STATE OF ARKANSAS

Analysis of Impediments to Fair Housing Choice

Final Report

November 6, 2014

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Prepared for:

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Introduction and Acknowledgements

Introduction

This report provides an Analysis of Impediments to Fair Housing Choice (AI), commissioned by the State of Arkansas. This AI was conducted using a methodology consistent with the U.S. Department of Housing and Urban Development (HUD) guidelines published in the Fair Housing Planning Guide. HUD requires that each jurisdiction receiving federal funds certify that it is affirmatively furthering fair housing. The certification specifically requires jurisdictions to do the following:

■Conduct an **analysis of impediments** to fair housing choice within the state or local jurisdiction.

■Take appropriate actions to overcome the effects of any impediments identified through that analysis.

■Maintain records reflecting the analysis and actions in this regard.

Lead and Participating Agencies

The Arkansas Economic Development Commission served as lead agency for the development of the AI and was responsible for oversight and coordination of the process. The State of Arkansas retained J-Quad Planning Group, LLC, a Community Development, Urban Planning and Housing Consulting firm to assist in the preparation of the AI.

Acknowledgements

Data collected in preparing the AI relied in part on input from the public, including information gathered from five public engagement focus group sessions, key person interviews, and data provided by State Agencies. We also acknowledge the participation of the State Agencies - Arkansas Development Finance Authority, Arkansas Department of Human Services, and Arkansas Department of Health - as well as, City and County government officials, development, real estate and banking industries, non-profit, social services, business and the general public.

Table of Contents

Executive Summary

Introduction

In 1995 the U.S. Department of Housing and Urban Development (HUD) announced that entitlement communities - communities receiving direct federal funding from Community Development Block Grant, HOME Investment Partnership and Emergency Solutions Grant programs – must conduct a study of existing barriers to housing choice. This required study is referred to as the "Analysis of Impediments" (AI) and is part of entitlement communities' consolidated planning process. In 2014 HUD published draft regulations of the "Assessment of Fair Housing" (AFH) with proposed changes to the 1995 AI requirements. These new regulations are expected to be finalized in 2015.

The purpose of the AI is to examine how state and local laws, private, public and non-profit sector regulations, administrative policies, procedures, and practices are impacting the location, availability, and accessibility of housing in a given area. The AI is not a Fair Housing Plan rather it is an analysis of the current state of fair housing choice including barriers and impediments in Arkansas. The AI identifies specific barriers that need to be addressed if future fair housing initiatives are to be successful.

Each jurisdiction receiving federal funds must certify that it is affirmatively furthering fair housing. The certification specifically requires jurisdictions to do the following:

■Conduct an analysis of impediments to fair housing choice within the state or local jurisdiction.

■Take appropriate actions to overcome the effects of any impediments identified through that analysis.

■Maintain records reflecting the analysis and actions in this regard.

The State of Arkansas's commitment to furthering fair housing and affordable housing through planning and entitlement program design and implementation is noteworthy. A major impediment is that the limited amount of entitlement funding received makes it difficult for the State to have measurable impact on removing or lessening the impact of some fair housing impediments. State and other non-federal entitlement resources and private sector support will be necessary in order to address many of the impediments. Despite limited funds, the State's efforts will continue to improve and maintain stability, and strengthen its older and lower income areas. The impediments identified in Section Six can be directly linked to and supported by data and analysis from the previous sections. In some instances, footnotes have provided information should the reader need to refer to other sections for more details.

Evaluating fair housing is a complex process involving diverse and wide-ranging considerations. The role of economics, housing markets, and personal choice are important to consider when examining fair housing. Any disproportionate impacts on persons of a particular race, ethnicity, or members of the protected classes under fair housing law have been comparatively analyzed to determine to what extent those disparities are limiting fair housing choice. Arkansas has relatively few impediments to fair housing. However, some issues and impediments were identified.

The analysis of fair housing choice in the State of Arkansas has resulted in the identification of impediments, identified through a study methodology that included community engagement and focus group sessions, the construction of a demographic analysis resulting in a community profile and fair housing index, analysis of the Home Mortgage Disclosure Act (HMDA) data for the State of Arkansas and a fair housing law and public policy analysis including a court litigation, legislation, regulatory, fair housing complaint and entitlement grant program review. The following narrative provides a summary of those sections.

Community Profiles

Demographics - The demographic analysis of Arkansas concentrates on the magnitude and composition of the population and changes that occurred between 2000 and 2010 and the American Community Survey five year average for 2009 - 2012. Please note that the attached maps present data by census tract with an overlay of counties and congressional districts for the State of Arkansas.

According to the 2010 Census, the population of Arkansas was 2,673,400, Table 1.1, in the Community Profile shows that the state's population increased by 242,518 or 9.07 percent between 2000 and 2010. The population of Arkansas is estimated to have increased by 0.02 percent between 2010 and 2012. In Arkansas, the largest racial group in 2010 was White, with about 77 percent of the population, but showing a steady decline from about 83 percent of the population in 1990, though growing in total numbers. African-Americans were 15.4 percent of the total and have remained relatively steady in percentage while growing in numbers since 1990. The Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity. Hispanics represented 6.4 percent of the population of Arkansas in 2010, having grown by 114 percent since 2000. Between 1990 and 2010, the Hispanic population grew from less than 20,000 to over 186,000. There was a 91 percent increase in the Asian and Pacific Islander population between 2000 and 2010, but they accounted for only 1.4 percent of the total population of the state in 2010.

Households - In many communities including jurisdictions in Arkansas, households face discrimination based on their familial status as reflected in the number of cases filed on that basis under the Federal Fair Housing Act in Arkansas between 2009 and 2014. Among those complaints were a number of complaints based on discrimination against female-headed households and female-headed households with children. Higher percentages of female-headed households with children under the age of 18, sometimes correlates to increased complaints of reported rental property owners' refusing to rent to tenants with children. The percentage of female-headed households among White households in Arkansas was 10 percent, compared to 31.9 percent in African-American households, and 14.6 percent in Hispanic households. Only 25.9 percent of African-American households were husband/wife family households, compared to 54.3 percent of White households and 54.4 percent of Hispanic households.

