

**ANALYSIS OF IMPEDIMENTS
TO FAIR HOUSING CHOICE**

DESOTO, TEXAS

August 14, 2015

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1) INTRODUCTION

PURPOSE OF REPORT

The Fair Housing Act of 1968 states that it is the policy of the United States to provide for fair housing throughout the country and the Act prohibits any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including or otherwise making unavailable or denying a dwelling to any person because of race, color, religion, sex, national origin, handicap, or familial status. The State of Texas echoes such goal and has also adopted legislation protecting equal access to housing.

Nationally, fair housing and impediments to fair housing are monitored by the United States Department of Housing and Urban Development (HUD) through the use of Community Block Development Grant (CDBG) funding for fair housing advocacy groups. This role of HUD to act as an administrator of fair housing programs originated in 1968 with the passage of the Civil Rights Act, described below.

Each grantee which receives CDBG funding under Title I of the Housing and Community Development Act is required to further fair housing and fair housing planning by conducting an analysis to identify impediments to fair housing choice within those cities/communities within its jurisdiction. The grantee will also take appropriate actions to overcome the effects of any impediments identified and will maintain records which reflect the analysis and actions taken in this regard.

The City of DeSoto has consistently supported the concept of the provision of fair housing for its residents without regard to race, color, religion, sex, national origin, handicap, or familial status. As a new entitlement City, DeSoto plans to consistently use a portion of its CDBG funding to support programs of fair housing services for low and moderate income households. The fundamental fair housing goal is to make housing choice a reality through fair housing planning, which includes the following:

- Preparing an Analysis of Impediments to Fair Housing Choice (AI);
- Acting to eliminate identified impediments; and
- Providing fair housing records.

The purpose of this AI is to provide essential, specific, and detailed information and data to municipal officials and staff, policy makers, housing developers, lenders, and fair housing advocates. The AI helps build public support for fair housing efforts. This report represents DeSoto's efforts in making an objective assessment of the nature and extent of fair housing concerns in the City, and the potential impediments to making fair housing choice available to its residents.

As a new entitlement jurisdiction, the City does not have an existing Analysis of Impediments. This AI considers the effects of population growth, an increasing diverse population, economic change with regard to jobs and the housing market, and the continued need for awareness, education and outreach about fair housing.

DEFINING FAIR HOUSING

Federal Laws

The federal Fair Housing Act of 1968 and Fair Housing Amendments Act of 1988 (42 U.S. Code §§ 3601-3619, 3631) are federal fair housing laws that prohibit discrimination in all aspects of housing, such as the sale, rental, lease or negotiation for real property. The Fair Housing Act prohibits discrimination based on race, religion, and national origin. In 1988, the Fair Housing Act was amended to extend protection to familial status and people with disabilities (mental or physical). In addition, the Amendment Act provides for “reasonable accommodations”, allowing structural modifications for persons with disabilities if requested, at their own expense, and sets housing code standards for new multi-family dwellings to accommodate the physically disabled.

Discrimination against Families with Children and Persons with Disabilities are further defined:

Discrimination against Families with Children

Familial Status (often called “families with children”) refers to a parent or another person having legal custody of one or more individuals under the age of 18 years. It refers also to a person who is pregnant or in the process of getting legal custody of a minor child. Families with children have under the law the same protection against housing discrimination as other groups protected by the law. In only two instances, does the law permit, as exceptions, discrimination against families with children. Both exceptions pertain to so-called housing for older persons. Housing intended for and occupied solely by people 62 years of age or older and housing in which 80 percent of the units are intended for and occupied by at least one person who is 55 years of age or older do not need to comply with the law’s familial status provisions. Discrimination against families with children manifests itself in many ways, the most common of which are in advertising (e.g. indications that rentals are for “no children” or “adults only”), restrictive occupancy standards that unreasonably limit the number of children who may occupy a given space, and steering of families with children to separate buildings or parts of buildings.

Provisions for People with Disabilities

The Fair Housing Act defines "handicap" (or disability) as:

1. a physical or mental impairment which substantially limits one or more of such person's major life activities,
2. a record of having such an impairment, or
3. being regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance.

Special Protections

In addition to providing people with disabilities all of the protections against housing discrimination that are provided to members of the other six protected classes, the following provisions of the Fair Housing Act provide important additional protection.

The prohibition against discriminating in the terms and conditions of sale or rental prohibits a landlord from asking any questions of a person with a disability than would be asked of any other applicant. A landlord may not, for example, inquire about the nature or severity of a person's disability or ask whether that person is capable of living alone.

Reasonable Accommodations

It is unlawful to refuse to make such reasonable changes in rules, policies, practices and services, which may be necessary to afford a person with a disability an equal opportunity to enjoy and use a dwelling. These "reasonable accommodations" include such things as making an exception to a "no pets" policy for a person who needs a service animal and providing a reserved, designated parking place for a person with mobility impairment.

Reasonable Modifications

It is unlawful to refuse to permit a person with a disability to make, at his/her own expense, such reasonable changes in the premises as may be necessary to permit use and enjoyment of the premises. "Reasonable modifications" include such things as installing grab bars to facilitate use of bathroom facilities, cabinets lowered or the widening of a doorway to accommodate a wheelchair.

Full Accessibility of "New" Multi-family Housing

Multi-family housing constructed for first occupancy after March 13, 1991 (i.e. buildings consisting of 4 or more units) must be fully accessible to people with disabilities. If a building has an elevator, all units must be accessible; if there is no elevator, only "ground floor" units must be accessible. "Accessible" means: 1) There must be an accessible building entrance on an accessible route; 2) Public and common use areas must be readily accessible to and usable by people with disabilities; 3) All inside doors must be wide enough to accommodate a wheelchair; 4) There must be an accessible route into and through the dwelling; 5) Light switches, electrical outlets, thermostats and other environmental controls must be accessible; 6) Bathroom walls must be reinforced to allow later installation of grab bars; and 7) Kitchens and bathrooms must have enough space to permit maneuvering in a wheelchair.

Three significant changes to the Fair Housing Act were made. These changes are described briefly as follows:

- The Housing for Older People Act of 1995 (HOPA) made several changes to the 55 and older exemption. Since the 1988 Amendments, the Fair Housing Act has exempted from its familial status provisions properties that satisfy the Act's 55 and older housing condition. First, HOPA eliminated the requirement that 55 and older housing have "significant facilities and services" designed for the elderly. Second, HOPA establishes protection from damages for persons who in good faith believe that the 55 and older exemption applies to a particular property, if they do not actually know that the property is not eligible for the exemption and if the property has formally stated in writing that it qualifies for the exemption.

- Changes were made in the Act to enhance law enforcement, including making amendments to criminal penalties in section 901 of the Civil Rights Act of 1968 for violating the Fair Housing Act.
- Changes were made to provide incentives for self-testing by lenders for discrimination under the Fair Housing Act and the Equal Credit Opportunity Act. See Title II, subtitle D of the Omnibus Consolidated Appropriations Act, 1997, P.L. 104 - 208 (9/30/96)1. In addition, it is also illegal for anyone to threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right and advertise or make any statement that indicates a limitation or preference based on race, color, religion, national origin, familial status or handicap. Both intentional discrimination and unintentional actions or conditions that limit choice are also prohibited.

Texas Laws

It is the policy of the State of Texas to provide, within constitutional limitations, for fair housing throughout the state. The Texas Fair Housing Act (Texas Property Code, Title 15, Chapter 301) prohibits discrimination on the basis of race, religion, color, sex, national origin, disability and familial status. The Texas statute mirrors the Federal Fair Housing Act (FFHA) and is considered “substantially equivalent,” meaning that the entity can receive and investigate complaints and be eligible for funding to carry out the law. The Texas Fair Housing Act covers most housing, though in some circumstances, the law exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members. Also, housing developments that qualify as housing for persons age 55 or older may be exempt from the provisions barring discrimination on the basis of familial status.

Texas residents who feel that they might have experienced a violation of the FFHA or state fair housing laws can contact one or more of the following organizations: HUD’s Office of Fair Housing and Opportunity in Fort Worth (FHFO) or the Texas Workforce Commission (TWC).

The Texas Workforce Commission (TWC) is responsible for overseeing and providing workforce development services to employers and citizens. The Civil Rights Division (TWCCRD) provides programs for housing discrimination and complaint resolution. The TWCCRD provides a webpage with information on how to file a complaint. The website provides several ways to file a complaint, including filing in person at the Division office in Austin, calling by phone, or writing the Division a letter. The site also has a fair housing fact sheet to help the person identify housing discrimination as well as the steps which will follow after a complaint is filed. Residents may also write a letter to or call TWCCRD directly at (888) 452-4778, (512) 463-2642 or (800) 735-2989 (TDD).

Upon TWCCRD’s receiving the complaint, the agency will notify the alleged violator of the complaint and allow the person to submit a response. An assigned investigator will determine if there is reasonable cause to believe the law had been violated. The TWCCRD will try to reach a conciliation agreement between the complainant and

respondent. If such an agreement is reached there will be no further action unless the conciliation agreement has been breached. In that case, the TWCCRD may request that the Texas Attorney General file suit.

Housing discrimination complaints filed with HUD may be done online at (<http://www.hud.gov/complaints/housediscrim.cfm>), toll free at (800) 669-9777, or by contacting HUD's FHEO headquarters in Washington D.C. or HUD's Fair Housing Regional Office, which is located in Fort Worth (817-978-5900 or -5595 TDD). HUD procedure dictates that HUD will notify the person who filed the complaint along with the alleged violator and allow the alleged violator to submit a response. The complaint will then be investigated to determine whether there has been a violation of the FFHA.

A complaint may be resolved in a number of ways. First, HUD is required to try to reach an agreement between the two parties involved. A conciliation agreement must protect both the filer of the complaint and the public interest. If an agreement is approved, HUD will take no further action unless the agreement has been breached.

If HUD has determined that a state or local agency has the same housing powers ("substantial equivalency") as HUD, it may refer the complaint to that state or local agency and notify the complainant of the referral. The agency, called a Fair Housing Assistance Program Partner (FHAP), must begin work on the complaint within 30 days or HUD may take it back. As noted, TWC is the state agency FHAP in Texas.

If, during the investigative, review and legal process, HUD finds that discrimination has occurred, the case will be heard in an administrative hearing within 120 days, unless either party prefers the case to be heard in Federal district court.

DeSoto Ordinance

The City of DeSoto does not currently have a Fair Housing Ordinance.

The City website will contain information about fair housing and fair housing complaints. The City has created a point of contact for fair housing information and referrals. Citizens may contact City Administration for information and referrals related to fair housing by calling 972-230-9643 or emailing FairHousing@desototexas.gov

Fair Housing Defined

In light of the fair housing legislation passed at the federal, state, and local levels, fair housing throughout this report is defined as follows:

Fair housing is a condition in which individuals of similar income levels in the same housing market having a like range of housing choice available to them regardless of race, color, ancestry, national origin, religion, sex, disability, marital status, familial status, source of income, sexual orientation, or any other arbitrary factor.

Impediments Defined

Within the legal framework of federal and state laws and based on the guidance provided by the U.S. Department of Housing and Urban Development (HUD) Fair Housing Planning Guide, impediments to fair housing choice are defined as:

Any actions, omissions, or decisions taken because of race, color, ancestry, national origin, religion, sex, disability, marital status, familial status, source of income, sexual orientation, or any other arbitrary factor which restrict housing choices or the availability of housing choices; or

Any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, ancestry, national origin, religion, sex, disability, marital status, familial status, source of income, sexual orientation.

To affirmatively promote equal housing opportunity, a community must work to remove impediments to fair housing choice.

