STATE OF ARKANSAS ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

Arkansas Economic Development Commission

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I. Executive Summary

The preparation of the Analysis of Impediments (AI) serves as a component of The State of Arkansas's fulfillment of the requirements of the U.S. Department of Housing and Community Development Act of 1974. The 1974 Act requires that any community receiving U.S. Department of Housing and Urban Development (HUD) Federal Entitlement funding under the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG) and funding provided under the Public Housing Authorities' public and assisted housing programs must certify that the jurisdiction is "affirmatively furthering fair housing choice."

The 1974 requirement is based on the Federal Fair Housing Act adopted by the U.S. Congress and signed into law by President Lyndon B. Johnson in 1968. The Federal Fair Housing Act prohibits discrimination in housing based on a person's race, color, religion, gender, disability, familial status, or national origin. Persons protected from discrimination by fair housing laws are referred to as "members of the protected classes." Protected class members under the Federal Fair Housing Act are protected based on "race/ethnicity, color, religion, sex, disability, familial status, and national origin". In addition, HUD issued a Final Rule on February 3, 2012 that prohibits entitlement communities, public housing authorities, and other recipients of federal housing resources from discriminating based on actual or perceived sexual orientation, gender identity, or marital status.

This Analysis of Impediments (AI) is a review of demographic data, metrics of discrimination and disparity, local regulations and administrative policies, and procedures and practices that affect the location, availability, and accessibility of housing. The AI also assesses the conditions where housing is located, both public and private, along with public policies and regulations that affect fair housing choice.

A state-wide analysis and discussion on the trends and issues relating to housing supported the development of the AI. The community engagement process solicited multiple perspectives including those of government agencies and departments, State of Arkansas and individual jurisdictions' elected and appointed boards and commissions; and fair housing advocates, social service agencies, housing developers, apartment owners, non-profit organizations, businesses, industry, civic and neighborhood associations, educational institutions, public and assisted housing residents, and the public.

The State of Arkansas conducted three focus group meetings, October 11, 2019, and February 19 - 20, 2020, and one input session on February 20, 2020, on fair housing and community development issues to allow citizens the opportunity to provide input. Strategic planning sessions were held with elected and appointed representatives of jurisdictions throughout the State of Arkansas, and State of Arkansas department representatives, elected and appointed officials with policy, regulatory, and program responsibilities that potentially impact housing, fair housing, and neighborhood sustainability. Supplemental interviews were conducted with various city departments, public and elected officials, nonprofit and for-profit developers, Continuum of Care organizations, community, professionals and industry representatives as needed, to obtain information from those unable to attend the community engagement and focus group sessions.

The combination of quantitative data analysis and qualitative research identified a series of factors that significantly contribute to fair housing issues in Arkansas. These contributing factors were assigned three priority levels: high, medium, low based on the strength of supporting evidence that initially identified the factor:

- High – factors that limit or deny fair housing choice or access to opportunity, as well as, other factors that are urgent or establish a foundation for future actions
- Medium – moderately urgent or building on prior actions
- Low – limited impact on fair housing issues

Contributing factors to the impediment are discussed in Section VI of the Fair Housing

Analysis including: Segregation/Integration; Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs); Disparities in Access to Opportunity; Disproportionate Housing Needs; Publicly Supported Housing; Disability and Access; and Fair Housing Enforcement, Outreach Capacity, and Resources. State of Arkansas's programs, policies, procedures, waiting list, and regional influences have been reviewed and impediments identified are outlined in Section VI of this report. Section VI also includes recommendations and best practices to address identified impediments.

State of Arkansas AI Conclusions and Recommendations

Assessment of characteristics affecting housing production, availability, and affordability were conducted, including the adequacy and effectiveness of housing designed, implemented, and operated by. The assessments evaluated Housing Authority operated Section 8 Housing Choice Voucher Programs' ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need. The AI assessed the extent to which State agencies and sub recipients are currently utilizing programs and funding to address impediments identified in the FY 2020 - 2024 AI and in previous Analysis of Impediments. The analysis also included a review of programs, operating procedures, waiting list, and any regional impacts to fair housing. Programs policies and procedures were deemed consistent and in compliance with HUD requirements. There were no impediments identified in the review of State programs, policies, and procedures. Conclusions of the review of these areas and recommendations of remedial actions are presented in Section VI of this report.

The analysis of impediments in State of Arkansas revealed that the cost of new housing development and replacement housing is resulting in higher rental rates for Low-Moderate Income (LMI) persons. HUD approved Fair Market Rents (FMR) for Section 8 Housing Choice Voucher Program does not support access to market rate housing throughout the State. Rents for available market rate properties are generally higher than FMRs and participation by private owners of rental properties is voluntary. Other impediments include high cost of land, appraisal value after development that does not support financing, and de-concentration of race/ethnicity, poverty, and lower income persons. Currently, privately owned – federally subsidized housing developments also need repair and replacement of marginal and obsolete units. Current market values for existing developments versus the land and development cost to build new replacement units makes the sale of existing units and development of comparable replacement units infeasible. The cost to modernize and update existing units are difficult due to limited federal funding and the cost for renovation being similar to the cost for building new replacement units on current and alternative sites.

The State of Arkansas ordinances relative to fair housing are considered substantially equivalent to the Federal Fair Housing Act because it does provide substantially equivalent local enforcement, judicial and State review, and adjudication of penalties for those who violate the ordinances of State of Arkansas. The State Arkansas Fair Housing Commission provides education, training, and outreach of fair housing rights and remedies in State of Arkansas. A federal “substantially equivalent” fair housing ordinance is required to qualify for federal funding to support local enforcement, outreach, and education. During the five-year period preceding the 2020 AI, complaints received by local jurisdictions were referred to the State of Arkansas Fair Housing Commission or HUD Regional Office in Fort Worth, Texas for investigation and enforcement.

Also reviewed was private sector and industry support for fair housing law and compliance in real estate-related publications advertising the sale or rental of housing and advertising home improvements and remodeling opportunities directed toward persons in the State of Arkansas. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertiser included FHEO statements and/or logos. Including these statements and logos can be a means of educating the home seeking public that the purchase of property and financing for housing is available to all persons.

Analysis of State of Arkansas’s Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation submitted by State of Arkansas to HUD were reviewed. The State of Arkansas Zoning Ordinance and public policies were examined to reveal any current ordinances or policies that impede fair housing. No concerns were noted. There were no impediments identified in the review of

State of Arkansas federally funded entitlement programs, policies, and procedures. There were no impediments associated with sub-recipient agencies receiving federal fund.

Remedial Actions for Identified Impediments - The major focus of the recommended remedial actions and goals are centered on creating partnerships, identifying new federal resources and leveraging private funding needed to enhance the State of Arkansas's ability to increase the supply of affordable housing and its ability to better meet the needs of low-income and moderate-income households in the State. Other remedial actions are recommended as a means of reversing the negative and sometimes disparate impacts of market conditions and mortgage lending that adversely and disproportionately impact minorities and members of the protected classes under the Fair Housing Act. These include sub-prime lending, credit and collateral deficiencies impacting loan origination rates, poverty, unemployment, living wages and limited income.

Recommended remedial actions and goals were identified and prioritized with input from the public. The details of the identified goals and remedial actions are presented in Section VI of the report. Best practice examples are presented to demonstrate alternative ways other jurisdictions have successfully responded to similar impediments identified in their communities. However, the State of Arkansas will need to evaluate the fiscal impact of implementing recommendations and the best practice program examples' potential for addressing impediments in State of Arkansas. Some programs and approaches will need to be customized for use in State of Arkansas.

II. Community Profile

Introduction

The Community Profile is a review of demographic, income, employment, and housing data of Arkansas, gathered from the 2010 Census estimates, 2018 American Community Survey (ACS) 5-Year estimates, 2010 U.S. Census, State of Arkansas, and other sources. The following sections provide an analysis of the status of the community in the State of Arkansas:

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

Detailed analyses will concentrate on the three major ethnic groups in Arkansas: White, African American, and Hispanics. All other ethnic groups are smaller in number and percentage and, therefore, will not be examined and presented in as much detail. The profiles are supported with tables and maps provided as reference materials. Most of the data presented in the tables and maps are directly referenced in the text. There may be some cases where additional information was included for the reader's benefit, though not explicitly noted in the text.

2.1. Demographics

The demographic analysis of Arkansas concentrates on the magnitude and composition of the population and changes that occurred between 2010 and 2018. Please note that the attached maps present data by census tract with an overlay of the State limits. For reference, Map 2.1, on the following page, provides a visual representation of Arkansas.

Map 2.1 Arkansas Base Map - Highways

Map 2.1: Source: 2018 American Community Survey (ACS) – U.S. Census

According to the 2018 Census estimates, the total population of Arkansas was 2,990,671. Table 2.1, below, shows that the total population of the State increased between 2010 and 2018. Arkansas experienced an increase in the Black or African American population, increasing 3 percent between 2010 and 2018. The percentage of Black or African American, when compared to the total population, was 15.3 percent in 2018. The White population decreased by less than 1 percent, and their percentage of the total population in 2018 is 72.7 percent. The Hispanic population increased 30 percent between 2010 and 2018 and accounted for 7.3 percent of the total population. The Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity.

Table 2.1 Total population by race and ethnicity for Arkansas, 2010 and 2018

	2010		2018		% Change
Race	**#**	**%**	**#**	**%**	**2010-2018**
Arkansas					
White alone	2,158,805	75.1%	2,173,849	72.7%	1%
Black or African American alone	443,320	15.4%	458,536	15.3%	3%
American Indian and Alaska Native alone	17,662	0.6%	17,342	0.6%	-2%
Asian alone	33,075	1.2%	43,441	1.5%	31%
Native Hawaiian and Other Pacific Islander alone	3,985	0.1%	7,877	0.3%	98%
Some other race alone	2,737	0.1%	4,641	0.2%	70%
Two or more races	44,673	1.6%	65,933	2.2%	48%
Hispanic (ethnicity)	168,427	5.9%	219,052	7.3%	30%
Total	2,872,684	100.0%	2,990,671	100.0%	4%

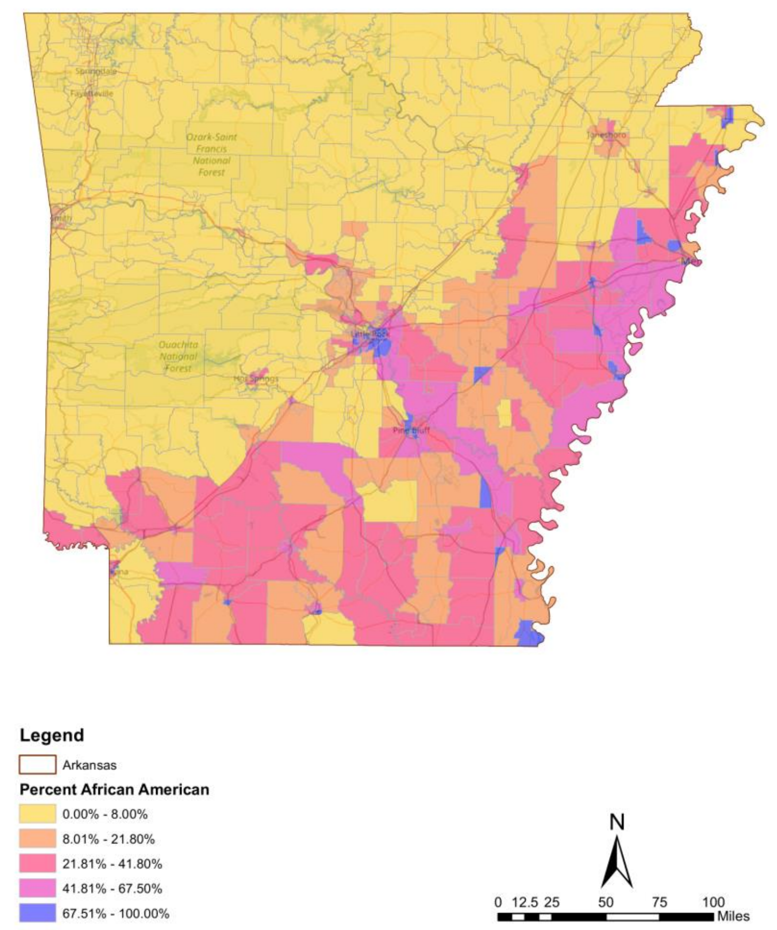
Table 2.1 Source: 2018 American Community Survey (ACS) – U.S. Census

It is a common misidentification for ethnic Hispanics to choose the 'other' category on the Census for the race rather than White or African American. The Asian population increased by 31 percent between 2010 and 2018 and accounted for 1.5 percent, respectively, of the total population of the State in 2018. On the following pages are a series of Maps 2.2 through 2.5 illustrating spatial concentrations of the various racial and ethnic groups within Arkansas.

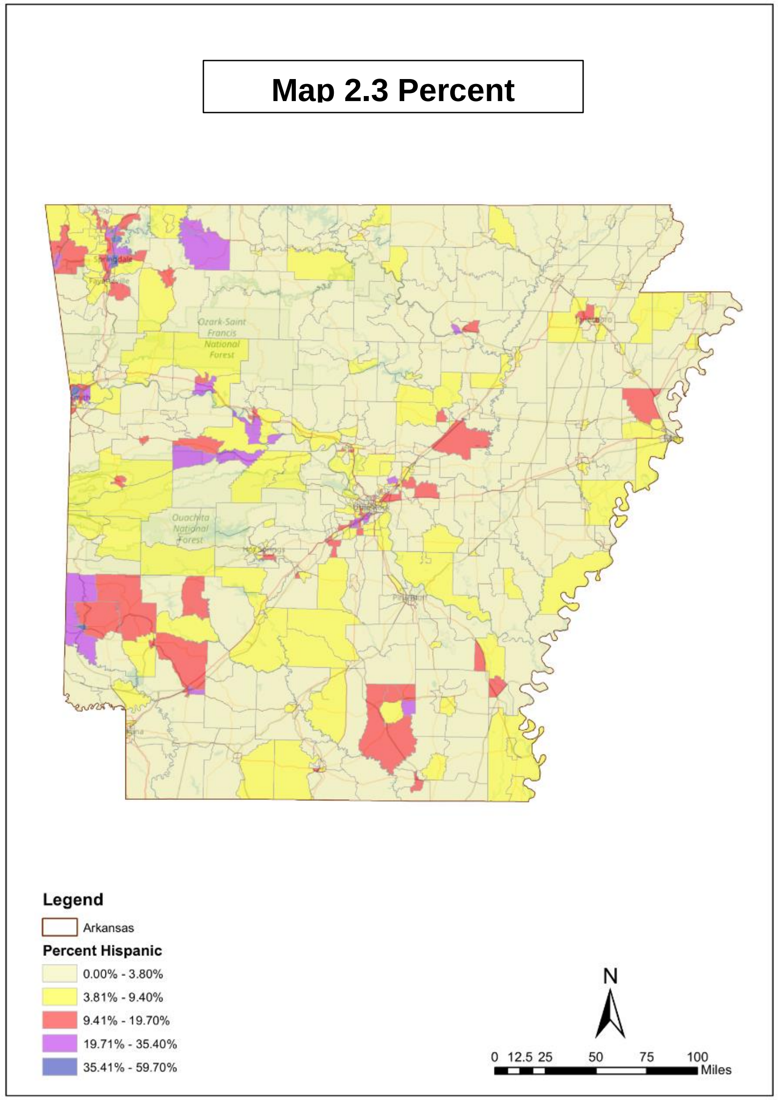
Arkansas's population significantly increased between 2010 and 2018, and the State's population has remained racially and ethnically diverse.

The percentage of Black or African American population increased slightly by 3 percent. The Hispanic population increased by 30 percent, climbing from 5.9 percent in 2010 to 7,3 percent in 2018.

Map 2.2 Percent African American

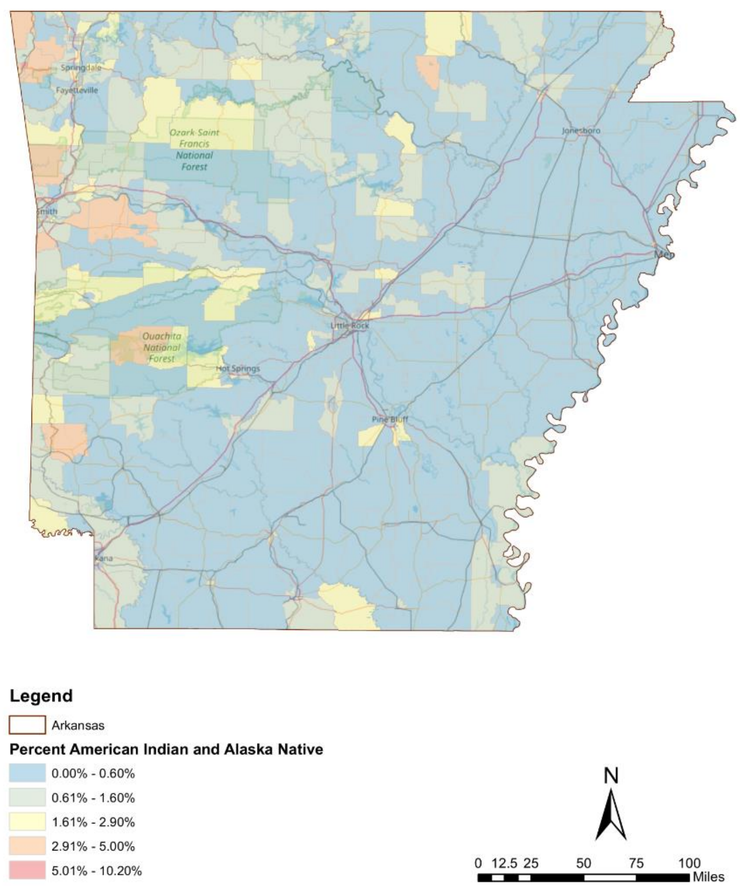


Map 2.2: Source: 2018 American Community Survey (ACS) – U.S. Census



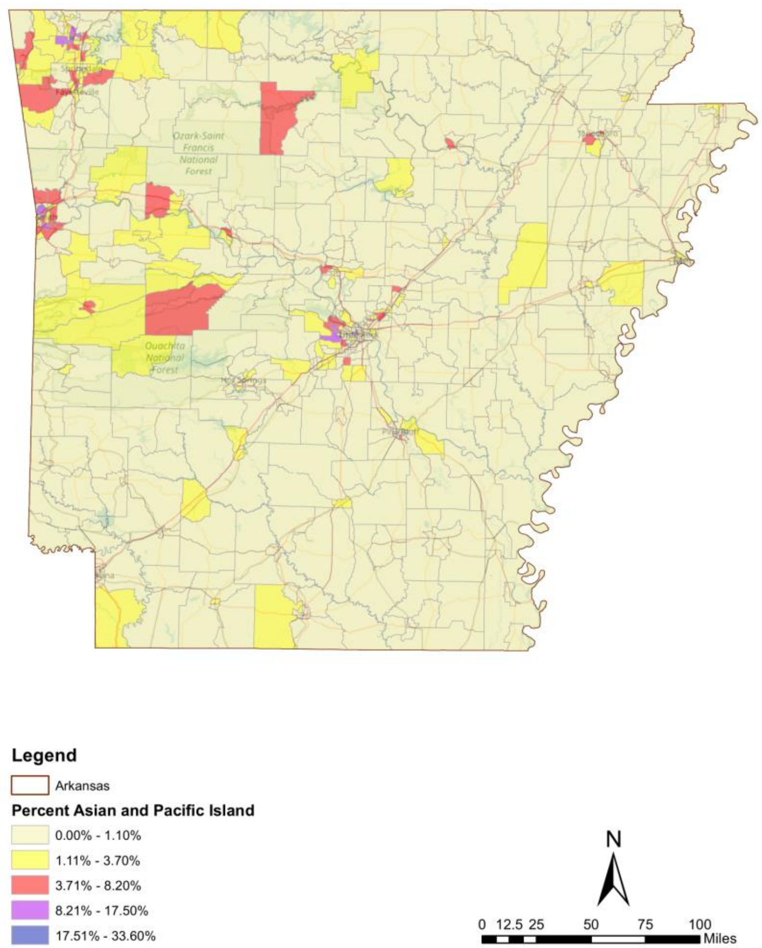
Map 2.3: Source: 2018 American Community Survey (ACS) – U.S. Census

Map 2.4 Percent American Indian and Alaska Native



Map 2.4: Source: 2018 American Community Survey (ACS) – U.S. Census

Map 2.5 Percent Asian and Pacific Islander



Map 2.5: Source: 2018 American Community Survey (ACS) – U.S. Census

In many communities, female-headed households and female-headed households with children face a high rate of housing discrimination. Higher percentages of female-headed households with children under the age of 18, sometimes correlate to increased incidents of reported rental property owners' refusal to rent to tenants with children. This factor is evidenced when comparing the demographics to fair housing complaint data. As shown in Table 2.2, on the following page, the percentage of female-headed households among White households in the State was 10 percent, compared to 29 percent in African American households, and 20 percent in Hispanic households. Only 26 percent of African American households were husband/wife family households, compared to 52 percent of White households and 51 percent of Hispanic households.

Non-family households as a percentage of total households for all three of the major races/ethnicities were comparable. Non-family households among Whites made up 33 percent of all White households in Arkansas State. Non-family households among African Americans accounted for 39 percent of all African American households. Non-family households among Hispanics accounted for 19 percent of all Hispanic households. Table 2.2, on the following page, shows the family structure of White, African American, and Hispanic households in 2018.

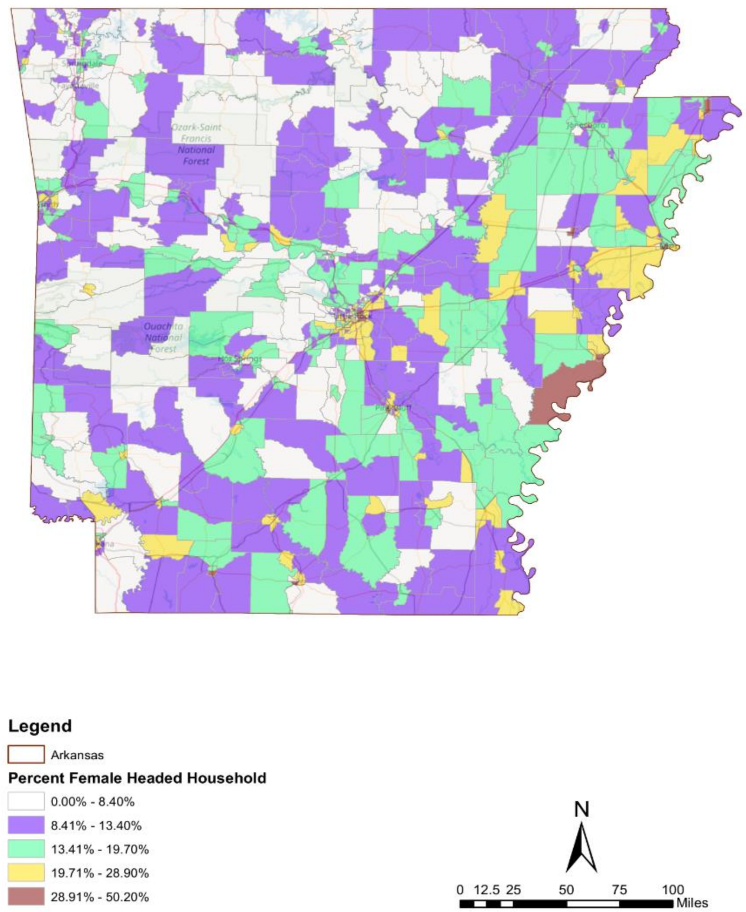
Table 2.2
Household Structure by Race for Arkansas, 2018

	White Non-Hispanic		African American		Hispanic	
	# of	% of	# of	% of	# of	% of
Household Type	**Households**	**Households**	**Households**	**Households**	**Households**	**Households**
Family households:	587,954	67%	103,944	61%	49,670	81%
Married-couple family	458,333	52%	44,221	26%	31,586	51%
Other family:	129,621	15%	59,723	35%	18,084	29%
Male householder, no wife present	39,818	5%	9,681	6%	6,056	10%
Female householder,	89,803	10%	50,042	29%	12,028	20%
Nonfamily households:	292,940	33%	66,447	39%	11,909	19%
Householder living alone	245,592	28%	58,845	35%	8,780	14%
Householder not living alone	47,348	5%	7,602	4%	3,129	5%
Total Households	880,894	100%	170,391	100%	61,579	100%

Table 2.2: Source: 2018 American Community Survey (ACS) – U.S. Census

The spatial distribution of female-headed households with children is shown in Map 2.6, on the following page.