Non-family households, defined by HUD as a single occupant household as indicated in the census data, among Whites made up 31.7 percent of all White households in Arkansas. Non-family households among African-Americans accounted for 36.4 percent of all African-American households. Non-family households among Hispanics accounted for 20.3 percent of all Hispanic households. Most of the non-family households were householder living alone.

Occupation - Employment opportunities in an area and educational levels of the employees make a significant impact on housing affordability and the location choice of residents. Table 1.7, in the Community Profile provides an analysis of occupation data, which indicate that there have been some small shifts in the distribution of occupations between 2000 and 2012. Manufacturing occupations saw a reduction of 5.2 percentage points, falling to 14.2 percent of the workforce. The largest occupation was the Education group with over 23 percent of the workforce. Education also had the largest increase with 3.7 percentage points.

Largest Employers - According to the major employer data as published by the Arkansas Economic Development Commission, the largest employers in Arkansas include the State of Arkansas, Wal-Mart, Tyson Foods, and the federal government with over 7,500 employees each.

Unemployment - The data presented in Table 1.8, of the Community Profile, provide a portrait of the distribution of the unemployed. Unemployment is moderate to severe, with rates ranging from 7.2 percent for Whites to 16.0 percent for African-Americans. According to the US Department of Labor's

Bureau of Labor Statistics, the unemployment rate for Arkansas was 7.4 percent in December 2013. By comparison, the US unemployment rate was 6.7 in December 2013. The American Community Survey data for the 2008 – 2012 period as reported for Arkansas showed an unemployment rate of 8.6 percent for Arkansas.

Household Income - The census data provides the distribution of income across income classes for Whites, African-American, and Hispanics. Overall, the income distribution data show some disparity in Arkansas' income distribution across these populations. The modal income classes, the income classes with the highest number of households, for Whites was the $50,000 to $74,999 category with 18.7 percent of Whites. In comparison, 13.2 of African-American households and 15.7 percent of Hispanic households had incomes in this range. The most frequently reported income class for Hispanics was the $15,000 to $24,999 income range at 19.65 percent and for African-American households it was the less than $10,000 with 18.54 percent of all African-American households. Over 47.7 percent of African-American households earned less than $25,000 per year, compared to 28.1 percent of White households and 35.8 percent of Hispanic households. According to the 2008 - 2012 American Community Survey (ACS) estimates (5-year average), the median household income for White households was $43,752, $26,190 for African-American households, and $23,884 for Hispanic households, compared to $40,112 for the overall state.

Poverty - The poverty data reveals that poverty is disproportionately impacting the African-American and Hispanic communities in the state. The incidence of poverty among African-Americans in Arkansas was 33.7 percent of their total population between 2008 and 2012, and poverty among Hispanics was reported to be 31.9 percent. Among White persons, the data reported 15.3 percent lived in poverty. Concentrations of poverty are found in metropolitan areas and many rural counties, where rates range up to 66 percent by census tract.

Educational Attainment – The analysis of education attainment shows the percentage of the population age 25 or older with less than a high school degree in Arkansas, the percentage of the total population without a high school degree and the percentage by race and ethnicity. The data show a total percentage of the population over 25 years without a high school degree at 16.7 percent. When looking at the distribution by race/ethnicity, the data show a Hispanic rate of 50.8 percent. The White population showed 15.1 percent with less than a high school degree. For African-Americans, the rate was 21.1 percent.

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

- Central Arkansas Transit Authority, Little Rock
- Fort Smith Transit, Fort Smith
- Hot Springs Intra-city Transit, Hot Springs,
- Jonesboro Economical Transportation System, Jonesboro
- Ozark Regional Transit, Springdale
- Pine Bluff Transit, Pine Bluff
- Razorback Transit, Fayetteville
- Texarkana Urban Transit District, Texarkana

Rural systems include:

- Black River Area Development, Pocahontas
- Central Arkansas Development Council/South Central Arkansas Transit, Benton
- Eureka Springs Transit, Eureka Springs
- Mid-Delta Transit, Helena-West Helena
- North Arkansas Transportation Service, Harrison
- Ozark Regional Transit, Springdale

It appears that the public transportation systems provides fairly consistent coverage of both lower income neighborhoods (those areas where residents are more likely to be dependent on public transportation) and employment centers. However, public transportation continues to be limited especially for rural communities. The major weakness noted in the urban areas was limitations in coverage for evening or night shift workers, those leaving or going to work after 7:00 p.m. when most public transportation systems have stopped for the night.

Housing - According to the 2010 Census, the total number of housing units in the State of Arkansas was 1,316,299 with 169,215 or 12.9 percent vacant units. There were 1,173,043 housing units in Arkansas in 2000. This represents a 12.2 percent increase in the number of housing units between 2000 and 2010. In 2010, 58.4 percent were owner-occupied and 28.8 percent were renter-occupied. In Arkansas, 69.9 percent of the units were categorized as single-family detached, 1.7 percent as single-family attached, 6.3 percent contained two to four units, 9.1 percent as multifamily, and 13.0 percent as mobile home or other. The median housing value in the state was $106,300 and the median contract rent was $468 according to the 2008 – 2012 ACS.

Fair Housing Law, Municipal Policies and Complaint Analysis

The State of Arkansas has enacted substantially equivalent fair housing law. The State of Arkansas Fair Housing Commission directs fair housing enforcement efforts statewide. This agency is also responsible for conducting public education, training and outreach of fair housing rights and remedies in Arkansas.

The Regional HUD Office in Fort Worth, Texas conducts investigations of fair housing complaints that are reported directly to their office. Arkansas is part of HUD's five state Region VI that includes Arkansas, Louisiana, New Mexico, Oklahoma, and Texas. Fair housing complaint data was received from the U.S. Department of HUD providing a breakdown of complaints filed for the State of Arkansas from January 1, 2009 through March 31, 2013. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) regional office in Fort Worth, Texas. Eight hundred fifteen (815) complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race.