Fair Housing and Affordable Housing

When discussing “fair housing” and “affordable housing,” the two phrases are often used interchangeably. The concepts are distinct, but intertwined. However, it is important to distinguish between the two in order to clearly identify issues and reduce fair housing discrimination. The phrase “fair housing,” in the context of preparation of an Analysis of Impediments to Fair Housing Choice (AI), refers to persons (families, seniors, individuals, and special needs populations) who are members of protected classes, as specified by federal statutes. It is illegal to discriminate against a person on the basis of their membership in a protected class in the sale, rental, financing, and insuring of housing.

On the other hand, “affordable housing” generally refers to the ability of households to **afford**, based on income, to buy or rent housing within their means. The key difference between the two concepts is **that issues of discrimination regarding fair housing can apply to all income levels, because protected classes are represented in all income groups.**

Because the two concepts are different, tools to address fair housing are distinguished from tools to increase the supply of affordable housing. Most federal, state, and local funding programs to support the increase in the supply of affordable ownership and rental housing are targeted to low- and moderate-income households. Low-income households are defined by most of those publicly funded programs as earning less than 50 percent of the HUD determined area median income (AMI), with moderate-income households earning 50 to 80 percent of the AMI. In certain instances, affordable housing programs address households with greater incomes. The recently adopted Neighborhood Stabilization Program, for example, which focuses on foreclosed housing, has an income limit set at 120% AMI.

Clearly, there are many actions that can and should be taken that are directly aimed at elimination of discrimination against federally and locally protected groups in the selling, renting, financing, and insuring of housing, as recommended in this AI report. Those actions include: education of prospective homebuyers and tenants as to their rights to access to housing; and, enhancement of the system to study, receive complaints, investigate complaints, resolve complaints, and/or bring charges and prosecute violations of federal and local fair housing laws. While robust implementation of these actions will decrease discrimination in housing, it is not likely that such actions taken alone will eliminate housing discrimination.

Yet it is difficult to talk about addressing impediments to fair housing, and actions to eliminate discrimination in housing, without simultaneously talking about development of policies, plans, programs, and projects to increase the supply of affordable housing. Discrimination in housing will, in part, be reduced by the provision of housing opportunities and choices made affordable to all income groups in all communities, especially low- and moderate-income households.

Certain protected classes have disproportionate representation in the numbers of low- and moderate-income households in DeSoto, and so it is reasonable to expect that as the supply of affordable housing is increased in all communities of the City, greater numbers of protected class members will have access to housing without discrimination.

SCOPE OF ANALYSIS

This Analysis of Impediments (AI) to Fair Housing Choice provides an overview of laws, regulations, conditions or other possible obstacles that may affect an individual's or a household's access to housing. The AI involves:

- A comprehensive review of the laws, regulations, and administrative policies, procedures, and practices;
- An assessment of how those laws, regulations, policies, procedures, and practices affect the location, availability, and accessibility of housing; and
- An assessment of conditions, both public and private, affecting fair housing choice.

Geographic Area Covered

This report constitutes the AI for the City of DeSoto.

DATA AND METHODOLOGY

The following are key data sources used to complete this AI:

- 2010 U.S. Census and the 2009-2013 American Community Survey
- Comprehensive Housing Affordability Strategy (CHAS) Data from HUD
- Home Mortgage Disclosure Act (HMDA) Data
- RealtyTrac and Trulia Housing Sales and Foreclosure Data
- U.S. Department of Housing and Urban Development (HUD), Fair Housing and Equal Opportunity Complaint Data
- Housing Element of the 2006 DeSoto Comprehensive Plan and information about the current Plan Update

Sources of specific information are identified in the text, tables and figures.

ORGANIZATION OF THE REPORT

The AI is divided into eight (8) chapters:

1. Introduction: Defines “fair housing” and explains the purpose of the report.
2. Community Participation: Describes the community outreach program.
3. Community Profile: Presents the demographic, housing, and income characteristics in the City of DeSoto
4. Fair Housing Practices: Identifies and explains the oversight of fair housing by both government and industry organizations
5. Lending and Complaint Data, Advertising: Assesses the nature and extent of fair housing complaints and violations, examines loan data and lending practices, and evaluates advertising
6. Public Policies and Practices: Analyzes public policies and actions that may impede fair housing within the City
7. Resident Survey and Focus Group Meetings: Analyzes results of the resident surveys and the focus group meetings
8. Identified Impediments, Recommendations, and Action Plan: Describes the Impediments to Fair Housing Choice and summarizes AI findings regarding fair housing issues; provides recommendations for furthering fair housing choice and describes actions for implementation.

2) COMMUNITY PARTICIPATION

As with the development of the Consolidated Plan, this Analysis of Impediments to Fair Housing Choice (AI) results from a process of consultation and citizen participation, building upon existing participation mechanisms and venues. Citizens, not-for-profit organizations, and interested parties were afforded a variety of opportunities to:

- contribute during meetings, hearings and planning sessions,
- review and comment upon the participation plan, the Analysis of Impediments, and comments made about the Analysis,
- participate in public hearings,
- comment upon the plan and its amendments, and
- register complaints about the Analysis and its amendments.

The City complied with the citizen participation requirements of the regulations by doing the following:

- Preparing, adopting, and following a Citizen Participation Plan;
- Publishing informational notices about the document;
- Holding public hearings in accessible places at convenient times after providing reasonable notice;
- Publishing a summary of the Analysis, describing its contents and purpose and a listing of locations where the entire document could be examined;
- Making the Analysis available for public examination and comment for a period of thirty (30) days before submission to HUD;
- Providing citizens, public agencies, and other interested parties reasonable access to records regarding uses of assistance for affordable and supportive housing the City may have received during the preceding five years; and
- Considering the views and comments of citizens, and preparing a summary of those views for consideration with the submission.

The City conducted two publicized Town Hall Meetings (Public Hearings), held on January 24, 2015 and May 30, 2015. These hearings reviewed the basic elements of the AI, after which the floor was opened for comments and questions. In addition, the City sought input as part of the Comprehensive Plan Creation and Update process. Attendees at the meetings and public hearings were encouraged to complete a survey that included questions about fair housing. The survey was publicized and made available to City residents via an electronic link on the City website.

At a City Council meeting, held on July 7, 2015, the City Council approved the Analysis of Impediments to Fair Housing Choice and executed a Resolution of Authorization. The document was then forwarded to the HUD Regional Office.

3) COMMUNITY PROFILE

Fair housing is concerned with ensuring that: 1) all people are treated equally in the rental, sale, or occupancy of housing; and 2) a range in types and prices of housing is available. This chapter examines the population, housing, and special needs characteristics and trends in the City that may affect equal housing opportunity.

This Community Profile provides insights for identifying potential impediments to fair housing choice. While not definitive indicators of impediments to fair housing choice in and of themselves, these data may point to conditions or situations that could be indicators of impediments to fair housing choice. Observations about issues that **could** arise are made at the end of this section.

OVERVIEW

The City of DeSoto is located in Dallas County, Texas, south of the City of Dallas. The total area of the City is 21 square miles. The City is part of the Dallas–Fort Worth–Arlington metropolitan area, and was named an “All-America City” in 2006.

DeSoto is served by several major highways including Interstate 20 to the north of the City and Interstate 35 to the east.

Major employers include the DeSoto Independent School District, Kohl’s E-Commerce, Solar Turbines, the City of DeSoto Marten Transport, Wal-Mart Distribution, Hickory Trail Hospital, Williamsburg Village, and The Cedars Hospital.

DEMOGRAPHICS

Population

The population of the City was estimated to be 50,014 persons according to the 2009-2013 American Community Survey (ACS). This is a 32.3 percent increase from the 37,646 persons in the 2000 census.

The median age in DeSoto according to the ACS was 39.7 years, which is higher than the United States figure of 37.3 years and the State’s 33.8 years. In DeSoto 12.4 percent of the population is over 65, while in Texas the percentage is 10.7, and in the United State percentage is 13.4. The table below compares DeSoto’s population with those of the State and the nation by age cohort, showing the larger percentage of persons in the City in the age cohorts between 35 and 64.

Population by Age - DeSoto - TX - US			
Age Cohort	DeSoto %	TX %	US %
<5 Years	4.6	7.5	6.4
5 - 9	7.2	7.6	6.6
10-14	7.2	7.4	6.6
15-19	9.3	7.4	7.0
20-24	5.3	7.3	7.1
25-34	9.6	14.4	13.4
35-44	15.7	13.7	13.1
45-54	14.6	13.4	14.3
55-59	7.9	5.7	6.5
60-64	6.2	4.8	5.6
65-74	7.1	6.1	7.4
75-84	4.5	3.3	4.2
>85	0.9	1.2	1.8
<i>Source: 2013 ACS</i>			

As will be seen below, age and household size and structure considerations affect housing needs and requirements, as well as shaping the types of services the residents need.

Race

The table below compares the racial composition of DeSoto with that of Texas and the United States. As can be seen, DeSoto has a smaller percentage of White persons than either the State or the nation. The percentage of African-Americans is well above that of the state and the US. Other racial groups are present, but in percentages well below state and notional representation.

RACIAL COMPOSITION: DESOTO, TEXAS, & THE UNITED STATES, 2013			
	DeSoto %	Texas %	US%
White	26.4	74.4	74.0
Black or African American	68.9	11.8	12.6
American Indian & Alaska Natives	0.6	0.5	0.8
Asian	0.8	4.0	4.9
Native Hawaiian & Pacific Islander	0.1	0.1	0.2
Some Other Race	2.0	6.9	4.7
Two or More Races	1.2	2.3	2.8
Hispanic	11.2	37.9	16.6
<i>Source: 2013 ACS</i>			

The percentage of the population who identify themselves as Hispanic is well below the state figure and lower than the national percentage.

The percentage of foreign-born persons in DeSoto is 5.1 percent, which is below both the State figure of 16.3 percent and the national percentage, 12.9. It should also be noted that 12.4 percent of DeSoto residents speak a language other than English at home, a percentage that is below the State (16.3%) and the US figure of 20.7 percent.

Families and Households

The average household size in DeSoto, 2.64 persons, is slightly above the US figure (2.63), but slightly below the Texas’s figure of 2.82 persons. The percentage of Family Households in DeSoto is 69.6 percent, above the US average of 66.4 percent, and about even with the State figure (69.8%). The percentage of families with children under 18, is 31.4 percent, which is 2.7 percent lower than the State and 1.8 percent higher than the national figure. It should be noted that the City has a relatively high percentage of Female Headed Households (18.0%) and the percentage of those households with children under 18 (10.4%) is higher than both State and National percentages.

Though there are 5,303 persons living alone in DeSoto (28.2% of the population), the number of persons 65 or older living alone is only 1,708, which is 9.1 percent of the population. The percentage of DeSoto households in which there is one or more persons over 65 is 12.4 percent, a figure higher than that of the State and of the US. Thus, the City has a moderate percentage of non-family households and persons living alone, a high percentage of female head of households with children and a moderate percentage of persons over 65 living alone. The table below presents this data.

AVERAGE HOUSEHOLD AND FAMILY SIZE AND OTHER HOUSEHOLD CHARACTERISTICS			
DESOTO, TEXAS, AND THE UNITED STATES - 2013 ACS			
	DeSoto %	Texas %	US %
Family households	69.6	69.8	66.4
Families w/ Children <18	31.4	34.1	29.6
Female Head of Household	18.0	14.3	13.0
Female Head w/ Children <18	10.4	8.5	7.3
Nonfamily households	30.4	30.2	33.6
Householder Living Alone	28.2	24.8	27.5
65 years and older	9.1	7.5	9.8
Average household size	2.64	2.82	2.63
<i>Source: 2013 ACS</i>			

Disabled Persons and Special Needs Populations

The Elderly and Frail Elderly

The elderly, 65 and over, constituted 12.4 percent of the total population in City of DeSoto in the 2013 ACS. The elderly, especially in very low-income households, face housing difficulties based upon their particular housing needs (size of units, and types of fixtures and amenities), and on the basis of the cost burden they bear for housing and the fact that most are limited by fixed incomes.

