

ITEM # 36
DATE 06/24/08

COUNCIL ACTION FORM

SUBJECT: ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE STUDY IN CONNECTION WITH THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.

BACKGROUND:

As part of the requirements of the Community Development Block Grant Program (CDBG), Entitlement Communities are required to conduct an Analysis of Impediments to Fair Housing Study of their jurisdictions at least once during their 3 or 5 Year Consolidated Plan period. The City will be entering into the final year of its 5-year (2004-2009) Consolidated Plan. The purpose of the Analysis is to identify the impediments and barriers to Fair Housing within the respective entitlement communities. The Analysis information is then utilized to create a "working document" for how the said barriers and impediments can be addressed and/or eliminated within the programs and project outlined in the Annual Action Plans.

The City of Ames sought proposals from qualified consultants to conduct the study for the City in the spring of 2007 and received two responses. The City then entered into an agreement with Hanna:Keelan & Associates, P.C. of Lincoln, Nebraska at a cost of \$18,000 to conduct this study.

The study sought to collect and identify the following information:

1. Analyze the Availability of Fair Housing Choice in Ames, with regard to:
 - A. Public Sector Issues and Conditions
 1. Zoning and Site Selection
 2. Neighborhood Revitalization, Municipal and Other Services, Employment-Housing-Transportation Linkage
 3. Public Housing Authority (PHA) and Other Assisted/Insured Housing Provider Tenant Selection Procedures; Housing Choices for Certificate and Voucher Holders
 4. Sale of Subsidized Housing and Possible Displacement
 5. Property Tax Policies
 6. Planning and Zoning Boards
 7. Building Codes (Accessibility)
 - B. Private Sector Lending Policies and Practices
 - C. Public and Private Sector Conditions
 1. Fair Housing Enforcement
 2. Informational Programs
 3. Visitability (physical accessibility) in Housing

2. Examine the existing conditions as they pertain to housing and housing choices in Ames and answer questions regarding the availability of equal housing on the basis of race, color, creed, sex, religion, national origin, disability, age, familial status, or sexual orientation.

Include review of census information about demographic characteristics, income, employment, transportation, ethnic or racial concentrations, housing characteristics, public policies and current city laws/ordinances/programs regarding fair housing/equal opportunity and human rights cases involving housing.

3. Identify key players in the local housing arena and investigate the roles they play, including but not limited to:

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|-------------------------------|----------------------------------|
| Tenants | Landlords |
| Non-profit housing providers | Banks |
| Realtors | Developers |
| Legal Services | Neighborhood Associations |
| Human Rights Staff/Commission | Planning/Zoning Staff/Commission |
| City Council | Property Insurers |
| Housing Staff/Commission | Other Community Institutions |

4. Select key player interviews to elicit information and/or perceptions regarding housing, housing choice, access to housing, etc. in Ames that would help provide answers to the required areas of analysis identified in 1 above.
5. Identify barriers/impediments to fair housing in Ames.
6. Recommend actions/strategies (both public and private) to overcome and/or eliminate the identified barriers or impediments.

Attached for Council's review is Section 1 of the report, which contains an overview of the study; a matrix of impediments from Section 4; and a table showing the six recommendations that the consultant drew from the opinions and perceptions of persons who participated in the Housing Survey and the Listening Sessions, along with staff's response to each of the recommendations. The full version of the study can be found on the City's web page at <http://www.cityofames.org/HousingWeb/Default.htm>.

ALTERNATIVES:

1. The City Council can accept receipt of the Analysis of Impediments to Fair Housing Choice Study in connection with the requirements of the City's Community Development Block Grant (CDBG) Program as written.
2. The City Council can decline to accept receipt of the Analysis of Impediments to Fair Housing Choice Study in connection with City's Community Development Block Grant (CDBG) Program.

MANAGER'S RECOMMENDED ACTION:

This study is a working document for the City to utilize as appropriate in updating the City's CDBG Consolidated Plan and Annual Action Plans. The CDBG guidelines require that this type of study be completed at least once during each five-year Comprehensive Plan period.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will accept receipt of the Analysis of Impediments to Fair Housing Choice Study in connection with City's Community Development Block Grant (CDBG) Program to be submitted to HUD's Fair Housing and Equal Opportunity Department.

