

2009 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

FAIR HOUSING IMPLEMENTATION COUNCIL TWIN CITIES METRO REGION



FINAL REPORT

OCTOBER 27, 2009

**PREPARED BY
WESTERN ECONOMIC SERVICES, LLC
212 SE 18TH AVENUE
PORTLAND, OREGON 97214
(503) 239-9091
FAX: (503) 239-0236
[HTTP://WWW.WESTERNES.COM](http://www.westernes.com)**

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Prepared For:
The Fair Housing Implementation Council
Twin Cities Metro Region

Prepared By:
Western Economic Services, LLC
212 SE 18th Avenue
Portland, OR 97214
Phone: (503) 239-9091
Toll-free: 1-866-937-9437
Fax: (503) 239-0236
Web site: <http://www.westernes.com>

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HAS YOUR RIGHT TO FAIR HOUSING BEEN VIOLATED?

If you feel you have experienced discrimination in the housing industry, please contact:

The Minnesota Department of Human Rights
Fair Housing Division
190 E. 5th Street, Suite 700
St. Paul, MN 55101
(651) 296-5663 or (800) 657-3704

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EXECUTIVE SUMMARY

BACKGROUND

Entitlement jurisdictions are required to submit to the U.S. Department of Housing and Urban Development (HUD) certification of affirmatively furthering fair housing. This certification has three elements, which require that government entities:

1. Complete an Analysis of Impediments to Fair Housing Choice;
2. Take actions to overcome the effects of any impediments identified through the analysis; and
3. Maintain records reflecting the analysis and actions taken.

An Analysis of Impediments to Fair Housing Choice (AI) is an examination of the impediments or barriers to fair housing that affect protected classes within a geographic region. HUD defines impediments to fair housing choice in terms of their applicability to state and federal law. In Minnesota, this would include:

- Any actions, omissions or decisions taken on the basis of race, color, religion, sex, disability or handicap, familial status, national origin, creed, sexual or affectional orientation, marital status, and receipt of public assistance which restrict housing choices or the availability of housing choice.
- Any actions, omissions or decisions which have the effect of restricting housing choices or the availability of housing choice on the basis of the protected classes listed previously.

The AI process involves a thorough examination of a variety of sources related to housing, affirmatively furthering fair housing, the fair housing delivery system and housing transactions, which affect people who are protected under fair housing law. AI sources include census data; home mortgage industry data; federal, state and local housing complaint data; surveys of housing industry experts and stakeholders; and other housing information.

This AI also included an active and involved public input and review process via direct contact with stakeholders, focus group sessions with housing experts, public forums to collect input from citizens, distribution of draft reports for citizen review and formal presentation of findings.

FHIC REGIONAL PROFILE

Demographics

The population within the FHIC region grew from roughly 2.5 million in 2000 to 2.7 million in 2007, a 4.5 percent increase. However, several cities within the region saw a decrease in population, with Bloomington, St. Paul, Minnetonka and Minneapolis all

declining, 4.4, 3.4, 1.9 and 1.4 percent respectively. Regionwide, older age cohorts generally grew between 2000 and 2007, while younger age cohorts either grew much more slowly or declined in numbers.

In 2000, blacks were the largest minority in the FHIC region, comprising about 6.4 percent of the population, with another 4.8 percent of the population counted as Asian and 3.7 percent counted as Hispanic. HUD defines an area with a disproportionate share of such populations as having more than 10 percentage points above average. All three minorities showed disproportionately high concentrations of population in selected areas of the region, and most of the census tracts with extreme concentrations tended to be in either Minneapolis or St. Paul. The most highly concentrated census tracts showed from 50 to 67 percent of the population as black; from 41 to 56 percent of the population as Asian; and from 30 to 45 percent of the population as Hispanic.

Since 2000, the white population increased a very small 1.6 percent through 2007, with Hispanic populations experiencing the highest growth rate at 45.3 percent. Black populations increased 25.1 percent, Asian populations increased 20.3 percent and Native Hawaiian/Pacific Islander populations increased 36.6 percent. These growth rates imply that disproportionate concentrations are likely persisting.

The FHIC region's disabled population comprised 327,703 persons aged 5 or older during the 2000 census. This population is concentrated in selected areas of the region, particularly in Minneapolis and St. Paul.

Economics

The labor force, defined as people working or looking for work, rose in the FHIC region from roughly 1.3 million to 1.5 million between 1990 to 2007, an increase of 18.4 percent. Between 1990 and 2007, the region experienced a rather stable and low unemployment rate. However, the recession has caused the unemployment rate to increase significantly, reaching 7.8 percent by February 2009.

In terms of earnings and income, average real earnings per job increased in the region, rising from \$27,049 in 1969 to more than \$55,550 in 2006. Real per capita income in the FHIC region more than doubled, increasing from \$21,041 in 1969 to \$48,851 in 2007. However, there have been some declines in these figures in the past few years. In 2000, the overall poverty rate was 7.0 percent, with 176,337 people considered to be in poverty; this figure was substantively lower than the national average of 12.4 percent. The poverty rate was not even throughout the city, with many census tracts in Minneapolis and St. Paul experiencing higher poverty levels; the most extreme disproportionate shares range from 41 to 54 percent of the population residing in poverty.

Housing

Of the entire housing stock in the FHIC region, 693,100 units were single-family homes, 244,563 units were apartments, 36,927 units were duplexes, 24,801 units were tri- or four-

plexes, 16,006 units were mobile homes and 234 units were housing as a boat, RV, van, etc. More than 702,000 units were owner-occupied and another 288,236 were renter-occupied, for a homeownership rating of 70.9. Nearly 25,000 units were vacant, 8,632 were for rent and another 4,496 were for sale.

The FHIC region had a number of housing units with housing problems at the time of the 2000 census. For example, 18,360 units were overcrowded and another 17,386 units were severely overcrowded. The areas with the highest levels of overcrowding were Minneapolis and St. Paul cities and Dakota and Hennepin counties. At the time of the 2000 census, 4,415 housing units were without complete kitchen facilities and 4,041 housing units were without complete plumbing facilities, as noted in Table II.16. These problems were noted most often in Minneapolis and St. Paul. Additionally, more than 137,000 households experienced a cost burden in the FHIC region and 75,841 households experienced a severe cost burden.

Still, areas with the highest home values tended to have very low rates of minority racial and ethnic population concentrations.

LENDING PRACTICES

Lending Activity

Home Mortgage Disclosure Act (HMDA) data were used to analyze lending practices across the region. HMDA data for the FHIC region from 2004 through 2007 showed that 1.2 million loan applications were processed for home purchases, home improvements and refinancing, with more than 423,000 loan applications submitted for owner-occupied home purchases.

Denial Rates

In regard to the 423,000 owner-occupied home purchase applications, excluding loan applications that were withdrawn by the applicant, incomplete or accepted by the prospective lender but not exercised by the applicant, there were 217,699 loan originations and 41,136 loan denials, for an average loan denial rate of 15.9 percent. The regional denial rate fluctuated from 12.4 percent in 2004 to 18.1 in 2006. The most common reasons for denial of an owner-occupied loan application were credit history and debt-to-income ratio. However, denial rates were not even; while whites had an average denial rate of 12.2 percent over the time period, blacks, Hispanics and Asians had much higher average denial rates of 34.2, 30.8, and 24.9, respectively.

Furthermore, much higher rates of denial for racial and ethnic minorities, regardless of income, were measured. For example, blacks experienced much higher loan denial rates than whites at all income levels; at income levels below \$15,000 blacks had a denial rate of 56.0 percent compared to a denial rate of 42.2 percent for whites, and at incomes over \$75,000 blacks had a denial rate of 34.8 percent compared to 9.3 percent for whites.

Consequently, as income rose, the differences in denial rates between whites and other racial and ethnic minority populations tended to diverge.

High Annual Percentage Rate Loans

HMDA data report loan originations with unusually high annual percentage rate loans, or HALs, which may be considered predatory in nature. While the FHIC region enjoyed relatively low rates of HALs, blacks, Asians and Hispanics tended to receive a much higher proportion of these loans. For example, while whites had 13.8 percent of owner-occupied loans as HALs and Asians had 26.9 percent of loans as HALs, blacks had roughly double this rate at 51.5 percent. Hispanics also had a high rate of HALs at 41.3 percent. These minority groups tended to carry a disproportionately higher share of foreclosure risk due to such high numbers of home purchase HALs, as supported by regional and local studies.

FHIC FAIR HOUSING PROFILE

Fair Housing Studies and Cases

Several national fair housing studies revealed that, despite efforts to curb housing discrimination in the U.S., problems still exist in terms of discrimination against ethnic and racial minorities, discrimination against persons with disabilities, and residential segregation resulting from current housing efforts. The national studies also revealed that there are issues of a lack of awareness of fair housing laws and protected classes.

Analysis of regional studies, articles and cases relevant to fair housing in the FHIC region supported many ideas seen in the national research. For example, cases showed that discrimination against blacks, Hispanics, Asians, women and the disabled is a problem in the region. Regional studies also supported national data of problems with the acceptance of Section 8 vouchers. Additional fair housing problems suggested by these sources include: possible discrimination in housing authorities and city housing officials and disparities in the home mortgage industry based on race.

An evaluation of lawsuits filed with the Department of Justice from the FHIC region illustrated the prevalence of discrimination against women and ethnic and racial minorities in the rental market.

Fair Housing Complaint Data

Several sources of complaint data were accessible for this study, including data from HUD, the Minnesota Department of Human Rights, the Legal Aid Society of Minneapolis and the Southern Minnesota Regional Legal Services. However, the Minneapolis Department of Civil Rights and the St. Paul Department of Human Rights organizations were unable to provide quantitative fair housing complaint data for evaluation.

Between 2000 and 2008, there were a total of 667 complaints filed with HUD from the FHIC region. This number appears to be low for a region with a diverse population of nearly 2.7 million people. While there may be more than one basis per complaint, race, disability and familial status were the bases more frequently cited, with 314, 236 and 102 occurrences over the nine-year period. Discrimination in terms, conditions or privileges for renters was the most frequently cited discriminatory issue, followed by discriminatory coercion acts and failure to make any reasonable accommodation. The majority of the issues cited during this time period were related to the rental market. However, nearly 40 percent of these HUD complaints were found to be without cause, and less than 20 percent were successfully resolved.

In terms of complaints filed with the Minnesota Department of Human Rights, only 594 complaints were filed between 1999 and 2008. As seen with HUD data, the two most frequent bases cited were race and disability, followed by sex and national origin. However, these data indicated that over 81 percent of the MDHR housing complaint cases were either dismissed or found to be without probable cause, an unusually high rate of complaint failure.

Complaint data from the Legal Aid Society of Minneapolis showed that 732 complaints were filed from 2005 through September 2009, and complaint data from Southern Minnesota Regional Legal Services showed that 1,063 complaints were filed from 2003 through September 2009. Data from both groups showed that most complaints were filed based on disability, race and gender/sex discrimination, and many complaints that were filed lacked a discriminatory issue. The majority of complaints filed with these two organizations were resolved with advice and council.

Fair Housing Survey Data

Additional evaluation of the FHIC region's fair housing profile was conducted via a survey of citizens and stakeholders throughout the region, with some 337 individuals participating in the online survey. Most respondents agreed that fair housing laws are useful, with many persons indicating that they are not difficult to understand. However, a large number of respondents had concerns about fair housing in the region and indicated that there are barriers to fair housing in the region. Barriers most frequently cited included:

- Discrimination in the rental markets,
- Residential segregation,
- Questionable lending practices,
- NIMBYism related to the use of zoning regulations,
- Lack of understanding fair housing laws, and
- Lack of enforcement of the fair housing laws.

The majority of respondents were able to identify some, but not many, protected classes. Hence, even in the involved citizenry and stakeholder groups, there tends to be a lack of understanding of fair housing. This lack of understanding also extends to where or to

whom a person who feels that they are a victim of a fair housing violation should be referred. Respondents also acknowledged that there is too little outreach and education.

IDENTIFIED IMPEDIMENTS TO FAIR HOUSING CHOICE

The 2009 AI for the FHIC uncovered several issues that can be considered barriers to affirmatively furthering fair housing and, consequently, impediments to fair housing choice. These are as follows:

1. Insufficient interest in fair housing in some communities, which, in turn, implies a lack of desire to affirmatively further fair housing or entertain fair housing planning;
2. Lack of sufficient fair housing outreach and education;
3. While some protected classes, or a portion of some protected classes, have avenues for advocacy, there is currently insufficient system capacity to address the level of prospective demand for fair housing services regionwide;
4. Lack of an effective referral system for fair housing concerns;
5. Lack of understanding of what qualifies as a fair housing issue, particularly as it relates to landlord/tenant disputes and affordable housing production;
6. Policies and practices have contributed to concentrations of protected classes in selected areas of the region;
7. Disproportionately high denial rates for racial and ethnic minorities in the home mortgage industry;
8. Denial rates for home mortgages are disproportionately high in lower-income areas;
9. Originated HALs (high interest rate loans) are disproportionately targeted to minority racial and ethnic groups, leading to increased foreclosure risks for this group;
10. Discriminatory terms and conditions for protected classes in the rental market, specifically for racial and ethnic minorities and persons with disabilities;
11. Discrimination and harassment in the rental markets;
12. Discrimination of Section 8 voucher holders;
13. Poor documentation of fair housing activities, especially enforcement activities, such as processing and responding to fair housing complaints or lack of sufficient detail in tracking complaints;
14. Some zoning and land use regulations by units of local government may be construed to have a disparate impact;
15. Some local government housing actions and/or policies may not be in the spirit of affirmatively furthering fair housing.

These regionwide impediments to fair housing choice can be isolated as occurring more frequently or to a higher degree in particular areas of the FHIC region.

SUGGESTED ACTIONS FOR THE FHIC TO CONSIDER

The narrative set forth below presents actions that can be taken regionwide in response to the identified impediments.

1. In response to impediments pertaining to the lack of knowledge of fair housing and lack of outreach and education, the FHIC should stimulate additional fair housing outreach and education activities, such as training seminars or webinars, to include:
 - a. The general public;
 - b. Policy makers in communities that appear to not be particularly engaged in the fair housing dialogue; and
 - c. Property managers and other housing providers, making them more aware of the fair housing activities that are employed in the region, including testing and enforcement. Part of the purpose would be to lower the incidence of discriminatory terms and conditions and refusal to make any reasonable accommodation.
2. It would appear that fair housing activities in the region are not currently well-coordinated. Hence, the FHIC should consider enhancing the coordination of fair housing activities to ensure that resources are devoted to the full palette of fair housing activities. The process would include:
 - a. Designing a better referral system for housing complaints;
 - b. Review and inspection of whether some groups are not currently covered under the fair housing umbrella but should be, such as racial and ethnic minorities that are not low-income or disabled.
3. Because of the degree that racial and ethnic minorities have experienced both high denial rates and a frequent incidence of high annual percentage rate loans, or HALs, for the purchase of homes, the FHIC should consider ways to enhance homebuyer education. One possibility would be to better coordinate with or contribute to the outreach efforts of the Homeownership Center through the Emerging Markets Initiative.
4. Because of the high degree of disproportionate shares, or overconcentration of population, seen by selected racial and ethnic minorities, communities throughout the FHIC region need to work more carefully to encourage inclusive housing location policies for both private and public housing providers.
 - a. This would include considering the location of new public and/or assisted housing units and the concentrations of racial and ethnic minorities in those neighborhoods and avoiding making such concentrations more extreme.
 - b. This would include encouraging the rental and real estate industries to better understand their role in this problem.
 - c. This would include encouraging the adoption of affirmative marketing policies that would guide decision making in the distribution of jurisdiction-owned homes and the selection of participants in jurisdiction-administered home finance programs.
5. Due to the degree of discrimination and harassment in the rental markets, the FHIC should enhance outreach and education to rental housing providers, as well as continue supporting complaint-based testing and enforcement.
6. The FHIC should support expansion of landlord participation in all rental assistance programs.
7. The current fair housing system lacks sufficient quantitative documentation related to activities undertaken with fair housing resources. Accurately determining trends,

past or future, will help to better allocate limited fair housing resources. This is particularly evident in Minneapolis and St. Paul, as the respective cities were unable to provide housing complaint data that is consistent with HUD reporting formats. Examples are as follows:

- a. Testing and enforcement activities should have a reporting system prescribed that indicates for each case passing intake: the disposition of the housing complaint, the basis or bases involved, the issue or issues involved, the type of outcome of the complaint, and the date of the intake and final outcome of the complaint. Each category could most easily be tracked by the use of a numeric code representing the processing, evaluation, testing, enforcement, and outcome steps and activities undertaken. For example, one could simply use HUD's reporting codes entered in a spreadsheet. This activity would make comparison of housing complaint data, including testing and enforcement activities, much more transparent.
 - b. Outreach and education activities that are funded should also be quantified, such as number of training sessions made, before whom, duration, amount and number of pieces of literature distributed and in what form.
8. To enhance the possibility of encouraging local government actions that are more in the spirit of affirmatively furthering fair housing, the FHIC should:
- a. Assist in minimizing NIMBYism,
 - b. Reinvigorate a discussion of a regional vision of inclusive communities,
 - c. Research prospective best practices in affirmatively furthering fair housing at the local government level, and
 - d. Summarize public policy examples that attain these ends.

SECTION I. INTRODUCTION

BACKGROUND

Title VIII of the 1968 Civil Rights Act, known as the Fair Housing Act, made it illegal to discriminate in the buying, selling or renting of housing because of a person’s race, color, religion or national origin. Sex was added as a protected class in the 1970s. In 1988, the Fair Housing Amendments Act added familial status and disability to the list, making a total of seven federally protected classes. Federal fair housing statutes are largely covered by the following three pieces of United States legislation:

- The Fair Housing Act;
- The Housing Amendments Act; and
- The Americans with Disabilities Act.

State or local government may enact a fair housing law that extends protection to other groups. For example, under the Minnesota Human Rights Acts, the national protections – race, color, religion, national origin, sex, familial status and disability – are extended to creed, sexual or affectionation orientation, marital status and receipt of public assistance. Additionally, the city of Minneapolis offers the protection of ancestry under the Minneapolis Civil Rights Act, and the city of St. Paul includes the protections of ancestry and age through the St. Paul Human Rights Act. These protected classes are presented in Table I.1, below.

| Protected Class | Federal Fair Housing Act | Minnesota Human Rights Act | Minneapolis Civil Rights Act | St. Paul Human Rights Act |
|--------------------------------|---------------------------------|-----------------------------------|-------------------------------------|----------------------------------|
| Race | • | • | • | • |
| Sex | • | • | • | • |
| Religion | • | • | • | • |
| Familial Status | • | • | • | • |
| Disability | • | • | • | • |
| National Origin | • | • | • | • |
| Color | • | • | • | • |
| Creed | | • | • | • |
| Sexual/Affectional Orientation | | • | • | • |
| Ancestry | | | • | • |
| Marital Status | | • | • | • |
| Receipt of Public Assistance | | • | • | • |
| Age | | | | • |

WHY ASSESS FAIR HOUSING?

Provisions to affirmatively further fair housing are long-standing components of the United States Department of Housing and Urban Development’s (HUD) housing and community

development programs. These provisions flow from Section 808(e) (5) of the Federal Fair Housing Act, which require the Secretary of HUD to administer HUD's housing and urban development programs in a manner that affirmatively furthers fair housing.

In 1994, HUD published a rule consolidating its housing and community development programs into a single plan: the *Consolidated Plan for Housing and Community Development*. This plan incorporates the plans for the original consolidated programs, which include Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA).

In exchange for receiving funds from HUD for these programs, and as a part of the consolidated planning process, states and entitlement jurisdictions are required to submit certification to HUD that they are affirmatively furthering fair housing. This certification has three parts and requires that government entities:

- Complete an Analysis of Impediments to Fair Housing Choice (AI);
- Take actions to overcome the effects of any impediments identified through the analysis; and
- Maintain records reflecting the analysis and actions taken.

HUD interprets these three certifying elements to mean:

- Analyzing and working to eliminate housing discrimination in the jurisdiction;
- Promoting fair housing choice for all people;
- Providing opportunities for racially and ethnically inclusive patterns of housing occupancy;
- Promoting housing that is physically accessible to, and usable by, all people, particularly individuals with disabilities;
- Fostering compliance with the nondiscrimination provisions of the Fair Housing Act.¹

PURPOSE

Thus, the purpose of this AI is to evaluate a broad range of quantitative and qualitative data, document identified impediments to fair housing choice and to suggest actions that can be considered in working toward overcoming or mitigating the identified impediments.

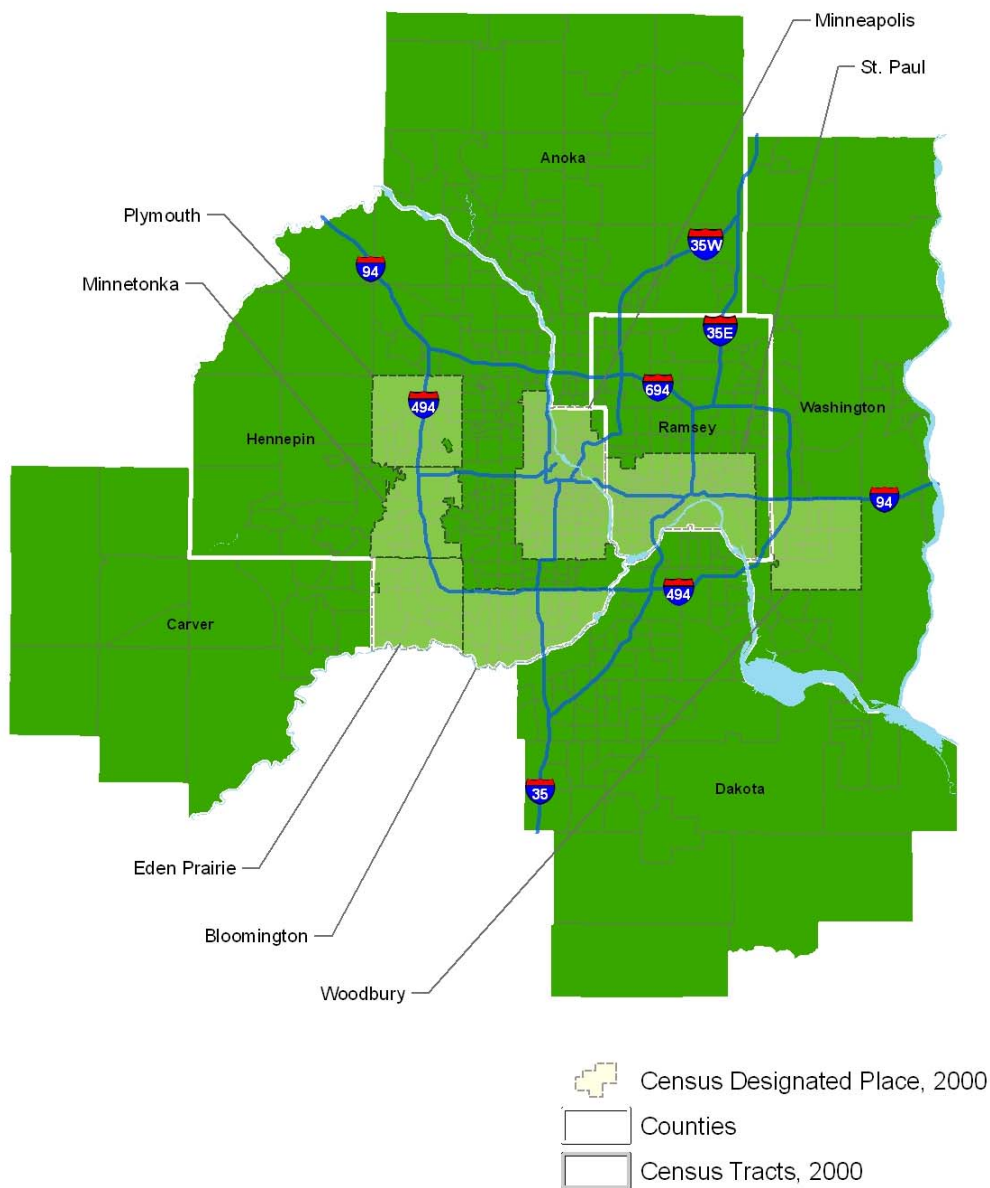
Additionally, it is the intent of this AI to establish a single framework by which seven entitlement cities and six entitlement counties in the Minneapolis/St. Paul metropolitan area can approach, assess and affirmatively further fair housing.

¹ *Fair Housing Planning Guide*. U.S. Department of Housing and Urban Development. March 1996, pg.1-3.

LEAD AGENCY

The Fair Housing Implementation Council (FHIC) is the lead agency representing the seven city and six county entitlement jurisdictions jointly sponsoring this AI. The cities are Bloomington, Eden Prairie, Minneapolis, Minnetonka, Plymouth, St. Paul and Woodbury. The counties are Anoka, Carver, Dakota, Hennepin, Ramsey and Washington. These entitlements are represented in Map I.1, below. Western Economic Services, LLC, a Portland, Oregon based consulting firm specializing in analysis and research in support of housing and community development planning, prepared this AI.

Map I.1
Fair Housing Implementation Council Region



RESEARCH METHODOLOGY

This AI offers a thorough examination of a variety of sources related to housing, affirmatively furthering fair housing, the fair housing delivery system and housing transactions affecting people who are protected under fair housing law. The following four types of research were utilized in creating this AI:

1. *Primary* – the collection and analysis of raw data that did not yet exist;
2. *Secondary* – the review of existing data and studies;
3. *Quantitative* – statistical analysis of objective, measurable or numerical data; and
4. *Qualitative* – evaluation of subjective, in-depth insights of people’s beliefs, feelings, attitudes, opinions and experiences.

Combining all four kinds of research provides a rich data set for analyzing impediments to fair housing choice. For clarity, findings are presented at various levels: for the entire region, for each of the major communities (cities and the remainder of the counties), and for census tracts within the communities.

Much of the baseline secondary and quantitative data providing a picture of the region’s housing marketplace were drawn from the 2000 census and intercensal estimates. These data included population, personal income, poverty estimates, housing units by tenure, cost burdens and housing conditions. Other data were drawn from records provided by the Bureau of Economic Analysis, the Bureau of Labor Statistics, and a variety of other state and federal statistics depicting the socio-economic context in which consumers make housing choices. The narrative below offers a brief description of the key data sources employed for the 2009 FHIC AI.

Home Mortgage Disclosure Act Data

The Home Mortgage Disclosure Act (HMDA) was enacted by Congress in 1975 and has since been amended several times. It is intended to provide the public with loan data that can be used to determine whether financial institutions are serving the housing credit needs of their communities and to assist in identifying possible discriminatory lending patterns. HMDA requires lenders to publicly disclose the race, ethnicity and sex of the mortgage applicant, along with loan application amounts, household income and the census tract in which the home is located, along with information concerning their actions related to the loan application. For this analysis, HMDA data from 2004 through 2007 were analyzed, with denial rates by race and ethnicity of applicants as one of the key research objectives. Originated loans were further evaluated, with a subset of those loans identified as having characteristics of unusually high interest rates.

Fair Housing Complaint Data

HUD provided fair housing complaint data for the region for the years 2001 through 2008 and the Minnesota Department of Human Rights provided fair housing complaint data for

the years 1999 through 2008. The information included basis of complaint, issue pursuant to the grievance and closure status of the alleged fair housing infraction. This analysis allowed for inspection of the tone and relative degree and frequency of certain types of unfair housing practices seen in the FHIC region.

2009 Fair Housing Survey

One of the methods HUD recommends for gathering public input about perceived impediments to fair housing is a survey of stakeholders. As such, the FHIC utilized an entirely Web-based survey process to gain feedback from more than 300 stakeholders throughout the region. The purpose of the survey was to gain a more qualitative analysis of the knowledge, experiences, opinions and feelings of stakeholders regarding fair housing in the region, as well as to gauge the stakeholders' understanding of affirmatively furthering fair housing.

PUBLIC INVOLVEMENT

The FHIC held three fair housing focus groups April 22 through 24, 2009. The focus groups were held at the Ramsey County Courthouse, the Woodbury City Hall and the Dakota County Community Development Agency office and addressed three specific topics: the home purchase finance industry, the zoning and policy industry, and the rental market industry.

The FHIC also hosted two fair housing forums, held May 20, 2009, in St. Paul at the Rondo Community Outreach Library and in St. Louis Park at the St. Louis Park Recreation Center. The purpose of these meetings was to present preliminary findings of the AI to the public, to afford the public an opportunity to assist in guiding the AI development process, to give the public time to express their personal perspective, commentary and testimony, as well as to gain feedback from community members about the status of the AI.

A draft report for public review was released on August 7, 2009, which initiated a 30-day public review period. Three public presentations of the draft report were made during August 19 and 20, 2009, giving the public an additional opportunity to provide input to the FHIC on the draft of the AI and the AI development process. A final review meeting concerning the 2009 Analysis of Impediments was conducted by the FHIC on September 17, 2009. All concluding public input and comments were incorporated in this final report.

COMMITMENT TO FAIR HOUSING

In accordance with the applicable statutes and regulations governing the consolidated plan, the FHIC certifies that it will *affirmatively further fair housing*. This means that the FHIC has conducted an AI, will facilitate the participating jurisdictions in taking appropriate actions to overcome the effects of any impediments identified through that analysis, and will assist the participating jurisdictions in maintaining records reflecting that analysis and actions in this regard.

SECTION II. FHIC REGIONAL PROFILE

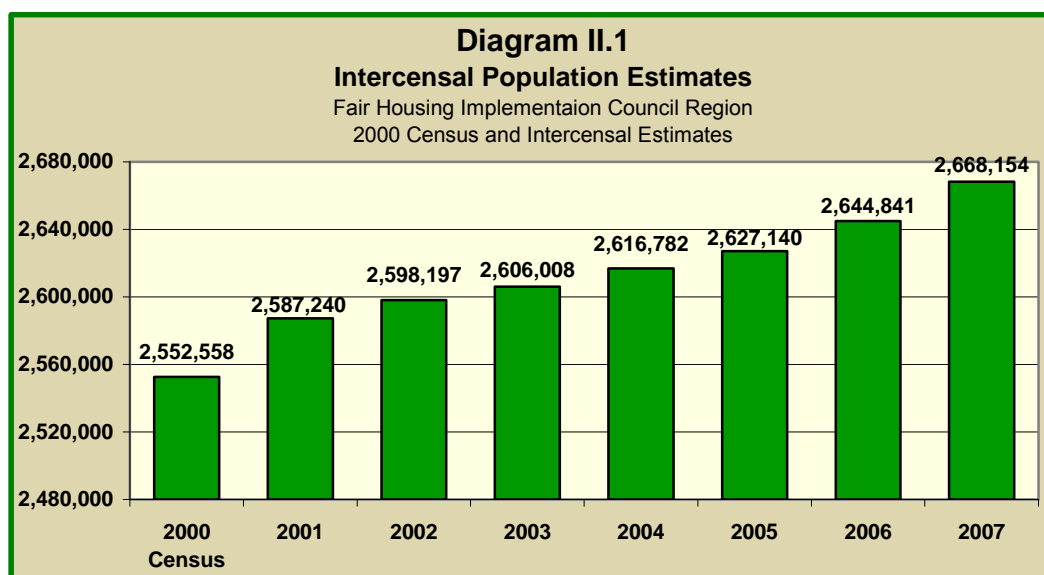
INTRODUCTION

This section presents demographic, economic and housing data collected from: the U.S. Census Bureau, the Bureau of Economic Analysis and the Bureau of Labor Statistics. Collected data include a broad range of socioeconomic characteristics for the area: population, race, ethnicity, disability, poverty, employment and housing trends. These data illustrate the underlying conditions that have shaped housing market behavior and housing choice and highlight potential impediments to fair housing choice.

DEMOGRAPHICS

POPULATION

In August of 2008, the Census Bureau released the most recent population estimates in the nation by county and city, for the period ending July 1, 2007.² As seen in Diagram II.1, below, the population of the FHIC region has expanded since the 2000 census, rising from 2.55 million to 2.67 million people. However, not all areas of the region have grown equitably.



As Table II.1 on the following page shows, while the population in the FHIC region expanded by roughly 4.5 percent between 2000 and 2007, several of the cities saw a decrease in population, with Bloomington, St. Paul, Minnetonka and Minneapolis all declining, 4.4, 3.4, 1.9 and 1.4 percent, respectively. Eden Prairie and Woodbury, while much smaller communities, grew the most of all cities, rising 12.3 and 19.3 percent, respectively. The remainder of the counties grew, with the exception of Ramsey, which declined 0.6 percent. Carver County expanded the most, rising about 26 percent over the seven-year period.

² On June 30, 2009, the Census Bureau released population estimates for places as of July 1, 2008. These data were not available for the earlier reviewed and approved copies of this document.

| Table II.1 | | | | | | | | | |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|
| Intercensal Population Estimates | | | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | | | |
| 2000 Census SF1 Data | | | | | | | | | |
| Entitlement | 2000 Census | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | % Change 00-07 |
| Cities | | | | | | | | | |
| Bloomington | 85,172 | 84,897 | 83,998 | 82,845 | 82,226 | 81,521 | 81,295 | 81,446 | -4.4% |
| Eden Prairie | 54,901 | 56,555 | 57,381 | 59,499 | 60,675 | 60,957 | 61,325 | 61,660 | 12.3% |
| Minneapolis | 382,618 | 381,002 | 378,404 | 377,272 | 375,542 | 374,682 | 375,065 | 377,392 | -1.4% |
| Minnetonka | 51,301 | 51,116 | 50,931 | 50,674 | 50,279 | 50,296 | 50,230 | 50,329 | -1.9% |
| Plymouth | 65,894 | 66,509 | 67,348 | 69,193 | 70,075 | 70,048 | 70,523 | 71,057 | 7.8% |
| St. Paul | 287,151 | 286,560 | 284,650 | 281,496 | 278,005 | 277,015 | 276,262 | 277,251 | -3.4% |
| Woodbury | 46,463 | 48,533 | 48,937 | 49,140 | 49,387 | 51,808 | 53,630 | 55,446 | 19.3% |
| Remainder of Counties | | | | | | | | | |
| Anoka | 298,084 | 304,984 | 309,066 | 312,222 | 317,286 | 320,626 | 323,954 | 326,252 | 9.4% |
| Carver | 70,205 | 73,107 | 75,693 | 78,410 | 81,053 | 83,995 | 86,438 | 88,459 | 26.0% |
| Dakota | 355,904 | 363,610 | 368,275 | 372,100 | 377,009 | 381,608 | 385,827 | 390,478 | 9.7% |
| Hennepin | 476,314 | 485,531 | 486,639 | 484,911 | 486,718 | 487,429 | 490,360 | 494,715 | 3.9% |
| Ramsey | 223,884 | 226,696 | 226,549 | 224,961 | 223,884 | 221,354 | 221,553 | 222,640 | -0.6% |
| Washington | 154,667 | 158,140 | 160,326 | 163,285 | 164,643 | 165,801 | 168,379 | 171,029 | 10.6% |
| Total | 2,552,558 | 2,587,240 | 2,598,197 | 2,606,008 | 2,616,782 | 2,627,140 | 2,644,841 | 2,668,154 | 4.5% |

Table II.2, below, presents the 2000 census population distribution by age. Generally, the age cohort population varied greatly between cities and counties. For example, while Eden Prairie and Minnetonka had similar total population figures, Eden Prairie had a higher population under age 19 and Minnetonka had a higher population over age 55.

| Table II.2 | | | | | | | | |
|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|--------------------|------------------|
| Population by Age | | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | | |
| 2000 Census SF1 Data | | | | | | | | |
| Entitlement | Under 5 | 5 to 19 | 20 to 24 | 25 to 34 | 35 to 54 | 55 to 64 | 64 and Over | Total |
| Cities | | | | | | | | |
| Bloomington | 4,532 | 14,852 | 4,966 | 11,602 | 26,264 | 9,598 | 13,358 | 85,172 |
| Eden Prairie | 4,309 | 13,440 | 2,375 | 8,023 | 20,361 | 3,716 | 2,677 | 54,901 |
| Minneapolis | 25,187 | 73,117 | 40,953 | 78,978 | 106,865 | 22,640 | 34,878 | 382,618 |
| Minnetonka | 2,725 | 10,014 | 2,212 | 5,994 | 17,911 | 5,280 | 7,165 | 51,301 |
| Plymouth | 4,595 | 14,685 | 3,455 | 9,068 | 23,269 | 5,835 | 4,987 | 65,894 |
| St. Paul | 21,747 | 66,078 | 25,947 | 48,210 | 77,827 | 17,695 | 29,647 | 287,151 |
| Woodbury | 4,452 | 10,597 | 1,918 | 7,790 | 15,802 | 3,078 | 2,826 | 46,463 |
| Remainder of Counties | | | | | | | | |
| Anoka | 22,622 | 71,365 | 16,981 | 44,575 | 97,871 | 23,588 | 21,082 | 298,084 |
| Carver | 6,170 | 17,575 | 3,163 | 9,749 | 23,793 | 4,509 | 5,246 | 70,205 |
| Dakota | 27,585 | 84,646 | 19,817 | 54,030 | 117,443 | 26,137 | 26,246 | 355,904 |
| Hennepin | 31,913 | 97,536 | 25,403 | 70,195 | 153,270 | 38,704 | 59,293 | 476,314 |
| Ramsey | 13,209 | 46,359 | 15,342 | 28,428 | 69,758 | 20,933 | 29,855 | 223,884 |
| Washington | 10,894 | 37,950 | 7,140 | 19,551 | 53,285 | 13,406 | 12,441 | 154,667 |
| Total | 179,940 | 558,214 | 169,672 | 396,193 | 803,719 | 195,119 | 249,701 | 2,552,558 |

Table II.3, below, shows the intercensal population estimates by age for the entire FHIC region from 2000 through 2007. Regionwide, the older age cohorts generally grew between 2000 and 2007, while the younger age cohorts either grew much more slowly or declined in numbers. The number of persons under the age of 14 is estimated by the Census Bureau to have declined very modestly from 2000 through 2007, falling from 560,530 to 548,820 persons. The age cohort representing persons from the age of 25 to 44 has also been declining rather markedly, falling from 847,080 in 2000 to 771,254 in 2007. The group having persons from the age of 55 to 64 rose increased by roughly 80,000 at the same time.³

| Table II.3 | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Intercensal Population Estimates by Age | | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | | |
| 2000 - 2007 Intercensal Estimates | | | | | | | | |
| Age | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| Under 14 years | 560,530 | 564,167 | 560,961 | 556,947 | 554,263 | 549,952 | 548,613 | 548,820 |
| 15 to 24 years | 347,296 | 349,218 | 348,013 | 348,730 | 349,628 | 350,844 | 354,295 | 356,022 |
| 25 to 44 years | 847,080 | 843,904 | 833,783 | 819,438 | 805,317 | 791,455 | 778,348 | 771,254 |
| 45 to 54 years | 352,832 | 372,173 | 378,826 | 388,120 | 398,490 | 408,752 | 419,472 | 428,244 |
| 55 to 64 years | 195,119 | 204,952 | 221,386 | 234,407 | 247,677 | 261,566 | 275,792 | 290,784 |
| 65 and over | 249,701 | 252,826 | 255,228 | 258,366 | 261,407 | 264,571 | 268,321 | 273,030 |
| Total | 2,552,558 | 2,587,240 | 2,598,197 | 2,606,008 | 2,616,782 | 2,627,140 | 2,644,841 | 2,668,154 |

RACIAL COMPOSITION

Table II.4, on the following page, shows the breakdown of population by race for city and county entitlements in the FHIC region. Overall, it can be seen that at the time of the 2000 census, blacks were the largest minority, comprising about 6.4 percent of the population, with another 4.8 percent of the population counted as Asian and 3.7 percent counted as Hispanic. The majority of the population of these and all other minority groups were concentrated in urban areas, such as the cities of Minneapolis and St. Paul.⁴

³ Intercensal population estimates by age and by county are located in Appendix A of Volume II, Technical Appendix.