The Frail Elderly, those 75 and over, constitute only 5.4 percent of the City's population. These persons in particular may need additional assistance to live independently and have additional requirements for their housing, such as elevators, grab bars in the bathroom, and special types of kitchen and bathroom fixtures. There are an estimated 2,661 frail elderly in DeSoto.

Disabled Persons

The 2013 figures for disability indicate that 11.5 percent of the City's population has some disability. This represents 5,688 persons. This percentage is below the national figure of 12.1 percent, and even with the State percentage of 11.5 percent. Information about specific types of disability is not available from the Census data.

The Developmentally Disabled

The Association for Retarded Citizens (ARC) indicates that the base definition of developmentally disabled is an IQ score less than 70. ARC indicates that the nationally accepted percentage of the population that can be categorized as developmentally disabled is two and one-half to three percent of the population. By this calculation, there are an estimated 1,250 developmentally disabled persons in DeSoto.

The preferred housing options for the developmentally disabled are those that present a choice and integrate them into the community. This includes supervised apartments, supported living, a skill development home, and family care homes.

The Physically Disabled

In DeSoto the number of persons under the age of 18 with disabilities is 486, while the number of persons aged 18 to 64 with disabilities is 3,188, or 10.3 percent of the persons in that age group. The number of persons 65 and over with disabilities is 2,014 or 34.5 percent of that age group. These figures, based upon the Census Bureau definition of disability, include a wide range of disabilities and a precise figure for persons with physical disabilities is difficult to determine.

Deducting the number of developmentally disabled persons from the census figure for disabled persons gives an approximate figure of 4,438 persons who may be physically disabled.

Persons with physical disabilities may require assistance with daily living, and additional requirements for their housing including, for example, special types of kitchen and bathroom fixtures and special fire alarms.

The implications for fair housing issues are that there is a need for smaller housing units for the elderly and those living alone. There is a need for housing for the frail elderly and the disabled, but the City's population percentages would indicate a lower demand for the housing designed for these persons.

ECONOMIC FACTORS

Educational Attainment

DeSoto's population has a high percentage of persons with an Associate's, Bachelor's or Graduate degree. At the same time, the percentage of persons with a high school diploma or less education is well below that of either the State or the nation. The following table shows these percentages.

EDUCATIONAL ATTAINMENT (POPULATION 25 AND OVER) DESOTO, TEXAS, AND THE UNITED STATES – 2013 ACS				
	DeSoto Number	DeSoto %	Texas %	US %
Less than 9th Grade	930	2.8	9.4	5.9
9th to 12th Grade, No Diploma	1,849	5.6	9.4	8.0
High School Grad. (incl. Equivalency)	7,567	22.8	25.3	28.1
Some College, No Degree	10,471	31.5	22.7	21.2
Associate's Degree	2,983	9.0	6.5	7.8
Bachelor's Degree	6,356	19.1	17.7	18.0
Graduate or Professional Degree	3,050	9.2	8.9	10.8
<i>Source: 2013 ACS</i>				

Labor Force and Employment

The labor force (persons 16 years and over) in DeSoto was 26,878 in 2013. These persons represented 68.6 percent of the working age population, a labor force participation rate that is above the US figure of 64.3 percent and the State figure of 65.2 percent.

The following table compares the employment by industry of DeSoto's workers with those at the state and national level. The percentage of workers in the Educational services/Healthcare services sector is well above state and national percentages, as are the percentages of Finance, Insurance and Real estate (FIRE) and Transportation sector workers. The percentages of workers in the Construction, Manufacturing, and Arts, Entertainment sectors are well below comparable figures for both the state and the nation.

PERCENTAGE OF WORKERS BY INDUSTRY - DESOTO, TEXAS, AND THE UNITED				
	DeSoto Number	DeSoto %	Texas %	US %
Agriculture, forestry, fishing and hunting, and mining	112	0.5	3.1	1.9
Construction	1,001	4.1	7.9	6.2
Manufacturing	1,513	6.2	9.4	10.5
Wholesale trade	523	2.2	3.0	2.8
Retail trade	2,270	9.4	11.6	11.6
Transportation and warehousing, and utilities	2,217	9.1	5.4	4.9
Information	745	3.1	1.8	2.2
Finance and insurance, real estate, rental and leasing	2,527	10.4	6.6	6.7
Professional, scientific, management	2,422	10.0	10.8	10.8
Educational services, health care and social	6,417	26.5	21.7	23.2
Arts, entertainment, and recreation	1,487	6.1	8.7	9.3
Other services, except public administration	1,026	4.2	5.4	5.0
Public administration	1,976	8.2	4.5	5.0
<i>Source: 2013, ACS</i>				

The largest employers in DeSoto (with the number of employees), according to the City's 2014-2015 Budget, are listed below:

<u>Employer</u>	<u>Employees</u>
DeSoto ISD	924
Kohl's E-Commerce	500
Solar Turbines	400
City of DeSoto	364
Marten Transport	250
Wal-Mart Distribution	250
Hickory Trail Hospital	250
Williamsburg Village	220
The Cedars	190
DW Distribution	150

Unemployment

Unemployment was 7.0 percent in DeSoto in January of 2014, and has declined steadily since then, reaching 5.9 percent in January of 2015. The unemployment rate in DeSoto is currently higher than the January 2015 State figure of 4.4 percent, but lower than the nation figure of 5.7percent.

Income and Poverty

The following table compares key income and poverty figures for the city, the state, and the United States.

SELECTED INCOME AND POVERTY STATISTICS - DESOTO, TEXAS, AND THE UNITED STATES – 2013 ACS			
	DeSoto	Texas	United States
Median HH Income (\$)	\$60,945	\$51,900	\$53,046
Per Capita Income (\$)	\$28,021	\$26,019	\$28,155
Persons in Poverty (%)	9.1	17.6	15.4
<i>Source: 2013 ACS</i>			

DeSoto’s Median Household Income is 114.8 percent of the national figure and 117.4 percent of the State figure. However, the Per Capita figure is slightly below the national figure, but 7.6 percent above the State figure.

The City does have a slightly higher percentage of households with retirement income than the nation (18.7% vs. 17.7%) but a lower percentage of households with Social Security income (26.7% vs. 28.9%). At the same time, the percentage of persons with Supplemental Security Income is 4.5 percent compared to the national figure of 4.9 percent. The percentage of persons receiving Food Stamp/SNAP benefits is 10.2 percent, which is lower than the national percentage, 12.4.

The table below shows the number and percentage of households at various income levels.

DESOTO AND US HOUSEHOLD INCOMES, 2013			
Income	DeSoto Number of HH	DeSoto Percentage	US Percentage
Less than \$10,000	1,014	5.4	7.2
\$10,001 to \$14,999	810	4.3	5.4
\$15,000 to \$24,999	1,624	8.6	10.8
\$25,000 to \$34,999	1,845	9.8	10.3
\$35,000 to \$49,999	2,513	13.4	13.6
\$50,000 to \$74,999	3,429	18.3	17.9
\$75,000 to \$99,999	2,918	15.5	12.2
\$100,000 to 149,999	3,134	16.7	12.9
\$150,000 to \$199,999	1,043	5.6	4.9
\$200,000 or more	445	2.4	4.8
<i>Source: 2013 ACS</i>			

The City has a substantial number of households with an income of greater than \$100,000; indeed, 24.6 percent of households, 4,622 households, are above this figure. The percentage of households with incomes of less than \$35,000 is below the national figure, but still represents 28.1 percent of households.

HUD has provided detailed data as part of its Comprehensive Housing Affordability Strategy materials to assist in preparing the Consolidated Plan and implementing HUD programs. HUD established five income categories for its analysis of incomes. The five income ranges are:

- Extremely Low (0-30% of the median income),
- Very Low-income (31-50% of the median income),
- Low-income (51-80% of the median),
- Moderate-income (81-100% of the median), and
- Upper-income (100% and above of the median).

The table below shows the income distribution of families in the City based upon this data. The 2014 Median Income figure for a family of four in DeSoto, calculated by HUD, is \$67,900.

HUD AREA MEDIAN FAMILY INCOME - DESOTO, 2014			
Income Category	2014 HUD Median HH Income \$67,900	Approx. # of HH	Approx. % of HH
<30% AMI	\$20,370	935	7.1%
31-50% AMI	\$33,950	1,386	10.5%
51-80% AMI	\$54,320	2,143	16.2%
81-100% AMI	\$67,900	1,345	10.2%
101-120% AMI	\$81,480	1,228	9.3%
>121% AMI	\$82,159	6,204	46.9%
<i>Source: HUD Income Limits Documentation System</i>			

By these definitions, 4,464 (33.8%) of DeSoto households are in the low-income categories.

HOUSING DATA

Housing Stock and Condition

DeSoto has 20,308 housing units as of the 2013 ACS figures. However, 1,533 units, 7.5 percent, are vacant according to the ACS figures. This figure is over the US 12.5 percent but only about two-thirds of the State figure of 11.8 percent. The DeSoto homeowner vacancy rate (2.6%) is above both the national and State percentages, and the rental vacancy rate (12.6%) is higher than that of the State (9.2%) and the nation (7.3%). Please note that these are Census Bureau figures, not current data from local sources.

Housing in DeSoto differs from the national norm in terms of the types of structures. Nationally, slightly over 60.0 percent of structures are one-unit structures and the percentage of multi-unit structures is around 40.0 percent. In DeSoto 73.2 percent of structures are one-unit detached and only 26.8 percent are multi-unit structures. The table below shows the number and percent of each type of unit in DeSoto and compares this to State and national percentages.

Housing Units by Type DeSoto, Texas and the US, 2013				
Type of Structure	DeSoto Number of Units	DeSoto Percent of Units	Texas Percent of Units	US Percent of Units
One unit, detached	14,860	73.2%	65.6%	61.7%
One unit, attached	592	2.9%	2.7%	5.8%
Two units	78	0.4%	2.0%	3.8%
3 or 4 units	482	2.4%	3.2%	4.4%
5 to 9 units	1,192	5.9%	4.8%	4.8%
10 to 19 units	1,218	6.0%	6.4%	4.5%
20 or more units	1,528	7.5%	7.9%	8.5%
Mobile home	358	1.8%	7.5%	6.5%
Boat, RV or van	0	0.0%	0.2%	0.1%
Total # of Units	20,308			
<i>Source: 2013 ACS</i>				

The percentage of one- and two- unit structures is well the national figure, there are few duplex or three and four unit structures, and the percentages of structures with five or more units are close to those of the State and the nation. The City has very few mobile homes.

A review of the numbers of units by bedroom size shows that 40.6 percent of units are 3 bedrooms. There are 2,485 small units (no bedroom or one bedroom) – 12.3 percent of housing units, which compares to 13.2 percent for the US. At the same time, there are 6,984 units of four or five bed rooms (34.4% of the total) for large households, compared to 20.2 percent nationally. Though DeSoto does not have a high percentage of persons living alone, the relatively low percentage of small units could indicate a problem in finding appropriate housing for smaller families.

The housing stock in DeSoto is young. The table below shows the number of units built by decade in the City.

Year Housing Structure Built – DeSoto	
Period Structure Built	% of Units in DeSoto
Built 2010 or later	1.2
Built 2000 to 2009	27.2
Built 1990 to 1999	17.9
Built 1980 to 1989	28.1
Built 1970 to 1979	16.3
Built 1960 to 1969	6.1
Built 1950 to 1959	2.3
Built 1940 to 1949	0.4
Built 1939 or earlier	0.3
<i>Source: 2013 ACS</i>	

In the decades between 1970 and 1989, 9,024 housing units were built, 44.5 percent of the City’s current total. Another 5,532 units (27.2% of the total) were constructed before in the decade between 2000 and 2009, but only 253 units (1.2% of the total) constructed after 2010. Because of this surge in growth after 1970, the median construction date for housing units in DeSoto is approximately 1989. The relatively young housing stock thus will have a small number of structures affected by lead-based paint, the use of which was prohibited after the mid-1970s.