Of the six recommendations from the consultant, staff is interested in exploring the following new initiatives from the attached table:

- 1(a) – Re-initiate teaming with major employers to create a grant or loan program to assist their employees in purchasing a home
- 3(c) – Investigate creation of a partnership with the Ames Community School District to offer assistance in educating students regarding the home-buying process
- 3(d) – Create an Individual Development Account (IDA) program
- 6(b) – Update the Planning and Housing Department's web site to include links to the Fair Housing Complaint form and other fair housing information sites

In addition, a number of the consultant's recommendations are currently already being addressed through implementation of the various CDBG, Section 8 and other City affordable housing programs.

SECTION 1
**PURPOSE OF ANALYSIS OF IMPEDIMENTS TO
FAIR HOUSING CHOICE**

INTRODUCTION

This **Analysis of Impediments to Fair Housing Choice** was conducted as part of the requirements of the City of Ames, Iowa, as a Community Development Block Grant (CDBG) Program Entitlement Recipient. The City of Ames is required to conduct this **Analysis** at least once during the City's 3- to 5-Year Consolidated Plan period.

The **Analysis** was conducted for the **City of Ames Planning and Housing Department**, by **Hanna:Keelan Associates, P.C.**, a Nebraska-based community planning and research consulting firm. City staff, housing leadership, stakeholders and the general public assisted with the preparation by participating in a Fair Housing Choice Survey, Community Listening Sessions, and "Key Player" Interviews. Citizen participation greatly assists in clarifying important housing data and information regarding the planning, financing, leasing and selling of housing in Ames, Iowa.

PURPOSE OF ANALYSIS

The primary purpose of the **Analysis of Impediments to Fair Housing Choice** is to identify the impediments or barriers, if any, that the citizens of Ames have in securing safe, decent and affordable housing within the jurisdiction of the City. Information contained in the **Analysis** is then utilized to establish an Action Plan for the elimination of any and all impediments found to exist.

In general, the **Analysis** examines a variety of local housing issues and secures the opinions and experiences of the citizens of the Community. Special attention was given to the review of statistical data associated with population, household income, race, citizens with disabilities and family status in an effort to understand the current demographic conditions in the City. A number of housing issues associated with housing discrimination, segregation by class, housing accessibility and visitability were also examined to understand what social and economic issues might be influencing a person's ability to secure affordable housing.

RESEARCH APPROACH

This **Analysis of Impediments to Fair Housing Choice** includes both a quantitative and qualitative research process. The **quantitative research process** included important local housing statistics and information through the use of 1990 and 2000 U.S. Census data, and 2001 through 2007 Census estimates. Local groups, businesses, and governmental entities provided important housing, building, leasing, and sales trends data.

The **qualitative research process** includes the design and implementation of a **Fair Housing Choice Survey**. This Survey was mailed to Section 8 rental assistance clients and residents of other affordable housing programs in Ames. The same Survey was posted on the City of Ames website for general public participation. **A total of 247 citizens voluntarily participated in the Survey.**

A Fair Housing Choice Survey was distributed to a selected group of housing providers and producers in Ames. This included local social services and non-profit housing providers, realtors, housing developers, landlords, property managers and various governmental agencies with an involvement in housing and local financial institutions. **A total of 38 housing providers and producers voluntarily participated in the Survey.**

The results of each Fair Housing Choice Survey are discussed in Section 2 of this document and are included in the **Appendix** of this **Analysis**.

The **qualitative research process** also included **Community “Listening Sessions,”** where the public was invited to voice their opinions regarding the issue of impediments to fair housing choice in Ames. The process also included **interviews with “Key (housing) Players”** in the Community. This involved one-on-one interviews with affordable housing consumers, and local housing providers and producers. The results of the Listening Sessions and interviews are referenced throughout this document as a means of identifying legitimate impediments of fair housing choice.

EXPECTED OUTCOMES

The expected outcomes of this **Analysis of Impediments to Fair Housing Choice** were: 1) to allow the housing community of Ames to participate in an important locally-based planning process; and 2) to identify those impediments, if any, that prevent the citizens of the Community from securing safe, decent and affordable housing. Citizens provided valuable information to the process.