The FY 2013 – 2014 Annual Action Plan submitted to HUD indicated the State of Arkansas received approximately $26,448,238 in Entitlement funding for FY 2013 – 2014, and anticipated a total budget of $29,448,238 including program income.

$	16,382,141	CDBG
$	7,565,698	HOME
$	3,000,000	CDBG-and HOME PROGRAM INCOME
$	1,967,063	ESG
$	533,236	HOPWA
$	29,448,238	TOTAL

Community Engagement and Focus Groups, Fair Housing Index, Home Mortgage Disclosure Act Analysis

Fair housing choice within the State of Arkansas encounters a number of impediments, as identified through community engagement process, and the construction of a fair housing index and analysis of the Home Mortgage Disclosure Act (HMDA) data for Arkansas.

Focus Groups and Community Engagement

Five Fair Housing Focus Group sessions were held on April 3rd in Little Rock, Arkansas; April 4th in Springdale, Arkansas; April 10th in Dumas, Arkansas; April 14th in Arkadelphia, Arkansas; and April 15th in Jonesboro, Arkansas. The five sessions were conducted by the Arkansas Economic Development Commission

(AEDC) with entitlement program overviews and budget projections for 2013 – 2014 provided by AEDC, Arkansas Development Finance Authority (ADFA), Arkansas Department of Human Services (ADHS), and Arkansas Department of Health (ADH). JQUAD Planning Group provided consultation and training on the development of the Analysis of Impediments to Fair Housing. Supplemental interviews were conducted and information and input received from various state and local government agencies. We also acknowledge the participation of representatives from the local city and county jurisdictions, banking and mortgage institutions, housing development, non-profit, social services, business and real estate industries. Participants attending the focus groups voiced their concerns relating to fair housing choice and actions or policy they perceive as impediments. Section Three of this report details the input received during the community participation process.

Home Mortgage Disclosure Act Analysis (HMDA) - In Arkansas, the least success in borrowing was found in the refinance loan sector, given the number of applications submitted, and the highest success was found in home purchase loan sector, particularly in government – backed loans. Home purchase loans were the most frequent loan type, edging out refinance loans.

Overall, the origination rates among Whites were higher than minorities in home purchase, home Improvement and refinance loans in the State. Though, Hispanics and African-Americans accounted for the second and third highest number of applications after Whites, respectively, the percentage of loan originations for both were significantly lower compared to their percentage in population in the State. Applicants' poor credit history or higher debt-to-income ratios accounted for the highest percentage of loan denials among all races and ethnicities. The Section Four HMDA Analysis is based on a review of Federal Financial Institutions Examination Council (FFIEC) data for home mortgage activity from the federal agencies that regulate the home mortgage industry. The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose.

Section Five of the report, the **Fair Housing Index**, highlights geographic areas indicating a concentration of attributes prevalent in fair housing issues. The census tracts designated as having Moderate to High Risk of fair housing related problems are concentrated in the central parts of metropolitan areas and in rural areas along the Mississippi River.

Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP/ECAP) - The U. S. Department of HUD has defined "Areas of Poverty, Racial and Ethnic Concentration and Segregation (RCAP/ECAP) – as census tracts comprised of 50% or greater minority population and 3 times or more the poverty level of the MSA and generally lacking the basic amenities and failing to provide a quality of life expected and desired for any. The goal of de-concentration would be to achieve minority concentrations and poverty level less than defined above and to transform these areas of concentration into "Opportunity Areas". Opportunity Areas – areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. The Map on page 38 of the Community Profile depicts the census tract defined as concentrated and segregated in the State of Arkansas.

Poverty is disproportionately impacting the African-American and Hispanic communities in the state. Concentrations are found in metropolitan areas and many rural counties, where rates range up to 66 percent by census tract. Poverty calculations place the poverty threshold for the RCAP/ECAP criteria for the state at 40%. The census tracts within the State of Arkansas that are comprised of 50 percent or greater minority population and 40 percent and greater poverty rate are in Jefferson, Chloot, Phillips, Craighead, Crittenden, and Desha Counties. In addition to poverty, racial and ethnic concentrations and segregation, these areas contain housing units in very poor condition and neighborhood conditions and infrastructure that is in need of improvement in order for conditions to be reversed and become areas of opportunity.

Impediments to Fair Housing Choice

Impediments to fair housing choice are detailed in Section Six of this report. This section draws on the information collected and analyzed in previous sections to provide a detailed analysis of fair housing impediments in Arkansas. Five major categories of impediments were analyzed: Real Estate Impediments; Public Policy Impediments; Neighborhood Conditions as Impediments; Banking, Finance, and Insurance Related Impediments; and Socioeconomic Impediments. For each impediment identified, issues and impacts are detailed. Remedial actions are recommended to address each impediment. Some of the remedial actions recommended in this section are conceptual frameworks for addressing impediments. These actions will require further research, analysis, and final program design by the State of Arkansas for implementation.

The Analysis of Impediments identified impediments related to **real estate market conditions as impediments**: a lack of affordability and insufficient Income; **public policy related impediments**: a lack of public awareness of fair housing rights; **banking, finance, insurance and other Industry related impediments:** large numbers of foreclosures in the real estate market; predatory lending; **socio-economic impediments:** poverty and low-income; and **neighborhood conditions related impediments:** Limited resources to assist lower income, elderly and indigent homeowners maintain their homes; concentrated poverty /lower income, and ethnic and racial segregation; and poor housing conditions and a lack of stability in neighborhoods.

Remedial Activities Designed To Address Impediments - The major focus of the recommended remedial actions is centered on creating partnerships, identifying new federal, state, city and private resources and leveraging entitlement funds needed to enhance the jurisdiction's ability to increase its supply of affordable housing and better meet the needs of low-income and moderate-income households. The details of the identified impediments and remedial actions are presented in Section Six of the report.