⁴ Additional intercensal population estimates by race and by county are located in Appendix A of Volume II, Technical Appendix.

| Table II.4 | | | | | | | | | |
|--|------------------|----------------|------------------------|----------------|--------------------------|---------------|--------------------------|------------------|-----------------|
| Population by Race | | | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | | | |
| 2000 Census SF1 Data | | | | | | | | | |
| Entitlement | White | Black | American Indian | Asian | NH/PI⁵ | Other | Two or More Races | Total | Hispanic |
| Cities | | | | | | | | | |
| Bloomington | 75,055 | 2,917 | 296 | 4,339 | 29 | 1,068 | 1,468 | 85,172 | 2,290 |
| Eden Prairie | 49,771 | 1,253 | 114 | 2,644 | 17 | 276 | 826 | 54,901 | 862 |
| Minneapolis | 249,186 | 68,818 | 8,378 | 23,455 | 289 | 15,798 | 16,694 | 382,618 | 29,175 |
| Mnetonka | 48,426 | 767 | 101 | 1,174 | 15 | 291 | 527 | 51,301 | 657 |
| Plymouth | 60,200 | 1,783 | 217 | 2,495 | 9 | 328 | 862 | 65,894 | 1,079 |
| St. Paul | 192,444 | 33,637 | 3,259 | 35,488 | 203 | 11,021 | 11,099 | 287,151 | 22,715 |
| Woodbury | 41,836 | 1,168 | 113 | 2,329 | 6 | 286 | 725 | 46,463 | 996 |
| Remainder of Counties | | | | | | | | | |
| Anoka | 279,133 | 4,756 | 2,079 | 5,038 | 64 | 1,930 | 5,084 | 298,084 | 4,961 |
| Carver | 67,361 | 417 | 129 | 1,096 | 10 | 613 | 579 | 70,205 | 1,791 |
| Dakota | 325,166 | 8,091 | 1,347 | 10,285 | 165 | 4,606 | 6,244 | 355,904 | 10,459 |
| Hennepin | 416,283 | 24,405 | 2,057 | 19,448 | 172 | 5,285 | 8,664 | 476,314 | 11,376 |
| Ramsey | 202,962 | 5,263 | 962 | 9,348 | 120 | 1,515 | 3,714 | 223,884 | 4,264 |
| Washington | 146,481 | 2,521 | 672 | 1,968 | 60 | 930 | 2,035 | 154,667 | 2,896 |
| Total | 2,154,304 | 155,796 | 19,724 | 119,107 | 1,159 | 43,947 | 58,521 | 2,552,558 | 93,512 |

Table II.5, below, offers intercensal population estimates by race and ethnicity for the FHIC region from 2000 through 2007. Since 2000, the white population increased a very small 1.6 percent through 2007, with Hispanic populations experiencing the highest growth rate at 45.3 percent. Black populations increased 25.1 percent, Asian populations increased 20.3 percent and Native Hawaiian/Pacific Islander populations increased 36.6 percent. Still, many of these minority groups comprised very small portions of the overall population, with whites making up 83.9 percent of the total population in the region.

| Table II.5 | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------------------|
| Intercensal Population Estimates by Race | | | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | | | |
| 2000 - 2007 Intercensal Estimates | | | | | | | | | |
| Race | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | Percent Change 00 -07 |
| White | 2,203,785 | 2,223,888 | 2,224,472 | 2,222,144 | 2,222,055 | 2,221,446 | 2,227,134 | 2,239,855 | 1.6% |
| Black | 162,953 | 170,192 | 175,480 | 181,046 | 186,826 | 192,373 | 198,457 | 203,776 | 25.1% |
| American Indian | 20,503 | 20,913 | 21,003 | 21,157 | 21,384 | 21,674 | 21,899 | 22,100 | 7.8% |
| Asian | 122,010 | 126,870 | 130,451 | 133,415 | 136,367 | 139,422 | 143,222 | 146,815 | 20.3% |
| NH/PI | 1,338 | 1,405 | 1,479 | 1,531 | 1,594 | 1,692 | 1,766 | 1,828 | 36.6% |
| Two or More Races | 41,969 | 43,972 | 45,312 | 46,715 | 48,556 | 50,533 | 52,363 | 53,780 | 28.1% |
| Total | 2,552,558 | 2,587,240 | 2,598,197 | 2,606,008 | 2,616,782 | 2,627,140 | 2,644,841 | 2,668,154 | 4.5% |
| Hispanic | 93,521 | 101,587 | 107,703 | 113,265 | 118,801 | 124,506 | 130,235 | 135,868 | 45.3% |

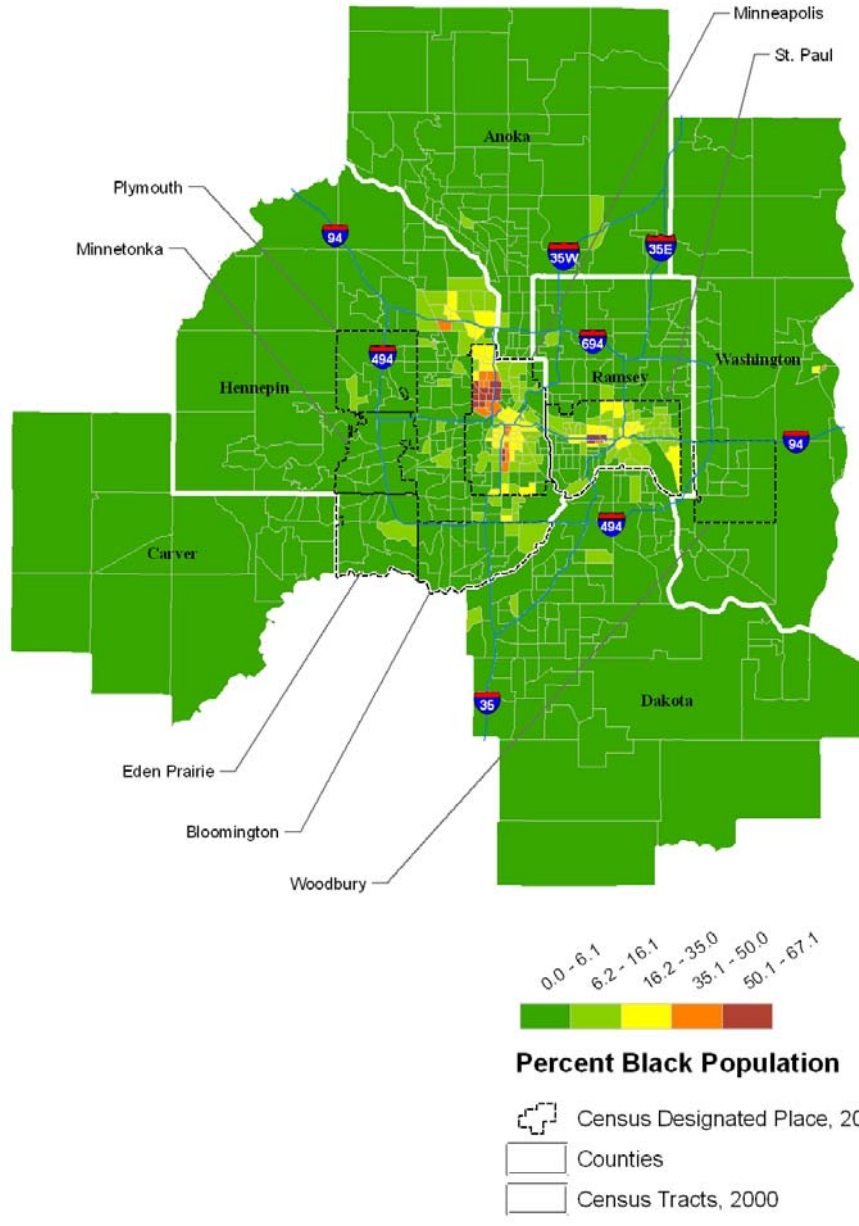
⁵ Native Hawaiian/Pacific Islander

While recent information about the geographic distribution of minority populations is not available, data from the 2000 census reveals that the geographic distribution of these racial and ethnic minorities has not been even throughout the FHIC region. Some areas of the region had significant concentrations of minority populations. An analysis of racial distribution was conducted by calculating a value, for all races and ethnicities, as the percentage share of total population within each census tract. That share was then plotted on a geographic map for the FHIC region. Additionally, HUD defines a population as having a disproportionate share when a particular portion of that population is more than 10 percentage points higher than the jurisdiction average. For example, the region's average for the black population was 6.1 percent. Therefore, all census tracts that had a black population higher than 16.1 percent were considered to have a disproportionate share of the black population.

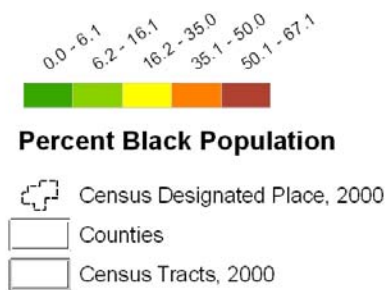
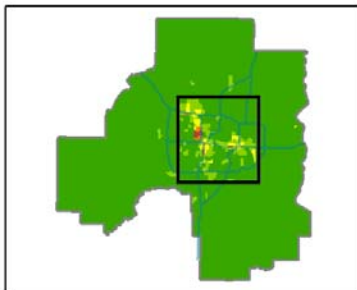
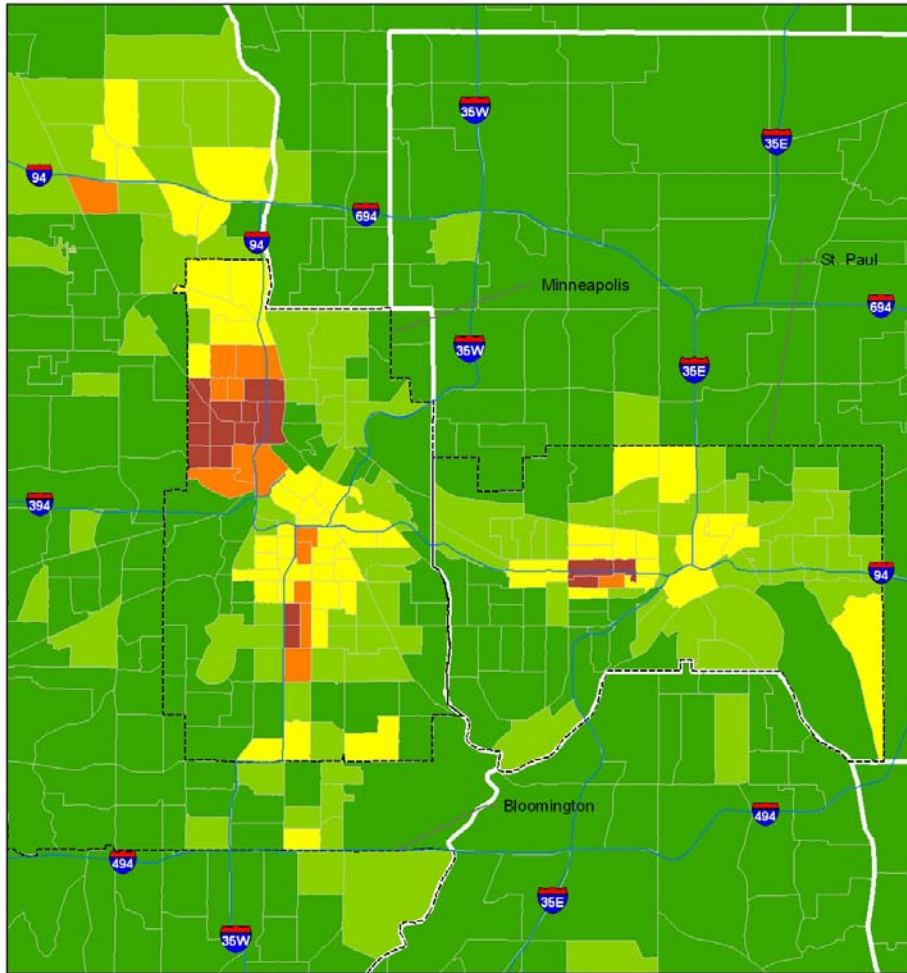
As Maps II.1 and II.2 on the following pages illustrate, several census tracts within the region had concentrations of black populations that exceeded 50 percent. Map II.1 shows the entire FHIC region. The areas with very high disproportionate shares, those exceeding 16.1 percent, tended to be located in Minneapolis and St. Paul, with a few more areas located northwest of Minneapolis in Hennepin County and in eastern Washington County. Map II.2 represents a detailed zoom-in map of the central cities of Minneapolis and St. Paul.⁶

⁶ Data in support of these census tract data can be found, by census tract and county, in Appendix A of Volume II, Technical Appendix.

Map II.1
Percent of Black Population by Census Tract
 Fair Housing Implementation Council Region
 2000 Census Data

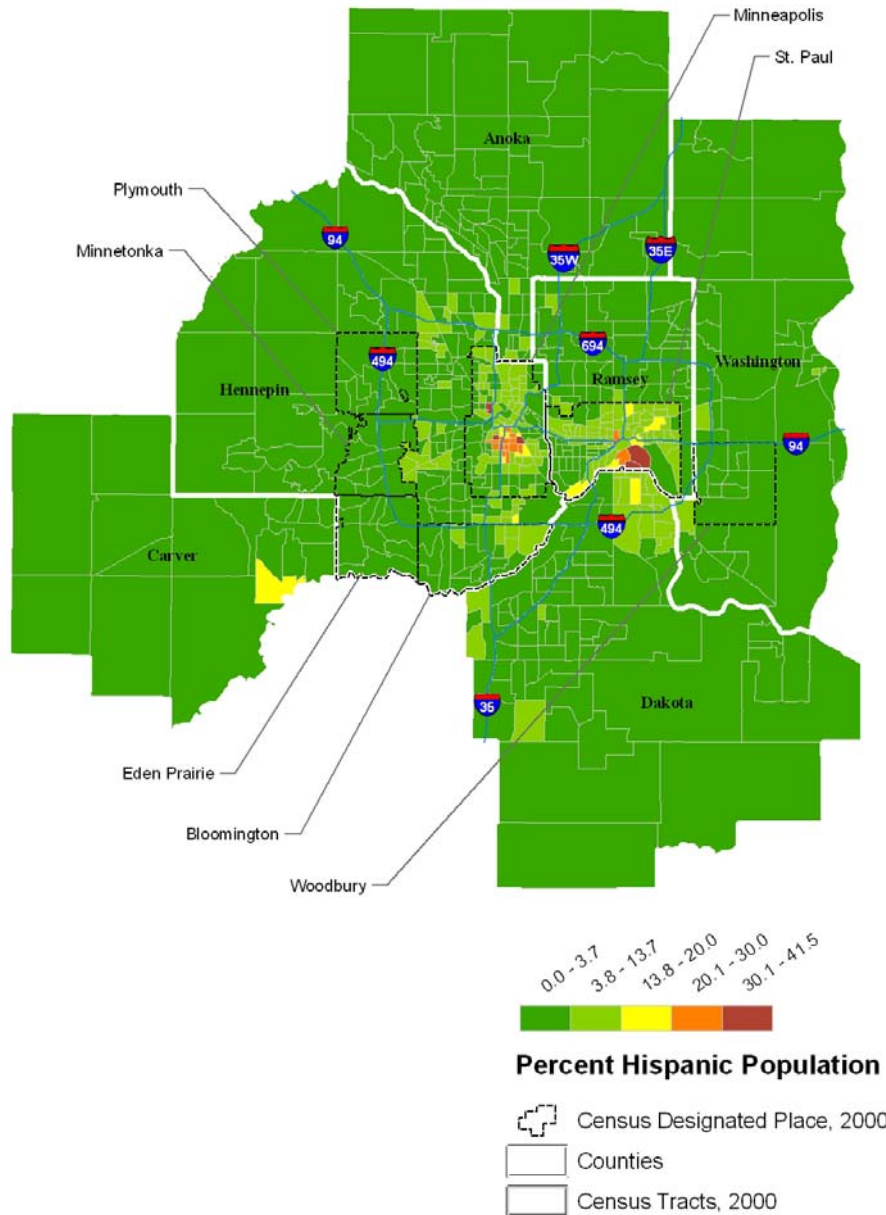


Map II.2
Percent of Black Population by Census Tract: Detail Map
 Fair Housing Implementation Council Region
 2000 Census Data

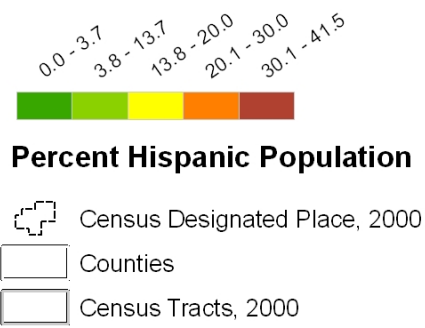
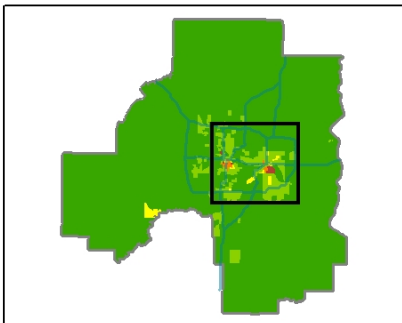
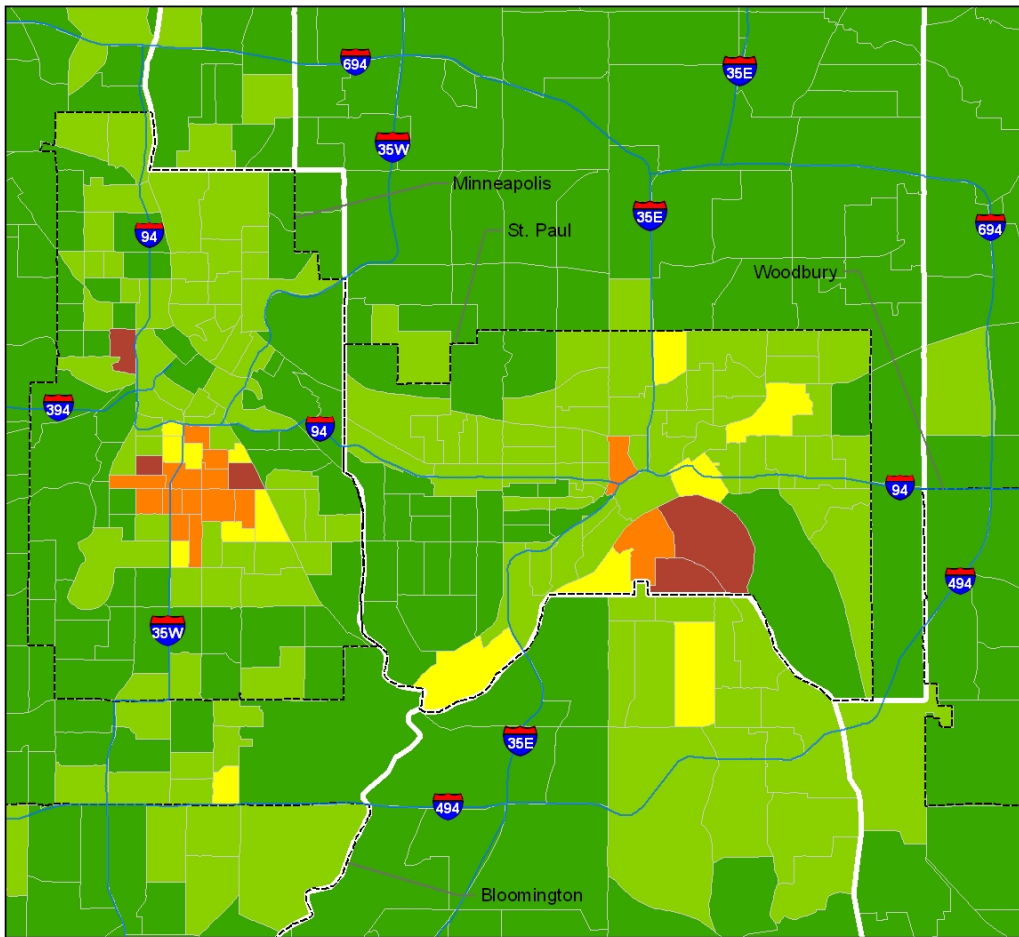


While the Hispanic population is not large in the FHIC region, with an average share of 3.7 percent, a similar spatial concentration evaluation revealed a few areas of Hispanic disproportionate share, or areas exceeding a share of 13.7 percent Hispanic. A few census tracts even exceeded 30.1 percent. Map II.3, below, shows the percent Hispanic population by census tract for the entire region, while Map II.4, on the following page, shows that these areas of disproportionate share were again located primarily in the Minneapolis and St. Paul communities.

Map II.3
Percent of Hispanic Population by Census Tract
 Fair Housing Implementation Council Region
 2000 Census SF1 Data

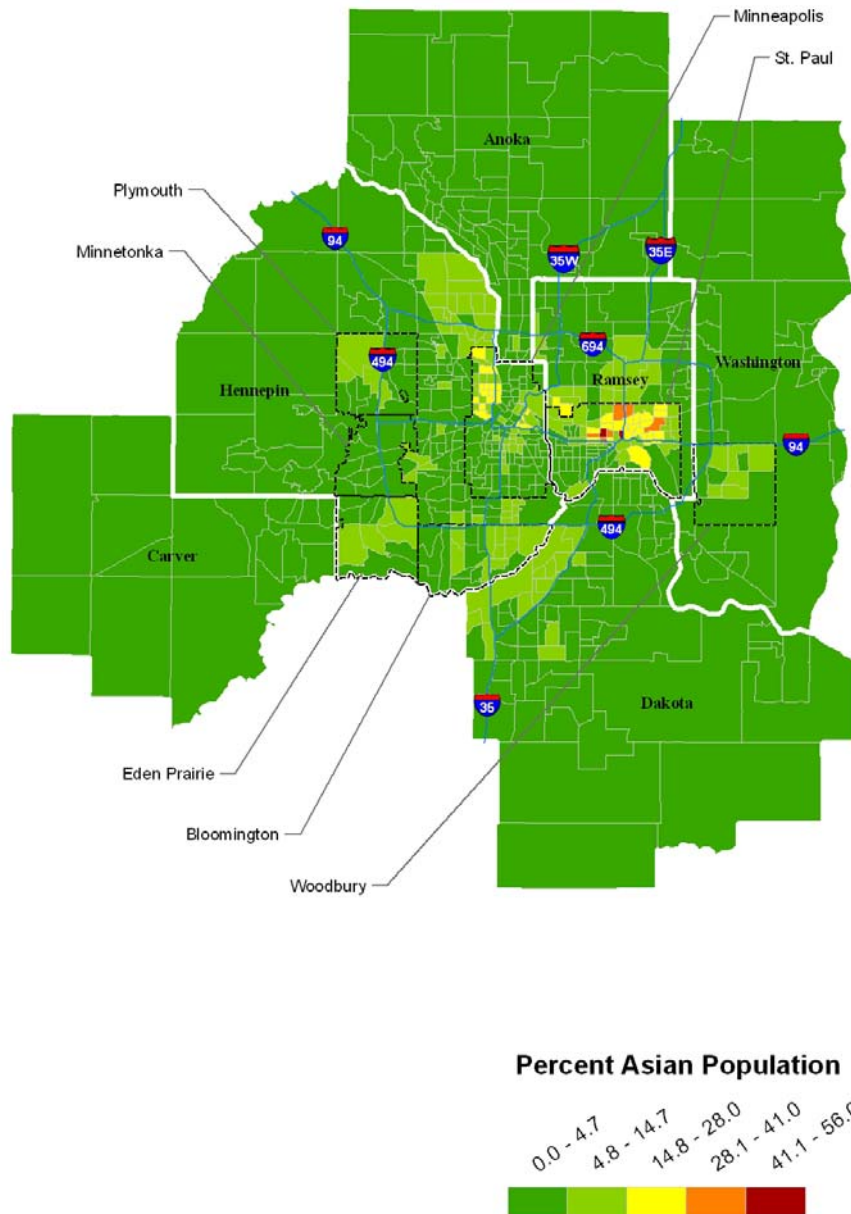


Map II.4
Percent of Hispanic Population by Census Tract: Detail Map
 Fair Housing Implementation Council Region
 2000 Census SF1 Data

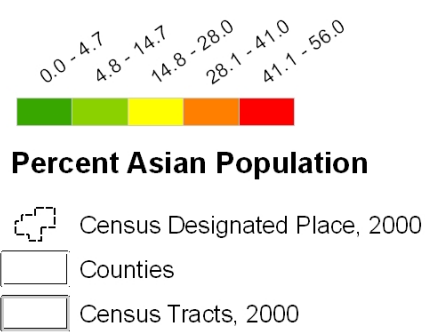
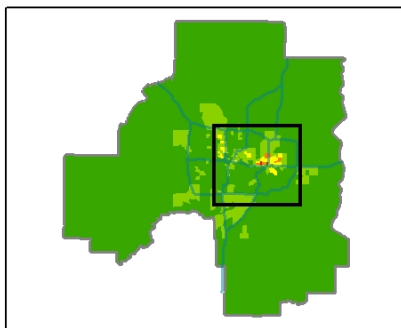
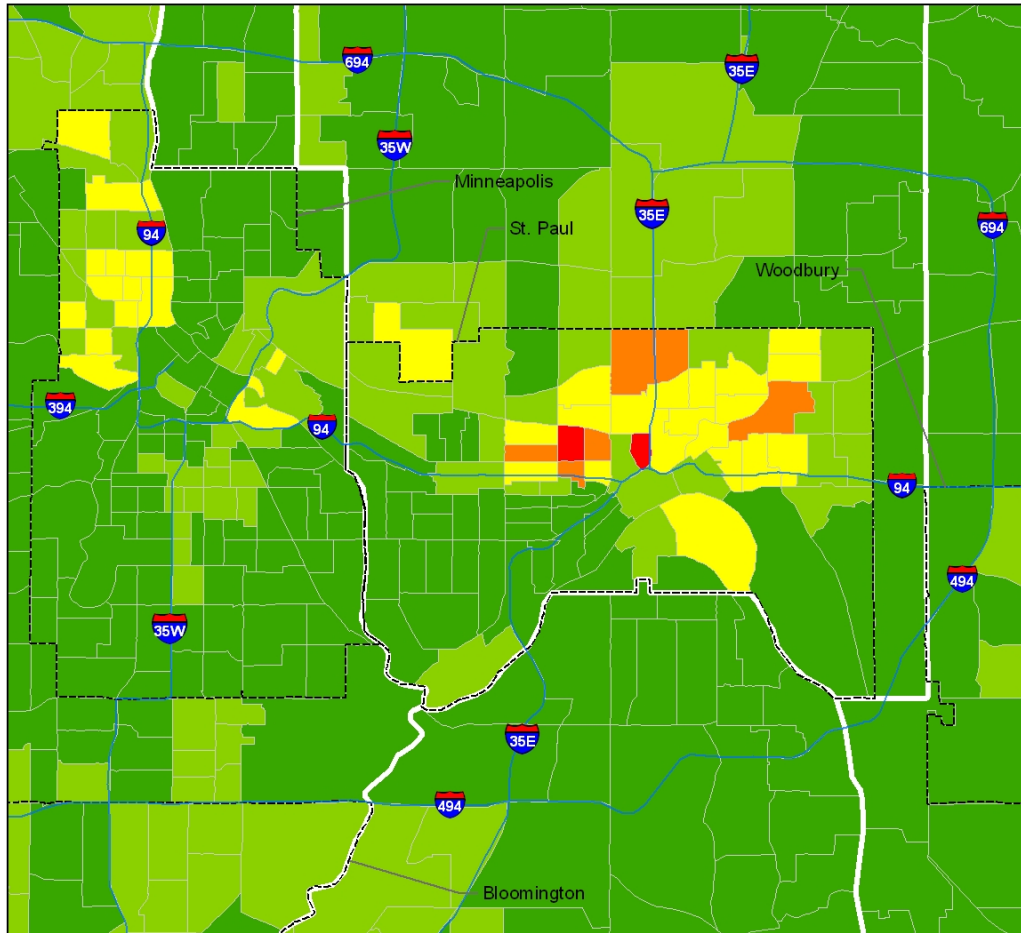


An analysis of the concentration of the Asian population in the region, with a regionwide average of 4.7 percent, showed fewer areas of disproportionate share. Census tracts exceeding 14.7 percent of the population were mostly located in the cities of Minneapolis and St. Paul, although somewhat more in central St. Paul than in Minneapolis, as seen in Maps II.5 and II.6.

Map II.5
Percent of Asian Population by Census Tract
 Fair Housing Implementation Council Region
 2000 Census SF1 Data



Map II.6
Percent of Asian Population by Census Tract: Detail Map
 Fair Housing Implementation Council Region
 2000 Census SF1 Data



DISABILITY STATUS

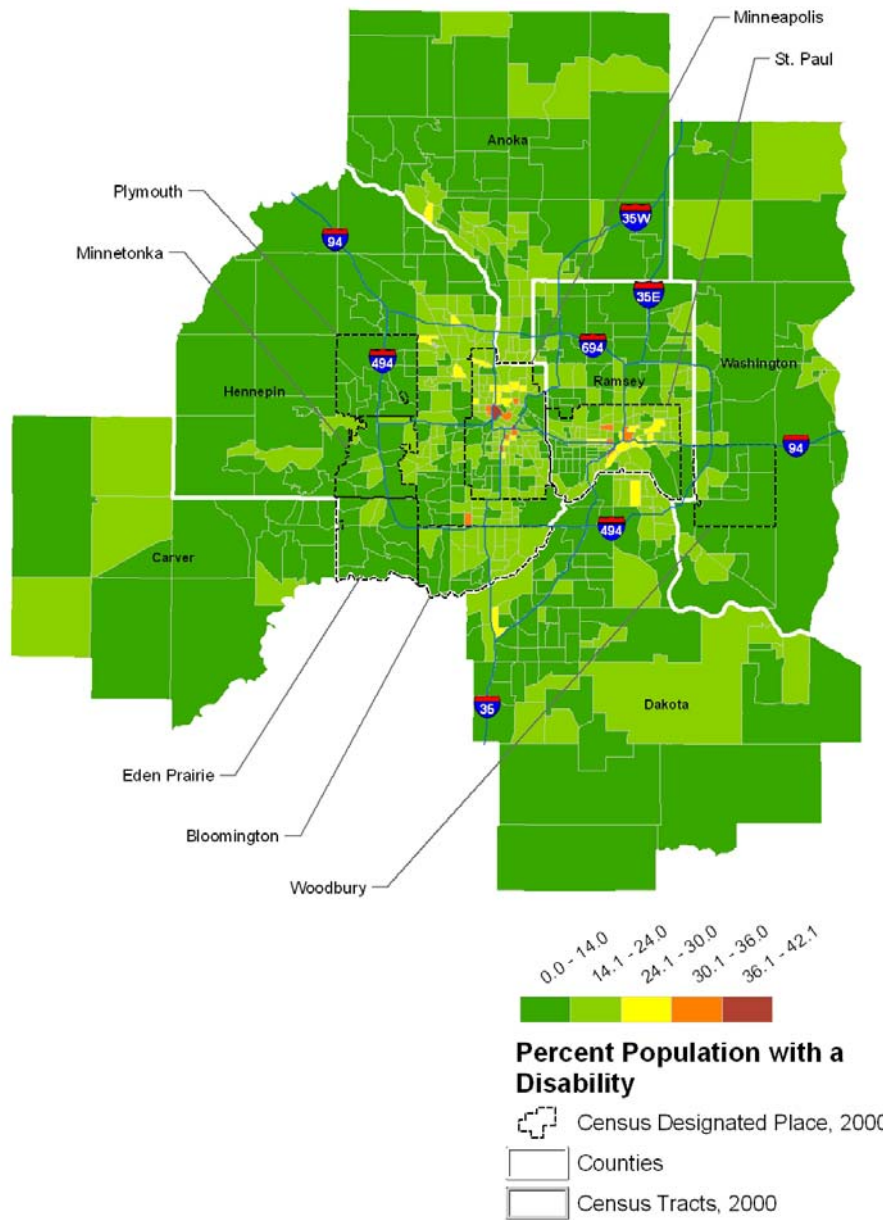
Disability is defined by the Census Bureau as a lasting physical, mental or emotional condition that makes it difficult for a person to do activities or impedes them from being able to go outside the home alone or to work.⁷ Defined in this fashion, the FHIC region's disabled population comprised 327,703 persons aged 5 or older during the 2000 census. Table II.6 shows that this was roughly 14.0 percent of the total population, which was less than the national rate at the time of just under 20 percent. However, as also seen in the table, this disabled population was not uniformly distributed throughout the FHIC region. Both Minneapolis and St. Paul had higher disability rates, at 17.2 and 17.8 percent, respectively, with Eden Prairie, Plymouth and Woodbury all having shares under 10 percent. The availability of accessible housing plays a role in housing choice, as does the availability of disability services and related facilities. Yet, even in those communities with larger service networks, the distribution of this population was unevenly dispersed.

| Table II.6 | | | | | |
|--|----------------|-----------------|----------------|----------------|------------------------|
| Disability by Age | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| Census 2000 SF3 Data | | | | | |
| Entitlement | 5 to 15 | 16 to 64 | Over 65 | Total | Disability Rate |
| Cities | | | | | |
| Bloomington | 644 | 7,350 | 3,887 | 11,881 | 14.9% |
| Eden Prairie | 401 | 3,278 | 717 | 4,396 | 8.7% |
| Minneapolis | 3,277 | 43,978 | 13,407 | 60,662 | 17.2% |
| Mnetonka | 433 | 3,154 | 2,304 | 5,891 | 12.2% |
| Plymouth | 554 | 3,936 | 1,380 | 5,870 | 9.7% |
| St. Paul | 3,115 | 32,536 | 10,991 | 46,642 | 17.8% |
| Woodbury | 383 | 2,721 | 837 | 3,941 | 9.5% |
| Remainder of Counties | | | | | |
| Anoka | 2,865 | 26,200 | 8,054 | 37,119 | 13.6% |
| Carver | 677 | 4,548 | 1,794 | 7,019 | 11.0% |
| Dakota | 3,631 | 28,505 | 9,392 | 41,528 | 12.7% |
| Hennepin | 3,766 | 36,309 | 18,521 | 58,596 | 13.3% |
| Ramsey | 1,712 | 16,732 | 9,286 | 27,730 | 13.3% |
| Washington | 1,357 | 11,141 | 3,930 | 16,428 | 11.6% |
| Total | 22,815 | 220,388 | 84,500 | 327,703 | 14.0% |

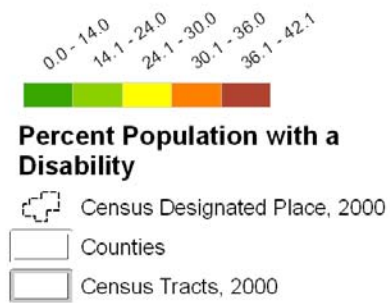
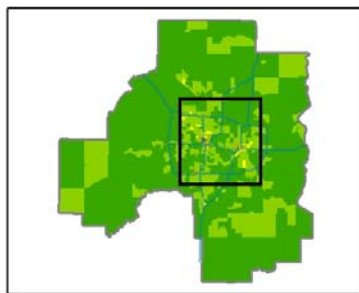
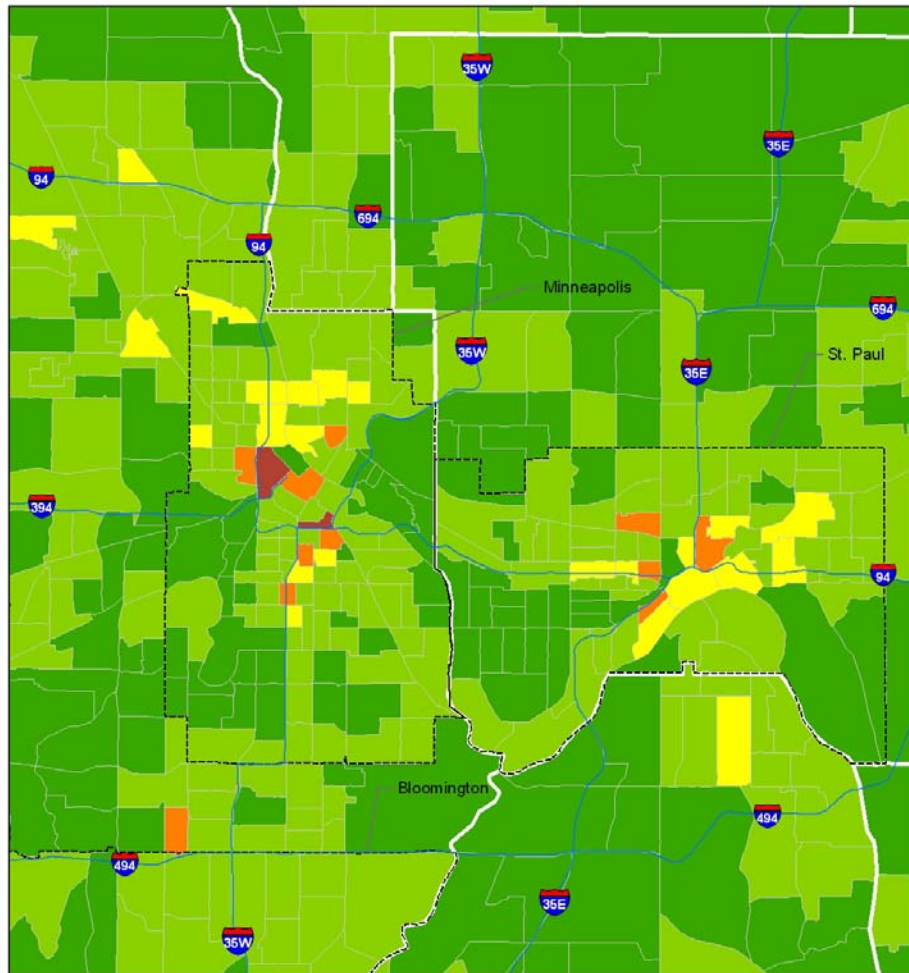
⁷ The data on disability status were derived from answers to long-form questionnaire items 16 and 17 for the 1-in-6 sample. Item 16 asked about the existence of the following long-lasting conditions: (a) blindness, deafness, or a severe vision or hearing impairment, (sensory disability) and (b) a condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting, or carrying (physical disability). Item 16 was asked of a sample of the population five years old and over. Item 17 asked if the individual had a physical, mental or emotional condition lasting 6 months or more that made it difficult to perform certain activities. The four activity categories were: (a) learning, remembering, or concentrating (mental disability); (b) dressing, bathing, or getting around inside the home (self-care disability); (c) going outside the home alone to shop or visit a doctor's office (going outside the home disability); and (d) working at a job or business (employment disability). Categories 17a and 17b were asked of a sample of the population five years old and over; 17c and 17d were asked of a sample of the population 16 years old and over. For data products which use the items individually, the following terms are used: sensory disability for 16a, physical disability for 16b, mental disability for 17a, self-care disability for 17b, going outside the home disability for 17c, and employment disability for 17d. For data products which use a disability status indicator, individuals were classified as having a disability if any of the following three conditions was true: (1) they were five years old and over and had a response of "yes" to a sensory, physical, mental or self-care disability; (2) they were 16 years old and over and had a response of "yes" to going outside the home disability; or (3) they were 16 to 64 years old and had a response of "yes" to employment disability.

Map II.7, below, shows a number of census tracts with a disproportionate share of disabled persons. Map II.8, on the following page, presents a detail map of the central cities of Minneapolis and St. Paul and reveals that there were numerous areas within the metro region with more than 24.1 percent of the population living with some type of disability.