Thus, while the housing stock is young overall, a number of units in the oldest neighborhoods are over fifty years old, and the need for maintenance and rehabilitation is increasing.

The condition of the housing stock in DeSoto is considered to be fair to good for the most part. There are 138 units in the City that lack a complete kitchen, and 140 units lack complete plumbing. These units represent 1.4 percent of the City’s occupied housing units.

Tenure

The tenure pattern in DeSoto is similar to the national norm. In DeSoto, owner-occupied units constitute 66.3 percent of units while renter-occupied units comprise 33.7 percent of housing. Across the nation, the percentages are 64.9 percent owner-occupied and 35.1 percent renter-occupied. The average household size of a renter-occupied unit is 2.34 persons, compared to 2.79 for an owner-occupied unit.

Housing Cost, Cost Burden, and Affordability

According to ACS figures, the median rent in DeSoto was \$918 in 2013, which was slightly above the national median rent of \$904. However, the impact of this level of expense is that 53.9 percent of households spent 30.0 percent or more of their income for rent, a figure that places them in the “cost burdened” category.

Homeownership in DeSoto does create a modest level of cost burden in DeSoto. The median DeSoto home was worth \$142,300 in 2013 compared to \$176,500 for the United

States, the median mortgage payment for a home in DeSoto was \$1,663 in 2013 compared to \$1,540 for the nation, per the ACS data. Thus, 38.8 percent of DeSoto homeowners were paying 30.0 percent or more for housing (cost burdened or severely cost burdened), compared to 35.6 percent nationally.

The demand for housing in DeSoto followed the national trend and declined markedly after the housing “bust” in 2008. Figures for DeSoto are not available from the Texas A&M Real Estate Center, but statistics for Dallas County show the trend clearly with sales volume and average sales price declining sharply in 2009, but recovering in 2012.

Dallas County Home Sales Data		
Year	Sales	Average Price
2007	59,695	\$216,700
2008	50,848	\$211,100
2009	45,891	\$199,800
2010	42,383	\$212,600
2011	42,656	\$212,700
2012	50,411	\$223,000
2013	59,714	\$246,600
2014	60,016	\$264,000

Source: Texas A&M Real Estate Center

According to data from Zillow, a nationally known source for real estate sales data, the pricing for housing in DeSoto fluctuated sharply in the four years after the housing “bust” in 2008, rising in 2010 and 2012, declining in 2012, and then increasing over the past two years. According to Zillow the median listing price in early 2015 was \$179,000 and the median sales price in DeSoto was \$146,263.

Using the rule of thumb that a house should cost no more than two and one-half times one’s income, a family would need an income of \$58,494 to afford the median priced home. The HUD median income in DeSoto is \$67,900, so that the median income family can afford the median priced home. However, the analysis of the income ranges presented above reveals that 33.8 percent of households in DeSoto have incomes below the \$67,900 figure.

Figures from the National Low Income Housing Coalition indicate that the Fair Market Rent in DeSoto for a two-bedroom apartment is \$913 per month. According to the Coalition’s figures, the monthly rent affordable to the mean enter wage (\$17.56 per hour) is \$1,073, which is \$16 more than the Fair Market Rent figure. Thus, the worker making the mean renter wage can afford the apartment. However, a minimum wage worker would need 2.4 jobs to afford the apartment.

Public Housing

DeSoto does not have any public housing units, though the City has three assisted affordable rental communities in the City: Primrose Park At Rolling Hills with 250 units, the Wintergreen Senior Apartments with 180 units, and Texas Kirnwood Apartments with 198 units. Financed with Low Income Housing Tax Credits, some units include some form of rental assistance to make rent more affordable for very low income families.

OBSERVATIONS

Several key points relevant to potential impediments to fair housing emerge from the preceding discussion. While not definitive indicators of impediments to fair housing choice in and of themselves, they point to conditions or situations that may create impediments. These points are:

1. The housing stock is oriented toward single family residences, so the supply of rental units may not meet demand.
2. The City has a high percentage of female-head households with children.
3. Despite a solid economic base and high income levels, over thirty-three percent of the population is in the low-income categories as defined by HUD.
4. Despite a relatively low median rent figure, affordability is a problem for over one-half of the renter population.
5. The housing stock is young and there are few units in need of rehabilitation or lead based paint abatement.
6. There are relatively fewer elderly persons and the City has a low percentage of persons living alone, thus a lower demand for smaller housing units.

4) FAIR HOUSING PRACTICES

This section provides an overview of the institutional structure of the housing industry in governing the fair housing practices of its members. The oversight, sources of information, and fair housing services available to residents in DeSoto are described and their roles explained.

OVERSIGHT ORGANIZATIONS & ENFORCEMENT PROCESSES

As described above, City residents are protected from housing discrimination by federal, state, and local laws. These laws are enforced by agencies at each level and persons have a number of alternatives for seeking assistance if they feel they have been discriminated against. At the federal level, the Department of Housing and Urban Development and the Department of Justice have enforcement authority. Reports and complaints are filed with these agencies, and the Department of Justice may take legal action in some cases. Typically fair housing service providers work in partnership with HUD and state agencies to resolve problems. However, in some cases where litigation is necessary, the case may be 1) resolved via administrative filing with HUD or the state, 2) referred for consideration to the Department of Justice, Civil Rights Division, Housing and Civil Enforcement Section; or 3) referred to a private attorney for possible litigation.

Texas has its own law, which provides protections to individuals with disabilities in the sale or rental of housing. This state law, known as the Texas Fair Housing Law, defines discriminatory practices and exemptions from the housing provisions in the Texas Property Code, Title 15, Chapter 301. The Texas Department of Housing and Community Affairs Website notes that the Fair Housing Act does not prohibit the denial of housing on the basis of credit worthiness, previous rental history, or criminal record. Furthermore, the Fair Housing Act does not protect persons who present a direct threat to the persons or property of others. The Texas Workforce Commission notes that in some circumstances, the law exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members. Also, housing developments that qualify as housing for persons age 55 or older may be exempt from the provisions barring discrimination on the basis of familial status. The Texas law does stipulate that to increase a disabled person's ability to access a housing unit, providers must take steps to increase access. For example, the Fair Housing Act requires housing providers to make reasonable accommodations in rules, policies, practices, or services when doing so would allow a person with a disability the equal opportunity to use and enjoy their dwelling. The Fair Housing Act also allows persons with disabilities to make reasonable modifications to their home.

The relationship between Texas landlords and their tenants is governed by several statutes, particularly Chapter 92 of the Texas Property Code, and by various court rulings. which defines and describes rental agreements, landlord obligations, tenant obligations, and enforcement and remedies. There are other sub-chapters of the Texas Property Code, the Texas Local Government Code, the Texas Health and Safety Code, the Texas Human Resources Code, the Texas Government Code, the Texas Civil Practices and Remedies

Code and also Articles 6701g-2 and 6573(a) of the Texas Civil Statutes as amended, that apply to residential tenancies. Tenant rights and remedies are summarized in The Landlord and Tenants Guide, published by the Texas A&M Real Estate Center.

As noted above, there are a number of avenues a DeSoto resident can take to file a complaint. The Texas Workforce Commission is the State agency responsible for enforcing statutes relating to discrimination in housing, employment and public accommodation, as well as coordinating State compliance with federal laws prohibiting discrimination. These types of complaints include alleged violations under the Fair Housing Act (Title VIII) and other HUD programs (Section 504 of the Rehabilitation Act of 1973, American with Disabilities Act of 1990, etc.). The Commission has cooperative agreements with HUD and the Equal Employment Opportunity Commission so that federal and State agency investigations do not duplicate or overlap. Complaints may be filed directly with the Commission. In addition, a citizen may contact the City of DeSoto Fair Housing Officer for information and referrals related to fair housing.

Local government officials, in agreeing to accept CDBG funds, certify that they will “affirmatively further fair housing”. While the law does not specify what type of action recipients must take, it is clear that local government recipients are obligated to take some sort of action to affirmatively further the national goal of fair housing. The City keeps records that reflect all recipients take one or more actions to affirmatively further fair housing.

COORDINATION & SUPERVISION IN THE HOMEOWNERSHIP MARKET

Many agencies are involved in overseeing real estate industry practices and the practices of the agents involved. A portion of this oversight involves ensuring that fair housing laws are understood and complied with. The following organizations have limited oversight within the lending market, the real estate market, and some of their policies, practices, and programs are described.

Federal Financial Institutions Examination Council (FFIEC)

The Federal Financial Institutions Examination Council (FFIEC) is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision, and to make recommendations to promote uniformity in the supervision of financial institutions. The FFIEC provides data on loan originations, loan denials, and other aspects of the home loan process, as well as preparing Community Reinvestment Act rating reports on financial institutions.

National Association of Realtors (NAR)

The National Association of Realtors (NAR) is a consortium of realtors, which represent the real estate industry at the local, state, and national level. As a trade association, members receive a range of membership benefits. However, to become a member, NAR members must subscribe to its Code of Ethics and a Model Affirmative Fair Housing Marketing Plan developed by HUD. The term “Realtor” thus identifies a licensed real estate professional who pledges to conduct business in keeping with the spirit and letter of the Code of Ethics. “Realtors” subscribe to the NAR’s Code of Ethics, which imposes obligations upon realtors regarding their active support for equal housing opportunity.

The NAR has created a diversity certification, “At Home with Diversity: One America”, to be granted to licensed real estate professionals who meet eligibility requirements and complete the NAR “At Home with Diversity” course. The certification signals to customers that the real estate professional has been trained on working with the diversity of today’s real estate markets.

Texas Association of Realtors (TAR)

The Texas Association of Realtors is a trade association of realtors statewide. As members of the Association, realtors follow a strict code of ethics. The Association has a legal hotline, offers Professional Standards classes and continuing education classes on ethics, professionalism, and professional standards, as well as the diversity course mentioned above.

Texas Real Estate Commission

The Texas Real Estate Commission is the licensing authority for real estate brokers and salespersons. The Commission has adopted education requirements that include courses in ethics and fair housing. To renew a real estate license, each licensee is required to complete continuing education, including ethics and fair housing issues.

MetroTex Association of Realtors

The MetroTex Association of Realtors was created through a merger of the Northeast Tarrant Association of Realtors and the Greater Dallas Association of Realtors in late fall 2004. Before that merger, the Irving-Las Colinas Association of Realtors (formerly known as the Irving Board of Realtors) had merged with the Greater Dallas Association. The merger with the Northeast Tarrant Association made the combined association the second largest in Texas with 14,000 members across the region.

MetroTex posts a Diversity Mission Statement on its Webpage, a Diversity and Housing Initiatives Committee, and through the Website offers access to a range of professional certification and development courses including the “At Home with Diversity Certification” program.

COORDINATION & SUPERVISION IN THE RENTAL MARKET

A number of agencies are involved with the apartment rental process and related practices. This oversight includes ensuring that fair housing laws are understood. The following organizations have limited oversight within the rental housing market.

The National Apartment Association

The National Apartment Association (NAA) serves the interests of multifamily housing owners, managers, developers and suppliers. As a federation of more than 170 state and local affiliates, NAA is comprised of over 63,000 members representing more than 7 million apartment homes throughout the United States and Canada. The organization offers a range of courses and information on fair housing issues, including domestic violence, housing design standards and the elderly. In addition, the organization provides a Fair Housing Library for its members.

The Texas Apartment Association

The Texas Apartment Association, Inc. (TAA) is a non-profit statewide trade association affiliated with the National Apartment Association and local associations in 25 Texas cities. Members join TAA and NAA by joining the local affiliate in their community. TAA members are rental housing owners, builders, developers, property management firms and companies that supply products or services to rental properties. The group has more than 11,000 members statewide and represent more than 1.9 million units throughout the state. The organization offers educational program, including courses on Fair Housing and Accessibility.

