate complaints as much as possible. If cause is found, findings are given to the City Prosecutor's Office.

The OEOP received one complaint in 2005, three in 2006, one in 2007 and three in 2008. When a complaint is filed and the office has jurisdiction it attempts to resolve the complaint. If the office does not have jurisdiction, a letter is sent to the party that filed the complaint to inform them that the case is closed.

The City of Tucson also supports the activities of a locally appointed Human Relations Commission. The body serves to educate the public on issues of concern to minorities and also advises the Mayor and City Council on efforts to combat discrimination and promote cultural awareness.

Enforcement of Tucson's Fair Housing Ordinance

Enforcement of Tucson's Fair Housing Ordinance is important because it serves as another tool to combat housing discrimination, it further dissuades housing providers from discriminating and it protects at least three populations that are not protected under federal or state fair housing laws.

The City of Tucson's Office of Equal Opportunity Programs has processed eight fair housing complaints since 2005. All of these complaints have come from residents of public housing. While the City Attorney has clear procedures in place to respond to complaints from residents of public housing, it does not appear that there is a clear system in place to receive, evaluate and act on complaints from the private market. Yet Tucson's Fair Housing Ordinance states that fair housing complaints from the private market can be filed directly with the City Attorney's Office.

To better understand how complaints may be referred to the City Attorney, SWFHC made a number of calls to city departments and housing agency offices within the city to determine how complaints regarding housing discrimination were handled. While many staff members were informed regarding the referral of complainants to agencies that are able to handle complaints, such as HUD, the Attorney General's Office, SWFHC or Legal Aid, at least an equal number were not. And, virtually no staff person mentioned the referral of complaints to the City Attorney's Office.

SWFHC's research led to the following observations:

- Tucson residents are not well informed about the City Fair Housing Ordinance, where to find information about the ordinance, the rights the ordinance protects

or how to file a complaint if they feel their rights have been violated under the ordinance.

- The City Attorney's office apparently does not have clear working procedures in place to receive and process complaints from the private sector, or at least procedures that staff in the City Attorney's Office are familiar with.

- Staff in City, County and private offices are not well informed about the City Fair Housing Ordinance and do not refer people who could be helped.

SWFHC recommends that the following actions be taken to improve enforcement of the City Fair Housing Ordinance:

- Education and outreach to inform city residents regarding their fair housing rights under the local ordinance and where to go to protect these rights.

- Staff training within the City Attorney's Office regarding procedures for taking and processing complaints.

- Training for the staff of public and private agencies and organizations on how to refer people to get help under the City Fair Housing Ordinance.

identification of impediments to fair housing choice

Recent Developments in Fair Housing

Recent developments may have dramatic impacts on fair housing generally, and more specifically on plans to reduce and eliminate housing discrimination in Metropolitan Tucson. These developments need to be carefully considered in terms of the effect they have had or the potential resources they can provide to fair housing. In addition, some of the new housing opportunities that are slated are federally funded and independently present challenges to fair housing planning since they too fall under the federal requirement for CDBG jurisdictions to affirmatively further fair housing (AFFH).

Changes in the Housing Market and Local Economy

The landscape for fair housing has been drastically reconfigured by the collapse of the housing market in 2007 and the subsequent economic downturn. Fair housing issues surrounding mortgage lending, especially subprime and predatory lending, during the real estate boom received much of the attention of fair housing agencies and advocates. New fair housing issues have arisen, especially surrounding the devastation caused by the foreclosure crisis and the drastically different housing market conditions that the crisis has created. Fair housing agencies and advocates are adapting to identify and remedy these new issues and problems.

The Westchester County Decision and Reexamining "Affirmatively Furthering Fair Housing"

The Anti-Discrimination Center in New York sued Westchester County, New York for acting in bad faith by certifying that communities in the county had met the demands of the Fair Housing Act. The county accepted $45 million in federal grants to develop housing over a number of years, yet housing still remained as segregated as it was before receiving the grants and affordable units are still not being built. It was alleged that Westchester County did too little to promote affordable housing and too little to reduce segregation. A U.S. District Court Judge found that the County falsely claimed that it was meeting its obligation to affirmatively further fair housing (AFFH), concluding that the required analysis of race-based impediments was not completed. Furthermore, the decision stated that the County did not comply with its additional obligation to take the necessary steps to overcome impediments to fair housing choice.

The decision highlights that AFFH certification is not a formality, rather a substantive requirement that demands an AI (Analysis of Impediments to Fair Housing) be conducted, appropriate actions taken to further fair housing and the analysis be documented. The Court also found that income cannot be used as a proxy for race. Providing housing for low-income minorities may improve the housing stock, but may not do much to change patterns of discrimination or segregation. Analysis of where the housing was placed would need to be completed as well. The County must stand trial and is now facing a potential liability of over $150 million.

HUD has also begun to reexamine the meaning and requirements of affirmatively further fair housing. This is likely due in part to the ruling in the Westchester case that helps to define AFFH and a new Administration in Washington that has placed new HUD and the role that it plays in housing and community development. The concepts and requirements of AFFH have not always been clear. Jurisdictions have often not taken the requirements of AFFH seriously because of the lack of clarity and because HUD has rarely enforced the requirement. Rarely, if ever have jurisdictions had CDBG funding withheld because of violating AFFH standards. HUD has begun to take public comments about AFFH, and it appears that HUD is moving towards more clearly defining what affirmatively furthering fair housing means, what it requires and how compliance will be enforced. The Westchester decision and HUD's renewed focus on AFFH should serve as a wake-up call to jurisdictions that receive CDBG funding that the days of ignoring AFFH requirements and treating fair housing issues as a formality are likely coming to an end.

HUD Neighborhood Stabilization Program (NSP)

The Neighborhood Stabilization Program, passed by the federal government in September 2008, allocates $3.92 billion to all states to respond to the foreclosure crisis. The state of Arizona was allocated over $121 million and the Tucson Metropolitan Statistical Area (MSA) received nearly $7.3 million of that. The targeted emergency assistance to state and local governments is provided through Community Development Block Grant (CDBG) funding to acquire and redevelop foreclosed properties. The program aims to tackle blight, abandonment, rising foreclosures and falling home values. Funds can be used to acquire land and property, demolish or rehabilitate abandoned properties, provide down payment and closing cost assistance to households not exceeding 120% of area median income, create land banks, and stabilize neighborhoods by encouraging re-use or redevelopment of urban property.

In Tucson and Pima County the funds are being used to start community land trusts that will buy foreclosed properties. More information about the land trusts can be found in this report. The planning for this program will include strategies to affirmatively further fair housing.

The American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act (the economic stimulus package) allocates $13.6 billion for housing and community development programs that will be administered by HUD. This infusion of funds is expected to create tens of thousands of jobs, make homes more energy efficient and provide relief to families in communities devastated by the economic crisis. The HUD funding supports three major themes: promotion of energy efficiency and green jobs; help state and local agencies jump-start developments paralyzed by the frozen tax credit markets, accelerate shovel-ready community development and affordable housing projects, and bridge long-standing funding gaps in programs; and reviving neighborhoods hardest hit by the economic crisis and preventing families from becoming homeless. In response to the last theme, HUD is allocating almost $1 billion to state and local governments through the Community Development Block Grant (CDBG) program so that cities can invest in upgrading affordable housing and improving public facilities to shore up communities and create jobs.[23] The HUD provisions in the Act give the Secretary of HUD wide-ranging powers to waive legal requirements in the administration of housing programs, but prohibit the Secretary from waiving requirements related to fair housing, non-discrimination, labor standards, and the environment.[24]

At a public hearing on March 11, 2009, the City of Tucson revealed that for fiscal year 2010 the American Recovery and Reinvestment Act was projected to bring in an extra $1.6 million in CDBG funds in addition to the $6,175,204 anticipated to be allocated. In July 2009, Ron Koenig of the City of Tucson confirmed that Tucson will receive $1,657,320 in extra CDBG funding which it will use to build a multi-purpose room addition on to the Cherry Avenue Neighborhood and Recreation Center. Of the $6,175,204, fair housing, homelessness planning, and foreclosure outreach (including the Don't Borrow Trouble program) are covered under $1,130,441 allocated for Administrative/Contract Management Services. Again, program planning will explicitly include ways that the requirement to affirmatively further fair housing will be met.

Public sector

Landlord Accountability Ordinance

In March 2008, Tucson's Mayor and Council passed the Landlord Accountability Ordinance to deal with nuisance apartment complexes within the Tucson city limits. It gives City of Tucson departments more tools, like the Landlord-Tenant Act and the Neighborhood Preservation Ordinance that already exist, to go after chronic offenders in

[23] http://www.nlc.org/articles/articleItems/NCW32309/DonovanCCC.aspx
[24] "How the Economic Stimulus Plan Affects Individuals with Disabilities," www.margbva.org/html/Stimulus/2009StimulusAffects.htm.

an effort to make apartment complexes safer and make them better neighbors. The purpose is to target larger apartment complexes that have high numbers of emergency responses and code violations relative to the number of units.[25] Furthermore, the program seeks to assure that apartment complexes are equally safe and secure for their tenants no matter their income level or location.

When a property is targeted, the first step taken is to identify the owners. When the owner or owners are identified, the city sends them a certified letter notifying them that they must meet with city officials to discuss the situation and make arrangements to make improvements to their property. The purpose is to solve problems without litigation. If the owners do not cooperate, the offending property can be placed in receivership by the city. The owners often live out of state and are part of a consortium of buyers that invested money without ever seeing the properties. So far, the program has led to most landlords satisfactorily improving their properties. As properties are cleaned up, the police department continues to track the property and new properties are put in the program queue.

Crime Free Multi-housing (CFMH)

The Tucson Crime Free Multi-housing program is an initiative of the Tucson Police Department that seeks to eliminate crime from multi-housing properties by creating partnerships between property owners, residents and law enforcement. Properties that have participated in the program have reduced crime up to 70%, increased property values and improved safety.

The program uses a three-part approach that includes an eight-hour seminar presented by the police and fire departments, certification that the rental property meets requirements for tenant safety and a tenant crime prevention meeting. Following full certification, management must conduct one safety-related crime prevention meeting with tenants per year to renew membership in the program.

A "Crime Free Lease Addendum" with a letter to the landlord from the Pima County Attorney is available for download on the Tucson Police Department's Crime Free Multi-housing website. If the addendum is part of the lease that the tenant signs, it is a legal tool that landlords can use to rapidly evict tenants for committing a crime on or near the property. Without the addendum, it can take weeks to legally evict a tenant.[26]

While the CFMH is overall a program that provides decided benefits to tenants of multi-housing complexes, it nonetheless has been the source of fair housing concerns. This Arizona Civil Rights Advisory Board raised issues regarding crime-free housing programs in a letter published in April 2007. The Board conducted hearings and collected substantial testimony from the housing industry, housing advocacy groups, government

[25] Andrea Ibañez, "Landlord Accountability Ordinance," Ward 2 Gazette, Autumn/Winter 2008.
[26] Kim Smith, "More rentals requiring 'crime-free' leases," *Arizona Daily Star,* May 27, 2007.

representatives, and private individuals, because of its concern that civil rights may be violated by implementing crime free housing programs. A number of issues were of concern including:

- Prescreening by some landlords of potential tenants for criminal backgrounds raises fair housing questions. Certain ethnic and minority groups represent, or are perceived to represent, a disproportionately high percentage of people with criminal backgrounds. Criminal background checks could be used to target minorities. The program could thus serve as an excuse by some landlords or property owners to inequitably enforce rules and regulations based on racial and ethnic stereotypes and biases. People with recent criminal histories expressed that they were denied housing due to their criminal history.

- Women and children who are victims of domestic violence may be affected disproportionately by crime free programs. If the abuser returns without the victim's permission or knowledge (which is not uncommon) and an incident occurs on the property, the victims could be evicted. SWFHC has received reports of this occurring.

City of Tucson Affordable Housing Strategies Fiscal Year 2006 – 2010[27]

This document builds on two previous five-year plans that both set goals that were met of producing or preserving 1000 affordable housing units per year. The report notes key factors including population growth and change, income levels and market trends:

- Population will continue to grow and the percentage of seniors will increase from 12% to 16% by 2010.

- Housing prices have spiked while incomes have not kept pace. Forty-one percent of households are low-income, creating affordability issues.

- Homeownership rates are low compared to the national average and there is a shortage of affordable units.

- Federal resources are diminishing.

To deal with these and other issues, the city has outlined broad strategies:

- Increase local resources largely by establishing a housing trust fund.

[27] "City of Tucson Affordable Housing Strategies: Fiscal Years 2006 – 2010," prepared by City of Tucson Community Services Department.

- Develop mixed-income neighborhoods to prevent segregation by income. Segregation by income has been the cause of disinvestment in certain parts of the city.
- Preserve and redevelop older housing.
- Provide quality information to consumers.
- Create city lending policies that promote long-term housing affordability.
- Implement development incentives to support affordable housing goals in the City's General Plan like density bonuses, flexible zoning, reduced parking requirements, fee waivers and others.

The strategies will support three goals that will expand affordable housing for low-income families and promote development for the benefit of the entire community:

- Currently, only 5% to 6% of housing has affordability protected over time. The General Plan calls for 10% of housing (21,000 units) to have affordability protected over time.
- Assist 300 first-time homebuyers annually to increase the homeownership rate.
- Reduce the amount of substandard housing by 500 homes per year.

Section 8

Program Background

The Section 8 Program was enacted as part of the Housing and Community Development Act of 1974, which re-codified the U.S. Housing Act of 1937. The Act and its requirements have been amended from time to time, as they apply to the Section 8 Certificate and Voucher Programs. The program objectives of Section 8 are to provide decent, safe, and sanitary housing for very low income families while maintaining their rent payments at an affordable level, to promote freedom of housing choice and spatial deconcentration of very low income families of all races and ethnic backgrounds, and to provide an incentive to private property owners to rent to very low income families by offering timely assistance payments. Administration of the Section 8 programs is in compliance with the HUD Section 8 regulations as well as all federal, state and local Fair Housing Laws and Regulations. It is the intent of the program not to deny any family or individual the opportunity to apply for, or receive, assistance under any Section 8 programs on the basis of race, color, sex, religion, national or ethnic origin, age, familial status, handicap, disability, or sexual preference.

Tucson Section 8 Guidelines

The preferences process of the City of Tucson Section 8 Program assigns all applicants to a waiting list in the order of preference status by order of date and time of the application. The various preference categories are:

1. First preference is given to those who are involuntarily displaced, living in substandard housing, or paying more than 50% of income for rent.

2. Second preference is given to an applicant who is a local resident not qualifying for a first preference.

3. Third preference is given to an applicant who is a non-local resident not qualifying for a first preference.

4. Special provision is given to Veterans Affairs Supportive Housing (VASH), HOPE for Elderly Independence Demonstration Program, Shelter Plus Care Program, Housing Opportunities for People with AIDS (HOPWA-Rent Subsidy Program). Preference is given to veterans who have been homeless for 30 days or more.

Prohibition of Preference is enforced for drug related criminal activity. The Housing Authority will not give a federal or local preference to an applicant if any member of the family is a person who was evicted during the past three years because of drug-related criminal activity from housing assisted under a 1937 Housing Act program.

COT Efforts to Assure Section 8 & Public Housing Protocols Comply with FHA

The Southwest Fair Housing Council (SWFHC) annually reviews and provides comments to Section 8 on their annually updated administrative plan. The plan complies with HUD regulations regarding the Section 8 program. In addition SWFHC trains Section 8 staff at least once a year to identify and refer violations of FHA by landlords. In the past SWFHC has contracted with Section 8 to conduct hearings for clients that have had their voucher terminated. However, in 2006, the city changed to a court magistrate with fair housing experience to conduct hearings. This avoids the possibility of a conflict of interest if a Section 8 client would file a complaint with SWFHC. On a few occasions the SWFHC hearing officer had to recused himself when a client had contacted SWFHC before a hearing to be informed of their rights and the process of filing a complaint.

The hearing process is as follows: a client whose voucher is revoked can request a hearing at which time the violation of Section 8 policy is reviewed, mitigating circumstances are considered and the hearing officer (A SWFHC staff member) issues a determination whether to uphold or overturn the termination of the clients voucher. This determination is not binding on Section 8 but has been followed in over 90% of the hearings. The significance of this procedure is that terminations are currently reviewed

by a person with over fifteen years experience in fair housing in order to insure that clients' rights under FHA are not compromised.

Unmet Needs

The demand for Section 8 housing is not met in Tucson. The city accepted applications for Section 8 housing between July 8 and 10, 2008 for the first time in over three years. During the three day period, almost 5,000 applications were received. The Section 8 program receives $25 million from the federal government which it uses to assist 5,000 families to pay rent. A family of four must make less than $16,500 per year to be eligible for the program. Families that applied in July 2008 that fulfill the income requirement were put on a waiting list that is ordered with a lottery system. It will take years to find housing for everyone on the list.[28]

Public Housing

Shortage

The City of Tucson has 1,505 public housing units. The city stopped taking applications on June 1, 2008 from families for public housing because the program reached capacity. According to the then head of Community Development Services that oversees public housing in Tucson, the city of Tucson has a severe shortage of public housing units for the amount of demand. New housing stock was last added in 1985. Since then the city has had tremendous growth in population, but no growth in public housing units. Applications are still being accepted from the elderly and disabled for studio or one-bedroom apartments. Families that qualify for public housing pay a minimum of $50 in rent up to 30 percent of their monthly gross income. Assistance is also available for utility bills for those that qualify.[29]

Martin Luther King Jr. /Depot Plaza

The Martin Luther King Jr. public housing complex on Congress Street in downtown Tucson has been renovated and converted into market rate and affordable apartments as part of downtown revitalization. It is now known as One North Fifth. The 2.3 acre site will also have a mixed-use market rate apartment building built by a private developer, a new public housing structure built by the City and shared public open space. The public housing residents from the Martin Luther King Jr. complex have been relocated.