Map II.7
Percent of Population with a Disability by Census Tract
 Fair Housing Implementation Council Region
 2000 Census Data



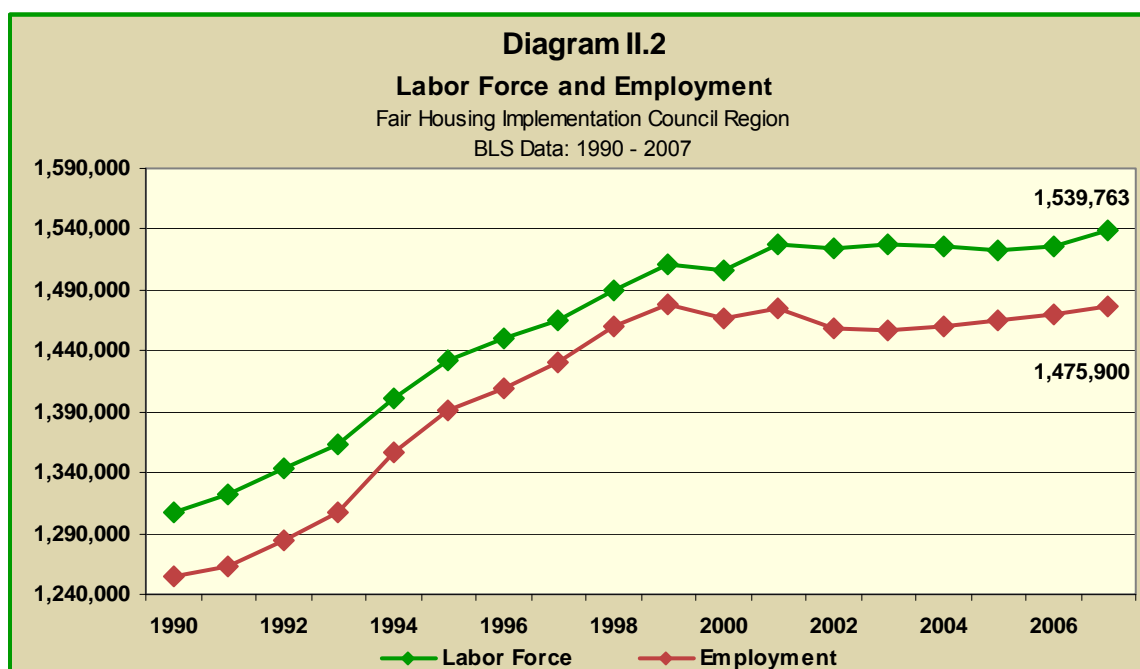
Map II.8
Percent of Population with a Disability by Census Tract: Detail Map
 Fair Housing Implementation Council Region
 2000 Census Data



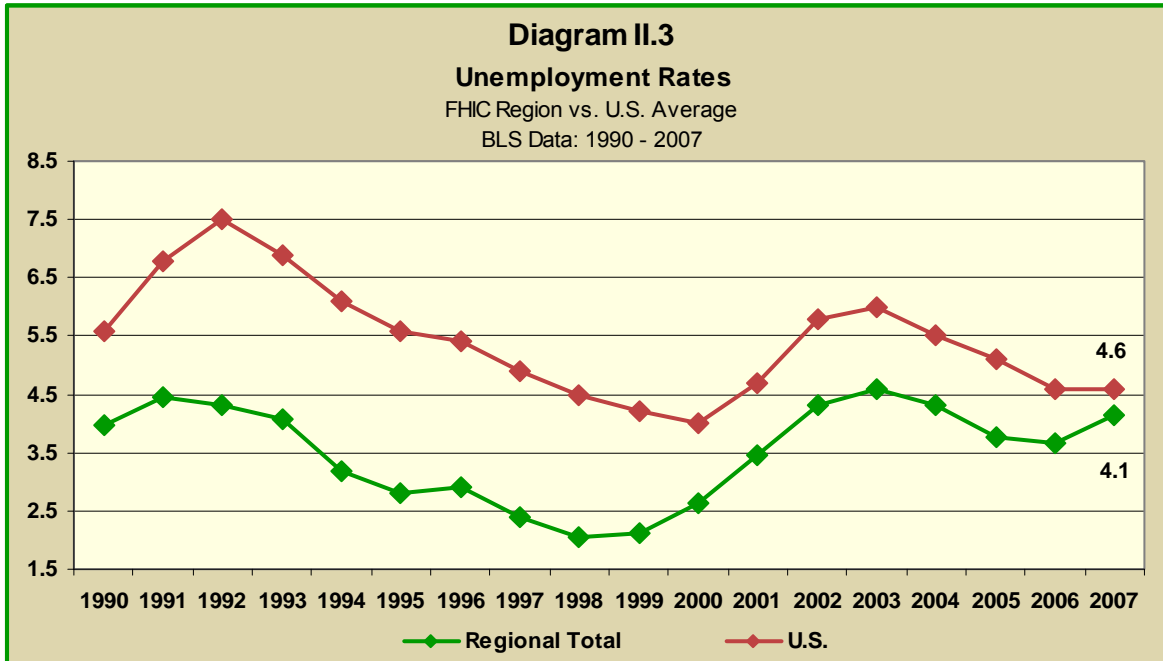
ECONOMICS

LABOR FORCE AND EMPLOYMENT

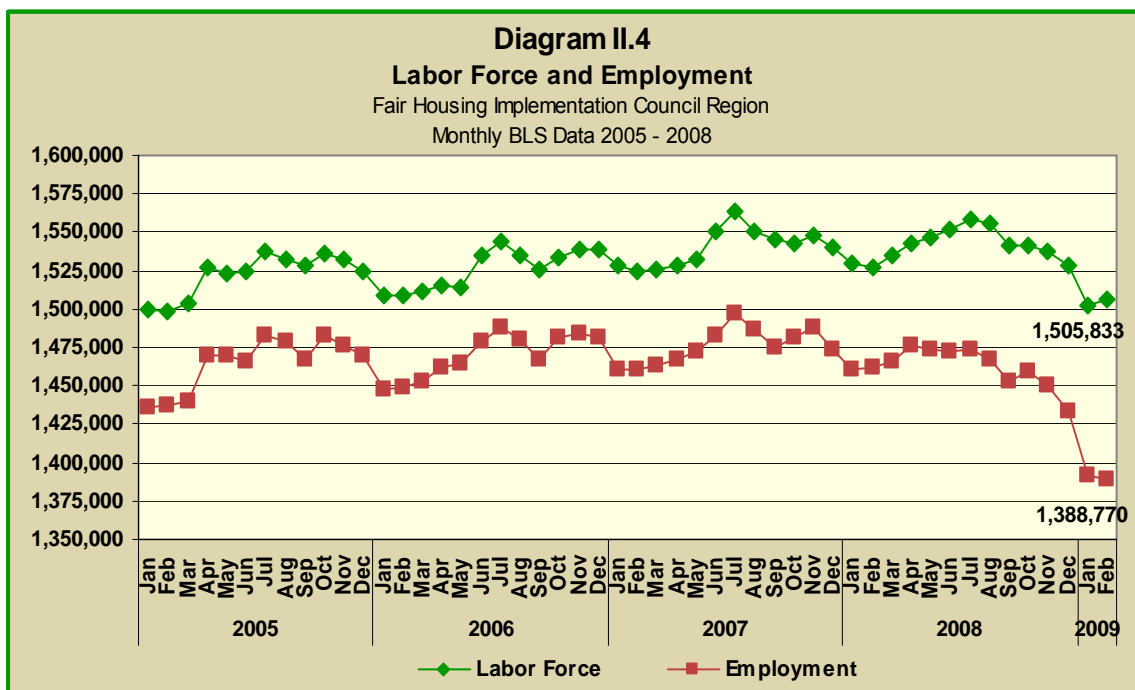
According to the Bureau of Labor Statistics (BLS), the labor force, defined as people working or looking for work, rose in the FHIC region from roughly 1.3 million to 1.5 million from 1990 to 2007, an increase of 18.4 percent. However, the number of employed persons alone grew slightly more slowly, reaching roughly 1.4 million persons in 2007, as seen in Diagram II.2, below. Tables presenting these statistics, for the entire region as well as by county, can be found in Appendix B of Volume II, Technical Appendix.



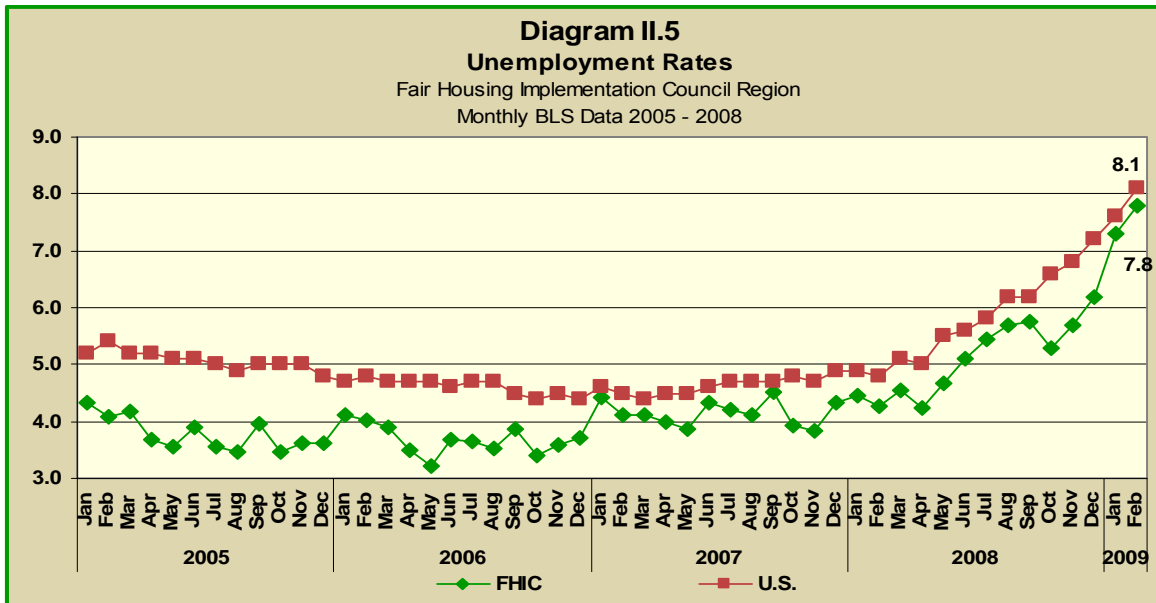
When the number of employed persons grows more slowly than the size of the labor force, unemployment rises. Between 1990 and 2007, the region experienced a rather stable and low unemployment rate, reaching the highest rate in 2003 at just 4.6 percent and falling back to 4.1 percent in 2007. As seen in Diagram II.3, on the following page, this figure compared quite favorably to the national averages, with the region consistently showing figures lower than the national average. This trend held true for all counties in the region as well, as presented in Appendix B, of the Technical Appendix, in tables B.14, B.18, B.22, B.26, B.30 and B.34.



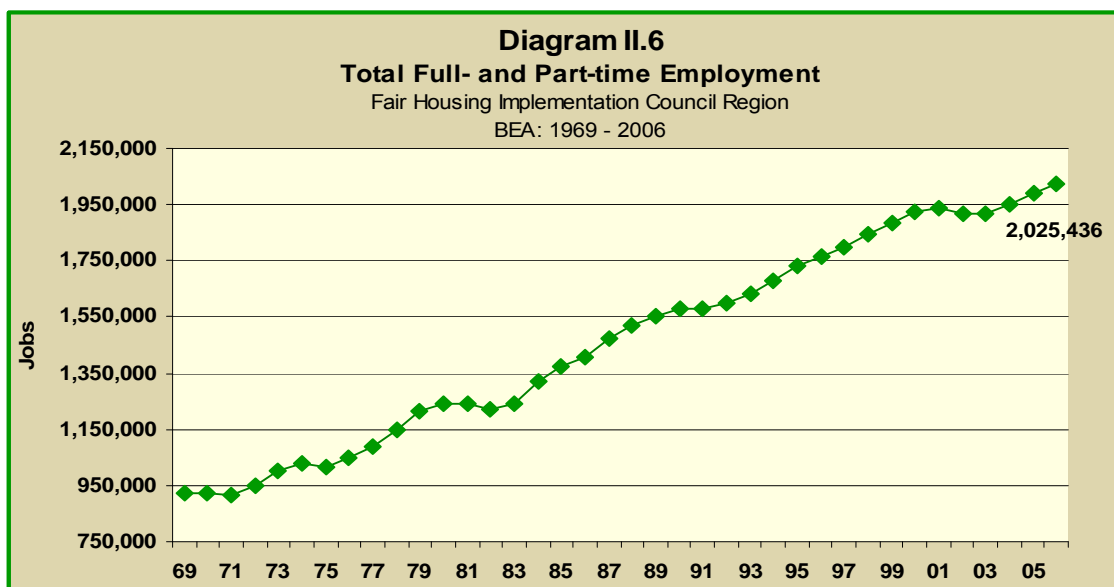
However, a more current view of employment and labor trends can be seen in monthly data from the BLS. Diagram II.4 shows data on labor force and employment for the FHIC region from 2005 through the first part of 2009. Clearly, these more recent data demonstrate the impact the recession has had on labor force and employment figures in the region, with labor force figures falling to a level last seen in 2005 and employment figures dropping markedly.



Monthly BLS data regarding unemployment rates show equally dismal figures. While the FHIC region continued to have lower unemployment figures than seen nationally, the unemployment rate still increased significantly, reaching 7.8 percent by February 2009. However, this figure remained just below the national rate, as seen below in Diagram II.5.



The Bureau of Economic Analysis (BEA) provides an alternate view of employment: a count of both full- and part-time jobs. Thus, a person working more than one job can be counted more than once. From 1969 through 2006, regional full- and part-time employment expanded 2.2 percent per year, rising from 920,567 in 1969 to 2,025,435 in 2007, as seen below in Diagram II.6.⁸



⁸ These data are derived by the BEA and are, in part, from administrative records. The most current data available at the county level are for 2007, but they were unavailable at time of publication. County and city level data are presented in Appendix C of Volume II, Technical Appendix.

Another indicator of the state of the economy garnered from BLS data is the census of employment and wages. This information extends through the second quarter of 2008. Table II.7, at right, shows that regionwide, the total number of business establishments increased through June of 2008, reaching 84,935 establishments, despite a slight decline in 2007.

| Year | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Annual | % Change |
|-------|---------------|----------------|---------------|----------------|--------|----------|
| 2001 | 79,346 | 79,738 | 79,801 | 79,772 | 79,664 | . |
| 2002 | 78,753 | 79,578 | 79,693 | 79,581 | 79,402 | -0.33 |
| 2003 | 79,888 | 80,646 | 80,866 | 80,258 | 80,416 | 1.28 |
| 2004 | 77,608 | 79,140 | 80,346 | 81,043 | 79,534 | -1.10 |
| 2005 | 79,233 | 81,925 | 84,119 | 85,857 | 82,785 | 4.09 |
| 2006 | 84,714 | 84,440 | 83,643 | 84,904 | 84,426 | 1.98 |
| 2007 | 81,466 | 82,627 | 83,508 | 84,679 | 83,071 | -1.60 |
| 2008p | 84,463 | 84,935 | . | . | . | . |

Table II.8, below, presents the BEA employment data by industry over the last few years. Regionally, there were three industry sectors that each had had more than 200,000 employees: retail trade, health care and social assistance, and government and government enterprises. Together these three sectors comprised 31.1 percent of all jobs in the region. While retail trade grew only 0.4 percent in the last few years, government and government enterprises expanded a very modest 2.8 percent, and health care and social assistance expanded 16.6 percent.

| NAICS Categories | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | % Change 01-06 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Farm employment | 5,304 | 5,285 | 5,304 | 5,234 | 5,278 | 5,069 | -4.4 |
| Forestry, fishing, related activities | (D) | (D) | (D) | (D) | (D) | (D) | . |
| Mining | (D) | (D) | (D) | (D) | (D) | (D) | . |
| Utilities | (D) | (D) | (D) | (D) | (D) | (D) | . |
| Construction | 94,045 | 92,277 | 93,106 | 96,952 | 101,409 | 100,613 | 7.0 |
| Manufacturing | 207,276 | 194,713 | 189,288 | 185,977 | 187,795 | 186,789 | -9.9 |
| Wholesale trade | 97,046 | 94,592 | 92,911 | 94,323 | 96,599 | 98,399 | 1.4 |
| Retail trade | 203,167 | 200,816 | 200,871 | 201,310 | 204,252 | 204,006 | 0.4 |
| Transportation and warehousing | (D) | (D) | (D) | (D) | (D) | (D) | . |
| Information | 56,521 | 52,996 | 49,149 | 47,658 | 47,992 | 47,563 | -15.8 |
| Finance and insurance | 127,755 | 129,598 | 132,979 | 133,503 | 135,610 | 137,759 | 7.8 |
| Real estate and rental and leasing | 59,467 | 61,088 | 66,352 | 72,624 | 77,537 | 82,694 | 39.1 |
| Professional and technical services | 146,137 | 143,307 | 143,329 | 147,174 | 149,138 | 155,086 | 6.1 |
| Management of companies, enterprises | 60,750 | 57,113 | 54,683 | 58,674 | 57,602 | 59,430 | -2.2 |
| Administrative and waste services | 111,167 | 108,392 | 108,916 | 112,432 | 115,342 | 119,510 | 7.5 |
| Educational services | 39,499 | 42,308 | 43,420 | 45,128 | 47,302 | 50,752 | 28.5 |
| Health care and social assistance | 182,324 | 189,960 | 196,011 | 199,194 | 203,528 | 212,649 | 16.6 |
| Arts, entertainment, and recreation | 43,009 | 45,340 | 46,432 | 47,002 | 48,425 | 50,105 | 16.5 |
| Accommodation and food services | 113,020 | 113,529 | 114,638 | 118,231 | 121,543 | 122,656 | 8.5 |
| Other services, except public admin. | 101,518 | 105,000 | 104,762 | 104,546 | 103,629 | 105,167 | 3.6 |
| Government, government enterprises | 206,799 | 206,320 | 206,984 | 206,920 | 210,251 | 212,682 | 2.8 |
| Total | 1,934,887 | 1,915,791 | 1,920,881 | 1,950,726 | 1,989,585 | 2,025,436 | 4.7 |

EARNINGS AND INCOME

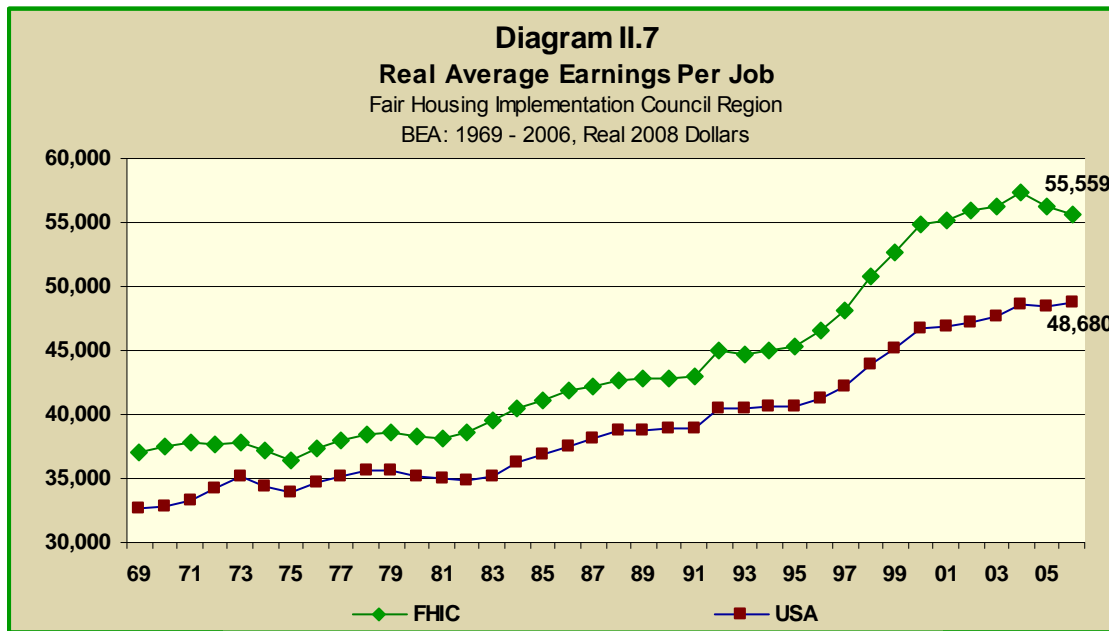
The BLS also provides information regarding total wages earned. Table II.9 presents the total wages earned in the FHIC region through June 2008 and shows that second quarter average wages experienced a slight decline over the quarter, but this appears to be a standard pattern.

| Table II.9 | | | | | | |
|--|----------------------|-----------------------|----------------------|-----------------------|---------------|-----------------|
| Total Average Wages Earned | | | | | | |
| Fair Housing Implementation Council Region | | | | | | |
| BLS Quarterly Census of Employment and Wages, 2001-2008p | | | | | | |
| Year | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Annual | % Change |
| 2001 | 16,734,926 | 16,161,337 | 15,584,145 | 17,014,582 | 65,494,992 | . |
| 2002 | 16,431,869 | 16,058,157 | 15,819,351 | 17,207,666 | 65,517,040 | 0.03 |
| 2003 | 16,642,480 | 16,472,058 | 16,421,162 | 17,705,949 | 67,241,650 | 2.63 |
| 2004 | 17,490,263 | 17,081,257 | 17,075,628 | 19,439,377 | 71,086,525 | 5.72 |
| 2005 | 17,855,654 | 17,643,930 | 18,321,364 | 19,037,520 | 72,858,468 | 2.49 |
| 2006 | 19,282,294 | 18,603,376 | 18,273,631 | 19,744,837 | 75,904,138 | 4.18 |
| 2007 | 20,535,280 | 19,856,834 | 19,368,298 | 21,001,239 | 80,761,648 | 6.40 |
| 2008p | 21,411,106 | 20,003,797 | . | . | . | . |

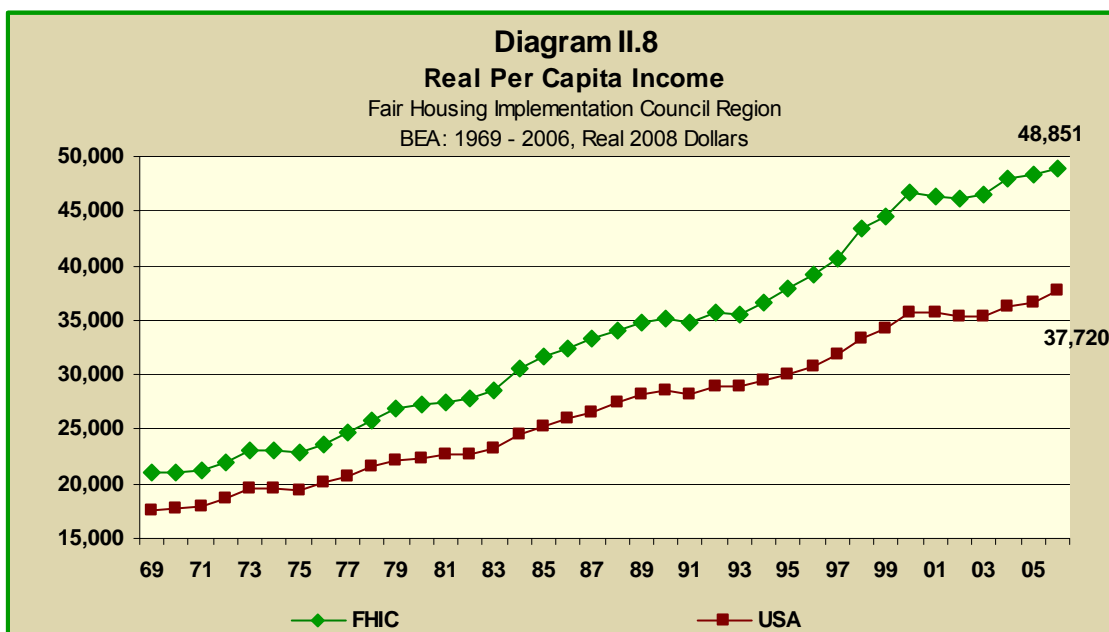
Table II.10, below, shows that average earnings per job, calculated from BEA data, vary significantly by industry. Farm earnings were the lowest, with the average earnings per job paying only \$12,277 in 2006. The management of companies was the highest, paying \$117,674 per job that same year. Still, several other sectors paid very good earnings, with manufacturing, wholesale trade, and finance and insurance all in excess of \$80,000.

| Table II.10 | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|-----------------------|
| Earnings per Job by Industry | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | |
| BEA Data: 2001-2006, 2008 Dollars | | | | | | | |
| NAICS Categories | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | % Change 01-06 |
| Farm Earnings | 8,584 | 9,645 | 12,117 | 15,220 | 15,001 | 12,277 | 43.0 |
| Forestry, fishing, related activities, and other | (D) | (D) | (D) | (D) | (D) | (D) | . |
| Mining | (D) | (D) | (D) | (D) | (D) | (D) | . |
| Utilities | (D) | (D) | (D) | (D) | (D) | (D) | . |
| Construction | 63,709 | 64,470 | 63,278 | 62,658 | 59,601 | 58,158 | -8.7 |
| Manufacturing | 73,145 | 78,225 | 83,055 | 87,391 | 84,135 | 84,007 | 14.9 |
| Wholesale trade | 82,258 | 83,360 | 85,046 | 86,600 | 87,101 | 87,755 | 6.7 |
| Retail trade | 31,189 | 31,488 | 31,004 | 30,921 | 29,514 | 28,722 | -7.9 |
| Transportation and warehousing | (D) | (D) | (D) | (D) | (D) | (D) | . |
| Information | 72,164 | 73,702 | 75,331 | 77,649 | 76,257 | 74,399 | 3.1 |
| Finance and insurance | 83,158 | 82,716 | 85,401 | 88,909 | 87,804 | 87,360 | 5.1 |
| Real estate and rental and leasing | 40,876 | 42,972 | 40,815 | 37,270 | 35,803 | 32,603 | -20.2 |
| Professional and technical services | 75,414 | 74,132 | 72,683 | 72,941 | 73,878 | 74,465 | -1.3 |
| Management of companies and enterprises | 111,861 | 112,967 | 111,810 | 120,811 | 122,721 | 117,674 | 5.2 |
| Administrative and waste services | 32,591 | 33,154 | 33,111 | 32,526 | 32,794 | 31,967 | -1.9 |
| Educational services | 26,898 | 26,555 | 26,974 | 26,949 | 26,384 | 26,176 | -2.7 |
| Health care and social assistance | 44,752 | 46,275 | 46,740 | 47,734 | 46,974 | 47,734 | 6.7 |
| Arts, entertainment, and recreation | 25,041 | 25,489 | 25,980 | 25,428 | 23,906 | 25,731 | 2.8 |
| Accommodation and food services | 19,758 | 19,919 | 20,351 | 20,266 | 19,683 | 20,038 | 1.4 |
| Other services, except public administration | 28,765 | 29,230 | 29,103 | 29,397 | 29,166 | 28,611 | -0.5 |
| Government and government enterprises | 57,425 | 59,864 | 61,083 | 61,805 | 61,453 | 61,768 | 7.6 |
| Average | 55,181 | 55,861 | 56,251 | 57,313 | 56,203 | 55,559 | 0.7 |

BEA data for the region show that average real earnings per job increased over the last 30 years, rising from \$27,049 in 1969 to more than \$55,559 in 2006, as seen in Diagram II.7. The 2006 figure was roughly \$7,000 higher than the national average, which was about \$48,680 at that time. However, there have been a series of declines since 2005.



Another perspective of the economy involves comparing the total of all forms of income: wages earned, transfer payments and property income, such as dividends, interest and rents. When these data are added together and divided by population, per capita income is the result. Diagram II.8, below, shows that real per capita income in the FHC region more than doubled over the time period, increasing from \$21,041 in 1969 to \$48,851 in 2007.



HOUSEHOLD INCOME

At the time that the 2000 census was taken, more than 136,000 or 13.8 percent of households in the region had incomes under \$20,000. Households with income between \$20,000 and \$50,000 represented 31.9 percent of all households, and households with income between \$50,000 and \$100,000 comprised another 37.1 percent of all households. Slightly more than 17 percent of households reported incomes over \$100,000. These data are presented in Table II.11, below. However, the share of household income was not distributed evenly throughout the region. Some communities had a much higher or much smaller share of high- or low-income households. For example, 24.3 percent of all Minneapolis households had incomes below \$20,000, and St. Paul had 23.3 percent of its households in this lower-income group. On the other hand, Woodbury had 45.3 percent of households with incomes between \$50,000 and \$100,000.

| Entitlement | Under 15,000 | 15,000 - 19,999 | 20,000 - 24,999 | 25,000 - 34,999 | 35,000 - 49,999 | 50,000 - 74,999 | 75,000 - 99,999 | 100,000 and above | Total |
|------------------------------|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|----------------|
| Cities | | | | | | | | | |
| Bloomington | 2,622 | 1,482 | 1,922 | 4,181 | 6,048 | 8,698 | 5,036 | 6,470 | 36,459 |
| Eden Prairie | 884 | 389 | 430 | 1,239 | 2,255 | 4,509 | 3,353 | 7,414 | 20,473 |
| Minneapolis | 28,574 | 10,867 | 12,196 | 22,957 | 27,374 | 28,990 | 14,607 | 16,817 | 162,382 |
| Minnetonka | 1,119 | 581 | 738 | 1,776 | 3,097 | 4,081 | 3,559 | 6,475 | 21,426 |
| Plymouth | 945 | 487 | 724 | 1,968 | 2,969 | 4,897 | 4,483 | 8,396 | 24,869 |
| St. Paul | 18,829 | 7,307 | 7,982 | 16,535 | 18,932 | 21,911 | 10,200 | 10,432 | 112,128 |
| Woodbury | 336 | 251 | 344 | 1,073 | 2,090 | 4,093 | 3,457 | 5,031 | 16,675 |
| Remainder of Counties | | | | | | | | | |
| Anoka | 6,829 | 3,994 | 3,795 | 10,546 | 17,767 | 30,224 | 18,560 | 14,753 | 106,468 |
| Carver | 1,643 | 623 | 986 | 2,040 | 3,134 | 5,794 | 4,256 | 5,858 | 24,334 |
| Dakota | 7,601 | 3,855 | 4,892 | 12,657 | 19,749 | 33,293 | 22,953 | 26,352 | 131,352 |
| Hennepin | 13,944 | 7,454 | 9,407 | 20,561 | 29,622 | 44,943 | 28,541 | 36,197 | 190,669 |
| Ramsey | 7,059 | 3,891 | 4,187 | 9,967 | 14,531 | 20,764 | 12,917 | 15,935 | 89,251 |
| Washington | 3,137 | 1,834 | 2,020 | 5,106 | 7,824 | 13,459 | 9,955 | 11,486 | 54,821 |
| Total | 93,522 | 43,015 | 49,623 | 110,606 | 155,392 | 225,656 | 141,877 | 171,616 | 991,307 |

POVERTY

The Census Bureau uses a set of income thresholds that vary by family size and composition to determine poverty status. If a family's total income is less than the threshold for their size, then that family, and every individual in it, is considered poor. The poverty thresholds do not vary geographically, but they are updated annually for inflation using the Consumer Price Index. The official poverty definition counts income before taxes and does not include capital gains and non-cash benefits, such as public housing, Medicaid and food stamps. Poverty is not defined for people in military barracks, institutional group quarters,

or for unrelated individuals under age 15, including foster children. These groups are considered to be neither poor nor nonpoor.

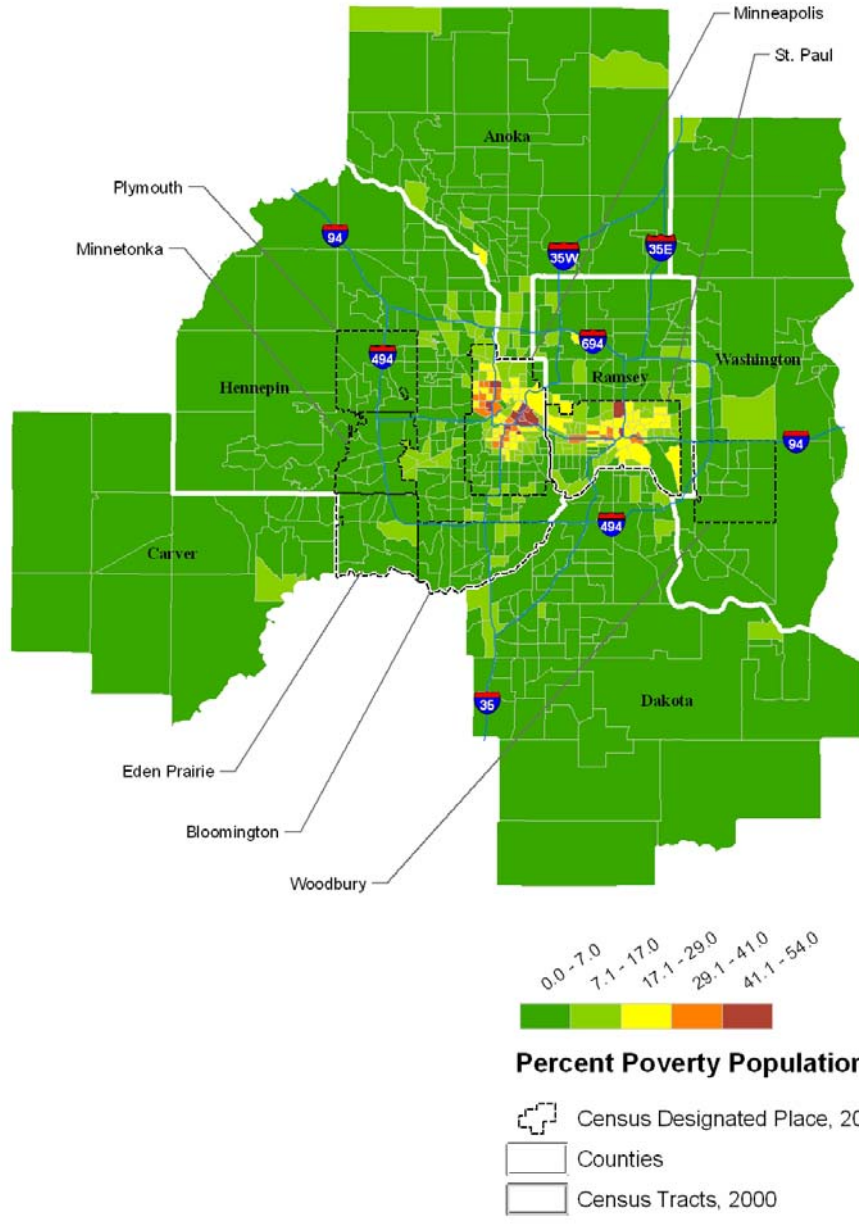
In the FHIC region in 2000, the overall poverty rate was 7.0 percent; that is, 176,337 people were considered to be in poverty, as noted in Table II.12, below. This figure was substantively lower than the national average of 12.4 percent. Further, the region had 20,453 children under five years of age in poverty and 13,816 people aged 65 or older in poverty.

| Table II.12 | | | | | | |
|--|--------------------|----------------|-----------------|---------------------|----------------|---------------------|
| Poverty Rate by Age | | | | | | |
| Fair Housing Implementation Council Region | | | | | | |
| Census 2000 SF3 Data | | | | | | |
| Entitlement | 5 and Below | 6 to 18 | 18 to 64 | 65 and Older | Total | Poverty Rate |
| Cities | | | | | | |
| Bloomington | 263 | 496 | 2,151 | 433 | 3,343 | 4.0% |
| Eden Prairie | 282 | 416 | 1,079 | 133 | 1,910 | 3.5% |
| Minneapolis | 7,205 | 13,272 | 38,237 | 3,378 | 62,092 | 16.9% |
| Minnetonka | 120 | 203 | 729 | 283 | 1,335 | 2.6% |
| Plymouth | 67 | 325 | 1,213 | 74 | 1,679 | 2.6% |
| St. Paul | 5,731 | 12,277 | 22,575 | 2,683 | 43,266 | 15.6% |
| Woodbury | 61 | 165 | 516 | 30 | 772 | 1.7% |
| Remainder of Counties | | | | | | |
| Anoka | 1,359 | 3,098 | 6,978 | 932 | 12,367 | 4.2% |
| Carver | 390 | 479 | 1,181 | 341 | 2,391 | 3.5% |
| Dakota | 1,467 | 2,792 | 7,077 | 1,421 | 12,757 | 3.6% |
| Hennepin | 1,905 | 4,023 | 11,650 | 2,447 | 20,025 | 4.3% |
| Ramsey | 974 | 1,688 | 5,642 | 1,103 | 9,407 | 4.3% |
| Washington | 629 | 1,365 | 2,441 | 558 | 4,993 | 3.3% |
| Total | 20,453 | 40,599 | 101,469 | 13,816 | 176,337 | 7.0% |

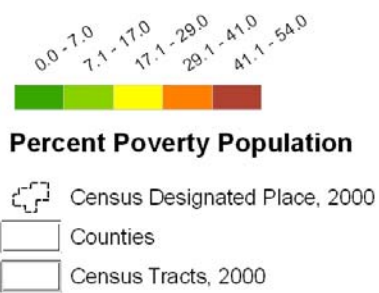
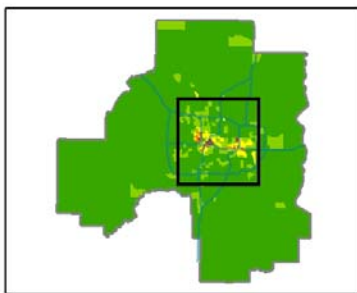
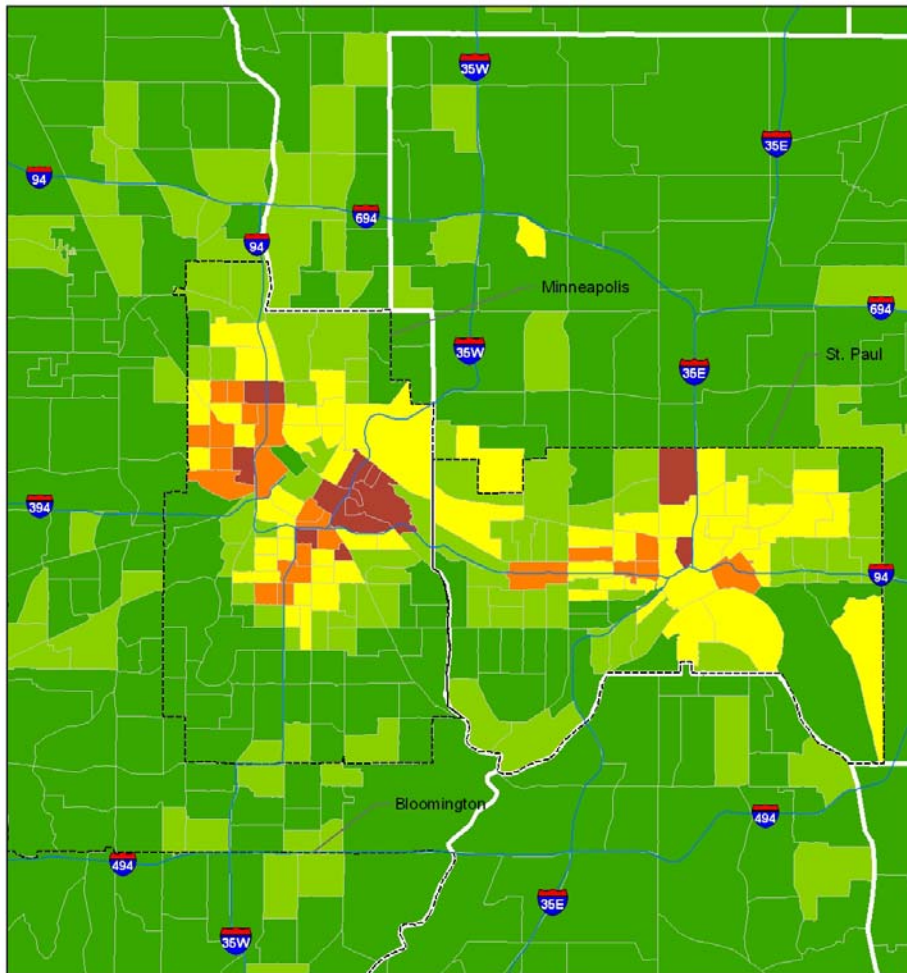
Equally important, the poverty rate was not uniform throughout the region, as some areas had much higher concentrations of poverty than others. For example, while the regionwide rate was 7.0 percent, the rate for Minneapolis was 16.9 percent, and the rate for St. Paul was 15.6 percent. Smaller communities, however, had much lower poverty rates, with Woodbury, Plymouth and Minnetonka having 1.7, 2.6 and 2.6 percent poverty rates, respectively.