The Apartment Association of Greater Dallas (AAGD)

The Apartment Association of Greater Dallas is a not-for-profit trade association that includes a wide variety of businesses, including the rental property owners and management companies, with more than 1,890 properties representing over 475,000 units in the eleven counties in the north Texas area, as well as 685 companies that provide professional services and quality products to the property owners and management companies. AAGD members were instrumental in forming the state and national associations, the Texas Apartment Association and are active in the National Multi Housing Council. The Association offers publications as well as educational programs, including a fair housing course, to its members.

National Association of Residential Property Managers (NARPM)

NARPM is an association of real estate professionals who are experienced in managing single-family and small residential properties. NARPM promotes the standards of property management, business ethics, professionalism, and fair housing practices within the residential property management field. NARPM certifies members in the standards and practices of the residential property management industry and promotes continuing professional education. NARPM offers designations to qualified property managers and management firms, and these certifications require educational courses in fair housing practices.

5) LENDING AND COMPLAINT DATA; ADVERTISING

BACKGROUND

This section of the AI evaluates lending practices in the housing market area of the City of DeSoto, Texas using Home Mortgage Disclosure Act (HMDA) data information from banking oversight agencies, and complaint data from local, state, and federal organizations and agencies, as well as an assessment of advertising practices.

The Home Mortgage Disclosure Act (HMDA) was enacted by Congress in 1975 and was implemented by the Federal Reserve Board's Regulation C. On July 21, 2011, the rule-writing authority of Regulation C was transferred to the Consumer Financial Protection Bureau (CFPB). This regulation provides the public loan data that can be used to assist:

- in determining whether financial institutions are serving the housing needs of their communities;
- public officials in distributing public-sector investments so as to attract private investment to areas where it is needed; and
- in identifying possible discriminatory lending patterns.

This regulation applies to certain financial institutions, including banks, savings associations, credit unions, and other mortgage lending institutions. Using the loan data submitted by these financial institutions, the Federal Financial Institutions Examination Council (FFIEC) creates aggregate tables for each metropolitan statistical area (MSA) or metropolitan division (MD) (where appropriate), and individual institution disclosure reports. The aggregate tables and individual disclosure reports for calendar years 1999-2013 are available on the website (www.ffiec.gov/hmda) or also on the FFIEC website (www.ffiec.gov/reports.htm).

Much of the data provided by the Federal Financial Institutions Examination Council (FFIEC) is at the Dallas-Plano-Irving Metropolitan Statistical Area/Metropolitan District (MSA/MD) level. The figures presented in this analysis will reflect the entire MSA/MD and, where available, the City of DeSoto, Texas.

HOME LOAN ACTIVITY

A key aspect of fair housing choice is equal access to financing for the purchase or improvement of a home. In 1977, the Community Reinvestment Act (CRA) was enacted to encourage regulated financial institutions to help meet the credit needs of entire communities, including low and moderate-income persons and neighborhoods. The Home Mortgage Disclosure Act (HMDA) requires financial institutions with assets exceeding ten (10) million dollars to submit detailed information on the disposition of home loans. HMDA data were evaluated in this AI with respect to lending patterns.

Two types of purchase financing – conventional and government-backed – are examined, as well as refinancing and home improvement loans.

Conventional financing refers to market-rate loans provided by private lending institutions such as banks, mortgage companies, savings and loans, and thrift institutions.

Government-backed financing refers to loans offered at below-market interest rates that are typically issued by private lenders and are guaranteed by federal agencies. These loans are offered to lower and moderate income households who may experience difficulty in obtaining home mortgage financing in the private market due to income and equity issues. Several federal government agencies offer loan products that have below-market interest rates and are insured (“backed”) by the agencies. Sources of government-backed financing include the Federal Housing Administration, the Department of Veterans Affairs, and the Rural Housing Services/Farm Service Agency (RHA/FSA). Loans backed by local jurisdictions (such as silent second loans by cities and counties) are not covered under HMDA.

HMDA data provide some insight into the lending patterns that exist in a community. However, HMDA data is only an indicator of potential problems; the data cannot be used to conclude definite redlining or discrimination practices. In the format provided on the Website, HMDA data lack the detailed information on loan terms or specific reasons for denial to make conclusive statements.

LOAN APPLICATION ACTIVITY

In 2013, the most recent year for which complete data is available, there were 198,791 loans applications of the four types under review in the Dallas-Plano-Irving MSA/MD. The table below shows the total number of loans applied for, the numbers of loans originated, and the number denied as well as the results of other actions. It is interesting to note that the number of refinancing loans far exceeding the number of home purchase loans – 83,775 home purchase versus 105,565 refinancing loans. This reflects the situation in the housing market which was still recovering from the economic recession and housing bubble bust. Home sales were down from earlier years and many homeowners were seeking to refinance older, higher interest loans.

Aggregate Loan Applications - Dallas - Plano-Irving, TX										
	FHA, FSA/RHS & VA (Purchase)	FHA, FSA/RHS & VA (Purchase)	Conventional (Purchase)	Conventional (Purchase)	Refinancing	Refinancing	Home Improve- ment	Home Improve - ment	TOTAL #	TOTAL %
	#	% of Total	#	% of Total	#	% of Total	#	% of Total		
Loans Originated	17,333	69.2%	41718	71.1%	61,358	58.1%	4,086	43.2%	124,495	62.6%
Approved, Not Accepted	605	2.4%	2857	4.9%	5,218	4.9%	632	6.7%	9,312	4.7%
Applications Denied	3,261	13.0%	6422	10.9%	20,228	19.2%	4,206	44.5%	34,117	17.2%
Applications Withdrawn	3,164	12.6%	6422	10.9%	12,836	12.2%	414	4.4%	22,836	11.5%
File Closed for Incompleteness	698	2.8%	1295	2.2%	5,925	5.6%	113	1.2%	8,031	4.0%
TOTAL APPLICATIONS	25,061		58714		105,565		9,451		198,791	
<i>Source: FFEIC, HMDA 2013</i>										

The table above shows that 69.2 percent of government-backed and 71.1 percent of conventional home purchase loans were originated in the MSA/MD. Only a modest number of government-backed loans were approved but not accepted, indicating the potential buyer's failure to close on the chosen property.

An important variable in dissecting lending outcomes is the percentage of withdrawn or incomplete loan applications. An understanding of the home buying and loan processes, income/equity requirements, and financial responsibility are important to a successful loan application and home purchase. Many households, particularly those entering the homeownership market the first time, lack financial knowledge to deal with the home buying process and may end up closing or withdrawing their application. A high rate of withdrawn or closed applications can be indicative of a lack of knowledge of the loan application and/or home buying process, or a lack of adequate assistance by the lender throughout the process. The lack of lender assistance may be discriminatory in motive or outcome. However, HMDA data are inadequate in proving motive. In any event, the percentage of withdrawn or incomplete purchase applications in the Dallas-Plano-Irving MSA/MD was not excessive.

As previously noted, loan refinancing applications were especially high in the MSA/MD. However, the percentage (58.1 percent) of refinancing loans originated was relatively low compared to home purchase loans. The percentage (19.2 percent) of loan refinancing applications is relatively high compared to home purchase loans as is the percentage (12.2 percent) of loan refinancing applications withdrawn. The approval rate for home improvement loans is also low (43.2 percent) with a very high percentage (44.5 percent) of denials.

Loan activity in the City of DeSoto in 2013 largely reflects that of the Dallas-Plano-Irving MSA/MD, as a whole, with refinancing loan applications nearly doubling the number of home purchase loans. However the percentage of loans originated for home purchase were far less in the City of DeSoto and the percentage of loans denied are far

greater in the City of DeSoto than the Dallas-Plano-Irving MSA/MD. Home improvement loan applications also had a much higher denial rate (66.1 percent) than the MSA/MD.

Aggregate Loan Applications - DeSoto, TX										
	FHA, FSA/RHS & VA (Purchase)	FHA, FSA/RHS & VA (Purchase)	Conventional (Purchase)	Conventional (Purchase)	Refinancing	Refinancing	Home Improve- ment	Home Improve- ment	TOTAL #	TOTAL %
	#	% of Total	#	% of Total	#	% of Total	#	% of Total		
Loans Originated	351	60.2%	151	50.8%	799	47.6%	27	22.9%	1,328	49.6%
Approved, Not Accepted	21	3.6%	33	11.1%	86	5.1%	7	5.9%	147	5.5%
Applications Denied	129	22.1%	81	27.3%	450	26.8%	78	66.1%	738	27.6%
Applications Withdrawn	64	11.0%	26	8.8%	212	12.6%	4	3.4%	306	11.4%
File Closed for Incompleteness	18	3.1%	6	2.0%	133	7.9%	2	1.7%	159	5.9%
TOTAL APPLICATIONS	583		297		1,680		118		2,678	
										<i>Source: FFEIC HMDA 2013</i>

LOAN DENIAL RATES BY RACE AND ETHNICITY

HMDA data products includes the numbers of loans applied for, originated, and denied by race and ethnicity, though these figures are available only at the MSA/MD level. This data is useful for examining lending activity in the larger market.

The table below provides the data and calculations for the Dallas-Plano-Irving MSA/MD including the number of applications received, loans originated, applications denied, and those withdrawn or otherwise not approved by the race and ethnicity of the applicant.

below the overall origination percentage and the second highest loan denial rate (39.3 percentage).

LOAN DENIAL BY INCOME LEVEL

The following HMDA table examines “Loan Denial Rates by Income” category for the Dallas-Plano-Irving MSA/MD. The data shows the largest number (103,677) of loan applications are found within the 120 percent of median household income (MFI) category and the fewest number (12,500) of applications within the lowest < 50 percent MFI category. The 80-99 percent of MHI category had the second smallest number of applications.

Loan Denial Rates by Income - Dallas - Plano-Irving, Tx							
Income of Applicant	# of Applications	# of Loans Originated	Loan Origination Rate	# of Loan Denials	Loans Denial Rate	Files Withdrawn, Approved but not Accepted, Closed for Incompleteness	Rate
< 50% of MHI	12,500	5,442	43.5%	4,493	82.6%	2,565	20.5%
50-79% MHI	27,918	15,835	56.7%	6,362	40.2%	5,721	20.5%
80-99% MHI	17,578	10,789	61.4%	3,304	30.6%	3,485	19.8%
100-119% MHI	18,051	11,479	63.6%	3,030	26.4%	3,542	19.6%
120+% of MHI	103,677	69,981	67.5%	13,733	19.6%	19,963	19.3%
Income Not Available	19,103	10,969	57.4%	3,195	29.1%	4,939	25.9%
TOTAL	198,827	124,495	62.6%	34,117	27.4%	40,215	
Source: FFIEC, HMDA 2013							

As shown in the above HMDA table, the loan denial rate decreased as income level increased. The percentage of loan denials was highest for the lowest income group – almost four times that of the 120 percent of MHI category. The percentage of loans withdrawn was close across all income levels, though the upper income ranges had the lower percentages of withdrawals.

REASONS FOR DENIAL BY RACE/ETHNICITY

HMDA data products also provide the reasons for denial by race and ethnicity. The table below shows that among all races and ethnicities the primary reasons for denial were Credit History (8,305), Debt to Income Ratio (6,296) and Collateral (4,872). This pattern was fairly consistent among race and ethnicity groups.