Map 2.6 Percent Female Headed Household



Map 2.6: Source: 2018 American Community Survey (ACS) – U.S. Census

2.2. Income

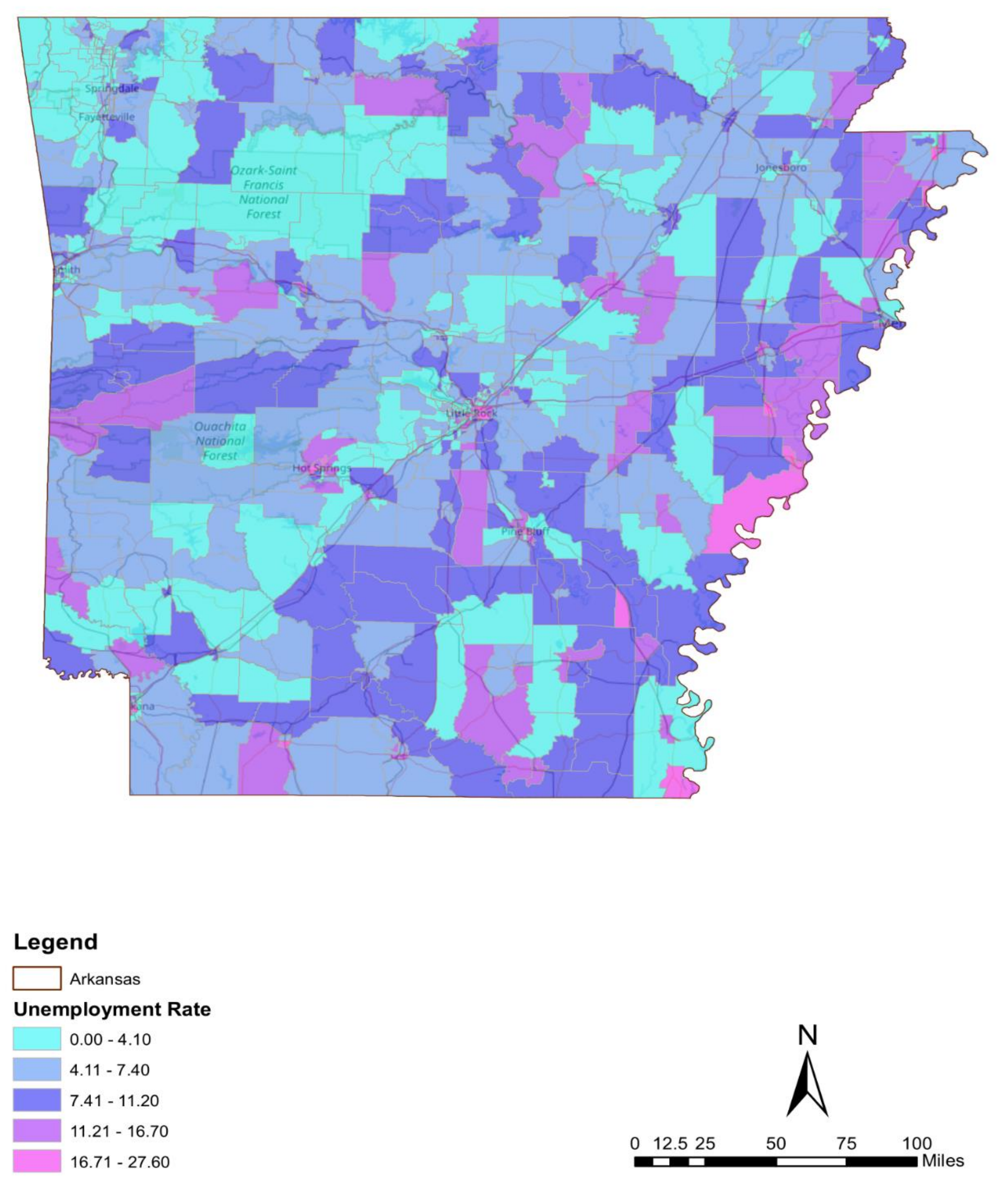
Low-income households are statistically more likely to be housed in less desirable housing stock and less desirable areas of State. Lack of funds often prevents those households from moving to areas where local amenities raise the value of the housing. Income plays an essential part in securing and maintaining housing.

The data in Table 2.3 show the distribution of income across income classes among Whites, African Americans, and Hispanics. Overall, the income distribution data show a higher proportion of low-income households within the African American and Hispanic communities. In general, limitations on fair housing choices are more commonly found to affect housing decisions among low-income persons.

The date is Table 2.3 shows that the modal income classes (the income classes with the highest number of households) for Whites were the $75,000 to $99,999, with 11.4 percent and $60,000 to $74,999 percent, with 10.25 percent of Whites in these income ranges. The most frequently reported income for African American households were the less than $10,000, with 15.23 percent and $10,000 to $14,999 percent, with 9.9 percent among African Americans. The most frequently reported income for Hispanic households in the 2018 ACS data were the $60,000 to $74,999 range, with 10.17 percent and $75,000 – $99,999, with 8.15 percent of Hispanics in these ranges.

According to the 2018 ACS estimates, the median household income was reported to be $49,996 for White households, $30,758 for African American households, and $39,787 for Hispanic households, compared to $45,762 for the overall State. Map 2.7, on page 14, shows the median household income by census tract 2018. Again, there were significant disparities in income among minorities, particularly African Americans.

Map 2.7 Median Household Income



Map 2.7: Source: 2018 American Community Survey (ACS) – U.S. Census

Table 2.3
Households by race by income for Arkansas, 2018

Household Type	White Non-Hispanic		African American		Hispanic	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
Less than $10,000	60,636	6.88%	25,953	15.23%	3,700	6.46%
$10,000 to $14,999	48,894	5.55%	17,016	9.99%	3,113	5.43%
$15,000 to $19,999	45,436	5.16%	14,394	8.45%	3,833	6.69%
$20,000 to $24,999	54,880	6.23%	14,554	8.54%	5,077	8.86%
$25,000 to $29,999	44,822	5.09%	11,377	6.68%	4,949	8.64%
$30,000 to $34,999	47,883	5.44%	10,802	6.34%	3,942	6.88%
$35,000 to $39,999	43,406	4.93%	11,726	6.88%	4,199	7.33%
$40,000 to $44,999	43,918	4.99%	7,811	4.58%	3,533	6.17%
$45,000 to $49,999	43,454	4.93%	7,705	4.52%	3,433	5.99%
$50,000 to $59,999	71,757	8.15%	12,973	7.61%	5,681	9.92%
$60,000 to $74,999	90,331	10.25%	9,924	5.82%	5,824	10.17%
$75,000 to $99,999	100,576	11.42%	11,757	6.90%	4,667	8.15%
$100,000 to $124,999	69,938	7.94%	6,952	4.08%	2,506	4.37%
$125,000 to $149,999	39,262	4.46%	3,931	2.31%	1,072	1.87%
$150,000 to $199,999	39,024	4.43%	1,917	1.13%	858	1.50%
$200,000 or more	36,677	4.16%	1,599	0.94%	896	1.56%
Total	880,894	100%	170,391	100%	57,283	100%
Median Household Income	$49,996		$30,758		$39,787	
State Median Household Income				$45,762		

Household income levels among African American and Hispanic households were disproportionately lower compared to Whites and State of Arkansas.

he modal income classes for Whites were the $75,000 to $99,999, with 11.4 percent and $60,000 to $74,999 percent, with 10.25 percent. The most frequently reported income for African American households were the less than $10,000, with 15.23 percent and $10,000 to $14,999 percent, with 9.9 percent. The most frequently reported income for Hispanic households were the $60,000 to $74,999 range, with 10.17 percent and $75,000 to $99,999, with 8.15 percent of Hispanics in these ranges.

The poverty data in Table 2.4, below, shows significant effects on the African American and Hispanic communities. The incidence of poverty among African Americans was 30.5 percent of the total population in 2018, and Hispanics were reported to be 27.5 percent. Among White persons, the data reported 13.8 percent lived in poverty. In comparison, the poverty rate for the State was 17.6 percent during the period.

Table 2.4
Poverty Status by Race Arkansas, 2018

	White Non-Hispanic		African American		Hispanic	
Age Group	**# in Poverty**	**% in Poverty**	**# in Poverty**	**% in Poverty**	**# in Poverty**	**% in Poverty**
Under 6 years	27,308	1.3%	19,816	4.5%	11,238	5.2%
6 to 11 years	25,365	1.2%	18,055	4.1%	11,070	5.1%
12 to 17 years	23,648	1.1%	15,911	3.6%	7,958	3.7%
18 to 59 years	162,100	7.7%	64,970	14.8%	26,416	12.3%
60 to 74 years	35,417	1.7%	11,338	2.6%	2,055	1.0%
75 to 84 years	11,166	0.5%	2,835	0.6%	382	0.2%
85 years and over	5,840	0.3%	1,052	0.2%	54	0.0%
Total	290,844	13.8%	133,977	30.5%	59,173	27.5%
State Poverty %	**17.6%**					

Table 2.4: Source: 2018 American Community Survey (ACS) – U.S. Census

Higher percentage of African Americans and Hispanics lived in poverty, compared to Whites.

The poverty rate among African Americans was 30.5 percent, and 27.5 for Hispanics, compared to White persons at 13.8 percent and 17.6 % for the State of Arkansas in 2018.

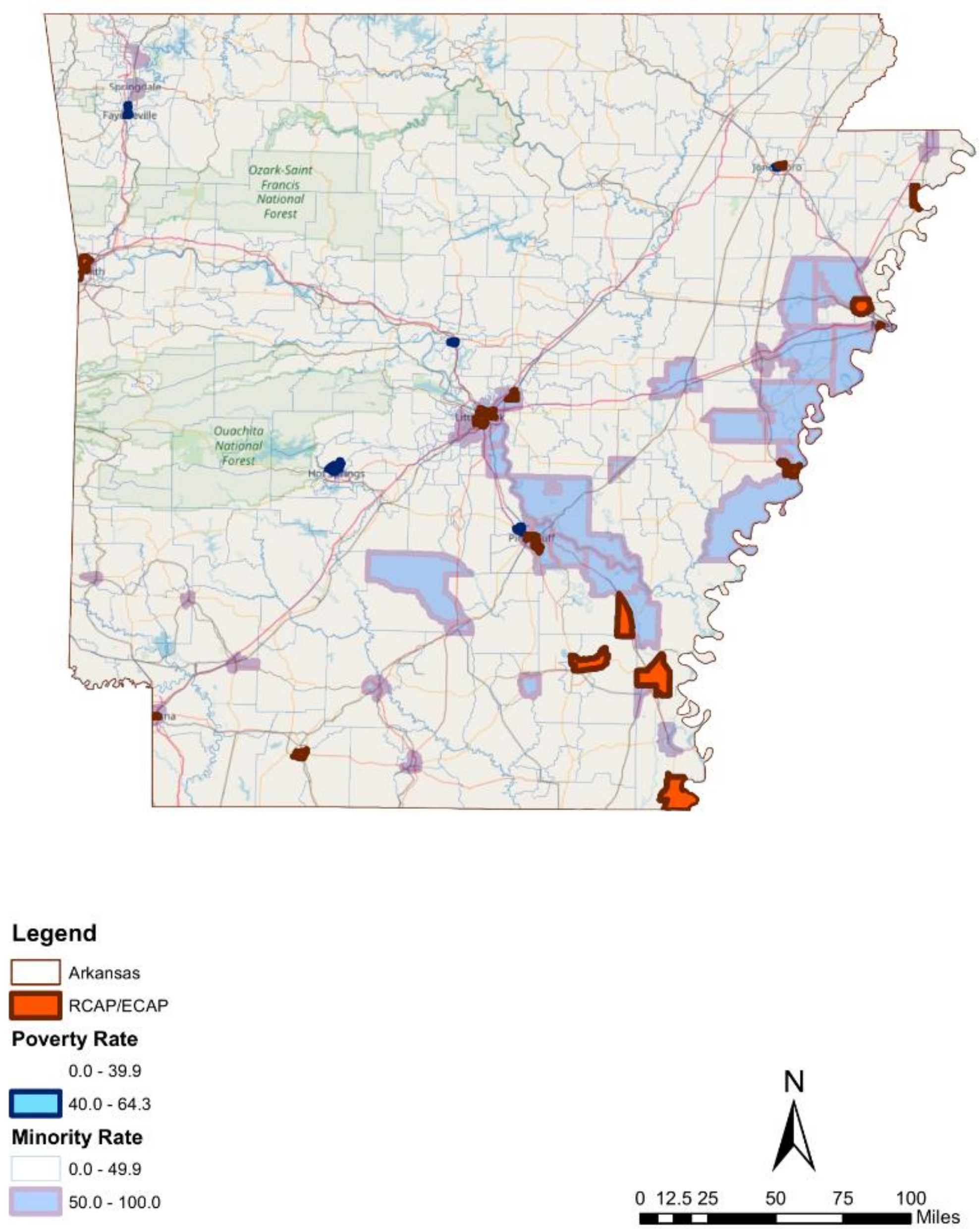
Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP/ECAP)

The U. S. Department of HUD has defined "Areas of Poverty, Racial and Ethnic Concentration and Segregation (R/ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or higher minority population and three times or more the poverty level of the MSA and generally lacking the necessary amenities and failing to provide a quality of life expected and desired for any area within the MSA. The goal of de-concentration would be to achieve minority concentrations and poverty level less than defined above by R/ECAP and to transform these areas of concentration into "Opportunity Areas." Opportunity Areas – areas are offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. The Map 2.8 on the following page depicts the census tract identified as concentrated and segregated as defined by the HUD R/ECAP Calculation.

The poverty rate in Arkansas is 17.6 percent. Three times the poverty is 52.8 percent, so 40 percent is the poverty threshold for the RCAP/ECAP criteria for the State. The census tracts within the State of Arkansas that are comprised of 50 percent or higher minority population and 40 percent and greater poverty rate are primarily in the southeastern part of Arkansas.

In addition to poverty, racial and ethnic concentrations, and segregation, some of these areas contain housing units in inferior condition and neighborhood conditions and infrastructure that needs improvement for conditions to be reversed and become areas of opportunity.

Map 2.8: Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP/ECAP)



Map 2.8 Source: American Community Survey (ACS), 2018; Decennial Census (2010); Brown Longitudinal Tract Database (LTDB) based on decennial census data, 1990, 2000 & 2010.

2.3. Employment

Employment opportunities in the area and educational levels of the employees make a significant impact on housing affordability and the location choice of residents. Table 2.5, below, provides a look at occupation data, which indicates that there has been some shift in the distribution of occupations in 2010 and 2018. Professional, scientific, and management, and administrative and waste management services had the most significant increase during the period, 18.4 percent. Educational services, health care, and social assistance had an increase of 12.7 percentage points. Arts, entertainment, and recreation, and accommodation and food services increased by 8.8 percent. The most significant decrease belongs to Wholesale Trade, down 13.4 percent, followed by Construction, down 9.3 percent and Agriculture, forestry, fishing and hunting, and mining down 9.0 percent.

Table 2.5

Occupation of employed persons for Arkansas, 2010 and 2018

Industry	2010	2014-2018 Average	% Change
Agriculture, forestry, fishing and hunting, and mining	41,807	38,038	-9.0%
Construction	93,001	84,382	-9.3%
Manufacturing	187,690	174,680	-6.9%
Wholesale trade	35,628	30,837	-13.4%
Retail trade	165,707	171,935	3.8%
Transportation and warehousing, and utilities	69,799	71,860	3.0%
Information	21,851	20,987	-4.0%
Finance and insurance, and real estate and rental and leasing	62,985	61,733	-2.0%
Professional, scientific, and management, and administrative and waste management services	83,469	98,813	18.4%
Educational services, and health care and social assistance	280,635	316,335	12.7%
Arts, entertainment, and recreation, and accommodation and food services	94,169	102,464	8.8%
Other services, except public administration	60,162	61,795	2.7%
Public administration	57,237	58,404	2.0%

Table 2.5: Source: 2018 American Community Survey (ACS) – U.S. Census

The data presented in Table 2.6 provide a portrait of the distribution of the unemployed. A closer examination of the make-up of this total, however, indicates that higher levels of unemployment are centered in the African American community. In 2018, 2.7 percent of White persons age 16 and over reported being unemployed. African Americans persons in the same age group reported a 4.6 percent unemployment rate, and Hispanics reported a 3.1 percent rate. As a comparison, the Statewide unemployment rate was 5.5 percent during the period.

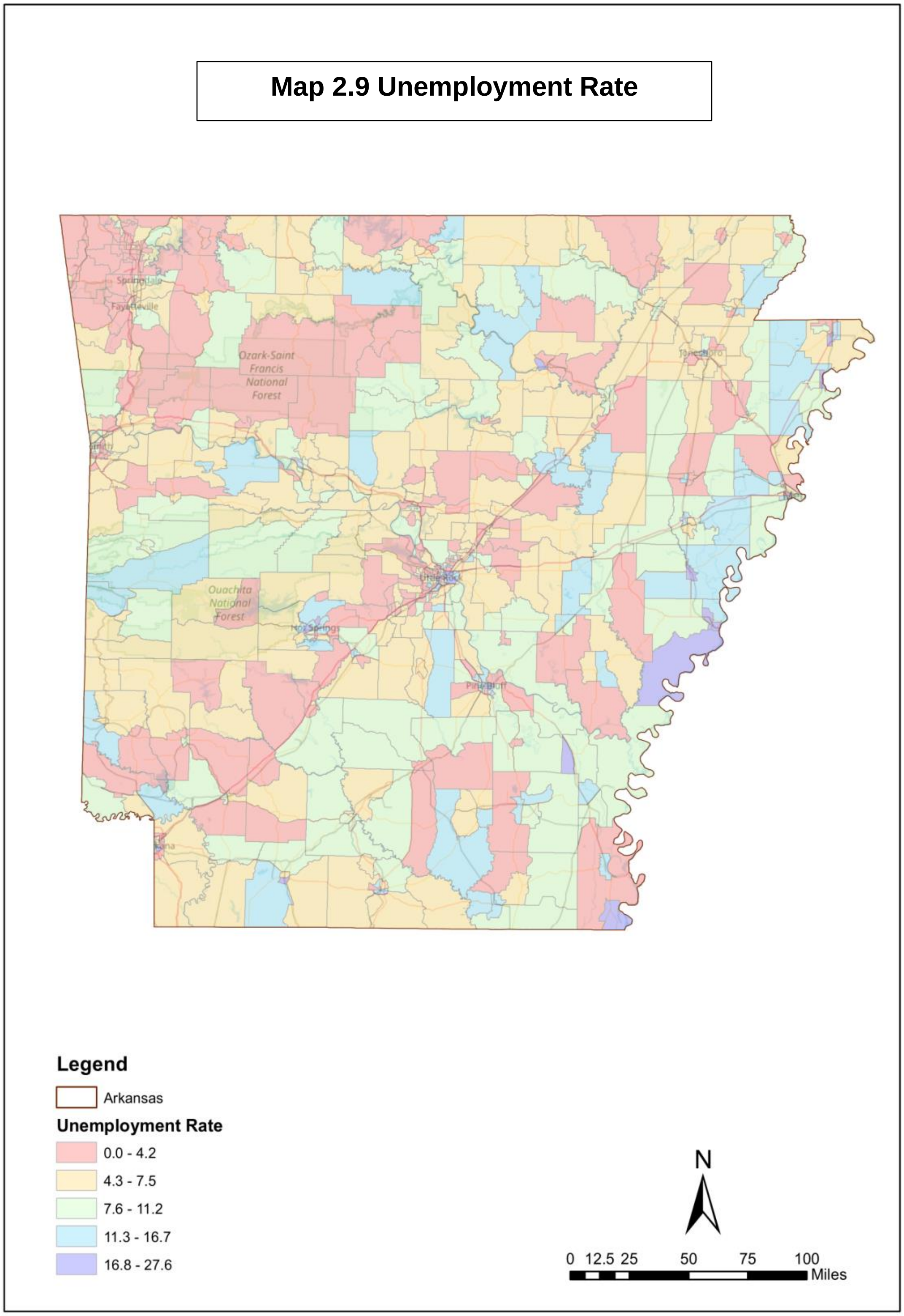
Table 2.6
Employment Status by race for Arkansas, 2018

Employment Status	White Non-Hispanic		African American		Hispanic		Total	
	#	%	#	%	#	%	#	%
In Labor Force:	1,015,500	57.1%	196,537	56.4%	98,195	69.2%	1,310,232	57.7%
In Armed Forces	3,022	0.2%	334	0.1%	396	0.3%	3,752	0.29%
Civilian	946,269	53.2%	189,228	54.3%	96,339	67.9%	1,231,836	94.0%
Employed	964,800	54%	180,080	52%	93,359	66%	1,238,239	100.5%
Unemployed	47,678	2.7%	16,123	4.6%	4,440	3.1%	68,241	5.5%
Not in Labor Force	763,335	43%	151,893	44%	43,613	31%	958,841	42.3%
Total	1,778,835	100%	348,430	100%	141,808	100%	2,269,073	100%

Table 2.6: Source: 2018 American Community Survey (ACS) – U.S. Census

African Americans had slightly higher unemployment rates, compared to Whites and Hispanics.

The unemployment rate among African Americans was 4.6 percent, Hispanics was 3.1 percent, compared to White persons was 2.7 percent in 2018.



Map 2.9: Source: 2018 American Community Survey (ACS) – U.S. Census

Largest Employers

According to the primary employer data as published by the Arkansas Economic Development Commission, the largest employers in Arkansas include the Baptist Health, Federal Government, State of Arkansas, Tyson Foods, and Walmart, with over 7,500 employees each. A list of the largest employers is included below as Table 2.10.

Table 2.10
Major Employers, Arkansas

COMPANY	EMPLOYMENT
Baptist Health	RANGE
Federal Government	7,500+
State of Arkansas	7,500+
Tyson Foods, Inc.	7,500+
Walmart, Inc.	7,500+
J.B. Hunt Transport Services, Inc.	5,000-7,499
Mercy	5,000-7,499
Arkansas Blue Cross & Blue Shield	2,500-4,999
Arkansas Children's Hospital	2,500-4,999
Arvest Bank Group, Inc.	2,500-4,999
AT&T, Inc.	2,500-4,999
CHI St. Vincent	2,500-4,999
Community Health Systems, Inc.	2,500-4,999
Dollar General Corporation	2,500-4,999
Entergy Corporation	2,500-4,999
FedEx Corporation	2,500-4,999
Harp's Food Stores, Inc.	2,500-4,999
Koch Industries, Inc.	2,500-4,999
Lowe's Companies, Inc.	2,500-4,999
Simmons Foods, Inc.	2,500-4,999
The Kroger Company	2,500-4,999

Source: Arkansas' Largest Employers, 2019, Arkansas Economic Development Commission

2.4. Public Transportation

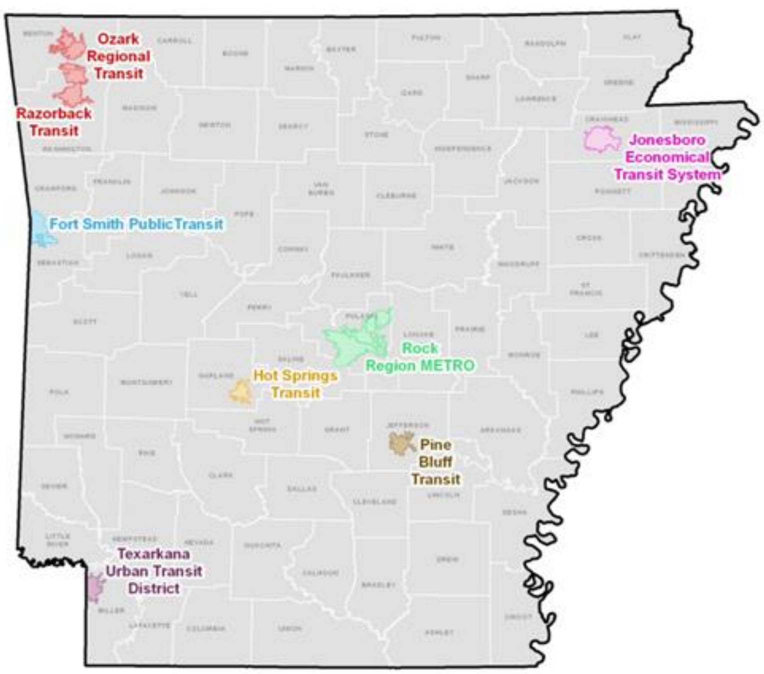
According to the Arkansas Transit Association website, public transportation in Arkansas can be divided into two system types: urban systems and rural systems. Included in the urban systems are:

- Fort Smith Transit, Fort Smith - FST
- Hot Springs Intracity Transit, Hot Springs - HST
- Jonesboro Economical Transportation System, Jonesboro - JETS
- Ozark Regional Transit, Springdale - ORT
- Pine Bluff Transit, Pine Bluff - PBT
- Razorback Transit, Fayetteville - RT
- Rock Region Metro, Little Rock - RRM
- Texarkana Urban Transit District, Texarkana, AR-TX - TUTD
- Black River Area Development, Pocahontas - BRAD
- Central Arkansas Development Council/South Central Arkansas Transit, Benton - SCAT
- Eureka Springs Transit, Eureka Springs - EST
- Mid-Delta Transit, Helena-West Helena - MDT
- North Arkansas Transportation Service, Harrison - NATS
- Ozark Regional Transit, Springdale - ORT
- Southeast Arkansas Transit, Pine Bluff - SEAT

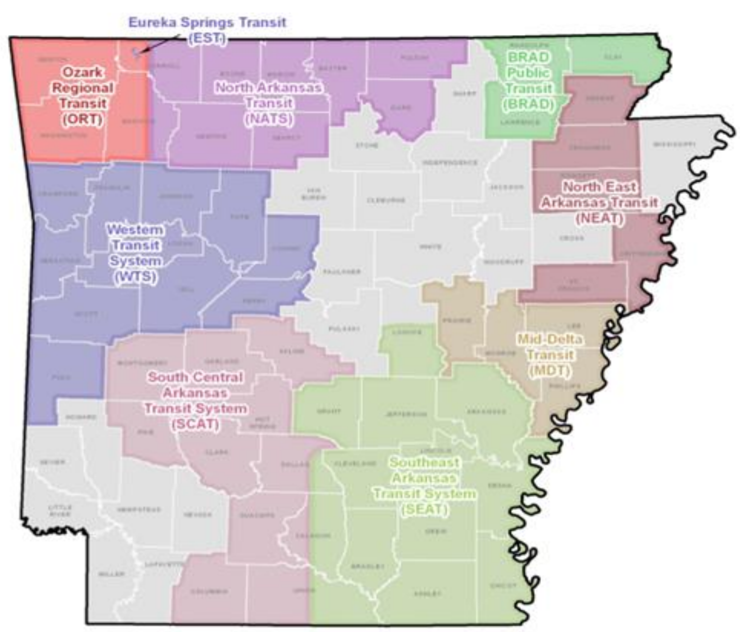
Map 2.10 provides a view of the distribution of transit users across the state.

Map 2.10 Arkansas Transit Systems

URBAN PUBLIC TRANSPORTATION SYSTEMS



RURAL PUBLIC TRANSPORTATION SYSTEMS



Map 2.10 Source: Arkansas Transit Association

2.5. Housing

According to the 2018 American Community Survey, the total number of housing units in the State was 1,362,040 with 209,865 or 15 percent vacant units. As shown in Table 2.11, to the right, there were 1,300,449 housing units in Arkansas in 2010. The total number of housing units increased marginally between 2010 and 2018. Of the total housing units, 56 percent were owner-occupied, 29 percent were renter-occupied, and the remaining 15 percent were vacant. The median housing value in the State was $123,300, and the median contract rent was $540 in 2018.