Section 1: Community Profile

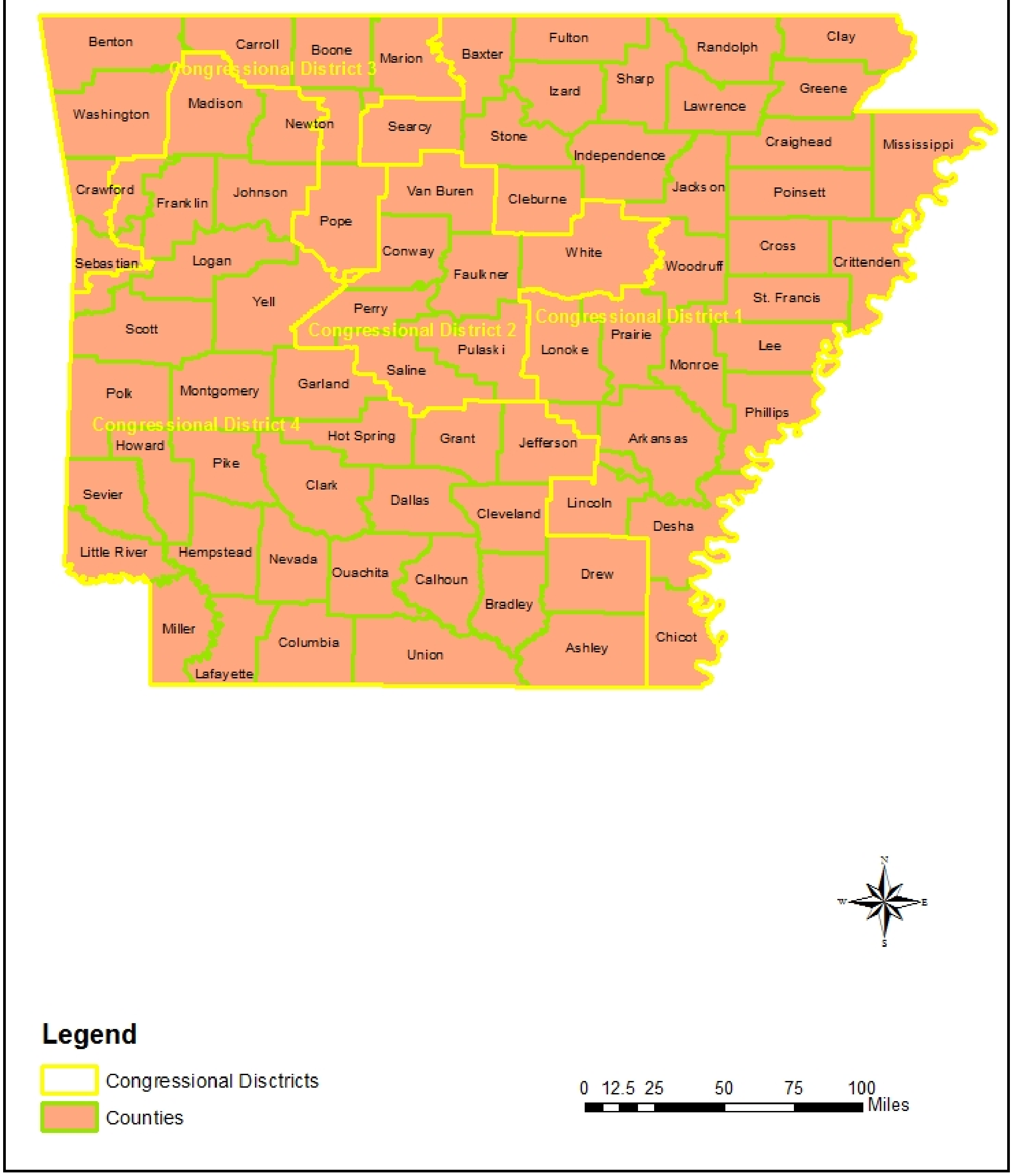
Introduction

The Community Profile is a review of demographic, income, employment, and housing data of the State of Arkansas. The data were gathered from 2008 - 2012 American Community Survey (ACS) 5-Year estimates; 1990, 2000, and 2010 U.S. Census; and other sources. The following sections provide an analysis of the current status of the state of Arkansas:

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

Detailed analyses will concentrate on the three major ethnic groups in the State of Arkansas: White, African-American, and Hispanics. All other ethnic groups are smaller in number and percentage and, therefore, the results of their analysis will not be presented in detail. The analysis is supported with tables and maps provided for reference. While most of the data presented in the tables and maps are directly referenced in the text, there may be some cases where additional information was included for the reader’s benefit, though not specifically noted in the text.

Map 1.1: Base Map



1.1. Demographics

The demographic analysis of Arkansas concentrates on the magnitude and composition of the population and changes that occurred between 2000 and 2010. Please note that the attached maps present data by census tract with an overlay of counties and congressional districts for the State of Arkansas. For reference, Map 1.1, on the previous page, provides a visual representation of the State of Arkansas for comparison with thematic maps below.

Race/Ethnicity

The population of Arkansas increased by nine percent between 2000 and 2010.

According to the 2010 Census, the population of Arkansas was 2,673,400, Table 1.1, to the right, shows that the state's population increased by 242,518 or 9.07 percent between 2000 and 2010. The population of Arkansas is estimated to have increased by 0.02 percent between 2010 and 2012. Chart 1.1, below, shows population growth in Arkansas since 1950.

