

City of Racine

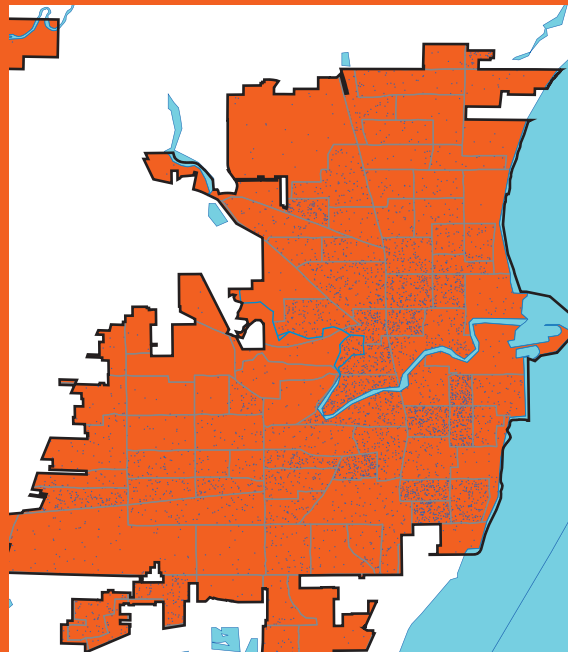
# Analysis of Impediments to Fair Housing

submitted

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by the

Metropolitan  
Milwaukee  
Fair Housing Council



## **Author of the Report**

This report was produced by the Metropolitan Milwaukee Fair Housing Council, Inc. (MMFHC). MMFHC was established in October 1977 as a private, non-profit organization dedicated to promote fair housing throughout the State of Wisconsin by guaranteeing all people equal access to housing opportunities and by creating and maintaining racially and economically integrated housing patterns. These goals are accomplished through four major program components: Enforcement, Outreach and Education, Training and Technical Assistance, and Community and Economic Development. MMFHC's Enforcement Program provides direct assistance to persons alleging violations of federal, state and local fair housing laws. Institutional forms of housing discrimination are also uncovered through systemic investigations conducted by the Council. Under MMFHC's Outreach and Education activities, thousands of consumers, housing providers, housing advocacy, civic and educational organizations are provided information on fair housing laws, procedures and issues in efforts to expand equal housing opportunities. MMFHC's Community and Economic Development Program includes activities addressing affordable housing, land use, housing policy analysis, fair lending services and MMFHC's Strategies To Overcome Predatory Practices (STOPP), its anti-predatory lending program.

MMFHC provides services throughout the State of Wisconsin through three offices. Its main office is located in the City of Milwaukee and satellite offices of the organization are located in Madison (Fair Housing Center of Greater Madison) and Appleton (Fair Housing Center of Northeast Wisconsin).

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# executive summary

The “City of Racine: Analysis of Impediments to Fair Housing” should be used as a meaningful tool for the community to take steps to ensure equal access to housing opportunities for all persons in the City of Racine. This study contains an analysis of demographic and economic characteristics in relation to their impact on fair housing; a discussion of fair housing impediments; and a series of recommendations designed to dismantle the impediments identified.

## ***Demographic and Economic Characteristics***

An analysis of the demographic and economic characteristics in Racine assists in identifying trends that currently have or will have an impact on Racine’s housing market and impediments to fair housing choice. Some of the major findings include:

- In 2000, 84% of area African Americans and 76% of area Hispanics lived in the City of Racine, while only 43% of the overall metropolitan population resided in the City. In addition, minority populations comprise 36% of the City of Racine population, but only account for 6% of the population in the rest of the County.
- Latinos experienced the most pronounced increase in population between 1990 and 2000. During this decade the Latino population grew by 66.7%, thus becoming 14% of the City’s population.
- Homeownership rates increased for all racial and ethnic groups during the 1990s. Latinos experienced the largest increase from about 42% in 1990 to 49% in 2000.
- The significantly younger age of minority households presents many implications for future and current housing needs. The median age for whites is 38.3 years; 28.1 for Asians; 25.4 for blacks and 22.4 for Latinos.
- Racine County’s residents with disabilities are disproportionately concentrated in the City of Racine.
- Although Racine’s overall unemployment rate decreased in the 1990s, racial disparities in unemployment rates are stark. The unemployment rate for blacks (9.7%) is more than three times higher than for whites (2.7%). The unemployment rate for Latinos (6.8%) is more than double that of whites.
- Vast educational attainment disparities exist when analyzed by race and ethnicity: 82.7% of whites are high school graduates, but only 71.5% of Asians, 63.5 % of African Americans and 46.6% of Latinos have a high school diploma.

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## ***Fair Housing Impediments***

An impediment to fair housing is anything that may hinder or prevent a person from having equal access to housing because of their membership in a federal or State of Wisconsin protected class. Impediments may take the form of a city or other governmental entity's policy, practice or procedure, housing industry practices, or other societal factors that may contribute to impeding a person or family from obtaining housing. The Metropolitan Milwaukee Fair Housing Council's (MMFHC) research and interviews with community representatives helped identify the impediments listed below.

## **City of Racine Impediments**

### **1. Flawed Fair Housing Ordinance**

The City of Racine has incorporated its local fair housing provisions within Section 62 ("Human Relations") of the City's Municipal Code. Article II, entitled "Discrimination", codifies anti-discrimination laws in the areas of housing, employment and equal rights. This law, as currently written, is exceedingly limited as a mechanism to address housing discrimination and is, therefore, a major impediment to fair housing in the City of the Racine. Listed below are some of the problematic aspects of the ordinance.

- a) Enforcement powers of the City Commission are limited.
- b) The Ordinance provides negligible penalties for violations of the law .
- c) The 180-Days statute of limitations may prevent complaints from being filed .
- d) Victims of illegal housing discrimination can obtain neither compensatory nor injunctive relief under this ordinance.
- e) The Ordinance has limited protection for persons with disabilities.
- f) The Ordinance does not prohibit discrimination in all areas of the housing market.
- g) Some definitions of persons protected under the Ordinance are vague or restrictive.
- h) The prohibition against discriminatory advertising is limited and restrictive under the Ordinance.
- i) Exemption for housing for the elderly is inconsistent with state and federal fair housing laws.
- j) Provisions of the Ordinance are burdensome to a complainant and may be a disincentive to file complaints with the City.

This analysis addresses some of the provisions of this Ordinance that impede citizens' rights to fair housing. A more thorough analysis of the entire Ordinance should be conducted by the City Attorney to ensure all provisions are consistent with state and federal fair housing laws.

### **2. Weak Affirmative Action Commission**

The Affirmative Action Commission is, by ordinance, charged with taking fair housing complaints and conducting investigations. However, the Commission has not served this role. The Ordinance also charges the Commission with other duties, including the provision of education on equal rights to members of the public, adoption of regulations and rules to "carry out the provisions" of the Ordinance, to make recommendations to the common council on these issues and to serve an overall "advisory board" to the mayor and common council.

### **3. Weak Fair Housing Department**

Interviews with members of the community and US Department of Housing and Urban Development identified a number of significant deficits in Racine's Fair Housing Department, such as:

- Problems recruiting and maintaining a tester pool
- Lack of fair housing experience of the Director of the Department
- Lack of focus on fair housing mission
- Inadequate outreach to groups at high risk of experiencing discrimination
- Unclear/inaccurate print ads developed and placed by the Department
- Incomplete monthly written reports provided to the Affirmative Action Commission

### **4. Limited Geographic Scope of the Down Payment Assistance Program**

The City of Racine's Down Payment Assistance Program is an important tool to make homeownership more accessible to low- and moderate-income households. But while increasing owner occupancy may benefit challenged neighborhoods in Census Tracts 1 through 5, targeting this limited area for down payment assistance grants may serve to foster continued segregation of minorities in Racine.

### **5. Inadequate Accessible Housing Supply**

An inadequate supply of accessible housing is a problem that plagues most housing markets, and Racine is no exception. In fact, the unusually high age of Racine's housing stock suggests that Racine's need for accessible housing may be disproportionately high compared to other areas. According to the 2000 US Census, one in five City of Racine residents has a disability.

Racine's large proportion of older housing stock exacerbates its lack of accessible housing. The median year that all structures were built in the City is 1951, compared with Wisconsin's median of 1965 and the United States' median of 1971. Older housing units are more likely to have inaccessible characteristics such as narrow halls and doorways, small bathrooms, and steps.

Moreover, it is worth noting that approximately 22% of City of Racine households are headed by individuals 65 years of age and older. Homes owned by the elderly need to be made accessible, as many older adults have or will develop mobility impairments leading to difficulty entering and leaving their homes as well as moving efficiently inside them.

### **6. Substandard Housing and Overcrowded Housing Conditions**

Assessments of a region's housing stock often address affordability without taking housing quality or other conditions, such as overcrowding, into account. Like a lack of affordable housing, substandard housing and overcrowded housing conditions are fair housing impediments, as they have a disparate impact on minorities, families with children, and people with disabilities.

The age of a housing unit is not an absolute predictor of housing quality. However, it can be assumed that the older the housing structure, the greater the likelihood of code compliance problems. The majority of Racine's housing units built before 1940 are located in the central city, as is the least expensive housing. It is likely that disrepair is among the reasons much of this housing is inexpensive.

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Given Racine's segregated housing patterns, described elsewhere in this report, it is racial and ethnic minorities who must live in the bulk of Racine's substandard housing.

Overcrowding in Racine increased from 1990 to 2000. In 2000, 4.9% of the City's households were overcrowded compared with 3.2% in 1990. Most of the City's largest households are comprised of minorities. When combined with income-related considerations, the result is that these households face much greater risk of overcrowding than white households.

## **7. Shortage of Affordable Housing**

An adequate supply of housing affordable to people at all income levels, both for ownership and rental, is essential for an open and inclusive housing market in Racine. Currently, however, over a third of all Racine renters live in housing that is unaffordable to them; 38% of Racine's households pay 30% or more of their income for rent or mortgage payments. The affordability crisis becomes even more stark when we consider that 18% of Racine's renter households spend more than 50% of their income on housing.

The most affordable housing is concentrated in the central city. Given the income disparity between whites, blacks and Latinos, as well as the location of racial concentrations, it is evident that racial segregation is supported and perpetuated by the concentration of housing affordable to households with low and moderate incomes. A scarcity of affordable housing outside the central city impedes fair housing choices for people of color, people with disabilities, and other groups.

The shortage of affordable housing for persons with low and moderate incomes is attributable, in part, to a lack of resources to build and preserve such units in Racine. Constructing any type of housing affordable for households with low income requires numerous subsidies. This situation is worsened by the fact that already inadequate funding sources are decreasing. The Racine Community Development Block Grant (CDBG) Office received \$2,397,000 in 2003, which decreased by \$9,000 to \$2,388,000 in 2004. The decline in funds was even more drastic between 2004 and 2005, when it decreased by \$123,000 to \$2,265,000. The City predicts this downward trend will continue in 2006, with total funds estimated at \$2,000,000. In addition, City HOME dollars have decreased as well, from \$665,000 in 2003 to \$634,000 in 2005. The City estimates it will receive just \$590,000 for HOME funding in 2006.

## **8. Restrictive Zoning for Community Living Arrangements (CLAs)**

The City can deny a CLA if its within 2,500 feet of another CLA. Advocates for persons with disabilities have already waged successful legal challenges against ordinances, such as the City's. These challenges asserted that these types of ordinances were too restrictive and were found to have violated the Federal Fair Housing Act.

## **County, State and Federal Housing Policy Impediments**

While the City of Racine may have limited ability to respond to county, state and federal impediments, it is imperative that the City work with other governmental jurisdictions to dismantle such impediments. If left unchecked, these impediments will continue to hamper fair housing choice for Racine residents and harm the City's ability to "affirmatively further fair housing" as required by HUD.

### **9. Housing Authority of Racine County Section 8 Program Limitations**

The Section 8 Program administered by the Housing Authority of Racine County (HARC) has three main limitations that pose impediments to fair housing choice. First, HARC has extremely limited hours during which it accepts Section 8 Program applications. Secondly, there are simply not enough Section 8 vouchers available. According to the HARC Public Housing Authority Plan for 2000-2004, the annual waiting list turnover is only 175 families, and HARC's website advises potential applicants that the waiting period for services is approximately three years long. Finally, limited participation by housing providers in the Section 8 program is an obvious impediment to expanding housing choice in the area.

### **10. Lack of a Regional Housing Plan**

Southeastern Wisconsin needs to expand the range of housing options available, particularly for low- and moderate-income households. The lack of a multi-jurisdictional plan makes such expansion difficult.

### **11. Constant Attack on the Community Reinvestment Act (CRA) by Banking Regulators**

Attack on CRA by some banking regulators hurts low- and moderate-income neighborhoods.

### **12. Wisconsin's Smart Growth Law Concerns**

Efforts to weaken the Smart Growth Law threaten the inclusion of public participation and local control of planning issues. In addition, the existing law contains no enforcement mechanism, only *goals*, to meet the housing needs of persons with special needs, of all income levels and of all age groups.

### **13. Wisconsin Housing and Economic Development Authority (WHEDA) Low Income Housing Tax Credit (LIHTC) Allocation Scoring**

WHEDA's tax credit allocation scoring limits housing opportunity and contributes to the concentration of poverty as well as racial and ethnic segregation in Racine.

### **14. Lack of Infrastructure between Medicare/Medicaid Programs and Section 8 Programs**

This lack of infrastructure costs the government more money and keeps persons with disabilities segregated and living in institutions instead of being integrated into society. A recent study documented that at least 118 Racine County residents with disabilities desired to move out of their nursing care facilities. Although they were physically able to do so, they lacked the financial resources to make such a transition.

## **Private Market Impediments**

Private market impediments are obstacles to fair housing in the housing production, mortgage lending, homeowners insurance, rental, and home sales markets. Though Racine is limited in its ability to directly address private market impediments, it can take a leadership role in bringing these issues to the public's attention.

### **15. Lack of Larger Units**

A lack of larger units (with three or more bedrooms) is a fair housing impediment because it disproportionately impacts at least two protected class groups – households with children and extended families, as well as minority households, many of which tend to be larger than white households. The dearth of larger units also affects families with lower incomes, as they do not have the range of choices in housing size available to families with higher income. One result of this impediment can be overcrowded housing, especially among new immigrant families who may be doubling up, have larger families, or be living as an extended family with several generations under one roof.

### **16. Lack of Equal Housing Opportunity in the Mortgage Lending Market**

Discrimination in mortgage lending prevents or impedes home seekers from obtaining the financing normally required to purchase a home. The major impediments identified include:

Predatory lending: These are loans designed to exploit vulnerable and unsophisticated borrowers. Deregulation of the banking industry in the late 1990s left many of Racine's neighborhoods vulnerable to predatory lending practices.

Lack of Spanish and Hmong-speaking lenders: For non-English speaking persons new to this country, or for persons more comfortable speaking another language, obtaining a home mortgage can be a challenging endeavor. Because non-English speaking persons seeking a mortgage often have to rely on their children or other family members to translate, errors and misunderstandings are more likely to occur.

Lack of flexible underwriting to accommodate persons with no credit history: Persons new to this country have not established the credit typically required to obtain a prime mortgage and many people of color do not have a business relationship with conventional banks. These situations may complicate their abilities to obtain mortgages and make it more challenging for lenders to use conventional underwriting guidelines, thus creating an obstacle to homeownership.

#### Inequalities Revealed by Home Mortgage Disclosure Act (HMDA) Data:

##### i) Loan Originations

In Racine, 38% of loan originations (both home purchase loans and refinance loans) were made to low- and moderate-income (LMI) borrowers. Racine origination rates are higher in census tracts with little or no minority population than in those tracts with a higher minority population.



## ii) Subprime lending

Subprime lenders have an growing presence in the refinancing of loans in Racine. Subprime loans accounted for 11.8% of all refinance loans in 1999, but increased to 18.5% in 2000. The rate of subprime lending is significantly higher for Latinos and African Americans than it is for other racial groups. Over 44% of African American borrowers and 34% of Hispanic borrowers receive subprime loans, compared to just 11.8% of white borrowers. Racine minorities are much more likely to bear high loan costs than whites, which in turn limits their ability to access a range of housing options.

## iii) Lending Gap

According to 2000 HMDA lending data, there is a significant racial lending gap in the Racine Metropolitan Statistical Area (MSA). Latinos and blacks obtained home and refinance loans at rates significantly lower than their proportion in the Racine population. For example, Latinos comprise 14% of the population, but received 6.1% of home and refinance loans. Blacks account for 20% of Racine's MSA population, yet received only 5.8% of the home and refinance loans. Whites make up 63.5% of the population, but account for 86.7% of all originations.

## **17. Discrimination in the Homeowners Insurance Market**

Discrimination in the procurement of homeowners insurance is another way that fair housing choice is impeded. Racial discrimination in the provision of insurance not only denies fair housing choice, but also fosters disinvestment and the deterioration of neighborhoods. In addition to racial discrimination, language barriers can be an impediment in obtaining homeowners insurance. The complexity of homeowners insurance can be exacerbated when homeowners speak languages other than English, or for whom English is a second language.

## **18. Unequal Opportunities in the Real Estate Purchase and Rental Markets**

MMFHC complaint data reveal that members of all protected classes experience discrimination in the housing market throughout southeastern Wisconsin. Complaints on the basis of disability and familial status follow complaints of racial discrimination as the most frequently filed with MMFHC. According to Racine's 2004 CAPER, the Racine Fair Housing Department took 10 fair housing complaints from the rental and sales markets in 2004. Because housing discrimination is vastly underreported, it is certain that this number of complaints is not representative of the scope of the problem. Information from other social service agencies and community-based organizations corroborate complaint data and demonstrate a community need for fair housing services.

## ***Recommendations***

The most critical element of the "Analysis of Impediments to Fair Housing" is the recommendations that are provided for local communities to address and remedy the barriers identified. This section, therefore, should be used as a starting point for the City of Racine to develop and implement a comprehensive fair housing action plan.

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## **Recommendation #1: Thoroughly Amend the Racine Fair Housing Ordinance**

The following changes need to be made to Racine’s fair housing ordinance if it is to be an effective tool for dismantling impediments to fair housing:

- a) The Ordinance must be amended to ensure that it provides viable enforcement options for victims of housing discrimination.
- b) The Ordinance should be amended to include specific penalties for violations of the law.
- c) The Ordinance should be amended to reflect the statutes of limitations contained in federal and state fair housing laws.
- d) The Ordinance should be amended to include relief for victims of housing discrimination in the form of compensatory and injunctive relief.
- e) The City Ordinance should be amended to include a definition of “disability” to ensure clarity and protection of persons with disabilities in the City of Racine.
- f) The Ordinance should be amended to unambiguously prohibit discrimination in the provision of homeowners insurance, construction and financing of housing.
- g) The Ordinance should provide clarification of the term as to what is meant by “economic status” and clarify that the derivation of income must be legal.
- h) The City should amend its definition of “familial status” to be equivalent to the Wisconsin Open Housing Law. In doing so, the City would expand protection to intergenerational or extended families, such as a household comprised of a grandparent, adult child and minor.
- i) The ordinance must be amended to provide comprehensive protection from discrimination in all areas of the housing industry and all protected classes, including in the clause related to advertising.
- j) The City should amend its Ordinance to reflect state and federal fair housing law’ language on exemptions for housing for elderly persons.
- k) The Ordinance should be amended to eliminate barriers for the filing of complaints and provide balanced opportunities for both the complainant and respondent in the administrative process.

## **Recommendation #2: Ensure that the Affirmative Action - Human Relations Commission Fulfills its Mandate**

The Commission should review its mandated duties and develop specific plans to implement them, in accordance with the Ordinance.

## **Recommendation #3: Training for the Affirmative Action - Human Relations Commission and Fair Housing Director**

The Commission and the Fair Housing Director should receive continual and ongoing training on a wide variety of specialized fair housing topics.

## **Recommendation #4: Ensure Adequate Reporting by the Fair Housing Director to the Affirmative Action - Human Relations Commission**

While the Director may provide the Commission with oral reports that partially compensate for the written reports’ lack of detail, the written reports should nonetheless be more thorough.



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## **Recommendation #5: Facilitate the Production of Affordable Housing**

### Fund an Affordable Housing Production Task Force

This task force, comprised of private and not-for-profit housing experts, should be charged with identifying and securing federal and private funds to help subsidize the development of housing affordable to households with low- and moderate-income.

### Utilize Tax Incremental Financing (TIF) to Produce Affordable Housing

The City should be more assertive in its use of TIF to create more affordable housing units. TIF approval evaluation criteria could prioritize residential development projects that include affordable housing.

## **Recommendation #6: Advocate for Changes in County, State and Federal Programs to Expand Housing Options**

### Advocate for Additional Section 8 Housing Choice Vouchers

The City of Racine should facilitate a meeting with local HUD officials, as well as Wisconsin's US Senators and Representatives, to discuss the adverse impact of recent HUD actions. Specifically, these discussions should emphasize the deleterious effects of the HUD budget cuts and administrative changes within the Section 8 Voucher Program on the City and its residents.