Table 2.11
Tenure for housing in Arkansas, 2010, and 2018

Tenure	2010		2014-2018	
	Number	Percent	Number	Percent
Owner-occupied	756,358	58%	756,431	56%
Renter-occupied	360,796	28%	395,744	29%
Vacant	183,295	14%	209,865	15%
Total:	1,300,449	100%	1,362,040	100%

Table 2.7: Source: 2018 American Community Survey (ACS) –

Table 2.12, to the right, shows that of all housing units, 69.70 percent were categorized as single-family detached, 1.60 percent as single-family attached, 6.30 percent contained two to four units, 10.00 percent classified as multifamily, and 12.40 percent as a mobile home or other.

Table 2.12
Housing type for Arkansas, 2018

Units in Structure	Number	Percent
Single-Family detached	949,979	69.70%
Single-Family attached	21511	1.60%
2-4 units	85,726	6.30%
Multifamily	135,688	10.00%
Mobile home or Other	169,136	12.40%
Total	1,362,040	100%

Table 2.12: Source: 2018 American Community Survey (ACS) – U.S. Census

Most of the housing stock in Arkansas was single-family housing, and more than half of housing stock in the State was owner-occupied in 2018.

Approximately 72 percent of housing units in the State were single-family, and 56 percent were owner-occupied during that same period.

Approximately 43.8 percent of the housing stock in Arkansas is more than 40 years old, and these units may contain lead-based paint or likely need repairs and maintenance.

As shown on Table 2.13, approximately 25.6 percent of all housing units were built before 1961. About 10.2 percent of housing units were built between 1960 and 1969,

Table 2.13
Age of Housing Stock in Arkansas, 2018

Year Built	#	%
Built 2014 or later	60,024	4.3%
Built 2010 to 2014	55,849	4.0%
Built 2000 to 2009	217,218	15.7%
Built 1990 to 1999	237,087	17.2%
Built 1980 to 1989	205,722	14.9%
Built 1970 to 1979	251,156	18.2%
Built 1960 to 1969	141,168	10.2%
Built 1950 to 1959	96,734	7.0%
Built 1940 to 1949	51,091	3.7%
Built 1939 or earlier	64,472	4.7%
Total:	1,380,521	100.0%

Table 2.13: Source: 2018 American Community Survey (ACS) – U.S. Census

18.2 percent were built between 1970 and 1979, over 14.9 percent were built between 1980 and 1989, and 14.9 percent were built between 1980 and 1989. About 43.8 percent of the housing stock is more than 40 years old, built before 1980. These units may contain lead-based paint or likely need repairs and maintenance.

According to the 2018 ACS data shown in Table 2.14, the homeownership rate among Whites was 71.7 percent, compared to 43.4 percent among African Americans, and 50.2 percent among Hispanics.

Table 2.14
Tenure by Race in Arkansas, 2014-2018 (5-Year Average)

Tenure by Race	Owner-occupied		Renter-occupied		Total
	#	%	#	%	
White	631,206	71.7%	249,688	28.3%	880,894
African American	75,130	43.4%	97,864	56.6%	172,994
Hispanic	28,784	50.2%	28,499	49.8%	57,283

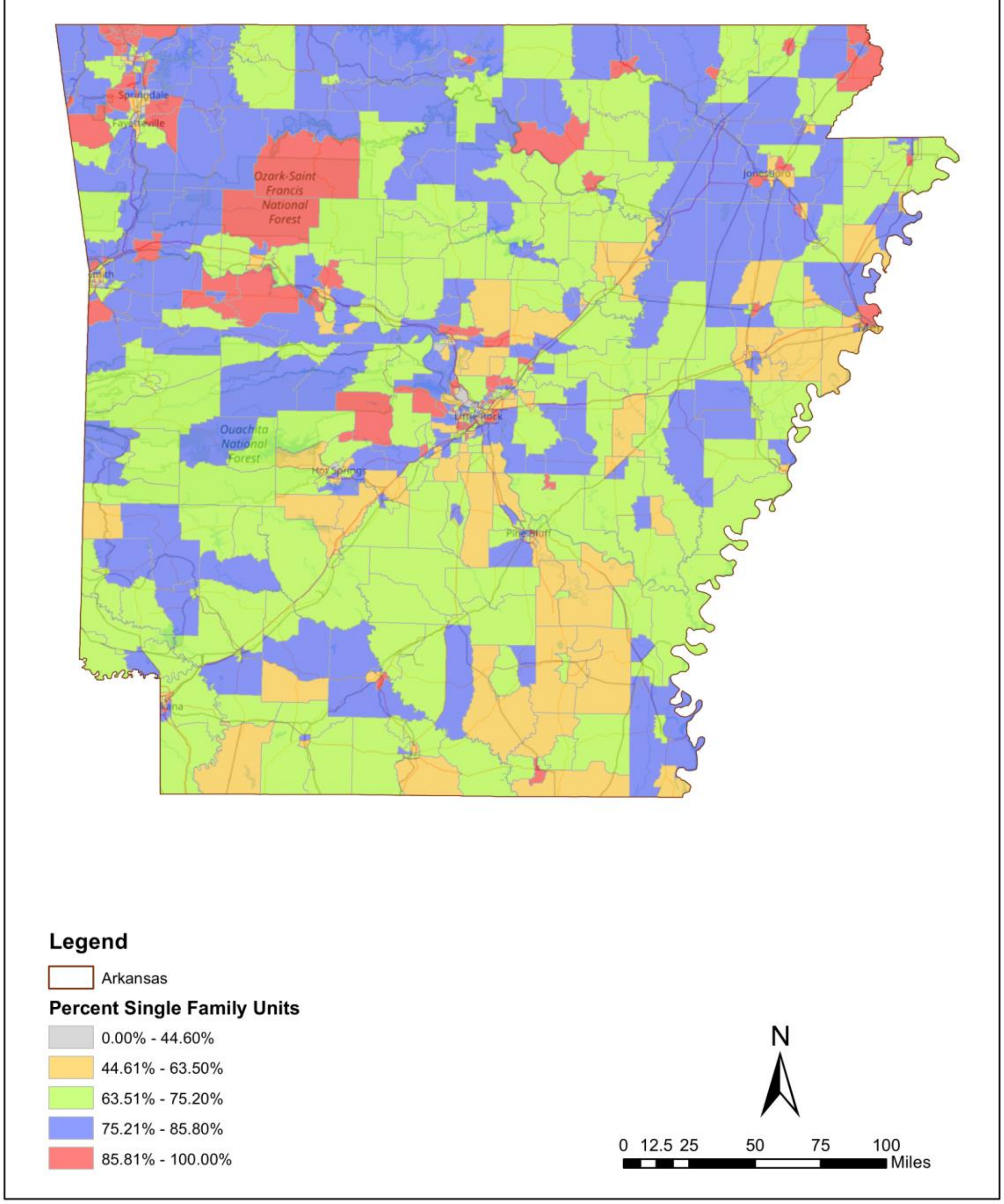
Table 2.14: Source: 2018 American Community Survey (ACS) – U.S. Census

Homeownership rates were disproportionately lower among African Americans and Hispanics, compared to Whites.

The homeownership rate among Whites was 71.7 percent, compared to African Americans at 43.4 percent, and Hispanics at 50.2 percent in 2018.

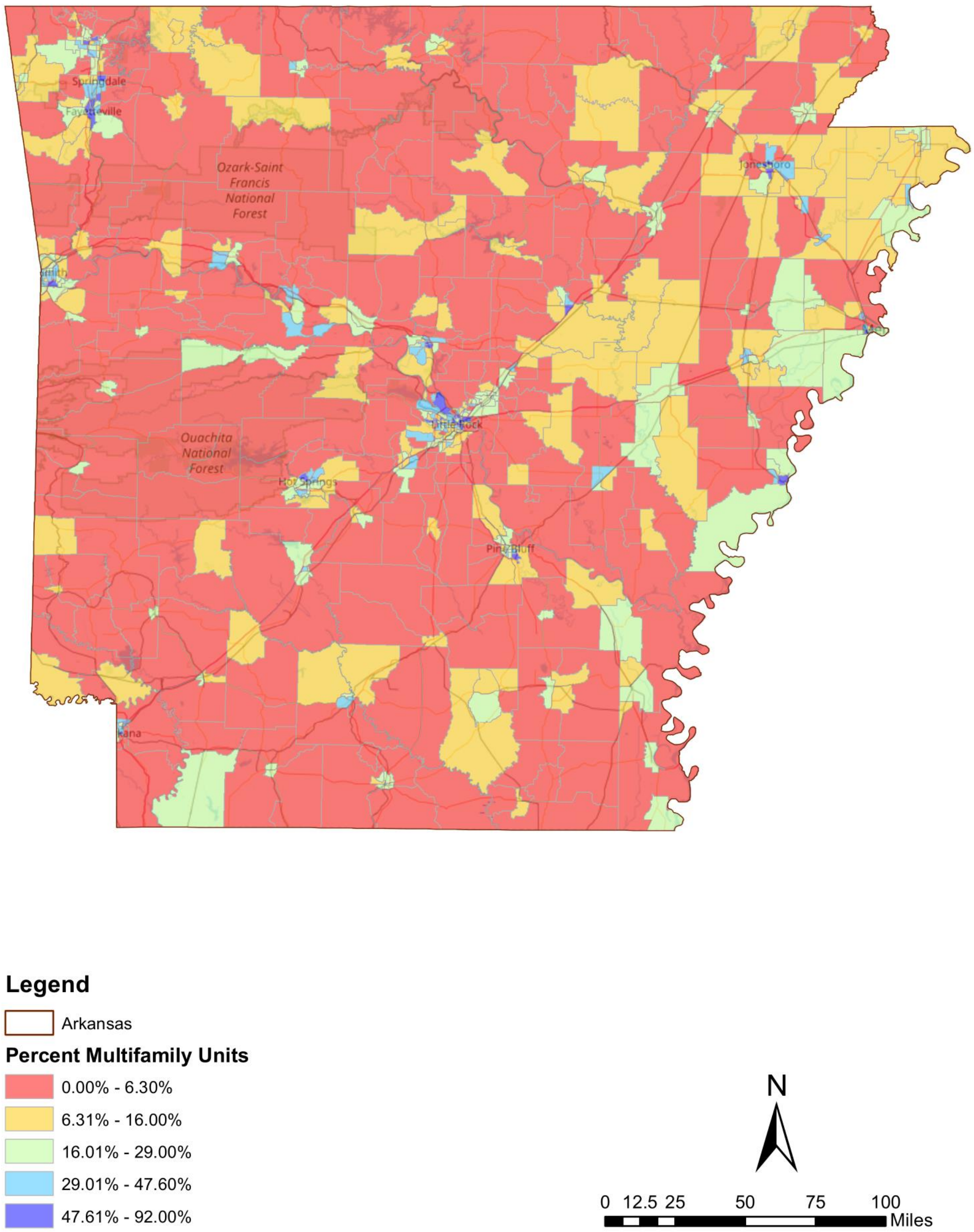
Maps 2.11 and Map 2.12, on the following pages, indicate the distribution of single-family and multifamily housing across the State. Map 2.13 provides a geographic representation of the distribution of the oldest housing stock in the State. Maps 2.14 and 2.15, provide a geographic depiction of the distribution of housing values and rents across the State.

Map 2.11 Percent Single Family Units



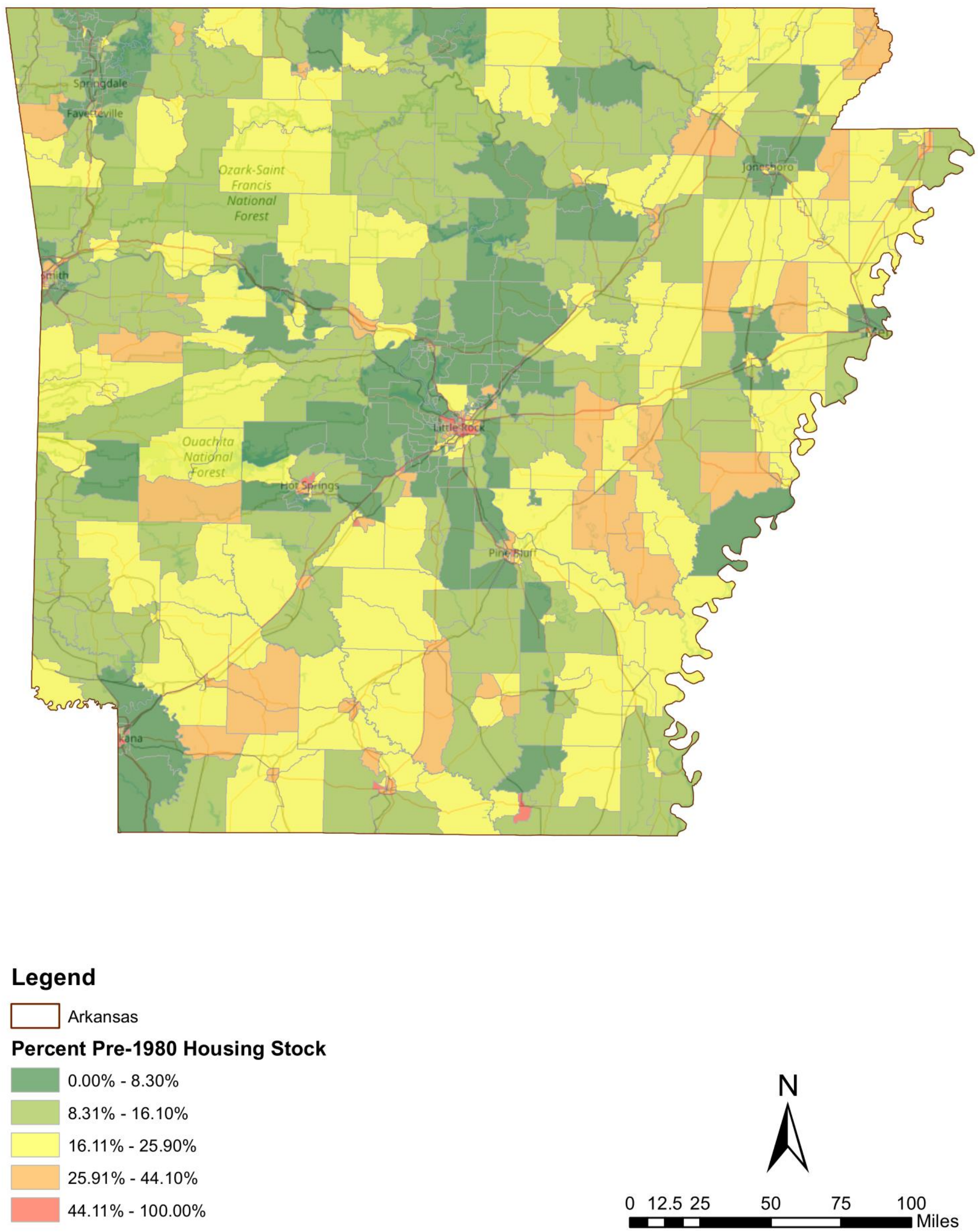
Map 2.11: Source: 2018 American Community Survey (ACS) – U.S. Census

Map 2.12 Percent Multifamily Units



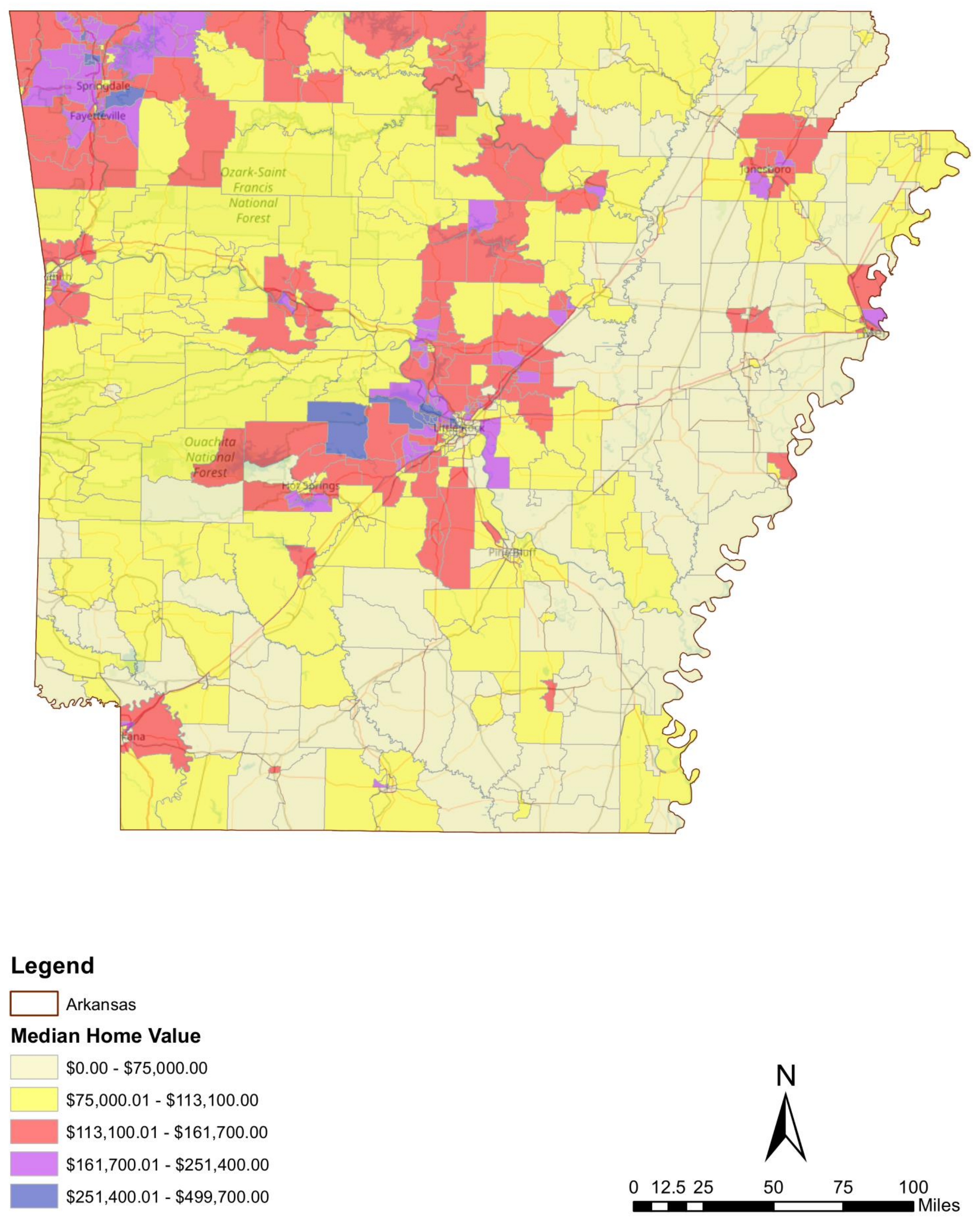
Map 2.12: Source: 2018 American Community Survey (ACS) – U.S. Census

Map 2.13 Percent Pre-1980 Housing Stock

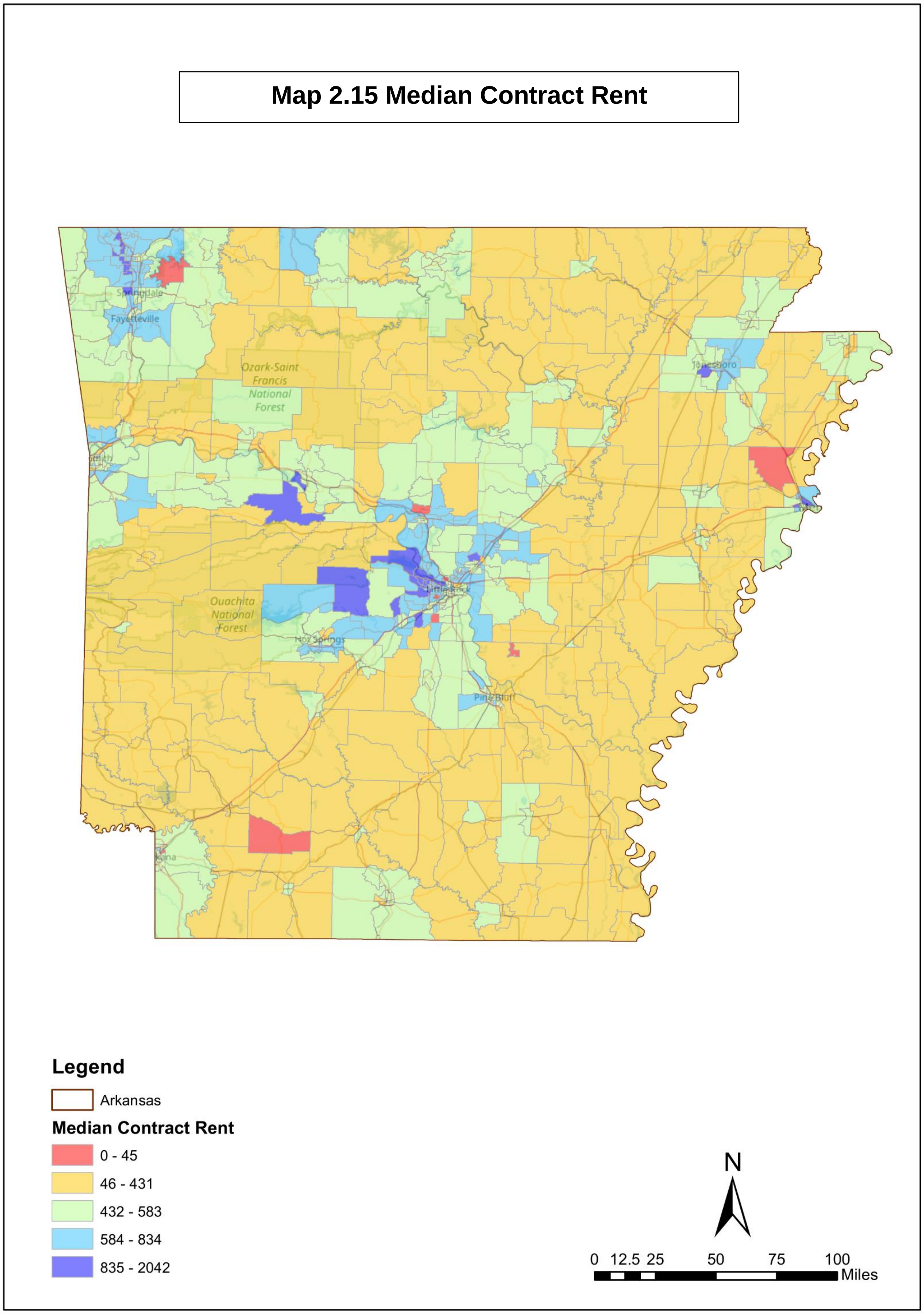


Map 2.13: Source: 2018 American Community Survey (ACS) – U.S. Census

Map 2.14 Median Home Value



Map 2.14: Source: 2018 American Community Survey (ACS) – U.S. Census



Map 2.15: Source: 2018 American Community Survey (ACS) – U.S. Census

Data contained in the Comprehensive Housing Affordability Strategy (CHAS) data compiled from American Communities Survey results from 2012 through 2016, duplicated in Table 2.15, indicates that the impact of housing costs on household incomes is very severe for low- and very low-income households in Arkansas. The table indicates that 14 percent of all very low-income renters (those earning between 0 percent and 30 percent of the median family income) and 2 percent of very low-income homeowner households pay more than 50 percent of their income on housing expenses. Further, about 17 percent more very low-income renters and about 5 percent more very-low-income homeowners pay between 30 and 50 percent of their incomes on housing expenses. Paying more than 30 percent on housing expenses is considered “Cost Burdened” and paying more than 50 percent on housing expenses is considered “Severely Cost Burdened” Looking at households earning between 31 percent and 50 percent of the median family income, 5 percent of low-income renters and 2 percent of low-income homeowners pay more than 50 percent on housing expenses. Also, 24 percent of renter households and 7 percent of homeowners are earning less than 30 percent of the median family income in Arkansas.

Income Distribution Overview	Owner		Renter		Total
Household Income <= 30% HAMFI	52,015	7%	93,585	24%	145,600
Household Income >30% to <=50% HAMFI	73,770	10%	77,235	20%	151,005
Household Income >50% to <=80% HAMFI	118,110	16%	85,435	22%	203,545
Household Income >80% to <=100% HAMFI	77,165	10%	39,485	10%	116,650
Household Income >100% HAMFI	428,390	57%	96,285	25%	524,675
Total	749,450	100%	392,030	100%	1,141,480
Income by Cost Burden (Owners and Renters)	Cost burden > 30%		Cost burden > 50%		Total
Household Income <= 30% HAMFI	101,480	9%	81,095	7%	145,600
Household Income >30% to <=50% HAMFI	87,755	8%	33,590	3%	151,005
Household Income >50% to <=80% HAMFI	62,000	5%	9,720	1%	203,545
Household Income >80% to <=100% HAMFI	14,195	1%	1,705	0.1%	116,650
Household Income >100% HAMFI	15,855	1%	1,795	0.2%	524,675
Total	281,285	25%	127,905	11%	1,141,480
Income by Cost Burden (Renters only)	Cost burden > 30%		Cost burden > 50%		Total
Household Income <= 30% HAMFI	67,320	17%	55,960	14%	93,585
Household Income >30% to <=50% HAMFI	54,485	14%	18,870	5%	77,235
Household Income >50% to <=80% HAMFI	28,980	7%	2,540	1%	85,435
Household Income >80% to <=100% HAMFI	3,210	1%	310	0%	39,485
Household Income >100% HAMFI	1,730	0%	355	0%	96,285
Total	155,725	40%	78,035	20%	392,030
Income by Cost Burden (Owners only)	Cost burden > 30%		Cost burden > 50%		Total
Household Income <= 30% HAMFI	34,160	5%	25,135	3%	52,015
Household Income >30% to <=50% HAMFI	33,265	4%	14,720	2%	73,770
Household Income >50% to <=80% HAMFI	33,020	4%	7,180	1%	118,110
Household Income >80% to <=100% HAMFI	10,980	1%	1,395	0%	77,165
Household Income >100% HAMFI	14,125	2%	1,440	0%	428,390
Total	125,550	17%	49,870	7%	749,450

Table 2.15: Source: 2018 CHAS 2012- 2016

According to the 2018 ACS estimates, shown in Table 2.16 to the right, 21 percent of renter households with household incomes less than $20,000 paid more than 30 percent of their household income towards rent, 46 percent of the renter households that earned between $20,000 to $34,999, and 16 percent of the renter households that earned between $35,000 to $49,999 spent more than 30 percent of their households income towards rent during the 2018.