Lalo Guerrero Barrio Viejo Senior Housing

The Lalo Guerrero Barrio Viejo Senior Housing is a HUD funded Section 202 Project that has 62 units for Tucson's low-income senior citizens. It is part of Catholic Community Services and the Pio Decimo Center. The award-winning project is a revitalization effort

[28] Carli Brosseau, "5,000 apply for Section 8 housing," *Tucson Citizen*, July 16, 2008.
[29] Sheryl Kornman, "Public housing closes door on new applicants,' *Tucson Citizen,* June 6, 2008.

in the Barrio Viejo neighborhood downtown that includes adaptive reuse of an elementary school building on site. The project's architecture is compatible with the surrounding area.

Property Tax Policies and Bonds

Property taxes in Arizona include a primary and secondary tax. The primary tax is set at the state level, with funds utilized primarily for the public education system. The secondary tax rate can be changed locally only through the passage of designated, voter-approved bonds for capital projects. In 2004, voters in Pima County approved bonds for initiatives such as the acquisition of open spaces, neighborhood revitalization, and affordable housing. While the latter may in fact mitigate housing stresses in Pima County, no evidence is found that bond activity at the local level has negatively affected fair housing access.

In January of 2009, Pima County supervisors voted unanimously to use $5.3 million in revenues from the $10 million bond package approved in 2004 for affordable housing and foreclosure prevention programs. The historic Ghost Ranch Lodge will receive $623,000 to be renovated for senior rental housing. The Pima County Foreclosure Prevention Program will receive $1.5 million, the Escalante Veterans Housing Project will receive $1.17 million, and the Honea Heights Redevelopment Project will receive $600,000. These projects will help to respond to the growing demand for fair and affordable housing in Pima County.[30]

Secondary Tax Rate

The current secondary tax rate is $0.7150 per $100 of assessed value. In order to remain at this rate and to not cause significant year-to-year variation in the secondary property taxes paid for debt service purposes by Pima County property owners, the Board of Supervisors pledges that the secondary property tax rate shall not exceed $0.7150 per $100 of assessed value during the term of debt retirement for general obligation bonds authorized at the May 16, 2006 election.

The Impact of Regulations on Fair Housing

The Drachman Institute released a report in June 2007 that analyzes the impact of regulations that act as barriers to maximizing the benefits of publicly-subsidized housing projects in Tucson. The report concludes that government regulations diminish the impact of public subsidies for affordable housing projects. Many of the regulations cost substantial time and money. Some of the public subsidy must be used to cover the added costs to a project that regulations add. The money spent to satisfy the regulations goes back to the government or to consultants instead of benefiting the low-income residents it is designed to help. Some of the barriers include the rezoning process,

[30] Garry Duffy, "County OKs $5.3M in bonds for housing programs," *Tucson Citizen*, January 14, 2009.

subdivision platting procedures, permit costs, infrastructure requirements in public right-of-way, density provisions, environmental review and clean-up requirements, and native plant preservation ordinances.[31]

City Strategic Plan

The "City Strategic Plan: Fiscal Years 2007 and 2008" for the City of Tucson includes six main elements: Children, Families and Seniors; Transportation; Neighborhoods, Public Safety and Emergency Preparedness; Rio Nuevo/Downtown Arts Culture and History; Environment, Planning and Resource Management; and Economic and Workforce Development. While housing is not one of the six main elements, housing issues are prevalent and woven throughout the document. A number of the elements covered in the City's Strategic Plan are coved in this section.

Tucson Housing Trust Fund

The Tucson Housing Trust Fund was created in 2006 to increase homeownership, upgrade existing housing and provide for additional affordable rental housing. It is intended to be a long-term sustainable source of funding through investment by the public and private sector with a goal to distribute $3-5 million annually. The fund will be overseen by a committee appointed by the Mayor and Council and hopes to be sustainable in five years from inception by recycling most of its funding. For every million dollars in the fund, approximately 2,100 families will be assisted over twenty years with down payment assistance, home improvement loans or new or improved rentals.[32]

Southern Arizona Land Trust (SALT) & Pima County Land Trust

When the 2005 AI report was published, land banks and land trusts were being studied. Since then, the Southern Arizona Land Trust (SALT), a nonprofit organization associated with the Pima County Industrial Development Authority (IDA), has been formed to acquire real property. SALT will serve two functions: land banking and acquisition of foreclosed properties to develop a rental portfolio.

Beginning in September of 2008, SALT invested funds for acquisition of foreclosed properties and improved lots for the purpose of land banking. SALT is buying platted subdivision plots that are selling for much less than what they sold for five to ten years ago. It is using a resale model where it will, for example, buy ten properties, sell seven and keep three.

SALT will concentrate on acquiring foreclosed real estate in Pima County in the high risk area along the Valencia Road Corridor using Pima County bond money. One of three

[31] "Regulatory Barriers to Publicly-Subsidized Housing and Recommendations," The Drachman Institute, June 2007.
[32] http://www.ci.tucson.az.us/csd/TrustFund/trustfund.html

things will happen to acquired properties: they will be rehabilitated and rented to qualified tenants; they will be conveyed to a community land trust in the process of being formed by the City of Tucson; or they will be sold to qualified low/moderate income buyers that have received eight hours or more of housing counseling and education. Properties will be managed by Family Housing Resources (FHR).[33]

The City of Tucson is in the process of developing the Pima County Land Trust, a traditional land trust model that should be functioning by late 2009. The land trust will seek to be an umbrella organization for all local land trusts that can manage the assets of other entities. The goal is for it to spin off after three years as a traditional 501(c)3 nonprofit. It will follow Community Housing Development Organization (CHDO) guidelines in anticipation of receiving CHDO operating funds. The land trust will acquire properties using funds from the Neighborhood Stabilization Plan (NSP). The land trust hopes to have ninety properties in three years and add ten to fifteen additional properties per year depending on funding.

The land trusts will be managed and operated by the city and the county and policies and provisions to affirmatively further fair housing will be integral to the program.

Regional Plan to End Homelessness

The Mayor and Council endorsed the Plan to End Homelessness during FY 2006. City staff will work with the Tucson Planning Council for the Homeless and Pima County to work towards plan goals. Public safety training about mental illness and resources for the homeless will be expanded.

Neighborhood Revitalization, Municipal & Other Services, Employment-Housing-Transportation Linkage

Many of the ordinances, plans, projects, regional initiatives and the like described below will guide many aspects of local and regional housing policies and housing production. It is imperative that fair housing issues be integral to the process of policy creation and execution. Once policies are established, they must be monitored and evaluated to ensure that fair housing laws and obligations are considered and satisfied.

[33] Pima County NSP Grant Submission Template & Checklist

Pima County Community Development Block Grant (CDBG) Target Areas

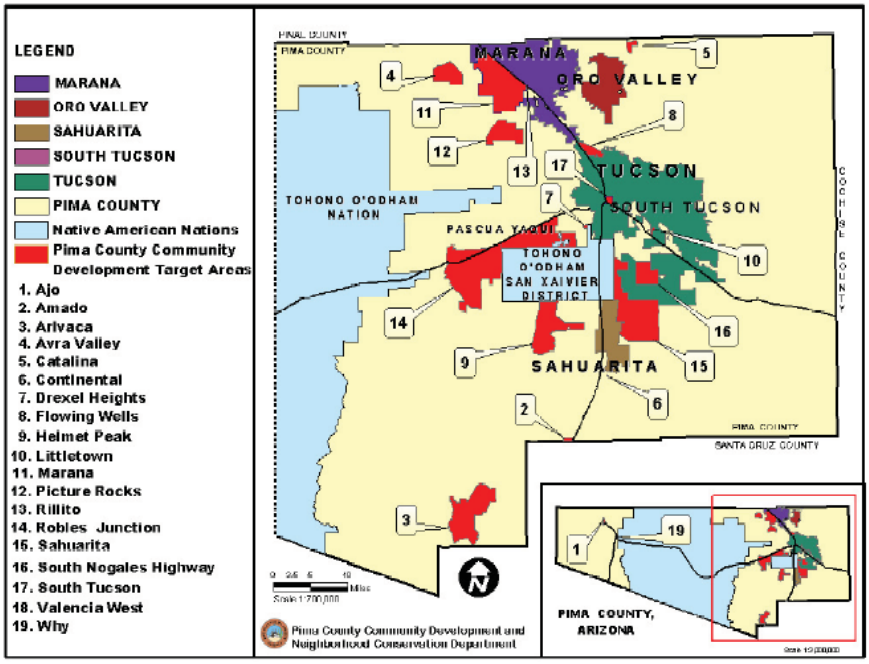


Figure 10: Pima County CDBG Target Area Map

The map shows the areas that Pima County has designated as "target areas" for Community Development Block Grant funding. The target areas, demarcated by Pima County every ten years based on HUD and Census data, are required to have 51% of the households below 80% of the HUD-determined area median income. 59,081 residents (7% of the county's population) live in the target areas.

Colonias

Colonias are defined by HUD as rural communities located with 150 miles of the U.S./Mexico border that lack sewer, water or decent housing or a combination of all three. Pima County has fifteen USDA designated colonias. Colonias started to develop in the 1950s and are generally unincorporated and lack many basic necessities and infrastructure. The average income of people living in colonias is 5,000 dollars per year. Eighty-five percent of colonias residents are U.S. citizens and ninety-seven percent are Hispanic.

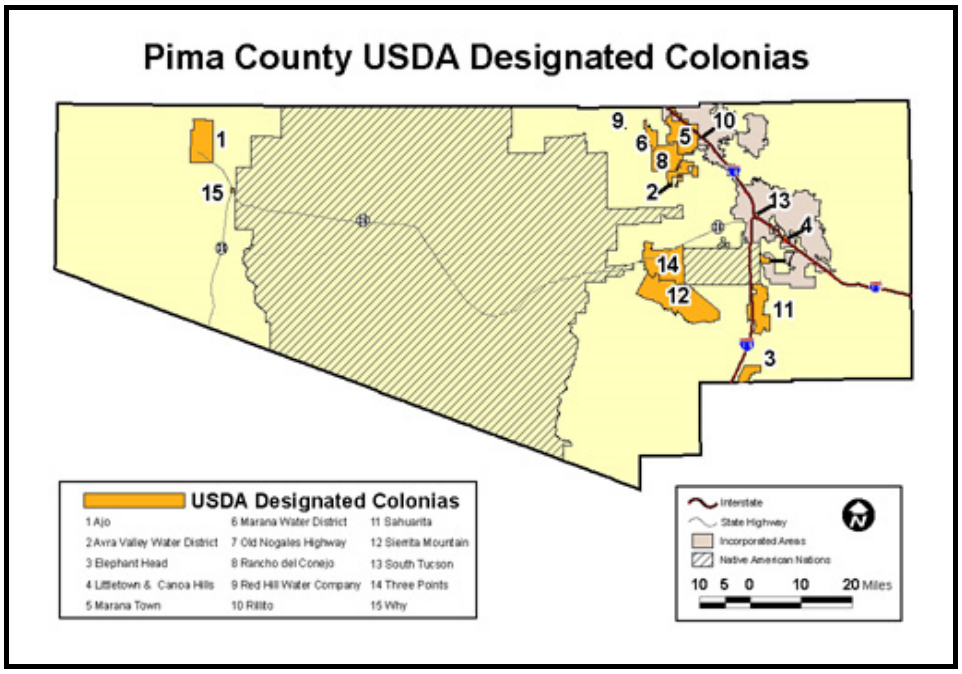


Figure 11: Pima County Colonias

In April 2004, the Pima County Board of Supervisors designated the South Nogales colonia as the first "Model Colonia" in Arizona. The University of Arizona Planning Degree program and a small group of residents that served as community researchers conducted an initial study of the area using surveys and community meetings. The University created a written plan based on the study to address the needs that were raised by the community. At the time, a HUD Colonia Field Contact provided technical assistance to the neighborhood. The initial research found that residents had concerns including flood control, roads, zoning violations, crime, trash, animal control and water services.

The Southwest Fair Housing Council has been active in the South Nogales colonia in a number of ways. In late 2005, a promotora (community health and community development worker) was hired to be the main contact to help residents in the South Nogales colonia. Numerous service providers and other organizations came into the area through service fairs and other activities that were organized. The promotora helped to catalyze the provision of many necessary services already available in other parts of Pima County. In 2008, through Pima Community College, a promotora training was set up to train promotoras to work in the area. Since the program started, a number of promotoras have completed the intensive training that lasts several semesters. Most recently, a junior promotoras program for youth ages twelve through fourteen was started to involve area youth in community organizing and development.

Currently there are a number of programs in Pima County that benefit colonias including:

- Pima County and the town of Sahuarita partner to assist low and moderate income homebuyers that work within eight miles of the town limits with down payment assistance if they purchase their home within the town limits through a program called the Work Force Housing Down Payment Assistance program.

- The City of South Tucson Revitalization Project is run by the Primavera Foundation and seeks to replace substandard homes of low-income homeowners in South Tucson with manufactured housing. The project also acquires foreclosed homes that can be renovated or replaced with manufactured homes. It also acquires infill lots and installs manufactured homes. The properties are then sold to low/moderate-income families with preference given to South Tucson residents.

- The town of Marana is undertaking the Honea Heights Redevelopment Project on a vacant infill parcel. The development will be mixed income with forty new housing units for low income homebuyers and fifty new units for moderate income families. The program is targeting town employees and people working for Marana businesses.

- The International Sonoran Desert Alliance is planning and developing the Ajo Plaza Redevelopment Project in Ajo, AZ. The historic Ajo Plaza will be redeveloped by turning vacant second story office space into nine to twelve low-income rental units and four to six bed and breakfast units. This is the first mixed-use project that includes affordable housing and economic development.

- Habitat for Humanity and Chicanos por la Causa (CPLC) are engaged in low-income housing production in Marana, Amado and Arivaca. Projects and activities include:

    - The Santa Cruz Valley Chapter of Habitat for Humanity is active in Sahuarita, Green Valley and Amado and has constructed a dozen Habitat Homes in the Amado and Sahuarita and is currently working on another.

    - Habitat for Humanity has formed an agreement with the Town of Marana to construct Habitat Homes on vacant infill lots owned by the town. The first home is currently under construction.

    - CPLC has constructed and sold two homes to low-income families in Arivaca and currently has one lot remaining to assist a third low income homeowner willing to purchase a new home in Arivaca.

- Pima County has a county-wide down payment assistance program for low-income buyers that can be used to purchase homes in colonias.

- The Pima County I'm HOME Mobile/Manufactured Replacement Housing Program for low-income families living in sub-standard/dilapidated mobile/manufactured homes originally targeted only the Flowing Wells neighborhood but is now available county-wide, including colonias. Pima County contracts with Family Housing Resources to coordinate the program. Eight replacement homes in Flowing Wells have been completed. The program goal is to replace four more units and applications are being solicited county-wide.

- The Federal Government's Neighborhood Stabilization Program will bring over seven million dollars to Pima County. Ajo and South Tucson are being targeted to receive funding due to their high foreclosure risk scores.

Regional Transportation Plan

In May 2006, Pima County voters approved the twenty year $2.1 billion Regional Transportation Plan and a half cent sales tax to help pay for it. The plan seeks to provide multi-modal transportation options that will address cross-town mobility, travel congestion, safety and security and travel modes that will include improved bicycle and pedestrian options.

The plan contains a series of projects throughout Pima County. As noted in this report, transportation costs and issues should be included when planning for current and future housing needs. The urban corridor widening and redevelopment, the development of the modern streetcar route and other Regional Transit Authority projects should take a comprehensive planning approach that includes a broad vision for housing that seeks affirmatively further fair housing.

Grant Road Improvement Plan

The Grant Road Improvement Plan (GRIP), part of the RTA Plan mentioned above, will widen Grant Road, a major east-west thoroughfare in Tucson, to six lanes between Oracle Road and Swan Road. At $166 million, GRIP is the most expensive RTA project. GRIP is using an innovative approach to transportation projects called Context Sensitive Solutions (CSS) that uses an in-depth public participation process that takes the context of the area surrounding the roadway into consideration in the design. GRIP seeks to incorporate multi-modal transportation options, and presents an opportunity for revitalization in the adjacent neighborhoods. A number of areas along Grant Road provide housing opportunities for low-income and disabled residents, and also provide an opportunity for revitalization. As the project progresses, the housing needs of these populations must be considered and accommodated. Revitalization can lead to gentrification that displaces residents because of rising property values.

Rio Nuevo and Investment in Inner-city Tucson

Investment and redevelopment in inner-city Tucson remains a high priority. Public participation will help insure that development is compatible with existing neighborhoods. Downtown Tucson was declared a "Housing Development Area" under state law. The goal is to create 2,000 new housing units downtown, 1,000 of which will be in the core, with a density of 10,000 residents per square mile.[34]

The Rio Nuevo Overlay District and the Area Infill Incentive District will support downtown planning and development efforts. The city's infill program has new tools to address issues arising from new development including new zones such as the Neighborhood Overlay Zone and the Mixed Use Zone and the Residential Cluster Project designation.