### Advocate for Affordable Housing Production Resources

The City of Racine should facilitate a meeting with state and federal elected officials to advocate for additional financing resources to build affordable housing, particularly for extremely low-income persons. The City should also research successful models of affordable housing production in other communities for possible replication in the City of Racine.

### Advocate for Revisions to WHEDA's Low Income Housing Tax Credit (LIHTC) Program Allocation Scoring

The City of Racine should advocate that WHEDA develop a scoring mechanism that (1) calculates the need for affordable housing based on the wages and salaries of the employment opportunities in that municipality and (2) eliminates the provisions by which developments receive additional scoring points awarded for community support of projects.

### Advocate for the Creation of an Improved Infrastructure between Medicare/Medicaid and Section 8

The City should meet with representatives of HUD and the Department of Health and Human Services to explore options that would allow those who wish to do so to move out of nursing care facilities and be integrated into the community.

### Advocate for a Strengthened Smart Growth Law

The State's Smart Growth law currently contains only a goal for communities to include a plan for housing that includes housing for persons at all income levels and needs in their required comprehensive plan.

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## Advocate for a Change in State Law to Permit a Racine Visitability Ordinance

Given its strong need for accessible housing, Racine could benefit from what is known as a “visitability” ordinance, and should lobby the State of Wisconsin for the right to enact such an ordinance. Visitability ordinances generally require that all newly constructed dwellings (single-family homes as well as multifamily construction) have at least one accessible entrance, first-floor doorways that are at least 32 inches wide, and at least a half-bath on the first floor.

## Encourage Landlord Participation in the Housing Choice Voucher Program

Housing Authority of Racine County staff should conduct a review of where current Section 8 voucher holders are living. Areas that are underrepresented by voucher holders should be identified and targeted for increased landlord recruitment. If at all possible, a staff position at the Housing Authority should be created or designated to market the Section 8 Program to landlords.

## Promote Integrated Neighborhoods through Inclusionary Zoning

The City should work with local housing organizations and the housing industry to research and enact an inclusionary zoning ordinance that produces a maximum of affordable units.

## **Recommendation #7: Facilitate the Production and Modification of Accessible Units**

The City should more assertively use TIF to create more accessible housing units for persons with disabilities. For instance, TIF approval evaluation criteria could prioritize residential development projects that include accessible housing.

## **Recommendation #8: Support of Comprehensive Fair Housing Services**

The City should support comprehensive fair housing services, including but not limited to: direct assistance to victims of housing discrimination, investigations of systemic forms of illegal discrimination, outreach and education throughout the community, and anti-predatory lending activities.

## **Recommendation #9: Creation of a Mobility Program**

The City should consider a program that provides assistance to persons desiring to make pro-integrative housing moves, either in the rental or sales markets.

## **Recommendation #10: Participate in an Anti-Predatory Lending Program**

The City should participate in an anti-predatory lending program, consisting of a collaborative network of lenders, housing counseling agencies, community groups, a legal aid organization and government representatives.

## **Recommendation #11: Fund Post-purchase Counseling**

The City should fund post-purchase counseling services conducted by viable homebuyer counseling agencies, in order to successfully combat predatory lenders in Racine. These counseling services assist in preventing foreclosure, as well as educating homeowners about refinancing options for more affordable and suitable loans.

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## **Recommendation #12: Support for Housing Trust Fund**

The City of Racine should support the development of a local Housing Trust Fund (HTF) – a new, ongoing, dedicated source of revenue to support affordable housing.

## **Recommendation #13: Advocate for Open and Inclusive Real Estate and Rental Markets**

The City of Racine should advocate for more open and inclusive home rental and sales markets in the following ways:

- Work cooperatively with the real estate industry and its trade associations to develop ways for local agents to become more familiar with Racine City neighborhoods.
- The City should conduct in-depth fair housing rental management training seminars for rental housing providers.
- The City should encourage Racine County to have its Housing Authority and Section 8 staff trained on the provisions of fair housing laws and remedies available to their clients.
- Encourage greater efforts on the part of the real estate and rental industries to hire and train minority and bilingual real estate and rental professionals.
- Encourage more active participation by providers of rental housing in local rent assistance programs to expand locational choice for low-income and minority residents.

## **Recommendation #14: Produce an Annual Report of Lending Practices in Racine**

The City of Racine should create and distribute an annual report of lending activity in Racine, modeled after the *City of Milwaukee's Comptroller's Annual Review of Lending Practices of Financial Institutions*, which has proven to be a valuable resource in analyzing lending patterns.

## **Recommendation #15: Outreach to Linguistically Isolated and Bilingual Communities**

The City should facilitate the formation of a partnership with organizations that serve non-English speaking or limited English-speaking persons, to develop a pro-active approach to reach these linguistically isolated populations on fair housing and fair lending issues.

## **Recommendation #16: Review Zoning Ordinance Regarding Community Living Arrangements**

The City should partner with disability advocacy groups, such as the Wisconsin Coalition for Advocacy, to review and analyze the Community Living Arrangements section of its zoning ordinance, in terms of current and future legal implications and potential liability for violations of the Federal Fair Housing Act.

## **Recommendation #17: Identify and Overcome Housing Production Impediments**

The City should convene discussions with for-profit and not-for-profit housing producers and lenders regarding impediments to the production of accessible, affordable, and large (three or more bedrooms) housing units. Further, this consortium should identify the challenges in producing such housing, as well as develop recommendations local, state and federal for policy changes.

## **Recommendation #18: Expand the Down Payment Assistance Program**

In order to prevent the perpetuation of racially segregated housing patterns, Racine's Down Payment Assistance Program should be expanded beyond its current geographic limitations.

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# introduction

The following report, the “City of Racine: Analysis of Impediments to Fair Housing” is required by the US Department of Housing and Urban Development (HUD) from all communities that receive Community Development Block Grant (CDBG) funds. Communities that receive CDBG funds are required to use the money for programs that “affirmatively further fair housing”.<sup>1</sup> To maximize the potential of this report, the City of Racine must view it as more than just a requirement for receiving block grant funding. It should be used as a meaningful tool enabling the community to take steps to ensure equal access to housing opportunities for all persons in the City of Racine.

According to Carolyn Peoples, Former Assistant Secretary of HUD’s Fair Housing and Equal Opportunity Office, “Once the jurisdiction completes the AI, it must report on its implementation by summarizing the impediments identified in the analysis and describing the actions taken to overcome the effects of the impediments identified through the analysis in its Consolidated Annual Performance and Evaluation Report (CAPER). Although AIs are not submitted or approved by HUD, each jurisdiction should maintain its AI and update the AI annually where necessary. Jurisdictions may also include actions the jurisdiction plans to take to overcome the impediments to fair housing choice during the coming year in the Annual Plan that is submitted as part of the Consolidated Plan submission.”<sup>2</sup>

## *Fair Housing*

Fair housing is a civil right that guarantees equal housing opportunities for all persons regardless of race, color, religion, sex, disability, familial status, national origin, (under federal and state laws) source of income, age, ancestry, marital status and sexual orientation (under state law only).<sup>3</sup> These categories, which are defined in the federal Fair Housing Act and the Wisconsin Open

<sup>1</sup> “Affirmatively further fair housing” (AFFH) is language that comes from the mandate of Section 808 (e)(5) of the Federal Fair Housing Act which requires the Secretary of HUD to Administer the Department’s housing and urban development programs in a manner to affirmatively further fair housing. The extent of the AFFH obligation has never been defined statutorily. However HUD defines it as requiring a grantee to (1) Conduct an AI, (2) Take actions to overcome impediments identified through the AI and (3) Maintain records reflecting the analysis and actions taken.

<sup>2</sup> As written in a 2003 HUD memo addressed to Entitlement Communities.

<sup>3</sup> In accordance with 24 CFR 570.904 fair housing choice is defined as the “ability of persons regardless of race, color, religion, sex, handicap, familial status or national origin, of similar income levels to have available to them the same housing choices.” Impediments to fair housing are defined as, “any actions, omissions, or decisions, which restrict housing choice because of race, color, religion, sex, national origin, familial status or handicap.”

# introduction

Housing Law, are known as “protected classes.” An *impediment* to fair housing is anything that may hinder or prevent a person from having equal access to housing because of their membership in a protected class. Impediments may take the form of a city or other governmental entity’s policy, practice or procedure, housing industry practices, or other societal factors.

## *Scope of the Study*

The “City of Racine: Analysis of Impediments to Fair Housing” contains several components. First, the study provides an analysis of demographic and economic characteristics in relation to their impact on fair housing. Next is an identification of impediments within the City of Racine’s policies, procedures and practices, within Racine County, state and federal policies, and within the private markets including: mortgage lending, homeowners insurance, real estate sales and the rental market, are then identified. These impediments were identified through extensive research and interviews with community representatives. The report concludes with a series of recommendations designed to dismantle those impediments identified in the previous section.

# demographic and economic characteristics

The City of Racine’s housing conditions are created by a complex combination of conditions, including illegal discrimination in the housing market, geographic preferences of residents, demographic changes, shifts in the number and structure of households and the larger economy. In this section, the City of Racine’s demographic, economic, and social characteristics will be assessed as they relate to fair housing impediments.

## The City of Racine in Context

In order to evaluate Racine’s demographic characteristics, it is important to look at the entire Racine Metropolitan Statistical Area (Racine County) to provide a larger context for analysis and to serve as a comparison to the City.

**Table 1:** Metropolitan Racine Population Distribution

	<b>1990</b>		<b>2000</b>	
<b>Geography</b>	<b>Population</b>	<b>Percent</b>	<b>Population</b>	<b>Percent</b>
<b>County</b>	175,034	100%	188,831	100%
<b>City of Racine</b>	84,298	48.20%	81,855	43.30%

In 2000, the City of Racine’s population was 81,855, a decrease of about 3% from 1990. In comparison, Racine County experienced an almost 8% population gain during this time. Since 1970, the City of Racine’s proportion of the metropolitan area’s population has been decreasing, even as the region grows in population.

# demographic and economic characteristics

## residential segregation and racial composition

Many indicators reveal that while the City of Racine and the surrounding County are growing more diverse, housing patterns remain very segregated based on race and ethnicity. For instance:

- In 2000, 84% of area African Americans and 76% of area Hispanics lived in the City of Racine, while only 43% of the overall metropolitan population resided in the City of Racine.
- In 2000, Racine County's black-white dissimilarity index (a commonly used measure of segregation) was 68.8. According to the Lewis Mumford Center for Comparative Urban and Regional Research, "A value of 60 (or above) is considered very high. It means that 60% or more of the members of one group would need to move to a different tract in order for the two groups to be equally distributed."<sup>4</sup> For the County's population of minor children, the black-white dissimilarity index was even greater, at 71.1.
- Minority populations comprise 36% of the City of Racine population, but only account for 6% of the population in the rest of the County.
- The white population is growing in the suburbs, while shrinking in the City. The white population actually decreased by 15.4% during the 1990s in the City of Racine. Conversely, most minorities are moving to or staying in the City.

**Figure 1: Metropolitan Segregation**

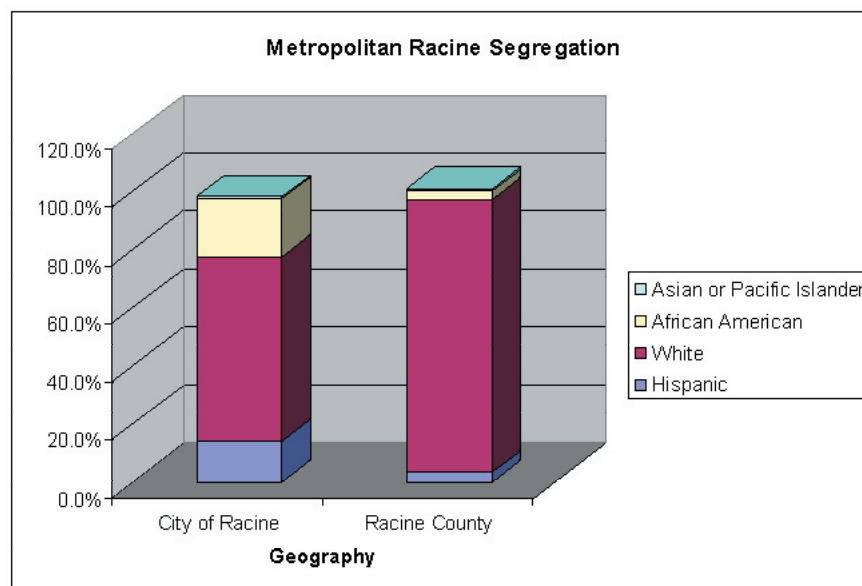


Figure 1 illustrates that the vast majority of minorities reside in the City of Racine. Note: In this Chart, Racine County does not include the City's population.

<sup>4</sup> Lewis Mumford Center for Comparative Urban and Regional Research at the University of Albany, SUNY website. <http://mumford.albany.edu/census/WholePop/WPSegdata/6600msa.htm>



# demographic and economic characteristics:

## residential segregation and racial composition

An examination of demographic changes reveals dramatic increases in nonwhite residents in the City:

- Hispanics experienced the most pronounced increase in population between 1990 and 2000. During this decade the Hispanic population grew by 66.7%, thus becoming 14% of the City's population.
- The African American population has consistently been the largest of any ethnic or racial minority category and represents 20% of the City's population. During the 1990s, the African American population grew by 7%.
- The Asian population accounts for less than 1% of the overall population in the City of Racine, but is growing. The Asian population increased 17.5% between 1990 and 2000.
- The American Indian population increased 2.7% during the same period.
- The white population dropped by 15.4% between 1990 and 2000.
- In 1990, slightly less than 40% of Racine's under-18 population was non-white; by 2000, fully 50% of minor children in Racine were minorities.

Table 2 summarizes the population growth characteristics experienced in the City of Racine between 1980 and 2000.

**Table 2:** City of Racine Population by Race Over Time

	1980		1990		2000	
Race	Population	Percent	Population	Percent	Population	Percent
Hispanic	5,501	6.42	6,853	8.13	11,422	13.95
Not Hispanic	80,056	93.58	77,445	91.87	70,433	86.05
White	67,056	78.22	61,408	72.85	51,962	63.48
African American	12,480	14.56	15,270	18.11	16,349	19.97
American Indian	213	.25	223	.26	229	.28
Asian/Pacific Islander	293	.34	428	.51	503	.61
Other Race	182	.21	116	.14	106	.13
Two or More Races	1,284	1.57				
<b>Total</b>	<b>85,725</b>	<b>100.00</b>	<b>84,298</b>	<b>100.00</b>	<b>81,855</b>	<b>100.00</b>

In short, the City of Racine has become home to increasingly large numbers of people – blacks, Latinos and other people of color, many of them families with children – who have been most vulnerable to illegal housing discrimination, both historically and in the present. The existence of

# demographic and economic characteristics:

## residential segregation and racial composition

residential segregation is evidence that these individuals and groups continue to face significant impediments to fair housing choice.

In decades past, legally sanctioned discriminatory housing practices created segregated and unequal communities in Racine. Although discrimination is no longer legal, it is still an endemic problem. Racine's residential segregation persists due to ongoing discrimination, long-standing housing patterns, current and historic institutional barriers and economic disparities. Racial residential segregation in Racine has contributed to economic disadvantage by reducing minorities' access to jobs, transportation, education and retail establishments, as evidenced by many indicators of racial disparity that exist throughout southeastern Wisconsin.

Although the causes of segregation are complex, it is possible to identify three main factors that contribute to the concentration of minority populations. These factors have been identified by social scientists, urban planners and civil rights organizations in virtually every segregated metropolitan area: (1) Discrimination: The most significant factor accounting for segregated housing patterns is a range of discriminatory practices on the part of various actors in the housing industry and government housing policy. (2) Economics: Housing costs tend to be higher in the suburbs and minority income tends to be lower than that of the majority population. (3) Choice: Some families choose to live in neighborhoods that are racially or ethnically homogeneous<sup>5</sup>.

Prior to the passage of the Fair Housing Act of 1968, various forms of discrimination and institutional racism were legal throughout the US and in Racine: racially restrictive covenants<sup>6</sup>, redlining by banks and insurance companies<sup>7</sup>, discrimination in real estate and rental practices, racially segregated public housing, blockbusting<sup>8</sup>, Federal Housing Administration<sup>9</sup> and Veterans Administration mortgages, urban renewal<sup>10</sup>, freeway construction, white flight<sup>11</sup>, central city disinvestment,

<sup>5</sup> Jackson 1985; Massey and Denton 1993; Yinger 1996

<sup>6</sup> Racially restrictive covenants required buyers of property contractually to sell their homes only to people of particular races.

<sup>7</sup> Redlining is a practice in which banks and/or insurance companies do not offer their products or services, or offer inferior products or services, within predominantly minority neighborhoods.

<sup>8</sup> Blockbusting is the practice of inducing homeowners to sell their properties by making representations regarding the entry or prospective entry of persons of a particular race or national origin into the neighborhood.

<sup>9</sup> Underwriting guidelines for Federal Housing Administration (FHA) mortgages required that "properties shall continue to be occupied by the same social and racial classes" through the 1930s and FHA practices solidified dual housing markets for whites and blacks that persist today in cities across the country (Bradford 1979; Bradford and Cincotta 1992).

<sup>10</sup> Urban renewal, referred to by many as "Negro Removal," uprooted entire minority communities with little or no consideration or concern regarding the impact on the existing residents. Moreover, those plans often resulted in the discriminatory taking of property, thus stripping wealth and equity from these communities (Written testimony of Cheryl Ziegler, Director, Housing and Community Development Project Lawyers' Committee for Civil Rights Under Law, Before the Charleston City Council)

<sup>11</sup> The departure of white families usually from urban neighborhoods undergoing racial integration or from cities implementing school desegregation

# demographic and economic characteristics:

## residential segregation and racial composition

and exclusionary zoning<sup>12</sup>/NIMBYism<sup>13</sup> by the suburban communities. Over a century of legalized discrimination and institutionalized racism created a system in which racial segregation was the only possible result.

As in other metropolitan areas, segregation has been detrimental to Racine in multiple ways. It creates a continuous cycle of racial disparity. Housing segregation leads directly to inferior schools for minorities. Employment opportunities are denied to minorities who are isolated, often in declining and dangerous neighborhoods<sup>14</sup>. Access to quality health care and other vital services also declines dramatically in segregated environments. Discriminatory housing practices and the consequent segregation of housing patterns reduces homeownership opportunities for minorities and depresses the market values of the homes they do own. Compared to the housing wealth that whites have accumulated, the costs of such discrimination to African Americans and Latinos has been estimated to reach \$600 billion nationwide<sup>15</sup>.

Not only do the negative effects of segregation hurt the minority community, but the regional economy also suffers from segregation as well. Ensuring equal access to housing that is linked to high performing schools, sustainable employment, transportation infrastructure, and childcare is essential for securing an economically viable and sustainable region in Southeastern Wisconsin. Housing is a critical and fundamental element that contributes to expanded social and economic opportunity for individuals and families. When it is affordable and linked to these other opportunities, it can serve as a conduit to improved life outcomes and an improved region. It is important that we concentrate on the causes and the consequences of this segregation in order to create policies that effectively address the problem.

<sup>12</sup> Exclusionary zoning are laws that establish maximum density and minimum lot size requirements restrict opportunities for low-income households, thus effectively discriminating against minorities.