Table 2.16
Gross Rent as a Percent of Household Income in Arkansas, 2018 (5-Year Average)

Cost Burden by Income Range	
Less than $20,000	
30.0 percent or more	21%
50.0 Percent or more	50%
$20,000 to $34,999	
30.0 percent or more	46%
50.0 Percent or more	9%
$35,000 to $49,999	
30.0 percent or more	16%
50.0 Percent or more	1%
$50,000 to $74,999	
30.0 percent or more	3%
50.0 Percent or more	1%

Table 2.12: Source: 2018 American Community Survey (ACS)

As shown in Table 2.17, to the right, 10.17 percent of owner households were 30 percent cost burden, and 6.79 percent of the owner households were 50 percent cost burden during the same period.

Table 2.17
Owner Costs as a Percent of Household Income in Arkansas,
2018 (5-Year Average)

Housing Cost as a Percent of Household Income	Number of Owner Households	Percent
Less than 30.0 percent	620,955	
30.0 percent or more	76,950	10.17%
50.0 percent or more	51337	6.79%
Not computed	7189	
Total Owner-Occupied households	756,431	

Table 2.17: Source: 2018 American Community Survey (ACS) – U.S. Census

According to the 2018 ACS data, 21 percent of the renter households in Arkansas were cost burden paying more than 30 percent of income for housing.

For this same period, 10.17 percent owner households paid more than 30 percent of their household income for housing and 6.79 percent of owner households were 50 percent cost burden.

One of the most revealing indicators that minorities are more likely to require rental housing and lag far behind Whites in obtaining housing of their choice is in the category of homeownership; the homeownership rate among Whites was 72 percent compared to 43 percent for African Americans and 50 percent for Hispanics.

Other limitations for minorities include lower incomes and a disproportionate number of minority households living in poverty. The incidence of poverty among African Americans was 30.5 percent of the total population in 2018, and Hispanics were reported to be 27.5 percent. Among White persons, the data reported 13.8 percent lived in poverty. In comparison, the poverty rate for the State was 17.6 percent during the period. The median household income was reported to be $49,996 for White households, $30,758 for African American households, and $39,787 for Hispanic households, compared to $45,762 for the overall State. All these factors combined limit housing choice of the State's minority populations.

III. Fair Housing Law, Court Cases, Policy, Regulatory and Complaint Analysis

Introduction

The AI examine how the State of Arkansas's laws, regulations, policies, and procedures will ultimately affect fair housing choice. Fair housing choice is defined, generally, as the ability of people with similar incomes to have similar access to location, availability, and quality of housing. Therefore, impediments to fair housing choice may be linked to acts that violate a law or acts or conditions that do not violate a law but preclude people with varying incomes from having equal access to decent, safe, and affordable housing.

The first part of this section, Section 3.1, will address existing statutory and case law that resulted in removal of impediments and served to promote fair housing choice. Statutory and case law pertaining to interpretation and enforcement of the Federal Fair Housing Act can be effective in mitigating barriers to fair housing choice, depending upon enforcement efforts, judicial and administrative court rulings. Relevant landmark judicial court case decisions pertaining to fair housing were reviewed and are incorporated in the analysis. Other related regulations and case law that provide interpretation, understanding, and support to the Federal Act were also considered.

The State of Arkansas has enacted substantially equivalent Fair Housing Law when comparing the State of Arkansas Ordinances to the Federal Fair Housing Act. To make this determination, the State of Arkansas' statues were compared to the Federal Fair Housing Act to determine whether they offered similar rights, remedies, and enforcement to the federal law. Based on that evaluation, the State of Arkansas' Fair Housing Ordinances is construed as substantially equivalent. The State of Arkansas ordinances are considered substantially equivalent to the Federal Fair Housing Act because they provide substantially equivalent enforcement, judicial and administrative review, and adjudication or penalties for those who violate Fair Housing Ordinances. Pertinent related laws, such as the Community Reinvestment Act and Home Mortgage Disclosure Act, were reviewed with respect to how they facilitate fair lending. Section 3.2 summarizes the level of federal fair housing enforcement activity in the State of Arkansas.

A more difficult, but intertwined, aspect of evaluating impediments and barriers to fair housing choice involves an analysis of public policy, programs and regulations that impact the availability of affordable housing. Our analysis centered on how governmental actions impact fair housing choice and the availability of adequate, decent, safe, and affordable housing for protected class members and people of all incomes. We examined government subsidies and public funding appropriations used to provide housing assistance for low- and moderate and very low-income households. This included an analysis of State operated housing programs provided in Section 3.3. Numerous documents were collected and analyzed to complete this section. The key documents are the State of Arkansas Consolidated Plans, current and previous Annual Action Plans, and Consolidated Annual Performance Evaluation Reports (CAPER). The State staff also provided information on current and future initiatives to develop affordable housing and acquire additional funds.

Our analysis of development regulations, State of Arkansas advisory board actions and public policy documents are presented in Section 3.4. This section focuses on building codes, zoning ordinances, land use plans, initiatives, and governmental actions relative to development and incentives that stimulate development and support economic development. The analysis of public policy includes decisions by elected and appointed officials, advisory boards and commissions.

Section 3.5 provides an analysis of fair housing complaints filed with HUD and State of Arkansas Fair Housing Commission (AFHC). Section 2.6 contains conclusions about fair housing barriers based on the existing law, enforcement efforts, complaint analysis, and the availability of affordable housing. AFHC has responsibility for enforcement of the State of Arkansas Fair Housing Act in the State of Arkansas. Official compliant date was requested and received from AFHC and HUD for the State of Arkansas.

3.1. Fair Housing Law

The Federal Fair Housing Act (the Act) was enacted in 1968 and amended in 1974 and 1988 to add protected classes, provide additional remedies, and strengthen enforcement. The Act, as amended, makes it unlawful for a person to discriminate based on race, color, sex, religion, national origin, handicap, or familial status. Generally, the Act prohibits discrimination based on one of the previously mentioned protected classes in all residential housing, residential sales, advertising, and residential lending and insurance. Prohibited activities under the Act, as well as examples, are listed below.

It is illegal to do the following based on a person's membership in a protected class:

- Misrepresent that a house or apartment is unavailable by:
  - ✓ Providing false or misleading information about a housing opportunity,
  - ✓ Discouraging a protected class member from applying for a rental unit or making an offer of sale, or
  - ✓ Discouraging or refusing to allow a protected class member to inspect available units;
- Refuse to rent or sell or to negotiate for the rental or sale of a house or apartment or otherwise make unavailable by:
  - ✓ Failing to effectively communicate or process an offer for the sale or rental of a home,
  - ✓ Utilizing all non-minority persons to represent a tenant association in reviewing applications from protected class members, or
  - ✓ Advising prospective renters or buyers that they would not meld with the existing residents;
- Discriminate in the terms, conditions, or facilities for the rental or sale of housing by:
  - ✓ Using different provisions in leases or contracts for sale,
  - ✓ Imposing slower or inferior quality maintenance and repair services,
  - ✓ Requiring a security deposit (or higher security deposit) of protected class members, but not for non-class members,

  - ✓ Assigning persons to a specific floor or section of a building, development, or neighborhood, or
  - ✓ Evicting minorities, but not whites, for late payments or poor credit.

- Make, print, publish, or post (direct or implied) statements or advertisements that indicate that housing is not available to members of a protected class;
- Persuade or attempt to persuade people, for profit owners or nonprofit organization, to rent or sell their housing due to minority groups moving into the neighborhood by:
  - ✓ Real estate agents mailing notices to homeowners in changing area with a listing of the homes recently sold along with a picture of a minority real estate agent as the successful seller, or
  - ✓ Mailed or telephonic notices that the "neighborhood is changing" and now is a good time to sell, or noting the effect of the changing demographics on property values;

- Deny or make different loan terms for residential loans due to membership in a protected class by:
  - ✓ Using different procedures or criteria to evaluate credit worthiness,
  - ✓ Purchasing or pooling loans so that loans in minority areas are excluded,
  - ✓ Implementing a policy that has the effect of excluding a minority area, or
  - ✓ Applying different procedures (negative impact) for foreclosures on protected class members;
- Deny persons the use of real estate services;
- Intimidate, coerce, or interfere; or
- Retaliation against a person for filing a fair housing complaint.

The Federal Fair Housing Act requires housing providers to make reasonable accommodations in rules, policies, practices, and paperwork for persons with disabilities. They must allow reasonable modifications in the property so people with disabilities can live successfully. Due to the volume of questions and complaints surrounding this aspect of the federal act, in March 2008, the Department of Justice (DOJ) and the Department of Housing and Urban Development (HUD) released a joint statement to technically define the rights and obligation of persons with disabilities and housing providers.

In addition to prohibiting certain discriminatory acts, the Act places no limit on the amount of recovery and imposes substantial fines. Based on previous actions, the fine for the first offense is generally up to $11,000; the second offense within a five-year period, up to $27,500; and for a third violation within seven years up to $55,000.

The prohibition in the Fair Housing Act against advertising that indicates any "preference, limitation or discrimination" has been interpreted to apply not just to the wording in an advertisement but to the images and human models shown. Ad campaigns may not limit images to include only or mostly models of a race, gender, or family type.

As a test to determine if advertising relative to housing and real estate in the local housing market have impediments to fair housing, a review of local advertisements in real estate publications was conducted. These types of advertisements cover an area larger than just State of Arkansas, and the time-period is insufficient to conclusively establish a pattern of discrimination. The data does however provide an accurate snapshot of the advertising available, and a general overview of the state of compliance with fair housing law by advertisers. Advertisements, especially those with images of prospective or current residents were reviewed, with a sensitivity toward whether ads included:

- Advertising included all or predominately models of a single race, gender, or ethnic group;
- Families or children in ad campaigns depicting images of prospective residents;
- Racial groups in service roles (maid, doorman, servant, etc.).
- Racial groups in the background or obscured locations;
- Any symbol or photo with strong racial, religious, or ethnic associations;
- Advertising campaigns depicting predominately one racial group;
- Campaigns run over a period, including several different ads, none, or few of which include models of other races;

- Ads failing to contain Equal Housing Opportunity (EHO) statements or logos, or contains the statement or logo, but it is not readily visible; and
- Ad campaigns involving group shots or drawings depicting many people, all or almost all of whom are from one racial group.

Publications advertising the sale or rental of housing directed toward persons in the State of Arkansas were reviewed including Apartment Finder, The Real Estate Book, and various local real estate sales publications. There were no major concerns revealed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Most of the advertisers advertise with the equal housing opportunity logo or slogan. Including the logo helps educate the home seeking public that the property is available to all persons. A failure to display the symbol or slogan may become evidence of discrimination if a complaint is filed. Additionally, most of the images included in the selected materials either represented racial, ethnic or gender diversity among the models selected.

Fair Housing Assistance Program (FHAP) Agencies

The U. S. Department of Housing and Urban Development (HUD) provides funding to state and local governmental agencies to enforce local fair housing laws that are substantially equivalent to the Fair Housing Act. Once a state, enacts a substantially equivalent fair housing law, they can apply to become certified as a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints or a Fair Housing Initiatives Program (FHIP) Agency and receive funds for education, promoting fair housing, and investigating allegations. It should be noted that a State or city must be in a state with a fair housing law that has been determined by HUD to be substantially equivalent. Then, the local jurisdiction must also adopt a law that HUD concludes is substantially equivalent to participate in the FHAP Program. The local law must at minimum contain the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have substantially equivalent fines for violations, remedies, investigative processes, and enforcement powers.

In addition, the process for investigating and conciliating complaints must mirror HUD's process outlined in federal regulations. HUD's process begins when an aggrieved person files a complaint within one year of the date of the alleged discriminatory housing or lending practice. The complaint must be submitted to HUD in writing. However, this process can be initiated by a phone call. HUD will complete a complaint form, also known as a 903, and mail it to the complainant to sign. The complaint must contain the name and address of the complainant and respondent, address and description of the housing involved, and a concise statement of the facts, including the date of the occurrence, and the complainant's affirmed signature. Upon filing, HUD is obligated to investigate, attempt conciliation, and resolve the case within 100 days. Resolution can be a dismissal, withdrawal, settlement or conciliation, or a determination as to cause.

The FHAP certification process includes a two-year interim period when HUD closely monitors the intake and investigative process of the governmental entity applying for substantial equivalency certification. Also, the local law must provide enforcement for aggrieved citizens where cause is found. It can be through an administrative hearing process or filing suit on behalf of the aggrieved complainant in court. The FHIP certification process is contingent on the type of funding for which the agency is applying. There are four programs to which an agency can apply: Fair Housing Organizations Initiative (FHOI), Private Enforcement Initiative (PEI), Education Outreach Initiative (EOI), and Administrative Enforcement Initiative (AEI). Currently, there is no funding under the AEI status.

Court Decisions

The impact of Landmark Cases and other significant Court Cases were reviewed to examine how court litigation and settlements might be impacting interpretation of Fair

Housing Law. The following summarizes some of the key cases that provide responses to Fair Housing issues and solutions and remedial actions for resolving those issues.

Texas Department of Housing and Community Affairs v. Inclusive Communities Project Inc. is the first case to affirm disparate impact must be considered in determining violations to the 1968 Federal Fair Housing Act. On June 25, 2015, the U.S. Supreme Court, in a 5-4 decision written by Justice Kennedy, upheld the disparate impact doctrine under the Fair Housing Act. This precedent-setting opinion affirmed both 40 years of legal jurisprudence and the decisions of 11 U.S. appellate courts in holding that disparate impact is cognizable under the Fair Housing Act.

The Court acknowledges the Fair Housing Act's continuing role in moving the Nation toward a more integrated society. The Court affirmed that disparate impact is an important protection for all of us. This also affirms that those protected under the 1968 Fair Housing Act, individuals and families, and their right to housing, cannot be restricted because they have children, women who experience domestic violence cannot suffer eviction just because they suffered abuse, or their previous address is a shelter. It also affirmed that communities of color can live with the security of knowing that predatory lending practices that dumped millions of subprime loans into their neighborhoods will not be allowed. Neighborhoods still trying to recover from the financial crisis, or neighborhood decline caused by concentrated poverty, race and ethnicity can have hope because disparate impact is an important tool in addressing unfair practices that contribute to economic and wealth disparities. The courts affirmed that where we live makes a difference in housing affordability and quality of life, but our zip code should not define us. The case centered on low income tax credit selection criteria in Texas and unintended impacts on residents.

Walker v. HUD represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The ***Walker*** Public Housing/Section 8 desegregation litigation began in 1985 when one plaintiff, Debra

Walker, sued one Dallas, Texas area suburb, Mesquite. The lawsuit contended that Mesquite's refusal to give its consent for DHA to administer Section 8 certificates within Mesquite violated the 14th Amendment and the other civil rights law prohibiting racial discrimination in housing. The early stage of ***Walker*** resulted in the entry of the 1987 consent decree involving DHA and HUD without any liability findings. The suit was subsequently amended to bring in DHA, HUD, and the City of Dallas and to provide for a class of Black or African American public housing and Section 8 participants who contended that the Dallas Housing Authority segregated person in public housing by race leading to racial concentrations of African Americans in minority concentrated areas. The suburbs, except for Garland, gave their consent to the operation of DHA's Section 8 program within their jurisdiction and were dismissed from the case. The City of Dallas was subsequently found liable for its role in the segregation of DHA's programs in the Court's 1989 decision, **Walker III**, 734 F. Supp. 1289 (N.D. Tex. 1989).

HUD and DHA were subsequently found liable for knowingly and willingly perpetuating and maintaining racial segregation in DHA's low income housing programs. HUD was found liable not just for its failure to affirmatively further fair housing under the Fair Housing Act but also for purposeful violations of the Fifth Amendment to the U.S. Constitution, Title VI of the 1964 Civil Rights Act, 42 U.S.C. §§ 1981, 1982, and 1983. The district court found that the defendants had the remedial obligation to not only cease any present discrimination but to also eliminate the lingering effects of past segregation to the extent practical.

Court orders entered in this case have provided the following desegregation resources:

(a) approximately 9,900 new assisted units have been made available to **Walker** class members.

(b) Approximately $22 million was made available for the creation of housing opportunities in predominantly White areas of the Dallas metroplex.

(c) $2 million dollars were provided for the operation of a fair housing organization that focused on the problems of low-income minority families.

(d) Hope VI funding for 950 units was provided by HUD in the West Dallas project.

(e) $94 million was provided by the City of Dallas for neighborhood equalization and economic development in the public housing project neighborhoods.

(f) $10 million was provided for mobility counseling to be used in connection with the Settlement Voucher program.

Similar to the Walker case, **Young v. HUD** represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The Young case involved 70 plus housing authorities in 36 counties in East Texas, HUD, and the State of Texas. The litigation did not end until 2004. The remedy involved the equalization of conditions including the provision of air conditioning in the segregated black developments, desegregation of the tenant population in previously racial segregated black and white projects, use of the public housing and Section 8 programs and funding for a private fair housing organization to provide over 5,000 desegregated housing opportunities in predominantly white areas, equalization of neighborhood conditions around the predominantly black projects, injunctions against local cities blocking the development of public housing in white neighborhoods, sale of the Vidor public housing and the use of the proceeds for housing opportunities in white areas that were accessible by black public housing tenants, and $13 million in State funding for neighborhood equalization. Most of the relief was obtained only after the record of HUD's violations of previous remedial orders was compiled and presented to the Court.

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

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

B. The order modifying final judgment entered in 2004. This order includes a HUD manual on creating desegregated housing opportunities as exhibit 3 to the order,

C. The agreement between the plaintiffs and the State of Texas for the last $4.4 million of the total $13 million that the State contributed to the neighborhood equalization activities required by the Final Judgment.

At the inception of the Fair Housing Act, insurance companies took the position that they were not covered by the Act. However, in 1992 a Wisconsin Appeals Court determined that the Act "applies to discriminatory denials of insurance and discriminatory pricing that effectively preclude ownership of housing because of the race of an applicant." The case was a class action lawsuit brought by eight African American property owners, the NAACP, and the American Civil Liberties Union against the American Family Insurance Company. The plaintiffs claimed they were either denied insurance, underinsured, or their claims were more closely scrutinized than Whites. American Family's contention was that the Act was never intended to prohibit insurance redlining. The appeals Court stated, "Lenders require their borrowers to secure property insurance. No insurance, no loan; no loan, no house; lack of insurance thus makes housing unavailable." A 1998 court verdict against Nationwide Insurance further reinforced previous court action with a $100 million judgment due to illegally discriminating against African American homeowners and predominantly African American neighborhoods.

Another case was settled for $250,000 in Maryland when Baltimore Neighbors, Inc., a non-profit organization, alleged that real estate agents were steering. Fine Homes' real estate agents were accused of steering prospective African American buyers away from predominantly White neighborhoods and Whites were almost never shown homes in predominantly African American zip codes.

In 2009, a landmark housing discrimination case was settled between the Connecticut Fair Housing Center and the New Horizons Village Apartments. In this case, the State of Connecticut Office of Protection and Advocacy for Person with Disabilities sued New Horizons Village, an apartment complex which provides independent housing for people with severe physical disabilities. Under the consent decree, New Horizons will no longer be allowed to require tenants to open their private medical records for review and require them to prove they can "live independently". CT Fair Housing Center stated "The Fair Housing Act is clear that it is impermissible to limit the housing choices of people with disabilities based on stereotypes about their ability to care for themselves; people with disabilities are entitled to the same freedom to choose how and where they want to live as people without disabilities."

In City of Edmonds v. Oxford House, the United States Supreme Court ruled that the Fair Housing Amendments Act of 1988 prevents communities from excluding group homes for the handicapped from single-family residential zones. The Oxford House is a nonprofit umbrella organization with hundreds of privately operated group homes throughout the country that house recovering alcoholics and drug addicts. Recovering alcoholics and drug addicts, in the absence of current drug use or alcohol consumption, are included under the protected class of handicapped in the Fair Housing Act as amended in 1988. In Oxford House v. Township of Cherry Hill, 799 F. Supp. 450 (D. N.J. 1991), the federal court rejected a state court ruling that recovering alcoholic and drug addicted residents in a group home do not constitute a single-family under the Township's zoning ordinance. In Oxford House-Evergreen v. City of Plainfield, 769 F. Supp. 1329 (D. N.J. 1991) the court ruled that the City's conduct, first announcing that the Oxford House was a permitted use only to deny it as a permitted use after neighborhood opposition, was intentionally discriminatory.

"Unjustified institutionalization of persons with mental disabilities...qualifies as discrimination."- was stated as the majority opinion of the U.S. Supreme Court. In a landmark decision by a 6-3 vote, the U.S. Supreme Court ruled in June 1999, that a state may not discriminate against psychiatric patients by keeping them in hospitals instead of community homes. The court said that the Americans with Disabilities Act (ADA) may require that states provide treatment in community-based programs rather than in a segregated setting. This case, known as the Olmstead case, ruled that community placement is a must when deemed appropriate by state professionals, agreed to by the

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

In a historic federal settlement order to resolve a lawsuit brought by the **Anti-Discrimination Center (ADC) against Westchester County, NY**. Westchester County conducted its own Analysis of Impediment to Fair Housing and did not examine race and its effects on housing choice. Only income was studied from a demographic perspective. Westchester did not believe that racial segregation and discrimination were the most challenging impediments in the County. ADC filed lawsuit against Westchester stating that the entitlement is not taking appropriate steps to identify and overcome impediments of fair housing. The Court stated that grant recipients must consider impediments erected by race discrimination, and if such impediments exist, it must take appropriate action to overcome the effects of the impediments. The settlement order issued in August 2009 found that Westchester had “utterly failed” to meet its affirmatively furthering fair housing obligations throughout a six-year period. All entitlements receiving federal funds must certify that they have and will “affirmatively further fair housing.” Because of the connection to federal funds, a false certification can be deemed fraudulent intent. Westchester was ordered to submit an implementation plan of how it planned to achieve the order’s desegregation goals. One major outcome from the landmark agreement is the construction of 750 units of affordable housing in neighborhoods with small minority populations.

In 2003, a settlement was ordered by the District Court in New Jersey for the owner of the internet website, www.sublet.com, who was found guilty of publishing discriminatory rental advertisements which is prohibited by the Fair Housing Act. It was the first of its kind to be brought by the Justice Department. It was thought to be imperative that the federal laws that prohibit discriminatory advertising should be enforced with the same vigor regarding internet advertising as it would for print and broadcast media. The court ordered the site to establish a $10,000 victim fund to compensate individuals injured by the discrimination. They were also ordered to pay a civil penalty of $5,000, adopt a nondiscrimination policy to be published on the website, and require all employees to undergo training on the new practices.

Under the Fair Housing Act, apartment complexes and condominiums with four or more units and no elevator, built for first occupancy after March 13, 1991, must include accessible common and public use areas in all ground-floor units. An apartment complex near Rochester, New York was ordered to pay $300,000 to persons with disabilities for not making its housing facility fully accessible, with $75,000 set aside for the plaintiffs. They were required to publish a public notice of the settlement fund for possible victims and pay a $3,000 civil penalty.

In 2005, the Connecticut Commission on Human Rights and Opportunities (CHRO) issued a charge of discrimination on the basis of disability when an apartment manager refused to rent to a person with a disability on the first floor of the complex due to the absence of access ramp. The apartment manager was unwilling to make a modification to add a ramp. The court recognized that the renter has a disability and the defendant knew the fact and refused to make accommodations. The court concluded that the renter was entitled to compensatory and emotional distress damages of $10,000 and imposed a civil penalty of $1,000.

In 2007, the 9th Circuit Court of Appeals gave a decision in support of Fair Housing Council of San Fernando Valley that Roommates.com has violated the fair housing laws by matching roommates by gender, sexual orientation, and parenthood. By asking prospective roommates to put in their status on these criteria and allowing prospective roommates to judge them on that basis is a violation of Fair Housing Act.

In 2005, the National Association for the Advancement of Colored People (NAACP), The National Association of Home Builders (NAHB), and the Home Builders Association (HBA) of Greater Austin, filed a federal lawsuit against the City of Kyle, Texas. The plaintiffs contended that ordinances passed by the Kyle City Council, imposing requirements such as all-masonry construction, expanded home size, and expanded garage size, drive up the cost of starter homes by over $38,000 per new unit. The allegation is that this increase has a disproportionate impact on minorities and this effect violates the Fair Housing Act. The City of Kyle filed a motion to dismiss, asserting that both NAACP and NAHB lack standing. The federal district court recognized the plaintiff's standing in 2006. Thereafter, the cities of Manor, Round Rock, Pflugerville, and Jonestown, all moved to join the litigation on the grounds that they each have ordinances similar to the one being challenged in Kyle and that any positive decision in this case would allow NAHB and NAACP to sue them at some later date. In May the court decided that the cities could participate as friends of the court but may not join in the litigation otherwise. This case was not resolved until 2011.

Homelessness and the Fair Housing Act

Homelessness is defined as lacking a fixed, regular, and adequate night-time residence; or where the primary night-time residence is:

- A supervised publicly or privately operated shelter designed to provide temporary living accommodations;
- An institution that provides temporary residence for individuals intended to be institutionalized; or,
- A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Fair Housing Act's definition of "dwelling" does not include overnight or temporary residence, so mistreatment of the homeless is not generally covered by Fair Housing Law. The ability of persons to find affordable housing is a protected right of Fair Housing; therefore, the inability of people to find affordable housing which may lead to homelessness, conflicts with the Fair Housing Law.

Unfair Lending Practices

Unfair lending practices are more difficult to detect and to prove. However, there are laws, other than the fair housing law, to assist communities in aggressively scrutinizing fair lending activity. One such law is the Home Mortgage Disclosure Act (HMDA), which requires banks to publish a record of their lending activities annually. Frequently, fair housing enforcement agencies and nonprofits use this data to help substantiate a discrimination claim or to determine a bank's racial diversification in lending. Another law frequently utilized by community organizations is the Community Reinvestment Act (CRA). When a bank wants to merge with or buy another bank or establish a new branch, the community has an opportunity to comment. Usually, the CRA commitments made by the bank are analyzed, utilizing other data such as HMDA, to determine adherence. The community can challenge the action if the bank has a poor record. Sometimes agreements can be reached with the bank promising a certain level of commitment to the community. Additionally, the Equal Credit Opportunity Act (ECOA) prohibits discrimination in lending generally and can be quite significant when it comes to securing information about unfair lending practices and imposing remedies, which may include up to one percent of the gross assets of the lending institution.