A computation was used to measure the concentration of poverty in each of the region's census tracts. Again, an area with a disproportionate share of poverty would have a poverty rate more than 10 percentage points above the jurisdiction average of 17.0 percent. As presented in Map II.9, on the following page, several areas in the region had disproportionate shares of poverty, with some areas having from 41 percent to 54 percent of its population in poverty. As highlighted further in Map II.10, most of these areas of high concentration of poverty were closely clustered in Minneapolis and St. Paul.

Map II.9
Poverty Rate by Census Tract
 Fair Housing Implementation Council Region
 2000 Census Data



Map II.10
Poverty Rate Census Tract: Detail Map
 Fair Housing Implementation Council Region
 2000 Census Data



HOUSING

Table II.13 shows that of the entire housing stock, 693,100 units were single-family homes, 244,563 units were apartments, 36,927 units were duplexes, 24,801 units were tri- or four-plexes, 16,006 units were mobile homes and 234 units were housing as a boat, RV, van, etc.

| Table II.13 | | | | | | | |
|--|--------------------|---------------|-------------------|----------------|---------------|---------------------|------------------|
| Housing Units by Unit Type | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | |
| Census 2000 SF3 Data | | | | | | | |
| Entitlement | Single-Family Unit | Duplex | Tri- or Four-Plex | Apartments | Mobile Homes | Boat, RV, Van, Etc. | Total |
| Cities | | | | | | | |
| Bloomington | 24,867 | 286 | 651 | 11,065 | 229 | . | 37,098 |
| Eden Prairie | 16,065 | 43 | 465 | 4,434 | 19 | . | 21,026 |
| Minneapolis | 81,912 | 18,590 | 8,231 | 59,550 | 319 | 22 | 168,624 |
| Minnetonka | 15,445 | 140 | 271 | 6,348 | 23 | . | 22,227 |
| Plymouth | 18,498 | 207 | 410 | 6,039 | 102 | 6 | 25,262 |
| St. Paul | 62,528 | 9,714 | 5,497 | 37,715 | 203 | 56 | 115,713 |
| Woodbury | 15,148 | 34 | 342 | 1,999 | 18 | . | 17,541 |
| Remainder of Counties | | | | | | | |
| Anoka | 86,360 | 1,565 | 1,474 | 13,727 | 4,959 | 6 | 108,091 |
| Carver | 20,385 | 342 | 410 | 2,741 | 1,003 | 2 | 24,883 |
| Dakota | 100,016 | 1,612 | 2,547 | 25,695 | 3,812 | 68 | 133,750 |
| Hennepin | 140,640 | 2,723 | 2,290 | 48,034 | 859 | 41 | 194,587 |
| Ramsey | 63,445 | 891 | 1,189 | 22,195 | 3,006 | 9 | 90,735 |
| Washington | 47,791 | 780 | 1,024 | 5,021 | 1,454 | 24 | 56,094 |
| Total | 693,100 | 36,927 | 24,801 | 244,563 | 16,006 | 234 | 1,015,631 |

Table II.14, at right, presents the housing stock, both occupied and vacant, throughout the region. Of the 1.015 million housing units, 702,526 were owner-occupied and another 288,236 were renter-occupied, for a homeownership rate of 70.9 percent. This rate was about 1.0 percentage point higher than the national average at that time.

As seen in Table II.15, on the following page, since the 2000 census, the total number of housing units in the FHIC region expanded by roughly 100,000

| Table II.14 | | | | | |
|--|----------------|-----------------|------------------------|----------------------|---------------------|
| Housing Units by Tenure | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| Census 2000 SF3 Data | | | | | |
| Entitlement | Owner-Occupied | Renter-Occupied | Occupied Housing Units | Vacant Housing Units | Total Housing Units |
| Cities | | | | | |
| Bloomington | 25,717 | 10,679 | 36,396 | 702 | 37,098 |
| Eden Prairie | 16,033 | 4,424 | 20,457 | 569 | 21,026 |
| Minneapolis | 83,422 | 78,941 | 162,363 | 6,261 | 168,624 |
| Minnetonka | 16,190 | 5,202 | 21,392 | 835 | 22,227 |
| Plymouth | 19,005 | 5,817 | 24,822 | 440 | 25,262 |
| St. Paul | 61,437 | 50,672 | 112,109 | 3,604 | 115,713 |
| Woodbury | 14,219 | 2,457 | 16,676 | 865 | 17,541 |
| Remainder of Counties | | | | | |
| Anoka | 88,776 | 17,652 | 106,428 | 1,663 | 108,091 |
| Carver | 20,327 | 4,029 | 24,356 | 527 | 24,883 |
| Dakota | 102,549 | 28,602 | 131,151 | 2,599 | 133,750 |
| Hennepin | 141,468 | 49,231 | 190,699 | 3,888 | 194,587 |
| Ramsey | 66,266 | 22,861 | 89,127 | 1,608 | 90,735 |
| Washington | 47,117 | 7,669 | 54,786 | 1,308 | 56,094 |
| Total | 702,526 | 288,236 | 990,762 | 24,869 | 1,015,631 |

units from 2000 to 2007, or about 9.8 percent. However, some counties grew significantly faster than others; Ramsey expanded at the smallest rate, just 3.8 percent, with Hennepin rising only 6.5 percent. While Carver was the county with the fewest housing units, it expanded 34.1 percent over the period.

| Entitlement | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | % Change 00 - 07 |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| Anoka | 108,091 | 110,574 | 112,854 | 115,250 | 118,013 | 121,187 | 123,308 | 124,569 | 15.2% |
| Carver | 24,883 | 26,555 | 27,693 | 29,105 | 30,506 | 31,686 | 32,616 | 33,361 | 34.1% |
| Dakota | 133,750 | 137,561 | 140,577 | 143,992 | 147,976 | 151,318 | 153,598 | 154,960 | 15.9% |
| Hennepin | 468,824 | 473,798 | 477,431 | 483,318 | 487,947 | 492,083 | 495,993 | 499,481 | 6.5% |
| Ramsey | 206,448 | 207,341 | 208,345 | 209,444 | 210,830 | 213,126 | 213,814 | 214,280 | 3.8% |
| Washington | 73,635 | 76,306 | 78,221 | 79,820 | 81,988 | 84,554 | 87,078 | 88,614 | 20.3% |
| Total | 1,015,631 | 1,032,135 | 1,045,121 | 1,060,929 | 1,077,260 | 1,093,954 | 1,106,407 | 1,115,265 | 9.8% |

VACANT HOUSING UNITS

Table II.16, below, provides the disposition of the vacant housing units in the FHIC region. These data show that of the nearly 25,000 units that were vacant, 8,632 were for rent and another 4,496 were for sale. However, there were a number of units that were vacant but not available, listed as "other vacant." This term usually describes a housing unit that is unlikely to become available to the housing market and is often abandoned and further contributes to a blighting influence. There were nearly 3,000 these units in the FHIC region, with more than one-third of this total located in Minneapolis.

| Entitlement | For Rent | For Sale | Rented or Sold, Not Occupied | For Seasonal, Recreational or Occasional Use | For Migrant Workers | Other Vacant | Total |
|------------------------------|--------------|--------------|------------------------------------|--|------------------------|-----------------|---------------|
| Cities | | | | | | | |
| Bloomington | 296 | 98 | 93 | 182 | . | 33 | 702 |
| Eden Prairie | 148 | 77 | 101 | 181 | 32 | 30 | 569 |
| Minneapolis | 2,533 | 788 | 722 | 918 | 11 | 1,289 | 6,261 |
| Minnetonka | 309 | 66 | 107 | 304 | . | 49 | 835 |
| Plymouth | 133 | 56 | 96 | 144 | 2 | 9 | 440 |
| St. Paul | 1,599 | 625 | 440 | 451 | . | 489 | 3,604 |
| Woodbury | 419 | 197 | 84 | 141 | . | 24 | 865 |
| Remainder of Counties | | | | | | | |
| Anoka | 389 | 559 | 211 | 335 | 16 | 153 | 1,663 |
| Carver | 130 | 118 | 61 | 147 | . | 71 | 527 |
| Dakota | 936 | 560 | 364 | 460 | 5 | 274 | 2,599 |
| Hennepin | 1,095 | 738 | 594 | 1,192 | . | 269 | 3,888 |
| Ramsey | 426 | 322 | 262 | 432 | 8 | 158 | 1,608 |
| Washington | 219 | 292 | 168 | 484 | . | 145 | 1,308 |
| Total | 8,632 | 4,496 | 3,303 | 5,371 | 74 | 2,993 | 24,869 |

HOUSING PROBLEMS

While the 2000 census does not report significant details regarding the physical condition of housing units, information regarding overcrowding, incomplete plumbing or kitchen facilities, and cost burden is available.⁹

Overcrowding is defined as having from 1.1 to 1.5 people per room in a residence, with severe overcrowding defined as having more than 1.5 people per room. Table II.17, below, shows that overall the FHIC region had 18,360 overcrowded housing units, a rate of 1.9 percent. There were also 17,386 units that were severely overcrowded, a rate of 1.8 percent. The areas with the highest levels of overcrowding were Minneapolis and St. Paul cities and Dakota and Hennepin counties.

| Table II.17 | | | | |
|---|------------------------|---------------------|----------------------------|----------------|
| Overcrowding and Severe Overcrowding | | | | |
| Fair Housing Implementation Council Region | | | | |
| Census 2000 SF3 Data | | | | |
| Entitlement | No Overcrowding | Overcrowding | Severe Overcrowding | Total |
| Cities | | | | |
| Bloomington | 35,457 | 469 | 470 | 36,396 |
| Eden Prairie | 19,945 | 256 | 256 | 20,457 |
| Minneapolis | 151,201 | 4,705 | 6,457 | 162,363 |
| Minnetonka | 21,119 | 166 | 107 | 21,392 |
| Plymouth | 24,389 | 256 | 177 | 24,822 |
| St. Paul | 103,810 | 4,024 | 4,275 | 112,109 |
| Woodbury | 16,457 | 180 | 39 | 16,676 |
| Remainder of Counties | | | | |
| Anoka | 103,944 | 1,632 | 852 | 106,428 |
| Carver | 23,921 | 262 | 173 | 24,356 |
| Dakota | 128,335 | 1,590 | 1,226 | 131,151 |
| Hennepin | 185,184 | 3,157 | 2,358 | 190,699 |
| Ramsey | 87,304 | 1,105 | 718 | 89,127 |
| Washington | 53,950 | 558 | 278 | 54,786 |
| Total | 955,016 | 18,360 | 17,386 | 990,762 |

Incomplete plumbing and kitchen facilities are another indicator of potential housing problems. According to the Census Bureau, a housing unit is classified as lacking complete plumbing facilities when any of the following are not present: piped hot and cold water, a flush toilet, and a bathtub or shower. Likewise, a unit is categorized as deficient when any of the following are missing from the kitchen: a sink with piped hot and cold water, a range or cook top and oven, and a refrigerator.

⁹ These data are derived from the one in six sample, also called Summary File 3 or SF3 data and consist of 813 detailed tables of Census 2000 social, economic and housing characteristics compiled from a sample of approximately 19 million housing units (about 1 in 6 households) that received the Census 2000 long-form questionnaire. Source: <http://www.census.gov/Press-Release/www/2002/sumfile3.html>. These sample data include sampling error and may not sum precisely to the 100 percent sample typically presented in the 2000 census.

At the time of the 2000 census, 4,415 housing units were without complete kitchen facilities and 4,041 housing units were without complete plumbing facilities, as noted in Table II.18, at right. These problems were noted most often in Minneapolis and St. Paul.

| Entitlement | Lacking Complete Kitchen Facilities | Lacking Complete Plumbing Facilities |
|--------------|-------------------------------------|--------------------------------------|
| Bloomington | 166 | 89 |
| Eden Prairie | 24 | 50 |
| Minneapolis | 1,339 | 1,395 |
| Mnetonka | 16 | 34 |
| Plymouth | 34 | 53 |
| St. Paul | 1,025 | 794 |
| Woodbury | 24 | 36 |
| Anoka | 339 | 352 |
| Carver | 91 | 87 |
| Dakota | 381 | 375 |
| Hennepin | 680 | 467 |
| Ramsey | 168 | 185 |
| Washington | 128 | 124 |
| Total | 4,415 | 4,041 |

The third type of consideration pertaining to housing problems reported in the 2000 census is cost burden. Cost burden is defined as gross housing costs that range from 30 to 50 percent of gross household income; severe cost burden is defined as gross housing costs that exceed 50 percent of gross household income. For homeowners, gross housing costs include property taxes, insurance, energy payments, water and sewer service, and refuse collection. If the homeowner has a mortgage, the determination also includes principal and interest payments on the mortgage loan. For renters, this figure represents monthly rent and selected electricity and natural gas charges.

Table II.19 shows that 137,491 households, or 15.3 percent, experienced a cost burden in the FHIC region and 75,841 households, or 8.4 percent, experienced a severe cost burden. These figures compared very favorably to national figures at that time, which showed an average of 20.8 percent of households experiencing a cost burden and 19.1 percent of households experiencing a severe cost burden. In terms of specific areas with cost burden problems, these values were slightly higher in both Minneapolis and St. Paul.

| Entitlement | No Cost Burden | Cost Burden | Severe Cost Burden | Not Computed | Total |
|------------------------------|----------------|----------------|--------------------|---------------|----------------|
| Cities | | | | | |
| Bloomington | 25,333 | 4,924 | 2,582 | 391 | 33,230 |
| Eden Prairie | 15,158 | 2,672 | 1,146 | 120 | 19,096 |
| Minneapolis | 100,213 | 25,668 | 18,656 | 3,331 | 147,868 |
| Mnetonka | 14,745 | 2,771 | 1,305 | 169 | 18,990 |
| Plymouth | 18,344 | 3,029 | 1,143 | 187 | 22,703 |
| St. Paul | 72,395 | 17,452 | 12,427 | 1,792 | 104,066 |
| Woodbury | 12,530 | 2,380 | 736 | 92 | 15,738 |
| Remainder of Counties | | | | | |
| Anoka | 75,239 | 13,455 | 5,732 | 764 | 95,190 |
| Carver | 15,921 | 3,190 | 1,480 | 215 | 20,806 |
| Dakota | 92,826 | 17,295 | 7,200 | 1,038 | 118,359 |
| Hennepin | 132,759 | 26,275 | 14,277 | 1,977 | 175,288 |
| Ramsey | 63,023 | 10,929 | 6,070 | 825 | 80,847 |
| Washington | 37,516 | 7,451 | 3,087 | 392 | 48,446 |
| Total | 676,002 | 137,491 | 75,841 | 11,293 | 900,627 |

Households experiencing a severe cost burden are at risk. Such renters with just one financial setback may have to choose between rent and food or rent and healthcare for their family. Similarly, such homeowners with a mortgage and one unforeseen financial issue,

such as temporary illness, divorce or the loss of employment may be forced to face foreclosure or bankruptcy. Both face the prospect of homelessness. Furthermore, households that no longer have a mortgage yet still experience a severe cost burden may be unable to conduct periodic maintenance and repair of their home, contributing to dilapidation and blight. These situations should be of concern to policy makers and program managers.

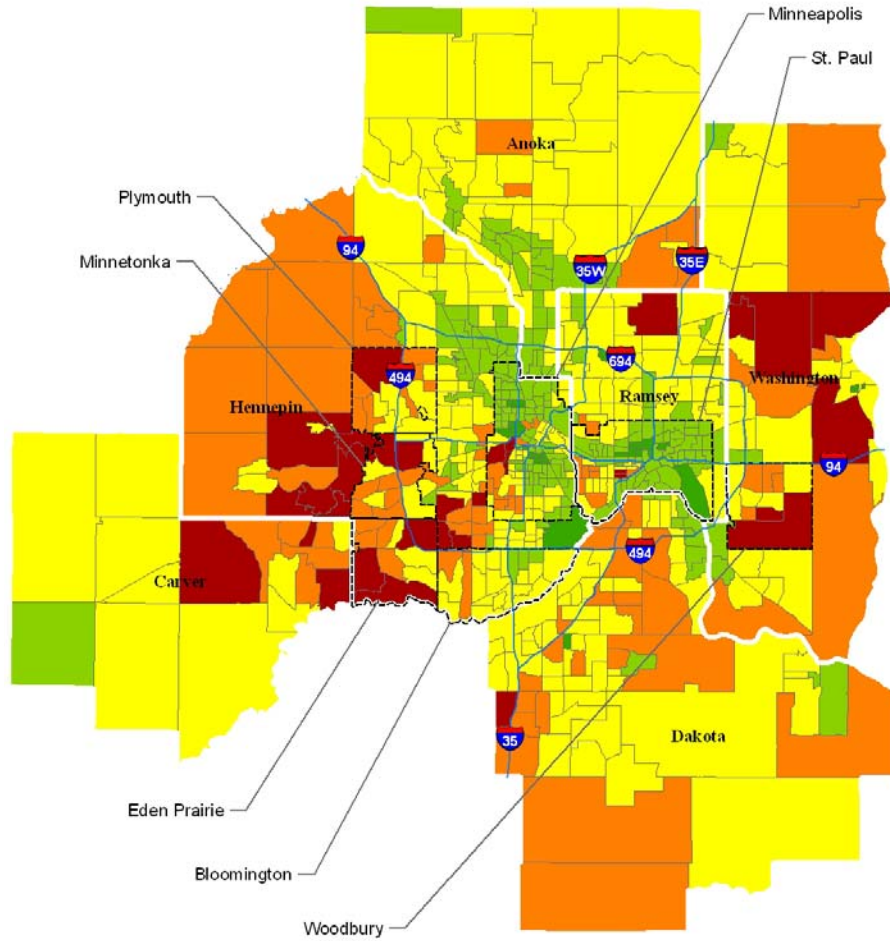
MEDIAN HOME VALUES

Data on median home values for the region revealed that home values vary by location, as seen in Map II.11, on the following page. In general, homes with values below \$120,000 are clumped centrally in the region around Minneapolis and St. Paul in Anoka, Hennepin and Ramsey counties. Higher median home values in the FHIC region, above \$180,000, were mostly seen in Washington County, Dakota County and the west side of Hennepin County.

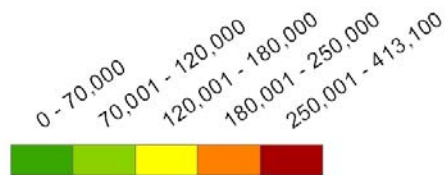
Additionally, when Maps II.1, II.3 and II.5, relating to high concentrations of minority populations, Map II.7, relating to disability concentrations, and Map II.9, relating to the distribution of poverty, are compared with Map II.11, it can be seen that areas with high concentrations of racial and ethnic minorities, disabled populations, and low-income populations are correlated with areas having lower median home values.

Map II.11 Median Home Values

Fair Housing Implementation Council Region
2000 Census SF3 Data



Median Home Value Owner-Occupied Homes



SUMMARY

DEMOGRAPHIC

The population within the FHIC region grew from roughly 2.5 million in 2000 to 2.7 million in 2007, a 4.5 percent increase. However, several FHIC cities saw a decrease in population, with Bloomington, St. Paul, Minnetonka and Minneapolis all declining, 4.4, 3.4, 1.9 and 1.4 percent respectively. Regionwide, older age cohorts generally grew between 2000 and 2007, while younger age cohorts either grew much more slowly or declined in numbers.

In 2000, blacks were the largest minority in the FHIC region, comprising about 6.4 percent of the population, with another 4.8 percent of the population counted as Asian and 3.7 percent counted as Hispanic. HUD defines an area with a disproportionate share of such populations as having more than 10 percentage points above the average. All three minorities had disproportionately high concentrations in selected areas of the region, and most of the census tracts having the most extreme concentrations tended to be in either Minneapolis or St. Paul. The most highly concentrated census tracts showed 50 to 67 percent of the population as black, from 41 to 56 percent of the population as Asian and from 30 to 45 percent of the population as Hispanic.

Since 2000, the white population increased a very small 1.6 percent through 2007, with Hispanic populations experiencing the highest growth rate at 45.3 percent. Black populations increased 25.1 percent, Asian populations increased 20.3 percent, and Native Hawaiian/Pacific Islander populations increased 36.6 percent. These growth rates imply that these disproportionate concentrations are likely persisting.

The FHIC region's disabled population comprised 327,703 persons aged 5 or older during the 2000 census. The population was concentrated in selected areas of the region, particularly in Minneapolis and St. Paul.

ECONOMICS

The labor force, defined as people working or looking for work, rose in the FHIC region from roughly 1.3 million to 1.5 million from 1990 to 2007, an increase of 18.4 percent. Between 1990 and 2007, the region experienced a rather stable and low unemployment rate. However, the recession has caused the unemployment rate to increase significantly, reaching 7.8 percent by February 2009.

In terms of earnings and income, average real earnings per job increased, rising from \$27,049 in 1969 to more than \$55,550 in 2006. Real per capita income in the FHIC region more than doubled, increasing from \$21,041 in 1969 to \$48,851 in 2007. However, there have been some declines in these figures in the past few years. In 2000, the overall poverty rate was 7.0 percent, with 176,337 people considered to be in poverty; this figure was substantively lower than the national average of 12.4 percent. However, the poverty

rate was not even throughout the city, with many census tracts in Minneapolis and St. Paul experiencing higher poverty levels; again, the most extreme disproportionate shares range from 41 to 54 percent of the population residing in poverty.

HOUSING

Of the entire housing stock in the FHIC region, 693,100 units were single-family homes, 244,563 units were apartments, 36,927 units were duplexes, 24,801 units were tri- or four-plexes, 16,006 units were mobile homes and 234 units were housing as a boat, RV, van, etc. More than 702,000 units were owner-occupied and another 288,236 were renter-occupied, for a homeownership rating of 70.9. Nearly 25,000 units were vacant, 8,632 were for rent and another 4,496 were for sale.

The FHIC region had a number of housing units that were overcrowded or severely overcrowded, with 18,360 overcrowded units and another 17,386 severely overcrowded units. The areas with the highest levels of overcrowding were Minneapolis and St. Paul cities and Dakota and Hennepin counties. At the time of the 2000 census, 4,415 housing units were without complete kitchen facilities and 4,041 housing units were without complete plumbing facilities, as noted in Table II.16. These problems were noted most often in Minneapolis and St. Paul. More than 137,000 households experienced a cost burden in the FHIC region and 75,841 households experienced a severe cost burden at the time of the 2000 census.

Still, areas having the highest home values tended to have very low rates of minority racial and ethnic population concentrations.

SECTION III. LENDING PRACTICES

Since the 1970s, the federal government has enacted several laws aimed at promoting fair lending practices in the banking and financial services industries. Although the record is improving, discriminatory practices have not been entirely eliminated. A brief description of selected federal laws aimed at promoting fair lending follows:

The 1968 Fair Housing Act prohibits discrimination in housing based on race, color, religion or national origin. Later amendments added sex, familial status and disability. Under the FHA, it is illegal to discriminate against any of the protected classes in the following types of residential real estate transactions: making loans to buy, build or repair a dwelling; selling, brokering or appraising residential real estate; or selling or renting a dwelling.

The Equal Credit Opportunity Act was passed in 1974 to prohibit discrimination in lending based on race, color, religion, national origin, sex, marital status, age, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act.¹⁰

The Community Reinvestment Act was enacted in 1977 to require each federal financial supervisory agency to encourage financial institutions to help meet the credit needs of their entire community, including low- and moderate-income neighborhoods within those communities.

Under the Home Mortgage Disclosure Act (HMDA), enacted in 1975 and later amended, financial institutions are required to publicly disclose the race, sex and income of mortgage applicants and borrowers by census tract. Analysis presented herein is from the HMDA data system.¹¹

HOME MORTGAGE DISCLOSURE ACT DATA ANALYSIS

The HMDA requires both depository and non-depository lenders to collect and publicly disclose information about housing-related loans and applications for such loans. Both types of lending institutions must meet a set of reporting criteria.

Reporting criteria for depository institutions are as follows:

1. The institution must be a bank, credit union or savings association.
2. The total assets must exceed the coverage threshold.¹²
3. The institution must have had a home or branch office in a metropolitan statistical area (MSA).

¹⁰ *Closing the Gap: A Guide to Equal Opportunity Lending*, The Federal Reserve Bank of Boston, April 1993.

¹¹ HMDA data are considered “raw” because they contain some data entry errors and incomplete loan applications.

¹² Each December the Federal Reserve announces the threshold for the following year. The asset threshold may change from year to year, based on changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers.

4. The institution must have originated at least one home purchase loan or refinancing of a home purchase loan secured by a first lien on a one-to-four-family dwelling.
5. The institution must be federally insured or regulated.
6. The mortgage loan must have been insured, guaranteed or supplemented by a federal agency or intended for sale to Fannie Mae or Freddie Mac.

For other institutions, including non-depository institutions, the reporting criteria are:

1. The institution must be a for-profit organization.
2. The institution's home purchase loan originations must equal or exceed 10 percent of the institution's total loan originations, or more than \$25 million.
3. The institution must have had a home or branch office in an MSA or have received applications for, originated or purchased five or more home purchase loans, home improvement loans, or refinancing mortgages on property located in an MSA in the preceding calendar year.
4. The institution must have assets exceeding \$10 million or have originated 100 or more home purchases in the preceding calendar year.

HMDA data represent most mortgage lending activity and are thus the most comprehensive collection of information regarding home purchase originations, home remodel loan originations and refinancing available.

For example, as presented in Table III.1, below, HMDA information was analyzed for the FHIC region for the last four years, from 2004 through 2007.¹³ During this time, 1.2 million loan applications were processed for home purchases, home improvements and refinancing. In each of these years, home refinance applications were the largest category. However, the ability to enter into a homeownership transaction and resulting home purchases are the focus of this particular analysis.

| Table III.1 | | | | | |
|--|----------------|----------------|----------------|----------------|------------------|
| Purpose of Loan by Year | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| HMDA Data 2004 2007 | | | | | |
| Purpose | 2004 | 2005 | 2006 | 2007 | Total |
| Home Purchase | 120,395 | 144,997 | 128,765 | 82,107 | 476,264 |
| Home Improvement | 20,804 | 21,122 | 20,333 | 17,727 | 79,986 |
| Refinancing | 192,401 | 185,980 | 156,328 | 120,357 | 655,066 |
| Total | 333,600 | 352,099 | 305,426 | 220,191 | 1,211,316 |

Of the 476,264 home purchase loan applications, 423,838 were related to owner-occupied applications. This subset represents the particular aspect of the home loan data that will be examined herein, as seen in Table III.2, on the following page.

¹³ Starting in 2004, the HMDA data made substantive changes in reporting. It modified the way it handled Hispanic data, loan interest rates, as well as the reporting of multifamily loan applications.

| Table III.2 | | | | | |
|--|----------------|----------------|----------------|---------------|----------------|
| Owner Occupancy Status for Home Purchase Loan Application | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| HMDA Data 2004 - 2007 | | | | | |
| Status | 2004 | 2005 | 2006 | 2007 | Total |
| Owner-Occupied | 108,373 | 128,674 | 113,714 | 73,077 | 423,838 |
| Not Owner-Occupied | 11,037 | 15,610 | 14,696 | 8,782 | 50,125 |
| Not Applicable | 985 | 713 | 355 | 248 | 2,301 |
| Total | 120,395 | 144,997 | 128,765 | 82,107 | 476,264 |

Table II.3, below, shows that the number of owner-occupied home purchase loan applications varied throughout the region.

| Table III.3 | | | | | |
|---|----------------|----------------|----------------|---------------|----------------|
| Owner-Occupied Home Purchase Loan Applications | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| HMDA Data 2004 - 2007 | | | | | |
| Place | 2004 | 2005 | 2006 | 2007 | Total |
| Cities | | | | | |
| Bloomington | 2,478 | 2,847 | 2,669 | 1,543 | 9,537 |
| Eden Prairie | 2,750 | 3,021 | 2,850 | 2,092 | 10,713 |
| Minneapolis | 14,128 | 18,632 | 16,991 | 10,833 | 60,584 |
| Minnetonka | 1,660 | 1,661 | 1,732 | 1,289 | 6,342 |
| Plymouth | 2,560 | 2,800 | 2,374 | 1,856 | 9,590 |
| St. Paul | 9,161 | 11,578 | 10,593 | 5,994 | 37,326 |
| Woodbury | 3,101 | 3,993 | 3,732 | 2,637 | 13,463 |
| Remainder of Counties | | | | | |
| Anoka | 15,174 | 18,022 | 14,012 | 8,274 | 55,482 |
| Carver | 4,320 | 4,924 | 4,435 | 3,015 | 16,694 |
| Dakota | 18,712 | 20,258 | 17,277 | 11,618 | 67,865 |
| Hennepin | 21,032 | 24,959 | 22,639 | 14,625 | 83,255 |
| Ramsey | 6,329 | 7,569 | 6,991 | 4,722 | 25,611 |
| Washington | 6,968 | 8,410 | 7,419 | 4,579 | 27,376 |
| Total | 108,373 | 128,674 | 113,714 | 73,077 | 423,838 |

Financing institutions can take one of several actions pertaining to the mortgage loan application:

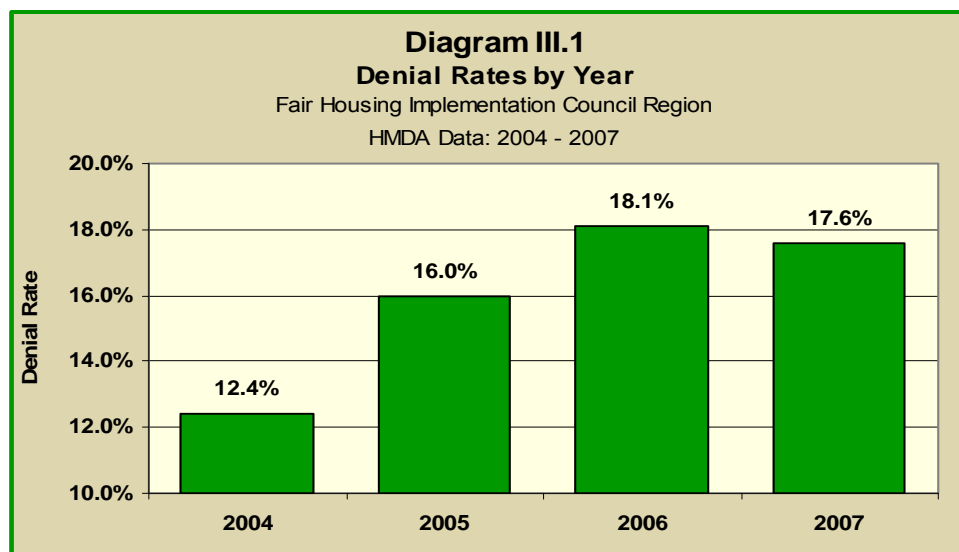
- “Originated” indicates that the loan was made by the lending institution.
- “Approved but not accepted” represents loans approved by the lender, but not accepted by the applicant. This generally occurs if better terms are found at another lending institution.
- “Application denied by financial institution” defines a situation where the loan application failed.
- “Application withdrawn by applicant” means that the applicant closed the application process.
- “File closed for incompleteness” means that the loan application process was closed by the institution due to incomplete information.

- “Loan purchased by the institution” indicates that the previously originated loan was purchased on the secondary market.

The outcome of the loan applications submitted throughout the region is presented in Table III.4, below. As seen therein, there were 217,699 loan originations and 41,136 loan denials. Over 26,000 loans were approved but not accepted by the applicant and roughly 25,600 more were withdrawn by the applicant. However, for this analysis, only loan originations and loan denials were inspected as an indicator of the underlying success or failure of home purchase loan applicants.

| Action | 2004 | 2005 | 2006 | 2007 | Total |
|---|----------------|----------------|----------------|---------------|----------------|
| Loan Originated | 60,479 | 65,557 | 55,509 | 36,154 | 217,699 |
| Application Approved But Not Accepted | 6,261 | 7,905 | 7,693 | 4,160 | 26,019 |
| Application Denied | 8,591 | 12,527 | 12,277 | 7,741 | 41,136 |
| Application Withdrawn by Applicant | 6,082 | 8,866 | 6,851 | 3,808 | 25,607 |
| File Closed for Incompleteness | 1,340 | 2,382 | 1,860 | 1,091 | 6,673 |
| Loan Purchased by the Institution | 25,620 | 31,241 | 29,505 | 20,112 | 106,478 |
| Preapproval Request Denied | 0 | 193 | 9 | 11 | 213 |
| Preapproval Request Approved but not Accepted | 0 | 3 | 10 | 0 | 13 |
| Total | 108,373 | 128,674 | 113,714 | 73,077 | 423,838 |
| Denial Rate | 12.4% | 16.0% | 18.1% | 17.6% | 15.9% |

While the average denial rate regionwide was quite respectable, only 15.9 percent on average, there were differences by years, as seen in Diagram III.1, below.



Furthermore, when comparing denial rates among participating jurisdictions, wide differences become apparent. Denial rates in the larger cities of Minneapolis and St. Paul were higher than other areas, 21.1 percent and 20.8 percent respectively, as compared to smaller cities like Eden Prairie and Plymouth, with denial rates of 9.2 percent and 9.9 percent respectively. These data are presented in Table III.5, below.

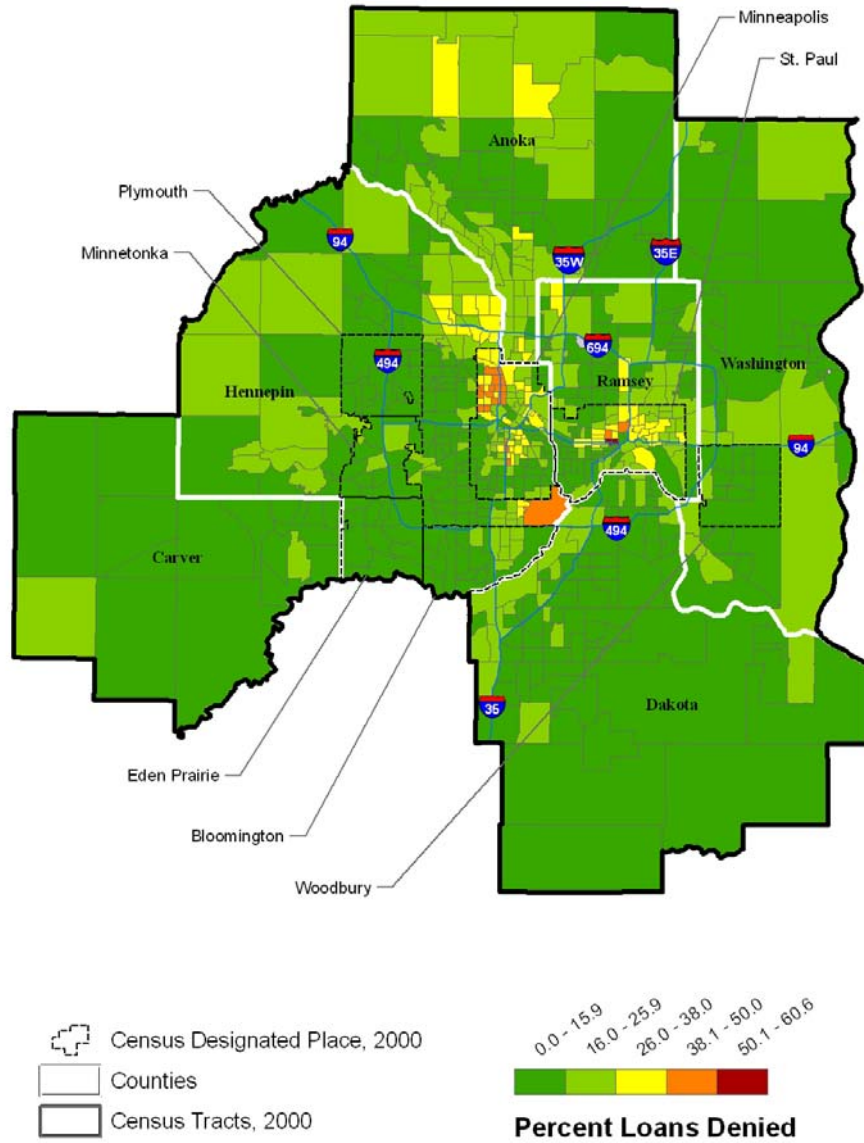
| Table III.5 | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Denial Rate by Year | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| HMDA Data 2004 - 2007 | | | | | |
| Place | 2004 | 2005 | 2006 | 2007 | Total |
| Cities | | | | | |
| Bloomington | 12.7% | 16.6% | 15.8% | 14.9% | 15.1% |
| Eden Prairie | 7.6% | 8.7% | 10.6% | 10.3% | 9.2% |
| Minneapolis | 16.9% | 20.9% | 24.9% | 20.9% | 21.1% |
| Minnnetonka | 7.7% | 9.1% | 14.3% | 18.2% | 12.0% |
| Plymouth | 7.9% | 11.2% | 10.8% | 9.7% | 9.9% |
| St. Paul | 16.6% | 20.8% | 22.8% | 24.2% | 20.8% |
| Woodbury | 8.1% | 11.0% | 11.4% | 13.8% | 10.9% |
| Remainder of Counties | | | | | |
| Anoka | 14.1% | 16.9% | 19.1% | 20.5% | 17.2% |
| Carver | 9.2% | 10.4% | 12.9% | 14.1% | 11.3% |
| Dakota | 10.1% | 13.7% | 14.3% | 13.5% | 12.7% |
| Hennepin | 12.4% | 15.9% | 19.1% | 19.0% | 16.4% |
| Ramsey | 11.3% | 16.1% | 16.3% | 16.1% | 14.9% |
| Washington | 10.8% | 14.2% | 14.8% | 14.5% | 13.5% |
| Total | 12.4% | 16.0% | 18.1% | 17.6% | 15.9% |

HMDA data are reported by census tract, and denial rates were computed by these geographic areas. This analysis aids in better understanding where denial rates are highest and most frequent.¹⁴

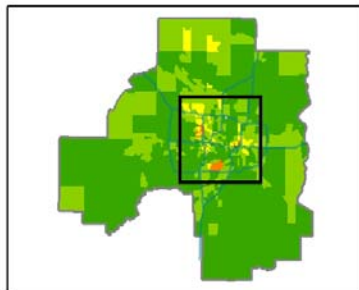
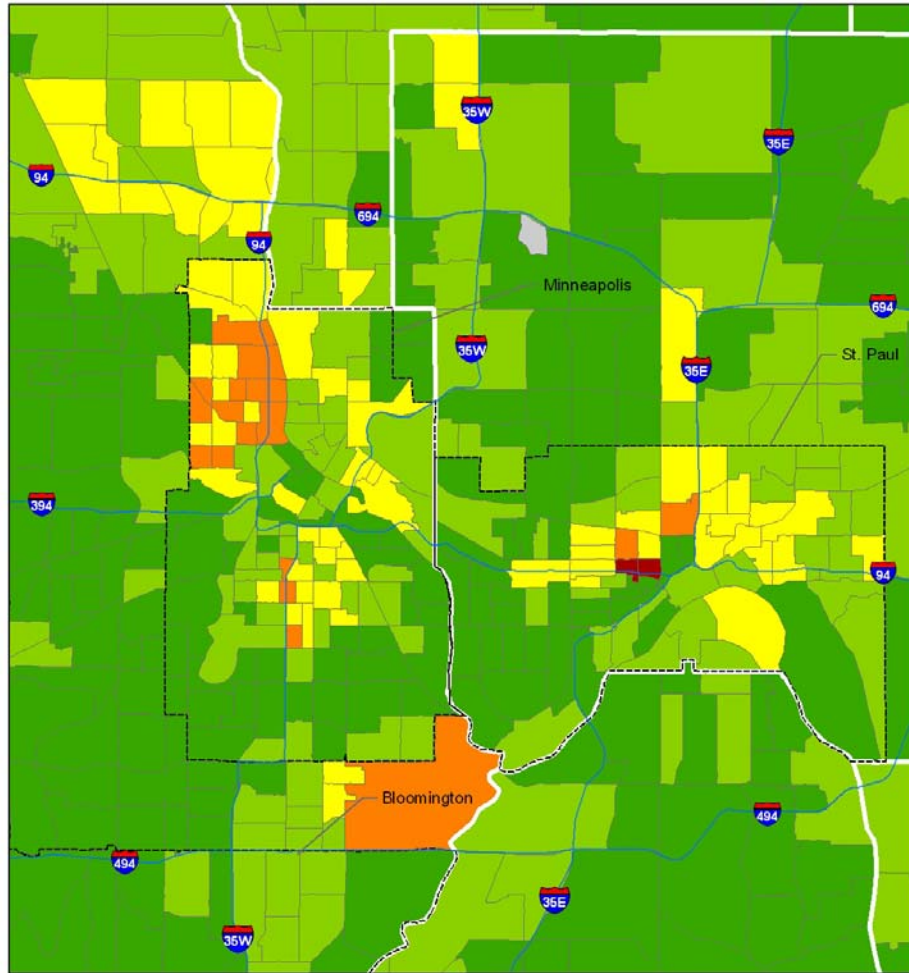
Map III.1 presents these data by census tract for the entire region. With the regionwide average at 15.9 percent, areas with denial rates in excess of 25.9 percent show unusually high denial rates. These tended to be clustered in Minneapolis and St. Paul, even though other higher denial rate areas exist outside these two cities. The areas with the highest concentrations, from 50 to 60 percent of all applications, were still within the boundary of St. Paul, as seen in Map III.2

¹⁴ Detailed HMDA data, by city and county for all concepts, can be found in Appendix D of Volume II, Technical Appendix.