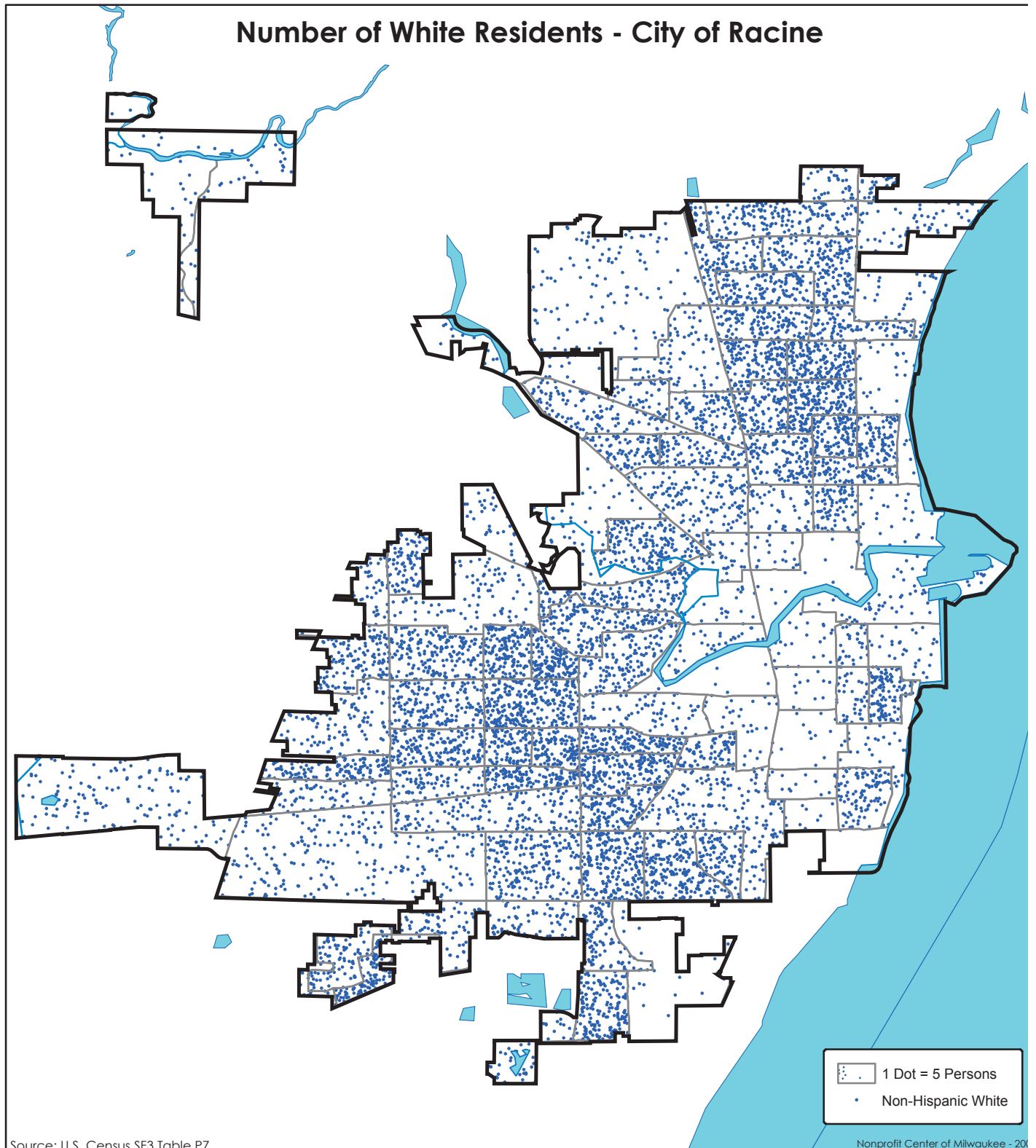
<sup>13</sup> NIMBY is an acronym for “Not In My Back Yard.” A term for a person who resists unwanted development, in this case, any development that may attract person of other races or classes.

<sup>14</sup> Massey and Denton 1993

<sup>15</sup> Yinger 1995

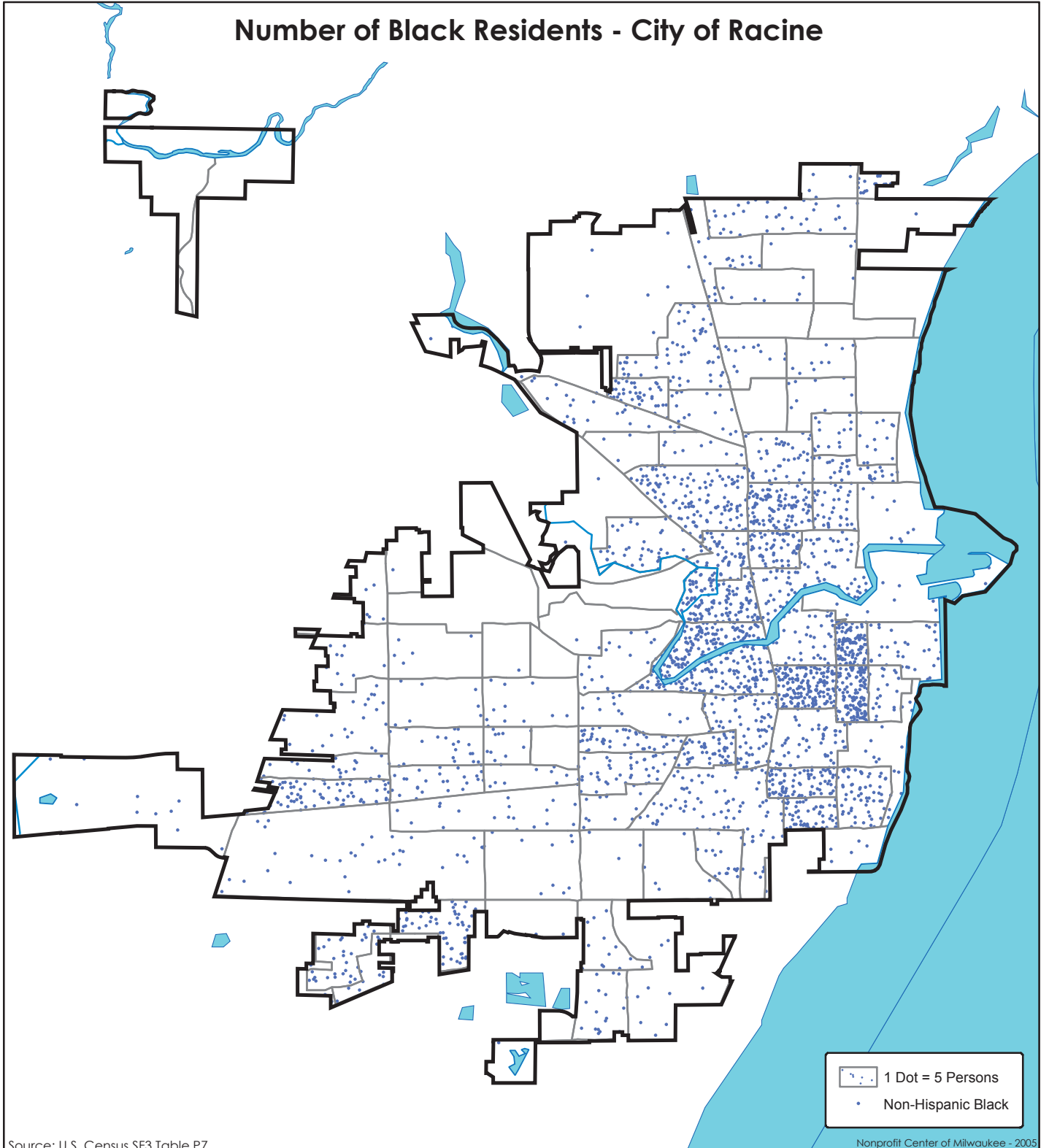
# demographic and economic characteristics:

residential segregation and racial composition



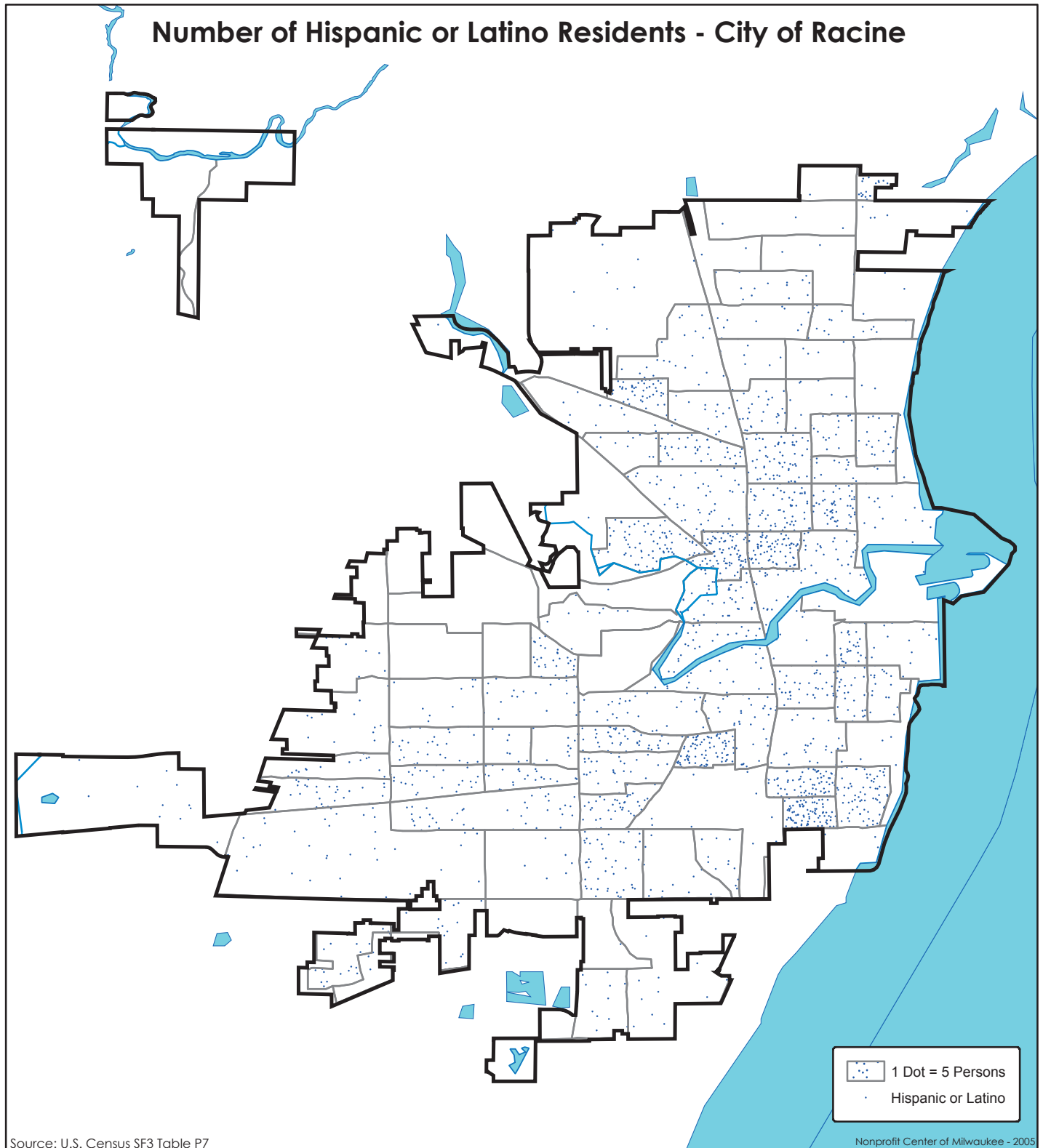
# demographic and economic characteristics:

residential segregation and racial composition



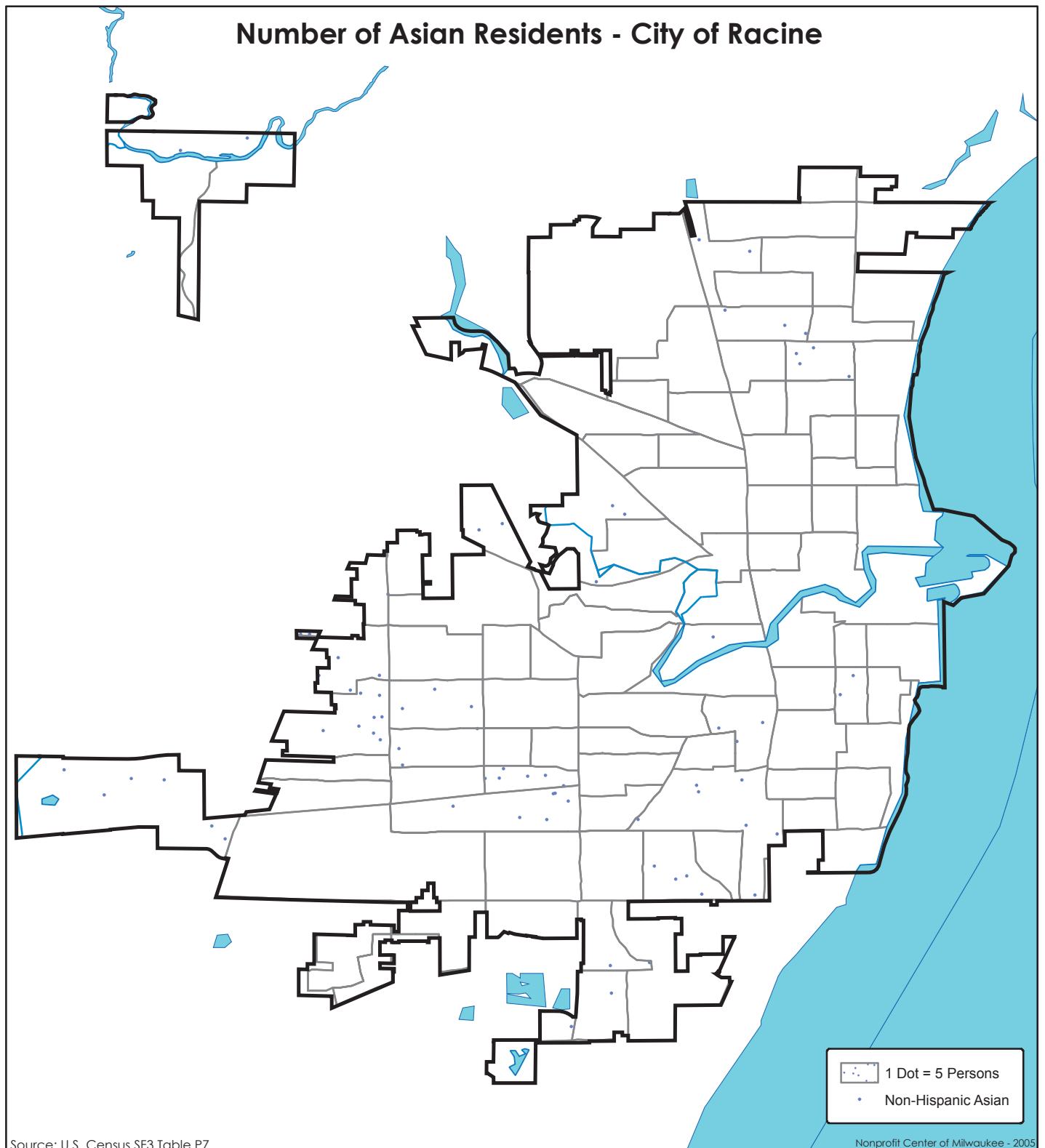
# demographic and economic characteristics:

residential segregation and racial composition



# demographic and economic characteristics:

## residential segregation and racial composition





# demographic and economic characteristics: household profiles

Throughout much of the US, an increase in households is occurring at a rate that exceeds population growth. This is due to a variety of factors, including the growing number of single person and single parent households, longer life expectancies and the rate of divorce. One result of this trend is smaller household size. Racine housing patterns do not correspond seamlessly with this trend, as Racine experienced a slight loss in number of households between 1990 and 2000. The City also underwent an increase in the number of large households (households with six or more occupants), and an increase in households of just one person.

Implications of household size are not race-neutral. Minority family households in Racine are more likely to include children, and as noted above, 50% of City of Racine children are minorities. Unsurprisingly, minority households tend to be larger than white households. As a result, they are more likely to require larger housing units. For example, white households have an average household size of about 2.4 persons in the City of Racine. However, Latinos have an average household size of 3.7 persons, Asians have an average household size of about 3.3 persons, and African Americans have an average of about 2.8 persons per household. Housing policy that effectively ensures fair housing choice will create housing stock appropriate for the household sizes of each of these groups.

Moreover, discrimination and household size must be considered together. Though prohibited by local, state and federal fair housing laws, discrimination based on race and familial status (presence of minor children in a household) are two of the most common types of illegal housing discrimination. Minority families, then, are especially vulnerable to these dual inequities, which are sometimes perpetrated in concert. In addition, female-headed households made up 17.9% of all of Racine's households in 2000. Many of these families were comprised of people of color. These households are particularly exposed to discriminatory practices in the housing market, including predatory lending, because of their race, gender, marital status and presence of children in the household.

Although average household size declined, the 2000 census reported an increase in the percentage of households that lived in overcrowded households in Racine. The traditional census definition of overcrowded household is a household that has more persons than the number of rooms it occupies. (Bathrooms and hallways are not included.) In 2000, 4.9% of the City's households were overcrowded compared with 3.2% in 1990. The highest percentage of overcrowding occurs in minority households, in part because minorities have larger families, but also because their access to larger units is limited by discrimination and lack of affordability. The fact that overcrowding has increased in Racine is an indicator that families, especially minority families, are facing obstacles to fair housing choice.



# demographic and economic characteristics: household profiles

**Table 3:** Racine Household Size

	1990		2000	
<b>Household Size</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<b>1 person</b>	8,285	25.9	9,245	29.4
<b>2 persons</b>	9,638	30.2	9,416	29.9
<b>3 persons</b>	5,479	17.1	5,112	16.3
<b>4 persons</b>	4,829	15.1	4,230	13.5
<b>5 persons</b>	2,228	7.0	2,092	6.7
<b>6 persons</b>	798	2.5	802	2.6
<b>7 or more</b>	711	2.2	552	1.8
<b>Total</b>	<b>31,968</b>	<b>100.0</b>	<b>31,449</b>	<b>100.0</b>
<b>Average Household Size</b>	<b>2.6</b>		<b>2.59</b>	

# demographic and economic characteristics: homeownership

The owner-occupancy rate in Racine increased slightly during the 1990s from 65% to 66.9%. Homeownership rates increased for all racial and ethnic groups:

- Latinos experienced the largest increase from about 42% in 1990 to 49% in 2000.
- About 35% of African American households owned their homes in 2000 compared to 33% in 1990.
- Sixty percent of Asian households owned their housing units in 2000 compared with 52% in 1990.
- Whites experienced an increase from 66% to 72% in the 1990s.

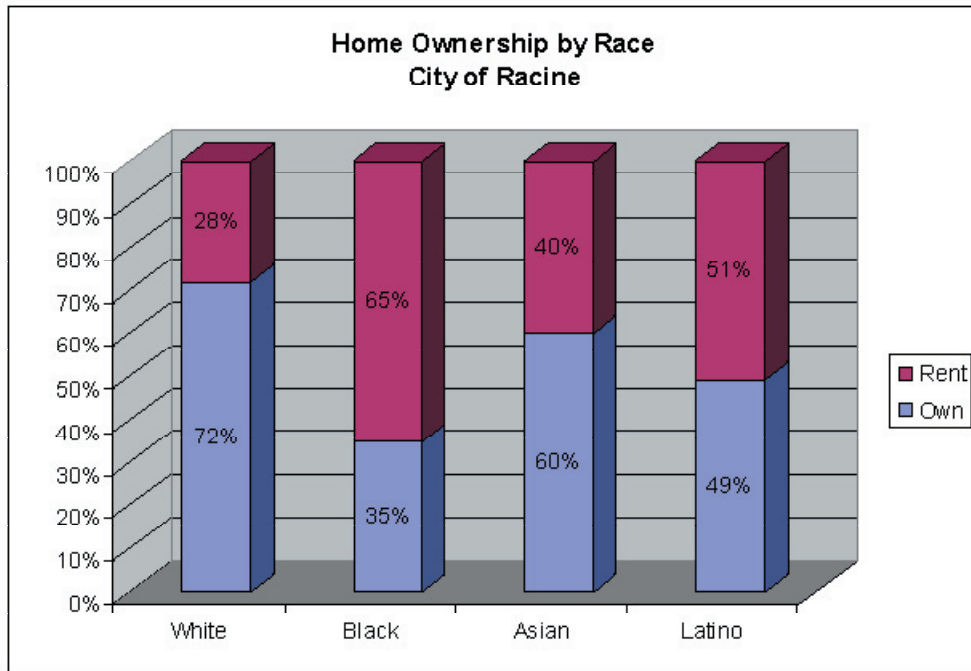
Despite the homeownership gains among all races and ethnic groups, sizeable racial disparities still exist. As home equity is often the foundation for educational, employment, and business opportunities, these disparities disadvantage minorities in incalculable ways, preventing full participation in Racine's economic life. Impediments to homeownership are, in effect, impediments to fair housing choice. Solutions will be addressed in the Recommendations section.

**Table 4:** Renters vs. Homeowners

	1990		2000	
	Number	Percent	Number	Percent
<b>Total Housing Units</b>	66,945	100.0	74,718	100.0
<b>Occupied</b>	63,736	95.2	70,819	94.7
<b>By Owner</b>	43,555	65.0	50,004	66.9
<b>By Renter</b>	20,181	30.1	20,815	27.8
<b>Vacant</b>	3,209	4.7	3,899	5.2

# demographic and economic characteristics: homeownership

**Figure 2:** Homeownership by Race in Racine



# demographic and economic characteristics:

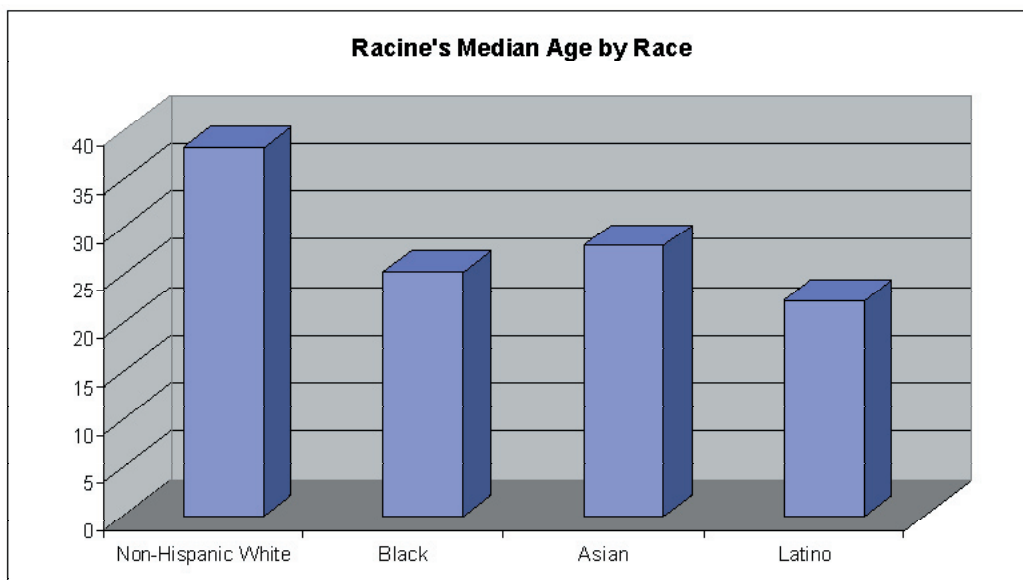
## age distribution

The median age for the City of Racine residents is 33.1 years, which is younger than both the United States' median age of 35 and the Wisconsin median age of 36. Median age by race and ethnicity varies significantly in Racine:

- The median age for whites is 38.3 years.
- Asians have a median age of 28.1 years.
- Latinos have a median age of 22.4 years.
- The median age of blacks is 25.4 years.