The U.S. Supreme Court ruled in June 2009 that states may investigate national banks to determine if they have discriminated against minorities seeking home loans. Furthermore, states may charge accused violators if found guilty. The new legislation stemmed from a discrimination investigation of national banks by the New York attorney general. The federal Office of the Comptroller of the Currency (OCC) sought legal action through the courts to stop the attorney general’s investigation because legal principals suggested that only federal regulators can require national banks to conform to regulations and practices that discourages unfair lending. The Supreme Court overturned this ruling giving state government power to enforce consumer-protection and lending policies.

3.2. Enforcement

It has long been settled that fair housing testing is legal and that non-profit enforcement agencies have standing to sue so long as certain criteria are met. These decisions make it feasible for non-profits to engage in fair housing enforcement activities. The Department of Housing and Urban Development (HUD) has primary responsibility for enforcing provisions under the Federal Fair Housing Act including those emanating from complaints filed in local and state jurisdictions and referred to HUD which prohibit discrimination in the buying, selling, rental or enjoyment of housing because of race, color, national origin, religion, sex, disability or familial status. The Arkansas Fair Housing Commission also investigates possible housing discrimination, assists clients to resolve fair housing disputes with housing providers and conducts community legal education on fair housing rights and responsibilities.

The Fort Worth, Texas Regional Offices conducts investigations of fair housing complaints that are reported directly to their office. Arkansas is part of HUD's Region VI. When the HUD Regional or Field Offices investigate complaints of discrimination, investigator generally spends time in the State, on-site, interviewing the complainant, respondents, and witnesses, reviewing records and documentation, while observing the environment. A detailed discussion of the complaints filled with HUD follows in Section 2.5.

When a complaint is filed with any of the jurisdictions, HUD is notified of the complaint. HUD will notify the violator of the complaint and permit all parties involved an opportunity to submit an answer. HUD will conduct investigations of the complaint to determine whether there is reasonable cause to believe the Federal Fair Housing Act has been violated. The complainant is then notified. A detailed discussion of the complaints filed with HUD follows in Section 2.5. A case is typically heard in an Administrative Hearing unless one party wants the case to be heard in the Federal District Court.

Education and Outreach

Jurisdictions makes referrals to HUD and AFHC for enforcement when official fair housing complaints are received. HUD and AFHC are responsible for fair housing enforcement of provisions under the Federal and State Fair Housing Acts in State of Arkansas. State of Arkansas provide outreach and education to the public, landlords and tenants, housing, and financial providers, as well as citizens, concerning fair housing. It is important that potential victims and violators of housing and/or lending discrimination law be aware of fair housing issues generally, know what may constitute a violation, and what they can do in the event they believe they have been discriminated against. Likewise, it is important for lenders, housing providers, and their agents to know their responsibilities and when they may be violating fair housing law.

Often, people may be unaware of their fair housing rights. Present day housing discrimination tends to be subtle. Instead of saying that no children are allowed, they may impose unreasonable occupancy standards that have the effect of excluding families with children. Rather than saying, "We do not rent to Hispanics," they may say, "Sorry we do not have any vacancies right now, try again in a few months," when, in fact, they do have one or more vacancies. Printed advertisements do not have to state, "no families with children or minorities allowed" to be discriminatory. A series of ads run over an extended period that always or consistently exclude children or minorities may very well be discriminatory. In addition, a person who believes he/she may have been discriminated against will likely do nothing if he/she does not realize that a simple telephone call can initiate intervention and a resolution on his/her behalf, without the expenditure of funds or excessive time. Thus, knowledge of available resources and assistance is a critical component.

3.3. Production and Availability of Affordable Units

An assessment of characteristics affecting housing production, availability, and affordability in State of Arkansas was conducted, including the adequacy and effectiveness of housing and housing related programs designed, implemented, and operated by State of Arkansas. The assessment included assessment of State's formula entitlement funding from HUD. The assessment evaluated the programs' ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need. We also assessed the extent to which the programs administered by State of Arkansas are currently utilized to address impediments identified in this FY 2020 AI. Our analysis for this section is also based a review of the State of Arkansas Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation provided by the State.

3.4. Regulatory and Public Policy Review

State of Arkansas has enacted substantially equivalent fair housing law. Having a fair ordinance, especially one that is substantially equivalent to the federal Fair Housing Act, exemplifies a jurisdiction's local commitment to enforcing fair housing regulations and it provides public awareness of individuals' rights under the Fair Housing Act. A substantially equivalent law also qualifies the local jurisdiction to apply for federal funding for enforcement. The State of Arkansas ordinances and public policies were examined to reveal any current ordinances or policies that impede fair housing choice. The regulations provide for the consideration of variances to development barriers that affect the feasibility of producing housing within the jurisdictions.

3.5. Analysis of Fair Housing Complaints

Fair housing complaint information was received from the Fort Worth Texas Regional Office of HUD. We requested data providing a breakdown of complaints filed for State of Arkansas from December 1, 2015 through December 31, 2019. AFHC identified during this period, 15 complaints filed according to one or more of seven bases, including National Origin, Religion, Familial Status, Handicap, Sex, Disability, and Race-Color in State of Arkansas. Number of complaints equaled 669. The number of cases by "Basis" is greater with some cases reporting multiple basis for their complaint.

Table 3.1 depicts complaint filed, divided on a protected class basis.

Table 3.1. Number of Complaints by Protected Class by Year (2015 - 2019)

Protected Class	Race/ Color	National Origin	Familial Status	Disability	Sex	Religion	Totals
2015	25	5	6	48	11	1	96
2016	44	3	11	57	3	1	119
2017	77	8	15	98	18	2	218
2018	29	6	11	70	10	3	129
2019	28	6	2	60	11	0	107
Totals	203	28	45	333	53	7	669

Source: Fort Worth Texas Regional Office of HUD

Table 3.2 is used to tally the case closure types by year the case was opened.

Table 3.2. Number of Complaints by Closures Type by Year (2015 - 2019)

Type of Closure	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Case Conciliated	19	16	60	16	**17**	**128**
No Probable Cause	41	33	119	45	**30**	**268**
Withdrawn	10	12	22	23	5	**72**
Lack of Jurisdiction	1	0	1	1	**1**	**4**
Complainant failed to cooperate	13	18	57	14	**12**	**114**
Unable to Locate the complainant	0	0	5	0	**0**	**5**
FHAP judicial dismissal	2	0	1	0	**0**	**3**
FHAP judicial consent order	0	0	0	1	**0**	**1**
Pending	0	0	0	0	**0**	**0**
Totals	**86**	**79**	**264**	**99**	**65**	**595**

Source: Fort Worth Texas Regional Office of HUD

Summary of Cases Files

Table 3.1 reveals 669 cases were filed between December 1, 2015 through December 31, 2019. Three hundred thirty-three case were filed based on Disability, and 203 cases based on Race. A total of 669 is an increase over the 2010 - 2015 cases filed. While the number of cases filed per year does not provide conclusive evidence alone as to the status or knowledge of fair housing in a community, it does support the need for outreach and education on fair housing law and how persons can file a complaint. While retaliation is not a recognized basis under the Act, it is acknowledged as an indication that greater education and outreach may be needed in industries such as rental property owners and management.

3.6. Conclusions and Implications for Fair Housing Barriers and Impediments

State of Arkansas AI related conclusions: The State of Arkansas provides referral of fair housing complaints to HUD for investigation and enforcement and is responsible for conducting public education, training and outreach of fair housing rights and remedies in State of Arkansas. The State of Arkansas has enacted fair housing law that is substantially equivalent to the Federal Fair Housing Act. The community engagement process reveals increasing knowledge of the State and Federal Fair Housing Acts, the public's understanding of the reporting process for complaints, or how and where to file a complaint. Substantiation of complaints investigated by AFHC is helpful in the process.

Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling, directed toward persons in the greater State of Arkansas were reviewed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertiser included EHO statements and/or logos. Including these logos can be a means of educating the home seeking public that the property is available to all persons.

Analysis of the State of Arkansas's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation submitted by State of Arkansas to HUD were also included. There were no impediments identified in the review of State of Arkansas Entitlement Grant programs, policies, and procedures. However, the cost and affordability of new housing and replacement housing, including higher rental rates, fair market rents that are less than market rates, cost of land, existing development value verses property values, and development cost for replacement sites and housing are major impediments to developing more efficient affordable housing.

De-concentration of race/ethnicity and poverty and lower income persons are also difficult to overcome. In this instance, there were no Racial and Ethnic, poverty, and public and assisted housing (R-ECAP) "concentration" identified for State of Arkansas. The basis for R-ECAP designation also includes the extent to which these factors eliminate housing choice and restrict protected class members and LMI populations to areas disproportionately lacking the neighborhood quality enjoyed by others due to these factors.

Currently, there are designated areas, based on HUD definition of R-ECAP concentrated areas, where this concentration exists and there are signs of neighborhood decline. We also analyzed privately owned – federally subsidized housing developments to determine if they are contributing to neighborhood decline with housing in need of repair and replacement of marginal and obsolete units. Private real estate is also exhibiting some decline. Based on limited reinvestment and current market values for existing developments versus the land and development cost to build new replacement units, the sale of existing units and development of comparable replacement units is not feasible in some cases without increased subsidies to support development and renovation cost and affordability. The cost to modernize and update existing units are difficult due to limited federal funding and the cost for renovation being similar to the cost for building new replacement units on other sites.

IV. Community Engagement

4.1. Introduction

The State of Arkansas held public engagement meetings on October 11, 2019 and February 19 – 20, 2020 to gain insight from the public on the priority needs for the 2020 – 2024 Consolidated Plan and 2020 Annual Plan, and to identify impediments to fair housing choice for the 2020 Analysis of Impediments. In addition to the public engagement meetings, community engagement included group discussions and interviews with question and answers from participants. Each group or individual participant was asked to provide input on community development priorities for the Consolidated Plan and Annual Plan and to identify impediments to fair housing choice. The State also consulted with local governments, regional service providers, agencies, and planning organizations by way of interviews and public engagement meetings.

The aim was a collaborative effort involving local communities; staff, elected and appointed State officials; and interviews with agencies and stakeholders to determine from the community's perspective, what are the community development and housing needs and impediments to fair housing choice faced in State of Arkansas?

The community engagement process allowed input from diverse segments of the community. Attendees for the public forums were gathered through public notice to the public and invitations sent to residents and community and local government leaders, organizations, industry professionals and public officials. The State offered opportunities for supplemental input from various community, professional and industry representatives to obtain information from those unable to attend the sessions. The public forum sessions were hosted by the staff of State of Arkansas. It should be noted that the comments summarized in this section represent the comments and views of focus group participants and those participating in supplemental interviews. JQUAD has made every effort to document all comments as a matter of record, and to ensure that the comments, as presented on the following pages, have not been altered to reflect our analysis, investigation or substantiation of information obtained during these sessions. Participants' comments and information obtained were later analyzed and to the extent substantiated or collaborated by the data and analysis, included in Section VI: Impediments and Remedial Actions. Comments from participants included the following.

4.2. Focus Group Concerns and Comments

Social-Economic Conditions - Among the social-economic issues discussed in the public engagement sessions was the perception that the supply of affordable housing is inadequate and the cost to purchase homes or to rent housing continues to soar beyond the range affordable to many local area residents. Others believed that poverty and the number of persons lacking sufficient income for housing was on the rise, severely impacting housing choice for the lowest income households. Participants indicated that poverty and limited incomes are also having an adverse impact on the condition and quality of neighborhoods and single-family owner-occupied housing in some areas. The impacts of unemployment, lack of job opportunities and insufficient incomes to afford decent and affordable housing were cited as contributing factors to housing and neighborhood decline.

Focus group participants wanted to have a greater emphasis placed on financial assistance to acquire housing suitable to meet the needs of the changing demographics in the State and to address specific problems faced by residents and the working poor. Participants also felt that increased housing counseling- both pre-purchase and post purchase support is needed to help applicants qualify for mortgage financing and rental units and to remain current with mortgage payments and home maintenance needs. Increased funding should be identified to provide rental assistance to those needing assistance with rent and utilities and security deposits necessary to initiate a lease. Participants cited the increasing need for utility assistance and other essential housing related support to remain in the housing they currently reside and avoid homelessness. Homebuyers are faced with increasing down payments and equity investments needed when buying a home, due to the lingering impacts of the mortgage crisis.

Participants emphasized the need for increased funding for project based rental assistance due to funding limitations for the Section 8 Vouchers Program. Fair market rents sometimes lag far below rents charged by multifamily and single-family rental housing providers. Participants indicated that Section 8 program guidelines and Fair Market Rents (FMR) do not include incentives for landlords to participate in the program, restricting program participants' ability to access quality housing, especially housing in racially and non-racially concentrated areas and lower income census tracts. Participants were also concerned with increased demand for rental assistance, development and rehabilitation funding for new and existing rental and owner-occupied housing, while ADFA no longer provides funding for rental housing rehabilitation and limited funding for home ownership housing rehabilitation.

Housing programs such as State funded CDBG and HOME programs, while successful, are experiencing problems with affordability due to housing related cost such as taxes and insurance. Solutions are needed to insure that as values increase among houses benefiting from grants and loans, that homeowners have the ability to keep pace with housing cost and housing related cost including taxes, insurance, utilities and maintenance. Nonprofit developers voiced a need for development and permit fee exemptions and reduced cost of tax liens on adjudicated properties.

Housing Supply, Neighborhood Conditions, and Infrastructure and Regulatory Controls - Participants' desired greater emphasis be placed on building codes and regulatory controls such as incentivized zoning and housing trust fund being utilized to improve housing conditions, cost, and accessibility.

Participants also recommended incorporating energy efficiency and green building standards in construction of affordable housing; the need for infrastructure to support new housing development and repair funding for owner occupied housing; and assurance that zoning regulations provide variances, when necessary, to induce vacant lot infill housing in developed neighborhoods. Acquisition and utilization of vacant lots, homebuyer subsidies for repairs, drainage, sidewalks, and increased emphasis on code enforcement were also cited as needs.

Public Policy and Public Awareness of Fair Housing - Participants cited public awareness of fair housing rights as a concern. They felt that some residents appear to be unaware of their rights under fair housing law and that the number of violations reported, and cases substantiated may be much lower than the number of violations actually occurring. Others felt that residents often fear retaliation by those who violate the laws. For example, attendees and persons interviewed cited instances of people not reporting fair housing complaints for fear of retaliation by their landlords, or if they report violations such as housing code, enforcement will result in higher rents or evictions actions by their landlords.

Participants also felt that residents needed increased access to homebuyer education and counseling when considering purchase of a home and rental housing and tenant’s rights counseling and advocacy for renters. They were concerned that first-time home buyers often do not know where to go for help or how to start the process of purchasing a home.

Anecdotal accounts by attendees and those interviewed included obstacles faced by renters such as denial of rental applications based on having no prior address, and/or frequent gaps in their rental histories. Others cited housing barriers faced by the “untouchables”, persons such as ex-offenders, convicted sex offenders and others recently discharged from the criminal justice system.

Access to Banking and Financial Institutions Products, and Basic Goods and Services - Predatory lending practices were identified as a major issue. Perception were that predatory lenders are absorbing much of the market formerly controlled by FDIC insured banks and other reputable financial institutions and fast becoming lenders of choice in some low income and minority concentrated areas. In other instances, persons facing economic hardships are being preyed upon due to their inability to qualify for traditional lending and banking services. For example, predatory businesses provide individuals with loans backed by the title to their car or house at relatively high interest rates. Lenders are quick to foreclose in the event the borrower misses a payment. Attendees were concerned that a growing number of people have fallen prey to subprime loans because they have a poor credit rating or limited to no credit history.

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

Lending, Foreclosures and the Mortgage Industry - Limited success in obtaining home mortgages was seen as a major barrier to fair housing choice. Criminal background histories and immigration status are relatively new factors contributing to the inability to qualify for home purchases and rental housing leases. Credit issues appeared to be the major barrier, based on focus group participants' comments. Both a lack of qualified applicants and an adequate pool of applicants for mortgages, coupled with the inability of some housing units to qualify based on lending program guidelines were cited as barriers. Participants felt that greater emphasis should be placed on credit counseling and financial literacy being accessible to a broader population including youth and young adults age eighteen to thirty. Persons with a criminal felony record and those convicted of sex crimes are having particular problems finding housing to rent as well as qualifying for mortgages. Other participants cited instances in which elderly and other owners of affordable housing are no longer able to afford routine maintenance on their home. Any major systems failure such as roof replacement, foundation problems or even heating and air conditioning replacement can render homes a health and safety risk or place the homeowner in violation of local property standards codes.

Special Needs Housing - Participants were concerned that greater funding be provided for the elderly to age in place, and to provide housing for others in need of special needs housing. Participants cited the growth expected in the elderly population over the next decade which will elevate this problem. Without such funding elderly and disabled persons are sometimes placed in nursing homes prematurely, even though they could otherwise continue to live on their own with some limited assistance or ADA accessibility modifications where they currently reside. Participants were also concerned that limited options exist for persons in need of transitional housing whether they be recently paroled, victims of domestic violence, mentally ill, physically handicapped, and homeless or at risk of becoming homeless. Others cited a need for more permanent supportive housing. Participants felt that more public resources should also be identified and dedicated to homeless programs, shelters and supportive services to the homeless and elderly. Participants were also concerned with limitations in available rental housing for the disabled and a lack of emphasis on building code standards that require new home construction to meet “visitable housing” standards. Some were concerned that information as to availability of ADA compliant housing is not readily available to those in need. These standards include insuring that at least one main entry into the dwelling and at least one-bathroom, downstairs bedroom and hallway are handicapped accessible.

Housing for the homeless and those persons at risk of becoming homeless was cited as an important issue that needs to be addressed. Housing for the homeless, victims of domestic violence and others were particularly needed due to the limited supply of shelter, transitional and permanent housing, and housing services in State of Arkansas. Others were concerned with limitations in funding for existing agencies providing services to the homeless. This includes new concerns relative to homelessness and housing for vulnerable populations the COVID -19 pandemic.

Public Transportation and Mobility - Participants cited limited mobility and public transportation as impediments to housing choice. Concerns including identifying alternatives to public transportation. These limitations also included a concern for elderly and disabled persons in need of public transportation to access supportive services. Public transportation was deemed inadequate, for persons commuting to major employment centers in State of Arkansas and in neighboring cities.

4.3. Other Issues and Solutions

Attendees indicated a need for increased emphasis on mitigating the impacts of increased incidents of discrimination or impediments to housing for persons with disabilities, renters with past criminal records or prior convictions for sexual abuse related crimes, those in need of special needs housing or facing evictions, foreclosures and homelessness. Participants also voiced support for a greater emphasis on credit education and housing consumer counseling. Increased financial literacy courses taught in high schools was a best practice identified by the facilitator for the focus group session and well received by participants. Participants cited the need for additional funding for fair housing outreach, education and enforcement, fair housing training for landlords and homeowner associations and other at risk of violating fair housing law.

V. Home Mortgage Disclosure Act Analysis

Introduction

The Federal Financial Institutions Examination Council (FFIEC) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry. The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose. The FFIEC provides the HMDA databases and retrieval software on compact disk. Data can be summarized within the software package or downloaded in its raw form for analysis. For this analysis, the FFIEC databases were utilized for 2014 through 2017.

The data reported here are summarized by a variety of methods. Tables 5.1, Tables 5.2 and 5.4 provide information for the State. Tables 5.3, 5.5 and 5.6 present the data by census tract income groups. The maps, provided at the end of this section, present data according to census tracts for Arkansas.

Analysis

Table 5.1 examines home loan activities in the State. Data are presented by loan type, ethnicity, income of the census tract, and loan purpose. White applicants represent the largest number of loan applicants at over 343,333. Origination rates for Whites were 57 percent. African-Americans were the next largest applicant group with over 38,638 applications submitted and an origination rate of 40 percent, considerably lower than White rates. Hispanic origination rates were just over 53 percent, with over 18,547 applications reported. High-income applicants showed both the highest number of applications, at about 180,541, and the highest origination rate, at almost 60 percent. Both the number of applications and the origination rates drop significantly for all other income groups, with less than 41,851 applications from middle-income applicants and 54 percent origination rates. Conventional loans account for the largest number of applications, at over 317,696, and the highest origination rate, at just over 53 percent.

Table 5.1
Comparison of Number of Loan Applications and Origination Rates

Race	Total Applications	Loans Originated	Loan originated %	Denials
American Indian or Alaska Native	3,979	1,649	41.4	1,278
Asian	6,062	3,491	57.6	945
Black or African American	38,638	15,588	40.3	13,581
Information not provided	30,038	12,417	41.3	10,140
Native Hawaiian or Other Pacific Islander	909	454	49.9	236
Not applicable	60,695	12,490	20.6	157
White	343,333	194,310	56.6	64,358
Total	483,654	240,399	50.0	90,695
Hispanic or Latino	18,547	9,767	52.7	4,623
Income	Total Applications	Loans Originated	Loan originated %	Denials
<51% median	120,042	40,117	33.4	21,400
51-80% median	81,666	40,155	49.2	20,708
81-95% median	52,996	27,896	52.6	11,131
96-120% median	41,114	22,319	54.3	7,904
>120% median	183,365	109,731	59.8	26,811
N/A	4,471	181	4.0	2,741
	483,654	240,399	50%	90,695
Loan Type	Total Applications	Loans Originated	Loan originated %	Den ials
Conventional	317,696	169,592	53	67,504
FHA-insured	86,593	35,655	41	13,578
FSA/RHS-guaranteed	31,438	13,207	42	2,572
VA-guaranteed	47,927	21,945	46	7,041
Total	483,654	240,399	50%	90,695
Loan Purpose	Total Applications	Loans Originated	Loan originated %	Den ials
Home improvement	44,310	23,700	53	15,923
Home purchase	270,414	139,182	51	35,327
Refinancing	168,930	77,517	46	39,445
Total	483,654	240,399	50%	90,695

Table 5.1 Source: Home Mortgage Disclosure Act

Table 5.2 displays the HMDA data for the same data categories (Loan Type, Ethnicity, Income, and Loan Purpose). On this table, however, percentages are taken within category, rather than demonstrating the percentage of applications that result in loan originations. For instance, the first percentage in the “Percent” column indicates that 71 percent of originations in the State were for conventional loans. For comparison, ethnic percentages were included under the “Pop.” column to compare the percentage of originations by ethnic group to their percentage in the population.

For Loan Type, “Conventional” shows the highest percentages, at over 71 percent of all originations. Government insured loans, having more stringent lending criteria, were slightly below 15 percent of the originations. Referring to Table 5.1, government insured loans had a significantly lower origination rate than conventional, at about 41 percent for government insured versus over 53 percent for conventional.

For Ethnicity, “White” shows the highest percentage of origination at over 85 percent of the total. The percentage of originations is somewhat higher than the percentage of Whites in the population, 81 percent of originations compared to 73 percent of the population. African-American applicants account for almost 6 percent of originations, while their presence in the population exceeds 15.3 percent of all residents. Hispanic applicants accounted for less than 4. percent of all originations, with over six percent of the total population. This is likely a reflection on the reality that according to census data, African Americans and Hispanics are more likely to fall within lower-income groups and, therefore, less likely to qualify for mortgage financing.

For Income, the highest income group (>120% median) displays the highest percentage of originations, at almost 45 percent of all originations. While it stands to reason that the highest income group would have the greatest success in being approved for loans, it is somewhat troubling that a relatively small group accounts for more than 45 percent of all loans.

Loan Purpose data show that Home Purchase loans accounted for over 58 percent of the originations. Refinance loans were the second most frequent purpose, at about 32 percent. Refinance loans accounted for 10 percent of all originations.

Table 5.2
Comparison of Originations Within Categories Arkansas State

Race	Loans Originations	% of Originations	%Pop
American Indian or Alaska Native	1,649	1%	2%
Asian	3,491	1%	2%
Black or African American	15,588	6%	16%
Information not provided	12,417	5%	
Native Hawaiian or Other Pacific Islander	454	0%	0.4%
Not applicable	12,490	5%	
White	194,310	81%	79%
Total	240,399	100%	
Hispanic or Latino	9,767	4%	7.3%
Income	Loans Originations	% of Originations	
<51% median	40,117	17%	
51-80% median	40,155	17%	
81-95% median	27,896	12%	
96-120% median	22,319	9%	
>120% median	109,731	46%	
N/A	181	0%	
	240,399	100%	
Loan Type	Loans Originations	% of Originations	
Conventional	169,592	71%	
FHA-insured	35,655	15%	
FSA/RHS-guaranteed	13,207	5%	
VA-guaranteed	21,945	9%	
Total	240,399	100%	
Loan Purpose	Loans Originations	% of Originations	
Home improvement	23,700	10%	
Home purchase	139,182	58%	
Refinancing	77,517	32%	
Total	240,399	100%	

Table 5.2 Source: Home Mortgage Disclosure Act

Table 5.3 examines the HMDA data more closely with respect to the possibility of redlining within the State. Redlining relates to the avoidance of certain locations by mortgage lenders in response to undesirable characteristics of the area. Assuming that these negative characteristics can be epitomized by the lowest income census tracts (<51% median in the tables), a comparison of origination rates within these tracts to higher income tracts should shed some light on the probability of redlining. Origination rates for the State indicate that Very Low- Income applicants (<51% median) were successful 33 percent of the time, Low-Income applicants (51-80% median) 49 percent of the time, Moderate Income applicants (81-95% median) 53 percent of the time, Middle Income applicants (96-120% median) 54 percent of the time, and High Income applicants (>120% median) 60 percent of the time. When isolating the Very Low-Income census tracts, the origination rates change dramatically. Very Low-Income applicants were successful 40 percent of the time. While it might be expected that very low-income applicants may have low success rates, higher income applicants in very low-income tracts experienced much lower rates, as well. High Income applicants in very low-income tracts had a 55 percent origination rate, almost five percentage points lower than in the State overall.

Comparing Very Low-Income tracts to High Income tracts, large differences are noted between origination and denial rates. Within High Income tracts, Very Low

Income applicants were successful 32 percent of the time, a little bit lower than Middle Income applicants in the Very Low-Income tracts. High Income applicants were successful 61 percent of the time in High Income tracts, higher than the rate in Very Low-Income tracts. Origination rate for Middle Income applicants in High Income tracts 54 percent, higher than the rate in the Very Low-Income tracts. While this analysis does not provide conclusive proof that redlining exists, the expectation for higher income applicants would be for relatively equal origination rates across all census tracts. The large differences in origination rates between Very Low and

High-Income tracts suggest that some characteristics of redlining may be occurring.