Map III.1
HMDA Denial Rate by Census Tract
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



Map III.2
HMDA Denial Rate by Census Tract: Detail Map
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007







-  Census Designated Place, 2000
-  Counties
-  Census Tracts, 2000
-  No Loan Applications



Table III.6, below, presents regionwide data on the rationale for loan denial. This table shows that the most common reasons for denial of an owner-occupied loan application are credit history, with 7,069 entries, and debt-to-income ratio, with another 5,012 entries.

| Table III.6 | | | | | |
|--|--------------|---------------|---------------|--------------|---------------|
| Owner-Occupied Home Purchase Loan Applications by Reason for Denial | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| HMDA Data 2004 - 2007 | | | | | |
| Denial Reason | 2004 | 2005 | 2006 | 2007 | Total |
| Debt-to-income Ratio | 1,291 | 1,405 | 1,213 | 1,103 | 5,012 |
| Employment History | 200 | 260 | 263 | 131 | 854 |
| Credit History | 1,478 | 2,307 | 1,954 | 1,330 | 7,069 |
| Collateral | 562 | 795 | 826 | 619 | 2,802 |
| Insufficient Cash | 145 | 162 | 180 | 126 | 613 |
| Unverifiable Information | 387 | 790 | 1,037 | 593 | 2,807 |
| Credit Application Incomplete | 765 | 1,141 | 1,350 | 1,049 | 4,305 |
| Mortgage Insurance Denied | 4 | 5 | 4 | 9 | 22 |
| Other | 1,980 | 2,664 | 1,919 | 1,115 | 7,678 |
| Missing | 1,779 | 2,998 | 3,531 | 1,666 | 9,974 |
| Total | 8,591 | 12,527 | 12,277 | 7,741 | 41,136 |

While denial rates were low regionwide and in most areas of the region, it is still important to review who was being denied. When reviewed by gender of the head of the household, denial rates for females were consistently higher than denial rates for males. However, as seen in Table III.7, the two denial rates averaged only 1.6 percentage points in difference.

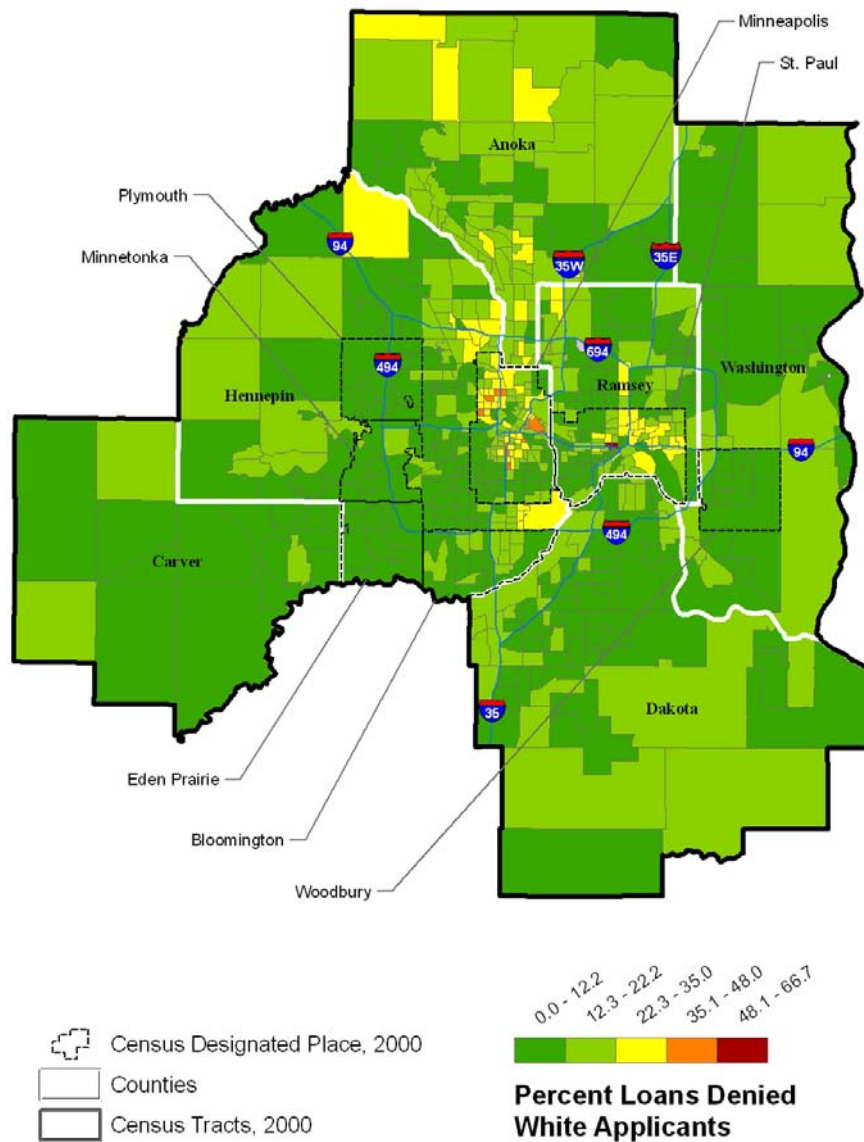
| Table III.7 | | | | | |
|---|--------------|---------------|----------------------------------|-----------------------|--------------|
| Denial Rate for Owner-Occupied Home Purchase Loan Applications by Gender | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| HMDA Data 2004 - 2007 | | | | | |
| Year | Male | Female | Not Provided by Applicant | Not Applicable | Total |
| 2004 | 11.5% | 13.1% | 22.7% | 0.0% | 12.4% |
| 2005 | 15.1% | 16.8% | 24.5% | 27.8% | 16.0% |
| 2006 | 17.3% | 18.9% | 23.6% | 4.8% | 18.1% |
| 2007 | 16.9% | 18.3% | 23.6% | 20.0% | 17.6% |
| Total | 15.0% | 16.6% | 23.6% | 14.7% | 15.9% |

Denial rates were calculated by race and ethnicity of the loan applicants as well. Table III.8 shows that while whites had a denial rate of 12.2 percent, blacks, Hispanics and Asians had much higher denial rates of 34.2, 30.8 and 24.9, respectively. While American Indians and Alaskan Natives also had high denial rates, the pool of such applicants is quite small in the FHIC region.

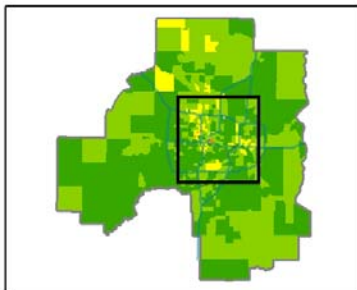
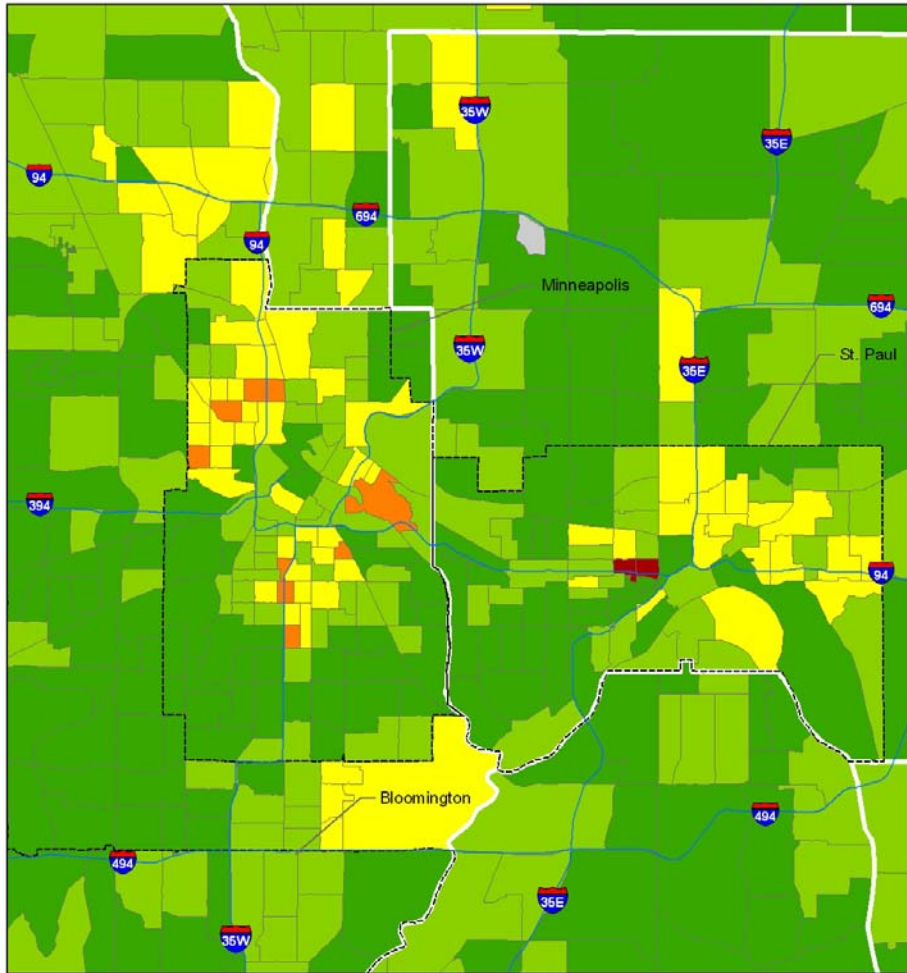
| Table III.8 | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Percent Denial Rates by Race | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| HMDA Data 2004 - 2007 | | | | | |
| Race | 2004 | 2005 | 2006 | 2007 | Total |
| American Indian/ Alaskan Native | 20.8% | 24.8% | 22.9% | 32.9% | 24.5% |
| Asian or Pacific Islander | 18.7% | 24.6% | 27.5% | 30.1% | 24.9% |
| Black | 24.7% | 30.9% | 38.1% | 44.8% | 34.2% |
| White | 9.9% | 12.3% | 13.7% | 13.2% | 12.2% |
| Not Provided by Applicant | 22.0% | 26.1% | 25.5% | 25.4% | 24.7% |
| Not Applicable | 20.7% | 0.0% | 5.0% | 16.7% | 17.5% |
| Total | 12.4% | 16.0% | 18.1% | 17.6% | 15.9% |
| Hispanic (Ethnicity) | 22.6% | 28.6% | 34.7% | 40.0% | 30.8% |

Similar to other geographic presentations of data presented in this AI, maps showing the spatial location of loan application denial rate frequencies were created for the region. Map III.3 presents these denial rates for whites. Note that there are very few areas with high frequencies of denial rates for whites. A detail map of these data, presented in Map III.4, shows only a smattering of high frequency areas, above 35 percent.

Map III.3
HMDA Denial Rate by Census Tract for Whites
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



Map III.4
HMDA Denial Rate by Census Tract for Whites: Detail Map
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



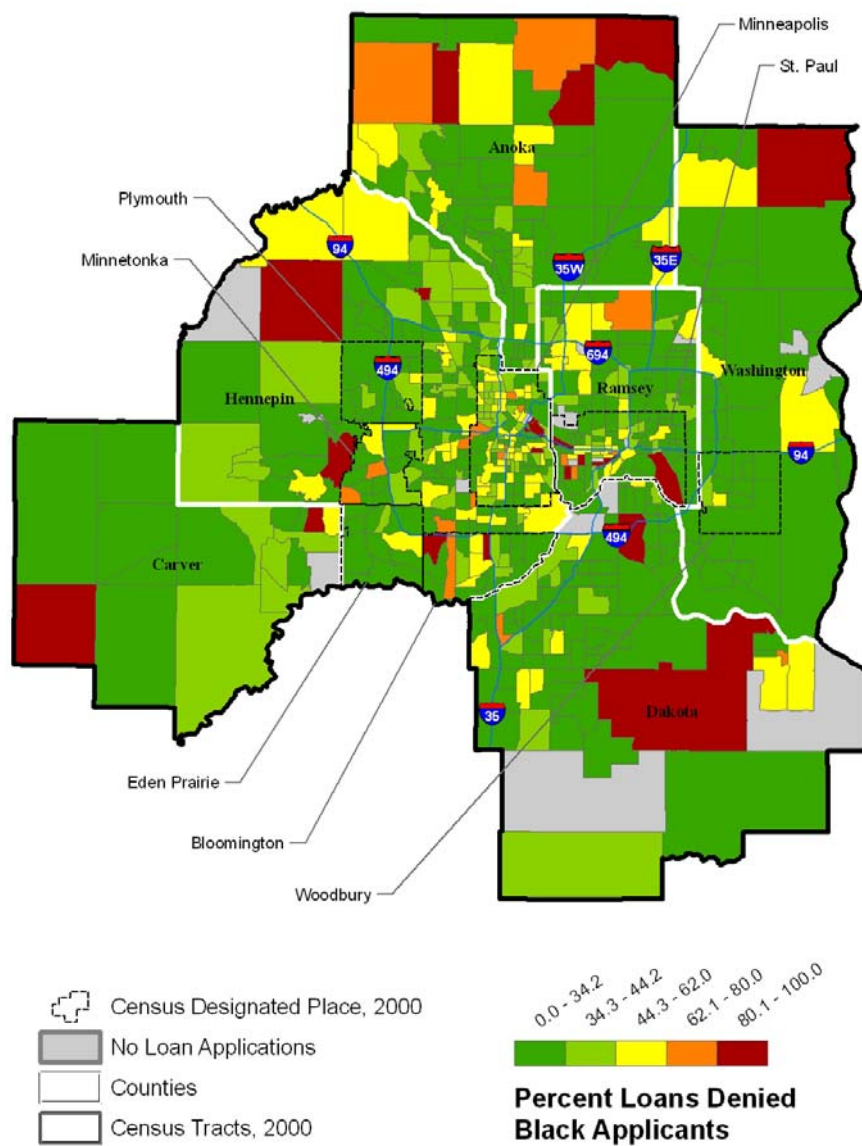
-  Census Designated Place, 2000
-  Counties
-  Census Tracts, 2000
-  No Loan Applications

0.0 - 12.2
 12.3 - 22.2
 22.3 - 35.0
 35.1 - 48.0
 48.1 - 66.7

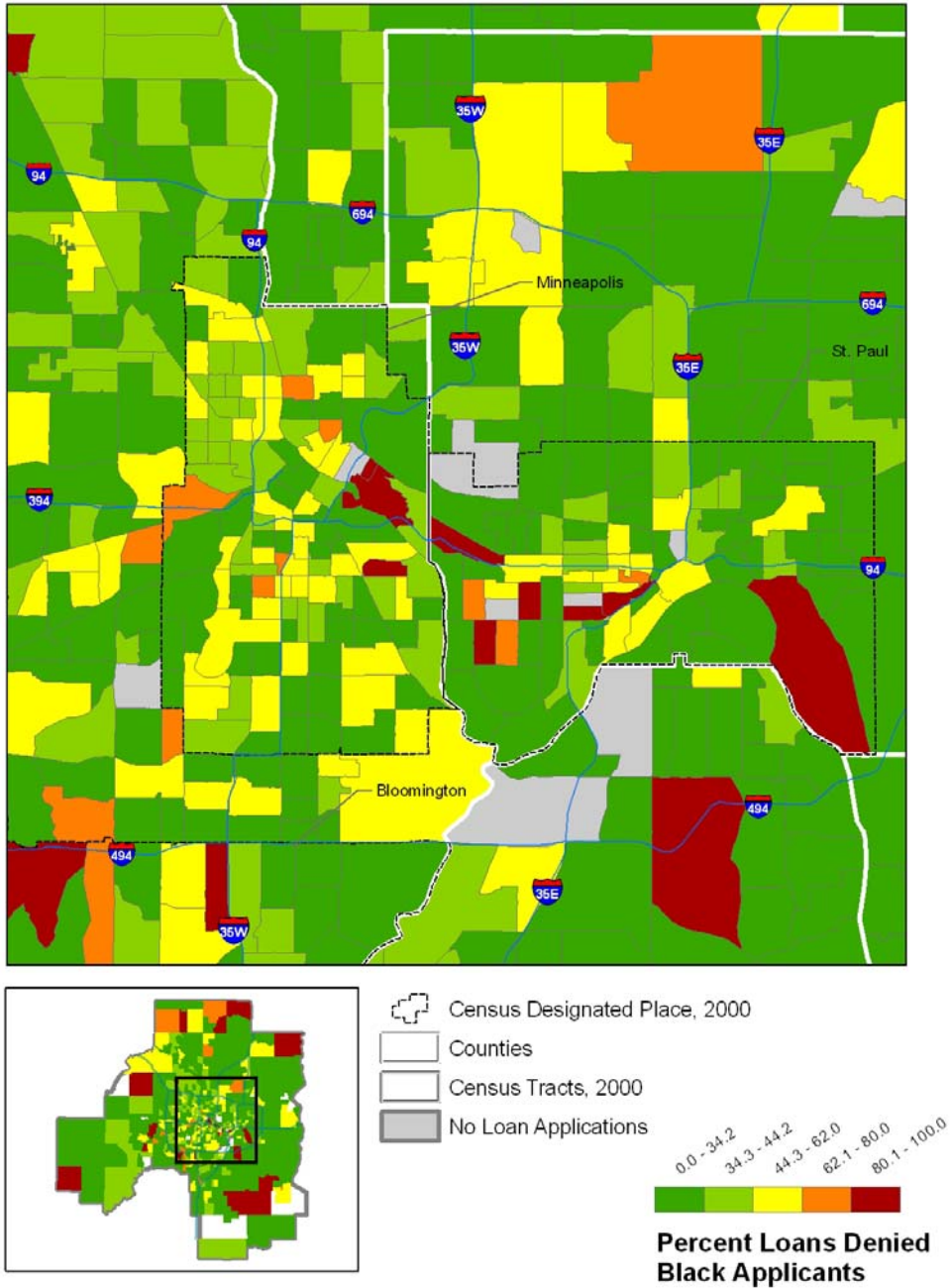
**Percent Loans Denied
 White Applicants**

Map III.5 shows the geographic distribution of loan application denial rates for black applicants. Notably, areas with very high denial rates for black applicants were spread throughout the region, rather than grouped in select areas. Many areas of the map, particularly those in outlying areas of the region, showed loan denial rates in excess of 80 percent. Many of these areas tended to have low numbers of minorities applications. However, the high numbers of areas outside the urban center is cause for concern. Map III.6 shows a detail map of the denial rates for black in the central cities.

Map III.5
HMDA Denial Rate by Census Tract for Blacks
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007

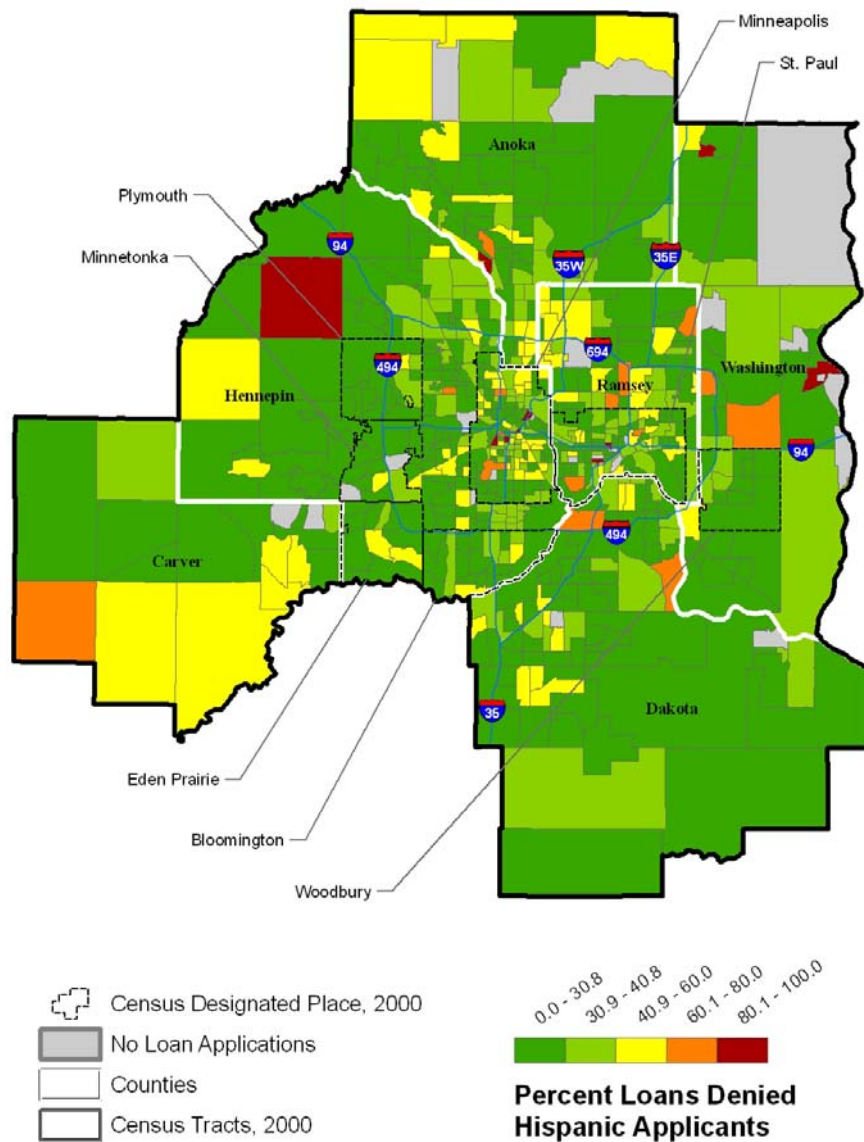


Map III.6
HMDA Denial Rate by Census Tract for Blacks: Detail Map
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007

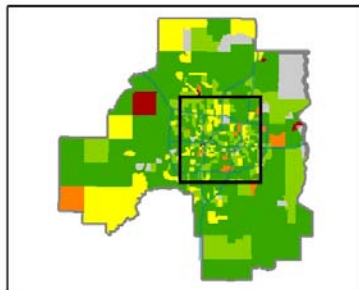
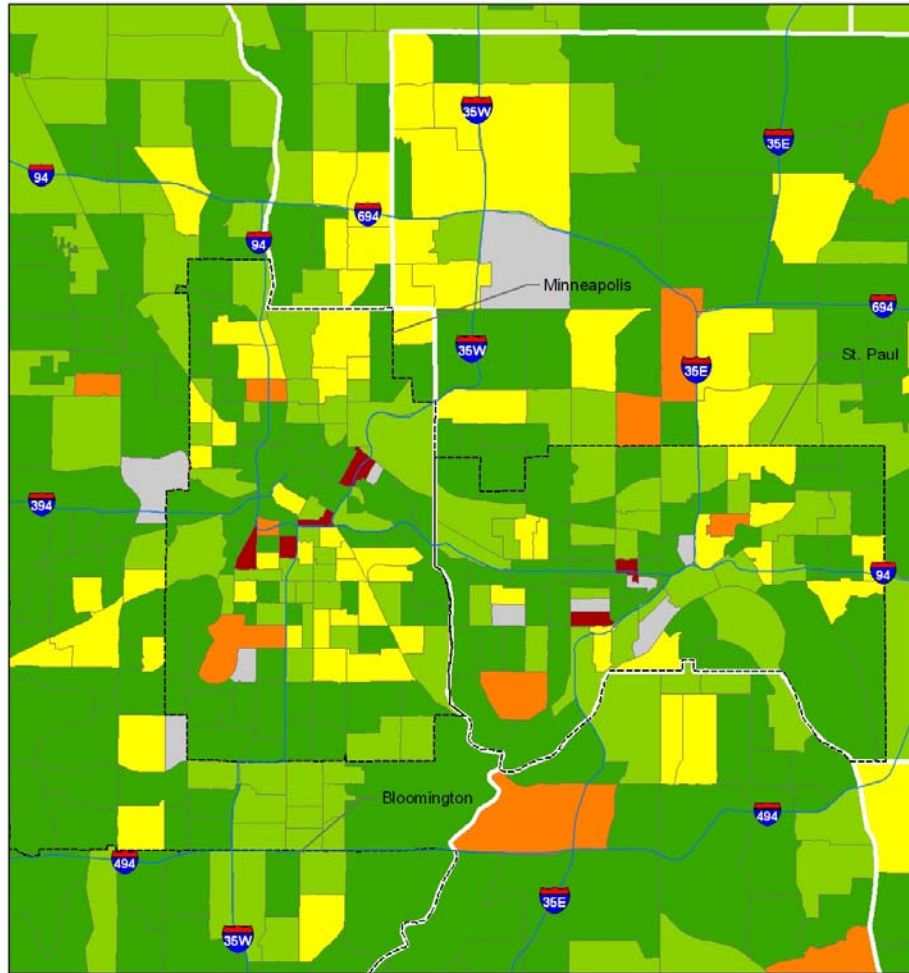






Map III.7 shows the regionwide geographic distribution of loan applicant denial rates for Hispanics. Again, many areas in less urban areas showed high rates of loan denial, although fewer than those for black applicants. Denial rates above 40 percent for Hispanics existed in some part of every single county that is part of the FHIC region. Map III.8 presents a detail map of the central cities of St. Paul and Minneapolis.

Map III.7
HMDA Denial Rate by Census Tract for Hispanics
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



Map III.8
HMDA Denial Rate by Census Tract for Hispanics: Detail Map
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



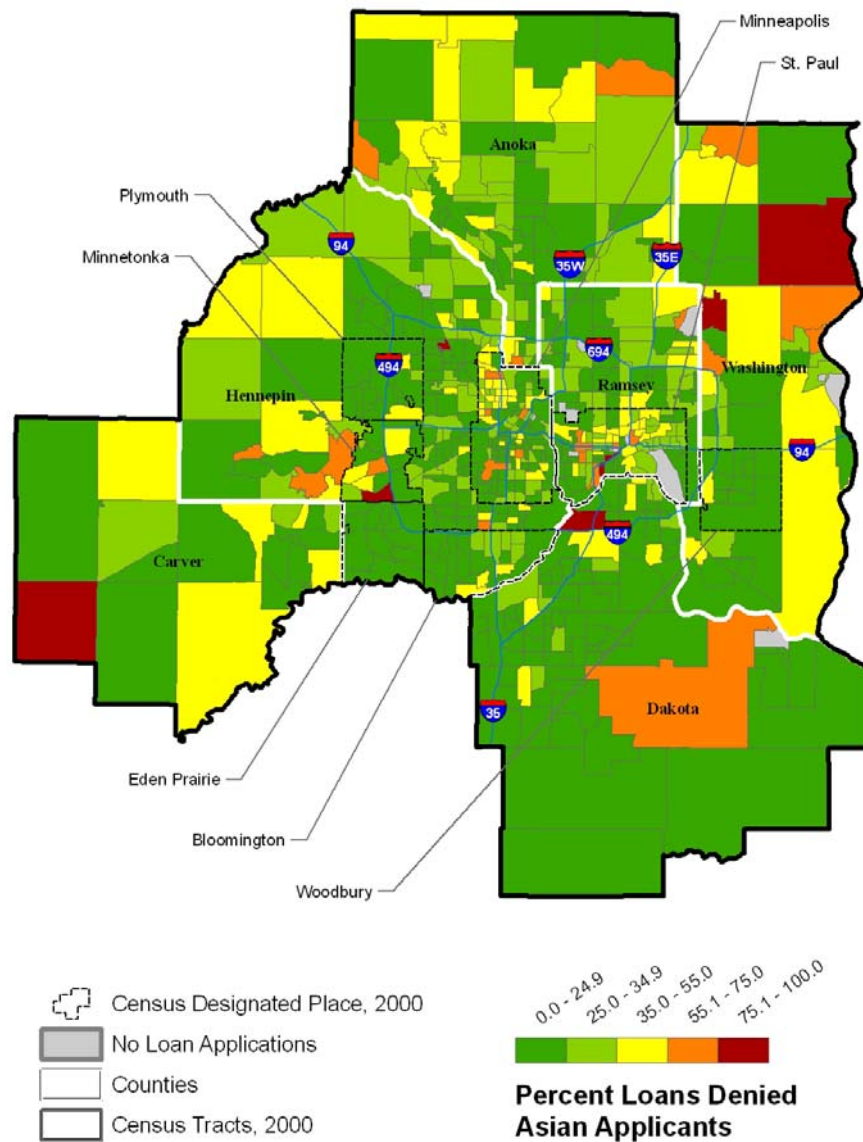
-  Census Designated Place, 2000
-  Counties
-  Census Tracts, 2000
-  No Loan Applications

0.0 - 30.8
 30.9 - 40.8
 40.9 - 60.0
 60.1 - 80.0
 80.1 - 100.0

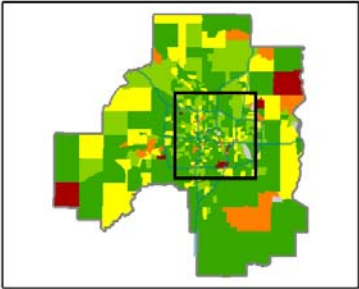
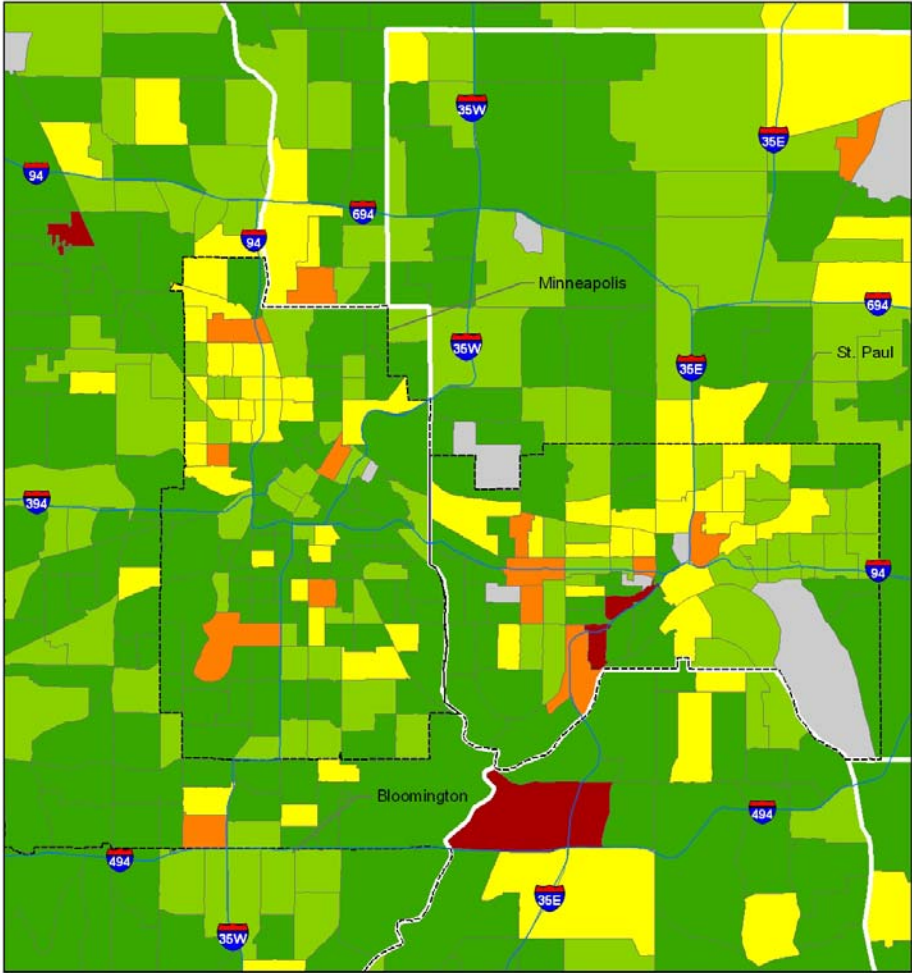
**Percent Loans Denied
Hispanic Applicants**

Maps III.9 and III.10 show the geographic distribution of loan application denial rates for Asian applicants. Asian applicants experienced high denial rates both in large population city areas, such as St. Paul and Minneapolis, and in outlying counties. A theme seems to be emerging that is at variance from the experience of white loan applicants: high denial rates for ethnic and racial minorities, while concentrated, were still spread throughout the region.

Map III.9
HMDA Denial Rate by Census Tract for Asians
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



Map III.10
HMDA Denial Rate by Census Tract for Asians: Detail Map
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



-  Census Designated Place, 2000
-  Counties
-  Census Tracts, 2000
-  No Loan Applications



Table III.9, below, presents the reason for denial of loan application by race. There are approximately seven regulatory agencies that oversee the lending process; not all lenders report data in exactly the same way and not all lenders report a reason for the loan denial. In comparing the portion of absent reasons for loan denial by race, whites had 22.7 percent rate of missing loan denial reason, blacks had 26.3 percent and Asians had 21.5 percent. These figures do not suggest overt discrimination.

| Table III.9 | | | | | | | | |
|--|-----------------------------------|---------------------------|--------------|---------------|---------------------------|----------------|---------------|----------------------|
| Owner-Occupied Home Purchase Loan Applications by Reason for Denial by Race | | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | | |
| HMDA Data 2004 - 2007 | | | | | | | | |
| Denial Reason | American Indian or Alaskan Native | Asian or Pacific Islander | Black | White | Not Provided by Applicant | Not Applicable | Total | Hispanic (Ethnicity) |
| Debt-to-income Ratio | 42 | 540 | 714 | 3,117 | 594 | 5 | 5,012 | 417 |
| Employment History | 6 | 136 | 99 | 508 | 105 | 0 | 854 | 73 |
| Credit History | 77 | 694 | 1,370 | 4,029 | 890 | 9 | 7,069 | 757 |
| Collateral | 16 | 320 | 394 | 1,763 | 306 | 3 | 2,802 | 212 |
| Insufficient Cash | 10 | 67 | 74 | 369 | 93 | 0 | 613 | 57 |
| Unverifiable Information | 21 | 441 | 447 | 1,571 | 323 | 4 | 2,807 | 379 |
| Credit Application Incomplete | 37 | 537 | 570 | 2,669 | 487 | 5 | 4,305 | 556 |
| Mortgage Insurance Denied | 0 | 0 | 6 | 13 | 3 | 0 | 22 | 7 |
| Other | 49 | 852 | 1,180 | 4,436 | 1,154 | 7 | 7,678 | 707 |
| Missing | 72 | 984 | 1,734 | 5,430 | 1,753 | 1 | 9,974 | 911 |
| Total | 330 | 4,571 | 6,588 | 23,905 | 5,708 | 34 | 41,136 | 4,076 |
| Percent Missing | 21.8% | 21.5% | 26.3% | 22.7% | 30.7% | 2.9% | 24.2% | 22.4% |

Table III.10 shows denial rates by income for the FHIC region. As one might expect, households with lower incomes tended to be denied for loans more often. Households with income from \$15,000 to \$30,000 were denied an average of 33.6 percent of the time, but those with incomes above \$75,000 were denied just 12.7 percent of the time.

| Table III.10 | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Percent Denial Rates by Income | | | | | |
| Fair Housing Implementation Council Region | | | | | |
| HMDA Data 2004 - 2007 | | | | | |
| Income | 2004 | 2005 | 2006 | 2007 | Total |
| <= \$15K | 36.5% | 58.1% | 21.8% | 62.5% | 39.6% |
| \$15K - \$30K | 27.5% | 38.7% | 34.6% | 36.2% | 33.6% |
| \$30K - \$45K | 15.1% | 19.9% | 20.1% | 18.7% | 18.2% |
| \$45K - \$60K | 13.5% | 17.3% | 19.5% | 19.3% | 17.1% |
| \$60K - \$75K | 10.5% | 14.3% | 18.5% | 16.8% | 14.9% |
| Above \$75K | 8.6% | 12.1% | 15.2% | 14.9% | 12.7% |
| Total | 12.4% | 16.0% | 18.1% | 17.6% | 15.9% |

Table III.11, on the following page, presents denial rates segmented by both race or ethnicity and income. Even when correcting for income, minority racial and ethnic groups faced a much higher loan denial rate than whites, ranging from two to three times higher. For example, blacks experienced much higher loan denial rates than whites at all income levels; at income levels below \$15,000 blacks had a denial rate of 56.0 percent compared to a denial rate of 42.2 percent for whites, and at incomes over \$75,000 blacks had a denial rate of 34.8 percent compared to 9.3 percent for whites. Consequently, as income rose, the difference in denial rates between whites and other minority racial and ethnic populations diverged.

| Race | <= \$15K | \$15K - \$30K | \$30K - \$45K | \$45K - \$60K | \$60K - \$75K | Above \$75K | Data Missing | Total |
|-----------------------------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|
| American Indian or Alaskan Native | 28.6% | 42.4% | 26.2% | 22.4% | 25.5% | 20.1% | 37.0% | 24.5% |
| Asian or Pacific Islander | 44.8% | 40.0% | 25.7% | 25.3% | 22.6% | 23.8% | 29.3% | 24.9% |
| Black | 56.0% | 55.4% | 34.7% | 31.8% | 32.2% | 34.8% | 36.7% | 34.2% |
| White | 42.2% | 28.2% | 14.8% | 13.2% | 11.0% | 9.3% | 16.0% | 12.2% |
| Not Provided by Applicant | 29.8% | 55.7% | 28.7% | 26.1% | 22.5% | 19.0% | 43.4% | 24.7% |
| Not Applicable | . | 53.3% | 16.0% | 28.6% | 4.8% | 13.3% | 11.1% | 17.5% |
| Total | 39.6% | 33.6% | 18.2% | 17.1% | 14.9% | 12.7% | 21.2% | 15.9% |
| Hispanic (Ethnicity) | 66.7% | 54.5% | 34.2% | 29.3% | 30.3% | 26.2% | 30.4% | 30.8% |

In addition to modifications implemented in 2004 for documenting loan applicants' race and ethnicity, the HMDA reporting requirements were changed in response to the Predatory Lending Consumer Protection Act of 2002, as well as the Home Owner Equity Protection Act (HOEPA). Consequently, loan originations are now flagged in the data system for three additional attributes:

1. If they are HOEPA loans;
2. Lien status, such as whether secured by a first lien, a subordinate lien, not secured by a lien, or not applicable (purchased loans); and
3. Presence of high annual percentage rate loans (HALs), defined as more than three percentage points for home purchases when contrasted with comparable treasury instruments, or five percentage points for refinance loans.