Downtown redevelopment with housing as a centerpiece provides an excellent opportunity to provide housing near transit and jobs. As redevelopment occurs, the impact on fair housing needs to be monitored and evaluated and revisions made if necessary to insure that efforts are furthering fair housing.

Jefferson Park and Miramonte Neighborhood and Area Plans

The Jefferson Park and Miramonte Neighborhood and Area Plans, which guide land use and development in specific areas in the city, are being updated as pilot projects. These two neighborhoods have been selected because of the growth pressures that they are facing, especially from large buildings that are being built to respond to the rising demand for student housing. The City's goals of increasing density in the urban core and preserving neighborhoods are at odds. Limiting larger structures in neighborhoods limits density, but also may help to preserve the character of the neighborhood and be supported by a majority of the existing residents. Resolving the possible conflict between increased density from infill and the preservation of neighborhood character will continue to challenge planning for neighborhood development. A consideration of fair housing implications of alternative resolutions needs to be included in the discussions between planners and residents.

City Land Use Code Reorganization Project

The Strategic Plan calls for a review of the City's Land Use Code (LUC). The Land Use Code Reorganization Project is underway and to begin the process, Clarion, out of Denver, Colorado has published a diagnosis of the City's LUC. A number of problems were identified and recommendations to improve the code have been made. The LUC is one of the key legal documents that dictates the type, size and location of housing. For

[34] "Guide to Downtown Housing Opportunities," City of Tucson.

example, higher building densities are usually key components of efficient and effective mass transit. If the LUC does not allow for higher density mixed use developments, affordable housing with access to mass transit is very difficult to achieve. Any revision of the LUC should adhere to fair housing guidelines and incorporate strategies to make housing fair and affordable.

Neighborhood Revitalization

Neighborhood revitalization efforts are often government led or assisted and focus on areas where market failure has resulted in decline. Urban renewal policies implemented across the nation, including Tucson, in the 1940s through the 1980s were controversial because residents and businesses were often displaced and sprawl was promoted. Despite past controversy, some neighborhood revitalization efforts have been successful by improving neighborhood economic viability, livability, safety and services. While these outcomes are generally positive, they can also have consequences affecting housing. Areas targeted for revitalization are often low-income areas where significant affordable housing stock is located. When revitalization is successful, property values often rise as a result and can displace residents that can no longer afford to live there. Revitalization efforts should include plans to maintain fair and affordable housing and prevent the displacement of lower income residents.

St. Mary's Road Revitalization

The Westside Coalition Weed and Seed is spearheading revitalization efforts on the Westside of Tucson. The group is focusing on revitalizing the St. Mary's Road Corridor because it is a gateway to downtown that is suffering from decline. The corridor is also a main artery through resident areas with high Hispanic populations. The coalition has hosted focus groups to garner citizen input to determine the top priorities for revitalization. One idea that emerged was forming a merchants association to stimulate business activity and involvement along the corridor. The Coalition, with assistance from the Regional Transportation Authority (RTA), is developing a community resource guide and a merchants' guide. The coalition is also forming a Community Development Corporation to facilitate community revitalization efforts.

Oracle Road Revitalization Plan

The Oracle Road area between Miracle Mile to the north, Speedway Blvd. to the south, Fairview Ave. to the west and Stone Ave. to the east is undergoing a revitalization process. The project was initiated by the Ward III council office and is being managed by the City of Tucson Department of Urban Planning & Design. The Oracle Road Revitalization Plan seeks to initiate policies and procedures that encourage revitalization that attracts jobs, services, recreational opportunities and diverse housing options. The area is close to Pima Community College and the University of Arizona and provides affordable housing for students and others. The revitalization effort along with the spike

in gas prices in 2008, downtown revitalization and a continuing severe shortage of student housing makes this a prime area for gentrification. A mix of housing, including affordable units, should be maintained.

Housing, Transportation and Land Use

Housing + Transportation Affordability Index

Having transit options near housing is a crucial component to ensuring fair and affordable housing. Post World War II development patterns have given rise to the phrase "drive till you qualify," meaning that one had to drive farther and farther away from the city center to find and qualify to buy an affordable place to live. Land use policies that contribute to urban sprawl – inefficient mostly single-family auto-dependent development on the urban fringe – inhibit transit oriented development that can play a major role in providing affordable housing that is connected to jobs, schools, and activity centers.

Traditionally, housing was considered affordable if it cost 30 percent or less than monthly household income. New homes built in suburbs far from cities' urban cores are often affordable by the "30 percent" definition, but when transportation costs are added, these homes are much less affordable than they appear due to the high cost of transportation. Transportation is the second largest household expenditure after housing. Neighborhoods and subdivisions with "access to services, walkable destinations, extensive and frequent transit, access to jobs, and density have lower household transportation costs."[35] In areas with many transit options, monthly transportation costs can be less than 10 percent of average household expenditure. In areas, including newer developments that are farther from central cities, transportation costs can near 25 percent a month – nearly equal to the cost of housing. The average household in the U.S. spends 19 percent of its budget on transportation.[36]

The Center for Neighborhood Technology (CNT), a Chicago-based organization, developed the Housing + Transportation Affordability Index. The tool includes the cost of transportation with the cost of housing to more accurately capture the affordability of a dwelling by factoring in its location in relation to transit, jobs, schools, shopping and other basic services. The tool now includes Pima County data that allows for analysis of the cost of housing and transportation throughout Pima County. Interactive maps on CNT's website demonstrate that much less housing is affordable in Pima County when housing and transportation costs are combined.[37] This is largely due to Pima County's inadequate transit system and people's resulting dependence on the automobile.

---

[35] http://www.cnt.org/tcd/

[36] The Affordability Index: A New Tool for Measuring the True Affordability of a Housing Choice, Center for Transit Oriented Development and Center for Neighborhood Technology.

[37] The Affordability Index: A New Tool for Measuring the True Affordability of a Housing Choice, Center for Transit Oriented Development and Center for Neighborhood Technology.

The Affordability Index guideline suggests that households should spend 47 percent or less of household income on housing and transportation. This is calculated by adding the mortgage underwriting standard for housing debt (28 percent or less of income) plus the national average expenditure on transportation (19 percent of income). When this guideline is followed, far fewer homes in Pima County are affordable.

Housing affordability (when combined with transportation costs) can be improved by reconfiguring land use regulations to allow for much more transit oriented development. The Center for Neighborhood Technology and the Center for Transit Oriented Development state that, "Reframing nationally accepted affordability measures to combine both housing and transportation costs could allow low-income households to more easily qualify for homeownership, provide a substantial incentive to the private sector to invest in transit-oriented locations, and support the public sector in making investments that lower household transportation costs." Currently 6 million households live near transit. By 2030, sixteen million households of all incomes and sizes, especially low to moderate income households will desire to live in neighborhoods with access to transit.[38]

Eighty-six percent of transit zones are more economically and/or racially diverse than surrounding census tracts. In transit zones, there are 10 percent more households earning less than $35,000 compared to zones with no transit. More than half of the demand for transit oriented development will come from households with incomes below area median income (AMI). Twenty percent of households with a potential demand for transit oriented development will make less than $20,000 a year. Building more economically and racially diverse transit oriented development will disperse low to moderate income people throughout the community and provide greater access to opportunity.[39]

Creating neighborhoods with housing and transportation affordability requires multiple and targeted strategies and coordination within and across government agencies and the private sector.[40]

A Community Conversation on Regional Land Use

Tucson has often had difficulty managing the metro area's rapid post World War II growth. Land use planning has often been ineffective because of unregulated building in unincorporated Pima County and because of community resistance. By 1950, around two-thirds of the population of the Tucson metro area lived in developments outside the city limits. The City has often annexed subdivisions that were built in unincorporated Pima County precisely to avoid city planning and zoning. Tucson encompassed 20 square

[38] Preserving and Promoting Diverse Transit-Oriented Neighborhoods, Center for Transit Oriented Development: Center for Neighborhood Technology, Reconnecting America, Strategic Economics, November 2006.
[39] Preserving and Promoting Diverse Transit-Oriented Neighborhoods, Center for Transit Oriented Development: Center for Neighborhood Technology, Reconnecting America, Strategic Economics, November 2006.
[40] http://www.cnt.org/tcd/

miles at the beginning of World War II. By 1960, after a sweeping annexation campaign that acquired mostly single family homes in subdivisions that had limited or no building or land use codes, Tucson measured over 70 square miles. In the early 1950s, the State authorized planning and zoning authority for Pima County. Immediately opposition and distrust sprang up in the community and land use planning was an often contentious issue.[41]

Now, Tucson and Pima County make up a fast growing region that is part of the Sun Corridor "megapolitan" region that stretches from Prescott through Phoenix and Tucson and down to Nogales and Sierra Vista.[42] The Tucson metro area's community plans do not work together as part of a framework based on a regional vision. Instead, they form a patchwork of uncoordinated plans that focus on individual areas. In December 2008, the Tucson Town Hall hosted an event called "Crafting Tomorrow's Built Environment: A Community Conversation on Regional Land Use." The event centered on a presentation about Envision Utah, which is a long-term, ongoing visioning process to create a values-based framework for the Salt Lake City area to guide development in a sustainable way that meets the needs of the people living there. Once a regional vision is established, it creates a springboard to create future scenarios and establish strategies and goals.[43]

The creation of a regional vision for the Tucson metro area with grassroots input is gaining momentum and is a necessary step that will allow for fair and affordable housing to become a key component of inevitable future growth. When the community comes together to create a vision, as with Envision Utah, it lays the groundwork for successful implementation of fair and affordable housing policies. Sprawl has led to an unsustainable (economically, environmentally and socially) low density development pattern throughout the region. As referenced above, this type of development pattern makes housing less affordable because it is difficult to efficiently serve with transit that would significantly decrease household expenditures. The regional vision developed through the Envision Utah process has a number of fair and affordable housing components as seen below.

[41] Tucson Post WWII Residential Subdivision Development 1945 – 1973, Akros, Inc., Wilson Preservation, Coffman Studios, LLC, HDR for City of Tucson Urban Planning and Design Department Historic and Cultural Resources, October 2007.
[42] "Megapolitan: Arizona's Sun Corridor," Morrison Institute, May 2008.
[43] Ann Brown, Trust-building, visioning process needed," *Arizona Daily Star,* December 7, 2008.

GOAL V: PROVIDE HOUSING OPPORTUNITIES FOR A RANGE OF FAMILY AND INCOME TYPES.

	Strategy	Why	Who	How
H 1	Foster mixed-use and walkable neighborhood zoning to encourage a mix of housing types-including multi-family-for a mix of incomes.	See GOAL I: ENHANCE AIR QUALITY		EXAMPLES: • Accessory dwelling units (in-law apartments). • Single-family attached products, such as townhomes, row houses, condominiums • Small-lot detached condominiums (drip-line ownership), Example: Harvard Park • Apartments • Single-room occupancy residences • Congregate senior living • Garden-style apartments • Mid-rise and high-rise apartments where appropriate
H 2	Promote density bonuses to developers to promote development of affordable housing.	• Makes it economically attractive and possible for developers to provide affordable housing, even when land costs are high	developers, local governments, Envision Utah	• Work with cities and developers to develop density bonus programs. • Envision Utah will provide a tool box of model zoning codes and design standards, and facilitate access to relevant expertise
H 3	Encourage energy efficiency ordinances.	See GOAL I: ENHANCE AIR QUALITY		
H 4	Provide information regarding developer incentives and tax breaks for development of affordable and mixed-income housing.	• Mixture of incomes helps incorporate affordable housing without creating concentrations of poverty, which often increase crime • Incentives make such projects more attractive to developers, and allow them to include affordable products without sacrificing their expected return.	developers, local and state governments, Quality Growth Commission, Envision Utah	• Envision Utah work with developers, local and state government to implement incentive programs. • Envision Utah can provide a tool box of options with information on how those options have worked elsewhere • Quality Growth Commission should study options for state, local, and federal incentives
H 5	Create local housing trust funds to develop and maintain affordable housing.	• Local housing trust funds are vehicles that allow local government participation in financing of affordable housing development, and therefore local control. They have the advantage of attracting other development capital into community, and in addition to making for good social policy, they also contribute to economic development.	local governments, Utah Housing Technical Assistance Program (UHTAP), Department of Community & Economic Development (DCED)	• Pass ordinances at local level to create housing trust funds (usually configured as a restricted fund within the general fund). The ordinance should create a board to oversee the fund and serve as an advisory body to the city council. The board will make money available for housing development projects that serve people who earn less of 80% or 50% of median income. Can be set up as loan or grant program. • Self-replenish through existing revenue stream, e.g. % of transient room tax, loan payments and investment dividends go back into fund. • UHTAP can provide model ordinances and technical assistance in setting up trust funds.
H 6	Encourage cooperative region-wide fair share housing policies.	• Helps to equalize the burden of providing affordable housing throughout the region • Helps to better meet regional needs	Quality Growth Commission, DCED, local governments, Utah Issues, UHTAP, redevelopment agencies, other housing advocates	• Begin by identifying overall affordable housing needs for the region. Conduct inventory of existing affordable housing in communities and compare to need. • Work with communities, DCED; use H.B. 295 plans and inventories. • Quality Growth Commission should coordinate/oversee these efforts
H 7	Support strategies to reduce ozone and save energy.	See GOAL I: ENHANCE AIR QUALITY		
H 8	Develop a program of incentives to local governments to develop and implement plans for affordable and mixed-use, mixed-income housing.	• Would encourage communities to adopt and implement affordable housing plans, as required by H.B. 295	Quality Growth Commission, DCED, redevelopment agencies, affordable housing advocates	• Quality Growth Commission should require compliance with H.B. 295 before a municipality would be able to qualify for QGC funds.

- Figure 12: Source: Envision Utah

A visioning process is necessary but difficult based on the area's past. However, for a comprehensive transit and housing plan, a long-range vision will be crucial.

The Foreclosure Crisis in Pima County

On September 15, 2008, the Southwest Fair Housing Council released a report titled "The American Nightmare: Foreclosures and their Impact in Metropolitan Tucson" detailing the impact of the foreclosure crisis in Tucson and Pima County. The information in this section about the foreclosure crisis in Pima County is drawn from that report unless otherwise noted.

The report found that foreclosures are hitting metro Tucson hard. Foreclosures increased from 2,767 in 2006 to 4,640 in 2007. As of the end of August 2008, the 5,644 Notices of Sale filed with the Pima County Recorder's Office in 2008 already surpassed the total for 2007. The final number of foreclosures for 2008 totaled 8956.[44] From 2006 to 2007, foreclosures rose by 67.7%. From 2007 to 2008 they rose 93% and rose 324% from 2006 to 2008.

- Table 25: Foreclosures, Cancellations and Trustee Deeds[45]

Year	Foreclosure Notices	Cancellations (%)	Trustee Deed (%)
2002	3315	1690 (50.98%)	1541 (46.48%)
2003	3208	1822 (56.80%)	1554 (52.64%)
2004	2952	1944 (65.51%)	1268 (42.95%)
2005	2586	2181 (84.34%)	767 (29.66%)
2006	2767	1973 (71.30%)	603 (21.79%)
2007	4640	2047 (44.12%)	1499 (32.31%)
2008	8956	N/A	4215 (47.06)
2009 (through June)	6138	N/A	2607 (42.47)

The increase in foreclosures is creating a community crisis that is damaging people and families in the following ways:

- Foreclosures damage virtually all residents of foreclosed dwellings whether owner-occupants (representing over 75% of foreclosures) or renters.

- The value of homes that went into foreclosure in Pima County in 2007 is estimated at over $600 million. How much of this is actual equity lost to individuals and families is hard to determine with specificity, but it likely exceeds $100 million.[46] These figures will be significantly higher in 2008 and 2009 since combined foreclosures for those two years are projected to total 15,000 – 20,000.

---

[44] Josh Brodesky, "The number of Pima County homes entering foreclosure hit nearly 9000," *Arizona Daily Star*, January 15, 2009

[45] The information reported here is as it was received from the Recorder's Office. Disparities between the total of cancellations and sales to the total of notices are typical of the system and have not been explained.

[46] Zillow.com estimates that foreclosures in Metro Tucson are currently selling for an average of 22% under market value.

- Foreclosures impact home values in communities through the "spillover effect."

When the decline of home values that have already occurred is combined with those that are forecast, it will eliminate this home equity reserve for many families and significantly reduce it for the rest. Some of the consequences include:

- Home improvement projects and home maintenance will be deferred
- Consumer spending will decrease
- Student loans to send children to schools and colleges will become harder to get
- Unexpected expenses like medical bills will become more difficult to pay
- The need for public funded social services, particularly for the elderly will increase

Because of the current foreclosure crisis, many families will experience a decline in their standard of living, a reduction in their quality of life and increased insecurity and tension.

Foreclosures also damage neighborhoods and communities in the following ways:

- In Pima County, the financial spillover effect of foreclosures will lead to a reduction in the property tax base and revenues. Since tax assessments lag home market value by about two years, the impact of the decrease in home values on tax revenues has not yet been felt. When it does hit in 2009, Pima County tax districts are going to face some very difficult decisions in order to maintain public services and programs and governmental functions that depend on local taxes. Responses are essentially limited to raising the tax rate, expanding and increasing fees and penalties and/or cutting back on services and programs. None of these will be politically popular.