The significantly younger median age of minority households presents many implications for future and current housing needs. Currently, larger units are needed to accommodate larger families with children, many of whom are minorities. In addition, as noted previously, such families are at high risk of facing illegal housing discrimination. Further, the younger median age of persons of color suggests that many of these persons are children, likely not yet owning or renting their own housing. Indeed, as noted above, half of all Racine children are minorities. Future ramifications of the younger median age are also clear. As the children of these families become adults, they will likely continue and amplify the trends their parents and grandparents catalyzed: strong needs for affordable housing, larger housing units and fair housing services. Further, if minorities continue to experience a very low rate of suburbanization, it will be incumbent upon the City of Racine to meet these housing needs.

**Figure 3:** Median Age by Race, City of Racine



# demographic and economic characteristics: disability

One in five City of Racine residents has a disability. Disability is experienced at different levels in different racial groups; African Americans, in particular, are disproportionately affected by disabilities. Of the total number of disabilities reported by the US Census in the City of Racine, 27.6% are within the black population, although blacks represent just less than 20% of the City's residents.

Moreover, Racine County's residents with disabilities are disproportionately concentrated in the City of Racine. Over half of all County disabilities tallied by the US Census are those of City residents, even though only 43.3% of the County population resides in the City of Racine.

These matters have multiple fair housing implications. Most important is the recognition that it will be incumbent on the City of Racine to partner with private developers to create affordable, accessible housing stock for people with disabilities, and then to ensure that there are services available to people with disabilities to help obtain such housing on an equal opportunity basis.<sup>16</sup>

<sup>16</sup> Affordable housing is housing for which the occupant pays no more than 30% of his income.

# demographic and economic characteristics:

## employment and income

The Racine unemployment rate decreased during the 1990 to 2000 period<sup>17</sup>. Only 4.5% of the City's labor force was unemployed at the time of the 2000 census compared with 7.6% in 1990. The most recent decrease in unemployment was similar to national and state trends. Unemployment rates for both the United States (6%) and Wisconsin (5%) decreased between 1990 and 2000.

Although Racine's overall unemployment rate decreased, racial disparities in unemployment rates are stark. The unemployment rate for blacks (9.7%) in the City of Racine is more than three times higher than for whites (2.7%). The unemployment rates for Latinos (6.8%), is more than double that of whites. (Asians have a lower unemployment rate than whites, at 1.8%).

Furthermore, on average, blacks and Latinos earn significantly less per year than whites. In addition, people with disabilities are 62% more likely than people without disabilities to have incomes below the poverty line. Just under half of all people with disabilities in Racine do not work. Given the relatively higher unemployment rates and lower incomes of people with disabilities, African Americans and Latinos in Racine, the need for affordable housing for these populations is urgent. If people with disabilities and minorities are unable to access homeownership opportunities and have highly limited choices within the rental market due to a combination of discrimination and income-related factors, they are effectively marginalized as members of Racine's community.

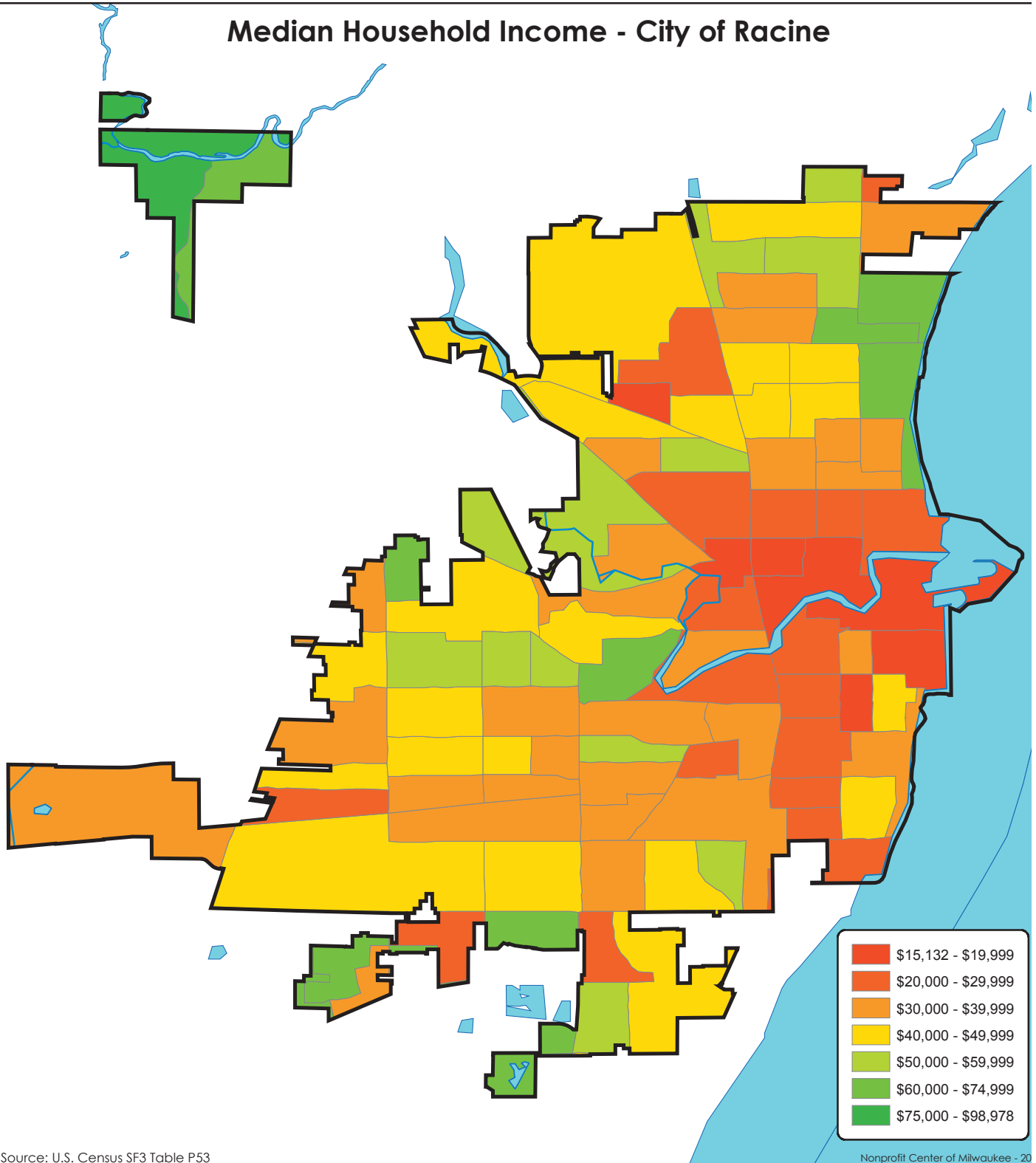
**Table 5:** Median Income by Race

<b>Race</b>	<b>Median Income</b>
<b>Non-Hispanic White</b>	\$ 41,123
<b>Black</b>	\$ 22,536
<b>Latino</b>	\$ 36,293
<b>Asian</b>	\$ 24,464

<sup>17</sup> An unemployed person is someone in the labor force not working but actively seeking employment.

# demographic and economic characteristics: employment and income

## Median Household Income - City of Racine

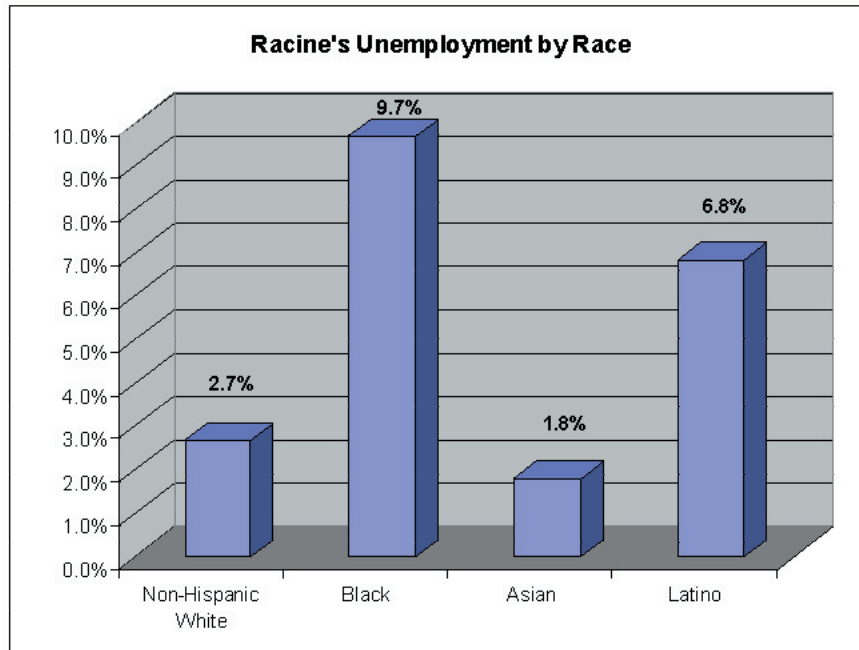


Source: U.S. Census SF3 Table P53

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# demographic and economic characteristics: employment and income

**Figure 4:** Employment by Race, Racine





# demographic and economic characteristics: transportation

Much of the last decade's net job growth in metropolitan Racine has occurred outside the City, while a significant majority of the unemployed labor force lives in Racine's central city. This becomes a fair housing issue in view of the fact that the City is where a vast majority of people of color reside. In addition, 27.1% of Racine's African American households do not own cars. This means that a significant portion of the African American population has limited access to the burgeoning job market, particularly in outlying communities that have inadequate public transportation services. When combined with minorities' lack of access to suburban housing opportunities, this impediment has a catastrophic effect on minorities' ability to become full participants in Racine's regional economy.

Connecting the available labor force with available jobs would require either appropriately priced housing in these high job growth communities affordable to persons in those jobs, or some form of transportation connecting Racine to jobs. Currently the region's mass transit is not adequate to access jobs outside the City of Racine.

# demographic and economic characteristics:

## housing supply characteristics

During the 1990s, the number of City of Racine housing units increased by 7,773. Housing values in the City were comparatively lower than in other areas. In 2000, the median value for a Racine single-family owner-occupied unit was \$83,600, compared to \$119,600 for the United States and \$112,200 for the State of Wisconsin.

Housing in the City is also older than the median age in other parts of the state or country. Over 48.6% of the City of Racine's housing was constructed before 1949; 34.9% was built between 1950 and 1969; and 16.6% was built after 1970. The median year that all structures were built in the City is 1951, compared with Wisconsin's median of 1965 and the United States' median of 1971. In general, older housing stock is often less expensive, but it is more likely to be in disrepair, be inaccessible to people with disabilities, or have greater maintenance needs. Older housing may also have a negative impact on the health of its occupants in a variety of ways, but especially in regard to the presence of lead paint. The deleterious effects of lead poisoning, especially in children, are well documented. As Racine's children are disproportionately minorities, this issue has a disparate impact on people of color.

**Table 6:** Housing Units by Year Structure Built, City of Racine, 2000

<b>Year Built</b>	<b>Number</b>	<b>Percent</b>
<b>Before 1940</b>	11,962	35.8
<b>1940 to 1949</b>	4,271	12.8
<b>1950 to 1959</b>	6,774	20.2
<b>1960 to 1969</b>	4,907	14.7
<b>1970 to 1979</b>	3,214	9.6
<b>1980 to 1989</b>	1,081	3.2
<b>1990 to 1994</b>	685	2.0
<b>1995 to 1998</b>	424	1.3
<b>1999 or later</b>	140	0.4
<b>Total</b>	<b>33,458</b>	<b>100.0</b>

The City of Racine's housing is primarily composed of two- and three-bedroom units, which together make up 72.2% of the total housing units. The prevalence of two- and three-bedroom units is problematic, given the need for larger housing units, particularly by many larger Latino and Asian families.

# demographic and economic characteristics:

## housing supply characteristics

**Table 7:** Housing Unit Size, City of Racine

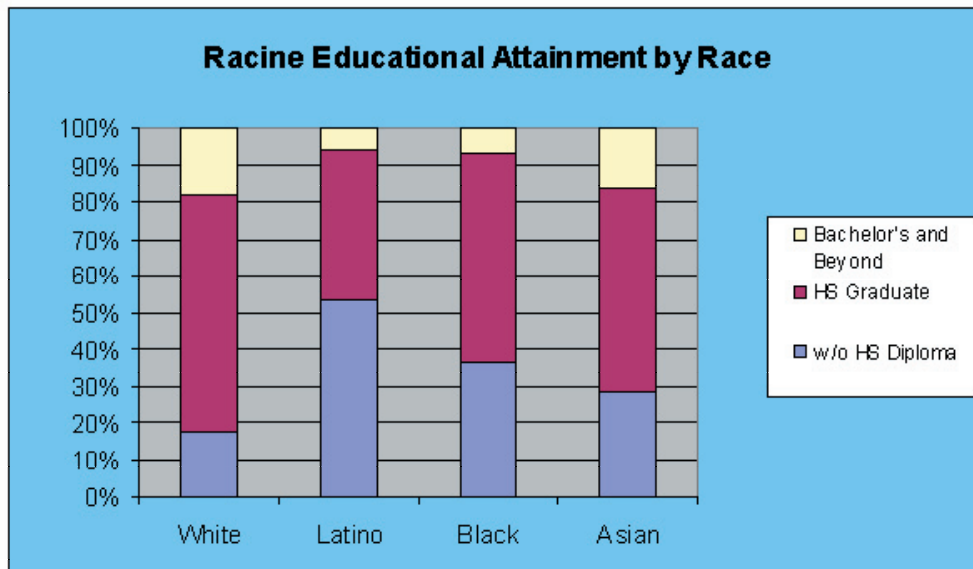
	<b>1990</b>		<b>2000</b>	
<b>Bedrooms</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<b>None</b>	<b>435</b>	<b>1.3</b>	<b>557</b>	<b>1.8</b>
<b>1</b>	<b>4,568</b>	<b>13.8</b>	<b>4,118</b>	<b>13.1</b>
<b>2</b>	<b>10,773</b>	<b>32.5</b>	<b>9,691</b>	<b>30.8</b>
<b>3</b>	<b>13,449</b>	<b>40.6</b>	<b>13,039</b>	<b>41.4</b>
<b>4</b>	<b>3,261</b>	<b>9.8</b>	<b>3,439</b>	<b>10.9</b>
<b>5 or more</b>	<b>670</b>	<b>2.0</b>	<b>654</b>	<b>2.1</b>
<b>Total Occupied Units</b>	<b>33,156</b>	<b>100.0</b>	<b>31,498</b>	<b>100.0</b>

# demographic and economic characteristics: education

In 2000, more City residents 25 or older were high school or college graduates than in 1990. Fully 77.2% were high school graduates in 2000 compared with 72% ten years earlier. However, vast disparities in educational attainment are revealed when analyzed by race and ethnicity. For instance, 82.7% of whites are high school graduates, but only 71.5% of Asians, 63.5% of African Americans, and 46.6% of Latinos have a high school diploma.

Some of the disparity between whites, Asians and Latinos is due to Racine's influx of immigrants from other countries, primarily Spanish-speaking countries. Many persons immigrating are unlikely to have received the equivalent of a high school education.

**Figure 5:** Educational Attainment by Race



Disparities in education are important to fair housing choice for several reasons. First, persons with less education tend to have lower incomes than those with more education. This reduces the range of housing available to such households. Also, persons with less education are more likely to have very limited access to educational or financial resources that assist in purchasing a home or obtaining a loan.

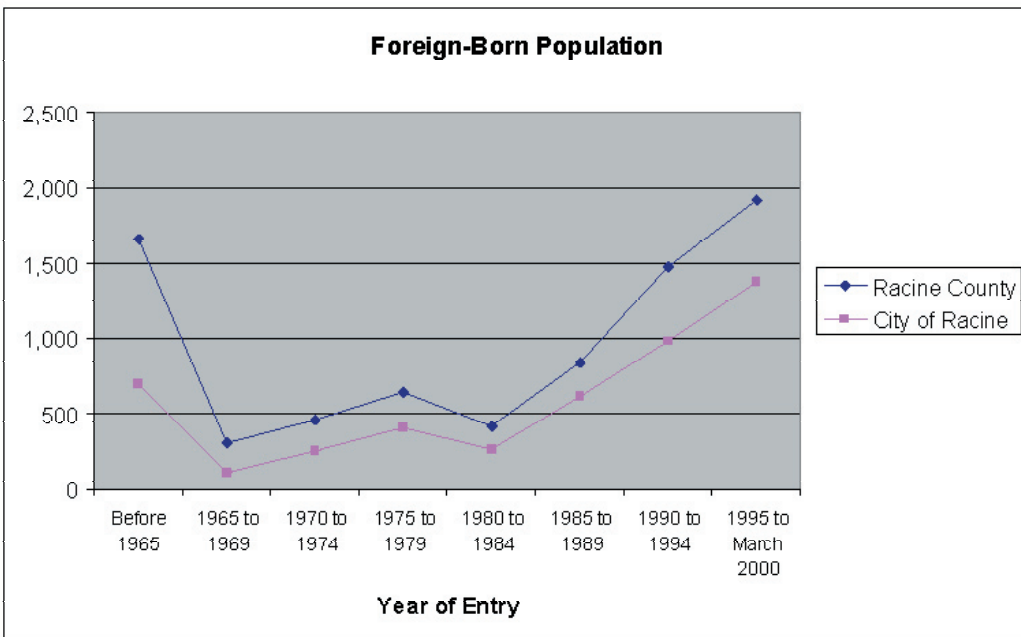
# demographic and economic characteristics:

## linguistic isolation

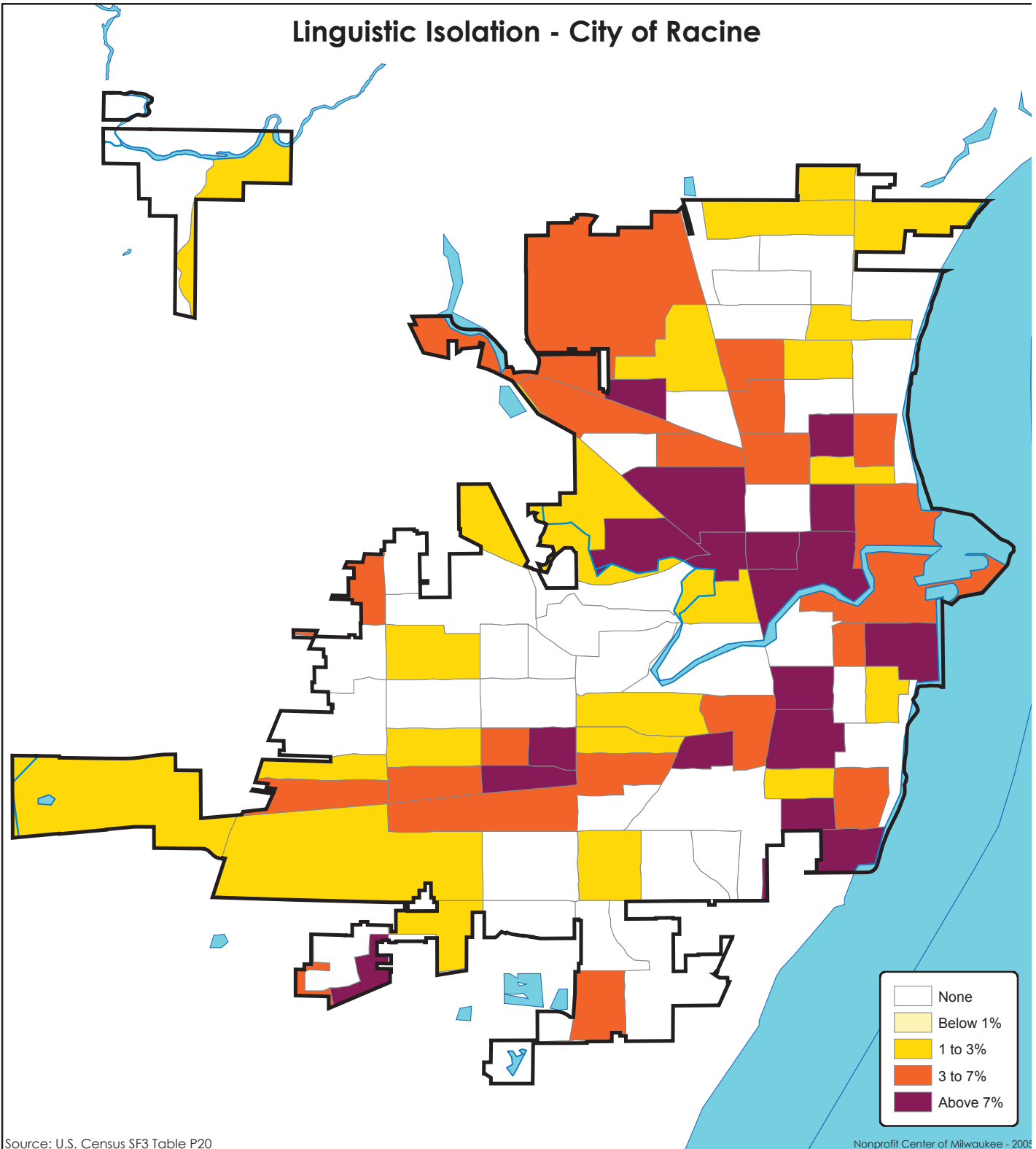
A household in which no one speaks English well is linguistically isolated. Linguistic isolation hinders a person's ability to integrate economically, academically and socially into our society and has stranded many non-English speakers in low-wage menial jobs.