Home Loans - DeSoto, Texas										
Purchase	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Desoto, Texas										
Number of Loans	1,079	1,111	1,124	717	580	431	388	306	416	426
Median Loan Amount	\$141,000	\$143,000	\$142,000	\$145,000	\$141,000	\$133,000	\$135,000	\$136,000	\$134,500	\$152,000
Percent of All Loans	53.63	61.62	72.85	67.26	72.68	57.39	58.26	50.25	41.68	40.46
Dallas-Plano-Irving, TX Metro Division										
Number of Loans	81,151	84,578	83,383	67,424	49,276	41,676	37,297	34,411	42,058	52,260
Median Loan Amount	\$ 131,000	\$ 135,000	\$ 140,000	\$ 149,000	\$ 155,000	\$ 156,000	\$ 164,000	\$ 170,000	\$ 180,000	\$ 196,000
Percent of All Loans	54.95	65.88	74.13	70.84	65.12	41.43	42.16	41.57	37.55	48.62
State (Texas)										
Number of Loans	358,261	385,453	405,861	336,164	244,719	210,746	193,217	179,727	215,788	254,680
Median Loan Amount	\$ 117,000	\$ 121,000	\$ 127,000	\$ 136,000	\$ 142,000	\$ 143,000	\$ 148,000	\$ 153,000	\$ 162,000	\$ 173,000
Percent of All Loans	55	65.5	73.65	70.67	65.8	46.32	47.3	45.84	42.87	50.58
National										
Number of Loans	4,879,019	5,146,333	4,667,920	3,524,874	2,562,011	2,413,549	2,181,851	2,037,856	2,306,579	2,648,557
Median Loan Amount	\$ 156,000	\$ 170,000	\$ 174,000	\$ 176,000	\$ 174,000	\$ 164,000	\$ 168,000	\$ 166,000	\$ 174,000	\$ 187,000
Percent of All Loans	42	44.52	46.35	45.53	45.65	31.41	32.36	34.44	28	37.52
Refinance										
Desoto, Texas										
Number of Loans	933	692	419	349	218	320	278	303	582	627
Median Loan Amount	\$ 110,000	\$ 119,500	\$ 122,000	\$ 120,000	\$ 121,000	\$ 132,000	\$ 123,500	\$ 122,000	\$ 129,500	\$ 124,000
Percent of All Loans	46.37	38.38	27.15	32.74	27.32	42.61	41.74	49.75	58.32	59.54
Dallas-Plano-Irving, TX Metro Division										
Number of Loans	66,543	43,813	29,106	27,756	26,389	58,907	51,165	48,367	69,940	55,219
Median Loan Amount	\$ 110,000	\$ 111,000	\$ 113,000	\$ 131,000	\$ 150,000	\$ 173,000	\$ 168,000	\$ 159,000	\$ 165,000	\$ 150,000
Percent of All Loans	45.05	34.12	25.87	29.16	34.88	58.57	57.84	58.43	62.45	51.38
State (Texas)										
Number of Loans	293,254	203,117	145,205	139,490	127,183	244,274	215,308	212,343	287,586	248,856
Median Loan Amount	\$ 92,000	\$ 94,000	\$ 97,000	\$ 108,000	\$ 125,000	\$ 155,000	\$ 152,000	\$ 142,000	\$ 150,000	\$ 137,000
Percent of All Loans	45.01	34.5	26.35	29.33	34.2	53.39	52.7	54.16	57.13	49.42
National										
Number of Loans	6,867,419	6,413,231	5,402,695	4,217,202	3,049,768	5,344,270	4,561,438	3,879,718	5,931,851	4,409,997
Median Loan Amount	\$ 140,000	\$ 155,000	\$ 153,000	\$ 160,000	\$ 165,000	\$ 183,000	\$ 179,000	\$ 170,000	\$ 181,000	\$ 166,000
Percent of All Loans	58.46	55.48	53.65	54.47	54.35	68.89	67.64	65.56	72	62.48

HIGH-COST ORIGINATIONS

As noted above, the analysis shows 24.64 percent of home purchase loans originated in the City of DeSoto in 2013 were high-cost loans compared to 9.69 in the Dallas-Plano-Irving MSA/MD. The percentage of high-cost home purchase loans also far exceeds the percentage (3.67 percent) of high-cost refinancing loans in the City. A loan is considered high-cost when there is a rate spread reported. In the fourth quarter of 2009, HMDA changed its rules for reporting rate spreads in an effort to more accurately capture the current high-cost lending activity. The percentages of high cost loans were excessive for both home purchase and refinancing loans during the period 2004-2009.

For 2004-2009Q3, the rate spread on a loan was the difference between the Annual Percentage Rate (APR) on the loan and the treasury security yields as of the date of the loan's origination. Rate spreads were only reported by financial institutions if the APR was three or more percentage points higher for a first lien loan, or five or more percentage points higher for a second lien loan. A rate spread of three or more suggested that a loan was of notably higher cost than a typical loan.

For 2009Q4 and 2010, the rate spread on a loan is the difference between the Annual Percentage Rate (APR) on the loan and the estimated average prime offer rate (APOR).

Rate spreads are only reported by financial institutions if the APR is more than 1.5 percentage points higher for a first lien loan, or more than 3.5 percentage points higher for a second lien loan.

High-Cost Lending by Loan Type - DeSoto, TX										
High-Cost Loans	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
DeSoto, Texas										
Purchase										
Number of Loans	428	688	667	238	124	32	23	18	42	105
Median Loan Amount	\$153,000	\$152,000	\$150,000	\$147,000	\$117,000	\$128,000	\$115,000	\$115,000	\$118,000	\$136,000
Percent of Purchase Loans	39.67	61.93	59.34	33.19	21.38	8.42	5.93	5.88	10.1	24.65
Refinance										
Number of Loans	189	243	201	108	42	23	15	15	19	23
Median Loan Amount	\$108,000	\$120,000	\$120,000	\$120,500	\$98,000	\$100,000	\$88,000	\$97,000	\$85,000	\$102,000
Percent of Refinance Loans	20.26	35.12	47.97	30.95	19.27	8.13	5.4	4.95	3.26	3.67
Dallas-Plano-Irving, TX Metro Division										
Purchase										
Number of Loans	12,980	22,726	21,857	10,012	5,495	2,526	1,968	1,770	2,266	5,066
Median Loan Amount	\$120,000	\$125,000	\$128,000	\$128,000	\$116,000	\$93,000	\$57,000	\$69,000	\$80,500	\$136,000
Percent of Purchase Loans	15.99	26.87	26.21	14.85	11.15	7.04	5.28	5.14	5.39	9.69
Refinance										
Number of Loans	10,880	11,570	10,173	5,709	3,140	2,847	1,651	1,334	1,512	1,472
Median Loan Amount	\$86,000	\$96,000	\$101,000	\$105,000	\$94,000	\$71,000	\$57,000	\$76,000	\$76,000	\$93,000
Percent of Refinance Loans	16.35	26.41	34.95	20.57	11.9	5.39	3.23	2.76	2.16	2.67
							<i>Source: Policy Map, HMDA 2004-2013</i>			

HIGH-COST ORIGINATIONS BY RACE/ETHNICITY

HMDA data products also provides information on high-cost originations by race and ethnicity for the period 2004-2013. As the tables below show, the percentage of high-cost loans to “Whites” is substantially higher in the Dallas-Plano-Irving MSA/MD than the City of DeSoto. Conversely, the percentage of high-cost loans to “Blacks” is substantially greater in the City of DeSoto than the MSA/MD. In 2013, 71.88 percent of loan originations for Blacks in the City where high-cost compared to 18.75 percent for Whites.

High-Cost Loan by Race/Ethnicity - MSA/MD Dallas- Plano-Irving, TX											
High-Cost Loans	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Loans to Whites											
Number of Loans	13,977	21,180	19,791	10,394	6,203	4,228	2,871	2,476	3,053	5,043	
Median Loan Amount	\$103,000	\$114,000	\$117,000	\$117,000	\$106,000	\$79,000	\$58,000	\$73,000	\$77,000	\$123,000	
Percent of Loans to Whites	69.63	71.34	70.15	72.99	74.91	75.08	74.9	74.34	74.43	73.88	
Percent of High-Cost Loans	58.58	61.76	61.79	66.12	71.84	78.69	79.33	79.33	80.81	77.13	
Loans to African Americans											
Number of Loans	4,726	7,506	6,980	2,951	1,336	447	331	237	296	766	
Median Loan Amount	\$108,000	\$121,000	\$126,000	\$128,000	\$117,000	\$102,000	\$65,000	\$84,000	\$97,000	\$136,000	
Percent of Loans to African Americans	9.99	11.18	11.58	10.02	8.09	5.8	5.68	5.72	5.91	7	
Percent of High-Cost Loans	19.81	21.89	21.79	18.77	15.47	8.32	9.15	7.64	7.83	11.72	
Loans to Asians											
Number of Loans	234	749	640	397	219	222	159	140	157	234	
Median Loan Amount	\$122,500	\$141,000	\$149,000	\$149,000	\$127,000	\$56,500	\$36,000	\$48,000	\$55,000	\$149,500	
Percent of Loans to Asians	4.95	4.45	4.97	5.71	6.36	7.73	8.46	8.62	8.89	8.07	
Percent of High-Cost Loans	2.26	2.18	2	2.53	2.54	4.12	3.8	3.67	3.48	3.03	
Loans to Hispanics											
Number of Loans	5,495	7,714	7,409	3,846	1,979	689	467	414	578	1,581	
Median Loan Amount	\$90,000	\$98,000	\$102,000	\$99,000	\$88,000	\$85,000	\$76,000	\$75,000	\$84,000	\$105,000	
Percent of Loans to Hispanics	13.65	14.26	14.17	13.47	11.35	8.41	8.28	8.42	8.42	10.21	
Percent of High-Cost Loans	23.02	22.49	23.13	24.46	22.92	12.82	12.9	13.34	15.3	24.18	
Loans to Nonhispanics											
Number of Loans	14,198	22,409	20,842	10,263	5,984	4,260	2,910	2,485	2,964	4,527	
Median Loan Amount	\$113,000	\$125,000	\$130,000	\$133,000	\$118,000	\$80,000	\$53,000	\$71,000	\$76,000	\$137,000	
Percent of Loans to Nonhispanics	67.25	73.61	74.74	77.02	79.04	81.15	81.48	81.65	81.84	80.02	
Percent of High-Cost Loans	59.51	65.34	65.07	65.28	68.88	79.29	80.41	80.06	78.45	69.24	
<i>Source: Policy Map, HMDA 2004 - 2013</i>											

High-Cost Loan by Race/Ethnicity - DeSoto, Texas										
High-Cost Loans	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Loans to Whites										
Number of Loans	110	146	134	70	43	20	13	10	18	24
Median Loan Amount	\$117,000	\$11,000	\$119,500	\$109,500	\$96,000	\$100,500	\$87,000	\$91,000	\$104,000	\$100,000
Percent of Loans to Whites	26.79	22.8	19.38	22.23	25.81	27.03	25.68	26.27	24.25	20.7
Percent of High-Cost Loans	17.83	15.68	15.44	20.23	25.9	36.36	34.21	30.3	29.51	18.75
Loans to African Americans										
Number of Loans	424	676	628	226	104	33	20	21	40	92
Median Loan Amount	\$146,500	\$150,000	\$148,500	\$150,000	\$122,500	\$128,000	\$100,500	\$115,000	\$107,000	\$136,000
Percent of Loans to African Americans	59.1	64.5	65.85	64.92	60.28	58.72	63.51	60.92	62.02	66
Percent of High-Cost Loans	68.72	72.61	72.35	65.32	62.65	60	52.63	63.64	65.57	71.88
Loans to Asians										
Number of Loans	2	6	3	1	1	1	0	0	0	0
Median Loan Amount	n/a	\$149,500	n/a							
Percent of Loans to Asians	0.6	0.83	0.84	0.47	0.75	0.8	0.6	1.31	0.8	0.57
Percent of High-Cost Loans	0.32	0.54	0.35	0.29	0.6	1.82	0	0	0	0
Loans to Hispanics										
Number of Loans	31	53	54	39	20	6	3	5	10	14
Median Loan Amount	\$106,000	\$125,000	\$120,000	\$105,000	\$99,500	\$126,500	n/a	\$85,000	\$91,000	\$110,500
Percent of Loans to Hispanics	6.11	6.16	7.06	8.63	9.52	8.79	8.56	10.51	9.42	7.88
Percent of High-Cost Loans	5.02	5.69	6.22	11.27	12.05	10.91	7.89	15.15	16.39	10.94
Loans to Nonhispanics										
Number of Loans	490	769	714	262	128	47	30	26	49	100
Median Loan Amount	\$143,500	\$145,000	\$145,000	\$148,000	\$113,000	\$112,000	\$92,000	\$114,500	\$109,000	\$134,000
Percent of Loans to Nonhispanics	72.62	75.21	75.7	78.65	76.79	70.83	76.92	79.55	68.97	80
Percent of High-Cost Loans	79.42	82.6	82.26	75.72	77.11	85.45	78.95	78.79	80.33	78.13

CRA LENDING ACTIVITY AND RATINGS

The Community Reinvestment Act 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, consistent with safe and sound banking operations. It was enacted by the Congress in 1977 (12 U.S.C. 2901) and is implemented by Regulations 12 CFR parts 25, 228, 345, and 195. (See Regulation).