- Foreclosures can cause a reduction in consumer spending which depresses the local economy and reduce revenue from sales taxes that pay for the maintenance of public infrastructure, public services and community programs.

- "The American Nightmare" report from which this section draws from was published in September 2008. By December 12, 2008, the Tucson City Council approved $31 million in budget cuts to help deal with the projected budget deficit of $80 million for 2008. Fees for parks and the Tucson Convention Center will increase and new police officers and firefighters will not be hired. Budget conditions are expected to be much worse in 2009. The City is expecting sales taxes to be negative for three consecutive fiscal years.[47] Reduction in property tax revenue will combine with the reduction in sales tax revenue to have a severe negative effect on local government. By December 2008, the City Manager had stopped giving budget estimates based on the budget

[47] Rob O'Dell, "City Council OKs $32 M in budget cuts," *Arizona Daily Star,"* December 10, 2008.

approved by the council in June 2008 because the situation had deteriorated so rapidly.[48]

- Foreclosures have direct costs through increases in law enforcement, lost revenue from utilities, and increased demand for social services. Studies show that the cost of one foreclosure can directly cost a community thousands of dollars depending on the location.

- Neighborhoods can be destabilized when investors and speculators buy foreclosed properties that were owner-occupied and turn them into rentals.

- Neighborhoods with high foreclosure rates negatively impact nearby businesses, further contributing to the downward economic spiral caused by foreclosures.

- Neighborhoods with foreclosures become more vulnerable to "red lining" by lenders and insurance providers who either increase rates and fees or restrict the availability of loans and coverage.

Foreclosures increased from a reported 3,426 in 2002 to 4,640 in 2007, an increase of about 40%.

- From 2003 through 2006, foreclosures actually decreased from 2002. The prevalence of subprime lending and loose underwriting standards allowed many people in difficult circumstances to avoid foreclosure by refinancing.

- In 2002, subprime loans accounted for less than 10% of all loans in metro Tucson. By 2005, they were 25% of all loans.

- Subprime loans became more toxic. In 2002, the projected lifetime foreclosure rate for subprime loans originating in metro Tucson was 9.3%. By 2006, that had jumped to 21.6%, an increase of 132.4%.[49]

In 2004, the study focused on subprime loans and the impact of the expansion of subprime lending on foreclosures was telling.

- Only 13 out of a total of 316 lenders originating 16,346 subprime loans accounted for virtually the same percentage of foreclosures (36.3%) that 22 did in 2002.

- The top five lenders with over 300 subprime loans in 2006 made 25% of all subprime loans. The top 12 lenders accounted for over 38% of all subprime loans.

---

[48] Rob O'Dell, "City must cut $32M more, Hein says," *Arizona Daily Star,* December 4, 2008.

[49] Keith Ernst, Ellen Schloemer, Wei Li, and Kathleen Keest, "Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners," The Center for Responsible Lending, December 2006.

In 2007, the time between loan origination and foreclosure decreased compared to 2002.

- 22.39% of foreclosure notices were filed within one year of origination with an average of 260 days from the time the loan was made.
- 57.92% were within two years of origination with an average of 432 days.
- 78.27% were within three years with an average of 545 days.

In 2007, the overall ratio of households per foreclosure in metro Tucson was 77.58 households per foreclosure.

- In the eleven zip codes with the most foreclosures, the ratio was 49.73 households per foreclosure.
- In the remaining twenty-one zip codes, the ratio was about 130 households per foreclosure.
- In the three zip codes with the highest ratios of households to foreclosure, the average was 19.7 households per foreclosure.

The foreclosure crisis in Pima County had a disproportionately negative impact on the Hispanic community.

- In 2007, Hispanics accounted for 36.1% of foreclosures while receiving 23.8% of all loans in Pima County in 2006 with a population share of 32.6%.
- Out of a total of 8,825 loans to Hispanics in 2006, 3,723 or 42.2% were subprime. For White Non-Hispanics out of a total of 20,076 total loans received, 3,377 or 16.8% were subprime.[50]

• Table 26: Home Mortgages in Metro Tucson in 2006

	Count of Loans			As a Percent of Loans to that Race (Market Share)		Ratio of that Race to White (Market Share Ratio)	
Borrower Race	Prime	Subprime	All	Prime	Sub-prime	Prime	Subprime
White Non-Hispanic	16,699	3,377	20,076	83.2%	16.8%	1.00	1.00
Black or African-American	465	298	763	60.9%	39.1%	0.73	2.32
Hispanic or Latino	5,102	3,723	8,825	57.8%	42.2%	0.70	2.51
Asian	570	685	685	83.2%	16.8%	1.00	1.00
Total	27,715	9,318	37,033	74.8%	25.2%	0.90	1.50

[50] These figures are based on an analysis of 2006 HMDA data for Metro Tucson conducted for SWFHC by the National Community Reinvestment Coalition (NCRC) in June 2008. NCRC released a national study containing similar data that included over 200 metro areas, including Tucson, in July 2008. The study is titled "Income is no Shield against Racial Differences in Lending II: A Comparison of High Cost Lending in America's Metropolitan and Rural Areas" and is available at www.ncrc.org.

Source: National Community Reinvestment Coalition

- Table 27: Price to Income Ratio for Single Family Homes in Tucson

Year	Median Household Income	Single Family Residence Price	Price/Income Ratio
2000	$35,223	$128,000	3.63
2001	$35,617	$133,000	3.73
2002	$37,638	$142,500	3.79
2003	$37,818	$150,000	3.97
2004	$38,800	$175,000	4.51
2005	$41,521	$234,000	5.64
2006	$43,006	$272,800	6.34

In January 2009, the Pima County Board of Supervisors voted unanimously to use $1.5 in affordable housing bond funds for the county's Foreclosure Prevention Program. This will be combined with $3 million in federal funding to buy foreclosed homes in areas hardest hit by the foreclosure crisis in Tucson and Pima County. The homes will be repaired if necessary, and then rented as affordable housing. The 85706, 85713, and 85746 zip codes are the hardest hit and will be targeted by the funds. The funds will buy an estimated twelve or thirteen homes.[51]

HMDA Denial Rates (2005 – 2007)

For FHA, FSA/RHS, VA, conventional, refinance, home improvement and manufactured home loans, the general trend from 2005 through 2007 indicates that denial rates increased from year to year for nearly every racial and ethnic group. Denial rates for some loan types for a few racial and ethnic groups decreased from 2005 to 2006. In nearly all cases where this was true, the denial rates increased in 2007 to a higher rate than 2005. In every loan category for every year, both blacks and Hispanics experienced a higher denial rate than whites.

The upward trend in denial rates is likely associated with what was occurring in the housing and credit markets. In 2005, the housing boom was at its height, driven by easy access to credit, including subprime mortgages. Fewer mortgage applicants were denied because of loose mortgage underwriting standards. By 2007, the housing bubble had burst and credit dried up and lending standards tightened. The rising denial rates parallel and was likely caused by what was occurring in the credit and housing markets.

A detailed table with denial rates by loan type and race/ethnicity can be found in the appendix.

[51] Erica Meltzer, "Pima to buy up some foreclosed homes," *Arizona Daily Star*, January 14, 2009.

Payday Lending

In December 2003, the non-profit Southwest Center for Economic Integrity (SCEI) completed a study of the payday lending industry in Pima County funded through SWFHC and the County CDBG program. The payday loan industry expanded dramatically in Pima County in the years leading up to the study. Since the study's completion, payday lending has maintained a strong presence in Tucson and Pima County.

The payday loan industry's characteristics and lending practices in many ways mirror those of the sub-prime lending industry during the housing boom. Mapping of the industry revealed that these payday loan operations tend to be more prevalent in high-stress and higher minority concentration areas. As the branches of traditional banks closed down in high minority and lower-income neighborhoods, the Payday Loan Industry has expanded. Many of these payday loan companies are being financed by the same prime lenders that abandoned these neighborhoods. This is similar to what has been revealed in the aftermath of the subprime mortgage meltdown. Historically, minorities and low-income borrowers have had limited access to credit through traditional lending outlets. Leading up to the bursting of the housing bubble, many low-income and minority residents were sold exotic mortgages with a high risk of failure when they would have qualified for better terms. Relaxed lending standards and questionable and predatory lending practices have resulted in minority communities in Pima County suffering proportionally higher foreclosures.

The impact of enormously higher cost and unstable credit like payday loans and subprime mortgages to lower income neighborhoods is decreased homeownership and increased mortgage default rates and foreclosures. Payday loans often result in negative impacts on borrowers' credit ratings and are a common and frequently fatal stop gap measure to make mortgage payments.

Given the high cost of such loans and the significant sums of money involved, Pima County and the City of Tucson will continue to scrutinize this form of lending, as well as focus on related questions regarding predatory mortgage lending and broader consumer lending patterns.

Proposition 200, known as the Payday Loan Reform Act appeared on the November 2008 Arizona ballot and was defeated by voters 60% to 40%. The proposition, backed largely by the payday loan industry, would have allowed the industry to continue operating past July 2010 when enabling legislation is set to expire.[52] Furthermore, fees would have been capped at $15 per $100, the equivalent of an annual interest rate of 391%. Currently the fees charged on payday loans are equivalent to 450% on an annual basis.[53]

[52] Arizona Proposition 200 (2008), Ballotpedia, http://ballotpedia.org/wiki/index.php/Arizona_Proposition _200_(2008).
[53] Howard Fischer, "Industry behind payday-loan reform ads," *Arizona Daily Star,* November 1, 2008.

Impacts on Fair Housing

The foreclosure crisis has serious fair housing implications. Predominantly minority neighborhoods have historically experienced high levels of housing discrimination. Post-World War II suburbanization facilitated by cheap federal mortgages available to whites only stranded many minorities in central cities experiencing disinvestment in favor of new suburbs. Later, urban renewal razed many thriving inner-city minority areas or spliced them with new freeways further favoring suburban expansion. By the 2000s, this pattern was turned on its head. After years of both overt and covert discrimination, the mortgage industry began to target minorities for subprime loans as the demand exploded for securitized mortgages on secondary markets. Minority borrowers received a much higher percentage of subprime loans than did whites. As it turned out, a large percentage of these subprime loans, often with adjustable interest rates, proved toxic for many borrowers causing a high default rate. Even more insidious, many minorities qualified for prime loans but were sold subprime loans anyway. The subprime meltdown caused the collapse of the housing market and led to the worst recession since the Great Depression.

Minority neighborhoods have been hard hit by the foreclosure crisis because of the high number of subprime loans they received. Insurance companies often effectively red-line areas with high foreclosure rates. Owner-occupants are forced out by foreclosures and would-be owner-occupants cannot get mortgage loans or insurance. Other owner-occupants leave by choice due to the decline and both public and private disinvestment follows. Public infrastructure spending declines and social programs are cut because of falling government revenues. Private businesses become more reluctant to open or expand and others close. These neighborhoods that have often struggled because of historic discrimination are suffering decline and blight as houses stand empty and speculators pick up cheap properties and turn them into rentals as prices decline. These factors can lead to a downward spiral and reinforce traditional patterns of housing segregation.

The Payday Lending Industry also has fair housing implications because operations tend to be more prevalent in high-stress and higher minority concentration areas where the foreclosure crisis hit hard. Traditional banks closed down operations in high minority and lower-income neighborhoods and the Payday Loan Industry moved in. Low-income borrowers turn to these short-term loans to make ends meet. Because payday loans are much riskier than traditional loans and often trap borrowers in a cycle of high-cost debt, borrower's ability to make mortgage payments is compromised, further exacerbating the foreclosure crisis and neighborhood decline.

assessment of current public & private fair housing programs & activities in pima county & tucson

Survey Results

A special survey was designed and administered by the Southwest Fair Housing Council in order to measure patterns of housing discrimination in Pima County. Survey results provide indications of the extent to which racial and ethnic minorities encounter discrimination, as well as the prevalence of various forms of such discrimination in the community. The results below are from 383 surveys received through April 20, 2009.

Table 28: Race/Ethnicity

Race/Ethnicity	Percent (based on number that responded to the question)
White/Anglo	38%
Hispanic	43.2%
African American	9.1%
Native American	3.9%
Mixed Race/Other	5.8%

Table 29: Sex

Sex	Percent (based on number that responded to the question)
Male	37.5%
Female	62.5%

Table 30: Disability

Disability	Percent (based on number that responded to the question)
Yes	10.4%
No	89.6%

Table 31: Respondents Encountering Discrimination

Have you or someone you know ever encountered housing discrimination?	Percent (based on number that responded to the question)
Yes/May have	35.8%
No	50.4%
Don't Know/NA	9.7%

Table 32: Types of Discrimination Reported by Respondents

Types of discrimination reported by respondents	Percent (based on number of responses)
Refusing, discouraging, or charging more to rent an apartment or buy a home.	18.5%
Discouraging a person from living where they want to live. Steering them to another apartment, complex or neighborhood.	27%
Refusing, discouraging, making it more difficult or charging more or providing less favorable terms on a home loan to buy, refinance, fix up or use the equity in a home.	16.3%
Refusing, discouraging or charging more for home insurance.	6.2%
Refusing to make reasonable accommodations or allowing a modification to make an apartment more accessible for person with a disability.	11.8%
Predatory lending: Unfair, misleading and deceptive loan practices.	20.2%

Table 33: How Informed are Respondents about Housing Discrimination

How well informed are you about housing discrimination?	Percent (based on number of responses)
Very informed/informed/somewhat informed	60.3%
A little/not enough/not at all	39.7%

- When asked what should be done to help prevent housing discrimination, 56% of the respondents checked that fair housing education and outreach should be conducted. When asked where to report housing discrimination, 59% of respondents did not identify an agency that handled fair housing complaints.

- In 2005, 32.9% of all respondent reported that they or someone they knew had encountered housing discrimination compared to 35.8% in the 2009 survey. The percentages are very similar and indicate that housing discrimination is still a major problem in Pima County.

- In 2005, 66% of respondents said that they were informed or somewhat informed about housing discrimination compared to just over 60% in 2009.
- Overall, the 2009 survey results indicate that housing discrimination is still prevalent in Pima County. Also about 40% of respondents indicated that they were not adequately informed about fair housing issues and about 60% did not know where or how to file a fair housing complaint.

United States Department of Housing & Urban Development (HUD)

HUD is the federal agency with the responsibility of enforcing the federal Fair Housing Act (FHA). It does this in three ways:

- Investigate allegations from complainants.
- Initiate legal action through its legal arm, the Department of Justice, to enforce fair housing laws.
- Contract with agencies through the Fair Housing Assistance Program (FHAP) and Fair Housing Initiatives Program (FHIP) to assist in taking complaints, and investigating, conciliating, referring, litigating or closing them with no further action.

Complaints filed with HUD

HUD contracts with the Arizona Attorney General's Office through their Fair Housing Assistance Program (FHAP) to process complaints alleging violations of FHA within the State of Arizona. The FHAP program also requires the AG to report the complaints they receive to HUD. These are both compiled within a HUD database referred to as "teapots." HUD provided SWFHC with the following information from teapots.

Table 34: Fair Housing Complaints Taken by the Arizona Attorney General's Office Originating in Pima County from 1/01/05 to 4/16/09

Year	2005	2006	2007	2008	2009	Total
HUD	0	2	3	4	1	**10**
AG	30	33	65	44	19	**191**
Total (HUD + AG)	30	35	68	48	20	**201**
Race	4	5	10	9	2	**30**
Color	0	0	1	1	0	**2**
National Origin	7	3	8	11	0	**29**
Sex	7	2	3	0	0	**12**
Disability	15	18	45	24	1	**103**
Religion	0	2	1	5	0	**8**
Family Status	2	2	4	3	0	**11**
Retaliation	1	3	9	5	0	**18**

Arizona Attorney General's Office – Civil Rights Division

In Arizona, HUD subcontracts through FHAP to the Arizona Attorney General's Office to intake, investigate, conciliate, litigate and close complaints. The AG is able to act in this capacity on behalf of HUD because Arizona's Fair Housing Statute is substantially equivalent to the federal Fair Housing Act; the state statute essentially offers the same protections as FHA and the AG conducts the same enforcement procedures as HUD would under FHA.

Fair Housing Complaints in Pima County Processed by the State Attorney General's Office

The fair housing complaints taken by the AG in Pima County are reported to HUD and compiled in HUD's database (Teapots). This information is detailed in Table 34 in the section on HUD.

Overall the AG took 191 fair housing complaints in Pima County between January 1, 2005 and April 16, 2009. The information from Teapots indicated that the number of complaints rose slightly from 30 in 2005 to 35 in 2006 and then substantially, almost doubling to 68 in 2007. In 2008, complaints fell back to 48.

The basis for the largest number of complaints in that period was "Disability" with 103 or 54% of all complaints. "Race" was next highest with 30 or 16%, then "National Origin" with 29 or 15% and "Retaliation" with 18 or 9%.

Education and Outreach Activities

The Attorney General's Office responded to a request by SWFHC for information on their outreach activities in the state with a list of approximately 160 trainings, presentations, events and meetings conducted or participated in statewide since the beginning of 2005. At least 28 of these activities were conducted in Pima County and a number of others were attended by Pima County personnel or directly impacted Pima County even though they were not held there. In particular three warrant special mention:

- In February 2009, the AG completed a 13 minute Fair Housing Video in both English and Spanish titled "Fair Housing for All" and it was distributed to fair housing advocacy groups and other organizations throughout Arizona. A number of organizations in Pima County, including SWFHC, have since used this video in fair housing trainings and sessions.