Table 1.1

Population Growth of Arkansas (1950 - 2012)

Census	Population	Change	% Change
1950	1,909,511		
1960	1,786,272	-123,239	-6.45%
1970	1,923,322	137,050	7.67%
1980	2,286,435	363,113	18.88%
1990	2,350,725	64,290	2.81%
2000	2,673,400	322,675	13.73%
2010	2,915,918	242,518	9.07%
2012	2,916,372	454	0.02%

In Arkansas, the largest racial group in 2010 was White, with about 77 percent of the population, but showing a steady decline from about 83 percent of the population in 1990, though growing in total numbers. African-Americans were 15.4 percent of the total and have remained relatively steady in percentage while

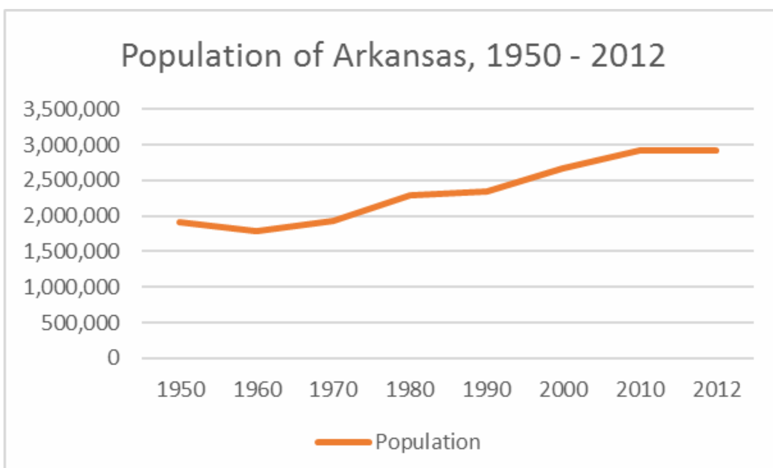


Chart 1.1: Population Growth

growing to numbers since 1990. The Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity. Hispanics represented 6.4 percent of the population of Arkansas in 2010, having grown by 114 percent since 2000. Between 1990 and 2010, the Hispanic population grew from less than 20,000 to over 186,000. These data are shown on the following page in Table 1.2 and the distribution of population is illustrated in Chart 1.2.

The White population was 77 percent of the total population in Arkansas in 2010. About 15 percent of the population of Arkansas was African-American.

There was a 91 percent increase in the Asian and Pacific Islander population between 2000 and 2010, but they accounted for only 1.4 percent of the total population of the state in 2010.

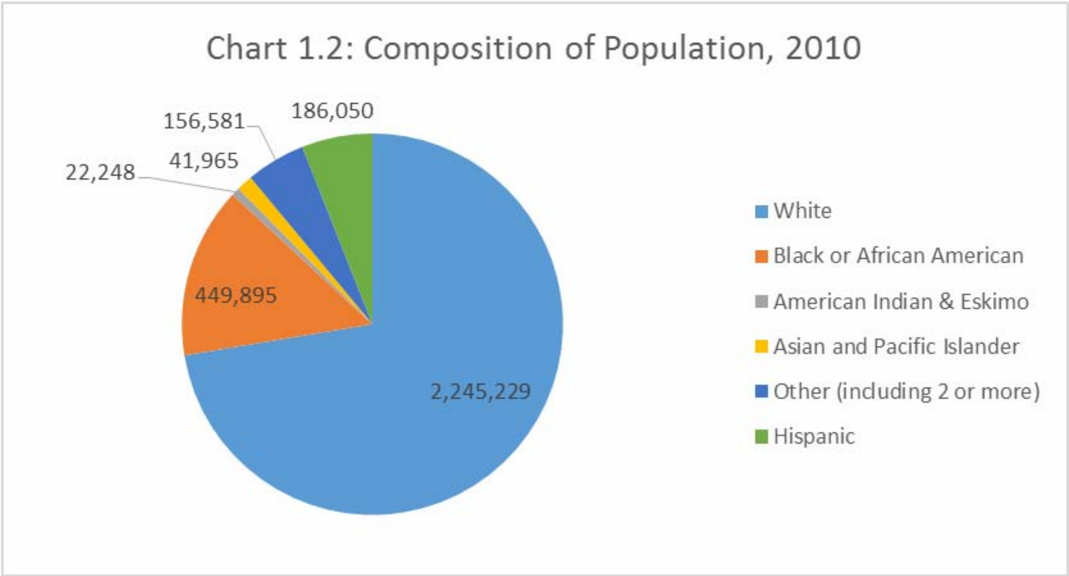
Maps 1.2 through 1.4, starting on page 6, indicate spatial concentrations of the African-American, Hispanic, and Asian populations within Arkansas.

Table 1.2

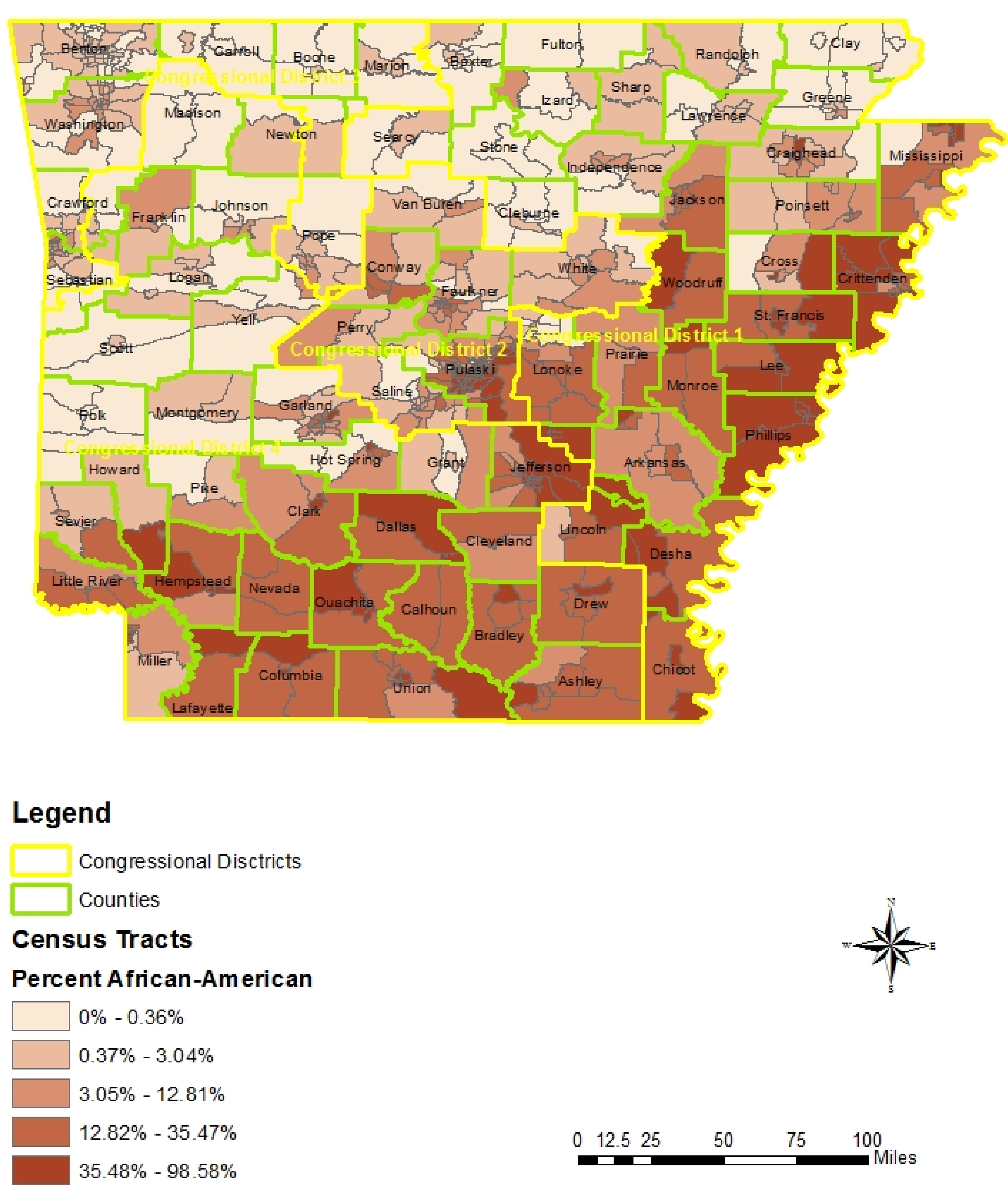
Total population by race for Arkansas, 1990, 2000, and 2010.