As shown in Figure 6, the foreign-born population in Racine has dramatically increased over the last 20 years. While the concentration of linguistically isolated households is not significant yet, it is likely to become an issue with ongoing and increasing influx of foreign-born persons. A population that is both minority and does not speak English well may face discrimination based on national origin as well as challenges related to obtaining housing, like communicating effectively with a rental agent, real estate agent, mortgage lender or insurance agent.

**Figure 6:** Foreign Born by Geographic Area



# demographic and economic characteristics: linguistic isolation



# fair housing impediments

An impediment to fair housing is anything that may hinder or prevent a person from having equal access to housing because of membership in a federal or Wisconsin protected class. State and federal protected classes include race, religion, national origin, color, sex, disability, familial status, age, ancestry, sexual orientation, marital status and legal source of income. Impediments may take the form of a city or other governmental entity's policy, practice or procedure, housing industry practices, or other societal factors.

This section describes fair housing impediments faced by City of Racine residents. These impediments were identified through MMFHC's research and interviews with community representatives. Impediments are organized into three interrelated categories: City of Racine impediments, county, federal and state impediments, and private market impediments. Some impediments fall under more than one category, but are listed just once for the sake of space considerations. In some cases, the City of Racine exercises direct control over the conditions that give rise to a particular impediment; in other cases, the City's role vis-à-vis an impediment may be more indirect. Notwithstanding these differences, the City has a responsibility to help dismantle each of the identified impediments.

# fair housing impediments:

## city of racine: procedures, policies and practices

### 1. Flawed Fair Housing Ordinance

The City of Racine has incorporated its local fair housing provisions within Section 62 (“Human Relations”) of the City’s Municipal Code. Article II, entitled “Discrimination”, codifies anti-discrimination laws in the areas of housing, employment and equal rights. This law, as currently written, is exceedingly limited as a mechanism to address housing discrimination and is, thus, a major impediment to fair housing in the City of the Racine. Listed below are some of the problematic aspects of the ordinance.

#### a) Enforcement Powers of the City Commission are Limited

The law provides minimal power of the City’s Human Rights and Affirmative Action Commission to enforce the Ordinance. For example, the Ordinance states that the Commission has the power to accept complaints alleging violations of the Ordinance and may remedy those violations “by means of conciliation, education or other means” (emphasis added). Short of such voluntary compliance initiatives (in which the respondent agrees to conciliation or education) it is unclear what the Commission can do in order to enforce the Ordinance. The Ordinance provides no mechanism for the Commission to initiate any enforcement actions on its own, such as the issuance of fines in cases where respondents choose not to comply with those voluntary measures. The Commission has only the power to commence a hearing if voluntary compliance is not achieved and then can only “recommend” action to be taken if they find a violation of the law and may also refer a case to the City Attorney, if judicial enforcement is deemed necessary. The inability for the Commission to mandate remedial action renders them virtually powerless to enforce the law. These limitations of the Commission to address acts of discrimination are a major disincentive for victims to file complaints under the City Ordinance.

#### b) The Ordinance Provides Negligible Penalties for Violations of the Law

There are several serious problems with the penalties stipulated for violations of Racine’s fair housing law. First, the penalties for violations of the Ordinance are not contained within the statute itself, but rather referenced in Section 1-15 of the Racine Municipal Code. Secondly, and of most concern, is that the City of Racine mandates that the penalty for illegal housing discrimination will be “not less than \$1.00 and not more than \$1,000.00”.

Civil forfeitures are intended to punish a violator of the law and deter further illegal conduct. The Racine Ordinance accomplishes neither purpose. Such minimal fines discourage victims of housing discrimination from pursuing claims under the City Ordinance, as no real redress will be achieved. Further, these limited forfeitures send a message to the community that the City does not regard the deleterious effects of illegal housing discrimination on individual victims, as well as the community at large.

#### c) The 180-Days Statute of Limitations May Prevent Complaints from Being Filed

The Racine ordinance only allows complaints to be filed within 180 days of the alleged act of dis-



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crimination. This is an exceedingly short period of time – shorter than both federal and state laws. A longer statute of limitations is important for several reasons. First, discrimination in today’s housing market is increasingly subtle and difficult to detect. Therefore, it may be many months after an act of discrimination before individuals may learn that they were the victims of an unlawful act. Secondly, some people are unaware of their legal rights in housing and may obtain that knowledge some time after the act of discrimination. Thirdly, some people who are in the home seeking process are in dire situations to secure housing for their family and may not have the time or resources during their search to file a complaint. Therefore, an extended time period to file a complaint may assist them in doing so. Lastly, both federal and state law allows persons to file administrative complaints within one year of the alleged act of discrimination. The longer time period to file complaints under those laws is another disincentive for persons to file with the City.

### d) Victims of Illegal Housing Discrimination Can Obtain neither Compensatory nor Injunctive Relief Under This Ordinance

In addition to the inadequate penalties under this ordinance, it does not allow victims to recover either compensatory damages or injunctive relief. Therefore, victims may not be compensated for out-of-pocket expenses incurred or for the emotional duress experienced as a result of the discriminatory act. Additionally, the ordinance contains no provision for victims to obtain the housing illegally denied them. Both federal and state fair housing laws include these forms of relief for victims as a way to help the person recover true and comprehensive relief for the injury of discrimination. They are essential components for a fair housing law to have meaningful and effective impact in the community.

### e) The Ordinance Has Limited Protection for Persons with Disabilities

The City Ordinance is lacking adequate protection for persons with disabilities. Specifically:

- There is no definition of “disability” contained in the Ordinance. This omission can create confusion and misinterpretation for both housing providers and consumers and limit housing opportunities for persons with disabilities. Both the state and federal fair housing law include definitions of “disability” that could be used in the Racine Ordinance to ensure persons with disabilities are afforded equal and open housing opportunities.
- The Ordinance does not contain a provision that would permit persons with disabilities to make reasonable modifications of existing housing to allow full use and enjoyment of the housing. Such a provision, found in both federal and state fair housing laws, ensures that persons with disabilities may make modifications to the premises, such as a ramp to the outside door of a building for persons who use a wheelchair or a strobe light to alert persons with hearing impairments of emergency situations within a building. There is well-established federal case law as to the protections and rights under this provision of the law.
- The Ordinance does not allow for the provision of reasonable accommodations in **rules**, policies, practices or services to permit persons with disabilities full use and enjoyment of housing. Such accommodations might include a designated parking space to allow a tenant with a disability closer and easier access to the building. This opportunity for persons

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with disabilities to obtain such accommodations is contained in both state and federal fair housing laws and there is well-established case law in this area.

- Persons with disabilities who need animals to assist them have no protection against discrimination under the Ordinance. The state and federal fair housing laws have provisions that ensure protection for persons in need of such assistance animals.
- Requirements that housing be designed and constructed to ensure accessibility for persons with disabilities are absent in the City Ordinance. Therefore, under the current Ordinance it is not a violation to build a multifamily development in which doors are too narrow for persons in a wheelchair or multiple steps at an entrance door. Both the federal and state fair housing laws include such requirements.

The omission of these protections can send a chilling message to persons with disabilities in Racine regarding the level of concern the City has for furthering housing opportunities for persons with disabilities. These omissions are particularly egregious, as enhanced protections for persons with disabilities have been contained in the federal law since 1988 and the state law since 1992.

### f) The Ordinance Does Not Prohibit Discrimination in All Areas of the Housing Market

The Racine Ordinance does not provide comprehensive protection against discrimination in all areas of the housing market. As discussed below, some housing industries are not included in the Racine law, contrary to protections afforded in both state and/or federal fair housing laws.

Discrimination in the homeowners insurance market has gained much attention over the past several years. Lawsuits and administrative complaints against some of the largest providers of homeowners insurance in Milwaukee, Toledo, Richmond, Philadelphia, and Washington, DC have revealed widespread forms of discrimination against minority homeowners. The Racine Ordinance makes no reference to discrimination in the insurance industry, thus, failing to protect its residents from this form of discrimination. Homeowners insurance is a critical necessity to protect the economic wealth of residents and preserve the viability of neighborhoods. The absence of protection against such discrimination leaves residents, and neighborhoods, vulnerable to loss of homes and instability.

Secondly, the Ordinance only makes a vague reference to discriminatory activities in the construction of housing in a section concerning the refusal to finance housing. Both federal and state laws clearly prohibit discrimination in the construction of housing.

Thirdly, although the Ordinance explicitly prohibits the refusal to finance housing, but is silent about discrimination in the terms, conditions or services of such financing. This omission is particularly problematic in view of the increasing incidence of predatory lending, whereby people are not refused financing for their homes, but the terms and conditions of the loan may be less favorable, due to the race, age or gender of the homeowner. The Racine Ordinance, as currently written, provides no protection for persons victimized by such practices.

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### g) Some Definitions of Persons Protected Under the Ordinance Are Vague or Restrictive

“Economic status” is listed as one of the categories, or classes, under which persons are protected from discrimination. The definition of this class, however, is unclear. The ordinance merely states it is the “source of income of a person” without further clarification. The Wisconsin Open Housing Law protects persons on the basis of lawful source of income, which has historically been defined as any income which is derived from a legal source, including wages, social security, food stamps, public assistance, unemployment compensation or workers compensation payments.

The definition of “familial status” in the Racine ordinance is consistent with the Federal Fair Housing Act, but is more restrictive than the Wisconsin Open Housing Law. Specifically, under the State law “family status” also protects a household comprised of one or more minor or adult relatives. The State law, therefore, prohibits discrimination against intergenerational or extended families (such as a household comprised of a grandparent, adult child and minor).

Under the “Declaration of Policy” (Sec. 62-27), it states the City will prohibit discrimination on a number of factors, including “veteran’s status”. However, in an earlier section (Sec. 62-26) in which “discrimination” is defined, a number of protected classes are included, but NOT “veteran’s status”. This is a confusing contradiction, as it is unclear whether or not a person who is a veteran is protected under the Ordinance. It is an impediment to fair housing within a community when neither homeseekers nor housing providers can derive a clear understanding of their protections and rights under a local ordinance.

A related issue in the same section is a reference to protection against discrimination on the basis of disabilities (emphasis added). The use of the plural version of “disability” suggests that persons must have more than one disability in order to be afforded protection under this Ordinance. Further, it is inconsistent with a definition of “discrimination” in an earlier section, which includes “disability” as a protected class. This inconsistency can lead to confusion and debate as to whether the ordinance requires that a person have more than one disability to be protected from discrimination.

### h) The Prohibition Against Discriminatory Advertising is Limited and Restrictive Under the Ordinance

Consistent with both state and federal fair housing laws, the Racine Ordinance protects persons from discriminatory activities in the printing, publishing or broadcasting of illegal advertisements. However, the provision only prohibits discrimination in the sale, rental or leasing of housing. It does not prohibit discriminatory advertisements by lenders, insurers, or builders.

Additionally, this section of the law prohibits discrimination on every protected class, as previously described in the Ordinance, except for age, marital status and economic status. Therefore, an advertisement for housing that stated “No persons over the age of 60” would be a lawful advertisement under this Ordinance. The omission of these protected classes not only limits housing choice for significant numbers of people, but also is confusing and inconsistent with state law. Moreover, it

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refers to “disabilities”, rather than disability, which suggests a person must have multiple disabilities to be protected under the law.

### i) Exemption for Housing for the Elderly is Inconsistent with State and Federal Fair Housing Laws

The City Ordinance provides an exemption from the familial status and age portions of the law for “housing for the elderly”. The types of elderly housing are defined in a manner that is not as clear as either federal or state law. Specifically, the exemption for “housing occupied by persons who are 62 years of age or older” does not denote whether the entire development must be comprised of persons in that age range, or only a certain percentage of tenants. Both state and federal laws stipulate that to meet this section of the exemption, all the residents must be 62 years of age and older. Additionally, the exemption in the Racine Ordinance states a requirement that housing for persons 55 and older maintain significant services and facilities for older persons. This exception, originally contained in both the federal and state laws, was subsequently amended and this exemption was removed.

### j) Provisions of the Ordinance Are Burdensome to a Complainant and May Be a Disincentive to File Complaints with the City

There are several sections of the Ordinance, which place an undue burden on a complainant and may serve to discourage them from filing complaints with the City. For example:

- The Ordinance requires that complainants submit a written complaint, including the name and address of the respondent. In some housing transactions, the complainant is unable to obtain either pieces of information. For example, some acts of discrimination occur over the telephone by an unidentified person or at locations other than the property in question. Complainants may have phone numbers or the first names of individuals spoken to, but may not have the full name and addresses of persons who have discriminated against them. This could deter some persons from filing a complaint with the City. Neither the state nor federal laws contain this requirement.
- According to the Ordinance, testimony is presented during an administrative hearing that is subject to cross-examination by “the respondent and/or panel members.” Why is only the respondent afforded this opportunity? Why is the complainant excluded from cross-examining witnesses, as well?
- Moreover, the Ordinance states that a respondent may be represented by counsel, but does not afford the complainant the same right to representation.
- Sec. 62-42(1) requires a complaint to be served on a respondent prior to commencing an investigation. This requirement precludes the Commission from referring the case for testing. This differs from the state law that requires its administrative agency “shall promptly serve a copy of the complaint upon the respondent, except where testing may be conducted.” (Wisconsin Statute 106.50, Section (6), sub 5)

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This analysis addresses some of the provisions of this Ordinance that impede citizens' rights to fair housing. A more thorough analysis of the entire Ordinance should be conducted by the City Attorney to ensure all provisions are consistent with state and federal fair housing laws.

### **2. Weak Affirmative Action Commission**

The Affirmative Action Commission is, by ordinance, charged with taking fair housing complaints and conducting investigations. However, the Commission has not served this role in the past, nor does it do so currently. The Ordinance also charges the Commission with other duties, including the provision of education on equal rights to members of the public, adoption of regulations and rules to "carry out the provisions" of the Ordinance, to make recommendations to the common council on these issues and to serve an overall "advisory board" to the mayor and common council. In regard to fair housing, the Commission has not fulfilled these responsibilities. In the course of its research and interviews for this report, MMFHC found that there is a widespread public perception that the Commission acts as an advisory body rather than an enforcement entity. Further, there is prevalent public opinion that the Commission is inadequately trained on fair housing laws and that the Commission is unduly focused on employment rather than housing issues. Indeed, the Commission had been advised since at least 2002 to obtain fair housing training, but did not receive any such training until autumn of 2005.

### **3. Weak Fair Housing Department**

The City of Racine's Fair Housing Department has a number of significant deficits:

- The Department has not been successful in recruiting and maintaining a tester pool large enough to conduct a meaningful testing program. According to the Racine Consolidated Annual Performance and Evaluation Report (CAPER), in 2004 the Department had a pool of 13 testers and conducted only 10 tests.
- According to MMFHC's interviews with members of the housing industry, civil rights advocates and government representatives, the Director of the Department does not have adequate experience in the fair housing field and had no such experience upon being hired for the position.
- According to MMFHC's interviews with the entities listed above, the Department Director steps outside the Department's mission to function as a mediator in landlord-tenant disputes. This limits the resources and time necessary to address housing discrimination and thus reduces the level of effectiveness with which the City is furthering fair housing in the community. According to the Minutes of the Affirmative Action Commission, HUD has advised the Fair Housing Department to reduce landlord-tenant activities in favor of placing more emphasis on fair housing work.

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- According to MMFHC's interviews with housing advocates, outreach to groups at high risk of experiencing discrimination has been inadequate. In particular, interviewees cited a lack of education provided to people with disabilities and housing providers. Further, presentations on fair housing laws conducted by the Department Director have been inconsistent and have contained inaccuracies when describing fair housing law and legal remedies available to victims of illegal housing discrimination. The dissemination of inaccurate information on fair housing laws is a serious impediment to furthering fair housing in the community. Persons rely on governmental bodies as a resource for accurate guidance and information on legal requirements. The provision of incorrect information can mislead both housing consumers and providers as to their legal rights and responsibilities under the law and lead to further acts of illegal housing discrimination.
- Print ads developed and placed by the Department have not listed all protected classes and have not had clear messages as to whether the purpose of the ads was to recruit testers, solicit complaints or educate readers about their fair housing rights.
- At present, monthly written reports provided to the Affirmative Action Commission by the Fair Housing Department do not contain enough information. While the Department Director also provides some information in oral reports to the Commission, lack of a thorough written record of monthly activities needs to be maintained for accountability and reporting to the general public. The Department's written reports do not include information on the nature of all fair housing inquiries, data on protected class bases of complaints, numbers of tests and investigations, and descriptions of final outcomes of complaints referred to the Wisconsin Equal Rights Division, US Department of Housing and Urban Development or other administrative agencies. Without such information there is a lack of accountability to the Commission by the Department, resulting in a Commission that does not have an adequate knowledge base to perform its duties.

#### **4. Limited Geographic Scope of the Down Payment Assistance Program**

The City of Racine's Down Payment Assistance Program assists income-eligible persons to purchase single-family homes or duplexes in Census Tracts 1 through 5. The program is an important tool to make homeownership more accessible to low- and moderate-income households. Further, the program's eligibility criteria have prevented mortgage lenders who engage in predatory lending practices from participating in the program. But while increasing owner occupancy may benefit challenged neighborhoods in Census Tracts 1 through 5, targeting this limited area for down payment assistance grants may serve to foster continued segregation of minorities in Racine. In 2004, 89% of households that utilized the Down Payment Assistance Program were Latino or black, and Census Tracts 1 through 5 already have the highest concentration of minorities of all the City's census tracts. Sixty-three percent of the residents in this area are persons of color. In short, home purchases made with the assistance of the Down Payment Assistance Program are highly unlikely to be pro-integrative or assist in expanding locational choice for low-income and minority persons.



# fair housing impediments:

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### 5. Inadequate Accessible Housing Supply<sup>19</sup>

An inadequate supply of accessible housing is a problem that plagues most housing markets, and Racine is no exception. In fact, the unusually high age of Racine's housing stock suggests that Racine's need for accessible housing may be disproportionately high compared to other areas. While the actual number of accessible housing units in the private market is not available, the need for such housing is an urgent concern for disability rights advocates. According to the 2000 US Census, one in five City of Racine residents has a disability.

A 1988 amendment to the Federal Fair Housing Act requires multi-family residences built for first occupancy after March 13, 1991 to have a variety of basic accessibility features, such as doorways and hallways of a certain width, an accessible entrance, accessible environmental controls, and bathrooms and kitchens with floor space that allows wheelchair access. Over 96% of Racine's housing was built before 1990, and therefore is not required to meet federal accessibility guidelines, unless it is multi-family and federally funded or financed.

Racine's large proportion of older housing stock exacerbates its lack of accessible housing. The median year that all structures were built in the City is 1951, compared with Wisconsin's median of 1965 and the United States' median of 1971. Older housing units are more likely to have inaccessible characteristics such as narrow halls and doorways, small bathrooms, and steps. However, they are also more likely to be affordable. Newer homes are more likely to have accessible features, but their better condition means they are less likely to be affordable. This is a critical quandary, because as described elsewhere in this report, a disproportionate number of persons with disabilities have low income. In addition to the need for affordable accessible housing, disability advocates have indicated that there is a particular need for accessible housing with three or more bedrooms.