- In February 2008, the AG printed a new multi-page fair housing brochure in both English and Spanish. Organizations in Pima County have found the brochure to be a valuable resource and distribute it on an ongoing basis.

- Mediation can be an extremely valuable tool in resolving conflicts and issues before they reach the point of a formal fair housing complaint. A number of housing organizations in Pima County have participated in the mediation trainings that the AG offers and have utilized it to the benefit of their clients.

The City of Tucson Attorney's Office

The City of Tucson has a local fair housing ordinance which is not substantially equivalent to FHA and is enforced by the City Attorney. The fair housing activities conducted by The City Attorney were discussed in detail earlier in the report under the section labeled "Pima County and Tucson Fair Housing Legal Status**."** The key points in that section were as follows:

1. Since 2005, no housing complaints from the private market have been processed.

2. The staff members in the Attorney's office are unclear as to how to handle private market complaints. If the intent of the Ordinance is to be effectively carried out, procedures need to be clarified and staff needs to be trained.

3. More education and outreach is needed that targets the dissemination of information regarding Tucson's City Ordinance and most specifically the rights it provides Tucson residents that are not provided under FHA and the responsibilities of landlords and property managers to comply with the ordinance.

The Southwest Fair Housing Council (SWFHC)

SWFHC is a private fair housing organization (FHO) that conducts a range of activities related to housing including fair housing enforcement, training, education and outreach. HUD contracts with SWFHC through the FHIP program to take complaints, investigate them and mediate or refer them to HUD or the AG for further action. SWFHC is also funded through local Community Development Block Grant (CDBG) programs to conduct these and other fair housing activities for both the City of Tucson and Pima County. In addition, SWFHC investigates complaints and monitors the compliance of housing providers with FHA by conducting fair housing testing.

Fair Housing Enforcement Activities

Complaints

SWFHC receives, on average, about twenty five contacts a day from people with housing related complaints. In 2008, over 6,100 contacts regarding housing allegations and issues were received. The vast majority of these contacts are made by phone with slightly over 5% from walk-ins and about 2% by mail. Less than 1% of complaints are currently received by email.

Most allegations that SWFHC receives regarding housing are not jurisdictional to FHA and are either landlord/tenant issues or requests or complaints about housing assistance. Each housing allegation coming in to SWFHC is received and reviewed by a trained call taker to determine if there may be a fair housing issue involved. Each review may take several minutes of discussion to provide the call taker with an understanding of the complaint. If it appears to the call taker that fair housing may be an issue, the call is referred to one of SWFHC's complaint analysts. If not, the caller is referred to a specific agency that may be able to help the complainant. The complaint analyst interviews the complainant and the information is recorded. The complaint analyst determines whether the allegation appears to be jurisdictional to FHA and then will either open a file or refer it to another agency. If a complaint has a fair housing component but also entails other issues such as landlord/tenant or consumer fraud it is generally referred to the State Attorney General's Office. Complainants are also informed that they may file directly with HUD, or if it is a matter not actionable under FHA but covered under the City of Tucson Fair Housing Ordinance, they can file with the City Attorney. While HUD has a formal referral process for agencies assisting complainants, neither the AG nor the City Attorney do. Because of this SWFHC cannot track follow through or outcomes for these referrals.

Complaints handled by SWFHC can have a number of outcomes that depend largely on the intent of the complainant, the extent of damages that may have occurred to the complainant, the attitudes of both the complainant and respondent and the desire of

both parties to resolve the issue. Specific outcomes of complaints handled by SWFHC can include the following:

- SWFHC determines that there is not sufficient cause to pursue the complaint.[54]
- Mediation or conciliation between the parties with SWFHC as a facilitator.
- Assistance by the Complaint Analyst to help the complainant develop a plan to achieve an acceptable resolution.
- Initiating legal action through one of SWFHC's cooperating attorneys and working with the complainant through the litigation process.
- Closure of the complaint due to the complainant withdrawing, moving, failing to respond or filing the complaint again with HUD or the AG.[55]
- Assisting the complainant to file and pursue a formal complaint with HUD or the AG.

In some cases when the complainant decides they do not want to pursue what appears to be a meritorious complaint and the issue is systemic, SWFHC will continue to investigate the issue and subsequently file a formal complaint with HUD or the AG as the complainant. In these cases the original complainant usually remains anonymous unless litigation ensues and disclosure is required by the court.

From January 1, 2005 to December 31, 2008, SWFHC received 297 fair housing related complaints in Pima County. This compares with 188 that were received from the beginning of 2000 through 2004, the period covered by the prior AI. The following is a breakdown of the complaints received from the beginning of 2005 to the end of 2008.

[54] In these cases complainants are informed of their right to file directly with HUD, the AG or to contact a private attorney.

[55] SWFHC defers to both HUD and the AG and will close a complaint if the complainant files independently with them. As noted, since SWFHC may not know if this has occurred a number of complaints that were closed because of failure to respond may have also been filed with HUD or the AG; complainants may have an active complaint with HUD or the AG and not inform SWFHC of this – or vice-versa.

- Table 35: Fair Housing Complaints Received by SWFHC in Pima County from 2005 - 2008

Type of Complaint	Outcome				Total
	No Cause	Withdrew	Mediation/Settlement/ Voluntary Compliance	Filed w/HUD or FHAP	
Race	17	16	9	13	55
National Origin	27	34	14	14	89
Disability	32	32	15	17	96
Familial Status	9	13	7	5	34
Sex	8	7	3	2	20
Religion	2	1	0	0	3
Total	**95**	**103**	**48**	**51**	**297**

Landlord/Tenant Complaints

The volume of calls to SWFHC concerning landlord/tenant issues are indicative of the overwhelming need for help for tenants who may be facing abusive and unethical conduct by landlords as well as blatant violations of the Arizona Landlord Tenant Act. These can include:

- Failure to remedy unhealthy conditions, repairs needed to equipment, utilities and appliances, or the failure to provide critical services or adequate security.
- Charging inappropriate fees and failing to return deposits and money that was allegedly escrowed.
- Abusive and disparate rules and regulations, intimidation, threats and harassment.
- Unlawful evictions.

The recent housing crisis which includes the dramatic loss of property values and an increase in foreclosures is also impacting heavily on the owners of multifamily housing. Tenants are being evicted from their units by the trustees of lenders on short notice, despite leases and without the return of deposits or prepaid expenses and rent. These tenants have a difficult time finding or paying for another place to live and may become homeless. Minorities and low to moderate income families comprise a significantly higher proportion of people facing this crisis than their percentage in the total population of Pima County.

The City of Tucson assisted tenants through the Consumer Affairs Office, Office of the City Attorney until it was closed in 2002. The Consumer Affairs Division was created through a Mayor and Council ordinance based on the public need for municipal activity in the area of consumer awareness and protection. The functions of the Consumer Affairs Division were to accept complaints, conduct investigations, mediate disputes, seek complaint resolution, gather and disseminate consumer information, make referrals

to other agencies, review local, state and federal consumer legislation, and administrative rules and regulations relating to consumer matters, formulate recommendations for city action in consumer affairs, and coordinate municipal activities in consumer affairs with public and private entities providing protection, mediation or information programs for consumers. The division initiated investigations and resolved complaints through criminal prosecutions, administrative proceedings, non-judicial actions, application of the Arizona Consumer Fraud Act, formal or informal mediation processes, or civil action pursuant to the Tucson City Charter. The closure leaves a large void in the community since no other agency has taken over these responsibilities. When the Consumer Affairs Office closed, tenants lost one of the few resources available that provide strong recourse to abusive landlord practices.

Results of Fair Housing Testing by SWFHC in Pima County

The only accessible information regarding fair housing testing[56] in Pima County is from SWFHC. The Attorney General's Office can do testing as a component of their investigations but these generally remain confidential unless released as part of a systemic investigation. There has been no such release of information specific to Pima County since 2005.

Table 36: SWFHC Fair Housing Test Results from January 1, 2005 - December 31, 2008

		Basis			Results		
Type of Test	**Total**	Race	National Origin	Familial Status	Supports*	Does Not Support**	Inconclusive***
Rental	319	104	130	46	40 (13%)	179 (56%)	100 (27%)
Sales	38	18	20	0	4 (11%)	19 (47%)	17 (42%)
Lending	34	17	17	0	4 (12%)	7 (21%)	23 (68%)
Disability	36	N/A	N/A	N/A	6 (17%)	22 (63%)	6 (17%)
Total	**427**	**139**	**167**	**46**	**54 (13%)**	**227 (34%)**	**146 (31%)**

*Supports an allegation of illegal housing discrimination. There is evidence of non-compliance with FHA or disparate treatment unfavorable to the tester with the protected class characteristics.
** Does not support an allegation of illegal housing discrimination. Test shows full compliance and/or substantially similar treatment of the testers.
*** The test was inconclusive and while there may be disparities it is not clear that they evidence discrimination.

A Comparison of Tests Conducted In Pima County and in Arizona Outside of Pima County from 2005 to 2008

A comparison of tests conducted by SWFHC in Pima County to tests conducted in Arizona outside of Pima County during the same time period showed that a higher percentage of tests in Arizona outside of Pima County indicated illegal discrimination. Of a total of 358 tests in Arizona outside of Pima County from 2005 through 2008, 22% of Rental tests,

[56] Fair housing testing is similar to "test shopping" used by retailers to evaluate their customer services. Two trained testers closely matched in socioeconomic characteristics and essentially differing only in the basis being tested (e.g. race) are sent to a site to rent or buy housing or housing services in order to determine if there are differences in treatment, terms and/or conditions that could indicate illegal housing discrimination.

22% of Sales tests, 27% of Lending tests and 29% of Disability tests contained a difference or differences in treatment that indicated illegal discrimination.

A Comparison of Tests Conducted in Pima County from 2000 to 2004 to Tests Conducted from 2005 through 2008

The percentage of tests conducted in Pima County indicating illegal discrimination was substantially higher from 2000 to 2004 than from 2005 through 2008. The results of tests conducted in Pima County from 2000 through 2004 are summarized in the table below.

- Table 37: Results of Testing Conducted by SWFHC in Pima County: 2000-2004

		Basis			Results		
Type of Test	**Total**	**Race**	**National Origin**	**Familial Status**	**Supports***	**Does Not Support****	**Inconclusive*****
Rental	540	209	268	63	119 (22%)	200 (37%)	221 (41%)
Sales	180	92	87	1	54 (30%)	45 (25%)	81 (45%)
Lending	34	30	4		16 (47%)	7 (21%)	11 (32%)
Disability	168	N/A	N/A	N/A	42 (25%)	63 (38%)	63 (38%)
Accessibility	83	N/A	N/A	N/A	54 (65%)	29 (35%)	N/A
Total	**1,005**	**331**	**359**	**64**	**285 (28%)**	**344 (34%)**	**376 (38%)**

allegation of illegal housing discrimination. There is evidence of non-compliance with FHA or disparate treatment unfavorable to the tester with the protected class characteristics.
** Does not support an allegation of illegal housing discrimination. Test shows full compliance and/or substantially similar treatment of the testers.
*** The test was inconclusive and while there may be disparities it is not clear that they evidence discrimination.

Complaints Increase in Pima County: 2000 – 2004 & 2005 – 2008

An increase in complaints may mean either housing discrimination is increasing or that the fair housing activities conducted over the last several years, both education and outreach (EO) and enforcement, are having a cumulative effect and eliciting a greater response – or both.

Changes in Housing Discrimination in Pima County

Targeting Community Programs with Racial and Ethnic Stereotypes

Housing discrimination is constantly evolving and expresses itself in different ways in different communities. For example, in Pima County the issue of immigration is complex and involves concerns that include security, criminal activity, limited local financial resources and labor. However, it can also become a means of expressing bigotry. The number of complaints received from Hispanics alleging disparate treatment by landlords has been consistently increasing. Some of these complaints allege that property owners, managers and landlords use concerns regarding illegal immigration or the Crime-free Multihousing Initiative as a rationale to reduce the number of Hispanic families in their properties. Some have even contended that their landlords are attempting to "ethnically

cleanse" their property by targeting Hispanics with actions that include wrongful evictions on spurious charges, continual harassment on petty rules and regulations and failure to make repairs or correct problems in order to discourage tenants from remaining in the complex.

The Threat of a New Wave of Redlining

Another area of concern is apparent redlining occurring in neighborhoods experiencing a high number of foreclosures. HMDA data has shown that in Pima County Hispanics, Native Americans and African Americans received a higher proportion of subprime loans from 2005 through 2008. This has resulted in increases in the number of foreclosures in neighborhoods with minority homeowners. The response of lenders and home insurance providers has been to reduce the number of loans or home insurance policies and/or dramatically increase cost or impose unfavorable terms and conditions. A contemporary wave of redlining in Tucson and Pima County would impede the ability of these neighborhoods to recover from the foreclosure crisis and lead to further deterioration in these areas. Fair housing enforcement will need to focus on and respond to the increased risk of redlining.

Advertising

While there is generally a high rate of compliance to FHA advertising standards by organizations, businesses and the media, there are two areas that evidence a high prevalence of unlawful housing discrimination.

Spanish Language Ads

Between 2007 and 2008, SWFHC conducted 36 tests in Pima County to determine if providers that advertised in both English and Spanish were offering identical rates, terms and conditions. Nine tests (25%) indicated significant differences in the advertisements, the in-person information provided or both. For some properties the terms and conditions advertised in the Spanish language guide were less favorable than those in the English guide. In other cases the terms and conditions in the Spanish language guide were more favorable when the complex was in a predominantly Hispanic neighborhood – which could indicate steering. SWFHC filed five of these cases with HUD.

Age Restricted Communities

In order to increase home sales in a declining housing market, an increasing number of over 55 communities in Pima County are presenting themselves as over 40, 45 or another age under 55 without stating their status as an over 55 age restricted community that allows a limited exemption (20%) to the over 55 requirement. They are also stating that persons under 19 are not allowed, again, without any wording or statements that present themselves as an over 55 community age restricted under FHA. This begs a number of FHA related questions, including:

- Are they maintaining compliance with CFR 100.305? Are they conducting the bi-annual survey, keeping records and tracking the number of units that remain with one person over 55 to comply with the 80% required by FHA?

- Are they in compliance with CFR 100.306 in that they "publish and adhere to policies and procedures that demonstrate its intent to operate as housing for persons 55 years of age or older?"

- Their advertising and statements appear, on their face, to be discriminatory and in violation of FHA. Are they in violation of Section 804(c) of the federal Fair Housing Act if they do not put this advertising and these statements in the context of their status as an over 55 community and their familial status exemption?

There are at least two fair housing concerns here. First, are communities slipping below FHA requirements for the over 55 familial status exemption? And second, what impact do these advertisements have in misleading people as to their fair housing rights in regard to familial status? It took a great amount of education and outreach to reach the current level of public understanding of the rights and responsibilities provided by the 1988 Fair Housing Amendment Acts. A significant portion of this work could be undone by the misleading advertising that is occurring in Pima County as well as other parts of Arizona.

Education & Outreach: Increasing Fair Housing Awareness in Pima County

Fair housing education and outreach in Pima County has increased and improved over the last several years. And this apparently has had an impact by increasing the number of fair housing complaints coming in to both SWFHC and the Attorney General's Office. Both the City of Tucson and Pima County have funded SWFHC (or its predecessors) continually since 1986 to conduct education and outreach. In 2004, HUD funded SWFHC to focus education and outreach and enforcement in rural areas where colonias are located, including Pima County. In 2005, Pima County and SWFHC collaborated to provide fair housing services to the Old Nogales Highway Colonia, an unincorporated community of about 3,500 mostly Hispanic residents located just outside of the Tucson city limits. This project continues today. The results of these efforts include a progressive expansion of a network of agencies and organizations that collaborate to conduct fair housing activities throughout Pima County, the steady improvement and effectiveness of education and outreach activities, and the cumulative growth of bilingual fair housing brochures, pamphlets and handouts that are distributed through the network of agencies and in the activities conducted.

Decrease in Tests Showing Possible Illegal Discrimination between 2000 – 2004 and 2005 – 2008 in Pima County

There is probably no one explanation for the decrease in the indications of discrimination in testing conducted in Pima County, but rather a combination that may include the following:

- *The level and period of time that fair housing activities have been conducted in Pima County has led to a reduction in the incidence of illegal housing discrimination.* Fair housing has been actively promoted and supported in Pima County since at least 1986 when the Old Pueblo Community Housing Resource Board was formed in Tucson with HUD, City and County funding. That agency transitioned into the Southern Arizona Housing Center in 1992 and then the Southwest Fair Housing Council in 2003 and has received HUD, State of Arizona, City of Tucson and Pima County and CDBG funding, from both Tucson and Pima County this entire time. The reduction in the number of tests indicating discrimination over the last few years may be an indication that these activities have had a positive impact. In comparison, fair housing funding and activities in other parts of the state have not been at the same level as in Pima County and the results of testing indicates a higher level of discrimination.

- *The AI process has strengthened since its inception and as a result, communities have been learning and benefiting*. With insights learned from the development and implementation of the AI drafted in 1995, the City of Tucson, Pima County and local agencies expanded their efforts to draft and implement the AI submitted in 2000. The AI submitted in 2005 was based on insights garnered from the drafting and implementation of the prior AIs and further expanded efforts to develop effective tools to overcome impediments to fair housing and affirmatively further fair housing. The results of testing may indicate that the City of Tucson and Pima County are gaining ground in the fight against housing discrimination through effective fair housing planning and its implementation. Housing and housing service providers are both better informed about complying with FHA through training and education and more effectively dissuaded from violating it because of effective testing and enforcement.