Originated owner-occupied home purchase loans qualifying as HALs were identified for 2004 through 2007. These high interest loans were considered predatory in nature. Table III.12, below, shows the total number of originated loans and originated loans that were HALs. As seen therein, there were 38,415 home purchase loans, 4,473 home improvement loans and 48,808 refinance loans in this time period that had these high interest rate characteristics.

| Loan Purpose | | 2004 | 2005 | 2006 | 2007 | Total |
|------------------|------------------|---------|---------|--------|--------|---------|
| Home Purchase | Other Originated | 54,381 | 49,579 | 42,527 | 32,797 | 179,284 |
| | High APR Loan | 6,098 | 15,978 | 12,982 | 3,357 | 38,415 |
| | Percent High APR | 10.1% | 24.4% | 23.4% | 9.3% | 17.6% |
| Home Improvement | Other Originated | 8,827 | 8,385 | 8,752 | 7,718 | 33,682 |
| | High APR Loan | 1,088 | 1,205 | 1,280 | 900 | 4,473 |
| | Percent High APR | 11.0% | 12.6% | 12.8% | 10.4% | 11.7% |
| Refinancing | Other Originated | 71,041 | 54,300 | 38,379 | 33,873 | 197,593 |
| | High APR Loan | 10,186 | 16,771 | 14,926 | 6,925 | 48,808 |
| | Percent High APR | 12.5% | 23.6% | 28.0% | 17.0% | 19.8% |
| Total | Other Originated | 134,249 | 112,264 | 89,658 | 74,388 | 410,559 |
| | High APR Loan | 17,372 | 33,954 | 29,188 | 11,182 | 91,696 |
| | Percent High APR | 11.5% | 23.2% | 24.6% | 13.1% | 18.3% |

Fortunately, the percent of originated loans across all three categories was relatively small, with only 17.6 percent of all originated owner-occupied home purchase loans being characterized as high annual percentage rate loans. Still, this figure is a measure of the region's underlying foreclosure risk, and it is important to examine characteristics of those householders who purchased the roughly 38,000 HALs in the region over the four-year time period.

As seen in Table III.13, below, the group with the greatest number of HALs was whites, whose households had 23,781 such loans. Blacks had 6,530 home purchase HALs, and Asians had another 3,712 home purchase HALs. Very few Native American/American Indian households found themselves with high annual percentage rate loans, just 381.

| Race | 2004 | 2005 | 2006 | 2007 | Total |
|---------------------------|--------------|---------------|---------------|--------------|---------------|
| American Indian | 89 | 154 | 113 | 25 | 381 |
| Asian | 461 | 1,561 | 1,356 | 334 | 3,712 |
| Black or African American | 836 | 2,682 | 2,405 | 607 | 6,530 |
| White | 4,062 | 9,688 | 7,878 | 2,153 | 23,781 |
| Not Provided by Applicant | 642 | 1,891 | 1,228 | 237 | 3,998 |
| Not Applicable | 8 | 2 | 2 | 1 | 13 |
| Total | 6,098 | 15,978 | 12,982 | 3,357 | 38,415 |
| Hispanic | 555 | 1,517 | 1,368 | 345 | 3,785 |

On the other hand, an evaluation of the HMDA data revealed that an unusually high proportion of HALs was made to black householders. While whites had 13.8 percent of owner-occupied loans as HALs and Asians had 26.9 percent of loans as HALs, blacks had roughly double this rate at 51.5 percent. As seen in Table III.14, below, Hispanics also had a high rate of HALs at 41.3 percent.

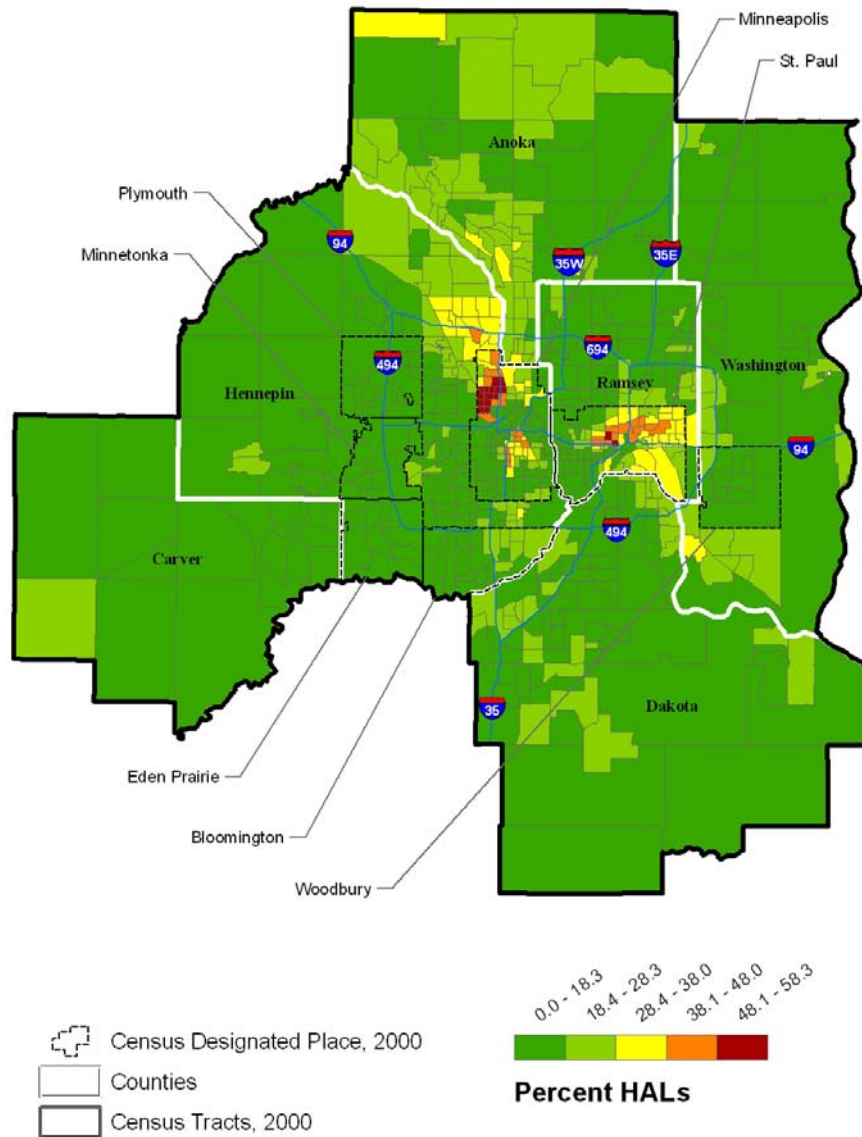
| Race | 2004 | 2005 | 2006 | 2007 | Total |
|---------------------------|--------------|--------------|--------------|-------------|--------------|
| American Indian | 28.5% | 49.2% | 45.4% | 17.2% | 37.4% |
| Asian | 12.8% | 35.8% | 36.1% | 16.2% | 26.9% |
| Black or African American | 29.7% | 61.7% | 62.3% | 36.6% | 51.5% |
| White | 8.3% | 18.9% | 18.3% | 7.3% | 13.8% |
| Not Provided by Applicant | 13.2% | 36.1% | 27.3% | 8.5% | 23.0% |
| Not Applicable | 7.0% | 18.2% | 10.5% | 6.7% | 8.1% |
| Total | 10.1% | 24.4% | 23.4% | 9.3% | 17.6% |
| Hispanic (Ethnicity) | 24.0% | 48.5% | 54.5% | 28.3% | 41.3% |

HMDA data has shown that minority groups in the FHIC region tended to carry a disproportionately higher share of home purchase HALs; it is likely that minority groups, in turn, also held a higher risk of foreclosure.¹⁵ Selected regional and local studies noted in Section V, pages 82 through 85, support this correlation.

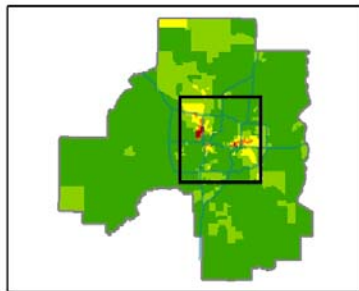
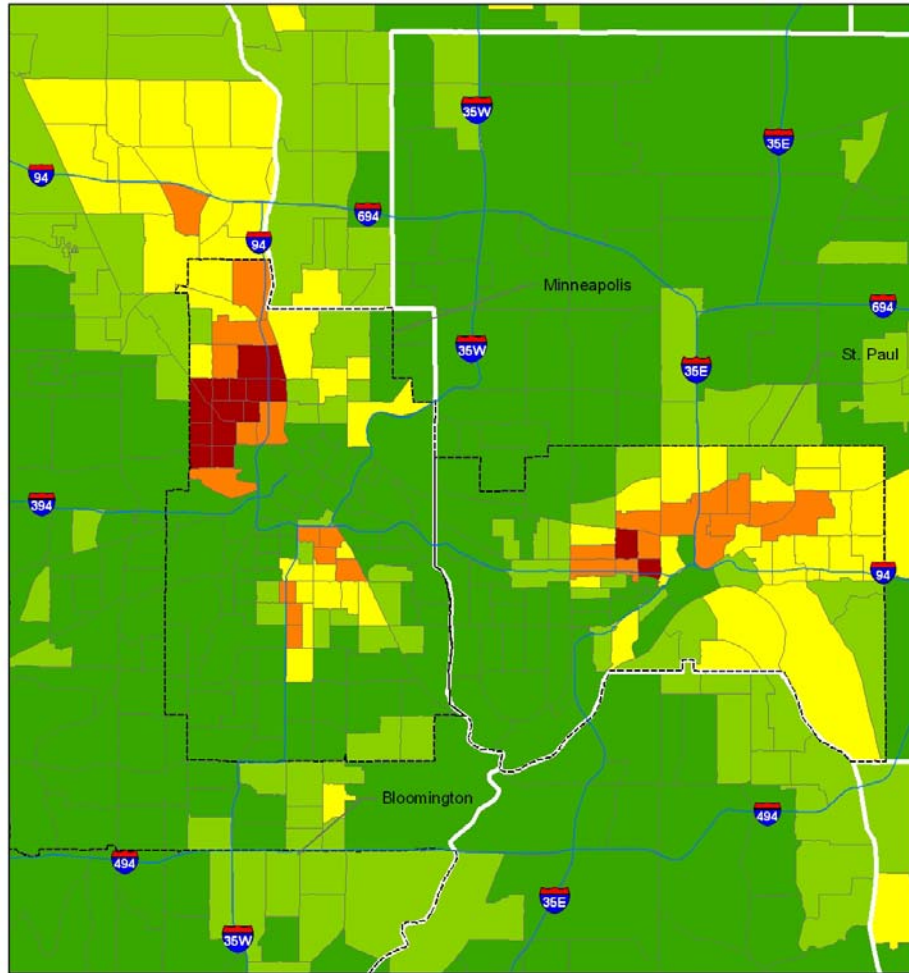
¹⁵ These data are presented in tabular form by FHIC entitlement community in Appendix D, Tables D.240 to D.260, of Volume II, Technical Appendix.





Maps III.11 and III.12 illustrate the percent of total HALs originated in the FHIC region. Such loans were not distributed evenly throughout the region and appear to have been centralized in areas primarily in Hennepin and Ramsey counties.

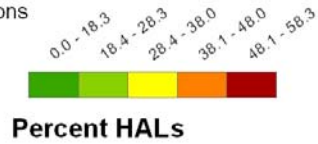
Map III.11
Percent of Total High Annual Percentage Rate Loans Originated
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



Map III.12
Percent of Total High Annual Percentage Rate Loans Originated: Detail Map
 Fair Housing Implementation Council Region
 HMDA Data 2004 – 2007



-  Census Designated Place, 2000
-  Counties
-  Census Tracts, 2000
-  No Loan Applications



SUMMARY

LENDING ACTIVITY

Several federal laws affect lending practices, such as the Fair Housing Act, the Equal Credit Opportunity Act, the Community Reinvestment Act and the Home Mortgage Disclosure Act (HMDA). HMDA data are the most inclusive lending data available and were used to analyze lending practices across the region. HMDA data for the FHIC region from 2004 through 2007 showed that 1.2 million loan applications were processed for home purchases, home improvements and refinancing, with more than 423,000 loan applications for owner-occupied home purchases.

DENIAL RATES

In regard to these 423,000 owner-occupied home purchase applications, excluding loan applications that were withdrawn by the applicant, incomplete or accepted by the prospective lender but not exercised by the applicant, there were 217,699 loan originations and 41,136 loan denials, for an average loan denial rate of 15.9 percent. The regional denial rate fluctuated from 12.4 percent in 2004 to 18.1 in 2006. The most common reasons for denial of an owner-occupied loan application was credit history and debt-to-income ratio. However, denial rates were not even; while whites had a denial rate of 12.2 percent, blacks, Hispanics and Asians had much higher denial rates of 34.2, 30.8, and 24.9, respectively.

Furthermore, much higher rates of denial for racial and ethnic minorities, regardless of income, were measured. For example, blacks experienced much higher loan denial rates than whites at all income levels; at income levels below \$15,000 blacks had a denial rate of 56.0 percent compared to a denial rate of 42.2 percent for whites, and at incomes over \$75,000 blacks had a denial rate of 34.8 percent compared to 9.3 percent for whites. Consequently, as income rises, the differences in denial rates between whites and other racial and ethnic minority populations diverge.

HIGH ANNUAL PERCENTAGE RATE LOANS

HMDA data report loan originations with unusually high annual percentage rate loans, or HALs, which are loans that may be considered predatory in nature. While the FHIC region enjoyed relatively low rates of HALs, blacks, Asians and Hispanics tended to receive a much higher proportion of these loans. For example, while whites had 13.8 percent of owner-occupied loans as HALs and Asians had 26.9 percent of loans as HALs, blacks had roughly double this rate at 51.5 percent. Hispanics also had a high rate of HALs at 41.3 percent. These minority groups tend to carry a disproportionately higher share of foreclosure risk due to such high numbers of home purchase HALs, as supported by regional and local studies.

SECTION IV. FAIR HOUSING AGENCIES AND PROGRAMS

The following narrative provides an enumeration of key agencies and organizations contributing to affirmatively furthering fair housing in Minnesota. It concludes with a succinct review of the housing complaint intake and review processes.

MAJOR FAIR HOUSING AGENCIES AND ORGANIZATIONS

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The United States Department of Housing and Urban Development (HUD) oversees, administers and enforces the Fair Housing Act. HUD has ten regional offices throughout the U.S., and HUD's regional office in Chicago oversees housing, community development and fair housing enforcement in Minnesota, as well as in Wisconsin, Michigan, Ohio, Illinois and Indiana, with a field office within the FHIC region in Minneapolis.¹⁶ The Office of Fair Housing and Equal Opportunity (FHEO), within HUD's Chicago office, enforces the federal Fair Housing Act and other civil rights laws that prohibit discrimination in housing, mortgage lending and other related transactions against the following protected classes: race, sex, religion, familial status, disability, national origin and color. HUD also provides education and outreach, monitors agencies that receive HUD funding for compliance with civil rights laws, and works with state and local agencies under the Fair Housing Assistance Program (FHAP) and Fair Housing Initiative Program (FHIP).

FAIR HOUSING ASSISTANCE AND FAIR HOUSING INITIATIVE PROGRAMS

In the U.S., many agencies receive funding directly from HUD as FHAPs or FHIPs. The fundamental difference between the two programs is that FHAPs require an ordinance or law that empowers a local governmental agency to enforce the local fair housing laws; if HUD determines that the legal entity can operate on a "substantially equivalent" level to federal agency enforcement activities, HUD contracts with that agency to process fair housing complaints and reimburses the jurisdiction on a per case basis.¹⁷ FHAP grants are given to public, not private, entities and are given on a noncompetitive, annual basis to substantially equivalent state and local fair housing enforcement agencies.

FHIPs, on the other hand, may be a government agency, a private non-profit or a for-profit organization. This competitive grant program provides funds to organizations to carry out projects and activities designed to enforce and enhance compliance with fair housing laws. Eligible activities include education and outreach to the public and the housing industry on fair housing rights and responsibilities, as well as enforcement activities in response to fair housing complaints, including testing and litigation. The following FHIP initiatives provide funds and competitive grants to eligible organizations:

¹⁶ <http://www.hud.gov/offices/fheo/aboutfheo/fhhubs.cfm#hdcent>

¹⁷ <http://www.hud.gov/offices/fheo/progdesc/title8.cfm>

The Fair Housing Organizations Initiative (FHOI) provides funding that builds the capacity and effectiveness of non-profit fair housing organizations by providing funds to handle fair housing enforcement and education initiatives more effectively. FHOI also strengthens the fair housing movement nationally by encouraging the creation and growth of organizations that focus on the rights and needs of underserved groups, particularly people with disabilities.

Grantee eligibility:

Applicants must be qualified fair housing enforcement organizations with at least two years of experience in complaint intake, complaint investigation, testing for fair housing violations, and meritorious claims in the three years prior to the filing of their application.

Eligible activities:

The basic operation and activities of new and existing non-profit fair housing organizations.

The Private Enforcement Initiative (PEI) offers a range of assistance to the nationwide network of fair housing groups. This initiative funds non-profit fair housing organizations to carry out testing and enforcement activities to prevent or eliminate discriminatory housing practices.

Grantee eligibility:

Fair housing enforcement organizations that meet certain requirements related to the length and quality of previous fair housing enforcement experience may apply for FHIP-PEI funding.

Eligible activities:

Conducting complaint-based and targeted testing and other investigations of housing discrimination, linking fair-housing organizations in regional enforcement activities, and establishing effective means of meeting legal expenses in support of fair housing litigation.

The Education and Outreach Initiative (EOI) offers a comprehensive range of support for fair housing activities, providing funding to state and local government agencies and non-profit organizations for initiatives that explain to the general public and housing providers what equal opportunity in housing means and what housing providers need to do to comply with the FHA.

Grantee eligibility:

State or local governments, qualified fair housing enforcement organizations (those with at least two years of experience), other fair housing organizations, and other public or private nonprofit organizations representing groups of people protected by the FHA may apply for FHIP-EOI funding.

Eligible activities:

A broad range of educational activities that can be national, regional, local or community-based in scope. Activities may include developing education materials, providing housing counseling and classes, convening meetings that bring together the housing industry with fair housing groups, developing technical materials on accessibility, and mounting public information campaigns. National projects that demonstrate cooperation with the real estate industry or focus on resolving the

community tensions that arise as people expand their housing choices may be eligible to receive preference points.

The Administrative Enforcement Initiative (AEI) helps state and local governments who administer laws that include rights and remedies similar to those in the Fair Housing Act implement specialized projects that broaden an agency's range of enforcement and compliance activities. No funds are available currently for this program.

In 2006, the FHIP program awarded \$18.1 million: \$13.9 million for PEI grants and \$4.2 million for EOI. One organization in Minnesota received a FHIP grant in 2006:

Minneapolis Urban League

Education and Outreach Initiative - General Component

Award Amount: \$99,937

"The Minneapolis Urban League (MUL) will educate African Americans and Somali refugees living in Empowerment Zone neighborhoods on their fair housing rights. To do this, MUL will conduct 55 group presentations, reaching approximately 500 people; distribute 3,000 pieces of HUD-approved literature; participate in local television and radio programs and community forums; issue a newsletter; and maintain fair housing information on its Web site. MUL expects that its education and outreach efforts will result in 12 housing discrimination complaints that will be referred to HUD."¹⁸

In 2007, the FHIP program awarded \$18.1 million: \$14 million for PEI and \$4.1 for EOI. Two organizations operating in Minnesota received FHIP grants that year.

Legal Aid Society of Minneapolis

Private Enforcement Initiative – Performance Based Component

Award Amount: \$275,000

"The Legal Aid Society of Minneapolis (LASM) will partner with Southern Minnesota Regional Legal Services to conduct fair housing enforcement activities in the seven counties that comprise Minneapolis and St. Paul, and throughout Minnesota's 53 Southern and Central counties. LASM will provide fair housing referral and technical assistance to its clients, particularly low-income and disabled, work to increase housing opportunities within the seven county area, encourage accessible design, and help end chronic homelessness."

St. Paul ACORN Housing Corporation

Education and Outreach Initiative – General Component

Award Amount: \$100,000

"ACORN Housing Corporation will develop predatory lending educational materials and translate them into Hmong, Spanish and Somali, the three most widely spoken languages in Minneapolis/St. Paul immigrant communities. ACORN will also distribute

¹⁸ <http://www.hud.gov/offices/ftheo/partners/FHIP/fhip.cfm>

the material throughout these communities in an effort to help increase minority homeownership and ensure that minorities are familiar with their housing rights.”¹⁹

In 2008 the FHIP program awarded \$21.8 million: \$20 million for PEI and \$1.3 million for EOI. An additional \$500,000 was granted for an EOI Clinical Law School Component - \$500,000. One organization in Minnesota received a FHIP grant in 2008.

“Legal Aid Society of Minneapolis
Private Enforcement Initiative Performance Based
Component Award Amount: \$275,000

The Legal Aid Society of Minneapolis (LASM) will partner with Southern Minnesota Regional Legal Services to enforce fair housing laws for low-income and disabled protected class members in the 7 county areas of the Minneapolis, St. Paul area and throughout the 53 Southern and Central Minnesota counties. LASM will provide referral and technical assistance to clients, advocates, agencies and lawyers throughout Minnesota who assert their rights under the FHA and local laws.”²⁰

Creating A FHAP - A Substantially Equivalent Agency

To create a substantially equivalent agency, a state or local jurisdiction must first enact a fair housing law that is substantially equivalent to federal laws. In addition, the local jurisdiction must have both the administrative capability and fiscal ability to carry out the law. With these elements in place, the jurisdiction may apply to HUD in Washington D.C. for substantially equivalent status. The jurisdiction’s law would then be examined, and the federal government would make a determination as to whether it was substantially equivalent to federal fair housing law.

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

REGIONAL FAIR HOUSING AGENCIES AND ORGANIZATIONS

The state of Minnesota, the city of Minneapolis and the city of St. Paul each offer additional protections in fair housing, as well as additional agencies to enforce the fair housing protections in these areas.

¹⁹ <http://www.hud.gov/news/releases/pr07-148.pdf>

²⁰ <http://www.hud.gov/offices/fheo/partners/FHIP/FY2008FHIP.cfm#mn>

THE MINNESOTA DEPARTMENT OF HUMAN RIGHTS

The Fair Housing division of the Minnesota Department of Human Rights (MDHR) enforces the Minnesota Human Rights Act, which offers the protections of the Federal Fair Housing Act – race, sex, religion, familial status, disability, national origin and color – as well as creed, sexual or affectional orientation, marital status, and receipt of public assistance.²¹ These protections apply to situations of: selling or leasing property, advertising property, negotiating housing contracts, appraising property, showing available housing and listing available housing. As with other states, there are exceptions to fair housing policies in specific cases. For example, a person who rents a room in their own home may choose a tenant based on gender, or a person who owns an apartment building with two units or less may elect to rent to persons of a specific sexual orientation. Exemptions also include persons who sell their home without the aid of a broker and organizations that provide housing to a limited membership.²² The goal of the Minnesota Human Rights Department is to “make Minnesota discrimination free” through enforcement, advocacy and education.²³ While the MDHR could, theoretically, be granted substantially equivalent status as a FHAP, this process has not been attempted by the agency. Thus, the MDHR is are not considered a substantially equivalent agency at this time.

MINNEAPOLIS DEPARTMENT OF CIVIL RIGHTS

The Minneapolis Department of Civil Rights (MDCR) enforces the protections guaranteed by the Minneapolis Civil Rights Act. This act extends the national and state fair housing policies to include the protection of ancestry. The act specifies that the following actions are also against the policies of the City regarding fair housing: withholding information about discriminatory acts; retaliating against those who file discrimination complaints; assisting or encouraging others to perform discriminatory acts; utilizing advertising, rental applications or other paper documents to discriminate; and obstructing the rights of others to enjoy their rights to fair housing.²⁴ The MDCR does not carry substantially equivalent status.

ST. PAUL DEPARTMENT OF HUMAN RIGHTS

The St. Paul Department of Human Rights (SPDHR) exists to enforce the St. Paul Human Rights Act, which puts forward the additional fair housing protections of ancestry and age. St. Paul’s housing policies include these fair housing protections in situations of selling and leasing property, financing the purchase or repair of housing, and granting access to guests of housing occupied by tenants. There are a number of exceptions to the City’s fair housing policies. For example, a person who is deemed to be a direct threat to the safety and well-being of other tenants can be turned away. Housing that is designated for the elderly or affected groups and housing that accommodates four families or fewer and in which the property owner resides are also not included under fair housing policies in St. Paul.²⁵ The SPDHR is not considered a substantially equivalent agency.

²¹ http://www.humanrights.state.mn.us/rights_housing.html

²² http://www.cashenn.org/media/Revised_hsgbroch.pdf

²³ <http://www.humanrights.state.mn.us/index.html>

²⁴ <http://www.municode.com/Resources/gateway.asp?pid=11490&sid=23>

²⁵ <http://www.stpaul.gov/index.asp?nid=2409>

LEGAL AID SOCIETY OF MINNEAPOLIS

The Legal Aid Society of Minneapolis (LASM) exists to serve low-income persons, seniors, and persons with mental or physical disabilities in their legal needs within the state, including fair housing situations.²⁶

SOUTHERN MINNESOTA REGIONAL LEGAL SERVICES

Southern Minnesota Regional Legal Services (SMRLS), located in St. Paul, offers legal representation and information, at no cost, to low-income persons in many counties in Minnesota. Fair housing cases are included in their scope of work.²⁷

HOME LINE

HOME Line is a nonprofit, statewide tenant advocacy organization. Their services include legal, education and advocacy services for citizens of Minnesota. HOME Line is located in Minneapolis.²⁸

COMPLAINT AND COMPLIANCE REVIEW

COMPLAINT PROCESS FOR THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

According to the HUD website, any person who feels their housing rights have been violated may submit a complaint to HUD via phone, mail or the Internet. A complaint can be submitted to the national HUD office at:

Office of Fair Housing and Equal Opportunity
Department of Housing and Urban Development
Room 5204
451 Seventh St. SW
Washington, DC 20410-2000
(202) 708-1112
1-800-669-9777
<http://www.hud.gov/offices/fheo/online-complaint.cfm>

In the FHIC region, the contact information for the regional HUD office is as follows:

Chicago Regional Office of FHEO
U.S. Department of Housing and Urban Development
Ralph H. Metcalfe Federal Building
77 West Jackson Boulevard, Room 2101
Chicago, Illinois 60604-3507
(312) 353-7776 ext. 2453
1-800-765-9372

²⁶ <http://www.mylegalaid.org/>

²⁷ <http://www.smrls.org/>

²⁸ <http://www.homelinemn.org/>

When a complaint is submitted, intake specialists review the information and contact the complainant in order to gather additional details and to determine if the case qualifies as possible housing discrimination. Complaints that are specific to a state or locality that is part of HUD's Fair Housing Assistance Program, or a substantially equivalent agency, are referred to the appropriate state or local parties, who have 30 days to address the complaint. If HUD is handling the case, the formal complaint is sent to the complainant for review and is then forwarded to the alleged violator for review and response.

Next, the circumstances of the complaint are investigated through conducting interviews and examining relevant documents. During this time, the investigator attempts to rectify the situation through mediation, if possible.

The case is closed if mediation of the two parties is achieved or if the investigator determines that there was no reasonable cause of discrimination. If reasonable cause is found and mediation fails, then either a federal judge or a HUD Administrative Law Judge hears the case and determines damages, if any.²⁹ A respondent may be ordered to:

- Compensate for actual damages, including humiliation, pain and suffering.
- Provide injunctive or other equitable relief, for example, to make the housing available.
- Pay the Federal Government a civil penalty to vindicate the public interest. The maximum penalties are \$10,000 for a first violation and \$50,000 for a third violation within seven years.
- Pay reasonable attorney's fees and costs.³⁰

Section 504 Complaints

In addition to general fair housing discrimination complaints, HUD accepts specific complaints that violate Section 504 of the Rehabilitation Act of 1973, which prohibits programs or organizations that receive federal funds from discriminating against persons with disabilities. In relation to housing, this means that any housing program that accepts federal monies must promote equal access of units, regardless of disability status. Both mental and physical handicap are included in Section 504. An example of a Section 504 violation is a public housing manager who demands a higher housing deposit to a person in a wheelchair because of the anticipated damage that a wheelchair may cause. This violates Section 504 in that a person cannot be held to different standards or liabilities due to disability.

Complaints that are in violation of Section 504 are filed and processed in the same manner as general fair housing complaints.³¹

²⁹ <http://www.hud.gov/offices/fheo/complaint-process.cfm>

³⁰ <http://www.hud.gov/offices/fheo/FHLaws/yourrights.cfm>

³¹ <http://www.hud.gov/offices/fheo/disabilities/sect504faq.cfm>

COMPLAINT PROCESS FOR THE MINNESOTA DEPARTMENT OF HUMAN RIGHTS

In the state of Minnesota, a person may file a fair housing complaint through contacting the MDHR within one year of the alleged discriminatory incident. The contact information for the MDHR is as follows:

The Minnesota Department of Human Rights
Fair Housing Division
190 E 5th Street, Suite 700
St. Paul, MN 55101
(651) 296-5663 or (800) 657-3704

After contacting the MDHR, the complainant will speak with an intake officer. The intake officer listens to the details of the complaint in order to determine if the discriminatory incident violated the rights of a protected class member, as delineated in the Minnesota Human Rights Act or a local human rights ordinance. The intake officer asks questions of the complainant in order to gather details about the complaint including dates, times, alleged discriminatory actions and protected class status.

If the intake officer determines that the complainant's protected class rights were violated, then an investigation is instigated. The charge is put in writing and sent to the alleged violator, who must respond to the Department in writing. If the conflict cannot be resolved through mediation, then the investigation continues until probable cause is determined. If probable cause is not found, the complaint is dismissed. If probable cause is found, the Department works to determine appropriate compensation for the complainant.³²

COMPLAINT PROCESS FOR THE MINNEAPOLIS DEPARTMENT OF CIVIL RIGHTS

In Minneapolis, the Complaint Investigation Unit, under the MDCR, handles complaints filed in the city regarding all forms of discrimination. All complaints must be filed within one year of the occurrence of the discriminatory incident and must be filed in person at the MDCR offices located at:

Minneapolis Civil Rights Office
City Hall
350 S 5th Street
Room 239
Minneapolis, MN 55415
<http://www.ci.minneapolis.mn.us/civil-rights/complaint-investigation-faq.asp>
(612) 673-3012

Complainants are asked to complete an intake questionnaire, which can be downloaded at the Web address listed above, and are also encouraged to make an appointment, which can be done by calling the phone number listed above.

³² http://www.humanrights.state.mn.us/languages/english/PDF/03intake_ENG.pdf

In order to formally file a complaint, the complainant meets with an intake officer and discusses the details of the incident. Based on this meeting and information from the intake questionnaire, the intake officer makes the determination if the complainant's rights as a protected class were violated and if a charge of discrimination should be filed.

If the complaint process proceeds, the charges are written, reviewed and signed by the complainant, and then sent to the defendant who has twenty days to review the charge and respond to the MDCR in writing. The MDCR then determines whether there is probable cause of the occurrence of the discrimination. This is investigated through meetings with the complainant and respondent, interviewing possible witnesses to the incident, and analyzing relevant documents. In light of the investigation, the Director of the MDCR may mediate a resolution between the complainant, dismiss the case, or make a determination confirming or disaffirming probable cause. If probable cause is found, the Director schedules a public hearing, which in turn leads to a final decision regarding the occurrence of the discriminatory occurrence and appropriate repercussions.³³

COMPLAINT PROCESS FOR THE ST. PAUL DEPARTMENT OF HUMAN RIGHTS

The complaint intake process for the city of St. Paul includes the stipulation that a person must file a charge within one year of the discriminatory incident. To inquire about filing a complaint, a person can contact the SPDHR by phone (651-266-8966) or e-mail (hightscomplaints@ci.stpaul.mn.us). The SPDHR office is located at:

240 City Hall
15 W. Kellogg Blvd.
Saint Paul, MN 55102

A complaint can be filed by submitting a form online at the St. Paul Web site. After a complaint is filed, the SPDHR then investigates the claim with the authority to subpoena witnesses, take testimony and obtain related documents. The SPDHR can then negotiate a resolution, determine penalties or refer the matter to the city attorney for criminal prosecution. The case may also be heard by the City's Human Rights and Equal Economic Opportunity Commission, which has the power to hear and rule on complaint matters.³⁴

SUMMARY

FAIR HOUSING AGENCIES AND ORGANIZATIONS

Key agencies and organizations contributing to affirmatively furthering fair housing in the Twin Cities region of Minnesota include the U.S. Department of Housing and Urban Development, the Minnesota Department of Human Rights, the Minneapolis Department of Civil Rights and the St. Paul Department of Human Rights. These agencies can accept and process housing complaints that are filed within the region. Other organizations that

³³ <http://www.ci.minneapolis.mn.us/civil-rights/commission/complaints.asp>

³⁴ <http://www.municode.com/Resources/gateway.asp?pid=10061&sid=23>

exist within the fair housing system include the Legal Aid Society of Minneapolis, the Southern Minnesota Regional Legal Services and HOME Line.

SECTION V. EVALUATION OF THE FAIR HOUSING PROFILE

The following narrative presents several perspectives about the status of the fair housing system in Minnesota, including a review of national and regional fair housing cases and studies, an assessment of U.S. Department of Justice cases, and an examination of housing complaints filed within the region. It also includes findings from the 2009 fair housing survey, fair housing focus groups and fair housing forums, as well as interview data from victims of fair housing violations.

FAIR HOUSING STUDIES AND CASES

RELATED NATIONAL FAIR HOUSING STUDIES

In 2000, the U.S. Department of Housing and Urban Development (HUD) released “Discrimination in Metropolitan Housing Markets” (HDS2000), measuring the prevalence of housing discrimination based on race or color in the U.S. The third nationwide effort to measure discrimination against minority home seekers since 1977, HDS2000 measured discrimination in metropolitan areas with populations greater than 100,000 and significant black, Hispanic and/or Native American minorities. The study found that discrimination persists in both rental and sales markets of large metropolitan areas nationwide, but that its incidence has generally declined since 1989. The exception was for Hispanic renters, who faced essentially the same incidence of discrimination in 2000 as they did in 1989.

In April of 2002, HUD released, “How Much Do We Know?,” a national study which assessed public awareness of and support for fair housing law. The study found that only one-half of the general public was able to identify six or more of eight scenarios describing illegal conduct. In addition, 14 percent of the nationwide survey’s adult participants believed that they had experienced some form of housing discrimination in their lifetime. However, only 17 percent of those who had experienced housing discrimination had done something about it. Last, two-thirds of all respondents said that they would vote for a fair housing law.³⁵

As a follow-up, in February of 2006 HUD released “Do We Know More Now? Trends in Public Knowledge, Support and Use of Fair Housing Law.” One aim of the study was to determine whether a nationwide media campaign had proven effective in increasing the public’s awareness of housing discrimination, as well as its desire to report such discrimination. Unfortunately, the study found that overall public knowledge of fair housing laws had not improved between 2000 and 2005. As before, just half of the public knew the law with respect to six or more illegal housing activities. In the 2006 report, 17 percent of the study’s adult participants claimed to have experienced discrimination when seeking housing; however, after reviewing descriptions of the perceived discrimination, it was determined that only about 8 percent of the situations might be covered by the Fair Housing Act. Four out of five individuals who felt they had been discriminated against did not file a fair housing

³⁵ *How Much Do We Know?* United States Department of Housing and Urban Development, Office of Policy Development and Research, 2002. Document available at http://www.huduser.org/Publications_

complaint, indicating that they felt it “wasn’t worth it” or that it “wouldn’t have helped.” Others didn’t know where to complain, assumed it would cost too much, were too busy or feared retribution.³⁶ One positive finding of the survey was that public support for fair housing laws increased from 66 percent in 2000 to 73 percent in 2005.

In 2004, the U.S. General Accounting Office’s (GAO) released “Fair Housing: Opportunities to Improve HUD’s Oversight and Management of the Enforcement Process.” The GAO report found that, although the process had improved in recent years, between 1996 and 2003 the median number of days required to complete fair housing complaint investigations was 259 for HUD’s Fair Housing and Equal Opportunity Offices and 195 for FHAP agencies. The report did find a higher percentage of investigations completed within the FHA’s 100-day mandate.³⁷ The GAO report also identified the following trends between 1996 and 2003:

- The number of fair housing complaints filed each year steadily increased since 1998. An increasing proportion of grievances alleged discrimination based on disability, and a declining proportion alleged discrimination based on race, though race was still the most cited basis of housing discrimination over the period.
- FHAP agencies conducted more fair housing investigations than FHEO agencies over the eight-year period. The total number of investigations completed each year increased somewhat after declining in 1997 and 1998.
- Investigation outcomes changed during this time, with an increasing percentage closed without a finding of reasonable cause to believe discrimination occurred. A declining percentage of investigations were resolved by the parties themselves or with help from FHEO or FHAP agencies.

In January of 2005, the Center for Community Capital at the University of North Carolina at Chapel Hill reported that the following three predatory loan terms increase the risk of mortgage foreclosure in subprime home loans: prepayment penalties, balloon payments and adjustable rates. The study examined recent home mortgages while controlling for credit scores, loan terms and varying economic conditions.³⁸ For example, in the prime lending market only two percent of home loans carry prepayment penalties of any length. Conversely, up to 80 percent of all subprime mortgages carry a prepayment penalty, a fee for paying off a loan early. An abusive prepayment penalty extends more than three years and/or costs more than six months’ interest.³⁹ While previous studies have linked subprime lending with home loss, this study was the first to identify specific abusive terms that lead to foreclosure.

In May of 2005, HUD published “Discrimination against Persons with Disabilities: Barriers at Every Step.” The study documented findings about rental discrimination toward two groups in the Chicago Metropolitan Area: deaf individuals using a telephone relay service and persons in wheelchairs. The research resulted in three significant findings: landlords refused

³⁶ *Do We Know More Now?* United States Department of Housing and Urban Development, Office of Policy Development and Research, 2006. Document available at <http://www.huduser.org/Publications>.

³⁷ *Fair Housing: Opportunities to Improve HUD’s Oversight and Management of the Enforcement Process*, United States General Accounting Office, Report to Congressional Requesters, April 2004.

³⁸ <http://www.kenan-flagler.unc.edu/assets/documents/foreclosurerelease.pdf>

³⁹ <http://www.responsiblelending.org/pdfs/2b003-mortgage2005.pdf>

to speak to one in four of the deaf callers, both groups received less encouragement than able individuals, and most landlords agreed to any reasonable accommodation and modifications requests."⁴⁰

Released by the Poverty and Race Research Action Council in January 2008, "Residential Segregation and Housing Discrimination in the United States" presented evidence that many current governmental efforts to further fair housing may actually result in furthering unfair housing practices across the U.S, specifically residential segregation. For example, the majority of public housing residents are non-white and most public housing units are grouped in the same census tracts, which results in residential segregation. Similarly, many Section 8 voucher holders are racial or ethnic minorities and most housing that accepts Section 8 vouchers is grouped in a few select areas, which again results in residential segregation. The report offers recommendations to curb such practices, which include:

- Dispersing public housing developments throughout cities and communities and
- Providing greater incentives for landlords with properties throughout an area to accept housing aid coupons.