Moreover, it is worth noting that approximately 22% of City of Racine households are headed by individuals 65 years of age and older. Homes owned by the elderly need to be made accessible, as many older adults have or will develop mobility impairments leading to difficulty entering and leaving their homes as well as moving efficiently inside them. Adding accessibility features to housing promotes aging in place, rather than the necessity of moving to an institutional setting.

Finally, a lack of accessible housing impacts not only the people who would actually seek to live in such housing, but also those who wish to have access to the homes of friends, relatives or professional associates. Accessible housing is also "visitable" housing, enabling people with disabilities to have the same capacity as those without disabilities to visit others and participate as full members of a community.

<sup>18</sup> US Census

<sup>19</sup> This impediment is also a private market impediment, and could also have been listed in that section, below

# fair housing impediments:

## city of racine: procedures, policies and practices

### **6. Substandard Housing and Overcrowded Housing Conditions<sup>20</sup>**

Assessments of a region's housing stock often address affordability without taking housing quality or other conditions, such as overcrowding, into account. Like a lack of affordable housing, substandard housing and overcrowded housing conditions are fair housing impediments, as they have a disparate impact on minorities, families with children, and people with disabilities.

The age of a housing unit is not an absolute predictor of housing quality. However, it can be assumed that the older the housing structure, the greater the likelihood of code compliance problems. The majority of Racine's housing units built before 1940 are located in the central city, as is the least expensive housing. It is likely that disrepair is among the reasons much of this housing is inexpensive. Given Racine's segregated housing patterns, described elsewhere in this report, it is racial and ethnic minorities who must live in the bulk of Racine's substandard housing.

Overcrowding<sup>21</sup> in Racine increased from 1990 to 2000. In 2000, 4.9% of the City's households were overcrowded compared with 3.2% in 1990. As discussed in another section, most of the City's largest households are comprised of minorities. When combined with income-related considerations, the result is that these households face much greater risk of overcrowding than white households.

### **7. Shortage of Affordable Housing<sup>22</sup>**

An adequate supply of housing affordable to people at all income levels, both for ownership and rental, is essential for an open and inclusive housing market in Racine. Currently, however, over a third of all Racine renters live in housing that is unaffordable to them; 38% of Racine's households pay 30% or more of their income for rent or mortgage payments. The affordability crisis becomes even more stark when we consider that 18% of Racine's renter households spend more than 50% of their income on housing.

As shown on the maps on the following pages, the most affordable housing is concentrated in the central city. Given the income disparity between whites, blacks and Latinos, as well as the location of racial concentrations shown on the previous racial density maps, it is evident that racial segregation is supported and perpetuated by the concentration of housing affordable to households with low and moderate incomes. A scarcity of affordable housing outside the central city impedes fair housing choices for people of color, people with disabilities, and other groups.

The shortage of affordable housing for persons with low and moderate incomes is attributable, in

<sup>20</sup> This impediment is also a private market impediment, and could also have been listed in that section, below.

<sup>21</sup> The U.S. Census defines a household as overcrowded if it includes more persons than the number of rooms it occupies.

<sup>22</sup> This impediment is also a private market impediment, and could also have been listed in that section, below.



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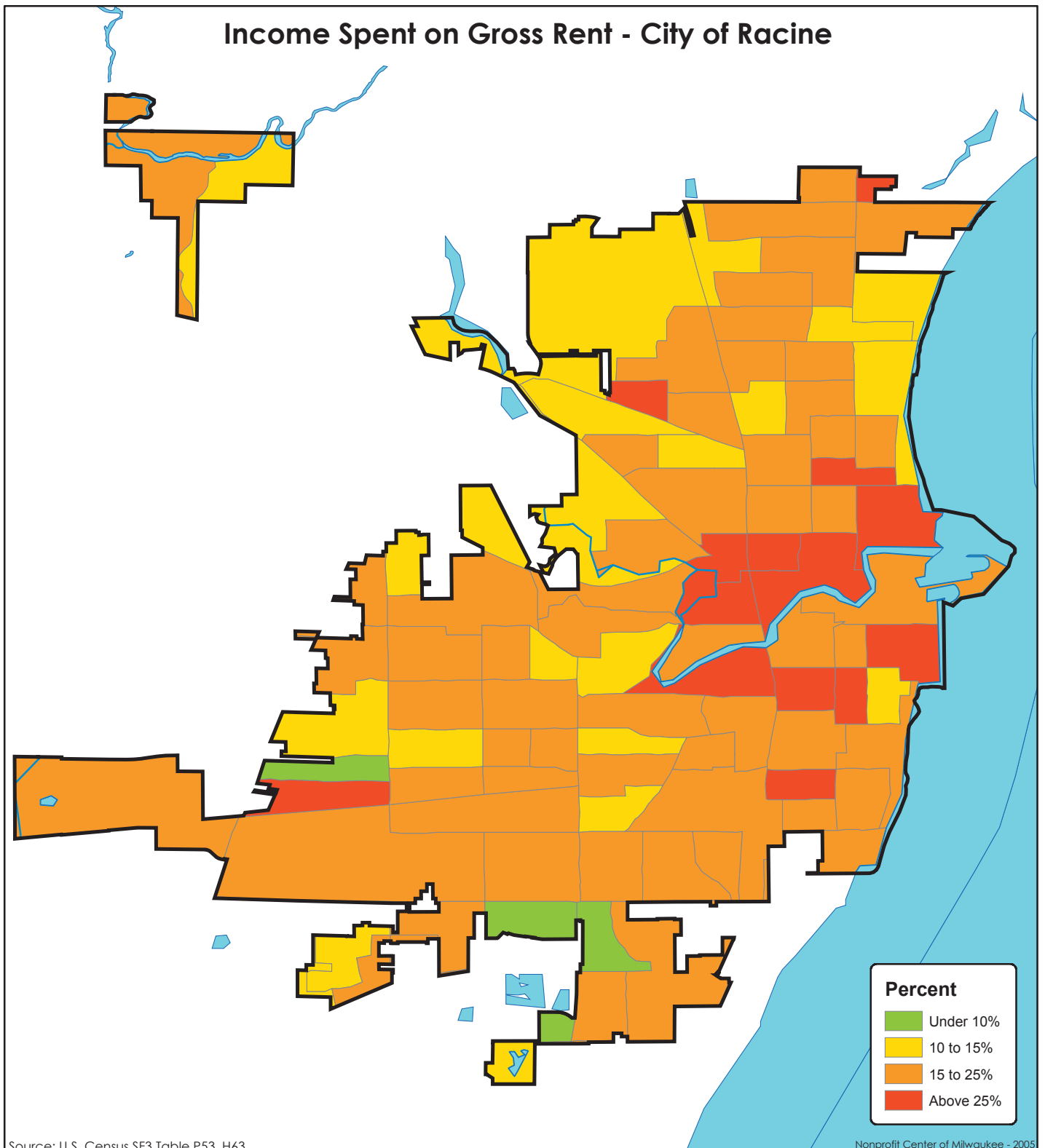
## city of racine: procedures, policies and practices

part, to a lack of resources to build and preserve such units in Racine. Constructing any type of housing affordable for households with low income requires numerous subsidies. This layering of subsidies is common in affordable housing projects and is necessary to close the financing gap. Most developers currently obtain financing by combining federal money disbursed through local and state governments, a housing block grant program (HOME), and the Low Income Housing Tax Credit (LIHTC) program. In addition to the very complex nature of such financing, the development of affordable housing is also highly competitive. When financing and subsidy resources are scarce and a higher return on investment is less certain than with more expensive units, many developers prefer to build simpler and more profitable market rate housing developments.

This situation is worsened by the fact that already inadequate funding sources are decreasing. The Racine Community Development Block Grant (CDBG) Office received \$2,397,000 in 2003, which decreased by \$9,000 to \$2,388,000 in 2004. The decline in funds was even more drastic between 2004 and 2005, when it decreased by \$123,000 to \$2,265,000. The City predicts this downward trend will continue in 2006, with total funds estimated at \$2,000,000. In addition, City HOME dollars have decreased as well, from \$665,000 in 2003 to \$634,000 in 2005. The City estimates it will receive just \$590,000 for HOME funding in 2006.

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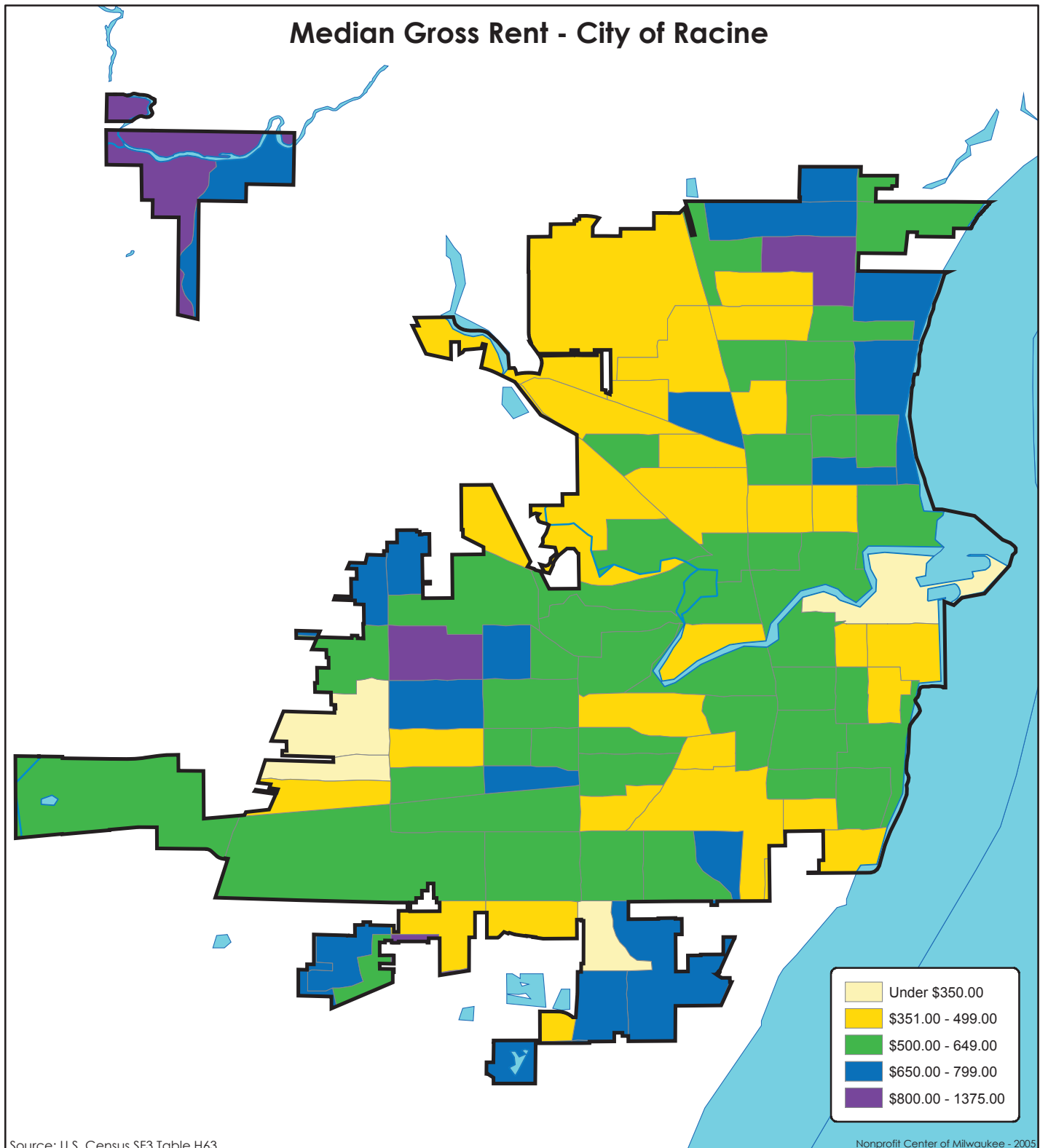


Source: U.S. Census SF3 Table P53, H63

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### 8. Restrictive Zoning for Community Living Arrangements (CLAs)

Racine’s definition of Community Living Arrangements (from Sec 114-1 of the municipal codes) is as follows: “Community living arrangement means any facility, licensed, or operating, or permitted under the authority of the state department of social services, where five or more unrelated persons reside, in which care, treatment, or services above the level of room and board, but less than skilled nursing care, is provided to persons residing in the facility.” According to the City’s Zoning Ordinance, Section 114-706, a CLA cannot be within 2,500 feet of another CLA. The common council can make an exception to this rule under “peculiar” circumstances.<sup>23</sup>

Advocates of persons with disabilities indicate that the intent of this restriction is to prevent the disadvantageous clustering of group homes (sometimes called “ghettoization”), but instead results in an impediment to group home siting. An obvious result is restriction of housing options for people with disabilities. While the City’s ordinance follows the State Statute 59.69 (15) (a) and (b), which requires no less than 2,500 feet between CLAs, disability advocates argue that each municipality has the right to decide whether to enforce the State’s statute.

In a 1998 case challenging the City of Greenfield’s 2,500-foot ordinance, the federal district court found that the 2,500 foot CLA spacing requirement under state law has been preempted by the federal Americans with Disabilities Act of 1990 and the Federal Fair Housing Amendment Act of 1988<sup>24</sup>.

<sup>23</sup> Section 114-706(3) of the City of Racine’s municipal ordinances: “no other community living arrangement be located within 2,500 feet of the site of the proposed facility. Under peculiar circumstances, exceptions may be made by the common council as a conditional use.”

<sup>24</sup> In the companion cases of Vincent Z. by his Guardian, et al. v. Village of Greendale, City of Greenfield, State of Wisconsin and Wisconsin Dept. of Health & Family Services (U.S. Eastern District Case No. 96-C-1101) and Oconomowoc Residential Programs v. City of Greenfield and Village of Greendale (U.S. Eastern District Case No. 96-C-1112) (each decided on September 30, 1998) the federal district court found that the 2,500-foot CLA spacing requirement under sec. 62.23(7)(i), Stats., has been preempted by the federal Americans with Disabilities Act of 1990, 42 U.S.C. secs.12101-12213 (ADA) and the Federal Fair Housing Amendment Act of 1988, 42 U.S.C. secs.3601-3631 (FFHA). 10/30/98.

# fair housing impediments:

## county, state and federal impediments

While the City of Racine may have limited ability to respond to county, state and federal impediments, it is imperative that the City work with other governmental jurisdictions to dismantle such impediments. If left unchecked, these impediments will continue to hamper fair housing choice for Racine residents and harm the City's ability to "affirmatively further fair housing" as required by HUD.

### **9. Housing Authority of Racine County Section 8 Program Limitations**

The Section 8 Program administered by the Housing Authority of Racine County (HARC) has three main limitations that pose impediments to fair housing choice. First, HARC has extremely limited hours during which it accepts Section 8 Program applications: Tuesdays from 10:00 a.m. and 2:00 p.m. Advocates for persons with disabilities have noted that these very limited hours make it difficult for people who rely on public transportation or other transportation assistance (e.g., rides from friends and family members) to access the Section 8 Program.

Secondly, there are simply not enough Section 8 vouchers available. Racine currently has a total of 1070 Section 8 vouchers. The waiting list for both public housing and rent assistance currently has 1453 families on it. According to the HARC Public Housing Authority Plan for 2000-2004, the annual waiting list turnover is only 175 families, and HARC's website advises potential applicants that the waiting period for services is approximately three years long<sup>25</sup>.

For Fiscal Year 2005, the Bush Administration has proposed changes to the voucher program that would cut program funding by \$1.05 billion below the 2004 level. HARC's budget was cut as a result. The cuts present HARC and with two unappealing options: dropping families from the program and charging higher rents to voucher holders.

Third and finally, limited participation by housing providers in the Section 8 program is an obvious impediment to expanding housing choice in the area. The Federal Fair Housing Act does not include a protected class for Section 8 Program participants, and the Wisconsin Open Housing Law does not protect Section 8 Program participants as part of the "source of income" protected class. Therefore, landlords are not required to rent to tenants participating in that program. Some landlord objections to program participation include the program's paperwork requirements, the program's housing inspection requirements, and bias against low-income persons. Limited landlord participation has far-reaching consequences, as it reduces the number of units available to persons seeking housing. In addition, when landlord participation is limited, Section 8 housing opportunities tend to be confined to areas already experiencing high levels of poverty and racial segregation. When this occurs, the Section 8 Program, which could be a tool to facilitate economic and racial integration, may only serve to increase residential segregation.

<sup>25</sup> According to the most up-to-date source available, the Public Housing Authority Plan for the Housing Authority of Racine County, Five Year Plan for Fiscal Years 2000-2004.

# fair housing impediments:

## county, state and federal impediments

### **10. Lack of a Regional Housing Plan**

Our economy is a regional one, and therefore housing opportunity is a regional issue. At present, however, local jurisdictions have not collaborated to develop a region-wide housing plan. In particular, Southeastern Wisconsin needs to expand the range of housing options available, particularly for low- and moderate-income households. If a regional housing strategy were developed, the Southeastern Wisconsin Regional Planning Commission (SEWRPC), would be the appropriate organization to undertake the effort

### **11. Constant Attack on the Community Reinvestment Act by Banking Regulators**

The Community Reinvestment Act (CRA) is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. The CRA requires that each depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record is taken into account in considering an institution's application for deposit facilities. CRA regulators (the Office of the Comptroller of Currency, the Office of Thrift Supervision, the Federal Reserve Bank, and the Federal Financial Institution's Examination Council) regularly submit proposals designed to weaken the CRA. Both urban areas and rural communities depend on CRA to leverage affordable housing and economic development.

### **12. Wisconsin's Smart Growth Law Concerns**

The State of Wisconsin's Smart Growth<sup>26</sup> law could be a tool to improve fair housing choice. The law gives housing advocates the opportunity to be involved in housing-related decision-making in their communities. Over the last six years, comprehensive planning has ensured that citizens across the state have a voice in the future of their communities. Nearly one half of all of the communities in the state have adopted plans or are currently in the process of developing a plan.

Presently, however, there are two main concerns related to Smart Growth that pose impediments. First, in the last four years, several bills have been introduced in the State legislature that would eliminate Smart Growth or lessen its effectiveness. Weakening this law threatens the opportunity for housing advocates to play a role in their communities' housing policy development, thus threatening the opportunity for a greater variety of housing choices.

Secondly, there is no enforcement mechanism in the Smart Growth law. The law contains goals in its Smart Growth Housing Element, which would expand affordable housing opportunities if imple-

<sup>26</sup> Wisconsin State Statutes Chapter 66: General Municipality Law, 66.1001 Comprehensive planning.

# fair housing impediments:

## county, state, and federal policies

mented by a community. Specifically, the law requires communities to have “a range of housing choices that meet the needs of persons of all income levels and of all age groups and persons with special needs, policies and programs that promote the availability of land for the development or re-development of low-income and moderate-income housing, and policies and programs to maintain or rehabilitate the local governmental unit’s existing housing stock.” However, the law is void of any mechanism to enforce that provision. Subsequently, there are no consequences for municipalities failing to include affordable housing, or the means of implementation, in community plans.

### **13. Wisconsin Housing and Economic Development Authority (WHEDA) Low Income Housing Tax Credit (LIHTC) Allocation Scoring**

WHEDA’s tool for scoring LIHTC applicants, the Qualified Allocation Plan (QAP), gives preference to development projects that have community support. For example, a developer of a LIHTC project must have a letter from the mayor or village president of a community in support of their affordable housing proposal. Under WHEDA’s current tax credit scoring policy, it is likely that communities that already have affordable housing will continue to allow its development. However, those communities that have a shortage of affordable housing, even though there is a need for it, can continue to deny its development. This policy has the potential to limit housing opportunity and contribute to the concentration of poverty that exists in some communities.

The process of obtaining low-income housing tax credits in Wisconsin is highly competitive and can only be done through WHEDA. Even though the local support category is just 6% of the total QAP scoring, this can be enough to eliminate a project, thus preventing its construction in a community in which it may be greatly needed. This policy, in effect, is an impediment to housing opportunity in Racine and throughout the State.

### **14. Lack of Infrastructure between Medicare/Medicaid Programs and Section 8 Programs**

Researchers and practitioners have repeatedly demonstrated that people with severe disabilities living in institutions can instead live successfully in the community. To succeed, they require decent, safe, and affordable housing as well as access to the supports and services they want and need to live as independently as possible. Unfortunately, as mentioned earlier, people with disabilities are disproportionately poor – particularly those individuals who must rely on Supplemental Security Income. For low-income people with disabilities, affordable housing means subsidized housing that is either developed or rented through government housing programs.

Medicare/Medicaid programs pay the very high costs to house low-income, disabled persons in nursing homes. A recently released federal government study<sup>27</sup> documented that between October and December of 2004, over 118 Racine residents with physical disabilities were physically able

# fair housing impediments: county, state and federal impediments

and desired to move out of the nursing home in which they resided. However, the study noted that because they have low income, they lack the resources for independent housing and other services. Ironically, the government pays much more for nursing home services than it would for a Section 8 voucher and other supportive services combined. For instance, Medicare/Medicaid may pay \$4000 a month for a person to live in a nursing home, when in fact the government could be paying \$1500 a month for a Section 8 Program voucher and some supportive services. The problem is that Section 8 is administered by HUD and Medicare/Medicaid is administered by the Department of Health and Human Services. Currently, no infrastructure exists between these federal departments to allow disabled persons to move out of nursing homes utilizing a Section 8 voucher.