No housing impediments were overlooked during the analysis process. Impediments ranged from social to economic in nature and touched upon all important aspects of housing mobility, accessibility and visitability.

Important to this Analysis was the creation of a housing “**Matrix,**” of **Impediments to Fair Housing Choice.** The Matrix gives a consensus of information regarding local housing impediments and allows for the rating, or prioritizing of any housing impediments that exist in the City of Ames.

SUMMARY STATEMENT

The **Analysis of Impediments to Fair Housing Choice** in Ames, Iowa, includes a variety of quantitative and qualitative research activities in an effort to obtain valuable information. The results of these research activities revealed that the City of Ames has few, if any, serious impediments to fair housing choice. The City is doing well in providing affordable housing and protecting the rights of persons and families of low- to moderate-incomes.

The population of Ames grew by 7.5 percent between 1990 and 2000. Since 2000, 1,332 single family dwellings and 2,416 multifamily units have been constructed in the City. Iowa State University and a variety of businesses and industries provide ample employment opportunities in the Community.

The majority of participating affordable housing consumers stated that they are satisfied with their choice of living space and the public transportation system. Participants also felt that they had adequate access to the City’s public transportation system with bus stops in close walking distance from their apartments or houses.

No housing discrimination or civil rights complaints have been litigated in the City of Ames. Only 17 of the total 247 respondents to the Fair Housing Choice Survey reported that they had experienced housing discrimination. Only four of the 17 respondents actually filed a housing discrimination complaint. The primary impediments to fair housing choice were the “**Cost of Housing**” and the “**Lack of Available Decent Rental Units in Affordable Price Ranges.**”

The City of Ames has been addressing the Impediments to Affordable Housing since the 1970s, with a variety of programs that use both, public and private funding sources. Those efforts have been unable to keep the costs of construction and prices of homes from escalating. Annual increases in the cost of housing will continue to challenge the Community to provide affordable housing for all persons and families.

To effectively address opinions associated with Impediments to Fair Housing Choice, the citizens of Ames need an on-going dialog about how the Community can become more knowledgeable of such issues, including an understanding of the degree such issues affect the citizens accessibility to housing (e.g. the availability of affordable rental and/or owner-occupied units, minimum building code safety requirements, federal program requirements that cannot be changed on a local level, and the availability of programs that educate and provide assistance with housing needs and housing financing).

SECTION 4
“MATRIX” – IMPEDIMENTS TO FAIR HOUSING CHOICE
OPPORTUNITIES – RECOMMENDED ACTIONS

MATRIX OF IMPEDIMENTS TO FAIR HOUSING CHOICES

The following **Matrix** identifies Impediments to Fair Housing Choices, in Ames, Iowa, as determined by Analysis of the Surveys, Interviews and Listening Sessions. Impediments are listed by both Renter and Owner and rated as “S” – Significant, “SWS” – Somewhat Significant, or “NS” – Not Significant. This rating system was based on “frequency of response” to the various impediments to affordable housing. Opportunities and Recommended Actions address Impediments rated “S” – Significant.

| MATRIX OF IMPEDIMENTS TO FAIR HOUSING CHOICE | | | | | | |
|--|---------------|------------|-----------|--------------|------------|-----------|
| AMES, IOWA | | | | | | |
| 2008 | | | | | | |
| TYPE OF BARRIER | RENTER | | | OWNER | | |
| | S | SWS | NS | S | SWS | NS |
| Lack of available decent rental units in affordable price ranges | X | | | | | |
| Cost of Utilities | X | | | | X | |
| Excessive application fees and/or rental deposits | X | | | | | |
| Attitudes of landlords | | X | | | | |
| Job status | | X | | | X | |
| Lack of knowledge of fair housing rights | | X | | | X | |
| Use of background checks | | X | | | | |
| Lack of knowledge of how to file a fair housing complaint | | | X | X | | |
| Lack of adequate public transportation | | | X | | | X |
| Lack of educational resources about tenant responsibilities | | | X | | | |
| Lack of handicap accessible units | | | X | | | X |
| Restrictive zoning/building codes | | | X | | X | |
| Cost of housing | | | | X | | |
| Excessive down payment/closing costs | | | | X | | |
| Mortgage lending application requirements | | | | | X | |
| Costs of homeowners insurance | | | | | | X |
| Lack of educational resources about homeowner responsibilities | | | | | | X |
| Attitudes of immediate neighbors | | | | | | X |