In December 2008, the National Commission on Fair Housing and Equal Opportunity, sponsored by the National Fair Housing Alliance, released "The Future of Fair Housing," a report focusing on the status of fair housing across the U.S. Through hearings in several major cities, the Commission took testimony from hundreds of witnesses who offered their experiences or concerns regarding fair housing, as well as their ideas for fair housing solutions. The Commission found that despite the presence of numerous fair housing laws and regulations, housing discrimination still exists. And while fair housing violations have decreased in recent decades, roughly four million housing violations are reported to occur each year. Based on the information gathered from the hearings and from other fair housing data sources, the Commission formulated a detailed list of fair housing issues and possible ways to resolve these problems. Examples of issues and proposed remedies are:

- *Problem:* There is an inadequate enforcement of fair housing laws.
Solution: Create a new, independent "fair housing enforcement agency," separate from HUD, and dedicated to providing fair housing support and advocacy; highlight the need for a "regional approach" to fair housing so that metropolitan areas can combine their efforts.
- *Problem:* People are not readily able to recognize the benefits of fair housing policies and/or violations of fair housing rights.
Solution: Devote greater funding and marketing efforts to educate the country on fair housing issues and why diversified neighborhoods can be beneficial to communities; increase support for fair housing on the federal issue, perhaps through a fair housing council, to coordinate the work of agencies and allot greater attention to fair housing issues.
- *Problem:* Current fair housing efforts mostly take a reactive approach to fair housing through penalizing fair housing violators.

⁴⁰ <http://www.huduser.org/publications/hsgspec/dds.html>.

Solution: Adjust efforts to more proactively further fair housing; revise current plans that can lead to different fair housing problems, such as grouping Section 8 housing and/or disabled housing in clumped locations that often lack access to decent jobs and opportunities for education.⁴¹

A study released in April 2009, entitled “Segregation and the Subprime Lending Crisis,” presents research on the relationship between residential segregation and subprime lending, specifically whether geographic areas with increased levels of residential segregation have a disproportionate share of subprime loans. The study concluded that, when controlling for other socio-economic factors traditionally attributed to the prevalence of high risk loans, racial segregation proved to be a strong determinant of high cost loans, with segregation of black populations having a stronger effect than segregation for Hispanic populations.⁴² This finding was verified in Section III of this report, during the evaluation of high annual percentage rate loans in the FHIC region.

OTHER CASES WITH NATIONAL IMPLICATIONS

In a landmark fraud case, Westchester County, New York, was ordered to pay more than \$50 million dollars to resolve allegations of misusing federal funds for public housing projects and falsely furthering fair housing. The lawsuit, which was filed in 2007 by an anti-discrimination center, alleged that the county failed to reduce racial segregation of public housing projects in larger cities within the county and to provide affordable housing options in its suburbs. The county had accepted more than \$50 million from HUD between 2000 and 2006 with promises of addressing these problems. In a summary judgment in February of 2009, a judge ruled that the county did not properly factor in race as an impediment to fair housing and that the county did not accurately represent its efforts of integration in its analysis of impediments. In the settlement, Westchester County will be forced to pay more than \$30 million to the federal government, with roughly \$20 million eligible to return to the county to aid in public housing projects. The County must also set aside \$20 million to build public housing units in suburbs and areas with mostly white populations. The ramifications of this case are expected to affect housing policies of entitlement communities across the nation, which will likely be held to higher levels of scrutiny to ensure that federal funds are being spent in the best interest of protected classes.

RELATED REGIONAL FAIR HOUSING STUDIES, ARTICLES AND PUBLICLY DISCLOSED CASES

While the Housing Discrimination Study 2000 offered an abundance of national fair housing data conclusions (see previous section), the HDS 2000 study also provided in-depth assessments of housing discrimination for a number of U.S. cities. Minneapolis was selected for a study examining the rates of housing discrimination against Asians. Through paired testing, it was determined that Asian populations in Minneapolis experience discrimination in their efforts to obtain housing as compared to whites. This was the first time that the HDS study tested for Asian racial disparities specifically, so results from previous studies were not

⁴¹ http://www.nationalfairhousing.org/Portals/33/reports/Future_of_Fair_Housing.PDF

⁴² Squires, Gregory D., Derek S, Hyra and Robert N. Renner. “Segregation and the Subprime Lending Crisis.” April, 2009.

comparable. However, data on the rate of housing discrimination against Asians in Minneapolis can be compared to data from other cities that were tested the same year. For example, this comparison revealed that Asians in Minneapolis experienced a higher rate of discrimination in housing matters than Asians in Los Angeles.⁴³

In a regional fair housing race discrimination case in 2002 a family was awarded the largest fair housing settlement in Minnesota state history after their landlord tried to evict them on the basis of race. The suit was filed against Robert Kreisler, a businessman and owner of several rental properties and apartment buildings in the state. It was alleged that Kreisler had a policy against renting to black persons and that when he bought the property that a black family was residing in, he tried to force them out, despite the fact that they had been living there for years. In addition to the financial stipulations, Kreisler was also ordered to follow a consent decree, with effects for five years, forcing him to adopt fair housing policies in the future and subjecting him to periodic undercover testing.⁴⁴

In the article “Group Alleges Discriminatory Housing Practices,” personal experiences with racial discrimination in the Twin Cities in 2006 were highlighted, specifically the high numbers of Hispanic families who are speaking out against unfair housing practices that they have encountered in their search for housing. According to the article, many Hispanics face traditional forms of housing discrimination, such as racial steering and higher lending rates, and less common discrimination practices, including access to English-only written materials without translation and promises of reputable home inspections that are never performed. One man noted that he worked with a real estate agent whom he thought was trustworthy, only to find out that the house he eventually did buy was a “flipped” house that likely should have been condemned. Ultimately, the man’s house was foreclosed and he and his family became homeless. The article reports that many discriminatory housing practices are very profitable to housing companies, which offers a reason for their popularity despite the existence of numerous fair housing laws.⁴⁵

“Racial Disparities in Manufactured Home Parks: Latinos’ Experience in Minnesota,” released in April 2007 by the All Parks Alliance for Change, a Minnesota organization of manufactured home park residents, suggests that Latino residents of mobile home parks in Minnesota face greater levels of discrimination than non-Latino residents. Case studies of disparities between primarily white and Latino populated mobile home parks in cities throughout Minnesota, such as Bloomington, were examined to determine if discrimination occurs. The report suggests that Hispanic residents of mobile home parks experience discrimination in the conditions, park maintenance and rental terms offered by park managers and that local governments are more likely to spare a predominantly white mobile home park from being torn down for construction as compared to a park primarily inhabited by Latino residents. In Minnesota, mobile home parks serve as a popular housing option for persons living on a low- or very-low-income; of the 180,000 residents of mobile homes in the state, more than 80 percent of residents are low- or very-low-income.⁴⁶

⁴³ http://www.huduser.org/publications/pdf/phase2_final.pdf

⁴⁴ <http://www.fairhousing.com/index.cfm?method=page.display&pageID=3619>

⁴⁵ <http://www.tcdailyplanet.net/node/608>

⁴⁶ <http://www.allparksallianceforchange.org/?q=reports/racialdisparities>

In January 2008, after violating federally-mandated lead-level disclosure laws, nine property owners and one property management company in the St. Paul-Minneapolis area reached a settlement in a case prompted by HUD, the EPA and the U.S. Attorney's Office for the state of Minnesota. The three government agencies alleged that the property managers and owners were aware of potentially harmful levels of lead in the housing they offered, but did not make these hazards known. Withholding lead-level information is illegal under the Lead Disclosure Rule, which requires sellers and landlords of housing built before 1978 to disclose lead-based paint hazards to tenants in writing. As a result of the settlement, the property owners and managers must pay to improve the lead-level conditions of their properties, forfeit a \$7,500 fine and also contribute \$50,000 to the Child Health Improvement Project, which serves to aid projects that benefit children in low-income areas. The settlement will result in the elimination of all lead-based paint risks in nearly 200 apartments in the area and is the seventh lead-level case in Minnesota in recent history.⁴⁷

In November 2008, HOME Line, a non-profit tenant advocacy group, released their yearly study regarding the acceptance of Section 8 housing assistance vouchers. This is the fourteenth study the group has released regarding the Section 8 program, with research covering more than half of all rental units in Anoka, Dakota and suburban Hennepin counties. Significant findings of the study include evidence that the Section 8 program is ineffective in the Twin Cities region, largely due to a lack of acceptance of Section 8 vouchers and increasing rental rates. The study found that only one-quarter of all rental units in the area were available for persons with Section 8 vouchers, with the number of landlords who accept Section 8 vouchers shrinking each year. Many landlords are imposing minimum income requirements for tenants, which interfere with the purpose of housing assistance programs like Section 8 that exist to aid persons or families of low-income. Additionally, the report attests that the waiting lists for Section 8 assistance remain too long.⁴⁸

A settlement was reached in December 2008 resolving allegations of discrimination against the Minneapolis Public Housing Authority (MPHA). According to court documents, the MPHA was accused of inquiring about the disability status of potential public housing tenants, which violates fair housing laws regarding discrimination. The agency also allegedly violated fair housing laws through restricting public housing access of disabled persons to those aged 50 or older. As part of the settlement, the MPHA was required to pay damages to the plaintiffs in the case in addition to court fees.⁴⁹

In "Communities in Crisis: Race and Mortgage Lending in the Twin Cities," conducted by the University of Minnesota Institute on Race and Poverty (IRP) and released in February 2009, the IRP reported that the metropolitan region of the Twin Cities experiences some of the worst racial disparities on mortgage lending in the nation. Using data from the Home Mortgage Disclosure Act (HMDA), the IRP identified trends in unfair and discriminatory housing practices in the Twin Cities region. This included a higher incidence of increased loan costs and worse lending terms for non-whites, as well as increased loan denials and

⁴⁷ <http://www.realtown.com/articles/view/hud-scores-legal-settlement-with-minneapolis-st-paul-landlords>

⁴⁸ <http://www.homelinemn.org/downloads/section8/2008Section8report.pdf>

⁴⁹ From Stipulation for Dismissal and Order, Civil Action No. 08 CV 2754, December 2008.

subprime lending for people of color as compared to whites. The study found that income levels had little effect on lending; even people of color with moderate- to high-income levels experienced increased rates of loan denial and subprime lending. In fact, black and Hispanic borrowers in the highest income brackets were more likely to receive subprime loans than any white group. Neighborhoods with the highest levels of people of color also held the highest number of subprime lending and foreclosure rates. The IRP attributes these trends to a lack of enforcement of fair housing policies and laws. In order to rectify the situation, the IRP recommends a number of actions including:

- Reinforcing the Community Reinvestment Act, which encourages banks to lend to low-income and non-white borrowers;
- Creating regional fair housing centers that would offer support and education for those who may otherwise experience discrimination in the home buying and renting markets; and
- Expanding HMDA data to include information on race, interest rates and credit status from all applications including those by mail, phone and internet sources.⁵⁰

Released in March 2009, “The Unraveling of the American Dream: Foreclosures in the Immigrant Community of Minneapolis” addresses the foreclosure crisis among immigrants in the Twin Cities region. The article notes that since 2006, foreclosures in the U.S. have increased markedly. Minnesota has been no exception to this trend, with the majority of foreclosures in the state occurring in the Twin Cities area. The Twin Cities region also has significant number of immigrant populations, including Hispanic, Hmong and Somali immigrants. This study attempted to determine if immigrants were over or under represented in the foreclosure crisis, and results suggest that immigrants were somewhat over represented in households that experienced foreclosure in the Twin Cities region since 2006.⁵¹ The circumstances described in the two studies cited immediately above were confirmed in this Analysis of Impediments. HMDA data analysis presented in Section III of this report has shown that racial and ethnic minorities carry undue risk of foreclosure due to a preponderance of high annual percentage rate loans.

An additional study, “Foreclosure Risk Among Asian, African and Latino Homeowners in Minnesota: A Preliminary Analysis,” presents research on the foreclosure risk of different cultural groups in the Twin Cities metro region. The study found that Asians, Africans and Latinos were at an increased risk of foreclosure in the region, as compared to other cultural groups. This heightened foreclosure risk is due to the increased use of high cost sub prime loans in financing of home purchases. Additionally, cultural groups, such as Asians, Africans, and Latinos, are at a greater risk of job loss, and, in turn, long-term unemployment, during recessionary periods as compared to other groups.⁵² Incidentally, this idea was also demonstrated in Section III of this document.

⁵⁰ http://www.irpum.org/uls/resources/projects/IRP_mortgage_study_Feb._11th.pdf

⁵¹ http://www.hhh.umn.edu/people/rallen/pdf/unraveling_american_dream.pdf

⁵² Skoppa, Kim. “Foreclosure Risk Among Asian, African and Latino Homeowners in Minnesota: A Preliminary Analysis.”

RELATED REGIONAL DEPARTMENT OF JUSTICE CASES

Under the Fair Housing Act, the Department of Justice (DOJ) may bring lawsuits in the following instances:

- Where there is reason to believe that a person or entity is engaged in what is termed a “pattern or practice” of discrimination, or where a denial of rights to a group of people raises an issue of general public importance
- Where force or threat of force is used to deny or interfere with fair housing rights, the DOJ may institute criminal proceedings
- Where people who believe that they have been victims of an illegal housing practice file a complaint with HUD, or file their own lawsuit in federal or state court. The DOJ brings suits on behalf of individuals based on referrals from HUD.

The following narrative provides a brief summary of recent DOJ cases in the FHIC region as noted on the DOJ Web site:

A landlord in St. Paul agreed to pay more than \$400,000 to resolve allegations that he sexually harassed female tenants. The 2004 DOJ report notes that the man owned rental properties in the St. Paul area and was accused of housing discrimination in abusing his power as a property manager, specifically entering apartments of female tenants without permission and demanding sexual favors in exchange for tenancy.⁵³

In August 2006, an agreement was reached that resolved a case of systemic racial discrimination in Minneapolis. According to the settlement, owners and managers of two housing complexes were accused of housing discrimination practices against black tenants including denying the availability of housing units, evicting tenants and refusing to perform requested maintenance. The property owners and managers were required to adopt stricter fair housing policies, hire additional staff to manage their properties and pay a total of \$575,000 in personal and civil penalties.⁵⁴

The DOJ reached a settlement that resolved a conflict between numerous property managers and owners in Minneapolis and their female tenants regarding housing discrimination. The defendants were accused of sexually harassing female tenants at eight apartment complexes in the area by improving tenants’ leasing conditions if they agreed to perform sexual favors and negatively altering leasing agreements if they refused. The report notes that the settlement included payment of nearly \$400,000 and hiring a separate manager to handle tenants in the future.⁵⁵

In August 2007, the DOJ ruled on a disability discrimination case against a Chicago-based provider of retirement housing across the nation, including two facilities in Minnesota. According to the case, the housing facilities included extra requirements for tenants who required mobility devices, such as wheelchairs, walkers, canes and scooters. These

⁵³ http://www.usdoj.gov/opa/pr/2004/December/04_crt_772.htm

⁵⁴ http://www.usdoj.gov/crt/housing/documents/kreisler_pr.pdf

⁵⁵ http://www.usdoj.gov/crt/housing/documents/wones_pr.pdf

requirements included a demonstration of competent operation, additional insurance coverage and a note from a physician proving need. Additionally, persons using mobility devices were not allowed to enter certain areas of facilities. In light of the ruling, the company is required to set up a fund of more than \$500,000 to aid those who have suffered and to pay \$250 to each tenant who was forced to undergo competency testing of their mobility device. The company was also required to adopt new and stricter policies regarding discrimination, improve record keeping and impose new guidelines in their employee training.⁵⁶

A man who rented properties in Hastings and St. Paul was required to pay \$400,000 to female tenants who were harassed while living in his properties. The report cites that the landlord demanded sexual favors from female tenants and threatened them with alterations to the terms of leasing agreements. He also entered apartments without permission or notice. The landlord was required to hire a manager to handle all of his properties.⁵⁷

In violation of the fair housing act, two landlords were ordered to pay \$240,000 to female tenants in 2007. The lawsuit, which was filed in 2005, alleged that a male landlord had used his keys to enter female tenants' apartments and subjected them to unwanted sexual advances. In addition to the financial stipulations, the two landlords were ordered to avoid fair housing discrimination in future leasing policies and hire an independent employee to manage their properties.⁵⁸

HOUSING COMPLAINTS

COMPLAINTS FILED WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HUD maintains records of all complaints filed with the agency that represent violations of federal housing law. As seen in Table V.1, on the following page, between 2000 and 2008 a total of 667 complaints were filed with HUD by persons in the FHIC region. The basis of the housing complaint refers to the protected class status of the complainant; each complaint can be filed under more than one basis. So while there were 667 complaints filed, there were a total of 903 bases cited. Race, disability and familial status were the bases more frequently cited, with 314, 236 and 102 occurrences over the nine-year period.

⁵⁶ http://www.usdoj.gov/opa/pr/2007/August/07_crt_651.html

⁵⁷ http://www.usdoj.gov/opa/pr/2007/August/07_crt_606.html

⁵⁸ http://www.usdoj.gov/opa/pr/2007/October/07_crt_832.html

| Table V.1 | | | | | | | | | | | |
|--|-----------|-------------------|------------|------------|-------------|-----------------|-----------------|-----------|-----------|-------------|------------------|
| Fair Housing Complaints by Basis of Complaint | | | | | | | | | | | |
| Fair Housing Implementation Council Region HUD Data, Fiscal Years 2001 - 2008 | | | | | | | | | | | |
| Year | Sex | Sexual Harassment | Race | Disability | Retaliation | Familial Status | National Origin | Color | Religion | Total Basis | Total Complaints |
| 2000 | 2 | 1 | 40 | 21 | . | 23 | 9 | 1 | . | 97 | 67 |
| 2001 | . | 4 | 23 | 5 | . | 11 | 10 | 1 | 3 | 57 | 50 |
| 2002 | 10 | 3 | 27 | 26 | 1 | 8 | 10 | 1 | 2 | 88 | 69 |
| 2003 | 15 | 17 | 35 | 29 | 6 | 6 | 12 | . | 5 | 125 | 80 |
| 2004 | 6 | 7 | 54 | 24 | 12 | 21 | 6 | 10 | 1 | 141 | 103 |
| 2005 | 4 | 5 | 25 | 28 | . | 8 | 9 | . | 4 | 83 | 63 |
| 2006 | 9 | 3 | 43 | 40 | 8 | 13 | 21 | 5 | 2 | 144 | 98 |
| 2007 | 8 | . | 42 | 31 | 6 | 8 | 6 | . | 1 | 102 | 77 |
| 2008 | . | 1 | 25 | 32 | 1 | 4 | 3 | . | . | 66 | 60 |
| Total | 54 | 41 | 314 | 236 | 34 | 102 | 86 | 18 | 18 | 903 | 667 |

Table V.2 presents the closure status of the 667 complaints. Of this total, 264 complaints, 39.6 percent, were found to be without cause after HUD investigation. A total of 120 complaints or 18.0 percent were successfully settled. Another 76 complaints, 11.4 percent, were withdrawn by the complainant after resolution through mediation and 62 complaints, 9.3 percent, were withdrawn by the complainant without achieving resolution.⁵⁹

| Table V.2 | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|------------|--|
| Fair Housing Complaints by Closure Status | | | | | | | | | | | |
| Fair Housing Implementation Council Region HUD Data, Fiscal Years 2001 - 2008 | | | | | | | | | | | |
| Closure | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total | |
| No cause determination | 22 | 20 | 35 | 37 | 44 | 27 | 31 | 35 | 13 | 264 | |
| Conciliation/settlement successful | 17 | 15 | 10 | 15 | 16 | 6 | 22 | 14 | 5 | 120 | |
| Complaint withdrawn by complainant after resolution | 7 | 5 | 5 | 14 | 15 | 6 | 13 | 2 | 9 | 76 | |
| Complainant failed to cooperate | 4 | 7 | 3 | 2 | 4 | 9 | 13 | 11 | 11 | 64 | |
| Complaint withdrawn by complainant without resolution | 7 | 3 | 5 | 4 | 11 | 9 | 10 | 7 | 6 | 62 | |
| Dismissed for lack of jurisdiction | 3 | . | 3 | 4 | 8 | 2 | 4 | 5 | . | 29 | |
| Untimely filed | . | . | . | 1 | 3 | 3 | 2 | 1 | 3 | 13 | |
| No information provided | . | . | . | . | 1 | . | . | . | 11 | 12 | |
| Unable to locate complainant | 2 | . | 1 | 2 | . | 1 | 3 | 1 | . | 10 | |
| Election made to go to court | . | . | 7 | . | . | . | . | . | . | 7 | |
| DOJ dismissal | 4 | . | . | . | . | . | . | . | . | 4 | |
| Case still open | . | . | . | . | . | . | . | 1 | 2 | 3 | |
| Closed because trial has begun | 1 | . | . | 1 | . | . | . | . | . | 2 | |
| DOJ settlement | . | . | . | . | 1 | . | . | . | . | 1 | |
| Total | 67 | 50 | 69 | 80 | 103 | 63 | 98 | 77 | 60 | 667 | |

Table V.3, on the following page, shows the housing complaints segmented by issue or type of discriminatory action reported. Discrimination in terms, conditions or privileges for renters was the most frequently cited discriminatory issue, followed by discriminatory coercion acts and failure to make any reasonable accommodation for persons with

⁵⁹ HUD housing complaint data, by city and by county, can be found in Appendix E of Volume II, Technical Appendix.

disabilities. The majority of the issues cited in this time period were related to the rental market.

| Table V.3 | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Fair Housing Complaints by Issue | | | | | | | | | | |
| Fair Housing Implementation Council Region HUD Data, Fiscal Years 2001 - 2008 | | | | | | | | | | |
| Issue | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
| Discrimination in terms, conditions, privileges relating to rental | 18 | 15 | 10 | 17 | 20 | 19 | 30 | 21 | 12 | 162 |
| Discriminatory acts including coercion | 9 | 8 | 10 | 11 | 23 | 13 | 20 | 9 | 7 | 110 |
| Discriminatory terms, conditions, privileges, or services and facilities | 6 | 6 | 14 | 21 | 9 | 5 | 8 | 13 | 8 | 90 |
| Failure to make reasonable accommodation | 4 | 2 | 6 | 7 | 7 | 6 | 10 | 13 | 18 | 73 |
| Discriminatory refusal to rent | 2 | 5 | 8 | 5 | 8 | 9 | 12 | 10 | 6 | 65 |
| Discriminatory refusal to rent and negotiate for rental | 13 | 2 | 4 | 1 | 6 | 1 | 3 | 2 | 1 | 33 |
| Discriminatory advertising, statements, and notices | 2 | 4 | 2 | 2 | 2 | 1 | 6 | 2 | 1 | 22 |
| Discriminatory refusal to negotiate for rent | 2 | 1 | 7 | 4 | 2 | . | 1 | . | 2 | 19 |
| Other discriminatory acts | 2 | 1 | . | 4 | 5 | 2 | . | 1 | . | 15 |
| Discrimination in services and facilities relating to rental | . | 1 | . | 2 | 3 | 2 | 2 | 1 | . | 11 |
| Discriminatory financing (includes real estate transactions) | 2 | . | . | . | 1 | 2 | 1 | 3 | . | 9 |
| Discrimination in making of loans | 2 | 1 | . | . | 2 | 1 | . | . | 1 | 7 |
| False denial or representation of availability - rental | . | . | . | . | 4 | . | 2 | . | . | 6 |
| Otherwise deny or make housing available | . | . | . | 1 | 1 | . | 1 | 1 | 2 | 6 |
| Discriminatory advertisement - rental | . | 2 | . | 1 | 2 | . | . | . | . | 5 |
| Discrimination in the terms or conditions for making loans | . | . | . | 3 | 2 | . | . | . | . | 5 |
| Steering | 1 | . | . | 1 | 1 | . | . | 1 | . | 4 |
| Discrimination in terms, conditions, privileges relating to sale | 1 | . | 1 | . | . | . | 1 | . | . | 3 |
| Using ordinances to discriminate in zoning and land use | 2 | . | . | . | 1 | . | . | . | . | 3 |
| Discriminatory refusal to negotiate for sale | . | . | 2 | . | . | . | . | . | . | 2 |
| Discriminatory refusal to sell and negotiate for sale | 1 | . | . | . | . | . | 1 | . | . | 2 |
| Discrimination in terms and conditions of membership | . | . | . | . | 1 | . | . | . | 1 | 2 |
| Restriction of choices relative to a rental | . | . | . | . | . | 1 | . | . | 1 | 2 |
| Adverse action against an employee | . | . | . | . | 1 | 1 | . | . | . | 2 |
| Criminal discriminatory acts | . | 2 | . | . | . | . | . | . | . | 2 |
| Failure to meet senior housing exemption criteria (55+) | . | . | . | . | 2 | . | . | . | . | 2 |
| Discriminatory advertisement - sale | . | . | 1 | . | . | . | . | . | . | 1 |
| Selective use of advertisement media or content | . | . | 1 | . | . | . | . | . | . | 1 |
| Discrimination in the selling of residential real property | . | . | 1 | . | . | . | . | . | . | 1 |
| Discriminatory brokerage service | . | . | 1 | . | . | . | . | . | . | 1 |
| Restriction of choices relative to a sale | . | . | 1 | . | . | . | . | . | . | 1 |
| Total | 67 | 50 | 69 | 80 | 103 | 63 | 98 | 77 | 60 | 667 |

COMPLAINTS FILED WITH THE MINNEAPOLIS DEPARTMENT OF HUMAN RIGHTS

The MDHR also receives housing complaints from within the state. Because Minnesota law includes more protected classes than the federal fair housing act, it would be expected that the MDHR might have more housing complaints than the federal data. However, this was not the case. Table V.4 presents a tabulation of data received from the MDHR.

Although this data set does include an additional year (1999) as compared to HUD data, there were still only 594 complaints listed. As seen with HUD data, the two most frequent bases cited were race and disability, followed by sex and national origin.

| Table V.4 | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Fair Housing Complaints by Basis | | | | | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | | | | | |
| MDHR Data, 1999 - 2008 | | | | | | | | | | | |
| Basis | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
| Race | 18 | 40 | 23 | 28 | 17 | 11 | 23 | 11 | 13 | 14 | 198 |
| Disability | 15 | 10 | 14 | 5 | 16 | 17 | 15 | 6 | 13 | 26 | 137 |
| Sex | 2 | 2 | 8 | 7 | 4 | 8 | 5 | 15 | 5 | 2 | 58 |
| National Origin | 8 | 3 | 4 | 14 | 8 | 4 | 3 | . | 2 | 7 | 53 |
| Public Assistance Status | 6 | 5 | 7 | 4 | 6 | 3 | . | 6 | 1 | 6 | 44 |
| Familial Status | 3 | 6 | 5 | 4 | 6 | 1 | 3 | . | 2 | 1 | 31 |
| Sexual Orientation | 2 | 12 | . | 3 | . | 3 | 4 | . | 5 | 1 | 30 |
| Marital Status | . | 3 | 7 | 3 | 1 | . | 4 | 1 | . | 3 | 22 |
| Reprisal | 2 | 1 | 1 | 6 | 1 | 2 | 1 | . | . | . | 14 |
| Color | . | . | 1 | . | 1 | 2 | . | . | . | . | 4 |
| Religion | . | . | . | . | 1 | . | . | 2 | . | . | 3 |
| Total | 56 | 82 | 70 | 74 | 61 | 51 | 58 | 41 | 41 | 60 | 594 |

The closure status of each complaint is listed below in Table V.5. This table shows that slightly over 58 percent of the complaints were dismissed, 179 of 308. Another 71 complaints were found to be without probable cause. This finding means that more than 81 percent of the complaints filed with the MDHR failed, and this figure is an unusually high percent.

| Table V.5 | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Fair Housing Complaints by Closure | | | | | | | | | | | |
| Fair Housing Implementation Council Region | | | | | | | | | | | |
| MDHR Data, 1999 - 2008 | | | | | | | | | | | |
| Closure | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
| Dismissed | 24 | 24 | 22 | 22 | 20 | 10 | 26 | 5 | 9 | 17 | 179 |
| No probable cause | 12 | 14 | 6 | 9 | 4 | . | 7 | 10 | 6 | 3 | 71 |
| Probable cause closed | . | 2 | 4 | 4 | 1 | 2 | . | 7 | 2 | . | 22 |
| Withdrawn satisfactorily adjusted | . | 4 | 1 | . | 5 | 3 | . | . | . | . | 13 |
| Withdrawn | . | . | . | 1 | 1 | 5 | . | 3 | 1 | 1 | 12 |
| Alternative dispute resolution settlement | 1 | 1 | . | 1 | 1 | 1 | . | 2 | 3 | . | 9 |
| Predetermination settlement | 1 | . | . | . | . | . | . | . | . | . | 1 |
| Total | 38 | 45 | 33 | 37 | 32 | 21 | 33 | 27 | 21 | 21 | 308 |

Table V.6, on the following page, presents MDHR data regarding the allegation cited in the complaint. This information is recorded slightly differently than the HUD data in that it is much less specific. In this case, the most frequent discriminatory action reported was “differential treatment,” which represented 166 of the 595 allegations. “Eviction” was reported in 110 cases and “harassment” was cited in 85 cases.

Table V.6
Fair Housing Complaints by Allegation
 Fair Housing Implementation Council Region
 MDHR Data, 1999 - 2008

| Allegation | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Differential Treatment | 16 | 24 | 19 | 15 | 22 | 12 | 25 | 5 | 11 | 17 | 166 |
| Eviction | 14 | 12 | 14 | 18 | 13 | 6 | 18 | 5 | 2 | 8 | 110 |
| Harassment | 7 | 9 | 11 | 9 | 14 | 5 | 4 | 8 | 8 | 10 | 85 |
| Refusal to Rent | 4 | 9 | 5 | 7 | . | 11 | . | 8 | 5 | 1 | 50 |
| Refusal to Reasonably Accommodate | 4 | 5 | 3 | 1 | 8 | 8 | 5 | 2 | 5 | 7 | 48 |
| Sexual Harassment | 2 | . | 3 | 4 | . | 3 | 1 | 9 | 2 | 2 | 26 |
| Unequal Terms & Conditions | 1 | 2 | 4 | 3 | 1 | 2 | . | 1 | 4 | 7 | 25 |
| Racial Harassment | 2 | 6 | 1 | 9 | . | 1 | . | 1 | 1 | 1 | 22 |
| Other | 1 | 6 | 2 | 1 | . | 1 | . | 1 | . | 2 | 14 |
| Refusal to Lease | 3 | 2 | 2 | 2 | 2 | . | 1 | . | . | 1 | 13 |
| Refusal to Sell | 1 | 5 | 3 | . | . | . | 3 | . | . | . | 12 |
| Denial of Access | 1 | . | . | . | . | 1 | 1 | 1 | . | 4 | 8 |
| Opposing Forbidden Practices | 1 | 1 | . | 2 | . | . | . | . | 1 | . | 5 |
| Qualifications for Tenancy | . | . | 1 | 2 | . | . | . | . | 1 | . | 4 |
| Prohibited Medical Inquiry/Exam | . | 2 | . | . | . | . | . | . | . | . | 2 |
| Service Animal Prohibition | . | . | 1 | . | . | . | . | . | 1 | . | 2 |
| Improper References | . | . | . | 1 | . | . | . | . | . | . | 1 |
| Steering | . | . | 1 | . | . | . | . | . | . | . | 1 |
| Association | . | . | . | . | . | 1 | . | . | . | . | 1 |
| Total | 57 | 83 | 70 | 74 | 60 | 51 | 58 | 41 | 41 | 60 | 595 |

COMPLAINTS FILED WITH THE LEGAL AID SOCIETY OF MINNEAPOLIS

The Legal Aid Society of Minneapolis (Legal Aid) also provided housing complaint data for Hennepin and Anoka counties from 2005 through September 2009. These data included the basis of the complaint, the alleged discriminatory action as well as the outcome of the complaint process in each county.⁶⁰ As noted in Table V.7, below, Legal Aid received 732 complaints over this five-year period, with 940 bases cited in those complaints.

Table V.7
Basis of Complaints by Year
 Fair Housing Implementation Council Region
 Legal Aid Data, 2005 - 2009

| Basis | 2005 | 2006 | 2007 | 2008 | 2009 | Total |
|-------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Disability | 74 | 58 | 54 | 76 | 43 | 305 |
| Race/Color | 81 | 79 | 29 | 29 | 21 | 239 |
| Gender/Sex | 23 | 30 | 18 | 13 | 19 | 103 |
| National Origin | 25 | 22 | 12 | 28 | 9 | 96 |
| Family Status | 11 | 16 | 13 | 24 | 8 | 72 |
| Public Assistance | 9 | 13 | 7 | 12 | 6 | 47 |
| Sexual Orientation | 5 | 4 | 1 | 1 | 5 | 16 |
| Religion/Creed | 4 | 0 | 1 | 5 | 2 | 12 |
| Age | 2 | 3 | . | . | . | 5 |
| Marital Status | 2 | 1 | . | . | 1 | 4 |
| Missing | 10 | 9 | 6 | 6 | 9 | 41 |
| Total | 246 | 235 | 141 | 194 | 123 | 940 |
| Total Complaints | 194 | 165 | 127 | 149 | 96 | 732 |

⁶⁰ Includes data for Scott County, which is not part of the Fair Housing Implementation Council.

The most frequently cited basis pertained to disability, with 305 citations, followed by race/color, with 239 citations, and gender/sex, with 103 citations. These bases, while named in slightly different language, were the same bases most frequently cited in HUD and MDHR data.

This data set included only a small selection of discriminatory issues cited by complaints. For example, specific issues related to the disabled were not included, such as reasonable accommodation. Some 146 complaints were shown to have missing issues. Still, terms and conditions appeared most often, with 347 issues cited, with termination mentioned 184 times, as noted in Table V.8, below.

| Table V.8 | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Discriminatory Issue by Year | | | | | | |
| Fair Housing Implementation Council Region | | | | | | |
| Legal Aid Data, 2005 - 2009 | | | | | | |
| Issue | 2005 | 2006 | 2007 | 2008 | 2009 | Total |
| Terms/Conditions | 108 | 97 | 48 | 52 | 42 | 347 |
| Termination | 35 | 45 | 24 | 61 | 19 | 184 |
| Obtaining Rental Housing | 24 | 20 | 27 | 16 | 8 | 95 |
| Other | 9 | 16 | 12 | 9 | 8 | 54 |
| Other Denial | 1 | . | 3 | 3 | . | 7 |
| Missing | 32 | 23 | 26 | 34 | 30 | 146 |
| Total | 209 | 201 | 140 | 175 | 107 | 833 |
| Total Basis | 194 | 165 | 127 | 149 | 96 | 732 |

Of the 732 complaints received by Legal Aid, 108 were still open as of September 2009, including 20 complaints from 2005. However, the most frequent resolution was “advice and council,” which represented some 364 complaints, the largest of all the resolution categories. There were another 146 complaints that reached pre-litigation settlement, with 29 having no merit, as seen in Table V.9, below. The data for these three data tables is segmented by county and presented in Section E of Volume II, Technical Appendix.

| Table V.9 | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|--------------|
| Resolution of the Housing Complaint | | | | | | |
| Fair Housing Implementation Council Region | | | | | | |
| Legal Aid Data, 2005 - 2009 | | | | | | |
| Resolution | 2005 | 2006 | 2007 | 2008 | 2009 | Total |
| Advice & Council | 121 | 79 | 54 | 67 | 43 | 364 |
| Pre-Litigation Settlement with Non-Monetary Relief | 20 | 32 | 24 | 55 | 15 | 146 |
| No Merit | 11 | 7 | 5 | 3 | 3 | 29 |
| Referred to Other | 7 | 5 | 8 | . | 2 | 22 |
| Pre-Litigation Settlement with Damages | 1 | 8 | 3 | 1 | 1 | 14 |
| Settlement During Litigation with Non-Monetary Relief | 2 | 4 | 4 | 1 | 1 | 12 |
| Agency Decision Lost | 4 | 3 | 2 | 1 | . | 10 |
| Rejected | 4 | . | 2 | 2 | 1 | 9 |
| Settlement During Litigation with Damages | 1 | 4 | 1 | . | . | 6 |
| Court Decision with Non-Monetary Relief | 1 | 2 | 1 | 1 | . | 5 |
| Agency Conciliation with Damages | 1 | 1 | . | . | . | 2 |
| Agency Conciliation with Non-Monetary Relief | . | 1 | 1 | . | . | 2 |
| Agency Decision with Non-Monetary | . | 2 | . | . | . | 2 |
| Agency Decision with Damages | 1 | . | . | . | . | 1 |
| Case Still Open | 20 | 17 | 22 | 18 | 30 | 108 |
| Total | 194 | 165 | 127 | 149 | 96 | 732 |

COMPLAINTS FILED WITH SOUTHERN MINNESOTA REGIONAL LEGAL SERVICES

Southern Minnesota Regional Legal Services (SMRLS) also provided housing complaint data for the FHIC region from February 2003 through September 2009. The total number of complaints registered with this agency was 1,063, comprising some 1,162 bases. Of these, the most frequent basis was disability, having 634 cited instances, with race/color and gender/sex following with 222 and 117 basis, respectively, as seen in Table V.10, below.

| Basis | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Total |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Disability | 4 | 3 | 78 | 198 | 139 | 183 | 29 | 634 |
| Race/Color | 4 | 2 | 35 | 65 | 59 | 52 | 5 | 222 |
| Gender/Sex | 1 | 1 | 16 | 31 | 31 | 30 | 7 | 117 |
| National Origin | . | 1 | 3 | 16 | 21 | 22 | 2 | 65 |
| Family Status | 2 | . | 9 | 9 | 10 | 24 | 2 | 56 |
| Public Assistance | . | . | 11 | 13 | 13 | 10 | 2 | 49 |
| Sexual Orientation | . | . | 3 | 1 | 1 | 4 | . | 9 |
| Age | 1 | . | 1 | . | 1 | . | . | 3 |
| Religion/Creed | . | . | 1 | 1 | . | . | 1 | 3 |
| Missing | . | . | . | 1 | 2 | . | . | 3 |
| Marital Status | . | . | 1 | . | . | . | . | 1 |
| Total Basis | 12 | 7 | 158 | 335 | 277 | 325 | 48 | 1,162 |
| Total Complaints | 9 | 7 | 140 | 305 | 252 | 303 | 47 | 1,063 |

Table V.11 presents the alleged discriminatory issue for these complaints. As seen therein, there were some 1,254 issues, with reasonable accommodation represented the most often, with some 423 issues cited. Terms and conditions were next most cited, with 326 issues.

| Issues | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Total |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Reasonable Accommodation | 1 | 3 | 51 | 133 | 84 | 132 | 19 | 423 |
| Terms/Conditions | 5 | 3 | 51 | 96 | 81 | 78 | 12 | 326 |
| Termination | 6 | . | 42 | 89 | 79 | 83 | 13 | 312 |
| Obtaining Rental Housing | 1 | 2 | 17 | 20 | 36 | 34 | 5 | 115 |
| Other | . | . | 7 | 10 | 9 | 12 | 2 | 40 |
| Other Denial | . | . | 4 | 6 | 5 | 12 | 5 | 32 |
| Missing | . | . | . | 2 | 3 | . | . | 5 |
| Purchase/Finance Home | . | . | . | . | 1 | . | . | 1 |
| Total Issues | 13 | 8 | 172 | 356 | 298 | 351 | 56 | 1,254 |
| Total Complaints | 9 | 7 | 140 | 305 | 252 | 303 | 47 | 1,063 |

Similar to data presented by Legal Aid, noted above, the SMRLS information had 365 of the complaints lodged as simply advice and council, the largest category. Another 288 were listed as pre-litigation settlement, with 214 cases still open. Of these pre-litigation complaints, 74 were from 2008 and 36 more were from 2006, as seen in Table V.12, on the following page.