<sup>27</sup> 2005 First Quarterly Report, Centers for Medicare and Medicaid Services.



# fair housing impediments:

## private market impediments

Private market impediments are obstacles to fair housing in the housing production, mortgage lending, homeowners insurance, rental and home sales markets. Typically, discrimination in the housing market accounts for the bulk of such impediments, and is identified by social scientists and civil rights organizations as the major contributor to residential racial segregation. Other impediments (see, for instance, numbers 6,7, and 8 above) are related to shortages in certain types of housing stock. Though the City of Racine is limited in its ability to directly address private market impediments, it can partner with actors in the private market to overcome such obstacles. Further, the City can take a leadership role in bringing these issues to the public's attention. The following discussion identifies several private market impediments that must be addressed.

### **15. Lack of Larger Units<sup>28</sup>**

A lack of larger units (with three or more bedrooms) is a fair housing impediment because it disproportionately impacts at least two protected class groups – households with children and extended families, as well as minority households, many of which tend to be larger than white households. The dearth of larger units also affects families with lower incomes, as they do not have the range of choices in housing size available to families with higher income. One result of this impediment can be overcrowded housing, especially among new immigrant families who may be doubling up, have larger families, or be living as an extended family with several generations under one roof.

### **16. Lack of Equal Housing Opportunity in the Mortgage Lending Market**

The mortgage lending market is complex, and thus it is no surprise that there are many ways in which discrimination and unequal opportunities exist within it. These multiple impediments are described in sub-sections below.

In general, discrimination in mortgage lending prevents or impedes home seekers from obtaining the financing normally required to purchase a home. Racial discrimination in the home loan industry can be based either on the race of the loan seeker or on the racial composition of the neighborhood where the home being purchased is located <sup>29</sup>.

Discrimination in the home loan industry can take numerous forms, including: outright denial of a loan; discouraging a loan seeker from applying; less favorable rates and terms; long processing times; and exclusionary underwriting guidelines. Loan policies can also have a discriminatory effect on minorities when qualifying standards are more stringent than warranted to secure a loan. Discrimination can also occur external to the lending institution itself, specifically, in the appraisal of the home, in the underwriting of private mortgage insurance, and in the practices of the secondary loan market. The lack of loan origination offices in minority and central city areas is also a form

<sup>28</sup> This impediment is also a City of Racine impediment, and could also have been listed in that section, above.

<sup>29</sup> This latter form of discrimination is commonly referred to as mortgage redlining.

# fair housing impediments:

## private market impediments

of redlining.

In addition to these relatively well-known forms of discrimination, there are new indicators of discriminatory or unequal conditions:

### Predatory Lending Practices

Many of Racine's neighborhoods are vulnerable to predatory lending practices as a result of deregulation of the banking industry in the late 1990s, along with the lending vacuum created when banks left predominantly minority neighborhoods. According to Racine's 2004 Consolidated Annual Performance and Evaluation Report (CAPER), the Racine Fair Housing Department assisted at least four individuals to file predatory lending complaints that year, with the Wisconsin Department of Financial Institutions, the Wisconsin Department of Regulation and Licensing, the Racine Board of Realtors and the Wisconsin Equal Rights Division. Given that many people are unaware of their rights in the lending market, predatory lending is greatly underreported, and we can be sure that these four complaints represent just a tiny fraction of the total number of predatory loans. Since 2002, MMFHC has received almost 500 complaints of predatory lending; 90% were based on race. As noted earlier, the provision of differential or less favorable loan terms is not expressly prohibited under the Racine City Ordinance.

A predatory loan is designed to exploit vulnerable and unsophisticated borrowers. Predatory loans are a subset of sub-prime loans. A predatory loan has one or more of the following features: 1) charges more in interest and fees than is required to cover the added risk of lending to borrowers with credit imperfections, 2) contains abusive terms and conditions that trap borrowers and lead to increased indebtedness, 3) does not take into account the borrower's ability to repay the loan, and 4) often violates fair lending laws by targeting women, minorities, and communities of color.<sup>30</sup>

### Lack of Spanish and Hmong-speaking Lenders

For persons new to this country who do not speak English, or are more comfortable speaking another language, obtaining a home mortgage can be especially stressful. Because non-English speaking persons seeking a mortgage often have to rely on their children or other family members to translate, errors and misunderstandings are more likely to occur.

### Lack of Flexible Underwriting to Accommodate Persons with No Credit History

Persons new to this country often do not have established credit required to obtain a prime mortgage. In addition, both housing industry and advocacy representatives suggest that some African Americans do not have an established relationship with a conventional bank or financial institution. These situations do not make these groups any less likely to be able to responsibly take on a mortgage, but do make it difficult for lenders to use conventional underwriting guidelines to give them a mortgage.

<sup>30</sup> From the website of the National Community Reinvestment Coalition, [www.ncrc.org](http://www.ncrc.org)

# fair housing impediments:

## private market impediments

### Inequalities Revealed by Home Mortgage Disclosure Act Data <sup>31</sup>

The following analysis of home purchase and refinance lending illustrates some of the lending patterns in Racine's lower income and minority communities. Racine's lending data is compared to that of Milwaukee's in some of the analyses below. This comparison will be helpful to assess Racine's overall lending performance, as Milwaukee ranks nationally as having one of the worst lending gaps between whites and minorities. As the data make evident, Racine's lending market is not much more equitable than Milwaukee's.

#### i) Loan Originations<sup>32</sup>

In Racine, 38% of loan originations (both home purchase loans and refinance loans) were made to low- and moderate-income (LMI) borrowers. This is higher than the Milwaukee Metropolitan Statistical Area (MSA)<sup>33</sup> in which about 33% of loans went to LMI borrowers. Just over 31% of home and refinance loans in Racine were made to middle-income borrowers and approximately 30% to upper-income borrowers. While the largest proportion of loan originations went to LMI borrowers, the origination rate <sup>34</sup> was greater for borrowers with higher incomes in Racine: 84% (on home loans) compared with low-income borrowers at 60% and moderate-income borrowers at 73%.

Racine origination rates are higher in census tracts with little or no minority population than in those tracts with a higher minority population. Specifically, in 2000, the origination rate for home purchase loans in census tracts with a minority population of 10% or less was 79%. In Milwaukee the same minority proportion census tracts had an origination rate of 82%. When census tracts' minority population increase to 15-25%, the origination rates in Racine and Milwaukee become even more similar. The origination rate in such census tracts is 70% in Racine and 66% in Milwaukee. The data clearly demonstrate that the presence of minority residents in a census tract reduces the loan origination rates in that area.

#### ii) Subprime lending

The number of home purchase loans made by subprime lenders in Racine is relatively low. Of all home purchase loans in the Racine MSA, only 6.6% were through subprime lenders. This compares very similarly to Milwaukee, where subprime lenders made 7% of all home purchase loans. However, subprime lenders have an increasing presence in the refinancing of loans in Racine. Subprime loans accounted for 11.8% of all refinance loans in 1999, but increased to 18.5% in 2000.

<sup>31</sup> The Home Mortgage Disclosure Act (HMDA) requires banks, savings and loan associations, and other financial institutions to publicly report detailed data on their home lending activity.

<sup>32</sup> The data was obtained from GIS for Equitable and Sustainable Communities ([www.public-gis.org](http://www.public-gis.org)).

<sup>33</sup> From the U.S. Census: The general concept of a metropolitan statistical area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan statistical areas comprise one or more entire counties.

<sup>34</sup> Origination rate is the rate in which loans are originated as compared to the distribution of loan applications. For instance, if 200 loan applications were distributed and of those, 150 loans were originated, that would be a 75% origination rate. Loan applications that do not result in loans are usually due to loan application denial or withdrawal.

# fair housing impediments:

## private market impediments

The rate of subprime lending is significantly higher for Latinos and African Americans than it is for other racial groups. Over 44% of African American borrowers and 34% of Hispanic borrowers receive subprime loans, compared to just 11.8% of white borrowers. On one hand, the availability of subprime loans increases the homeownership options for people with less than perfect credit, but on the other, subprime lenders also charge higher rates and fees on their loans, in order to compensate for the added risk that they take on – the risk that the borrower might not pay back the loan. Racine minorities are much more likely to bear high loan costs than whites, which in turn limits their ability to access a range of housing options.

Many subprime loans become predatory loans. This happens when the interest rates and fees rise above a justified level, in order to compensate for blemished credit, and/or loan terms applied that are not in the interest of the borrower are added to the transaction. Predatory loans exploit vulnerable borrowers.

### iii) Lending Gap

According to 2000 HMDA lending data, there is a significant racial lending gap in the Racine MSA. Latinos and blacks obtained home and refinance loans at rates significantly less than their proportion in the Racine population. For example, Latinos comprise 14% of the population, but received 6.1% of home and refinance loans. Blacks account for 20% of Racine's MSA population, yet received only 5.8% of the home and refinance loans. Asians, however, received loans in proportion to their representation in the populace, totaling 0.6% of Racine's population and receiving 0.7% of loan originations. Whites make up 63.5% of the population, but account for 86.7% of all originations.

## **17. Discrimination in the Homeowners Insurance Market**

Homeowners insurance is a requirement for a home mortgage; therefore, the impact of discrimination in the insurance industry is reflected in racial and ethnic homeownership rate disparity, a significant problem in Racine. Racial discrimination in the provision of insurance not only denies fair housing choice, but also fosters disinvestment and the deterioration of neighborhoods. Discrimination in the provision of homeowners insurance can take many forms. Insurance redlining is described as the systematic refusal of insurers to issue policies and/or providing inferior terms and conditions on property in certain neighborhoods, based on racial stereotypes or other non-market criteria. Redlining is also demonstrated in higher rates for properties in minority neighborhoods, the relocation of insurance agencies outside of defined areas and the selective placement of agents on the basis of race. Minimum policy requirements and restrictions or penalties on older homes also have a discriminatory impact on older inner city, largely minority neighborhoods.

Formal complaints and lawsuits against providers of homeowners insurance began to emerge in

# fair housing impediments:

## private market impediments

the late 1980s in southeastern Wisconsin when the local branch of the National Association for the Advancement of Colored People (NAACP) and eight African American homeowners filed a federal lawsuit against American Family Insurance Company (AFI) alleging redlining. In 1994, based on testing conducted by the Metropolitan Milwaukee Fair Housing Council (MMFHC), the National Fair Housing Alliance filed complaints with HUD against Allstate, State Farm and Nationwide Insurance Companies alleging that these three insurers engaged in discriminatory insurance practices in Milwaukee.<sup>35</sup>

The subsequent resolution of these lawsuits and HUD complaints provided far-reaching changes in the manner in which these companies provided homeowners insurance and the availability of such products in southeastern Wisconsin. The companies agreed to modify their underwriting guidelines in order to maximize the ability of residents of predominantly minority and racially integrated neighborhoods to procure comprehensive and affordable homeowners insurance products.<sup>36</sup>

Despite the plethora of academic studies and legal action taken, individual complaints concerning discrimination in the issuance of insurance are relatively rare. Insurance discrimination can be subtle, and without knowledge of underwriting policies and/or rate standards, it is difficult for homeowners seeking insurance to know that they have received unfavorable treatment.

In addition to discrimination in the insurance market, language barriers can be significant obstacles to equal access to insurance. In order to obtain comprehensive homeowners insurance, it is imperative that home buyers have a clear understanding of insurance products and property needs. The area of homeowners insurance can be very complex and technical; some homeowners may be confused or lack knowledge about the proper coverage necessary for their property. This can be exacerbated when homeowners speak languages other than English, or for whom English is a second language. In Racine, the shortage of Spanish-speaking insurance agents can be an impediment not only to minority homeownership, but also for obtaining proper insurance coverage for this group of consumers.

### **18. Unequal Opportunities in the Real Estate Purchase and Rental Markets**

A major impediment to housing choice is discrimination in the sale and rental of housing. Racial discrimination remains the major form of discrimination in the housing market, as evidenced by MMFHC complaint data which indicates allegations of racial discrimination are the most frequently filed complaints. Over half of the complaints MMFHC received from Racine since 1996 have alleged racial discrimination. Since 1978, MMFHC has conducted intake of more than 6000 complaints from individuals alleging violations of fair housing laws. Evidence generated by systemic investigations and complaints shows that despite legislation and enforcement efforts, discrimina-

<sup>35</sup> William R. Tisdale and Carla Wertheim, "Giving Back to the Future" in *Organizing Access to Capital*, edited by Gregory D. Squires. Philadelphia: Temple University Press, 2003.

<sup>36</sup> *Ibid.*

# fair housing impediments:

## private market impediments

tion remains pervasive in southeastern Wisconsin.

It is difficult to assess the severity of the problem of discrimination in the sale of homes in Racine on the basis of the number of complaints that have been reported to the City or fair housing enforcement agencies. Typically, most people who are denied housing or offered unfavorable terms because of discrimination do not realize that discrimination has occurred. In other cases, people may be aware or suspect discrimination, but they may not know where to file a complaint, do not feel that it will be remedied, or do not want to be confrontational. Further, some victims of discrimination do not file complaints because they feel vulnerable and fear retaliation.

Nonetheless, MMFHC complaint data reveal that members of all protected classes experience discrimination in the housing market throughout southeastern Wisconsin. Complaints on the basis of disability and familial status follow complaints of racial discrimination as the most frequently filed with MMFHC. According to Racine's 2004 CAPER, the Racine Fair Housing Department took 10 fair housing complaints from the rental and sales markets in 2004. Because housing discrimination is vastly underreported, it is certain that this number of complaints is not representative of the scope of the problem. Information from other social service agencies and community-based organizations corroborate complaint data and demonstrate a community need for fair housing services; for instance, Society's Assets staff indicate that housing discrimination is one of their clients' main concerns.

Discriminatory acts in the rental and sales market take place in a wide variety of ways, including but not limited to: misrepresentation of housing costs; misrepresentation of housing availability; disparate application of terms and conditions; steering; segregation by floor or building; refusal to permit reasonable accommodations and modifications for persons with disabilities; expression of protected class preferences or restrictions in advertising; and discriminatory evictions and lease non-renewals.

Finally, in addition to discrimination, language barriers pose a problem for some individuals when attempting to access the sales and rental markets. As discussed in the section on homeowners insurance, it is essential for non-English speaking, or limited English speaking persons to have access to housing professionals who are bi- or multilingual. This assures that all homeseekers are afforded the same information and service when purchasing housing. With the burgeoning Hmong and Spanish-speaking populations in Racine, it is important to ensure an equal level of service be available to alleviate this impediment to fair housing choice.



# recommendations

The most critical element of the “Analysis of Impediments to Fair Housing” is the recommendations that are provided for local communities to address and remedy the barriers identified in previous sections. These recommendations, which are listed in no particular order of priority, should be used as a starting point for the City of Racine to develop and implement a comprehensive fair housing action plan.

## **Recommendation #1: Thoroughly Amend the Racine Fair Housing Ordinance**

The following changes need to be made to Racine’s fair housing ordinance if it is to be an effective tool for dismantling impediments to fair housing:

- a) The Ordinance must be amended to ensure that it provides viable enforcement options for victims of housing discrimination. The law should include a clearly defined process for enforcing the law beyond voluntary measures of conciliation and education. The role of the Commission must be re-evaluated to determine its role in adjudication of cases. It is recommended that Racine review the local ordinances of municipalities within and outside Wisconsin to evaluate other structural mechanisms for local enforcement, such as the use of local administrative law judges in some jurisdictions.
- b) The Ordinance should be amended to include specific penalties for violations of the law. Those penalties should be increased to provide a true punitive and deterrent effect. In order to provide consistent enforcement efforts, the Ordinance should be amended to reflect civil forfeitures as provided in federal and state fair housing laws.
- c) The Ordinance should be amended to reflect the statutes of limitations contained in federal and state fair housing laws.
- d) The Ordinance should be amended to include relief for victims of housing discrimination in the form of compensatory and injunctive relief. In order to provide consistent enforcement efforts, the ordinance should be amended to reflect such relief as found in federal and state fair housing laws.
- e) The City Ordinance should be amended to include a definition of “disability” to ensure clarity and protection of persons with disabilities in the City of Racine. Such a definition could be based on state and federal fair housing laws to ensure consistent and comprehensive legal rights for persons with disabilities in the City of Racine, and should clarify the current ambiguity of the current language in the ordinance (i.e., whether someone needs to have more than one disability in order to be

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covered by this part of the law). The City should amend the ordinance to have consistent and clear definitions of who is protected under the law. Additionally, protections for people with disabilities, including the right to reasonable modifications and accommodations, the right to service animals, and accessibility guidelines for new multifamily housing should be included as amendments to the City Ordinance. This new language may be based on existing state and federal statutes.

f) The Ordinance should be amended to unambiguously prohibit discrimination in the provision of homeowners insurance, construction and financing of housing.

g) The Ordinance should provide clarification of the term as to what is meant by “economic status” and clarify the derivation of the income must be legal.

h) The City should amend its definition of “Familial status” to be equivalent to the Wisconsin Open Housing Law. In doing so, the City would expand protection to intergenerational or extended families, such as a household comprised of a grandparent, adult child and minor.

i) The ordinance must be amended to provide comprehensive protection from discrimination in all areas of the housing industry and all protected classes, including in the clause related to advertising.

j) The City should amend its Ordinance, which currently requires that in order to meet an exemption as housing for elderly persons, the housing must have significant services and facilities to meet the needs of that population. This exception was removed from both state and federal laws. Additionally, clarification is needed as to the requirements for housing for persons 62 years of age and older.

k) The Ordinance should be amended to eliminate barriers for the filing of complaints and provide balanced opportunities for both the complainant and respondent in the administrative process. Further, the administrative process should allow for the referral of complaints to an entity that conducts fair housing testing as part of its investigation.

## **Recommendation #2: Ensure that the Affirmative Action - Human Relations Commission Fulfills its Mandate**

The Affirmative Action - Human Relations Commission must, as the fair housing Ordinance charges, take and investigate claims of illegal housing discrimination. The Ordinance also states the Commission has other responsibilities, including the provision of education on equal rights to members of the public, adoption of regulations and rules to “carry out the provisions” of the Ordinance, to make recommendations to the common council on these issues and to serve an overall “advisory board” to the mayor and common council. The Commission should review its mandated duties and develop specific plans to implement them, in accordance with the Ordinance.



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## **Recommendation #3: Training for the Affirmative Action - Human Relations Commission and Fair Housing Director**

The Affirmative Action - Human Relations Commission and the Fair Housing Director should receive continual and ongoing training on a wide variety of specialized fair housing topics, including conducting effective investigations; fair housing case law; conducting an effective fair housing outreach program; complaint intake and case management; adjudication of complaints; accessibility for persons with disabilities; reasonable accommodations and modifications for persons with disabilities; advertising in compliance with fair housing law; provision of training to members of the housing industry, and more.

## **Recommendation #4: Ensure Adequate Reporting by the Fair Housing Director to the Affirmative Action - Human Relations Commission**

At present, monthly reports provided to the Affirmative Action - Human Relations Commission by the Fair Housing Director do not contain enough information for the Commissioners to take informed action or to make valid evaluations of performance. While the Director may provide the Commission with oral reports that partially compensate for the written reports' lack of detail, the written reports should nonetheless be more thorough. Without comprehensive written documentation of the Department's activities, community stakeholders and the general public have limited ability to analyze or evaluate the Department's work. The Department's reports should include information on the nature of all fair housing inquiries, data on protected class bases of complaints, numbers of tests and investigations, and descriptions of final outcomes of complaints referred to the Wisconsin Equal Rights Division, US Department of Housing and Urban Development or other administrative agencies. Without such information there is a lack of accountability to the Commission by the Department, resulting in a Commission that does not have an adequate knowledge base to perform its duties.

## **Recommendation #5: Facilitate the Production of Affordable Housing**

### Fund an Affordable Housing Production Task Force

The City should establish and fund an Affordable Housing Production Task Force. This task force, comprised of private and not-for-profit housing experts, should be charged with identifying and securing federal and private funds to help subsidize the development of housing affordable to households with low and moderate income.

### Utilize Tax Incremental Financing (TIF) to Produce Affordable Housing

The City should be more assertive in its use of TIF to create more affordable housing units. TIF approval evaluation criteria could prioritize residential development projects that include affordable housing. Partnerships with local community development groups and affordable housing developers (such as Neighborhood Housing Services) should be established to research more creative ways for the City to use TIF to produce affordable housing. TIF could be an effective tool to better meet

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Racine's need for more affordable housing units.

## **Recommendation #6: Advocate for Changes in County, State and Federal Programs to Expand Housing Options**

### Advocate for Additional Section 8 Housing Choice Vouchers

The City of Racine should facilitate a meeting with local HUD officials, as well as Wisconsin's US Senators and Representatives, to discuss the adverse impact of recent HUD actions. Specifically, these discussions should emphasize the deleterious effects of the HUD budget cuts and administrative changes within the Section 8 Voucher Program on the City and its residents. The City of Racine and Racine County should advocate for additional Section 8 Vouchers or alternative means to meet the need of low-income residents.