Source: Hanna:Keelan Associates, P.C., 2008

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE STUDY
Staff Responses to the Consultant's Recommendations

The consultant's recommendations were derived from opinions and perceptions collected from the Fair Housing Choice Survey and the Community Listening Sessions. A total of 247 citizens voluntarily participated in the survey, of which 149 were families receiving assistance through the Section 8 Rental Assistance Program. Ninety-eight residents participated via the City's website. Thirty-eight responses were received from housing producers and providers. A total of nine citizens participated in the five listening sessions.

| Consultant's Recommendations | Staff Responses |
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| 1. The Cost of Housing: | |
| a. Teaming up with major employers to establish a forgivable grant and/or low interest loan program to assist employees in purchasing a home, and in the rehabilitation and/or construction of a variety of rental housing units/facilities for rent by its employees. | This recommendation is a similar recommendation that was suggested in the 1998 Ames/Story County Housing Needs Assessment Study. A Homeownership in the Workplace Initiative was created and presentations were made to several employers in the Ames/Story County area. The City also partnered with Fannie Mae who had a Down payment Assistance Program for Employers. No employers were interested at the time. Could reinstate. |
| b. Continuing to foster public/private partnerships with housing developers, on ways to lower the cost of new housing construction. | Last effort was back in 2006 to partner with Ames Community School District, Area Developers and Nonprofit organizations. Current Market conditions indicate an increase in the availability of homes on the existing housing market that could decrease the need for new housing construction. |
| c. Continuing the efforts for rehabilitation of the existing housing stock, or the acquisition and demolition of dilapidated housing. Encourage development on vacant lots where streets and infrastructure already exists to improve the quality of existing neighborhoods. | For 2008-09 CDBG funds will continue to be used to implement the Neighborhood Sustainability Program to acquire and rehabilitate existing housing units, and where feasible the purchase of vacant lots for development of units. |
| d. Utilizing various public and private resources (Community Housing Development Foundation) to serve as a conduit to acquire land for new single-family housing developments. This should be done where lots, blocks and infrastructure are in place for affordable housing subdivisions. Recruit developers and contractors to construct housing types in the \$90,000 to \$120,000 range. | This recommendation is a similar recommendation that was suggested in the 1993 Ames/Story County Housing Needs Assessment Study. As a result the Ames/Story County Partnership was created that pooled financial resources from 8 cities and Story County to create various affordable housing programs that ranged from Down payment, Housing Rehabilitation, In-fill and Infrastructure Assistance. Additionally, a current market analysis would need to be completed to determine if there is a shortage of units in this price range, compared to what's |