- *Tools for identifying discrimination may have become less effective.* As noted, the nature of discrimination evolves and adapts in response to changing circumstances and agencies that conduct testing need to reevaluate test methodologies to see if they are still effective. For example, from 2005 to 2008, the housing market changed dramatically both within that period of time and in comparison to the period from 2000 to 2004. The subprime lending market dramatically expanded after 2005. Fewer loans were denied and more Adjustable Rate Mortgages with inordinately high interest rates and high risk terms and conditions were sold. Minorities were hit hardest. Instead of a loan denial, minorities were offered subprime loans with terms and conditions that made default and foreclosure much more likely. In the new

frenzied and unregulated market, almost any loan could be sold on the secondary market and the originator, having collected his or her share, walked away free of responsibility for the outcome. It was not until 2007 that the new HMDA reporting requirements initiated in 2005 began to result in the disclosure and analyses of data on subprime lending and an accurate measure of the impact it was having on loans to minorities was available. Because of this delay, test structures were not able to be revised quickly enough to identify the change in the nature of illegal discrimination in the new subprime market and it is likely that much of it slipped through under the radar. Changes also occurred in the rental market in response to housing market collapse and other factors that were mentioned (i.e. immigration and crime). Testing tools need to be honed to better identify new forms of illegal discrimination in the rental market.

- On the other hand, the fact that fair housing tests in Arizona outside of Pima County resulted in higher percentages of tests indicating housing discrimination suggests that the level of fair housing activity in Pima County over the last several years in combination with, and as a result of, the planning that has been conducted as part of past AIs have been effective in reducing the apparent level of housing discrimination in Pima County in at least some areas of fair housing. Nevertheless, the evaluation of the effectiveness of testing and a consideration of revisions and upgrades in methodologies should be standard operating procedure for agencies conducting fair housing testing.

Summary of Findings

1) Housing discrimination continues to occur in Pima County, although possibly at a reduced rate from a few years ago.

2) Indications are that fair housing enforcement and education and outreach efforts in Pima County have been effective in reducing certain forms of housing discrimination.

3) Housing discrimination is evolving and adapting to changing socio-economic conditions in Pima County. New expressions of illegal housing discrimination have been identified in home rentals, sales, lending, insurance and in the area of foreclosures and these need to be monitored and dealt with when they occur.

4) New fair housing strategies and methodologies are needed to deal with changing forms of housing discrimination.

5) Tenant rights can be a closely related or actual fair housing issue. There is an overwhelming need in Pima County to provide tenants with legal advice and assistance.

Assessment and Results of the 2005 Plan of Action

An assessment of previous Plans of Action provides an opportunity to determine what worked and what did not and to use these insights to draft the 2010 Plan of Action. The Plan of Action drafted in 2005 was carried out and was generally successful. The most significant problem encountered was the impact of the collapse of both the housing and home lending markets in Pima County in 2007. This created a number of new impediments to fair housing choice which will require considerable attention and action in the 2010 plan.

There are a number of issues inherent to Pima County which impacted the 2000 AI and then carried over to the 2005 Plan of Action and will also be factors in the 2010 plan. These include the following:

1) Pima County and the City of Tucson have rapidly aging housing stock in need of rehabilitation over the coming decade.

2) There are a growing number of rental units in substandard condition, requiring proactive housing code enforcement supplemented with programs to assist with improving living conditions and maintaining affordability.

3) Certain areas of the City and County have a high concentration of racial and ethnic minorities combined with a low median income.

4) Disparities exist in the rate of homeownership in areas of higher minority concentration as compared to majority white areas.

5) The elderly population is predicted to continue growing and will generate an increased need of appropriate housing choice.

6) There is a need to consolidate metropolitan wide housing assistance efforts to overcome jurisdictional and artificial program delivery barriers.

The collapse of the housing and home loan markets in 2007 created a number of new issues that will affect the 2010 Plan of Action including:

1) The dramatic increase in home foreclosures is hitting low income and minority neighborhoods disproportionately harder.

2) Subprime, abusive and predatory lending has been substantially higher in minority areas.

3) Both lending and insurance redlining is more prevalent in neighborhoods hardest hit by foreclosures.

4) Foreclosure rescue scams are widespread with many targeting minorities.

5) While the value of homes has decreased substantially, the new standards in lending still make housing unaffordable for many. Long-term housing affordability will remain a problem even after the availability of home mortgages improves.

6) The economy is in a downturn and jobs are being cut. This is not projected to improve until 2010 at the earliest. This makes the issues in the relationship between employment, housing and transportation that much more significant.

• Table 38: Assessment of the results of the 2005 AI Plan of Action

Impediment	2005 Action Plan	Results and Assessment
1) Illegal housing discrimination in the following areas: ■ Home sales ■ Apartment and housing rental ■ Home lending including mortgage lending, rehab and home equity loans ■ Home insurance ■ Persons with disabilities including accessibility in design and construction	The City and County will pursue continued support of enforcement programs that are broad based (service all areas of FHA) and: ■ Intake, investigate and process complaints, including filing with HUD and the AG. ■ Assist complainants to remedy damages through conciliation or litigation. ■ Conduct testing to monitor the compliance of housing providers with all fair housing laws. ■ Release and publicize awards and settlements in fair housing cases to encourage compliance. ■ Monitor and review housing industry advertising.	From 2005 through 2008 COT and Pima County provided CDBG funding to SWFHC to conduct the following: Intake and investigate fair housing complaints, fair housing testing, complaint mediation, print ad monitoring, and file complaints with HUD or the A.G. The total CDBG funding for these activities was approximately $200,000 over four years and also included fair housing education and outreach activities. From 2005 through 2008, with funding from HUD, Pima County and COT, SWFHC received a total of 555 allegations of housing discrimination within Pima County. After review and investigation, 259 were referred to another agency including 51 to HUD or the State Attorney General's Office as formal complaints. A total of 115 complaints were processed internally by SWFHC and mediated, conciliated or resolved to the benefit of the complainant. 181 complaints were closed by SWFHC (e.g. "no cause") or by the complainant (e.g. no response or dropped). From 2005 to 2008, a total of 341 tests in all areas of fair housing were conducted by SWFHC in Pima County. Overall, approximately 13% of the tests conducted showed evidence of unlawful housing discrimination.

		Twenty-five tests were conducted in advertising. One complaint resulting from these tests was particularly noteworthy because it had a national impact. The corporate owner of a Tucson weekly paper signed a conciliation agreement to put in place procedures to assure FHA compliance and regularly conduct fair housing training for staff at 23 papers owned by them throughout the country.
2) A lack of knowledge and understanding of the rights and responsibilities afforded under fair housing laws along with a need for a better understanding and appreciation of why and how diversity in neighborhoods contribute to better communities.	Informational presentations and trainings will be provided to housing consumers (including home buyers, renters, home loan and insurance seekers and persons with disabilities) to educate them in fair housing rights, how to identify housing discrimination and where to go for help if housing discrimination is encountered. Informational presentations and trainings will be provided to housing providers (including real estate agents, property managers, landlords, property owners, lenders, insurance agents, architects, contractors and builders) regarding their responsibilities under fair housing laws, and what they need to do to comply. A wide range of informational fair housing pamphlets and literature will be produced and made available through City and County program offices; organizations and businesses throughout the county; at a wide variety of distribution points in the community, such as libraries and churches; and at public and private events, trainings, forums, meetings and conferences. Records will be kept of the type of literature, the location of distribution and the approximate number distributed. Fair housing events and	From January 1, 2005 to December 31, 2008 Pima County and COT along with HUD, provided funding for SWFHC to conduct 103 fair housing presentations, including workshops, forums and seminars and 163 trainings in Pima County. These presentations and trainings included information regarding FHA compliance and discrimination for the housing industry, housing service providers and residents in the areas of home sales, rental lending, insurance, disability and design and construction. A total of 5,320 housing providers, servicers, builders, architects, attorney's and residents attended these presentations and trainings. Both Pima County and COT assisted in the planning and provided the space for many of these events. Between 1/01/05 and 12/31/08 SWFHC distributed over 36,000 fair housing brochures, pamphlets, flyers and other informational materials at 343 distribution sites in Pima County. Many of these sites were Pima County or COT events, offices and locations, e.g. Section 8, community centers, libraries, etc. Fair Housing events were conducted every April between 2005 and 2008. Events included proclamations by the City Council and County Board of Supervisors declaring April as Fair Housing Month locally and

	presentations at other community events and conferences will be conducted to build a greater awareness of fair housing and appreciation of diversity. These will include housing fairs, fair housing month celebrations in April, a workshop at the Affordable Housing Conference, poster contests for youth, and neighborhood, church, ethnic and organizational events such as Juneteenth Day, Cinco de Mayo, CDBG events and the Dr. Martin Luther King Day Celebration. A community survey similar to the survey contained in this report will be annually conducted to monitor changes in fair housing concerns and knowledge.	publicly displaying the documents a events during the month, and using the theme "fair housing month" in al fair housing events conducted in April (a total of 22 for the four yea period). Fair Housing Month displays were set up in libraries. The SWFHC collaborated with The Tucson Association of REALTORS® to provide special continuing education classes for credit fo agents. SWFHC participated with fai housing presentations and displays at an average of 15 community and neighborhood events annually including Juneteenth Day, Cinco de Mayo, the annual CDBG celebration and Dr. Martin Luther King Day celebrations. Community surveys were conducted in 2005 and 2008/9 to determine trends in perceptions and opinions on fair housing by residents.
3) Continuing problems with accessibility for persons with disabilities including the following: ■ Lack of accessibility in rental housing ■ Lack of accessible designs in new single family housing ■ Resistance on the part of the housing industry to mandated accessible visitability ■ A shortage of funding for modifications to improve accessibility in older housing units	Testing as well as education and outreach for accessibility will be conducted (see Action Plan for Impediment 1 & 2). Trainings for property owners, builders and contractors regarding their responsibilities to meet FHA accessibility requirements independent of local building codes will be conducted. The City and County will train inspectors to increase the focus on accessibility requirements. SWFHC will engage builders who are building accessibility into their homes to collaborate with fair housing staff to conduct trainings and workshops regarding the increased marketability of building accessible homes with construction companies that are producing accessible homes.	See results for impediment 1 & 2. Between 1/01/05 and 12/31/08 three trainings were conducted fo building inspectors, builders and architects. Included was a training facilitated by SWFHC and conducted by Accessibility First from Washington D.C. in May 2007. Training was conducted for staff o DIRECT Center For Independence for complaint referral.

	SWFHC will collaborate with the Attorney General's Office to formalize a strategy to include contributions to modification programs as part of conciliation agreements and settlements by Respondents in cases where they have violated the accessibility requirements of FHA.	
4) The prevalence of predatory, abusive and unethical lending practices in Pima County as well as the disparate provision of services by lenders to minority residents, neighborhoods and communities.	The Fair Housing Coalition – a consortium of eleven organizations – will work with the AG's Office to attain passage by the State Legislature of an effective anti-predatory lending statute. Pima County and the City of Tucson will pursue the investigation, analysis and reporting on predatory and abusive lending practices in Pima County. This will include continued monitoring of foreclosures and a study of abuses regarding Contracts for Deed. The investigation of Contracts for Deed will include a feasibility analysis of drafting and passing a countywide ordinance regulating Contracts for Deed. SWFHC will monitor annual HMDA data and evaluate and report on the results. The information will be made available through reports at forums and conferences and press releases.	From 2005 through 2007 The Fai Housing Coalition actively worked with the AGs office on two separate attempts to get a state anti predatory lending bill enacted. The first attempt was tabled in committee and the second attempt died when the state representative sponsoring the bill withdrew her support. The lending abuses that are in par responsible for the curren foreclosure crisis in Pima County has encouraged support for the enactment by the City Council of an anti-predatory ordinance in the City of Tucson. In 2008, SWFHC drafted a study fo COT and Pima County on abusive lending practices and the increase in foreclosures in Pima County since 2004. The study is titled "The American Nightmare" and is available on SWFHC, Pima County and City of Tucson websites. In 2007, Pima County with Freddie Mac and a consortium of loca organizations, including SWFHC as the host agency, established a "Don't Borrow Trouble®" Office. The office is the contact point and route for abusive and predatory lending complaints and people facing foreclosure. The need has grown dramatically as indicated by a comparison of complaints and requests for help: 77 in the 4th quarter of 2006, 57 in the 4th quarte of 2007 and 290 in the 4th quarter o 2008. In the 4th quarter of 2006, 14%

		of contacts were regarding mortgage foreclosure. By the 4th quarter o 2008, 74% of all contacts were by people facing or in foreclosure.
5) Need for better communication and coordination between City and County Planning and private fair housing personnel. Greater input by fair housing personnel is needed in the planning process as well as assessment, recommendations, information gathering and reporting. ■ This includes planning in the following areas: ■ Transportation ■ Affordable housing ■ Economic development ■ Sub-standard housing ■ Community, neighborhood development and preservation ■ Zoning ■ Building codes ■ Inadequate infrastructure ■ Employment and the living wage issue ■ Deeds and records	The city, county and organizations interested in fair housing will seek to develop a plan to improve communication and allow for greater participation and input into the planning processes identified in impediment #4. This plan will also allow for greater information gathering and reporting on the impact of specific public policies on fair housing choice in Pima County.	Between 2005 and 2009 SWFHC staff regularly attended Pima County and COT meetings to offer fai housing information to help planning by county and city personnel.
6) The need for more fair housing training and better communication between fair housing staff and personnel conducting and participating in community programs.	SWFHC will develop and implement a fair housing training schedule for the staff of public and private organizations and agencies involved in housing in Pima County. SWFHC will continue to work with Section 8 to train staff, review policies and conduct hearings.	The City of Tucson and Pima County have consistently acted to ensure that their procedures and policies comply with FHA. For example, COT Section 8 and Public Housing includes SWFHC in the formal process of review and comment for each Annual Plan SWFHC conducted informa hearings for Section 8 clients at risk of losing their voucher until 2006 when COT moved this function to a court magistrate trained in fai

		housing.
7) The need for more fair housing services in underserved areas of the County including colonias.	SWFHC will conduct a program funded by HUD to increase fair housing services to colonias, including those in Pima County. SWFHC will collaborate with Pima County to establish a walk-in housing clinic in the Old Nogales Highway. Colonia outside of Tucson.	Since 2005, Pima County and SWFHC have collaborated to develop and support a position of Promotora for the Colonias in Pima County. The bilingual Promotora has worked primarily in the Old Nogales Highway Colonia to provide housing information, and facilitate discussion and action groups to deal with problems within the Colonia. A walk-in housing clinic was established in the Old Nogales Highway Colonia in 2005 at a local school. In 2008 it was moved to a trailer that had been owned by Pima County Sheriff and used as a communications center. SWFHC and Pima County collaborate to fund the Promotora to staff the clinic.

conclusions & recommendations

Building on Success and Preparing for the Future

Many of the impediments to fair housing choice in Metropolitan Tucson that were identified in this analysis were present in 2005 when the last AI was drafted. The Plan of Action in the 2005 AI appears to have been effective in reducing the incidence of a number of types of discrimination and in better informing both housing consumers and housing providers of their rights and responsibilities under FHA. Because of this, much of the 2009 Plan of Action is a continuation of the successful fair housing activities that were conducted under the 2005 Plan of Action. However, the analysis points out that since the 2005 AI, Pima County and Tucson experienced significant demographic developments, dramatic changes in the housing market (including home sales and lending) and one of the worst economic downturns since the Great Depression. These changes impacted fair housing by altering the nature of some impediments and creating new ones, as well as by putting additional pressure on fair housing enforcement and education and outreach efforts. Fair housing organizations and programs have had to reassess activities and make adjustments to keep pace with the changing times. Some of the new developments impacting fair housing in Pima County and Tucson include the following:

- There have been changes in the nature of disparities between whites and minorities in the types of loans and terms and conditions of the loans provided by lenders. In many instances, subprime adjustable rate mortgages (ARMs) with rates and terms that were either clearly unsustainable or exceedingly risky replaced loan denials as a mode of discrimination against minorities. Minorities received riskier exotic loans at a higher rate than whites, and studies have shown that minorities were often steered towards these loans even though they would have qualified for less risky products. The recent collapse of the subprime market has severely limited the availability of subprime loans, and has caused the overall tightening of mortgage lending which may result in the return to disproportionately high denial rates for home loans by minorities. This will need to be monitored.

- The ratio of subprime loans to prime loans was much higher for minorities than whites and because of this minorities and neighborhoods with high minority populations have been hit the hardest by the rapid increase in foreclosures. This has severely impacted minorities in at least two important ways. First, it has made them targets for foreclosure prevention and loan modification scams, and second, it increases the incidence of redlining by lenders and insurance companies in neighborhoods that have been hit hardest by foreclosures.

- The projected long-term population growth and related demographic trends in Pima County and Tucson will increase the challenge to further fair housing. The proportion of Hispanic residents will continue to increase as this population segment grows at a higher rate than non-Hispanics. The legacy of Hispanic housing segregation will likely pose a continued impediment to fair housing as this segment of the population grows. Furthermore, the City of Tucson has a younger population than does the County, and this trend is projected to continue. The age disparity will intensify the need for both enforcement and education and outreach efforts to address the potential for increased discrimination against families with children.