Race	1990	2000	2010	% Change	% Change	% Total Population		
				1990-2000	2000-2010	1990	2000	2010
White	1,944,744	2,138,598	2,245,229	9.97%	4.99%	82.73%	80.00%	77.00%
Black or African American	373,912	418,950	449,895	12.05%	7.39%	15.91%	15.67%	15.43%
American Indian & Eskimo	12,773	17,808	22,248	39.42%	24.93%	0.54%	0.67%	0.76%
Asian and Pacific Islander	12,530	21,888	41,965	74.68%	91.73%	0.53%	0.82%	1.44%
Other (including 2 or more)	6,766	76,156	156,581	1025.57%	105.61%	0.29%	2.85%	5.37%
Total:	2,350,725	2,673,400	2,915,918	13.73%	9.07%	100.00%	100.00%	100.00%
Hispanic	19,876	86,866	186,050	337.04%	114.18%	0.85%	3.25%	6.38%

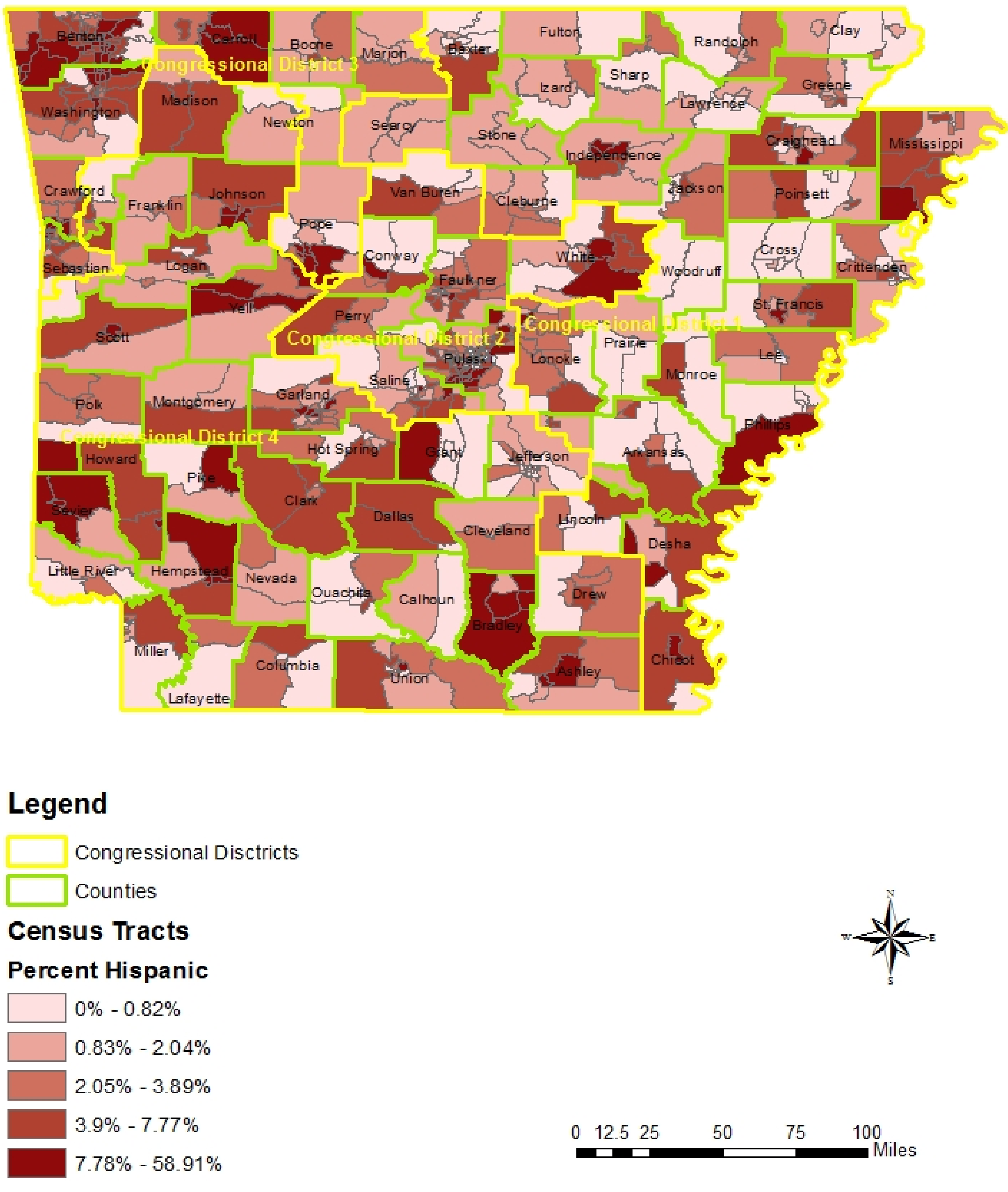
Source: US Census 1990, 2000, and 2010



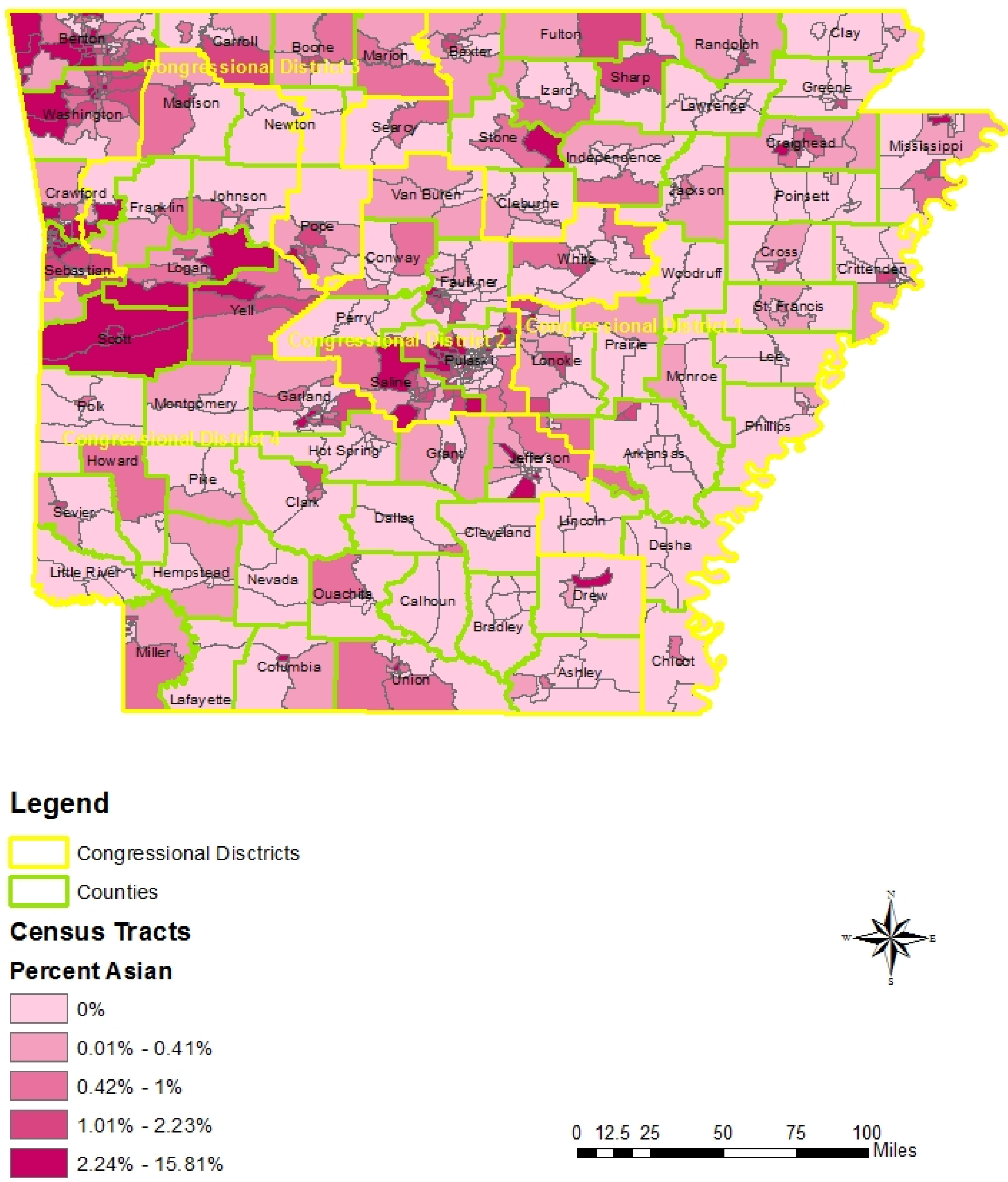
Map 1.2: Percent African-American, 2008 - 2012



Map 1.3: Percent Hispanic, 2008 - 2012



Map 1.4: Percent Asian, 2008 - 2012



Household Structure

> **Thirty-four percent of all Hispanic households in The State of Arkansas were female-headed households, compared to less than 12 percent of White households.**

In many communities including jurisdictions in Arkansas, households face discrimination based on their familial status as reflected in the number of cases filed on that basis under the Federal Fair Housing Act in Arkansas between 2009 and 2014. Among those complaints were a number of complaints based on discrimination against female-headed households and female-headed households with children. Higher percentages of female-headed households with children under the age of 18, sometimes correlates to increased complaints of reported rental property owners' refusing to rent to tenants with children. As shown in Table 1.3, on the following page, the percentage of female-headed households among White households in Arkansas was 10 percent, compared to 31.9 percent in African-American households, and 14.6 percent in Hispanic households. Only 25.9 percent of African-American households were husband/wife family households, compared to 54.3 percent of White households and 54.4 percent of Hispanic households.

Non-family households, defined by HUD as a single occupant household as indicated in the census data, among Whites made up 31.7 percent of all White households in Arkansas. Non-family households among African-Americans accounted for 36.4 percent of all African-American households. Non-family households among Hispanics accounted for 20.3 percent of all Hispanic households. Most of the non-family households were householder living alone.