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| | available on the existing market. Currently, in 2008-09, CDBG will be used to purchase and rehabilitate homes in existing neighborhoods to increase the supply for homeownership. |
| e. Continue to partner with area private developers, non-profit agencies and governments within Ames/Story County. | For 2008-09, through the various CDBG affordable housing programs and the Ames/Story County Partnership, partnerships where feasible with non-profits, private developers and governments will continue. |
| f. Continue to work with Federal and State legislative bodies on the importance of establishing a "living wage" rate to help address the cost of housing and other costs. | The City has been involved in attending community forums and meeting with local groups who are working to educate and address this issue. |
| 2. The Lack of Available Decent Rental Units in Affordable Price Ranges | |
| a. Utilize various public and private resources (Community Housing Development Foundation) to provide local financing in the acquisition of land. Use grants and loans in combination with public/private partnerships to rehabilitate and/or construct affordable housing apartment facilities. | As part of the City's CDBG program, the City could investigate creation of a rental housing rehabilitation program to address these concerns. |
| b. Recruit regional developers of affordable rental housing to invest in Ames. | Staff feels that this recommendation is not applicable at this time due to the current rental market conditions and concerns from the general public, neighborhood organizations and rental property owners. |
| c. Assist existing housing organizations to apply for affordable housing funding sources. | Staff has written recommendation letters for area housing organizations to apply for various state funding programs for housing. |
| 3. Excessive Down payment/Closing cost to purchase a home. | |
| a. Work with major employers to establish programs to decrease down payments and closing costs by providing forgivable grants and/or low interest loan programs that employees can access. | See response in Cost of Housing, item 1a. |
| b. Support efforts by the City of Ames to expand its Affordable Housing Program with local employers and financial institutions to expand funding so that more families can utilize this Program. | 2008-09 CDBG funds will be used to continue the Ames/Story Homeownership Assistance Program, that assists first-time homebuyers and Down payment and closing cost funds, that includes partnership with area lending institutions. |
| c. Expand homeowner education classes to be required components of local high schools, colleges, and continuing education classes. This will expand an individual's financial knowledge when it comes to being a homeowner. | Staff can investigate creating a partnership with the Ames Schools to offer assistance in this area to help expand their current programming if desired. |
| d. Create an Individual Development Accounts (IDA) Program with area lenders to educate | Staff is investigating adding this type of a program as part of its CDBG Affordable Housing Initiatives. |

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| citizens about the importance of establishing savings accounts and saving patterns to help address and create financial stability. | |
| 4. Excessive Application Fees and/or Rental Deposits. | |
| a. Amend City ordinances to establish a uniform cost for application fees or prohibit the use of application fees to prospective rental applicants. | This would involve significant City regulation of landlords' activities. This is a private property issue that would need further study, data and public input to determine its advisability. |
| 5. The Cost of Utilities | |
| a. Expand the local Weatherization Program to assist low- to moderate-income persons/families with the cost of making their housing units more energy efficient. | The City does not administer the local Weatherization Program. However, for 2008-09 CDBG funds will be used to implement a Neighborhood Housing Improvement Grant Program, which funds could be used to increase energy efficiency. |
| b. Enhance public awareness programs to reduce utility costs with more effective conservation methods, the use of Energy Star-rated appliances, etc. | The City has implemented EcoSmart programs to educate and encourage citizens to take advantage of cost saving energy measures offered by the City. Additionally, the City is providing new and existing homeowners with energy saving kits. |
| c. Encourage citizens to utilize the "Budget Billing" options offered by the City of Ames to help manage their monthly utility cost by having a fixed monthly payment account. | See 5b above. In addition, the City regularly publicizes the Budget Billing option to all utility customers. |
| 6. Lack of Knowledge of How to File a Fair Housing Complaint. | |
| a. Property owners, managers and non-profit Housing Agencies should provide all tenants with copies of the Fair Housing Complaint Form. Include tenants and landlord rights information in the rental agreement packets. | Through the implementation of the City's Section 8 Rental Subsidy and various CDBG educational programs, all applicants and participants are provided information and forms on Fair Housing and the complaint process. Additionally, the City is an active participant in the "Breaking Down the Barriers" meetings to help educate and track these types of issues and concerns, along with the Ames Human Relations Commission's mission to address fair housing issues in the community. |
| b. In addition to the link on the City's Human Relations webpage, establish link on the City of Ames Planning and Housing Department Website to download a copy of the Fair Housing Complaint Form. | The Planning and Housing Department is in the process of updating its web page and will include a link to download a complaint form as well as other Fair Housing information. |
| c. The City of Ames should continue to partner with various local organizations and businesses (i.e. Ames Human Relations Commission, Ames Board of Realtors and Ames Property Managers | In 2008-09, as part of the Housing Programs, staff will continue to sponsor, in partnership with local organizations and businesses (i.e. HUD, Ames Human Relations Commission, Ames Board of |

Network) to sponsor events throughout the year, in particular during Fair Housing Month, to address fair housing practices, renter's rights and other fair housing awareness programs. Advertisements should utilize public access channels on cable TV, local internet websites, local newspapers, and radio and print media services.

Realtors and Ames Property Managers Network), annual community forums and events (in particular during Fair Housing Month) to educate and inform its citizens regarding the importance, rights and requirements regarding Fair Housing in our community.