- The foreign refugee community in Pima County, currently estimated at over 10,000, has been burgeoning since the 2005 AI was released. Several hundred new refugees are resettled annually in Pima County. Refugees are granted legal asylum by the U.S. government and have legal status to be in the country. Refugees in Pima County come from around the world and speak an estimated twelve different languages, which often makes acculturation difficult. Their unfamiliarity with housing transactions in the United States, limited English proficiency, and the lack of understanding of diverse cultural traditions by landlords and property managers has created new challenges for fair housing in Pima County. Many refugees that resettle in Pima County are from cultures with primarily oral traditions with little experience with written contracts, further exacerbating the challenge to provide fair and affordable housing.

- HUD is in the process of more clearly defining what it means by "affirmatively further fair housing (AFFH)." As the meaning is fleshed out, the requirements that jurisdictions must satisfy will become clearer as well. A nationwide interactive webcast regarding AFFH was conducted by HUD on July 22, 2009. A number of key points came out in the webcast that are relevant to this AI including:

    - In light of the Westchester decision it appears that HUD is going to more closely monitor AI's and their Action Plans.

    - Income is not a proxy for race and therefore building affordable housing does not necessarily satisfy the requirement to affirmatively further fair housing. Many affordable housing projects have not been closely analyzed to determine the effects on minority concentration. Some such projects may have actually increased minority concentration in communities.

    - Housing projects and programs using federal money will need to explicitly address the requirement to affirmatively further fair housing in their initial planning and throughout the project. Mechanisms must be built in to allow for ongoing monitoring and evaluation and this information must be made readily available. It is unacceptable to discover through the AI process that residential segregation has increased due to a project or

policies because attempting to address and remedy the situation after the fact simply does not work. Affirmatively furthering fair housing is an endeavor that starts in the planning phase and continues throughout the life of a project or policy.

2009 Impediments and Plan of Action

	Impediment	Action Plan
1.	Testing, complaints, allegations, reports, the community survey and an analysis of demographics and patterns of minority concentrations have indicated that illegal housing discrimination continues to be a problem in Pima County and the City of Tucson. Housing discrimination is evidenced in the following areas: ■ Home sales ■ Rental housing ■ Mortgage lending ■ Home insurance ■ Accessibility and reasonable accommodations and modifications for persons with disabilities.	The City of Tucson and Pima County will continue to support fair housing enforcement programs that conduct the following: ■ Intake, investigate and process complaints, including filings with HUD and the State Attorney General. ■ Assist complainants to remedy damages through mediation, conciliation or litigation. ■ Conduct testing to monitor the compliance of housing providers with all fair housing laws. ■ Release and publicize awards and settlements in fair housing cases to encourage compliance

	Impediment	Action Plan
2.	The community survey, complainants, agency staff, clinics, workshops and participation by the Southwest Fair Housing Council in community events have indicated that many community residents lack a basic knowledge of their rights under the Fair Housing Act and where to go for assistance if they encounter housing discrimination	The City of Tucson and Pima County will continue to support fair housing education and outreach to community residents that include the following: ■ Informational presentations and trainings will be provided to housing consumers (including home buyers, renters, home loan and insurance seekers and persons with disabilities) to educate them about their fair housing rights, how to identify housing discrimination and where to go for help if housing discrimination is encountered. ■ A wide range of informational fair housing pamphlets and literature will be produced and made available through city and county program offices; organizations and businesses throughout the county; a wide variety of distribution points in the community such as libraries and churches; and at public and private events, trainings, forums, meetings and conferences. Records will be kept of the type of literature, the location of distribution and the approximate number distributed. ■ Fair housing events and presentations at other community events and conferences will be conducted to build a greater awareness of fair housing and appreciation of diversity. These will include housing fairs, fair housing month celebrations in April, a workshop at the Affordable Housing Conference, poster contests for youth, and neighborhood, church, ethnic and organizational events such as Juneteenth Day, Cinco de Mayo, CDBG events and the Dr. Martin Luther King Day Celebration. ■ A community survey similar to the survey contained in this report will be conducted for the next AI to monitor trends in fair housing concerns and knowledge.

	Impediment	Action Plan
3.	Investigation, the community survey, and observations from trainings, workshops, clinics, interviews and partnering with public and private agencies has shown that many staff working in areas of housing lack a knowledge of fair housing adequate to inform, assist and/or refer clients who need help with fair housing issues.	The City of Tucson and Pima County will schedule two trainings annually each lasting two hours for all staff working in the area of housing or in a position that has contact with people who may have housing discrimination complaints. Staff from housing related non-profit organizations in Pima County and Tucson that receive funding from the City or County will also be required to attend the trainings.
4.	A review of allegations and complaints, trainings, workshops, and investigation evidence that many housing providers lack a working knowledge of fair housing laws and what is required for compliance. This includes real estate agents, property managers, landlords, insurance agents, architects, planners, contractors and builders.	Informational presentations and trainings will be provided to housing providers (including real estate agents, property managers, landlords, property owners, lenders, insurance agents, architects, planners, contractors, builders and others) regarding their responsibilities under fair housing laws and how to achieve compliance.
5.	Allegations, complaints, community foreclosure events, interviews with housing counselors, studies, reports and foreclosure data all show that predatory and abusive lending practices in Pima County have targeted minorities and other classes protected under the Fair Housing Act and have contributed to the dramatic increase of foreclosures. This has been exacerbated by the targeting of minorities by foreclosure prevention and loan modification scams.	Pima County and the City of Tucson will continue to support fair housing enforcement and education and outreach programs to both consumers and providers of home loans and home insurance. The City and County will also continue to support the Don't Borrow Trouble® Pima County (DBT) program. DBT is a clearing house for lending and foreclosure related problems and complaints. DBT receives, analyzes and refers clients/complainants to HUD certified housing, loan and foreclosure counselors. DBT also records problems and complaints in order to provide the information needed for better planning to effectively address these problems.

	Impediment	Action Plan
6.	Allegations, complaints, articles and reports evidence that redlining by lenders and insurance companies is reemerging as homeowners and potential homeowners in neighborhoods with high rates of foreclosures are more apt to be denied or offered less favorable terms, fees and conditions when applying for loans or insurance coverage. This form of neighborhood disinvestment disproportionately impacts minority neighborhoods.	A survey will be conducted countywide to determine disparities in costs, rates, coverage, terms and conditions of loans and home insurance. The findings of this survey will be publicized and included as a topic in the fair housing trainings, forums, conferences and education and outreach conducted in Pima County. In addition, the results will inform and help to focus testing and other investigations as discussed in the Plan of Action for Impediment #1. If sufficient evidence is gathered to support allegations of redlining, complaints will be filed with HUD.
7.	Allegations and complaints indicate that the problems of the lack of accessibility for persons with disabilities and the frequent denial of reasonable accommodations and modifications persist. These include the following: ■ Lack of accessibility in rental housing ■ Lack of accessible designs in new single family housing ■ Resistance on the part of the housing industry to mandated accessibility and visitability provisions ■ A shortage of funding for modifications to improve accessibility in older housing units	Testing as well as education and outreach for accessibility will be conducted (see Action Plan for Impediment 1 & 2). Trainings for property owners, builders and contractors regarding their responsibilities to meet Fair Housing Act accessibility requirements independent of local building codes will be conducted. The advantages of visitability in marketing housing will be included in the curriculum of all training sponsored by the City and County regarding the design and construction requirements of the Fair Housing Act. The City and County will provide refresher trainings on federal accessibility requirements to inspectors.

	Impediment	Action Plan
8.	City and County housing programs and projects and the private housing projects they fund are required to meet the federal directive to affirmatively further fair housing (AFFH). Currently, it is very difficult to determine whether or not the City of Tucson and Pima County are meeting the requirement. Neither the data nor mechanisms to obtain and evaluate this data are in place at either the program or project level. Failing to include AFFH planning and the tools to implement it at the front end of a project makes it difficult to identify and correct fair housing problems later on in the five year AI process. The dramatic increase in federal housing programs, including the Neighborhood Stabilization Plan 2, in progress in Pima County creates an urgency to address this need.	The City of Tucson and Pima County will include in each housing project a written AFFH plan defining specifically how affirmatively furthering fair housing will be accomplished by the project. The AFFH plan will include the issues of marketing, AFFH performance measures, how data gathering will occur, mechanisms to evaluate performance, reporting, and the process for additions and/or revisions if measures are not being met. The AFFH reports will be included in the annual CAPER and the AI will do an overall analysis of the combined impact of housing programs and projects in the City of Tucson and Pima County based on GIS mapping and statistics on minority concentrations.
9.	The refugee community in Pima County is currently estimated at over 10,000, and several hundred new refugees are resettled there annually. Refugees' unfamiliarity with housing transactions in the United States, limited English proficiency, and the lack of understanding of diverse cultural traditions by landlords and property managers has created new challenges for fair housing in Pima County. Many refugees have little experience with written contracts, further exacerbating the challenge to provide fair and affordable housing.	The City and County will conduct activities and support efforts to develop funding to focus on the fair housing needs of refugee communities in Pima County. These activities will be included in CDBG funding requests by local agencies and federal grant requests by the City and County. Information on the need for a better understanding of refugee communities will be included in the training and outreach to housing providers. In addition, City and County offices will include training for staff procedures for referring disputes in housing involving residents with refugee status to sources that can provide mediation services.
10.	The City of Tucson Fair Housing Ordinance is not being effectively enforced. This sends a negative message to the community, not only regarding rights under the ordinance and the willingness of the city to enforce them, but also regarding their fair housing rights in general, including those under the Fair Housing Act.	The City of Tucson will develop a plan to more effectively enforce the city's fair housing ordinance and then proceed to implement this plan. The plan will include education and outreach to city residents, public and private organizations and agencies; clarification and publication of procedures and policies for processing complaints; the training of staff taking complaints in these procedures and policies; and, issuing public annual reports on the nature of complaints received and the outcomes.