### Advocate for Affordable Housing Production Resources

The City of Racine should facilitate a meeting with state and federal elected officials to advocate for additional financing resources to build affordable housing, particularly for extremely low-income persons. The City should also research successful models of affordable housing production in other communities for possible replication in the City of Racine.

### Advocate for Revisions to WHEDA's Low Income Housing Tax Credit (LIHTC) Program Allocation Scoring

WHEDA's tool for scoring LIHTC applicants, the Qualified Allocation Plan (QAP), gives preference to development projects that have community support. As discussed in a previous section, this allows a municipality to oppose needed affordable housing. The City of Racine should advocate that WHEDA develop a scoring mechanism that (1) calculates the need for affordable housing based on the wages and salaries of the employment opportunities in that municipality and (2) eliminates the provisions by which developments receive additional scoring points awarded for community support of projects. For example, if a community has a large supply of high-cost housing, yet a workforce with many low-paying retail jobs, points could be awarded based on the need in that community for housing which is affordable to those low wage earners.

### Advocate for the Creation of an Improved Infrastructure between Medicare/Medicaid and Section 8

According to a report by the Centers for Medicare and Medicaid a number of persons with disabilities in Racine County desired to move out of nursing care facilities. Although they were physically able to do so, they lacked the financial resources to make such a transition. The City should meet with representatives of HUD and the Department of Health and Human Services to explore options that would allow those who wish to do so to move out of nursing care facilities and be integrated into the community.

### Advocate for a Strengthened Smart Growth Law

The City should continue to advocate for a strengthened Smart Growth law. The State's Smart Growth law contains a goal that all communities include a plan for housing that includes housing

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for persons at all income levels and needs in their required comprehensive plan.

## Advocate for a Change in State Law to Permit a Racine Visitability Ordinance

Currently, State statute prohibits local jurisdictions from enacting building codes that are more restrictive, or stringent, than those promulgated at the State level. However, given its strong need for accessible housing, Racine could benefit from what is known as a “visitability” ordinance, and should lobby the State of Wisconsin for the right to enact such an ordinance. Visitability ordinances generally require that all newly constructed dwellings (single-family homes as well as multifamily construction) have at least one accessible entrance, first-floor doorways that are at least 32 inches wide, and at least a half-bath on the first floor. Such inclusive home design enables people with disabilities to have a far greater range of housing options, and it allows people with disabilities to participate in community life in ways that other people take for granted – visiting friends, neighbors and family.

## Encourage Landlord Participation in the Housing Choice Voucher Program

Housing Authority of Racine County staff should conduct a review of where current voucher holders are living. Areas that are underrepresented by voucher holders should be identified and targeted for increased landlord recruitment. If at all possible, a staff position at the Housing Authority should be created or designated to market the Section 8 Program to landlords.

## Promote Integrated Neighborhoods through Inclusionary Zoning

An inclusionary zoning ordinance is a tool designed to increase the economic integration of a community. It is a land use regulation mandating a percentage (usually 15-20%) of the housing units in any project above a given size, be affordable to people of low and moderate incomes. The City (preferably in cooperation with surrounding communities) should work with local housing organizations and the housing industry to research and enact an inclusionary zoning ordinance that produces a maximum of affordable units. The City could research the successful use of such inclusionary zoning in other communities to replicate for use in its jurisdiction. In situations in which an ordinance is unfeasible, the City should incorporate income diversity using affordable housing requirements in housing development agreements, particularly in high-housing cost areas.

## **Recommendation #7: Facilitate the Production and Modification of Accessible Units**

The City should more assertively use TIF to create more accessible housing units for persons with disabilities. For instance, TIF approval evaluation criteria could prioritize residential development projects that include accessible housing. The City should partner with local Independent Living Centers, such as Society’s Assets and other disability rights advocacy groups, to research more creative ways for the City to use TIF to produce affordable, accessible housing.

## **Recommendation #8: Support of Comprehensive Fair Housing Services**

The City should support comprehensive fair housing services, including but not limited to: direct assistance to victims of housing discrimination, investigations of systemic forms of illegal discrim-

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ination, outreach and education throughout the community, and anti-predatory lending activities. Appropriate city staff should be trained and familiarized with the fair housing services to facilitate referrals of fair housing issues from local residents.

## **Recommendation #9: Creation of a Mobility Program**

The City should consider a program that provides assistance to persons desiring to make pro-integrative housing moves, either in the rental or sales markets. Assistance would take the form of counseling about non-traditional neighborhoods, neighborhood tours, community profiles to market City neighborhoods and financial incentives, such as down payment or security deposit assistance. This would also include a Mobility Assistance Program for Housing Choice Voucher Holders to help facilitate economic integration and residential desegregation.

## **Recommendation #10: Participate in an Anti-Predatory Lending Program**

As described elsewhere in this report, significant impediments to fair housing choice exist in the City of Racine's mortgage market. The City should participate in an anti-predatory lending program, consisting of a collaborative network of lenders, housing counseling agencies, community groups, a legal aid organization and government representatives. The STOPP program in Milwaukee has successfully initiated measures to reduce these abusive loans in Milwaukee County and may serve as a model for the development of a similar program in Racine. Such a program is needed in Racine to make its City Fair Housing services more comprehensive and to address the lending problems that exist in the City.

## **Recommendation #11: Fund Post-purchase Counseling**

The City should fund post-purchase counseling services conducted by viable homebuyer counseling agencies, in order to successfully combat predatory loans in Racine. These counseling services assist in preventing foreclosure, as well as educate homeowners about refinancing options for more affordable and suitable loans.

## **Recommendation #12: Support for Housing Trust Fund**

The City of Racine should support the development of a local Housing Trust Fund (HTF) – a new, ongoing, dedicated source of revenue to support affordable housing. The HTF would be administered by the City and support a wide range of housing. This would include permanent housing services for the homeless, the development and preservation of affordable rental units as well as supporting the creation of new homeowners and preserving the homes of existing homeowners.

## **Recommendation #13: Advocate for Open and Inclusive Real Estate and Rental Markets**

The City of Racine should advocate for more open and inclusive home rental and sales markets in the following ways:

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- Work cooperatively with the real estate industry and its trade associations to develop ways for local agents to become more familiar with Racine City neighborhoods. For example, facilitating a relationship between local real estate professionals and community groups to conduct neighborhood tours and other activities to promote stable neighborhoods.
- The City should conduct in-depth fair housing rental management training seminars for rental housing providers. Currently neither the Affirmative Action - Human Relations Commission nor the Fair Housing Director have the expertise to conduct such seminars, but should develop the capacity to do so.
- The City should encourage Racine County to have its Housing Authority and Section 8 staff trained on the provisions of fair housing laws and remedies available to their clients.
- Encourage greater efforts on the part of the real estate and rental industries to hire and train minority and bilingual real estate and rental professionals.
- Encourage more active participation by providers of rental housing in local rent assistance programs to expand locational choice for low-income and minority residents.

## **Recommendation #14: Produce an Annual Report of Lending Practices in Racine**

The City of Racine should create and distribute an annual report of lending activity in Racine, modeled after the *City of Milwaukee's Comptroller's Annual Review of Lending Practices of Financial Institutions*, which has proven to be a valuable resource in analyzing lending patterns. Comprehensive data collection and analysis are required to yield effective responses to lending market problems.

## **Recommendation #15: Outreach to Linguistically Isolated and Bilingual Communities**

The City should facilitate the formation of a partnership with organizations that serve non-English speaking or limited English-speaking persons, to develop a pro-active approach to reach these linguistically isolated populations on fair housing and fair lending issues.

## **Recommendation #16: Review Zoning Ordinance Regarding Community Living Arrangements**

The City should partner with disability advocacy groups, such as the Wisconsin Coalition for Advocacy, to review and analyze the Community Living Arrangements section of its zoning ordinance. The language should be reviewed in terms of current and future legal implications and potential liability of the City, as advocates have successfully challenged similar municipal ordinances elsewhere as violations of the Federal Fair Housing Act.

# recommendations

## **Recommendation #17: Identify and Overcome Housing Production Impediments**

The City should convene discussions with for-profit and not-for-profit housing producers and lenders regarding impediments to the production of accessible, affordable, and large (three or more bedrooms) housing units. Further, this consortium should identify the challenges in producing such housing, as well as develop recommendations for policy changes (on the federal, state, and local level). A secondary outcome of this consortium is to educate for-profit developers about current tools available for the production of this housing. Lastly, this coordinated approach may be used to encourage for-profit and not-for-profit housing developers to consider partnering on affordable, accessible, and large unit housing projects.

## **Recommendation #18: Expand the Down Payment Assistance Program**

In order to prevent the perpetuation of racially segregated housing patterns, Racine's Down Payment Assistance Program should be expanded beyond its current geographic limitations.

# appendices

## appendix a: methodology

### Data Methodology

#### *GIS Mapping*

The mapping process consisted of downloading tabular data from the U.S. Census Bureau's American Fact Finder Summary File 1 and 3. Summary File 1 provides data taken from the entire population, while Summary File 3 provides data taken from a sample of one and six households, and the "population and housing long form has subjects such as income and education" (U.S. Census Bureau 2002). The data were then imported into MS Excel, manipulated to derive sums or central tendencies, and then the data attributes were illustrated with a geographic information system by linking the attribute data to the corresponding geographic coordinates. The final maps consisted of dot density maps and color ramp maps. Each dot in the dot density maps corresponds with a certain number of data observations, so a dense formation of dots would correspond with a higher density of the particular data attribute being mapped and a sparse formation would correspond with a lower density. The color ramp maps attempt to capture the intensity and concentration of various data attributes by utilizing various color combinations.

### Interview Methodology

Interviews were conducted with a variety of public and private organizations, representing housing suppliers (real estate professionals, housing developers, lenders, etc.) and housing consumers. The purpose of the interviews was to elicit a full spectrum of input regarding impediments to fair housing. The groups interviewed were selected based on their knowledge or experience of the housing industry or their work with housing issues and populations that would likely be affected by limited housing choice.

In each interview the context of HUD's AI requirement to entitlement communities was explained, as well as how the AI is used, and what it should contain. Then the interviewee was asked to identify:

1. City practices, procedures and policies that are impediments to fair housing;
2. Private market fair housing impediments, such as lending, rental market, real estate market, homeowners insurance market, appraisal market, housing production and design issues.
3. External impediments such as suburban, state, federal actions or policies



# appendices

## appendix b: timeline

### **Timeline of Federal, State and Local Policies that Impacted Racine’s Segregated Housing Environment**

The following is a timeline which identifies major federal, state and local policies as well practices in the housing industry which have made an impact, either positive or negative on housing choice and our current segregated housing environment.

#### **1896**

##### **Plessy v. Ferguson**

In a majority opinion, the “Separate and Equal Doctrine” is established: “The object of the (14th) amendment was undoubtedly to enforce the absolute equality of the two races before the law, but in the nature of things it could not have been intended to abolish distinctions based upon color, or to enforce social, as distinguished from political equality, or a commingling of the two races upon terms unsatisfactory to either.”

#### **1910**

Racially restrictive covenants, enforceable by courts of law, begin appearing on property deeds in Racine and throughout the United States.

#### **1911-1915**

Realtors instructed not to contribute to race mixing. (1913)

#### **1921-1925**

Wisconsin Banking Commissioner work with white lenders to ensure that a separate credit market is established for African Americans. (1923)

Realtor Code of Ethics (Article 34): “A Realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality or individuals whose presence will clearly be detrimental to property values in that neighborhood.” (1924-1950)

#### **1931-1935**

Stanley McMichael’s “Appraising Manual” becomes the standard for the appraisal profession:

“Social or racial changes” are listed among signs of “invasion by incompatible uses” under the causes of “blighted” areas and appraisers are advised to observe whether there are “undesirable racial elements in the neighborhood” and, if so, whether they are likely to expand in a way that may injure the property. (1931)

Frederick Babcock’s *The Valuation of Real Estate*:

“Among the traits and characteristics of people which influence land values, racial heritage and tendencies seem to be of paramount importance.” (1932)

The Federal Housing Administration (FHA) Underwriting Manual includes emphasis on race having adverse impact on property values. (1932)

Federal Home Owners Loan Corporation (HOLC), part of the FHA, established a rating system for neighborhoods



with “residential security maps” which included four categories. The least desirable areas, where financing was not available, were black neighborhoods which were coded “Red.” This is the origin of the practice later adopted by public and private lenders known as “redlining”. (1933)

FHA begins providing “model” race restrictive covenants and requires use in obtaining FHA financing. (1934)

Wisconsin State Legislature defeats a bill that would have rendered race restrictive covenants unenforceable. A State Senator who opposed this bill stated: “This measure will destroy every lake resort, every real estate development in the state by letting down the bar to Negroes.” (1935)

### **1936-1940**

Frederick Babcock contributes theories of “inharmonious racial groups” to revisions of FHA Underwriting Manual. (1936)

FHA Underwriting Manual (1938):

“Areas surrounding a location are investigated to determine whether incompatible racial and social groups are present, for the purpose of making a prediction regarding the probability of the location being invaded by such groups. If a neighborhood is to retain stability, it is necessary that the properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally contributes to instability and a decline in values.”

### **1941-1945**

A Legal Guide for Wisconsin Real Estate Brokers adopted Realtor Code of Ethics as standard for all real estate licensees doing business in the State of Wisconsin:

“A Realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality or individuals whose presence will clearly be detrimental to property values in that neighborhood.” (1942)

In *Doherty v. Rice*, the Wisconsin Supreme Court reversed a lower court decision which refused to enjoin black family from living in an area where a covenant prohibited ownership or occupation by “anyone not a member of the caucasian race”. (1942)

Veteran’s Administration (VA) mortgage loan program adopted FHA’s discriminatory underwriting standards. (1944)

### **1946 -1950**

Blacks excluded from Realtor Boards formed the National Association of Real Estate Brokers (NAREB) also known as the Realtists. (1947)

Racine Branch of the NAACP is formed. (1947)

A decision in *Shelley v. Kramer* made race restrictive covenants unenforceable in courts but did not outlaw use of covenants as private agreements. (1948)

Speech by Wisconsin Assistant Attorney General to Madison Realty Association reassures Realtors that *Shelley v. Kramer* does not outlaw use of race restrictive covenants. (1949)

Realtors amend Ethical Code to read: “A Realtor should not be instrumental in introducing into a neighborhood, a character of property or use, which will clearly be detrimental to property values in that neighborhood.” (1950)

### **1951-1955**

Race restrictive covenants continue to be placed on properties throughout 1950’s and into the 1960’s.

State of Wisconsin passes legislation prohibiting enforcement of race restrictive covenants. (1951)

Brown v. Board of Education ruled that “Separate is Inherently Unequal”. (1954)

Revisions to FHA Underwriting Manual, direct references to race dropped, but meaning is largely unchanged in rating neighborhoods:

“...if the occupancy of the neighborhood is changing from one user group to another, or if the areas adjacent to the immediate neighborhood are occupied by a user group dissimilar to the typical occupants of the subject neighborhood or a change in occupancy is imminent or probable, this risk should be reflected in the rating.” (1955)

Between 1930 and 1950, 3 out of 5 homes purchased in US were financed by FHA, yet less than 2% of the FHA loans were made to non-white buyers. The NAACP reported in 1961 that only 2% of FHA loans made in the US since 1946 were made to blacks.

### **1956-1960**

The Federal Highway Act launches a major road construction program that encourages many middle-class Americans to relocate to the suburbs and destabilizes many poor urban areas. (1956)

### **1961-1965**

African American Activist Lloyd Barbee leads a 13 day “sit-in” at the Wisconsin Capital to protest for fair housing. (1961)

President Kennedy signs Executive Order 11063, which ordered the federal government to take “all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin in federally financed or insured housing programs.” (1962)

The Civil Rights Act is passed. Title VI of the 1964 Civil Rights Act prohibits discrimination in all programs receiving federal assistance, including housing. (1964)

Wisconsin passes Open Housing Law, which:

- Prohibited discrimination in housing
- Prohibited testing (Note: Wisconsin is the only state in the US to include testing prohibition in its fair housing law.)
- Provided \$10-200 fine for violators (Note: At that time, it was unlawful in Wisconsin to deny your dog or cat proper shelter with a maximum \$500 fine and a year in jail.) (1965)

### **1966-1970**

FHA changed its policy both locally and nationally and started to actively encourage lenders to make FHA insured loans in the inner city. (1967)

The Kerner Commission Report attributed the cause of riots across the country to anger with the conditions of racial

oppression and economic deprivation that had been allowed to fester in ghettos for 60 years. “What most white Americans have never understood, and what most black Americans can never forget, is that white institutions created the ghetto, white institutions maintain the ghetto, and white institutions condone it.” The report stated the nation was becoming “two societies” - separate and unequal. (1968)

Housing Act of 1968 establishes the Government National Mortgage Association (Ginnie Mae) to expand availability of mortgage funds for moderate- income families using government-guaranteed mortgage-backed securities.

Estimated that 400 private citizen based fair housing organizations existed in U.S. (1968)

Dr. Martin Luther King Jr. murdered. (April 4, 1968)

Federal Fair Housing Act passed in Congress and President Johnson signed into law. (April 11, 1968)

City of Milwaukee passes Open Housing Ordinance after defeating it six times in previous votes taken between 1962 and 1968. (April 30, 1968)

In *Jones v. Mayer*, the Supreme Court ruled that under the Civil Rights Act of 1866 “All citizens of the United States shall have the same right, in every State and Territory, as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold, and convey real and personal property.” (1968)

Only 12 fair housing organizations in existence in U.S. (1970)

The Housing and Urban Development Act of 1970 provides federal financial support to encourage the creation of new communities with housing for all income levels. To make public housing more affordable to the poorest tenants, the 1969 Brooke Amendment caps rent payments at 25% of income. However, the amendment also tends to make public housing an option of “last resort,” with a concentration of poor families. (1970)

After reviewing federal housing policy and programs, Congress passes the Housing and Community Development Act. This legislation rewrites the U.S. Housing Act of 1937, making the Section 8 rent subsidy program the major vehicle for federal housing assistance. The 1974 act also folds urban renewal, Model Cities, and other development programs into the Community Development Block Grant program. (1974)

Montgomery County, Maryland, passes the country’s first inclusionary zoning law. In exchange for density bonuses, developers of more than 50 units must make 15% of their units affordable. (1974)

In New Jersey, a series of court decisions involving the City of Mount Laurel litigation required every municipality to provide its “fair share” of affordable housing generates enormous controversy. (1974)

Federal Fair Housing Act amended to prohibit sex discrimination in housing. (1974)

Wisconsin Open Housing Law amended to prohibit sex discrimination in housing. (1975)

In *U.S. v. Wisconsin*, a court found that the anti-testing provision in Wisconsin Open Housing Law “chills the exercise of the right to equal housing opportunity” and conflicts with the principal objective of the Fair Housing Act. (1975)

## **1976-1980**

Congress passes the Community Reinvestment Act. (1977)

Metropolitan Milwaukee Fair Housing Council (MMFHC) organized. (1977)

Wisconsin Open Housing Law amended:

- Anti-testing language removed from law
- Penalties increased to \$10,000
- Marital status, source of income, age, and disability added as protected classes
- Right to file lawsuits in state courts added (1979)

## **1981-1985**

Wisconsin becomes first State in US to prohibit discrimination in housing based on sexual orientation. (1982)

## **1986-1989**

Congress enacts the Low-Income Housing Tax Credit program, which awards tax credits competitively through the states to private housing providers. This program has become the principal mechanism for preserving and producing affordable housing. (1986)

Congress amends Fair Housing Act:

- Added familial status and disability as protected classes
- Created formal administrative hearing process
- Expanded of powers of Department of Justice
- Eliminated cap on punitive damages, added civil penalties (1988)

## **1990-1998**

The HOME Investment Partnerships Block Grant program is devised to assist state and local governments in providing low-income housing. Intermediary organizations, such as the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation, are created to assist private providers. (1990)

HOPE VI (Homeownership and Opportunity for People Everywhere) program is created to replace distressed public housing with mixed-income developments. (1993)

America's homeownership rate reaches a new record high of 67.7% in the third quarter of 2000. A total of 71.6 million American families own their homes—more than at any time in American history. (1998)

## **2004**

Congress passes the American Dream Down Payment Act, administered under HUD's HOME Investment Partnerships program. The act enables eligible low-income families who are first-time homebuyers to receive a maximum down payment assistance grant of either \$10,000 or 6% of the purchase price of the home, whichever is greater. (2004)

**Sources:**

*National Building Museum, “Affordable Housing: Designing an American Asset” Exhibit, February 28 – August 8, 2004*

*Fred Freiberg, Director of Field Services, HELP USA, New York, New York; Founding Executive Director of Metropolitan Milwaukee Fair Housing Council*

*Ruth Zubrensky, researcher; taken from excerpts of “A Report on Past Discrimination Against African Americans in Milwaukee, 1835-1999”*