Table V.12
Resolution of Housing Complaints
 Fair Housing Implementation Council Region
 SMRLS Data, 2003 - 2009

| Resolution | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Total |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Advice & Council | 1 | 1 | 40 | 115 | 86 | 114 | 8 | 365 |
| Pre-Litigation Settlement with Non-Monetary Relief | 1 | 4 | 52 | 94 | 66 | 68 | 3 | 288 |
| Settlement During Litigation with Non-Monetary Relief | 1 | . | 3 | 13 | 15 | 16 | 2 | 50 |
| Rejected | . | . | . | 12 | 3 | 12 | 2 | 29 |
| Agency Decision with Non-Monetary | . | . | 10 | 6 | 3 | 4 | 1 | 24 |
| Agency Conciliation with Non-Monetary Relief | . | . | 4 | 8 | 6 | 3 | . | 21 |
| Agency Decision Lost | . | . | 1 | 6 | 4 | 7 | . | 18 |
| Settlement During Litigation with Damages | 4 | 1 | 1 | 5 | 1 | . | . | 12 |
| Referred to Other | 1 | . | 5 | 2 | 3 | 1 | . | 12 |
| Court Decision with Non-Monetary Relief | . | 1 | 3 | 4 | 1 | 1 | . | 10 |
| No Merit | . | . | 4 | . | 1 | . | . | 5 |
| Pre-Litigation Settlement with Damages | . | . | 1 | 2 | 1 | 1 | . | 5 |
| Court Decision Lost | 1 | . | . | . | 1 | 2 | . | 4 |
| Court Decision with Damages | . | . | . | . | 2 | . | . | 2 |
| Appealed Decision Lost | . | . | . | 1 | 1 | . | . | 2 |
| Agency Conciliation with Damages | . | . | . | . | 1 | . | . | 1 |
| Appellate Decision Won | . | . | . | 1 | . | . | . | 1 |
| Case Still Open | . | . | 16 | 36 | 57 | 74 | 31 | 214 |
| Total | 9 | 7 | 140 | 305 | 252 | 303 | 47 | 1,063 |

COMPLAINT DATA FROM HOME LINE

Complaint data from HOME Line, a non-profit housing advocacy group, was also evaluated in the AI process. As a tenant advocacy organization, HOME Line offers a complaint hotline for tenants with housing concerns. The hotline is available for all persons in Minnesota, except those living in the city of Minneapolis, which has its own citywide hotline. Records are taken for each call including demographic details and reason for the call. Persons calling regarding discrimination concerns are referred to legal aid services or human rights departments.

HOME Line offered the number of housing complaints they had received since 2000 and the basis of the housing complaint. According to these data, some 995 calls were received regarding discrimination concerns between 2000 and 2008. Of these calls, most regarded protected classes: 310 calls regarded disability, 211 regarded race, 152 regarded familial status and 36 regarded age. The remainder of the calls regarded a variety of protected classes, including national origin and religion, as well as non-protected classes, such as smokers and persons with a criminal background.

OTHER HOUSING COMPLAINTS

Requests for housing complaints were also directed to the Minneapolis Department of Civil Rights and the St. Paul Department of Human Rights. However, these organizations were unable to provide any documentation describing housing complaint cases or activity passing through their respective agencies.

2009 FAIR HOUSING SURVEY

Additional evaluation of the FHIC region’s fair housing profile was conducted via a survey of stakeholders, including individuals associated with minority organizations, fair housing groups, disability resource organizations, real estate and property management associations, banking entities and other persons involved in the housing arena. The purpose of the survey was to gain a more qualitative analysis of the knowledge, experiences, opinions and feelings of stakeholders and other interested parties regarding fair housing in the region, as well as to gauge the stakeholders’ understanding of affirmatively furthering fair housing.

The FHIC solicited several hundred survey participants for the online survey. Table V.13, at right, presents the number of responses from each jurisdiction in the region. Of the 337 surveys that were completed, 90 were from Hennepin County, 47 were from Minneapolis, 47 more were from Anoka County, and a smattering were from other areas.

Table V.14, at right, presents data on the primary role in housing of the respondent. The majority of the respondents listed their role as some category other than those listed (35.3 percent), followed by advocate (14.8 percent), law/legal services (8.3 percent), other services (7.1 percent), mortgage lending (6.8 percent), property management (6.8 percent), and program manager (5.6 percent). The remaining listings seen in Table V.8 were selected by less than five percent of respondents.⁶¹

Table V.15, on the following page, represents the tabulation of responses regarding federal, state and local fair housing laws.

Most respondents, or 71.3 percent, indicated that fair housing laws serve a useful purpose. However, 22.0 percent of stakeholders indicated that they did not know if these laws were useful and 6.7 percent indicated that they do not believe these laws are useful.

Nearly half of the respondents, 48.7 percent, said that fair housing laws are difficult to understand or follow, while 28.7 percent said that they were not difficult to follow and 22.7 percent said they did not know.

| Table V.13 Geographic Area | |
|---|---------------------|
| Fair Housing Implementation Council Region 2009 Regional Fair Housing Survey | |
| Entitlements | Observations |
| Bloomington | 1 |
| Eden Prairie | 2 |
| Minneapolis | 47 |
| Minnetonka | 4 |
| Plymouth | 21 |
| St. Paul | 24 |
| Woodbury | 16 |
| Anoka | 47 |
| Carver | 5 |
| Dakota | 18 |
| Hennepin | 90 |
| Ramsey | 31 |
| Washington | 31 |
| Total | 337 |

| Table V.14 Primary Role in Housing | |
|---|---------------------|
| Fair Housing Implementation Council Region 2009 Regional Fair Housing Survey | |
| Role | Observations |
| Other (not listed) | 119 |
| Advocate | 50 |
| Law/legal services | 28 |
| Other services | 24 |
| Mortgage lending | 23 |
| Property management | 23 |
| Program manager | 19 |
| Housing developer | 13 |
| Education/educator | 9 |
| Welfare services | 8 |
| Bank/financial services | 4 |
| Financial management | 4 |
| Real estate agent | 4 |
| Brokerage services | 3 |
| Construction | 3 |
| Architect | 2 |
| Insurance | 1 |
| Total | 337 |

⁶¹ Specific city and county responses can be found in Appendix F of Volume II, Technical Appendix.

When asked if there is a specific training process available to learn about fair housing laws, the majority of responses were split between “yes” and “don’t know.” This finding implies that there is likely insufficient fair housing education opportunities for stakeholders in the region.

| Table V.15 | | | | |
|---|------------------|-----------|-------------------|--------------|
| Federal, State and Local Fair Housing Law | | | | |
| Fair Housing Implementation Council Region 2009 Regional Fair Housing Survey | | | | |
| Questions | Responses | | | |
| | Yes | No | Don't Know | Total |
| Do these laws serve a useful purpose? | 214 | 20 | 66 | 300 |
| Are these laws difficult to understand or follow? | 86 | 146 | 68 | 300 |
| Is there a specific training process to learn about fair housing law? | 119 | 57 | 124 | 300 |

Table V.16 presents survey tabulations regarding fair housing in the respondent’s community. Data for the first question revealed that roughly an equal number of respondents did and did not have concerns about fair housing in their communities. Less than ten percent indicated that they did not know. Similarly, when asked if barriers to affirmatively furthering fair housing exist in the respondent’s community, most respondents clearly selected either “yes” or “no,” with only roughly 15 percent indicating that they did not know. Nevertheless, this result shows that a significant percentage of respondents do have concerns about barriers to fair housing in their community.

| Table V.16 | | | | |
|---|------------------|-----------|-------------------|--------------|
| Fair Housing in Your Community | | | | |
| Fair Housing Implementation Council Region 2009 Regional Fair Housing Survey | | | | |
| Questions | Responses | | | |
| | Yes | No | Don't Know | Total |
| Do you have concerns about fair housing in your community? | 105 | 108 | 23 | 236 |
| Do you see barriers to affirmatively furthering fair housing in your community? | 104 | 95 | 37 | 236 |
| Are there areas in your community that have fair housing problems? | 74 | 64 | 98 | 236 |
| If there are areas with fair housing problems, can you cite specific instances? | 53 | 81 | 69 | 203 |

An open-ended question was posed to respondents regarding awareness of specific concerns or barriers to fair housing.⁶² The following trends in comments were identified:

- **Discrimination in Rental Markets.** Comments indicated that discrimination in rental markets is a concern in terms of: racial discrimination among African Americans, Native Americans, and immigrants; familial status discrimination, particularly for large families or families with teenagers; discrimination against persons with disabilities including both physically handicapped persons, especially the elderly, and mentally handicapped persons; sexual discrimination of male landlords against female tenants; discrimination against persons with a criminal history; and discrimination against low-income persons in regard to acceptance of

⁶² A complete listing of comments received can be found in Volume II, Technical Appendix, Section F.

Section 8 vouchers, accessibility of public housing, and housing for elderly persons who rely on state- or federally-funded programs.

- **Residential Segregation.** Comments from respondents indicated that residential segregation is a particular problem for African Americans and for the disabled population.
- **Questionable Lending Practices.** Respondents noted concerns about unfair interest rates and that the current housing crises might make the fair housing situation worse.
- **NIMBYism/Zoning.** Many comments indicated that zoning issues and NIMBYism (Not in My Backyard) prevents the construction of public housing and the creation of affordable housing in particular areas of the region.
- **Lack of Enforcement of Fair Housing Laws.** Respondents suggested that there is a lack of enforcement of fair housing policies and that victims often have to rely on legal services in order to see any action on their behalf.
- **Lack of Understanding of Fair Housing Laws.** Survey comments showed that a lack of understanding of fair housing laws is seen as a problem for tenants and landlords, as well as enforcement officials and those involved in the mortgage and real estate industry; many victims do not even realize that they have been discriminated against.
- **Language Barriers.** Language barriers were noted to be a particular problem for Russian and Somali populations.
- **Strained Tenant/Landlord Relationships.** Some respondents noted that they feel that landlords place more importance on profits than the well-being of tenants. Other respondents cited a problem with the decreasing number of landlords willing to accept Section 8 vouchers.
- **Lack of Affordable Housing.** Many comments were seen to indicate that access to affordable housing is a major problem in the area. Respondents indicated that they feel that housing costs are too high for the average wages earned in the area, and too often a lack of affordable housing can lead to homelessness. While not directly a fair housing issue, affordable housing production and planning certainly is a community issue.

These concerns tend to demonstrate that more clarity regarding distinctions between landlord/tenant issues and affordable housing production and affirmatively furthering fair housing need to be made so that the entire community can better understand and assist in enhancing fair housing throughout the region.

When asked if there were areas in the respondent's community with fair housing problems, only 31.4 percent indicated affirmatively, and, furthermore, only 26.1 percent cited specific instances of fair housing problems in these areas. For those respondents who indicated that there were areas with fair housing problems and were able to cite specific instances, the key areas, incidences and causes are as follows:

- Rental markets with fair housing problems were cited in:
 - St. Paul and Minneapolis cities;
 - Anoka, Hennepin and Ramsey counties.

- Instances of fair housing problems included:
 - Being told that householder would not be allowed to rent an apartment because of immigrant status;
 - Failure to provide any reasonable accommodation for person with disabilities;
 - Experiencing significant opposition to develop a multi-unit public housing building in a neighborhood.
- Causes of these fair housing problems that were listed include:
 - Lack of education, information or understanding;
 - Stereotyping and discrimination.

Table V.17, below, shows responses to questions regarding local government policies and activities related to fair housing. The first question in this section asked respondents if their local government had taken any actions that adversely affected fair housing choice. Forty-one percent of respondents indicated “no,” and another 41.0 percent indicated that they did not know. Only 17.9 percent of respondents selected “yes.” Specific examples cited included zoning and land use problems and lack of support for public and assisted housing.

Another question addressed fair housing non-compliance issues with public housing authorities. Responses to this question clearly showed that the majority of respondents, over 60 percent, did not note any compliance issues with housing authorities. However, those who did cite non-compliance issues in public housing authorities provided the following examples: failure to accommodate for mental illness or other disabilities and discrimination against those with a criminal record and persons with children.

| Table V.17 | | | | |
|--|------------------|-----------|-------------------|--------------|
| Local Government Policies and Activities Related to Fair Housing | | | | |
| Fair Housing Implementation Council Region 2009 Regional Fair Housing Survey | | | | |
| Questions | Responses | | | |
| | Yes | No | Don't Know | Total |
| Has local government taken actions which adversely affected fair housing choice? | 35 | 80 | 80 | 195 |
| Are there fair housing non-compliance issues with any public housing authorities? | 12 | 123 | 60 | 195 |
| Are there codes or regulations that represent barriers to fair housing choice? | 31 | 94 | 70 | 195 |
| Are there any public administrative policies that represent barriers to fair housing choice? | 23 | 90 | 82 | 195 |

Respondents were also asked if they were aware of codes or regulations that represented barriers to fair housing choice. Nearly half of the respondents indicated “no,” while slightly less said that they “don’t know” and roughly 15 percent answered “yes.” When asked to elaborate on these codes or violations, some respondents cited policies that disallow large families to live in smaller units or unrelated persons to live together, while other respondents cited requirements for older properties to comply with lead-based paint standards or disability codes.

The same general response breakdown was seen for the question that asked for awareness of public administration policies that represent barriers to fair housing choice; a similar number of respondents said “no” or “don’t know” and very few said “yes.” While it is a

positive sign that few respondents responded affirmatively, a significant number of respondents simply said that they “don’t know,” which could mean that these problems do exist to a larger extent but that this group of stakeholders is simply not aware of these issues. Regardless, of those who noted public administration policies that represent barriers to fair housing choice do exist, the following examples were provided: tax cuts to subsidies and other programs, distribution of funds such as NSP funds, and property taxes and fees in the rental market.

Table V.18 addresses fair housing activities in the respondents’ communities. The tabulations revealed that most respondents, 63.8 percent, were not aware of any fair housing testing in their communities.

| Table V.18 | | | | |
|---|------------------|-----------|-------------------|--------------|
| Fair Housing Activities in Your Community | | | | |
| Fair Housing Implementation Council Region 2009 Regional Fair Housing Survey | | | | |
| Questions | Responses | | | Total |
| | Yes | No | Don't Know | |
| Fair Housing Activities in Your Community | | | | |
| Are you aware of any fair housing testing in your community? | 26 | 97 | 29 | 152 |
| Are you aware of a fair housing plan in your community? | 48 | 78 | 26 | 152 |
| Do fair housing laws need to be strengthened? | 42 | 51 | 59 | 152 |

In terms of fair housing planning, 51.0 percent of respondents were not aware of any fair housing planning, as compared to 31.6 percent who were aware of this type of planning and 17.1 percent who did not know.

There was little differentiation in responses to the third question in this section, which asked respondents if fair housing laws need to be strengthened. The variation in these numbers did ascend from “yes” to “don’t know.”

Table V.19 shows responses to the outreach and education portion of the survey. The majority of respondents indicated that there is “too little” outreach and education regarding affirmatively furthering fair housing. Roughly one-third indicated that there is currently the “right amount” and a scant number of respondents answered that there was “too much.”

| Table V.19 | | | | |
|--|-------------------|---------------------|-----------------|--------------|
| Outreach and Education in Your Community | | | | |
| Fair Housing Implementation Council Region 2009 Regional Fair Housing Survey | | | | |
| Question | Responses | | | Total |
| | Too Little | Right Amount | Too Much | |
| Is there sufficient outreach and education regarding affirmatively further fair housing in your community? | 99 | 50 | 3 | 152 |

In the survey, respondents were also asked to express their knowledge of protected classes under fair housing laws. More than one answer could be offered for this question. As established previously, the Minnesota Human Rights Act offers the protections of the Federal Fair Housing Act – race, sex, religion, familial status, disability, national origin and color – as well as the protections of creed, sexual or affectional orientation, marital status, and receipt of public assistance. The Minneapolis Civil Rights Act extends the state fair housing policies to include the protection of ancestry, and the St. Paul Human Rights Act puts forward the additional fair housing protections of ancestry and age. Table V.20, at right, reveals that when asked to replicate the list of classes protected by these fair housing laws, the majority of respondents were unable to provide a complete list. While many respondents were able to correctly identify several protected classes, a number of groups that have no such protection under fair housing laws were named.

| Class | Observations |
|------------------------------|---------------------|
| Disabled persons | 171 |
| African Americans | 168 |
| Women | 146 |
| Muslims | 142 |
| Elderly persons | 137 |
| Homosexuals | 137 |
| Section 8 voucher recipients | 135 |
| Renters | 124 |
| Transsexuals | 124 |
| Single parents | 123 |
| Children | 119 |
| Men | 117 |
| Low-income persons | 114 |
| Unmarried persons | 105 |
| Homeowners | 103 |
| Married persons | 103 |
| Domestic partners | 101 |
| High-income persons | 66 |

Survey respondents were also asked to name an organization to which they would refer someone with a housing complaint. The answers varied greatly, ranging from attorneys and legal aid organizations to HUD and human rights departments. The two most frequently noted entities were Legal Aid and HUD, and a complete list of responses to this question also can be found in Appendix F of Volume II, Technical Appendix.

2009 FAIR HOUSING FOCUS GROUPS AND FORUMS

FAIR HOUSING FOCUS GROUPS

The FHIC hosted three focus group sessions April 22 through 24, 2009, in order to gain further insight into the fair housing situation in the FHIC region. The focus groups were devoted to three separate topics, the home purchase finance industry, the zoning and policy industry, and the rental industry, and knowledgeable representatives from the community were invited to attend each forum.

The first focus group session was held at the Ramsey County Courthouse/St. Paul City Hall at 15 West Kellogg Boulevard in St. Paul on April 22, 2009. This housing finance industry focus group was attended by industry representatives within the FHIC region. The following items were discussed:

- High denial rates for minorities in the mortgage lending industry, even after normalizing for income;

- Disproportionately large share of minorities with High Annual Percentage Rate (APR) loans;
- Insufficient financial literacy on the part of consumers, including lack of understanding of credit and what qualifies a loan as predatory.

Based on this discussion, the finance industry focus group arrived at the idea that it would be beneficial to the finance industry, as well as to minorities and others seeking home mortgages, to recruit more minorities into the industry, as well as enhance the understanding of credit on the part of consumers. This idea would most likely ultimately lead to fewer problems with discrimination in lending.

The second focus group session was held at Woodbury City Hall, 8301 Valley Greek Road, in Woodbury on April 23, 2009. The topic of this focus group was zoning and public policy within the FHIC region. The following issues were discussed:

- Occupancy standards and/or definitions of family set by landlords;
- Lack of capacity in fair housing delivery system;
- Discrimination in source of income, i.e. Section 8 vouchers;
- NIMBYism and zoning practices, including policies regarding lot size and density, affecting concentration of affordable housing in minority and low-income areas.

Zoning and policy focus group participants noted that landlords setting occupancy policies or definitions of family too strictly may be a problem within the FHIC region. Participants also noted issues with NIMBYism, lack of proper zoning in some locations and lack of suitable land for development. Additional comments related to special needs groups and included a lack of support for construction of housing for certain special needs groups, such as those living with a chemical dependency.

The third focus group was related to the rental market industry and was held on April 24, 2009 at the Dakota County Community Development Agency office, 1228 Town Centre Drive, in Eagan. This group discussed:

- Underutilization and slow processing speed of the fair housing complaint system;
- Need for outreach education for rental housing providers and consumers;
- Possible discrimination against Section 8 voucher holders.

The participants of the rental market focus group commented that because the process of resolving fair housing complaints can be lengthy in time, matters needing quick resolution may be better handled through local legal aid or fair housing services, such as HOME Line. This group also discussed how some of the problems listed above can be related to language barriers and that perhaps current efforts to curb language barrier issues are not working. Additional comments related to problems disabled persons might have in obtaining rental housing, particularly those persons living with mental disabilities.

FAIR HOUSING FORUMS

On May 20, 2009, two fair housing forums were held, with one at the Rondo Community Outreach Library in St. Paul and another at the St. Louis Park Recreation Center in St. Louis Park. The purpose of these forums was to present preliminary findings of the AI and gain feedback from the community regarding the findings. Comments related to underrepresentation of discrimination, the prevalence of targeted predatory lending against certain groups, problems with redlining in specific neighborhoods and issues with language barriers in the FHIC region.

LEGAL AID ORGANIZATION CLIENT INTERVIEWS

Two legal aid organizations offering fair housing legal services within the FHIC region, the Legal Aid Society of Minneapolis and Southern Minnesota Regional Legal Services, conducted a series of informal telephone interviews with past clients in the interest of learning more about the experiences of victims of fair housing violations.

The survey comprised a set of eleven statements about which the survey respondent was to rate the severity of the “problem,” from “1” as “no problem” to “5” as a “big problem.” There were also three narrative response questions designed to solicit a “description of other problems,” how housing discrimination has affected “you and your family,” and “what should be done about housing discrimination.” The concluding question asked the respondent about place of residence. A total of 85 surveys were conducted. As seen in Table V.21, at right, the vast majority of responses were from Minneapolis and St. Paul.

| Entitlement | Surveys |
|------------------------------|-----------|
| Cities | |
| Bloomington | 2 |
| Eden Prairie | . |
| Minneapolis | 22 |
| Minnetonka | . |
| Plymouth | . |
| St. Paul | 29 |
| Woodbury | 1 |
| Remainder of Counties | |
| Anoka | 2 |
| Carver | . |
| Dakota | 5 |
| Hennepin | 8 |
| Ramsey | 10 |
| Washington | 2 |
| Other/Missing | 4 |
| Total | 85 |

When asked to rate the severity of different fair housing problems or issues throughout the FHIC region, respondents noted that most issues were a “big problem.” For example, Table V.22, on the following page, shows the respondents’ rating of the statement “Places where I want to live do not take Section 8 vouchers.” Thirty-five of the 85 respondents noted that this is a big problem in the FHIC region, with 20 noting that it is a problem and only 6 noting that it is not a problem. Additional response patterns can be found in Appendix G of Volume II, Technical Appendix.

| Table V.22 | | | | | | | | |
|--|------------------------------|----------|--------------------------|-----------|------------------------------|------------|----------------|--------------|
| Statement 8: Places where I want to live do not take Section 8 vouchers | | | | | | | | |
| 2009 LASM/SMRLS Survey | | | | | | | | |
| Entitlement | This is not a problem | 2 | This is a problem | 4 | This is a big problem | N/A | Missing | Total |
| Cities | | | | | | | | |
| Bloomington | . | 1 | . | . | 1 | . | . | 2 |
| Eden Prairie | . | . | . | . | . | . | . | . |
| Minneapolis | 1 | 1 | 11 | 4 | 4 | . | 1 | 22 |
| Minnetonka | . | . | . | . | . | . | . | . |
| Plymouth | . | . | . | . | . | . | . | . |
| St. Paul | 3 | . | 4 | 6 | 13 | 2 | 1 | 29 |
| Woodbury | . | . | . | . | 1 | . | . | 1 |
| Remainder of Counties | | | | | | | | |
| Anoka | 1 | . | 1 | . | . | . | . | 2 |
| Carver | . | . | . | . | . | . | . | . |
| Dakota | . | . | . | . | 3 | 2 | . | 5 |
| Hennepin | 1 | . | 3 | 1 | 3 | . | . | 8 |
| Ramsey | . | . | . | . | 8 | 2 | . | 10 |
| Washington | . | . | 1 | . | 1 | . | . | 2 |
| Other/Missing | . | . | . | 1 | 1 | 1 | 1 | 4 |
| Total | 6 | 2 | 20 | 12 | 35 | 7 | 3 | 85 |

The open-ended questions asked about: 1) "Other Problems?" 2) "How has discrimination affected you and your family?" and 3) "What should be done about housing discrimination?." All responses for question one tended to report issues in the rental markets. In Minneapolis, the tendency was for landlord/tenant disputes. In St. Paul, more comment was directed toward landlords not accepting Section 8. Dakota County talked about discriminatory actions against the disabled and the refusal to accept Section 8, as did Hennepin County. However, the number of responses to this question is somewhat low.

The most frequent comments in regard to question two, the affects of discrimination, tended to be based on race, disability, gender (sexual harassment), use of Section 8, and poor landlord/tenant relationships. There were also a few comments from Dakota, Hennepin and Ramsey Counties directed to discriminatory actions due to disability, race and refusal to accept Section 8.

The third question asked respondents for ideas about how to improve the fair housing situation. Many respondents indicated that enforcement was a satisfying approach, and supported strengthening laws, rental inspections and other methods to induce landlords to provide higher quality housing. Some specific mention was made of the Minneapolis Housing Authority doing a better job of communicating with tenants. It would appear that most of the responses confirm what has been previously identified in primary and secondary research of the rental markets. It appears, though, that no homeownership, advertising or other perhaps more subtle discriminatory issues resided in this particular database.

SUMMARY

FAIR HOUSING STUDIES AND CASES

Several national fair housing studies revealed that, despite efforts to curb housing discrimination in the U.S., problems still exist in terms of discrimination against ethnic and racial minorities, discrimination against persons with disabilities, and residential segregation resulting from current fair housing efforts. The national studies also revealed that there are problems with awareness of fair housing laws and protected classes.

Analysis of regional studies, articles and cases relevant to fair housing in the FHIC region supported many ideas seen in the national research. For example, cases showed that discrimination against blacks, Hispanics, Asians, women and the disabled is a problem in the region. Regional studies also supported national data of problems with the acceptance of Section 8 vouchers. Additional fair housing problems suggested by these sources include: possible discrimination in housing authorities and city housing officials and disparities in the home mortgage industry based on race.

An evaluation of lawsuits filed with the Department of Justice from the FHIC region illustrated the prevalence of discrimination against women and ethnic and racial minorities in the rental market.

FAIR HOUSING COMPLAINT DATA

Several sources of complaint data were accessible for this study, including data from HUD, the Minnesota Department of Human Rights, the Legal Aid Society of Minneapolis and the Southern Minnesota Regional Legal Services. However, the Minneapolis Department of Civil Rights and the St. Paul Department of Human Rights organizations were unable to provide quantitative fair housing complaint data for evaluation.

Between 2000 and 2008, there were a total of 667 complaints filed with HUD from the FHIC region. This figure appears to be low for a region with a diverse population of nearly 2.7 million people. While there may be more than one basis per complaint, race, disability and familial status were the bases more frequently cited, with 314, 236 and 102 occurrences over the nine-year period. Discrimination in terms, conditions or privileges for renters was the most frequently cited discriminatory issue, followed by discriminatory coercion acts and failure to make any reasonable accommodation. The majority of the issues cited during this time period were related to the rental market. However, nearly 40 percent of these HUD complaints were found to be without cause and less than 20 percent were successfully resolved.

In terms of complaints filed with the Minnesota Department of Human Rights (MDHR), only 594 complaints were filed between 1999 and 2008. Similarly to HUD data, the two most frequent bases cited were race and disability, followed by sex and national origin. However, these data indicated that over 81 percent of the MDHR housing complaint cases

are either dismissed or found to be without probable cause, an unusually high rate of complaint failure.

Complaint data from the Legal Aid Society of Minneapolis showed that 732 complaints were filed from 2005 through September 2009, and complaint data from Southern Minnesota Regional Legal Services showed that 1,063 complaints were filed from 2003 through September 2009. Data from both groups showed that most complaints were filed based on disability, race and gender/sex discrimination, and many complaints that were filed lacked a discriminatory issue. The majority of complaints filed with these two organizations were resolved with advice and council.

FAIR HOUSING SURVEY DATA

Additional evaluation of the FHIC region's fair housing profile was conducted via a survey of citizens and stakeholders throughout the region, with some 337 individuals participating in the online survey. Most respondents agreed that fair housing laws are useful, with many indicating that they are not difficult to understand. However, a large number of respondents had concerns about fair housing in the region and indicated that there are barriers to fair housing in the region. Those citing these barriers most frequently said:

- Discrimination in the rental markets,
- Residential segregation,
- Questionable lending practices,
- NIMBYism related to the use of zoning regulations,
- Lack of understanding fair housing laws, and
- Lack of enforcement of the fair housing laws.

The majority of respondents were able to identify some, but not many, protected classes. Hence, even in the involved citizenry and stakeholder groups, there tends to be a lack of understanding. This lack of understanding also extends to where or to whom a person should be referred who feels that they are a victim of a fair housing violation. Respondents acknowledged that there is too little outreach and education.

FAIR HOUSING FOCUS GROUPS AND FORUMS

Three Fair Housing Focus Groups were held in April of 2009 throughout the FHIC region. The focus groups were segmented by industry and included: the finance industry, the zoning and policy industry, and the rental market industry. Two fair housing forums were held in May in different locations in the FHIC region. These meeting were used to gain feedback on the preliminary findings of the AI.

LEGAL AID ORGANIZATION CLIENT INTERVIEWS

Interviews with past recipients of legal aid for fair housing issues supported many of the findings presented in this document, including perceived problems of discrimination in the rental market and a lack of support for Section 8 voucher acceptance.

SECTION VI. IMPEDIMENTS AND SUGGESTED ACTIONS

IDENTIFIED IMPEDIMENTS TO FAIR HOUSING CHOICE

The 2009 AI for the FHIC uncovered several issues that can be considered barriers to affirmatively furthering fair housing and, consequently, impediments to fair housing choice. These are as follows:

1. Insufficient interest in fair housing in some communities, which, in turn, implies a lack of desire to affirmatively further fair housing or entertain fair housing planning;
2. Lack of sufficient fair housing outreach and education;
3. While some protected classes, or a portion of some protected classes, have avenues for advocacy, there is currently insufficient system capacity to address the level of prospective demand for fair housing services regionwide;
4. Lack of an effective referral system for fair housing concerns;
5. Lack of understanding of what qualifies as a fair housing issue, particularly as it relates to landlord/tenant disputes and affordable housing production;
6. Policies and practices have contributed to concentrations of protected classes in selected areas of the region;
7. Disproportionately high denial rates for racial and ethnic minorities in the home mortgage industry;
8. Denial rates for home mortgages are disproportionately high in lower-income areas;
9. Originated HALs (high interest rate loans) are disproportionately targeted to minority racial and ethnic groups, leading to increased foreclosure risks for this group;
10. Discriminatory terms and conditions for protected classes in the rental market, specifically for racial and ethnic minorities and persons with disabilities;
11. Discrimination and harassment in the rental markets;
12. Discrimination of Section 8 voucher holders;
13. Poor documentation of fair housing activities, especially enforcement activities, such as processing and responding to fair housing complaints or lack of sufficient detail in tracking complaints;
14. Some zoning and land use regulations by units of local government may be construed to have a disparate impact;
15. Some local government housing actions and/or policies may not be in the spirit of affirmatively furthering fair housing.

These regionwide impediments to fair housing choice occurred more frequently or to a higher degree in particular areas of the FHIC region. The geographic breakdown of these findings are presented in Table VI.1, on the following page.

**Table VI.1
Identified Impediments by Entitlement**

| Entitlements | Impediments Identified |
|--------------|---|
| | Cities |
| Bloomington | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of an effective referral system ➤ Lack of understanding of fair housing ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders ➤ Some zoning and land use regulations by units of local government may be construed to have a disparate impact ➤ Some local government housing actions and/or policies may not be in the spirit of affirmatively furthering fair housing |
| Eden Prairie | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of an effective referral system ➤ Lack of understanding of fair housing ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders ➤ Some zoning and land use regulations by units of local government may be construed to have a disparate impact ➤ Some local government housing actions and/or policies may not be in the spirit of affirmatively furthering fair housing |
| Minneapolis | <ul style="list-style-type: none"> ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Policies and practices that have contributed to concentrations of protected classes in selected areas of the community ➤ Disproportionately high home purchase denial rates for racial and ethnic minorities ➤ Home purchase denial rates disproportionately high in lower income areas ➤ Originated HALs disproportionately targeted to minority racial and ethnic groups ➤ Discriminatory terms and conditions for racial and ethnic minorities in rentals ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders ➤ Poor documentation of fair housing activities, especially enforcement activities, such as housing complaint responses ➤ Disproportionate shares of racial and ethnic minorities in selected areas |
| Minnetonka | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of an effective referral system ➤ Lack of understanding of fair housing ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders ➤ Some zoning and land use regulations by units of local government may be construed to have a disparate impact ➤ Some local government housing actions and/or policies may not be in the spirit of affirmatively furthering fair housing |
| Plymouth | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of an effective referral system ➤ Lack of understanding of fair housing ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders ➤ Some zoning and land use regulations by units of local government may be construed to have a disparate impact ➤ Some local government housing actions and/or policies may not be in the spirit of affirmatively furthering fair housing |
| St. Paul | <ul style="list-style-type: none"> ➤ Lack of sufficient outreach and education |

| | |
|------------------------------|--|
| | <ul style="list-style-type: none"> ➤ Insufficient system capacity ➤ Policies and practices that have contributed to concentrations of protected classes in selected areas of the community ➤ Disproportionately high home purchase denial rates for racial and ethnic minorities ➤ Home purchase denial rates disproportionately high in lower income areas ➤ Originated HALs disproportionately targeted to minority racial and ethnic groups ➤ Discriminatory terms and conditions for racial and ethnic minorities in rentals ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders ➤ Poor documentation of fair housing activities, especially enforcement activities, such as housing complaint responses ➤ Disproportionate shares of racial and ethnic minorities in selected areas |
| Woodbury | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of effective referral system ➤ Lack of understanding of fair housing ➤ Lack of desire to affirmatively further fair housing or entertain fair housing planning ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders |
| Remainder of Counties | |
| Anoka | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of effective referral system ➤ Lack of understanding of fair housing ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders |
| Carver | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of effective referral system ➤ Lack of understanding of fair housing ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders |
| Dakota | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of effective referral system ➤ Lack of understanding of fair housing ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders |
| Hennepin | <ul style="list-style-type: none"> ➤ Policies and practices that have contributed to concentrations of protected classes in selected areas of the community ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Disproportionately high home purchase denial rates for racial and ethnic minorities ➤ Home purchase denial rates disproportionately high in lower income areas ➤ Originated HALs disproportionately targeted to minority racial and ethnic groups ➤ Discriminatory terms and conditions for racial and ethnic minorities in rentals ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders ➤ Disproportionate shares of racial and ethnic minorities in selected areas |
| Ramsey | <ul style="list-style-type: none"> ➤ Policies and practices that have contributed to concentrations of protected classes in selected areas of the community ➤ Lack of sufficient outreach and education ➤ Disproportionately high home purchase denial rates for racial and ethnic minorities ➤ Home purchase denial rates disproportionately high in lower income areas ➤ Originated HALs disproportionately targeted to minority racial and ethnic groups ➤ Discriminatory terms and conditions for racial and ethnic minorities in rentals ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders ➤ Disproportionate shares of racial and ethnic minorities in selected areas |

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| Washington | <ul style="list-style-type: none"> ➤ Insufficient interest in fair housing ➤ Lack of sufficient outreach and education ➤ Insufficient system capacity ➤ Lack of effective referral system ➤ Lack of understanding of fair housing ➤ Discrimination and harassment in the rental markets ➤ Discrimination of Section 8 voucher holders |
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SUGGESTED ACTIONS FOR THE FHIC TO CONSIDER

The narrative set forth below presents actions that can be taken regionwide in response to the identified impediments.

1. In response to impediments pertaining to the lack of knowledge of fair housing and lack of outreach and education, the FHIC should stimulate additional fair housing outreach and education activities, such as training seminars or webinars, to include:
 - a. The general public;
 - b. Policy makers in communities that appear to not be particularly engaged in the fair housing dialogue; and
 - c. Property managers and other housing providers, making them more aware of the fair housing activities that are employed in the region, including testing and enforcement. Part of the purpose would be to lower the incidence of discriminatory terms and conditions and refusal to make any reasonable accommodation.
2. It would appear that fair housing activities in the region are not currently well-coordinated. Hence, the FHIC should consider enhancing the coordination of fair housing activities to ensure that resources are devoted to the full palette of fair housing activities. This process would include:
 - a. Designing a better referral system for housing complaints and
 - b. Review and inspection of whether some groups are not currently covered under the fair housing umbrella but should be, such as racial and ethnic minorities that are not low-income or disabled.
3. Because of the degree that racial and ethnic minorities have experienced both high denial rates and a frequent incidence of high annual percentage rate loans, or HALs, for the purchase of homes, the FHIC should consider ways to enhance homebuyer education. One possibility would be to better coordinate with or contribute to the outreach efforts of the Homeownership Center through the Emerging Markets Initiative.
4. Because of the high degree of disproportionate shares, or overconcentration of population, seen by selected racial and ethnic minorities, communities throughout the FHIC region need to work more carefully to encourage inclusive housing location policies for both private and public housing providers.
 - a. This would include considering the location of new public and/or assisted housing units and the concentrations of racial and ethnic minorities in those neighborhoods and avoiding making such concentrations more extreme.
 - b. This would include encouraging the rental and real estate industries to better understand their role in this problem.

- c. This would include encouraging the adoption of affirmative marketing policies that would guide decision making in the distribution of jurisdiction-owned homes and the selection of participants in jurisdiction-administered home finance programs.
- 5. Due to the degree of discrimination and harassment in the rental markets, the FHIC should enhance outreach and education to rental housing providers, as well as continue supporting complaint-based testing and enforcement.
- 6. The FHIC should support expansion of landlord participation in all rental assistance programs.
- 7. The current fair housing system lacks sufficient quantitative documentation related to activities undertaken with fair housing resources. Accurately determining trends, past or future, will help to better allocate limited fair housing resources. This is particularly evident in Minneapolis and St. Paul, as the respective cities were unable to provide housing complaint data that is consistent with HUD reporting formats. Examples are as follows:
 - a. Testing and enforcement activities should have a reporting system prescribed that indicates for each case passing intake: the disposition of the housing complaint, the basis or bases involved, the issue or issues involved, the type of outcome of the complaint, and the date of the intake and final outcome of the complaint. Each category could most easily be tracked by the use of a numeric code representing the processing, evaluation, testing, enforcement, and outcome steps and activities undertaken. For example, one could simply use HUD's reporting codes entered in a spreadsheet. This activity would make comparison of housing complaint data, including testing and enforcement activities, much more transparent.
 - b. Outreach and education activities that are funded should also be quantified, such as number of training sessions made, before whom, duration, amount and number of pieces of literature distributed and in what form.
- 8. To enhance the possibility of encouraging local government actions that are more in the spirit of affirmatively furthering fair housing, the FHIC should:
 - a. Assist in minimizing NIMBYism,
 - b. Reinvigorate a discussion of a regional vision of inclusive communities,
 - c. Research prospective best practices in affirmatively furthering fair housing at the local government level, and
 - d. Summarize public policy examples that attain these ends.

These specific region wide suggested actions have been assigned to each of the participating communities in this 2009 FHIC Analysis of Impediments to Fair Housing Choice, as seen in Table VI.2, below.

| Table VI.2 | |
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| Suggested Actions to Consider by Entitlement Community | |
| Entitlements | Impediments Identified |
| Cities | |
| Bloomington | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. |

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| | <ul style="list-style-type: none"> ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Eden Prairie | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Minneapolis | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Set up a system that produces quantitative documentation related to activities undertaken with fair housing resources. ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Minnetonka | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Plymouth | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| St. Paul | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Set up a system that produces quantitative documentation related to activities undertaken with fair housing resources. ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Woodbury | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Remainder of Counties | |
| Anoka | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting |

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| | <ul style="list-style-type: none"> ➤ compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Carver | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Dakota | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Hennepin | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Set up a system that produces quantitative documentation related to activities undertaken with fair housing resources. ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Ramsey | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Set up a system that produces quantitative documentation related to activities undertaken with fair housing resources. ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |
| Washington | <ul style="list-style-type: none"> ➤ Stimulate additional fair housing outreach and education activities. ➤ Enhance coordination of fair housing activities, including better referral system ➤ Enhance homebuyer education. ➤ Encourage inclusive housing location policies for both private and public housing providers ➤ Enhance outreach and education to rental housing providers and continue supporting compliant-based testing and enforcement ➤ Encourage local government actions that are more in the spirit of affirmatively furthering fair housing, such as minimizing NIMBYism |