Table 5.3
Analysis of Redlining in Very Low-Income Census Tracts

Very Low Income Tracts	Total Applications	Loan originated %	%Denial
<51% median	2,764	40	28
51-80% median	1,341	38	40
81-95% median	655	42	37
96-120% median	363	46	34
>120% median	1,378	55	22
Very High Income Tracts	Total Applications	Loan originated %	%Denial
<51% median	61,856	32	15
51-80% median	40,767	51	23
81-95% median	29,808	54	19
96-120% median	24,629	55	17
>120% median	123,451	61	13
Difference Between High and Very Low Tracts		Origination % Difference	
<51% median		-8.17	
51-80% median		12.86	
81-95% median		12.04	
96-120% median		9.69	
>120% median		5.42	
Statewide Origination Rates	Total Applications	Loan originated %	%Denial
<51% median	40,117	33	24
51-80% median	40,155	49	23
81-95% median	27,896	53	12
96-120% median	22,319	54	9
>120% median	109,731	60	30

Table 5.3 Source: Home Mortgage Disclosure Act

Table 5.4 compares origination rates between minorities and White applicants for the various loan purposes. For all loan purposes shown, White origination rates are much higher than minorities. For home purchase loans, origination rates were 60 percent for Whites and over 34 percent for minorities, a difference of 26 percentage points. White applicants for home improvement loans are successful almost 19 percentage points more often than minorities. The rates for refinance loans show a 16-percentage point difference.

Table 5.4
HMDA Activity for Arkansas State

Home Purchase Loans	Total Applications	Loan originated %	%Denial
Minority	92,133	34	28
White	189,902	60	40
Home Improvement Loan	Total Applications	Loan originated %	%Denial
Minority	13,107	40	15
White	32,895	51	23
Refinance Loans	Total Applications	Loan originated %	%Denial
Minority	53,628	35	17
White	120,539	51	13

Table 5.4 Source: Home Mortgage Disclosure Act

Chart 5.1 provides a look at denial rates and origination rates by census tract income for all loan types. As expected, high income applicants have the highest origination and lowest denial rate.

Chart 5.2 shows origination rates by minority compared to white applicants in the higher income tracts, White rates exceed all other races/ethnicities. White origination rates for the Very Low-Income tracts exceed origination rates for all other ethnicities/races in all other income tract groups except for Asians in the High-Income Tracts.

Chart 5.3 looks at the total number of applications from 2014 to 2017. The total number of applications peaked in 2016 at 131,353 before declining to 125,393 in 2017. However, applications remain above the 2014 total of 108,527.

Chart 5.4 looks at total originations by loan type. Originations of conventional loans occurred most when compared to all other loan types. The most originated conventional loans occurred in 2016 with 45,545. The second most originated loans were refinance loans which peaked in 2016 as well.

Maps 5.1 and 5.3 through 5.7 provide data on loan activity by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest shade indicate those areas where lending activities are least successful. A value of 1 indicates that 100 applications are denied for every 100 applications that are originated and 2 would indicate that 200 applications are denied for every 100 originated and so on. The medium colored areas indicate those areas where more successes are seen. A value of 0.75 indicates that between 75 applications are denied for every 100 applications originated. The lightest areas show the most success. A value of 0 indicates that there are no loans denied for every 100 applications originated.

Map 5.2 shows the total number of loan originations by census tract. Less active areas are shown in the lighter colors, with the most active areas in dark shades. In all the maps, the light areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials.

Conclusions

While our analysis does not provide conclusive evidence of fair housing impediments, the data tend to suggest that some characteristics of redlining may exist in some of the very low-income census tracts in Arkansas. While it is expected that very low-income applicants would not have a very high success rate in their loan applications, within the very low-income census tracts, even high-income applicants showed a poor success rate. It would appear that the property or neighborhood conditions might be negatively impacting origination rates in those communities.

The least success in lending was found in the refinancing loan sector. Very low origination rates were found in most areas and through most income groups. Overall, the origination rates among Whites were higher than minorities in home purchase, home improvement and refinance loans. Although African-Americans accounted for the second highest number of applications after Whites, the percentage of loan originations were significantly lower compared to their percentage in population in the state. The data show continuing changes in the home lending markets over the span of the study.

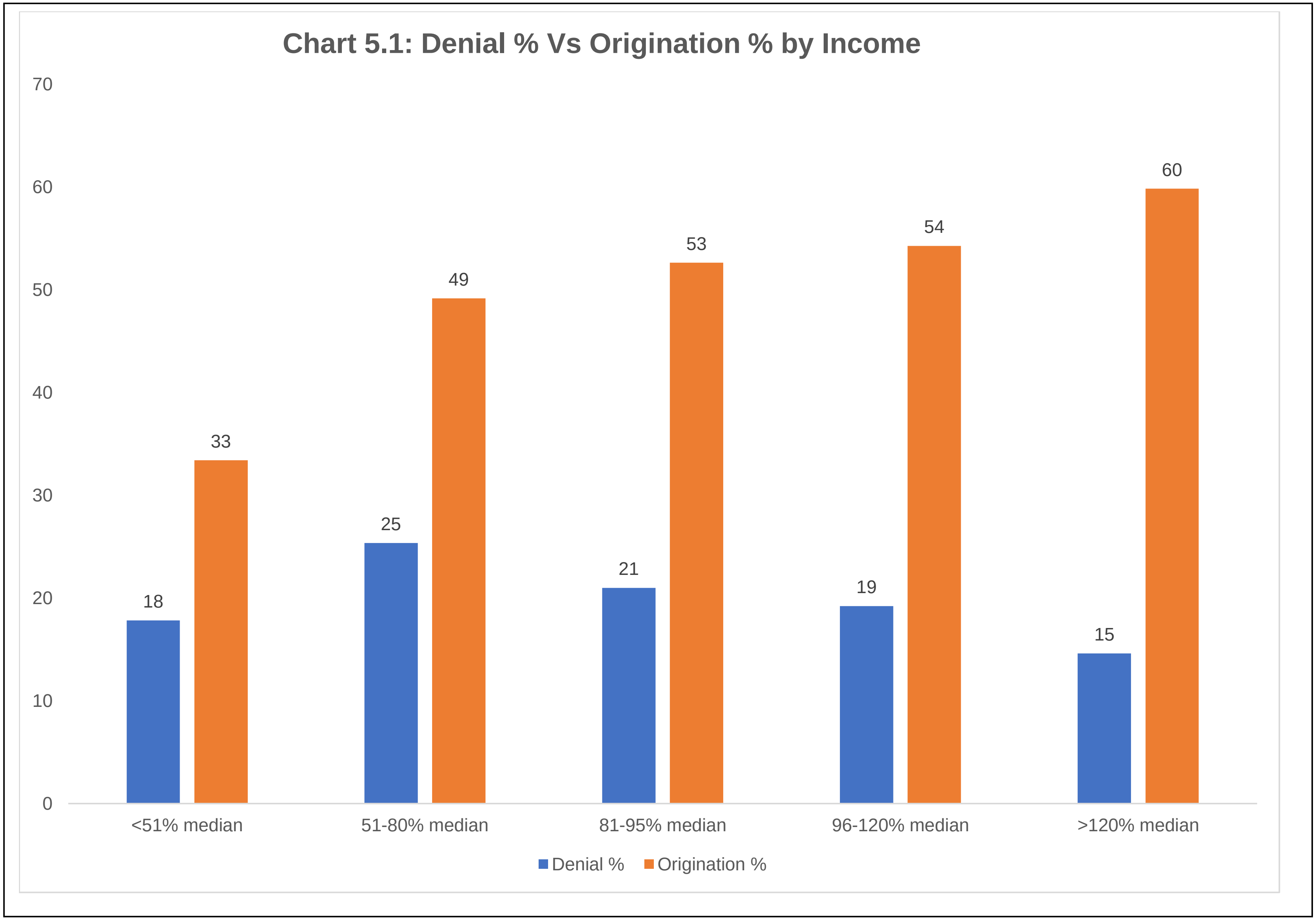


Chart 5.1: Denial % Vs Origination % by Income
70
60
50
40
30
20
10
0
18
33
25
49
21
53
19
54
15
60
<51% median
51-80% median
81-95% median
96-120% median
>120% median
Denial %
Origination %

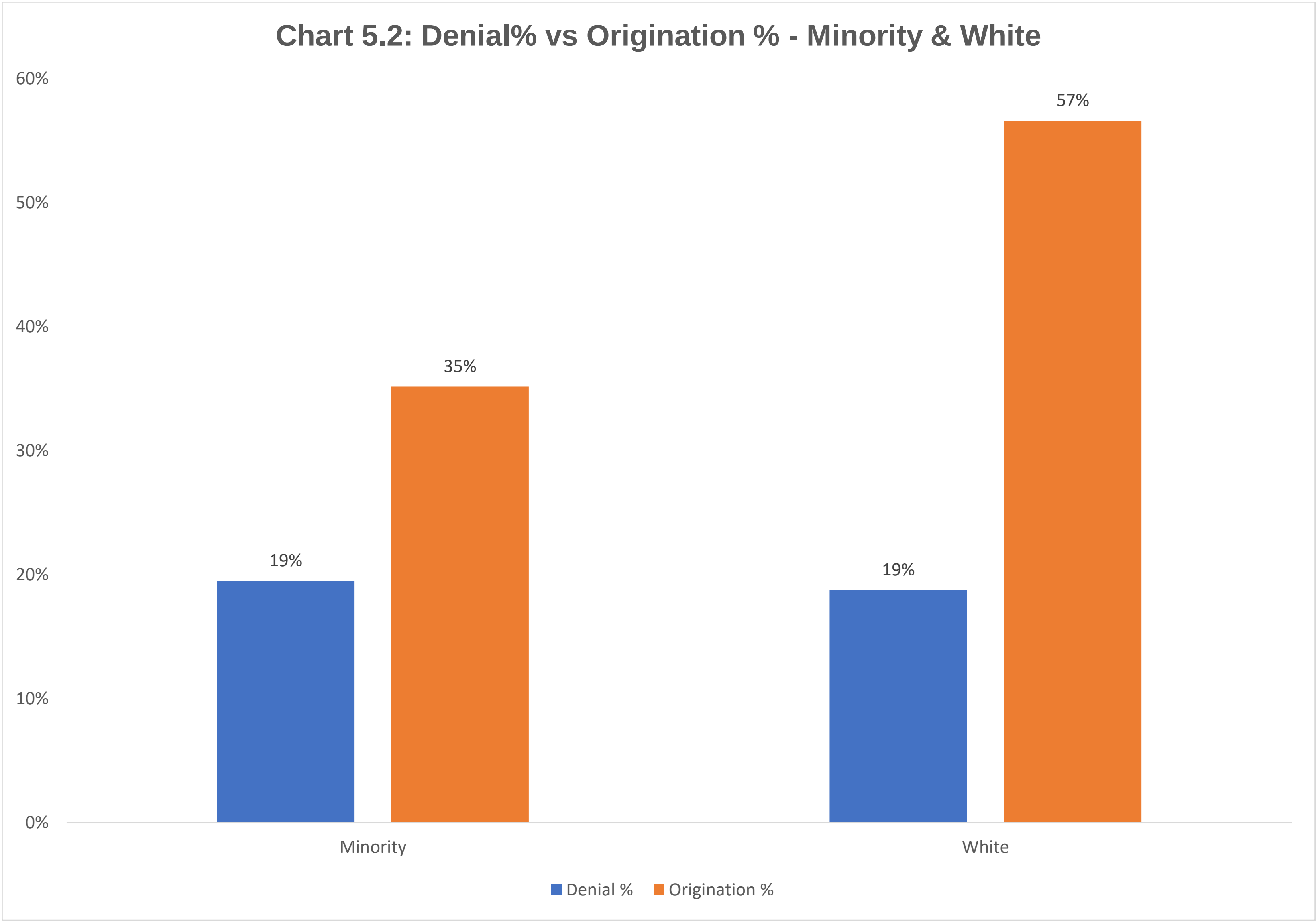


Chart 5.2: Denial% vs Origination % - Minority & White
60%
50%
40%
30%
20%
10%
0%
19%
35%
19%
57%
Minority
White
Denial %
Origination %

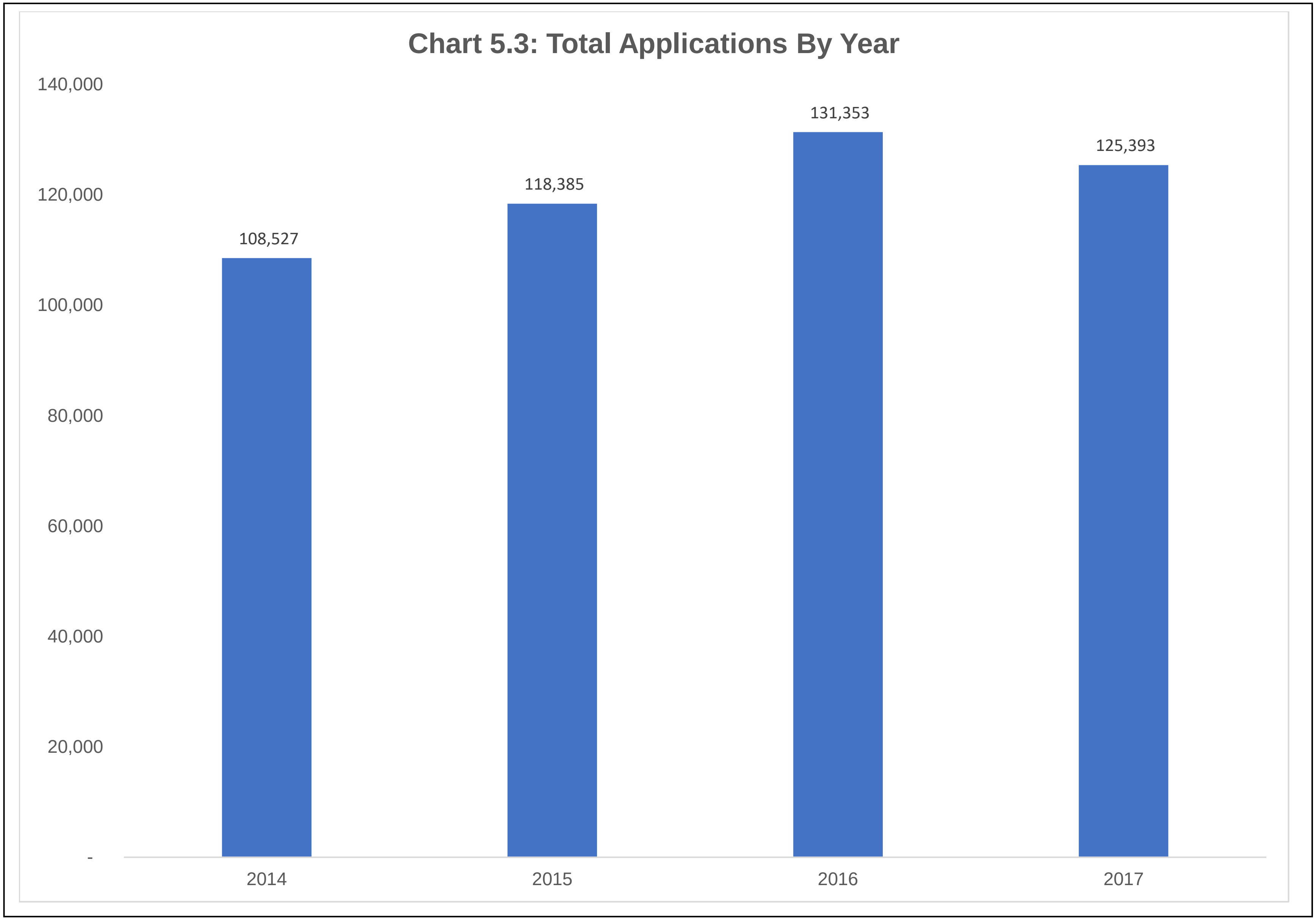


Chart 5.3: Total Applications By Year
140,000
120,000
100,000
80,000
60,000
40,000
20,000
-
108,527
118,385
131,353
125,393
2014
2015
2016
2017

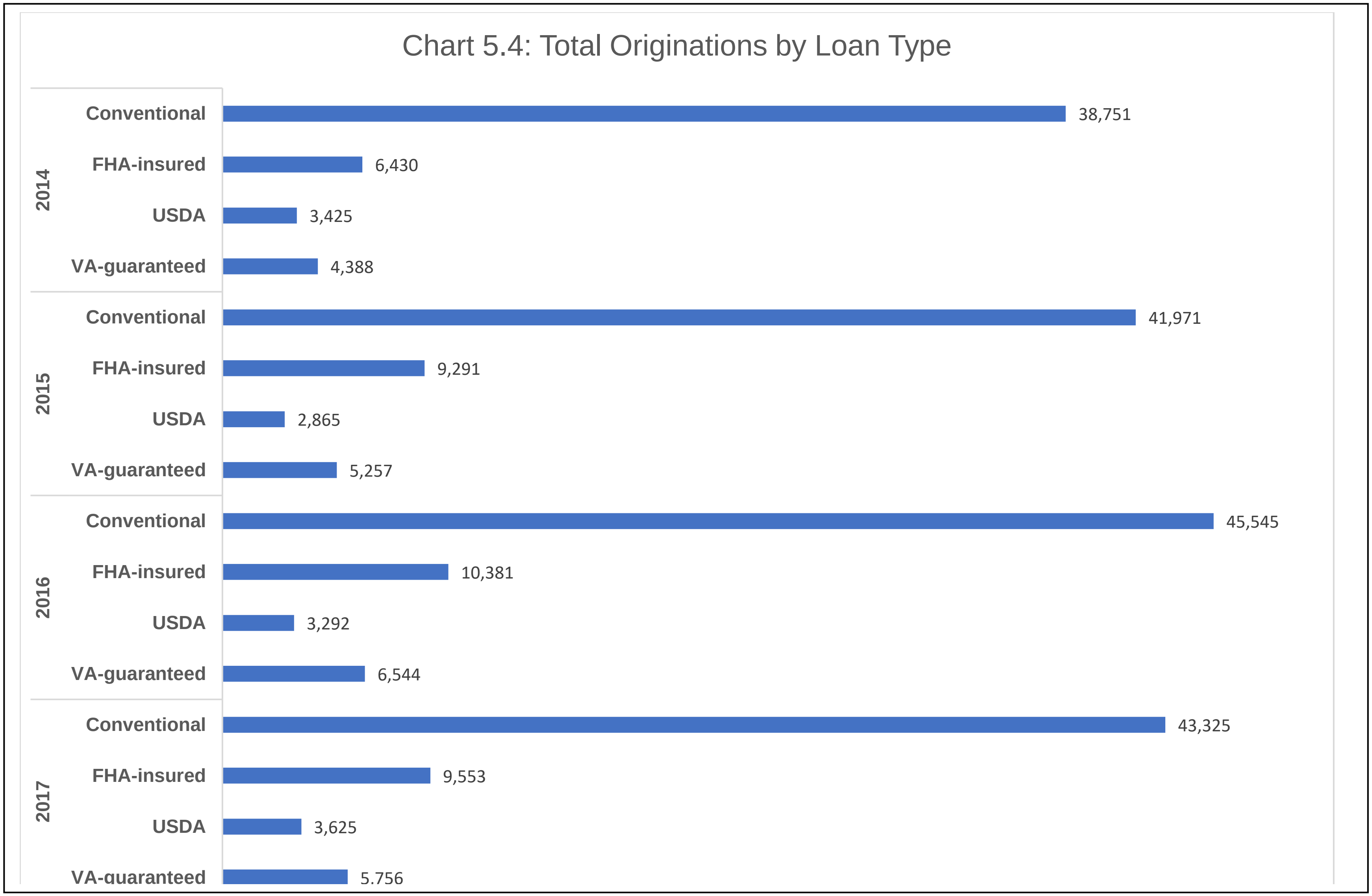
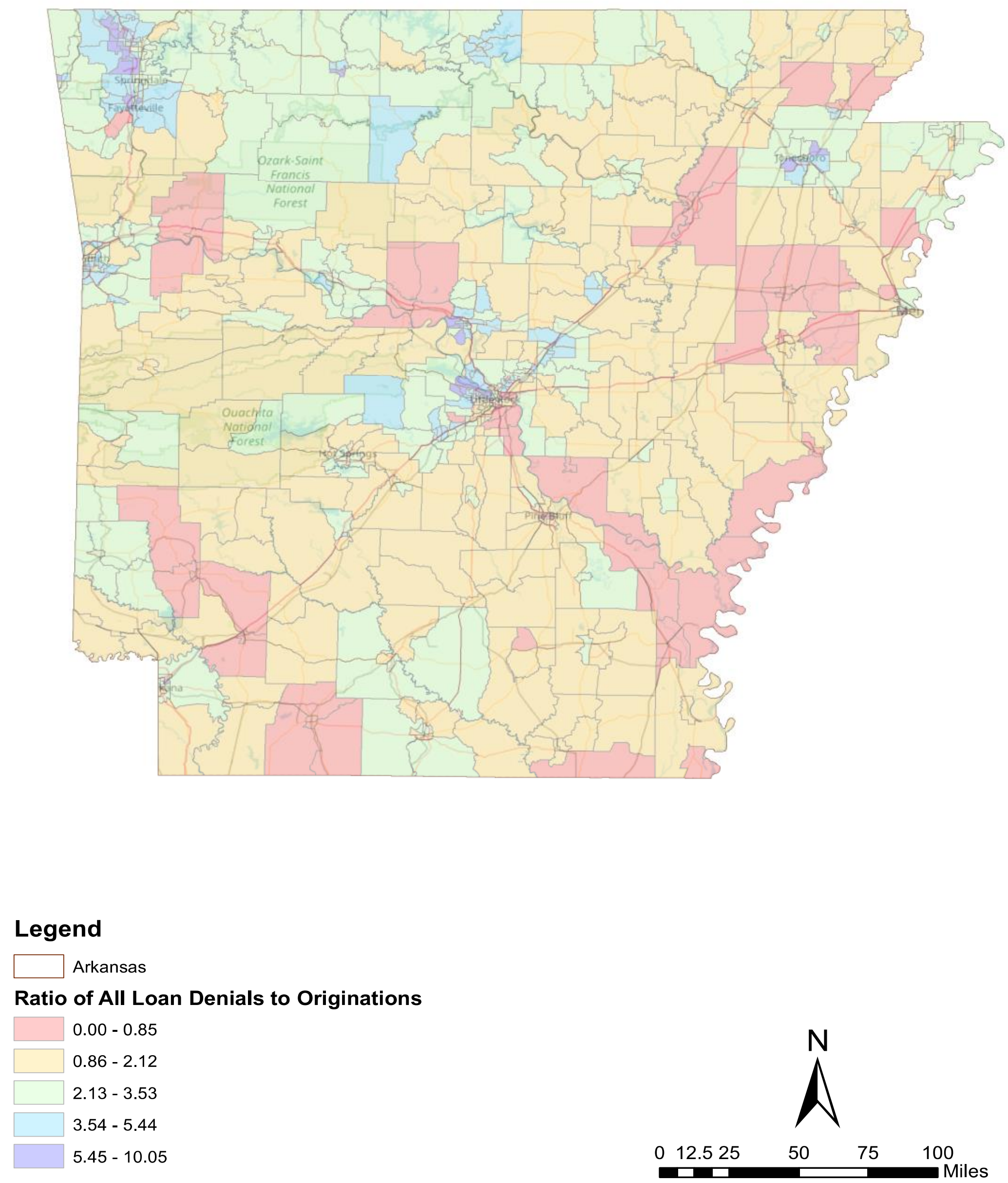


Chart 5.4: Total Originations by Loan Type
2014
Conventional 38,751
FHA-insured 6,430
USDA 3,425
VA-guaranteed 4,388
2015
Conventional 41,971
FHA-insured 9,291
USDA 2,865
VA-guaranteed 5,257
2016
Conventional 45,545
FHA-insured 10,381
USDA 3,292
VA-guaranteed 6,544
2017
Conventional 43,325
FHA-insured 9,553
USDA 3,625
VA-guaranteed 5,756

Maps 5.1 and 5.3 through 5.6 provide data on loan activity by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest shade indicate those areas where lending activities are least successful. A value of 1 indicates that 100 applications are denied for every 100 applications that are originated and 2 would indicate that 200 applications are denied for every 100 originated and so on. The medium colored areas indicate those areas where more successes are seen. A value of 0.75 indicates that between 75 applications are denied for every 100 applications originated. The lightest areas show the most success. A value of 0 indicates that there are no loans denied for every 100 applications originated.