The CRA requires that each insured 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, including mergers and acquisitions (See CRA Ratings). CRA examinations (see Exam Schedules) are conducted by the federal agencies that are responsible for supervising depository institutions: the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC).

The following table shows the 2013 level of lending activity within the City of DeSoto by the most prominent depository institutions located in the City:

2013 Lending Activity in the City of DeSoto by Depository Institution

Lender Name	FHA, FSA/RHS, VA Loans		Conventional Loans		Refinancings		Home Improvement	
	Originated	Denied	Originated	Denied	Originated	Denied	Originated	Denied
Bank of America NA (NC)	8	2	12	4	77	24	0	0
Bank of DeSoto (TX)	0	0	1	0	0	0	0	0
Citibank NA (SD)	0	1	2	0	61	18	0	1
Citizen’s National Bank	0	0	0	0	7	1	1	0
Colonial Savings (FA)	3	1	5	3	20	39		
Compass Bank (TX)	0	0	4	1	3	4	0	1
Inwood Bank (TX)	0	0	1	0	4	2	0	2
JPMorgan Chase Bank NA (OH)	54	9	9	4	20	56	0	1
Wells Fargo Bank NA (SD)	176	12	12	4	51	59	5	44

Source: FFIEC, 2013.

The following table shows the CRA ratings for the above referenced depository institutions. All lending institutions examined received Outstanding or Satisfactory ratings. Six of the ten prominent depository institutions with locations in the City of DeSoto received a “satisfactory” rating and four received an “outstanding” rating by their review agency.

Interagency CRA Ratings of Depository Institutions in the City of DeSoto, TX

ID	Agency	Exam Date	Bank Name	City	State	CRA Rating
13044	OCC	12/31/2011	Bank of America N.A. (NC)	Charlotte	NC	Satisfactory
20415	OCC	08/10/2009	Bank of DeSoto	DeSoto	TX	Satisfactory
16971	OCC	01/20/2009	Citibank N.A. (SD)	Sioux Falls	SD	Outstanding
706809	OCC	04/08/2013	Colonial Savings F.A.	Fort Worth	TX	Satisfactory
27419	FDIC	06/01/1997	Compass Bank	Houston	TX	Satisfactory
15292	OCC	10/28/2013	Inwood Bank	Dallas	TX	Satisfactory
8	OCC	12/31/2010	JPMorgan Chase Bank N.A.	Columbus	OH	Satisfactory
26983	FDIC	12/08/2008	Wells Fargo Bank N.A.	Sioux Falls	SD	Outstanding

Source: FFIEC, 2013.

FAIR HOUSING COMPLAINT DATA

As described earlier, there are a number of organizations and agencies with oversight in the area of fair housing and discrimination in housing. This section of the Analysis of Impediments will review and assess information about housing discrimination complaints and reports on housing opportunity in DeSoto.

In the past five years there were four Title VIII cases in the Federal Court’s North Texas District, but none of these complaints involved entities in DeSoto.

The Texas Workforce Commission documents and reports available on its website do not contain any information about housing discrimination complaints pertaining to Dallas County or DeSoto specifically. However, since the Commission is the administrator for fair housing issues, the data obtained from the HUD Fair Housing Equal opportunity Website is very likely as accurate and current as any obtained from the Commission.

The FHEO data is available only at the County level and thus the figures presented here reflect Dallas County, including the City of Dallas, not simply DeSoto. The data cover the period January 2007 to December 31, 2013, and are the most recent and complete available.

The FHEO data is available only at the County level and thus the figures presented here reflect the County, not simply the City. The data cover the period January 2007 to December 31, 2013, and are the most recent and complete available.

Over the six year period 1,253 complaints were filed. The table below shows those complaints by year and by basis for the complaint.

Fair Housing Complaints Filed with HUD, Dallas County, 2007-2013

Year	Filed Cases	Race Basis	Color Basis	National Origin Basis	Disability Basis	Familial Status Basis	Religion Basis	Sex Basis	Retaliation Basis
2007	159	69	4	34	40	26	1	21	7
2008	145	53	5	33	50	17	2	11	3
2009	187	77	1	36	70	14	4	13	13
2010	189	92	2	38	67	15	2	10	10
2011	234	111	2	31	86	22	6	21	17
2012	188	82	1	39	58	17	4	17	8
2013	151	71	1	27	59	13	4	20	7
TOTAL	1,253	555	16	238	430	124	23	113	65

Source: HUD, Office of Fair Housing and Employment Opportunity

A complaint may be filed on multiple grounds, so the number of complaints often exceeds the number of cases filed. The number of cases filed averaged 179 per year over the seven year period with a sharp increase in filings in 2011. The following year, however, saw the figure drop back to the norm.

The largest number of filings was on the basis of Race with 555 cases filed, the majority being filed on the basis of Black or African-American status. The number of Race Basis cases increased after 2009, though the number declined in 2013. Disability was the second most common basis for a complaint and the cases filed in Dallas County following the national trend of an increase in filings. National Origin was the third most common basis for complaint, though no trend in filings is discernable over the period.

These data do not capture the totality of fair housing conditions in DeSoto. Not all fair housing problems are recorded or come to light as fair housing complaints. Many persons do not lodge a complaint, because, as a fair housing advocate in Oregon observed, “*All they [persons seeking housing] want is a house, not a Federal case.*”

The City is not aware of any housing discrimination cases or complaints.

REAL ESTATE ADVERTISING

This assessment of fair housing practices in DeSoto included a review of a number of sources containing advertisements for housing, both for sale and rental. Overall, there does not appear to be any attempt to exclude or discriminate against any of the protected classes.

A number of publications advertising both rental and ownership properties were reviewed as part of this assessment. This review included “ForRent.com,” “NewHomeGuide.com,” as well as real estate advertisements in “Living,” “DeSoto Style,” and “DeSoto 2014.” The two real estate publications each had a disclaimer in the publication information section indicating that “all real estate advertised herein is subject to the Federal Fair Housing Act,” and that the publication would not knowingly accept advertising in violation of the Act. The Fair Housing logo appeared with this disclaimer. None of the ads in these publications contained any mention of the Act and the logo was not present. Some of the real estate advertisements in the other publications displayed the Fair Housing logo, but there was no fair housing language in any of these ads.

A review of the listings for DeSoto in the online edition of the *Dallas Morning News*, *DFW RealEstateFinder* showed that most property ads did not feature the fair housing logo, and none of the ads reviewed made any specific reference to fair housing policies or practices. It should be noted that upon going to the real estate broker’s site (as opposed to the individual property listing) the fair housing logo was often present, usually at the bottom of the page. In reviewing ads for apartments, the reviewer was directed to apartments.com which contained listings for the entire Dallas-DeSoto-Fort Worth area. None of these listings contained a fair housing logo or language. However, if one goes to the home page for the site and clicks on “Who We Are,” the logo and the “Equal Housing Opportunity” phrase appear at the bottom of the page.

A review of the City’s Online Yellow Pages showed that the apartment listings did not display the logo nor reference equal housing opportunity. Very few of the listings did include the fair housing logo if one went to the property website.

OBSERVATIONS

1. The HMDA data are inconclusive in identifying or defining any impediment to fair housing.
2. The loan denial rate was highest for Native Americans (59.0 percent) followed by Hawaiian, Pacific Islander applications (52.7 percent), African Americans (47.7 percent) and Two or More Races (41.6 percent). The Hispanic loan origination rate is twelve percentage points below that of Non-Hispanic applicants. Those in the “Ethnicity Not Available” group, however, were well below the overall origination percentage and the second highest loan denial rate (39.3 percentage).
3. The number of FHEO complaints for the period under review was modest in light of the size of the population. The number of cases filed increased during the housing “bust,” but has declined to the level preceding the recession.
4. There was no clear sign of discrimination in the language or illustrations of housing advertising in the area’s real estate on line sites.

6) PUBLIC POLICIES AND PRACTICES

LAND USE PLAN - HOUSING

Public policies established at the local level can affect housing development and therefore, may have an impact on the range and location of housing choices available to residents. Fair housing laws are designed to encourage an inclusive living environment and active community participation. An assessment of public policies and practices enacted by the City can help determine potential impediments to fair housing opportunity. To identify potential impediments to fair housing choice and affordable housing development, housing-related documents (e.g., zoning code materials, previous fair housing assessments) were reviewed. This section of the Analysis focuses on public policies that may impede fair housing choice in DeSoto.

COMPREHENSIVE PLAN

Texas law permits municipalities to prepare Comprehensive Plans, including a Housing Element. This element establishes a goal of ensuring that all residents have access to adequate and affordable housing. The Comprehensive Plan may also include a housing opportunities objective to provide quality housing and a range of housing size, cost, and density that should be provided in each community, to make it possible for all who work in the community to also live in the community. In these Plans local governments evaluate the composition and quality of the community's housing stock, the age and condition of housing, the cost of housing, the needs of households that are cost burdened, the relationship of local housing costs and availability to the socioeconomic characteristics of these households and special housing needs in the community (e.g., housing needs of residents who are elderly; homeless; persons with mental, physical, or developmental disabilities; and persons with HIV/AIDS).

The City's Comprehensive Plan, completed in 2003, and updated in May of 2012, addresses housing in Chapter 5 Land Use and also refers to housing in a section on Urban Design. In 2014-2015 the City is updating that Plan, creating a new housing chapter and setting out new goals and the necessary actions to achieve them. The goals in the draft document note in particular the need to promote a range of available, accessible and affordable housing and to provide quality housing, as well as recognizing the need for redevelopment and infill development. The document posted on the website notes the need to provide a variety of housing types and sizes, including the increased demand for urban-style multi-family and mixed-use residential development.

ZONING CODE

The City also has a Zoning Code, which serves to protect the public interest and create safe and sanitary living conditions. However, this code can affect fair housing choice. Inspection costs, permit fees, and higher quality construction requirements tend to drive up the cost of housing. Requirements for various kinds of building permits also increase the cost of a housing unit. Similarly zoning requirements that define or exclude certain types of housing can reduce the opportunity to develop a range of housing choices for individuals across the community.

The fair housing equation is balanced on one end with equal access and on the other end with a range of housing choice. To ensure fair housing choice in a community, a zoning ordinance should provide for a range of housing types, including single-family, multi family, second dwelling units, mobile homes, licensed community care facilities, employee housing for seasonal or migrant workers, assisting living facilities, emergency shelters, and transitional housing. Single and multi-family housing types include detached and attached single-family homes, duplexes, townhomes, condominiums, and rental apartments, as well as accessory units.

The Zoning Code for DeSoto permits this range of housing types in various areas within the City. A variety of single family detached, single family attached, multifamily and manufactured housing options are available throughout the community. Group homes for elderly and disabled are allowed in accordance with State guidelines. The Building and Inspections standards do not restrict accessibility and meet state guidelines.

It should be noted that the Code does not mention visitability or universal design, nor does it directly reference the Fair Housing Act or the Americans with Disabilities Act.