Appendix

Figure 13: Census 2000 White (Alone) Percent by Census Tract

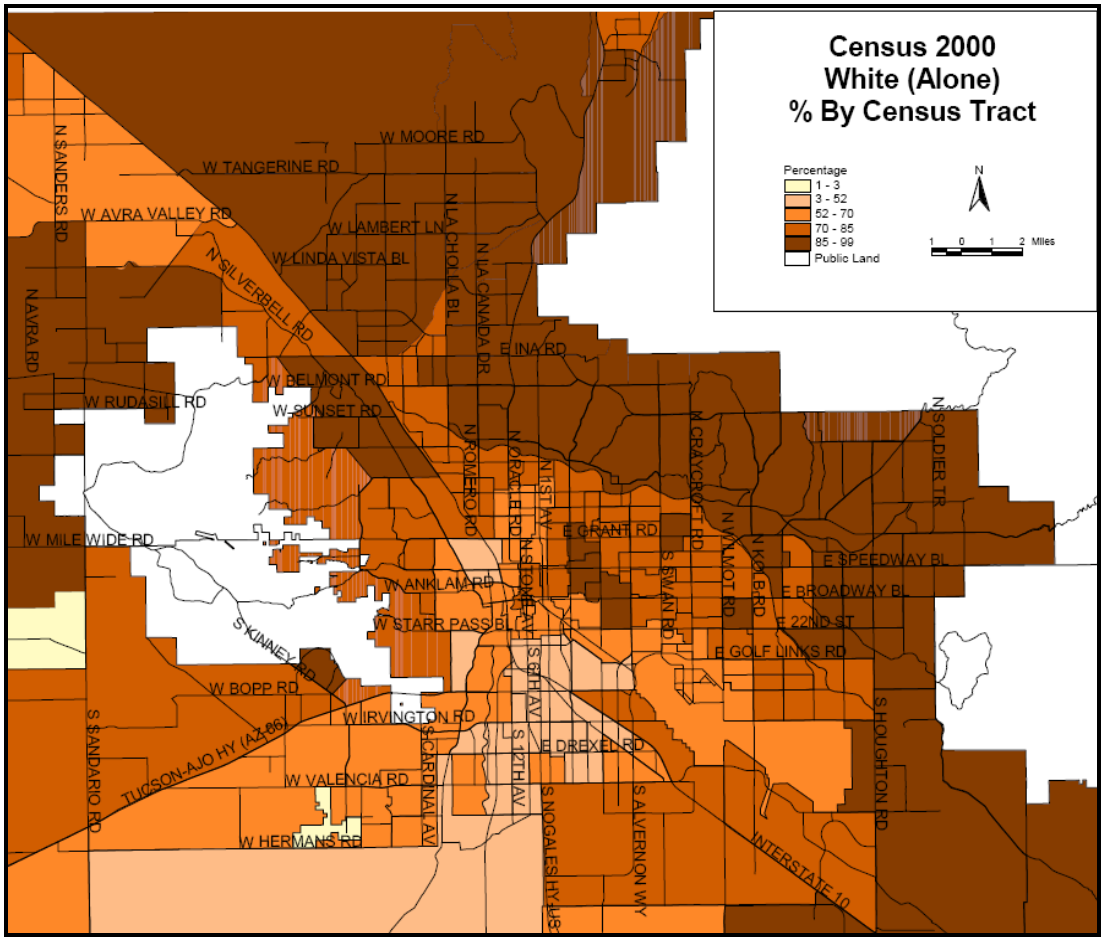


Figure 14: Census 2000 Hispanic Percent by Census Tract

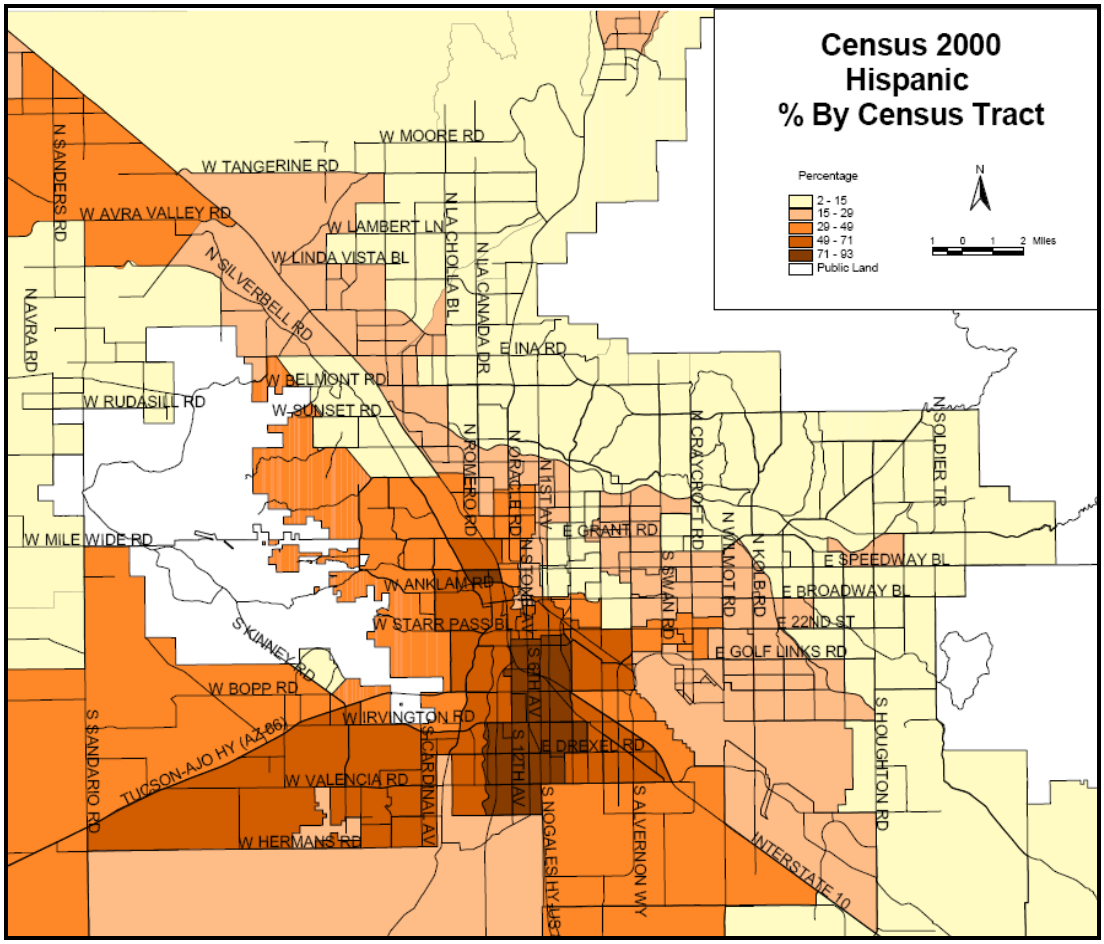


Figure 15: Percentage of Minority by Census Tract

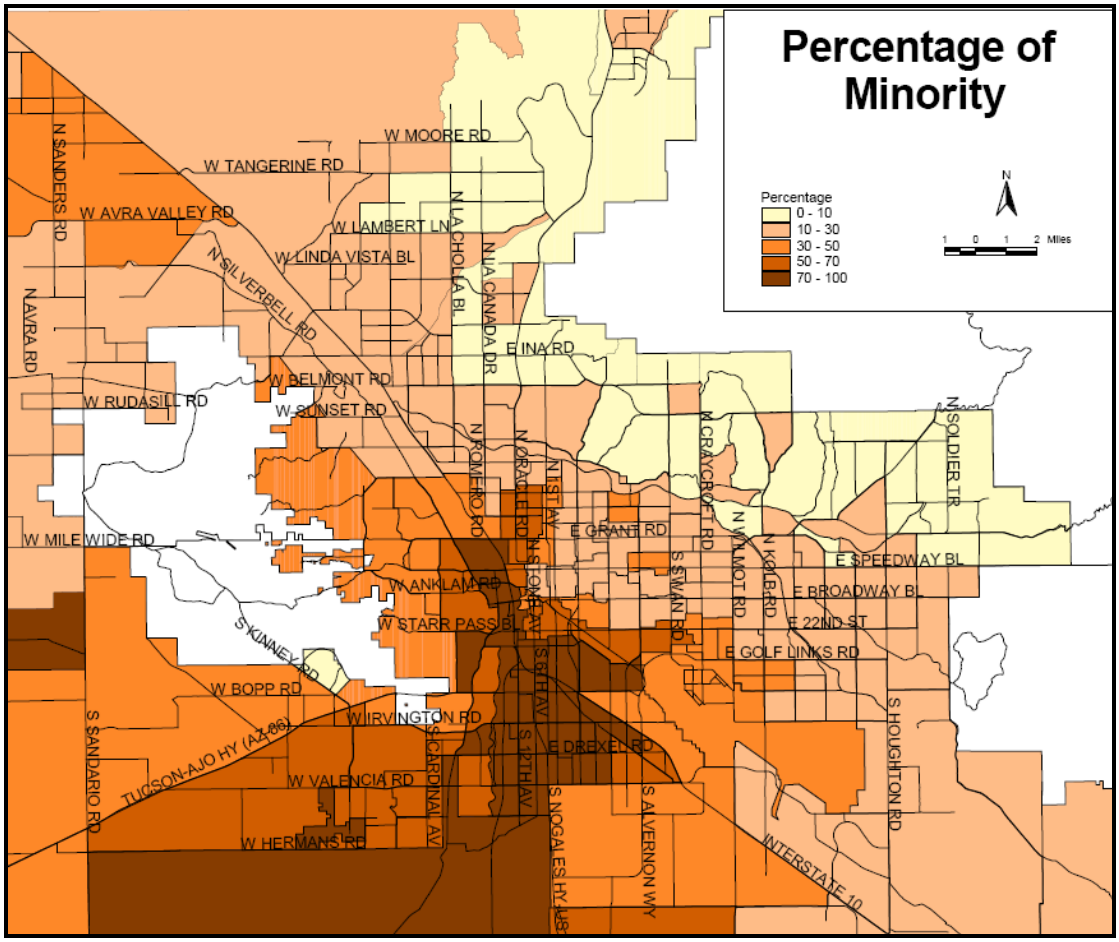


Figure 16: Poverty Rate by Zip Code

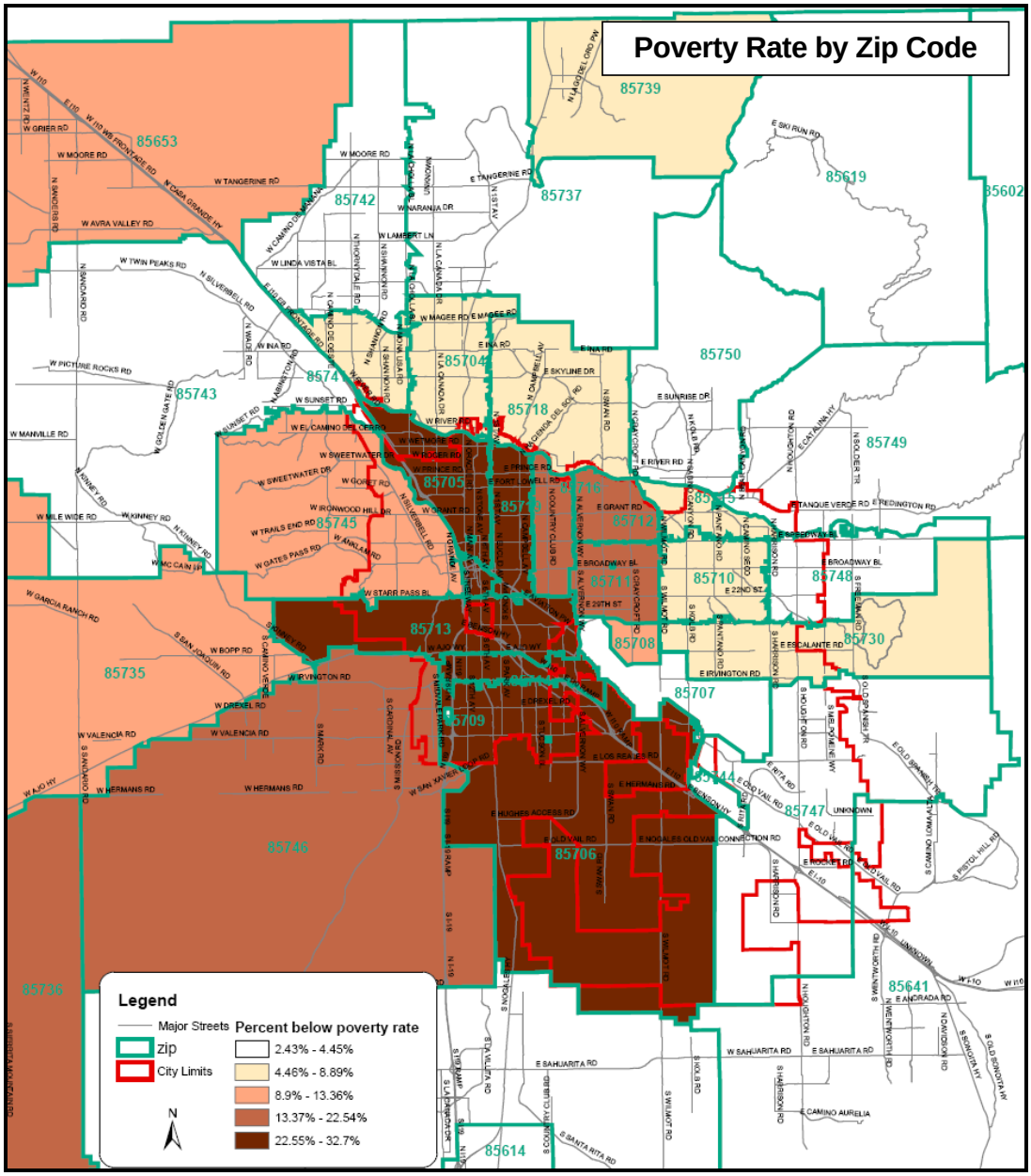


Figure 17: Median Household Income by Zip Code

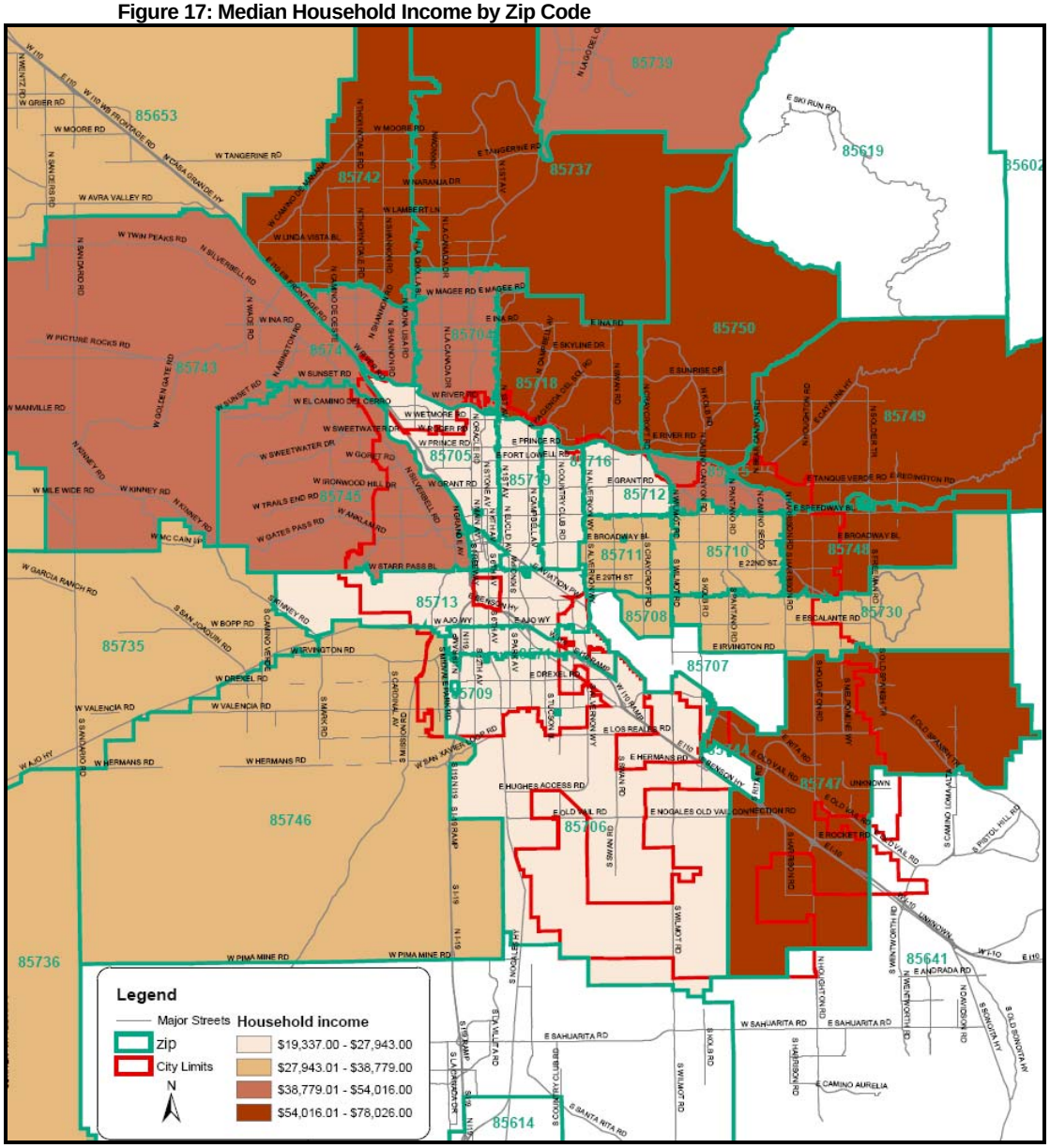


Figure 18: Home Ownership by Census Tract

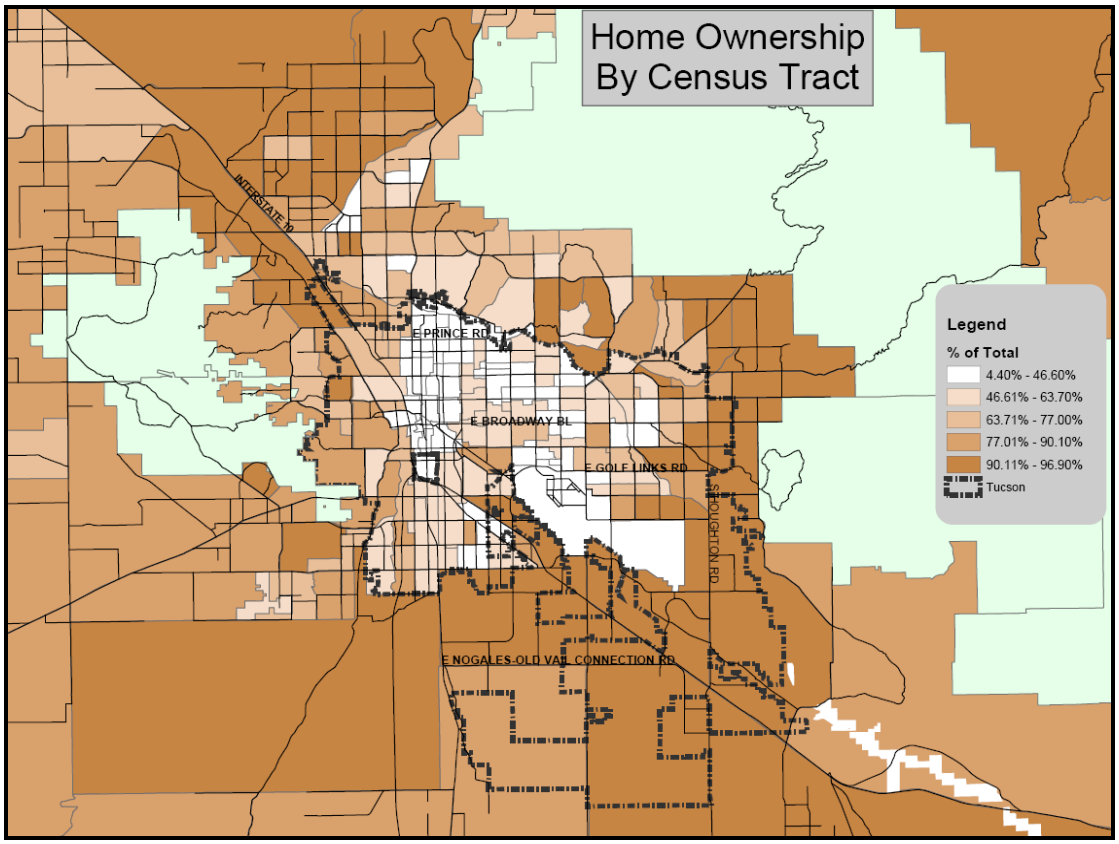
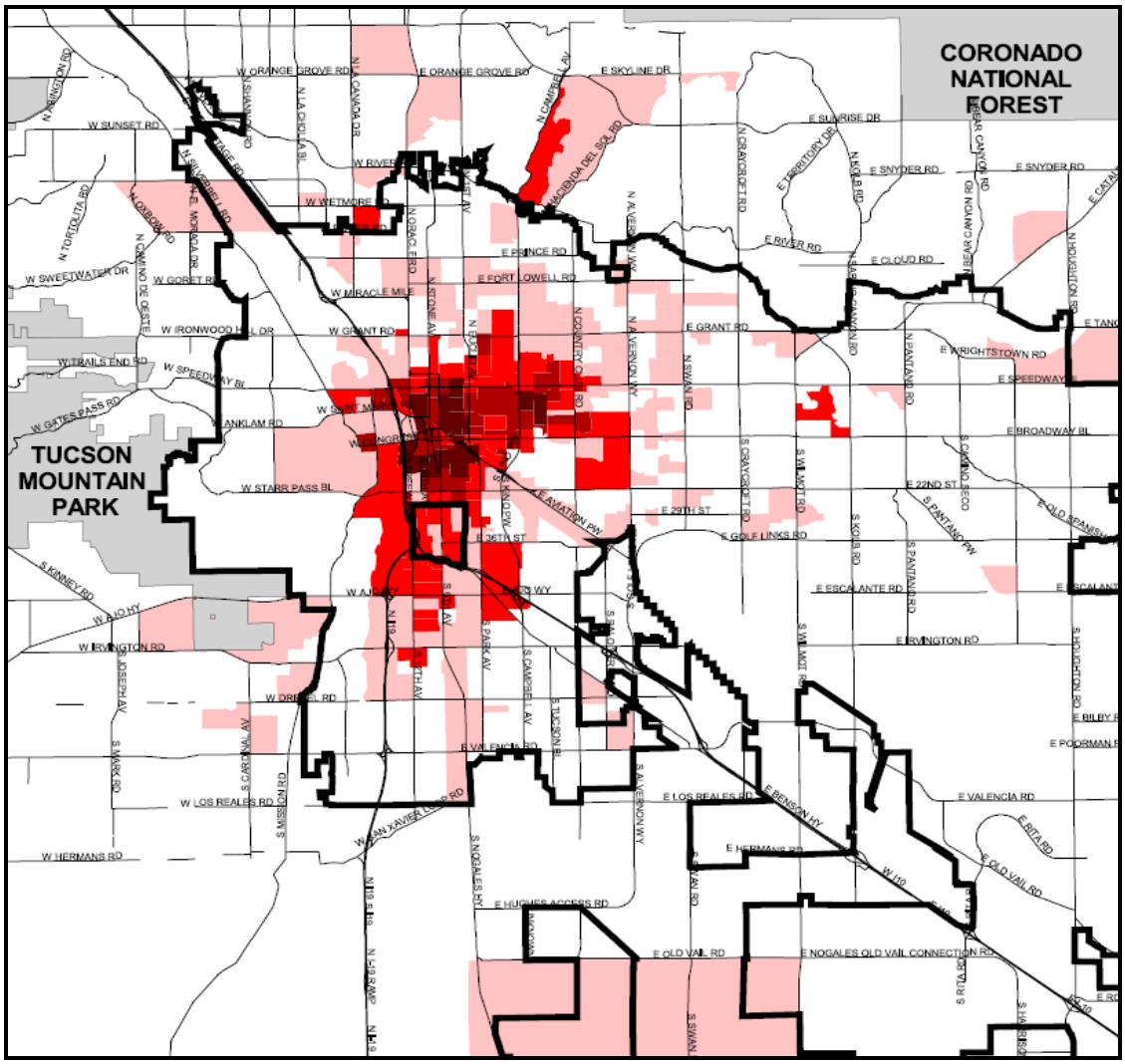



Figure 19: House Age by Block Group (Housing Units Built before 1940 as a % of All Units)