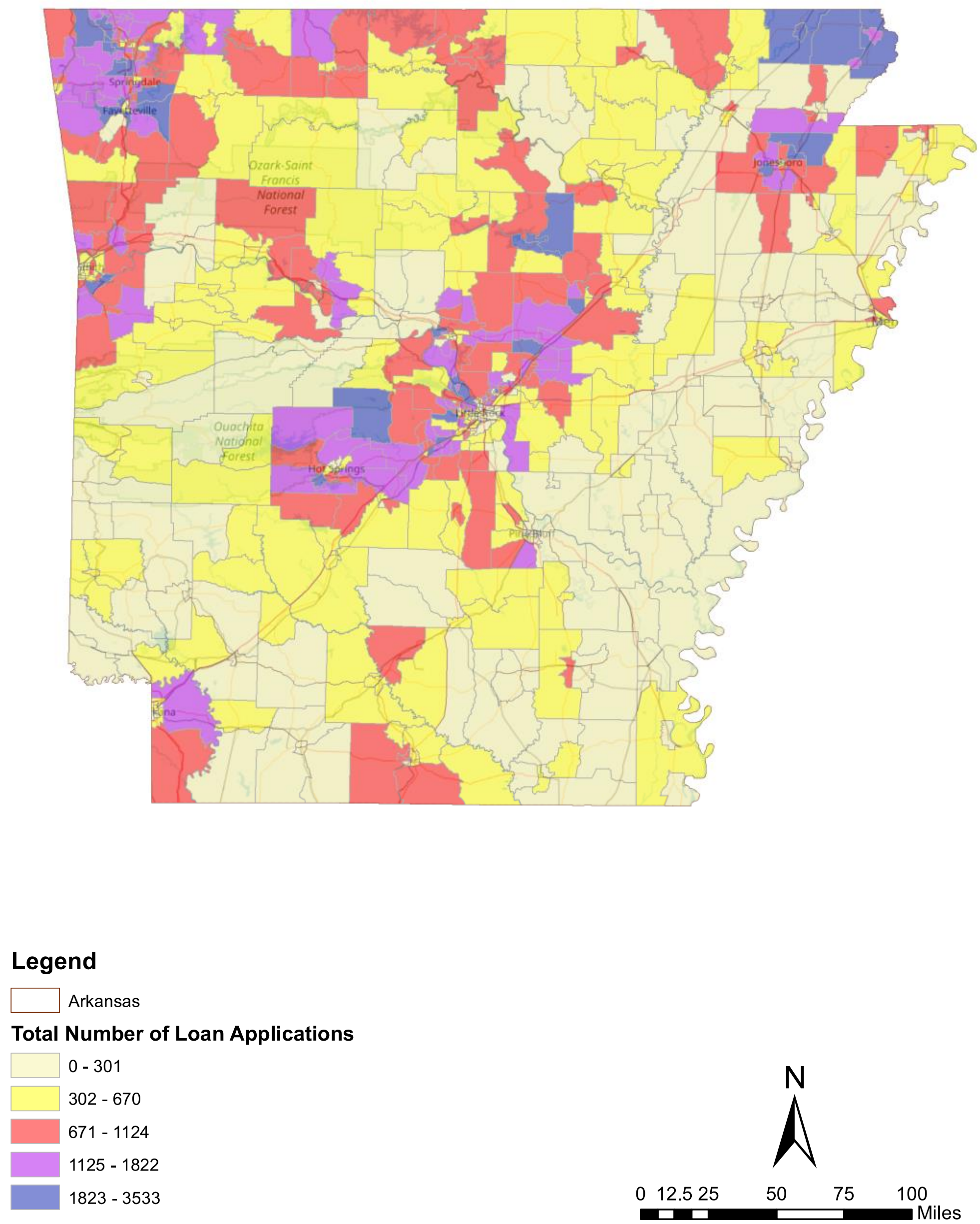
Map 5.2 shows the total number of loan applications by census tract. Less active areas are shown in the lighter colors, with the most active areas in dark shades. In all the maps, the light areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials

Map 5.1 Ratio of All Loan Denials to Originations, 2014 - 2017



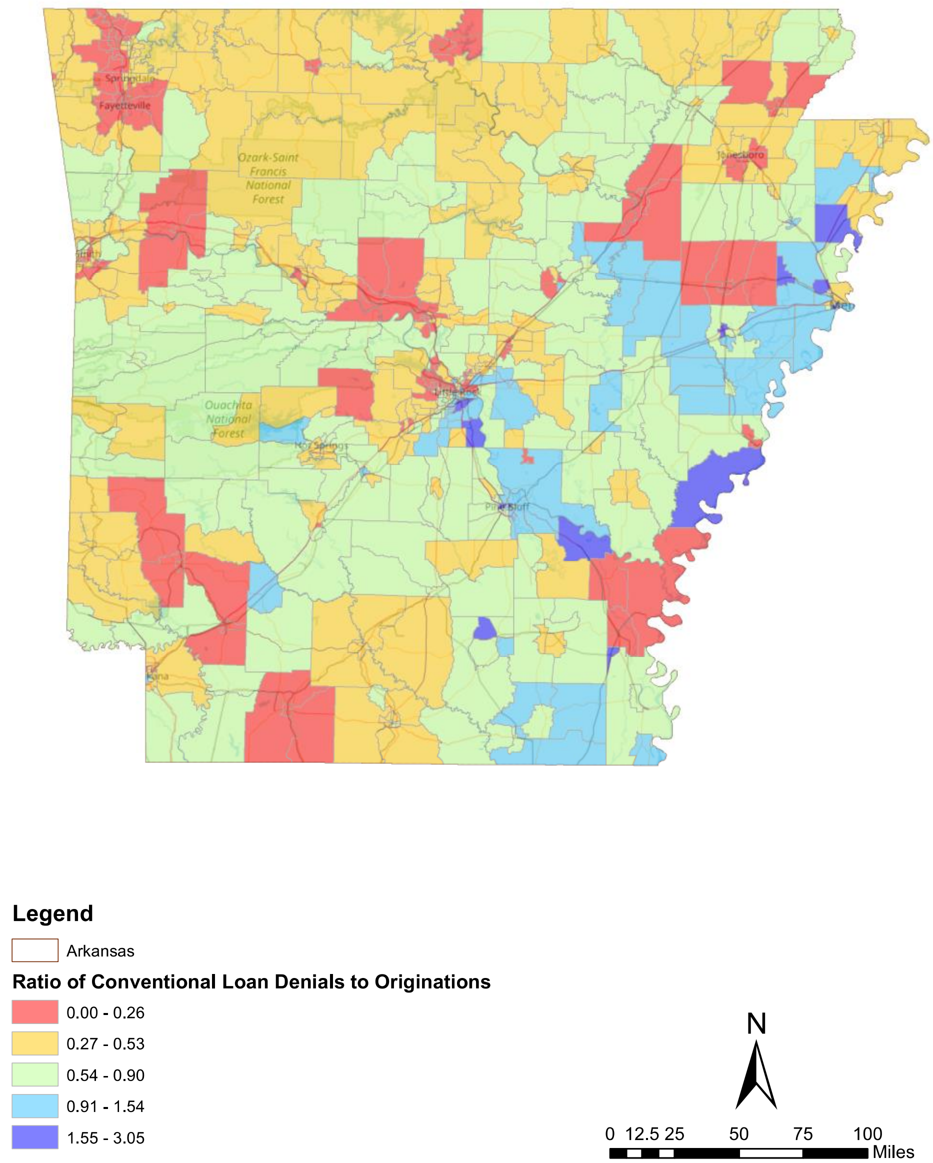
Map 5.1: 2014 – 2017 Home Mortgage Disclosure Act

Map 5.2 Total Number of Loan Applications, 2014 - 2017



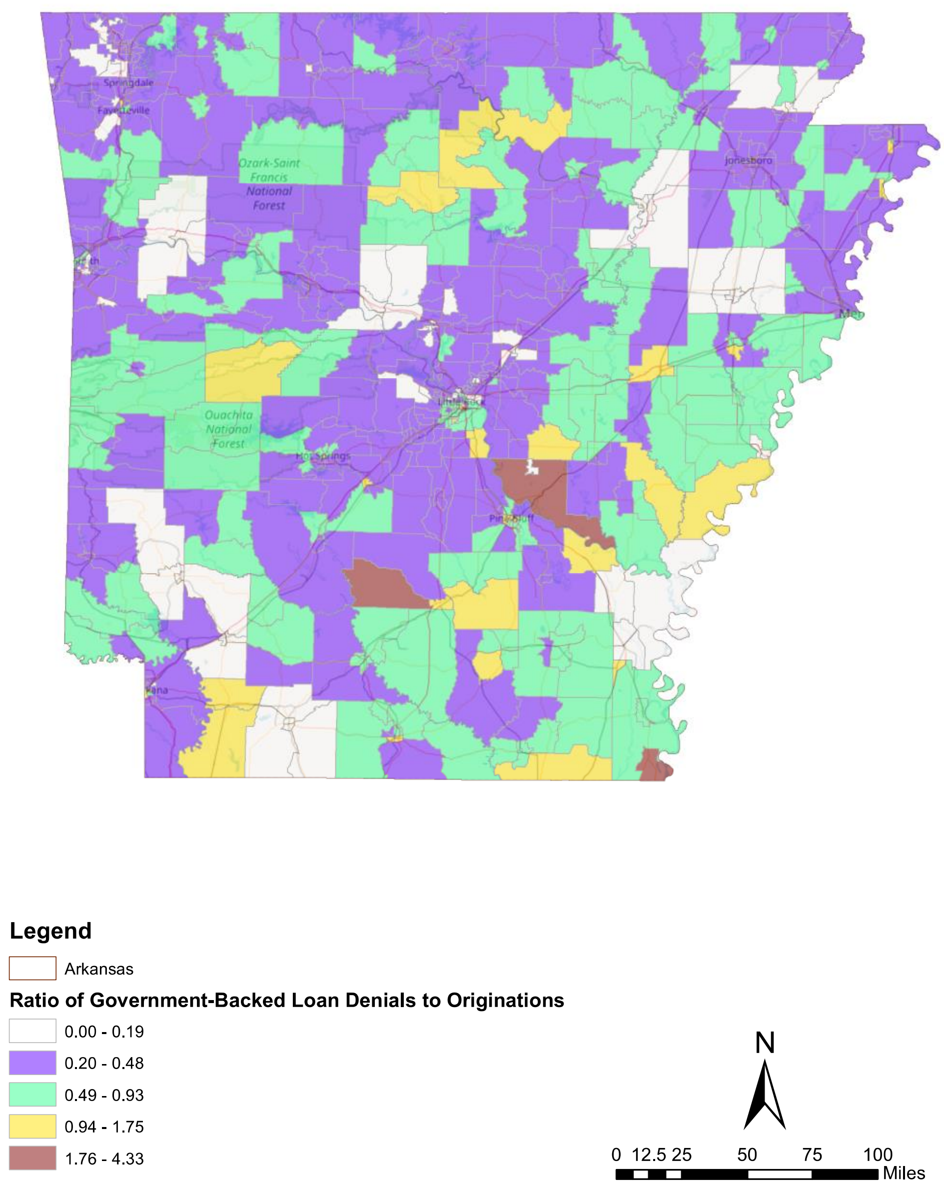
Map 5.2: 2014 – 2017 Home Mortgage Disclosure Act

Map 5.3 Ratio of Conventional Loan Denials to Originations, 2014 - 2017



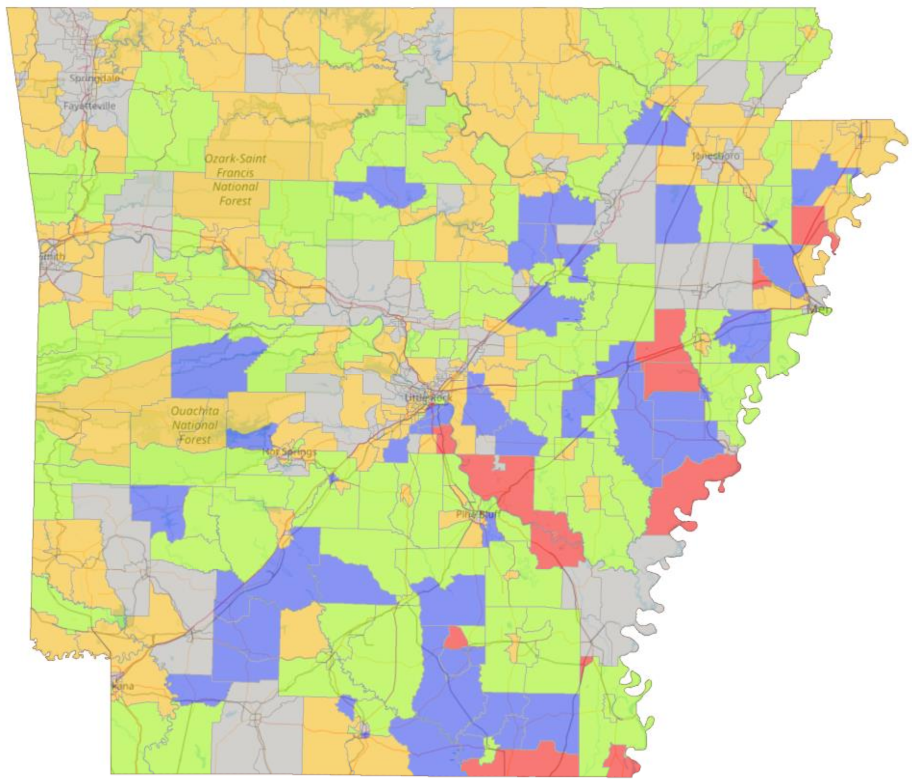
Map 5.3: 2014 – 2017 Home Mortgage Disclosure Act

Map 5.4 Ratio of Government-Back Loan Denials to Originations, 2014 - 2017



Map 5.4: 2014 – 2017 Home Mortgage Disclosure Act

Map 5.5 Ratio of Home Purchase Loan Denials to Originations, 2014 - 2017



Legend

Arkansas

Ratio of Home Purchase Loan Denials to Originations

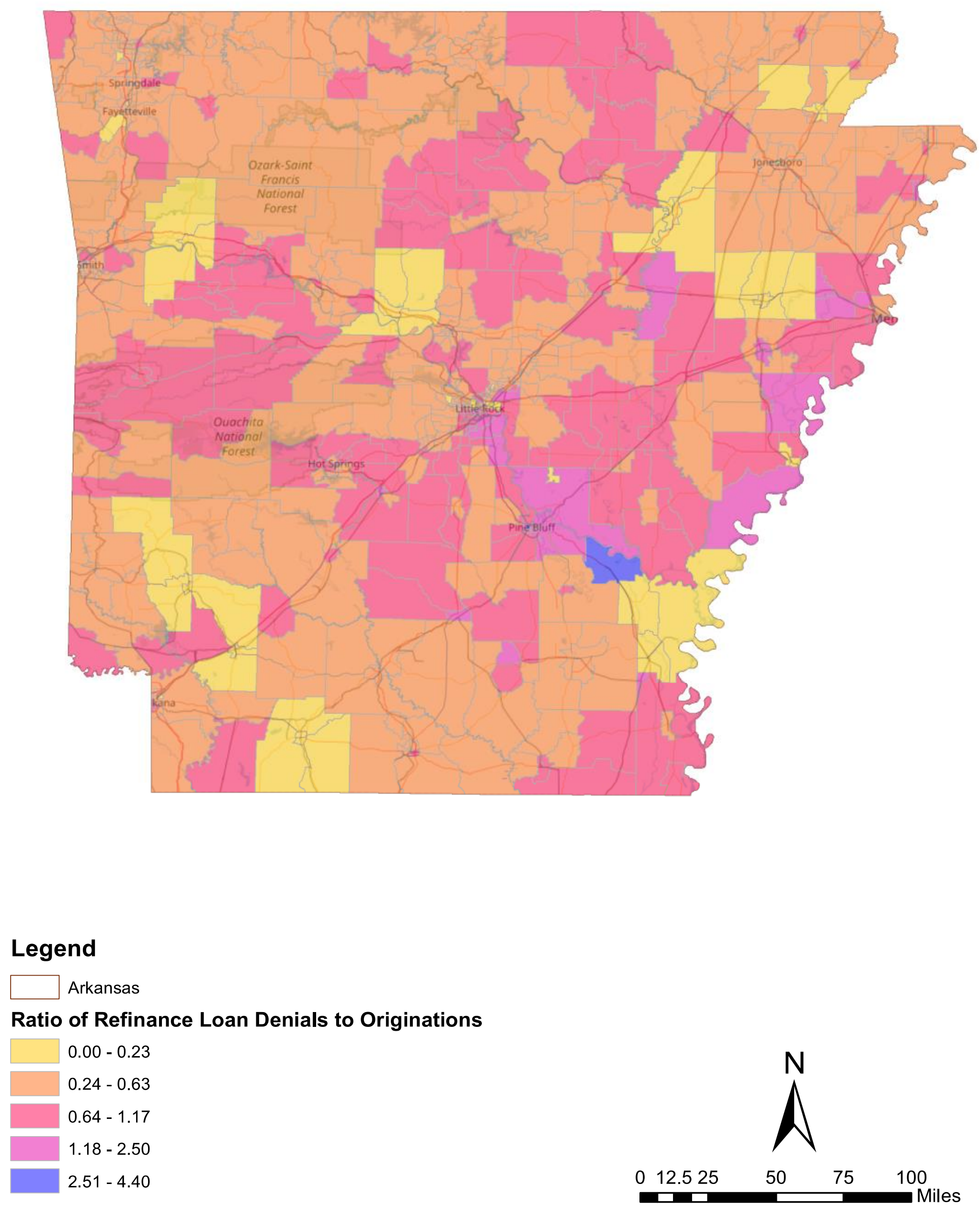
- 0.00 - 0.19
- 0.20 - 0.41
- 0.42 - 0.73
- 0.75 - 1.31
- 1.32 - 2.10

N

0 12.5 25 50 75 100 Miles

Map 5.5: 2014 – 2017 Home Mortgage Disclosure Act

Map 5.6 Ratio of Refinance Loan Denials to Originations, 2014 - 2017



Map 5.6: 2014 – 2017 Home Mortgage Disclosure Act

VI. Fair Housing Impediments for 2020 Analysis of Impediments

2020 Analysis of Impediments to Fair Housing Choice

Impediments to fair housing choice are detailed in Section VI of the Analysis of Impediments report. The impediments identified draw on information collected and analyzed in other sections that provide a context for remedial actions intended to address those impediments. Divided into five major categories, Impediments include: Real Estate Impediments; Public Policy Impediments; Neighborhood Conditions as Impediments; Banking, Finance, and Insurance Related Impediments; and Socioeconomic Impediments. For each impediment identified, issues and impacts are detailed. Remedial actions are recommended, when appropriate, to address each impediment. Some of the remedial actions and recommended goals are conceptual frameworks for addressing the impediments or best practice examples used by other jurisdictions to address similar concerns. Conceptual actions and goals may require further research, analysis, and programs design by the State prior to implementation.

Goals and Remedial Activities designed to address impediments

The major focus of the recommended remedial actions and goals are intended to create public - private partnerships, identify new federal and other resources, and leverage private funding needed to enhance the State of Arkansas's ability to increase the supply of affordable housing. Additional focus is needed on policies and programs that assist in meeting the needs of low- and moderate-income households and protected class members under the Fair Housing Act. Remedial actions are recommended as a means of reversing the negative and sometimes disparate impacts of the market conditions and mortgage lending trends that adversely and disproportionately impact minorities and members of the protected classes under the federal Fair Housing Act. These include sub-prime lending, and credit and collateral deficiencies, that impact loan origination rates, poverty, unemployment, and income. Disparate impacts in healthcare, social services, homelessness, and infrastructure are issues for both small communities and larger jurisdictions. The goals were prioritized based on input from the public. The following component of Section VI describes the identified impediments, analysis of data relative to identified impediments, remedial actions needed, and goals recommended for addressing identified impediments to fair housing. The State has incorporated the impediments and actions recommended, in the Barriers to Affordable Housing and Strategic Plan sections of the Consolidated Plan. High Priorities include:

Impediments

- Increasing Poverty, Lower Income, and lack of Affordable Housing among protected class members, minority, and special needs populations – High Priority
- Limited Development Subsidies, Increasing Cost of Development – High Priority
- Housing Affordability, Insufficient Income, Cost Burden – High Priority
- Limited Housing Resources to assist lower income, elderly, and disabled homeowners maintain homes and enhance neighborhood stability – High Priority
- Expanding the supply of Affordable Housing, Housing Choices and Access to Financing – High Priority
- Limited Special Needs housing and services – High Priority
- Increasing Homeownership among protected Class Members, Increase Rehabilitation of existing housing, and sustainability – High Priority
- Regulatory and Policy Changes – High Priority
- Expanding Protected Classes under State Fair Housing Regulations – High Priority
- Increase Outreach to Developers, Real Estate Professionals, Landlords, and Citizens on Fair Housing rights – High Priority
- Continue Economic Development, Job Creation, Small Business Entrepreneurial Opportunities and Jobs paying “living wages” – High Priority
- Improve Transportation and Mobility for LMI Populations, Seniors, and Disabled Persons – High Priority

Impediment No. 1: Increasing Poverty, Lower Income, lack of Affordable Housing among protected class members, minority, and special needs populations

High Priority **–** The U. S. Department of HUD has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation” as areas or census tracts within a jurisdiction comprised of 50% or greater minority population, and three (3) times or more the poverty level of the Metropolitan Statistical Area (MSA). These areas are also negatively impacted by conditions associated with concentrated public and assisted housing and areas generally lacking basic amenities and a quality of life expected and desired for any area within the State or MSA. It is important to note that concentrated public and assisted housing units is not simply related to the number of housing units in each census tract and their proximity to other assisted units. The analysis also considers how public and assisted units have contributed to concentrated racial/ethnic populations, poverty / LMI population, disinvestment / decline in neighborhood conditions, their proportion of affordable housing compared to privately owned affordable housing and market rate housing in the census tract. The poverty rate in Arkansas is 17.6 percent. Three times the poverty is 52.8 percent, so 40 percent is the poverty threshold for the RCAP/ECAP criteria for the State. The census tracts within the State of Arkansas that are comprised of 50 percent or higher minority population and 40 percent and greater poverty rate are primarily in communities and census tracts along the Mississippi River and southeastern Arkansas. In addition to poverty, racial and ethnic concentrations, and segregation, some of these areas contain housing units in inferior condition and neighborhood conditions and infrastructure that needs improvement for conditions to be reversed and become areas of opportunity.

If the issues of poverty, limited income and other conditions that contribute to R-ECAP areas are not addressed, housing choices for populations disproportionately impacted will diminish and areas they can afford will suffer decline over future decades due to limited reinvestment in those areas. This includes designated areas having limited housing choice in rental and ownership housing, and limited resources to assist LMI renters, elderly and disabled homeowners, maintain their homes and stability in neighborhoods.

A component of affordable multifamily rental housing in the State of Arkansas is comprised of privately-owned multifamily housing funded with various forms of federal and state assistance, built prior to 1975. In addition, approximately 59 percent of the single-family housing stock in State of Arkansas was built prior to 1980. With a higher number of homes being 40 years or older built prior to 1980, it is reasonable to assume significant amounts of the housing stock is more likely in need of repairs and updates given its age. Housing stock 30 years and older have a longer period for the effects of deferred and limited routine maintenance and disinvestment to negatively impact housing condition. While age does not always indicate diminished housing condition, correlations exist. Higher income areas with older but higher priced housing tend to have less correlation between age of housing and condition of housing than lower income areas. Neighborhood covenants and homeowner associations, which are generally associated with higher cost housing, also contribute to stability. There are also correlations between concentrated poverty, race, ethnicity, public and assisted housing, and areas of decline.

The goal is to minimize poverty among all populations and concentrations of poverty and minority populations geographically, keeping areas below the levels defined above by R-ECAP. These actions support transformation of areas of concentration into "opportunity areas". Opportunity areas are characterized as areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation.

Alternative Solutions and Best Practices

Inclusionary / Incentivized zoning regulation (example) Charleston, SC (example) MU - 2 District

Housing Choice Neighborhoods Grant - U.S. Department of HUD (example) Shreveport and Baton Rouge, Louisiana

LIHTC Regulation - changes supporting de-concentration including Section 8 Voucher increased FMR's and Landlord Incentives

Remedial Actions:

The State of Arkansas should evaluate implementing **Inclusionary Zoning – Incentivized Zoning** as a source of funding for affordable housing and to reduce future concentrations in R-ECAP impacted areas. Inclusionary Zoning (IZ) refers to a set of strategies that aim to create balanced housing development and mixed-income communities by ensuring that some portion of new housing development is affordable. This strategy may be appropriate to encourage a mix of incomes in communities in the State of Arkansas where development may create neighborhoods of homogenous home prices and residents of similar incomes. Mixed-income communities broaden access to services and jobs, as well as provide openings through which lower-wage earning families can buy homes in appreciating housing markets and accumulate wealth. Inclusionary Zoning policies can be voluntary or mandatory. While IZ legislation requires actions by local government, the State Housing Trust Fund can be used to incentivize development.

HUD Choice Neighborhood Program Grants - The State of Arkansas should support local jurisdictions and public housing authorities, evaluate applying for a HUD Choice Neighborhood Planning Grant. The U.S. Department of Housing and Urban Development awarded Choice Neighborhoods Implementation Grants including $24.2 million to the City of Shreveport for fiscal year 2018 and $29.5 million to the City of Baton Rouge in 2019 to assist in the transformation, rehabilitation and preservation of public housing and privately-owned HUD-assisted housing, and surrounding distressed neighborhoods. The Choice Neighborhood initiative expands on the success of the HOPE VI Program by recognizing that communities must link affordable housing with quality education, public transportation, good jobs, and safe streets. As part of HUD's overall plan to revitalize areas and prevent concentrated poverty, the Choice Neighborhoods Grants are intended to help transform distressed and at risk public or assisted housing, and their surrounding neighborhoods into sustainable, mixed-income housing that connects to key services, such as education and transportation, and supports positive outcomes for the neighborhood's families. Eligible applicants are public housing authorities, local governments, non-profit organizations, and for-profit developers that apply jointly with a public entity. Applicants must demonstrate their plan to revitalize neighborhoods through public-private partnerships to develop high-quality public schools and early learning programs, public transportation, and improved access to jobs and well-functioning services. State Housing Trust Fund could provide the required matching funds.

Low Income Tax Credit Policies and Regulations (LIHTC) – Currently federally assisted housing and LIHTC assisted developments are predominately located in areas/census tracts where minority and lower income populations are concentrated or in areas older areas where neighborhood conditions are declining. The fair market rents approved for the Section 8 Housing Choice Voucher Program while in theory was intended to support housing choice are resulting in voucher holders being largely concentration in these same areas. The areas sometimes exhibit advanced signs of disinvestment and poor housing and living conditions. These emerging issues make revitalization aimed at reversing these conditions, a high priority. Recommendations include the State of Arkansas taking the following actions:

- Consider State Legislation to amend LIHTC Funding Criteria to include a Location Criteria Policy that incentivizes developers' applications that do not choose poverty and racial/ethnic concentrated census tracts for new LIHTC developments to help reduce concentrated poverty, race, and ethnicity.

Request HUD adjustments to the Section 8 Housing Choice Voucher Program to assist in preventing concentration - The State of Arkansas should encourage local Housing Authority and HUD to evaluate a voucher disbursement strategy which results in limiting the percent of Section 8 Voucher utilization in potential R/ECAP poverty and minority impacted census tracts, encouraging no more than 30 percent utilization in any census tract. This strategy will require HUD approval and supplemental funding from HUD to maintain vouchers at current levels. Alternatives could include:

1. Voucher Program: Increase the payment standard in all bedroom sizes to allow voucher holders to move out of emerging concentrated census tracts to less concentrated census tracts. Targeted units in less concentrated census tracts are those in which 70 % or fewer units are currently accessible to voucher holders at the current FMR or 30% or less of total vouchers are currently utilized.