TRANSPORTATION

Transportation from housing to work, to services, and to shopping is an essential part of fair housing. Persons without automobiles, persons with disabilities, the elderly, and many others need access to reliable and convenient transportation.

The City does not have a public transportation system. The 2012 Strategic Transportation Planning Study noted the small and growing need for public transportation in the City, especially for seniors and persons with disabilities and those without an automobile.

OBSERVATIONS

1. The City's Comprehensive Plan is being updated and will likely emphasize the development of a range of housing opportunities for all residents and the development of mixed use projects.
2. The City's Zoning Code does not limit fair housing.
3. The City does not have a public transit system.

7) RESIDENT SURVEY & FOCUS GROUP MEETINGS

FAIR HOUSING SURVEY

As part of the process to prepare the City's first Consolidated Plan, the City included Fair Housing questions in a web-based community needs survey. The objective of these survey questions was to determine the extent to which impediments to housing, whether intentional or unintentional, were evident to residents and what the nature of those impediments is. This survey was available on the City website, was provided in hard copy to attendees at the public hearing in early January, and was available at the City offices and library. The survey was available between January 9 and February 27, 2015. A copy of the survey is included as Appendix A to the Analysis of Impediments document.

Respondent Profile

The City received 168 responses to the survey. Responses described below may not always reach this total, as some respondents skipped questions.

One hundred and fifty-eight respondents (95.8%) were residents, three were City or County employees, two classified themselves as rental housing providers or housing developers, and two persons called themselves agency or organization staff.

Only three persons chose "Prefer not to answer" when asked how long they had lived in DeSoto. Five persons (3.5%) had lived in the City all their life, and fifty-two (36.9%) had lived in DeSoto twenty or more years, but not all their life. Another forty-three persons (30.5%) reported living in DeSoto for eleven to nineteen years. Two persons had lived in DeSoto less than a year and fourteen persons (9.9%) had lived in the City for one to five years.

Respondents were predominantly African-American (68 responses – 49.3%) with White respondents second (33 responses – (23.9%). Four persons (2.9%) reported themselves as Two or More races. Three people reported themselves as Other Race, three as Native American, and two as Pacific Islander. There were no respondents who called themselves Asian. Twenty-five persons "Preferred not to answer." Respondents were 71.9 percent Non-Hispanic (92 persons) with two persons classifying themselves as Hispanic. The remainder (34 persons) "Preferred not to answer."

Reported household incomes were concentrated in the upper income ranges. Eight persons (5.7%) reported incomes of less than \$25,000, while four persons (2.9%) reported incomes of between \$25,000 and \$35,000, and twenty reported incomes of between \$35,000 and \$50,000. Twenty-six persons (18.7%) reported incomes of between \$50,000 and \$75,000 and twenty persons (14.4%) percent reported incomes between \$75,000 and \$100,000. Thirty-five persons (25.2%) reported incomes greater than \$100,000. Twenty-six respondents "Preferred not to answer."

One hundred and twenty-three respondents (87.9%) reported owning their home, while seventeen reported renting. The majority of renters (60.0%) reported living in a rented home as opposed to an apartment.

The first question asked if the respondents had personally experienced housing discrimination in DeSoto. Only three persons (2.2%) answered in the positive, and apparently all three of them reported this discrimination.

Asked if there are areas of DeSoto that have fair housing problems, 39 respondents answered No, 89 responded that they did not know, while 10 persons responded that there are problems.

Asked how much of an issue discrimination was, 108 persons (81.5%) of respondents felt it was not a concern. Twelve persons felt it was less of a concern and twelve felt that it was more of a concern.

Asked if persons would know where or how to report discrimination, 29 respondents said Yes, 54 said No, and 58 said they Did Not Know. The following question asked about the knowledge of fair housing on the part of Buyers and Sellers, Real Estate Professionals, Housing Lenders and Apartment Mangers. Buyers and Sellers were deemed to have the least knowledge on the topic, while Real Estate Professionals, and Housing Lenders were thought to have the greatest understanding of the topic.

While thirty-one persons (22.5%) felt that there is adequate fair housing outreach in DeSoto, twenty-three persons (16.7%) percent did not feel that there is enough outreach. It should be noted that 60.1% had no opinion. Still, almost two-thirds of respondents (64.4%) felt well informed about fair housing laws.

PUBLIC HEARINGS

As part of the public participation process for the development of the City's 2015-2019 Consolidated Plan and the preparation of an updated Analysis of Impediments, the City held two Town Hall Meetings (Public Hearings) to obtain information on housing discrimination and the needs of low- and moderate-income residents of DeSoto. The first Public Hearing was held in the City Council Chambers on January 24, 2015. The Hearing had been publicized through an advertisement in the newspaper of record and posted on the City website. The Hearing began with a brief presentation about the Consolidated Plan and the Analysis of Impediments to Fair Housing Choice, after which the floor was opened for a discussion of needs and priorities.

The second Town Hall Meeting (Public Hearing) was held in the City Council Chambers on May 30, 2015. Again, a brief presentation started the session, after which the floor was opened for discussion.

A copy of the presentations and copies of the sign-in sheets for each are found in Appendix C.

The topic of housing discrimination was raised at each of these meetings. None of the participants felt that they had suffered any housing discrimination, nor did they know of anyone who had. The consensus among the participants was that housing discrimination is not an issue.

OBSERVATIONS

The key points that emerge from the preceding discussion are:

1. Group discussions did not reveal any concerns about housing discrimination.
2. The survey did reveal that means or process to report discrimination is not clear.
3. Further, the survey showed, primarily through “No Opinion” and “Do Not Know” answers that there is a need for increased awareness about housing discrimination.

9) IDENTIFIED IMPEDIMENTS, RECOMMENDATIONS AND ACTIONS

Background

This section summarizes the key findings of the AI document, and makes recommendations for actions to eliminate impediments to fair housing choice in DeSoto. This information is as comprehensive as possible, and there likely remain a number of additional remedies to these and other problems faced by home seekers.

Housing discrimination continues to occur, and manifests itself in different ways among different segments of the population. Since it continues to be the goal of the City to eliminate any existing discrimination and prevent future housing discrimination and other impediments to equal housing opportunity, the recommendations provided below provide a guide to ensure fair access to housing for all City residents.

This 2015 AI analyzes recent data, identifies the private and public sector conditions that foster housing discrimination, and provides recommendations for dealing with the fair housing issues identified. Based upon research in statistical materials, a review of HMDA and complaint data, interviews and focus group discussion, as well as surveys, the following is a list of key potential impediments identified in DeSoto. Each impediment below is followed by recommendations to address and eliminate that impediment. As a new entitlement community, the City will begin the development of a fair housing program that will include elements of the recommendations below, expanding this program as necessary over time.

Several of these topics are closely related and linkages among them are noted.

It should be noted that in some instances, it is necessary to strike a balance among issues. Land use policies and requirements and development standards, although sometimes adding costs to construction or rehabilitation, are necessary for the safety and health of residents.

It should also be noted that DeSoto appears to have a low, or perhaps non-existent incidence of housing discrimination.

Impediments, Recommendations, and Actions

IMPEDIMENT ONE – NEED FOR INCREASED AWARENESS, OUTREACH AND EDUCATION

DeSoto is developing a fair housing program in accordance with HUD guidelines for recipients of Community Development Block Grant funds. Survey results note a lack of knowledge about fair housing law, policies, and practices. The need for ongoing

education, awareness, and outreach remains, especially among lower income households and minorities.

Recommendations:

- 1) Promote efforts by City agencies, housing advocacy groups, and service organizations to inform renters and homebuyers of their rights and means of recourse if they feel they have been discriminated against.
- 2) Develop training sessions and information campaigns especially among rental property owners and managers, as well as apartment owner associations, and management companies, as necessary.
- 3) Create and convene focus groups of advocacy groups, community based organizations, real estate industry professionals, lenders, property owners, and government agency officials to review and assess fair housing issues. These groups should identify discriminatory practices, trends, or changes in these practices, focal points of discriminatory practice, and the means or methods to address them.
- 4) Update Fair Housing information regularly and adjust strategies and actions accordingly. In particular, the groups mentioned above should continue to meet yearly (or perhaps twice yearly), for example at a Fair Housing Seminar.
- 5) Create awareness efforts through school programs (e.g., poster contests, essay contests) coordinated with Fair Housing Month programs, and devote a Housing Seminar session specifically to fair housing law and practice.
- 6) Develop programs to educate households and housing related organizations by disseminating Fair Housing law literature, conducting Fair Housing law seminars and training, and focusing public awareness campaigns about Fair Housing law in ethnic and minority neighborhoods, and among homeowner associations, civic, social, religious, and special interest groups.

IMPEDIMENT TWO – LIMITED SUPPLY OF AFFORDABLE HOUSING

As discussed earlier, affordability is an indirect aspect of housing discrimination and it is difficult to talk about addressing impediments to fair housing, and actions to eliminate discrimination in housing, without simultaneously talking about development of policies, plans, programs, and projects to increase the supply of affordable housing.

Earlier sections of this Analysis addressed the issue of affordability. Suffice to say that low-income families face a significant cost burden for rental housing. Incentives for the creation of affordable housing should be structured so that they are stringent enough to produce the desired units, but palatable to the developer as well.

Recommendations and Actions

- 1) Use all available federal and state funding resources and programs to address high priority housing needs for rehabilitation, preservation, and development of affordable units if funding allows.
- 2) Work with community based organizations, affordable housing developers, and housing advocacy groups to increase the supply of disability accessible housing units, leveraging resources to the extent possible.
- 3) Create housing rehabilitation programs to maintain the City's base of affordable units, both owner-occupied and rental.
- 4) Research other affordable housing programs for additional ideas and practices.
- 5) Seek incentives to promote developers constructing a wide range of housing types at a number of price points, considering transportation, employment centers and the availability of services and shopping in their planning.
- 6) Housing for special needs populations and minorities should be scattered throughout the City.

IMPEDIMENT THREE – GOVERNMENT POLICIES

This impediment deals with issues relating to the development of land including housing that is available to a wide range of persons and income levels in disparate locations. This goal is affected by a wide range of factors, some of which are beyond the ability of the City to change. However, the City can address some issues, as noted below.

Recommendations

- 1) Ensure that reasonable accommodation and disabled access issues are properly addressed in municipal zoning and construction codes.
- 2) Do as much as possible to reduce review and approval process times for both new construction and home modification applications.
- 3) Encourage the use of universal design principles in new housing developments.
- 4) Ensure that local zoning ordinances and building codes properly address issues of concern with respect to higher density housing, persons with disabilities, and group homes/congregate living/community care.
- 5) Seek new or additional incentives, as noted in Impediment Two, to get developers to undertake affordable projects or to include affordable units in market rate projects.

IMPEDIMENT FOUR – AWARENESS OF POTENTIAL DISCRIMINATION

The review of demographic information does not provide a clear indicator of housing discrimination among persons in the protected classes. However, statistical data can assist in identifying **potential** problems and topics of concern.

In the current economy and given the structure of the City's housing stock, the incidences of discrimination may focus on rental housing, and the focus of efforts in the immediate future should be upon aspects of discrimination in the rental market, and upon some groups within the protected classes.

In particular, discrimination among two protected classes should be addressed.

- Disabled persons may face discrimination or difficulties in finding appropriate units because of the small number of small units and the costs of building or adapting units.
- There is a high percentage of female head of household with children families and such families may encounter housing discrimination.

Recommendations

- 1) Increase housing choice alternatives for the disabled and families with children by encouraging the construction of affordable, and especially rental, housing.
- 2) As needed, convene focus groups of advocacy groups, community based organizations, real estate industry professionals, lenders, property owners, and government agency officials to review and assess fair housing issues. These groups should identify discriminatory practices, trends, or changes in these practices, focal points of discriminatory practice, and the means or methods to address them.
- 3) The City could create, or participate in, a Fair Housing testing and auditing program, focusing upon rental properties at this time.