2. Voucher Program: Offer landlords a one-time bonus fee, dependent upon bedroom size, for leasing rental property to voucher holders, provided property is located in a non-concentrated census tract to recruit more landlords to participate in the Section 8 Housing Choice Voucher Program.

3. Voucher Program: Offer landlords of property in non-concentrated areas, a guarantee of rent subsidy for the initial or one full term of the lease, in the event of a tenant default on their initial lease agreement, as an incentive for landlords to stay in the Section 8 Program.

4. Voucher Program: Add a waiting list preference for voucher applicants who are willing to select a unit in a non-impacted concentrated census tract in the State, or State, for their housing choice voucher.

5. Voucher Program: Implement a survey tracking system that will map/chart locations of units under contract and track how family patterns change in connection with a voucher holder's move by annually surveying family members.

Impediment No. 2: Limited development subsidies, increasing cost of development, expanded housing types and locations - Neighborhood Condition, Banking and Finance, and Public Policy Impediment

High Priority – Resources are needed to expand housing development and housing types in areas where they are limited. Resources are also needed to reduce cost of development and address impediment which constrain new housing production and housing choice. In the State, land available for affordable housing is further complicated by the number of vacant private and adjudicated properties that cannot be utilized for development due to various legal constraints and tax encumbrances. As a result, new residential production on infill lots are challenging and costly.

Subsidies for renovation of owner occupied and renter occupied housing is needed. Renovations are costly for owner occupied housing and not cost effective in some instances when developing and renovating affordable rental housing. Construction cost, which includes materials and labor, have increased due to market demand and natural disasters. Renovation constraints for existing multifamily development include cost benefit of renovation as opposed to replacement cost. Location and rental housing repair funding for multifamily housing is also included in Impediment No. 1 as an impediment in recognition that multifamily units in some areas are in poor condition. ADFA should evaluate the need for and increase or restore funding as needed for rental housing and owner-occupied rehabilitation assistance.

The Housing Needs Assessment for the Consolidated Plan revealed the following impediments and impacts relative to Impediment No. 2.

Impediments

- Expanded resources for housing development
- Expanded resources for housing assistance – rental and ownership
- Nonprofit housing developer assistance and incentives
- Recapture of vacant lots and obsolete building
- Infrastructure improvements to support housing development
- Developer incentives to build the type of housing needed

Alternative Solutions and Best Practices

General Obligation Bonds to finance housing and infrastructure

(example) Charleston, SC

State Housing Trust Fund used to generate subsidies for housing

(example) State of South Carolina

New Market Tax Credits to generate subsidies for housing

(example) Houston, TX BBVA Compass Stadium

Impediment No. 3: Housing affordability and insufficient income, and cost burden - Neighborhood Condition, Banking and Finance, and Public Policy Impediment

High Priority - Households having inadequate income to acquire housing available in the market may be the most critical impediment faced by households in State of Arkansas. Cost burden is a major concern as the 2014 - 2018 ACS estimates revealed a significant percentage of the population at all income levels are paying more that 30 percent of their income for rent and home ownership. HUD defines affordability and housing cost burden as housing cost not exceeding 30 percent of household monthly income.

The report details the following impediments and impacts relative to Impediment No. 3.

Impediments

- Limited resources for housing assistance – rental and ownership
- Limited assistance and incentives for nonprofit housing developer
- Expanded funding for infrastructure improvements to support housing development and rehabilitation
- Need for expanded self-help, community and faith based and institution initiatives
- Housing assistance for cost burden persons for all populations, and disparate impact on protected class members
- Continue to expand job opportunities through the recruitment of corporations and industries paying living wages

Alternative Solutions and Best Practices

- Increased self-help initiatives - fix-up," "paint-up," or "clean-up" campaigns, corporate and volunteer repair projects, youth build, compliance store in local jurisdictions (example) City of Little Rock, Arkansas
- High school and community college financial literacy courses (example) Prince Williams County, Virginia, and State of Tennessee

- Lease purchase subdivisions – Lease purchase housing finance (example) Shreveport, LA Shepard Place and Stoner Hill

- Opportunity Zones to create reinvestment for affordable housing (example) Houston, TX Prospectus

Remedial Actions:

Financial Literacy - The first considerations when attempting to increase homeownership rates should include improving the financial literacy and home buying preparedness of potential buyers. Banks and credit agencies work with buyers to educate them on home ownership responsibilities. Homebuyer education classes are a pre-requisite for homebuyer assistance programs providing down payment assistance. However, the 18 to 35-year-old demographic is impacted by financial literacy as well. An early start in managing personal finances can prepare individuals for those major purchases. The State should consider working with local jurisdictions and local school districts to increase courses that provide financial literacy education for high school juniors and seniors. Local lending institutions and real estate professionals should be recruited to assist in curriculum development and to provide instructors for the classes. The State may consider working with local jurisdictions to identify funding for pilot programs.

Opportunity Zones - The Federal Opportunity Zone Program is a community and economic development tool that aims to drive long-term private investment into low-income communities throughout the country. The program was established by Congress in the Tax Cuts and Jobs Act of 2017. It encourages investors with recently realized capital gains to invest in local businesses, real estate, or development projects in exchange for a reduction in their tax obligations. Zones in State of Arkansas were designated by the Governor of Arkansas. The program incentivizes investors to make equity investments in Opportunity Zone-based businesses and development projects by providing:

- A temporary tax deferral for any realized, but not recognized, capital gains reinvested through the program

- The potential for a 10% to 15% reduction in the amount of tax otherwise payable on the Original Gain
- If the investment in the Opportunity Zone is held for ten years or more, a permanent exclusion of any capital gains derived from the eventual sale or exchange of the Opportunity Zone investment

There are designated Opportunity Zones for State of Arkansas which align with areas designated for future growth and revitalization. While the regulations are not yet finalized, it appears that the Opportunity Zones could provide a source of equity for housing and economic development initiatives like tax credit equity generated by LIHTC. This is important because the older residential and commercial, and a shift toward diversification of mixed income and mixed housing types, will require unrestricted equity that does not require the concentration of person of low-moderated income in emerging R-ECAP Areas. It is essential that the State of Arkansas continue to develop alternative approaches for utilizing the Opportunity Zone designation to generate reinvestment dollars for area in decline and areas such as downtown that appear most marketable to younger demographics and those seeking more affordable housing.

Impediment No. 4: Limited Housing Resources to assist lower income, elderly, and disabled homeowners maintain homes and enhance neighborhood stability - Neighborhood Condition, Socio-Economic Conditions, Public Policy Impediments.

High Priority – In general, limitations relative to fair housing choice are more commonly found to affect housing decisions among low-income persons and special needs populations. Lower income, poverty, and limited resources to make housing affordable for LMI, minority, and senior populations are impacting fair housing choice. Overall, the income distribution data show a higher proportion of low-income households within the African American and Hispanic communities. The analysis details the following impediments and impacts relative to Impediment No. 4.

Impediments

- Senior housing needs
- Younger demographics housing needs
- Affordable housing needs
- Employer and faith-based housing development assistance
- Green building and energy efficiency
- Nonprofit development
- Special needs housing, homelessness, homeless prevention, and transitional housing
- Mixed use development with housing
- Mixed market rate and subsidized housing

Alternative Solutions and Best Practices

- 55+ and Active Seniors Housing
  (example) Dallas-Fort Worth, TX Robson Ranch Development
  (example) Flower Mound, TX Orchard Flower Development
- Cottage – Cluster Housing for Seniors
  (example) Tigard, OR Cottage Housing Zoning District
  (example) Old West Austin Cottage Housing
- Grand Parent Housing
  (example) Kansas City, MO Pemberton Park
- Employer Assisted Housing
  (example) Columbus, GA Aflac EAH
- Tiny Homes Subdivisions
  (example) Austin, TX Village Farms

Remedial Actions:

Modular Housing as an alternative lower cost housing product – Cities and Counties now face a crisis of affordability in the housing industry with difficulty delivering high-performance and durable buildings at an affordable cost. Modular housing is fast becoming a cost-effective alternative to traditional on-site construction. The components of the building are constructed in a factory, transported, and assembled on the lot. These industrialized building offers two primary advantages: predictability and time required for construction. Unlike mobile homes, each modular housing building is required to meet local and national building codes. In Shreveport, Louisiana non-profit development organizations have utilized modular housing as a means of lowering the purchase price of new housing, while replicating the architectural style of the existing neighborhood and meeting local building code requirements as well. These units feature siding as opposed to traditional brick construction and offer the residents porches like those found on the units currently in the neighborhood. These units could provide alternatives for affordable housing in areas throughout the State of Arkansas. Modular housing is currently permitted by right in most local jurisdictions' building codes if the construction meets building codes. Unlike mobile homes, modular housing is designed the same as a traditional single-family housing situated on a permanent foundation. The walls and other components are typically constructed off site and then transported to the site for assembly. Local building officials are responsible for building permits and evaluating construction to ensure compliance with local codes.

Employer Assisted Housing - The State should work local jurisdictions and employers to market Employer Assisted Housing (EAH) as a means of creating homeownership opportunities for the workforce. It is vital that major employers and financial institutions promote wage levels adequate for people to enter homeownership, without down-payment and other assistance. State governments and school districts should also consider initiating programs to assisted qualified employees with becoming homeowners. The State should coordinate with major employers and lenders to design and aid firms in the implementation of Employer- Assisted Housing (EAH) programs, encouraging employers to work with employees in their efforts to purchase housing.

Employer-Assisted housing programs benefit employers, employees, and the community. Employers benefit through greater employee retention. Employees receive aid to move into homeownership. Ultimately, communities' benefit though investment in the neighborhoods where the employers and employees are located. The most common benefits provided by employers are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education provided by an employer-funded counseling agency. Successful EAH programs use a combination of some of the benefits listed above. One program that has been successful was developed by Fannie Mae, which not only initiated their own EAH program, but also helps employers implement EAH programs. Fannie Mae's EAH program has made it possible for 2,200 of its employees to become homeowners. Seventy-six (76%) percent of all Fannie Mae employees own their own homes, compared to the national average of sixty-eight (68%) percent.

55+ and Active Seniors' Housing Development – The State of Arkansas has been successful in attracting 55+ Active Senior Housing Developments. This housing type is primarily a private sector development product requiring very little or no government subsidy at all. Seniors / active adults with household incomes and financial means are choosing 55+ active adult communities as an option to meet their housing needs. This housing product recognizes that senior owners are exchanging their larger and older existing homes where they raised children for housing in communities that combine world-class resort amenities with new luxury homes that meet their changing needs and preferences. Community amenities include golf courses, club house facilities, activities, health clubs, classes and social opportunities allowing them to enjoy an exceptional way of life. Beyond that, senior who can afford housing in these developments want a home they can personalize to suit their preferences and lifestyle with the flexibility to create not only the living space of their dreams, but also the life of their dreams.

Cottage Housing - The State, working with local jurisdictions will continue to work on expanding housing choice. An option for addressing the needs of elderly homeowners may include finding them more appropriate housing rental or owner housing. Many elderly homeowners are over-housed once their children have left home. While this is not always a problem, if a homeowner can no longer care for their larger home, something smaller and more easily cared for may be more appropriate. The major objection that many in these circumstances have is losing their familiar surroundings and social networks. Small neighborhood cottage housing developments can address these housing needs. An alternative to State funding to developers, jurisdictions, and non-profits providing expensive repairs to a housing unit that may be occupied by only one or two persons, other buyers can purchase their home allowing them to transition to a smaller unit, while relieving them of the burden of the larger home. The program would them rehabilitate their home and sale it to a larger family through a new homebuyer program. Cottage housing, or cluster housing as it is sometimes called, provides a smaller unit for the elderly as a homeownership option or as an alternative to continuing ownership of a larger unit that essentially over-houses them or has become too costly to maintain. It should also be considered a viable alternative to a grant-funded major rehabilitation when an elderly applicant is living in unsafe conditions and the rehabilitation costs exceed the projected value of the completed structure. There may also be applicants who, because of limited funding, will have to wait years for assistance because their application is on a long rehabilitation program waiting list.

Job Expansion - The State, working with local jurisdictions and Chamber of Commerce will continue to work on expanding job opportunities through the recruitment of corporations, incentives for local corporations seeking expansion opportunities, and other activities aimed at reducing unemployment and expanding the base of higher income jobs. The State in conjunction with local governments and chambers will actively support recruiting industries that match the demographics of the populations experiencing high unemployment, as a means of decreasing poverty rates, and increasing incomes and home ownership rates.

5. Impediment: Expand Supply of Affordable Housing, Housing Choice, and Access to Financing

Neighborhood Condition, Banking, Finance, Regulatory – High Priority

High Priority - The housing market analysis revealed significant affordability gaps in both ownership and rental units. The housing supply and demand analysis for owner units in the State shows significant gaps in the supply within the price range of all household income categories except for moderate-income households. Housing affordability among extremely low and very-low household income categories are normal, as ownership opportunities within these lower income levels is cost prohibitive. However, the large gap in the supply of owner units available and affordable for median income households and households up to 120 percent of median is significant. This also includes a general unavailability of owner units in the State to accommodate the price points and housing preferences of households earning greater than 121 percent of MFI.

Impediments

- Low number of loan applications for minorities and low origination rates for minority applicants.
- After rehabilitation / new construction infill appraisal does not support mortgage loan.
- Recapture of adjudicated and abandoned properties for affordable housing.
- Predatory lending practices.
- Potential for food deserts

The millennial generation is expected to grow at a slower pace, resulting not only in fewer of them, but also fewer children. The housing needs of seniors and millennials, the two largest growth groups, will be similar in that both the baby boomers and millennials will likely seek smaller housing units, throughout the community, near amenities, families, and friends. Thus, there is the potential for higher density and mixed-use development near work, shopping and entertainment, and the need for rental units is likely to be significant, especially for the millennials and seniors who face economic/income challenges.

Predatory lending practices are aggressively absorbing the market formerly controlled by FDIC insured banks and other reputable financial institutions and fast becoming lenders of choice in some low income and minority concentrated areas. In other instances, persons facing economic hardships are being preyed upon due to their inability to qualify for traditional lending and banking services. In other instances, consumers face underwriting criteria used by lenders that fail to adjust ratios or provide funding with more favorable terms.

Alternative Solutions and Best Practices

- State CHDO Incentives and Financing supporting local development fee abatement

  (example) Port Arthur, Texas
- Lease Purchase Subdivisions – Lease Purchase Housing Finance

  (example) Shreveport, LA Shepard Place and Stoner Hill
- Modular Housing Infill Housing

  (example) Shreveport, LA Queensborough Neighborhood

6. Special Needs Housing and Services

Socio-Economic, Banking, Finance, Regulatory, Policy – High Priority

High Priority - According the 2014 - 2018 ACS, the population of seniors over 65 has significantly increased.

Impediments

- Off campus student housing
- Homeless prevention, rapid rehousing, coordinated intake
- “Visitable” housing standards
- Transportation and mobility
- Temporary housing and shelters

- Housing and services for people with aids or at risk
- Accessibility for persons with disabilities

Alternative Solutions and Best Practices

- Tiny Homes

  (example) Austin, TX Village Farm

- Homeless Prevention, Rapid Rehousing, coordinated intake

  (example) TX 500 San Antonio – Bexar State, TX

- Visitable Housing

  (example) Atlanta, GA Habitat for Humanities

7. Increase homeownership among protected class members, increase rehabilitation of existing housing and sustainable neighborhoods
Neighborhood Condition, Banking, Finance, Regulatory – High Priority

High Priority – Lack of housing affordability**,** which are households having inadequate income to acquire housing currently available in the market, may be the most critical impediment in the study area. The correlation between median home values and household income underscores this issue.

Impediments

- Reclamation of vacant property
- Reversing housing and neighborhood conditions and decline
- Lack of Affordable and Infill Housing
- Housing demand, cost, affordability, and access to financing

- Transportation and mobility
- Low number of loan applications for minorities and low origination rates for minority applicants

Alternative Solutions and Best Practices

- Modular Housing

  (example) Queensborough Infill Housing, Shreveport, LA
- Inclusionary / Incentivized zoning regulations

  (example) Austin, Texas
- Lease Purchase Subdivisions – Lease Purchase Housing Finance

  (example) Shreveport, LA Shepard Place and Stoner Hill
- Employer Assisted Housing

  (example) Columbus, GA Aflac EAH

8. Regulatory and Policy Changes – High Priority

Neighborhood Condition, Public Policy, Regulatory – High Priority

High Priority - Success in meeting future housing needs, developing housing that is affordable to a wide range of consumers, and stimulating revitalization and reinvestment in existing areas must include addressing needed improvements to the community's basic attributes. These attributes include public safety, street maintenance, clean streets, timely infrastructure improvements, trash collection, brush collection, well maintained buildings, and vacant lots regularly mowed and free of debris, regular yard maintenance, and a general neighborhood appearance and level of community involvement that suggests that people care about their community. Public schools must continue to demonstrate academic programming and student achievement are comparable to that of surrounding school districts, and the public's perception of the quality of their schools must validate that comparability. Resident must feel safe in their homes and confident that they can conduct their daily routines in the neighborhood without being victimized by crime. These basic attributes tend to shape both the way a community sees itself and how non-residents entering the community view it as well. To achieve this goal of improved basic attributes, the following are proposed strategies and recommendations identified for State of Arkansas's consideration in supporting local governments.

- Enhance communities' image, identity, and physical attributes
- Reclaim vacant lots for residential development
- Improve neighborhood identity, marketing, and branding
- Improve neighborhood image and physical attributes
- Create new mixed-use development, mixed housing types
- Improve access to recreation, retail, and desired destinations
- Enhance gateway and corridor improvements
- Introduce new residential types and financing for housing development that increase affordability

Impediments

- CPTED – Crime Prevention Through Environmental Design Regulations
- Infrastructure Improvements in support of affordable housing development
- Funding to implement Incentivized Zoning Regulations
- Predatory Lending Legislation
- Additional Protected Classes under the State Fair Housing Ordinance

Alternative Solutions and Best Practices

- CPTED – Crime Prevention Through Environmental Design Regulations (example) Houston, TX

9. Local "Substantially Equivalent" Fair Housing Regulations

Public Policy, Regulatory – High Priority

High Priority - State of Arkansas has enacted substantially equivalent Fair Housing Law when comparing the State of Arkansas Ordinance to the Federal Fair Housing Act. To make this determination, the State of Arkansas statues were compared to the Federal Fair Housing Act to determine whether they offered similar rights, remedies, and enforcement to the federal law and based on that evaluation, whether the State of Arkansas Ordinance can be construed as substantially equivalent. The State of Arkansas Ordinance is considered substantially equivalent to the Federal Fair Housing Act because it provides substantially equivalent protections for protected classes, State enforcement and judicial or administrative review, adjudication or penalties for those who violate the State of Arkansas Fair Housing Ordinance.

The Federal Act fails to protect persons and classes not contemplated as needing protections in 1968 and therefore the State Ordinance has not been updated to provide additional protections for such classes that are needed.

Impediment

The State of Arkansas Fair Housing Ordinance is considered "Substantially Equivalent" Local Fair Housing Legislation to the Federal Fair Housing Act. State of Arkansas's ordinance should expand protected classes under the law.

- State of Arkansas fair housing policy is substantially equivalent to the Federal Act because it provides enforcement, hearings, penalties, or remedies for complaints as provided by federal law.
- The State currently provides duties of investigation, enforcement, adjudication, remedies if found in violation. However, the State limits its enforcement to complaints / violations filed by the seven protected classes under the Federal Fair Housing Act, (federal ordinance identifies seven protected classes as having standing: Race, Color, Disability, Familial Status, Religion, National Origin, and Sex).

- The State of Arkansas has enacted a State ordinance. That law is considered part of the evidence that a State is Affirmatively Furthering Fair Housing even though it is not considered substantially equivalent to the Federal Act. HUD regulations do not require a substantially equivalent law. However, funding for local enforcement by HUD does require having a substantially equivalent local ordinance. Jurisdictions can include additional protected classes at their discretion. However, HUD will not enforce actions against additional protected class members not covered under the Federal Act. These complaints would have to be enforced by the local jurisdiction. Since the Federal Act was adopted in 1968, amended in 1988, local jurisdictions are adding protected classes to address local discrimination that may not have been contemplated in 1968 such as same sex marriages.
- Examples of additional protected classes other jurisdictions have included in local ordinances: Age, Source of Income, Sexual Orientation, Marriage Equality, same sex marriages, gender equality, student status.

Alternative Solutions and Best Practices

(example) Austin, Texas Fair Housing Act – provides for local enforcement and additional protected classes beyond Federal Act including sexual orientation, gender identification, marital status, student status, age

Remedial Action: The State of Arkansas should evaluate expanding Protected Classes under the State Fair Housing Ordinance that includes enforcement, remedies for violation for additional protected classes.

Remedial Action: Continue to maintain and update the Affirmative Fair Housing Marketing Plan (AFHMP} to support fair and open access to affordable housing. The AFHMP should ensure that individuals of similar economic levels in the same housing market have equal access to a range of housing choices regardless of race, color, religion, sexual orientation, gender, familial status, disability, or national origin.

10. Increased Outreach Needed to Developers, Real Estate, Landlord, Industry and Citizens on Fair Housing, and Housing Development Needs Neighborhood Condition, Banking, Finance, Regulatory – High Priority

High Priority – The State should work with local governments to provide additional outreach to private landlords not receiving entitlement funding and encouraging landlords to embrace fair education for the staff and management and participate in entitlement funded affordable housing and fair housing programs education and outreach. Greater emphasis is needed on developer partnership to assist with the rehabilitation of existing residential structures in marginal or poor condition, and to build replacement units on vacant lot. Existing residential is an essential component of the supply of single-family affordable housing for both home ownership and rental. The need for infill housing on vacant lots and rehabilitation of existing multi-family housing needed is evident in some existing neighborhood. State of Arkansas under ADFA currently operates several programs designed to assist existing low-moderate income households improve their properties and low-moderate income households become homeowners. Other programs are designed to assist rental housing provider maintain existing rental units. Programs are working but have limited funding. The State should explore coupling funding to CHDO and non-profit organizations for development, with local tax abatement, building and permitting abatement, with PID and TIFS, coupled with State funding to support infrastructure.

Impediments

- Developer incentives to build the type of housing needed
- After rehabilitation or new construction infill appraisals that support mortgage loans
- Recapture of Adjudicated and abandoned properties for affordable housing.
- Regulatory Changes

Developer incentives may be needed to encourage the development of a mix of housing types, affordable to persons with diverse incomes and needs. Recommendations include consideration of enacting regulations for incentivized zoning, and State incentives for infrastructure, development subsidies and a variety of programs funding with federal entitlement funds to encourage housing development.

Crime Prevention Through Environmental Design (CPTED**)** – one of the issues identified was the need to address crime and the perception of crime in older neighborhoods and along commercial corridors. The analysis recommends a collaboration between law enforcement, neighborhood residents, commercial and institutional interest examining ways to improve crime prevention, safety, and the perception of crime in area along major commercial corridors. The CPTED concept could be explored as one means of implementing this recommendation. CPTED is based on the premise that ″The proper design and effective use of the built environment can lead to a reduction in the fear of crime and incidence of crime, and to an improvement in quality of life.

Alternative Solutions and Best Practices

- Support local jurisdictions in implementing CPTED – Crime Prevention Through Environmental Design Regulations
- Seek Industry Assistance in developing New Standards for Appraisal Comparability in R-ECAP Neighborhoods

11. Increased Economic Development, Job Creation, Small Business Entrepreneurial Opportunities, and Commercial Corridor Revitalization Neighborhood Condition, Banking, Finance, Regulatory – High Priority

High Priority – Impediments include success in meeting future housing needs, developing housing that is affordable to a wide range of consumers, stimulating revitalization and reinvestment in existing areas must include addressing needed improvements to existing conditions and restoring the community's basic attributes. While maintaining and enhancing neighborhood stability is the immediate vision and goal, achieving sustainability is an essential recommendation for all areas where future growth in housing is expected to occur. At the core of this vision is enhancing “image and identity” of areas as a means of attracting new residents and retaining existing residents. Components of this recommendation include the areas becoming healthier, sustainable neighborhoods, able to meet the housing and essential quality of life needs of its residents. This means improving housing and the physical character of the areas, which in some instances, are viewed both internally by its residents and externally by the broader community as uninviting. Some areas are considered unsafe and havens for criminal activities. Whether this is reality or perception, it can have a detrimental effect on the image of the area.

Beyond a lack of quality development, entry points and gateways into neighborhoods fail to create a positive impression of the area or provide curb appeal in terms of neighborhood an appearance. Residential areas must be protected and improved or strategically removed if found to no longer contribute to the wellbeing of the community. Vacant land and deteriorating buildings should be evaluated for development as new residential. Commercial corridor improvements are needed in some areas to cultivate reinvestment and promote activities and events that attract interest in existing neighborhoods. Repurposed use of existing buildings and new development on vacant lots would significantly improve the corridors and neighborhoods. Equally important to urban design and streetscape amenities, is the physical improvement of building and land use along the corridors.

Impediments

- Living Wages for Workforce
- Housing Affordability
- Small Business Employment Opportunities
- Access to Business Development and Expansion
- Housing and Job Opportunities for Ex-Offenders

Alternative Solutions and Best Practices

- Economic Development incentives to Small Businesses
- Increased Recruitment of Job paying Living Wages
- Increased Job Training and Basic Skills to enhance LMI skill levels
- Increased Employment Opportunities, Job Training and Basic Skills Programs for Ex-Offenders

  (example) Edwin's Restaurant and Culinary Education Program for

  Ex-Offenders – Cleveland, Ohio

12. Improved Transportation and Mobility for LMI and Senior Populations, Entrepreneurial Opportunities, and Commercial Corridor Revitalization Neighborhood Condition, Socio-Economic – High Priority

High Priority - Housing needs and transportation and mobility are connected needs. The State must be conscious of the need for public transportation and new housing development be designed and situated to accommodate advantage of public transportation in the future. Most often, planning for future growth and meeting housing needs are guided by transportation availability. In State of Arkansas the reverse appears to be the case, as transportation will be developed to meet the needs of existing residential, employment, and shopping/amenity development.

Impediments

- Limited Demand Responsive Transportation
- Transportation Affordability

Alternative Solutions and Best Practices

- (example) Transportation Assistance Program

  Desoto, TX

  Springdale, AR