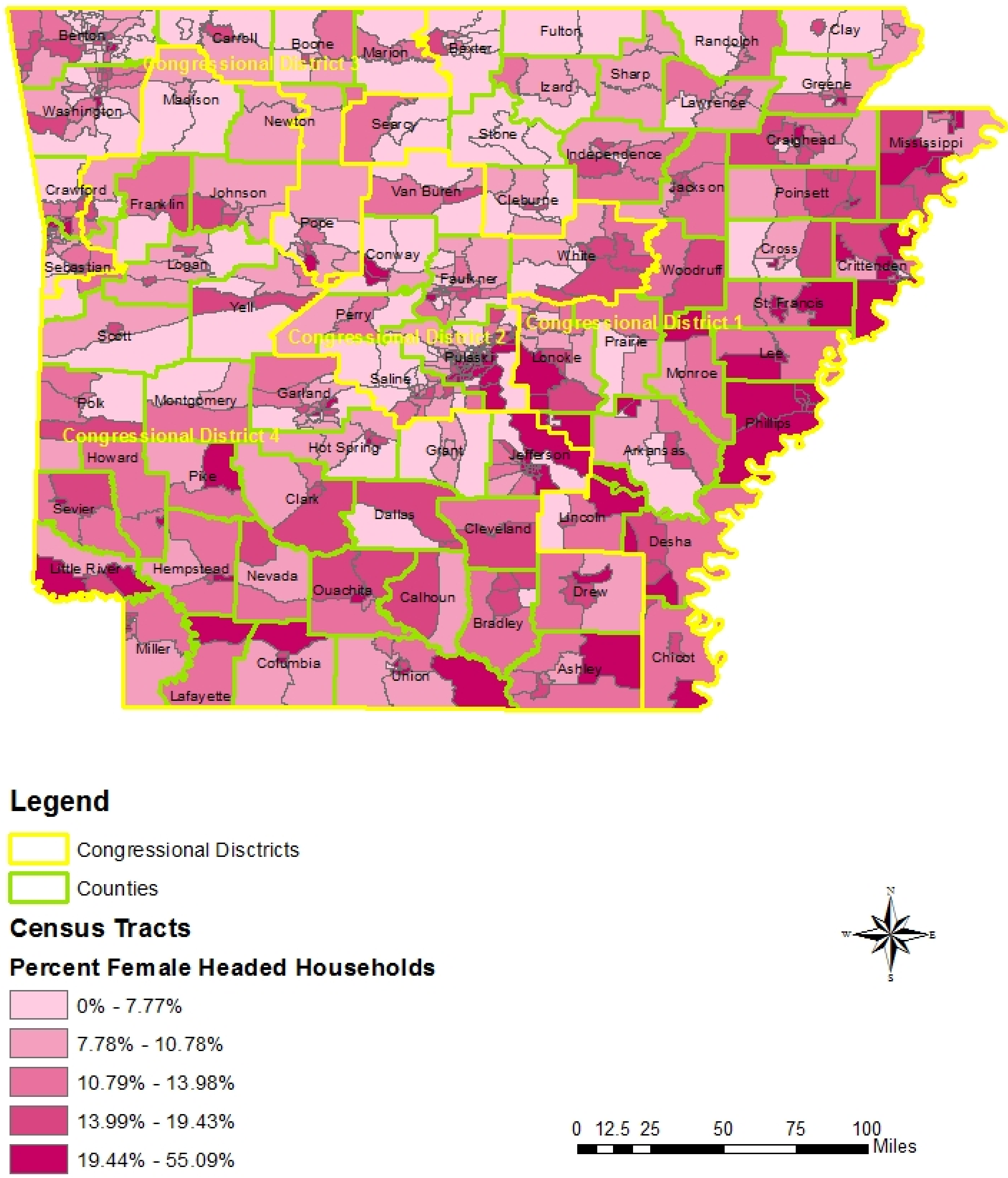
The spatial distribution of female-headed households with children is shown in Map 1.5 on page 11.

Table 1.3
Household structure by race for Arkansas, 2008 – 2012

Household Type	White		African-American		Hispanic	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
Family Households	622,089	68.26%	106,876	64.05%	37,289	79.67%
Husband-wife family	494,348	54.25%	43,265	25.93%	25,482	54.44%
Other family:	127,741	14.02%	62,821	37.65%	11,807	25.23%
Male householder, no wife present	36,346	3.99%	9,569	5.73%	4,999	10.68%
Female householder, no husband present	91395	10.03%	53,252	31.91%	6,808	14.55%
Non-family households:	289,212	31.74%	60,790	36.43%	9,517	20.33%
Householder living alone	246,309	27.03%	54,460	32.64%	6,576	14.05%
Householder not living alone	42,903	4.71%	6,330	3.79%	2,941	6.28%
Total Households	911,301		166,876		46,806	

Source: 2008 - 2012 American Community Survey

Map 1.5: Percent Female Headed Households, 2008 - 2012



1.2. Income

Low-income households tend to be housed in less desirable housing stock and in less desirable areas. Income limitations often prevent those households from moving to areas where local amenities raise the value of the housing. Income plays a very important part in securing and maintaining housing.

Household Income

The data in Table 1.5 and Chart 1.3 on page 13 show the distribution of income across income classes among Whites, African-American, and Hispanics. Overall, the income distribution data show some disparity in Arkansas' income distribution across these populations.

While the modal income category for African-American households was the $15,000 to $24,999 range (18%), over 47.7 percent earned less than $25,000 in 2012 (5-year average) .

Chart 1.3 shows that the modal income classes, the income classes with the highest number of households, for Whites was the $50,000 to $74,999 category with 18.7 percent of Whites. In comparison, 13.2 of African-American households and 15.7 percent of Hispanic households had incomes in this range. The most frequently reported income class for Hispanics was the $15,000 to $24,999 income range at 19.65 percent and for African-American households it was the less than $10,000 with 18.54 percent of all African American households. Over 47.7 percent of African-American households earned less than $25,000 per year, compared to 28.1 percent of White households and 35.8 percent of Hispanic households.

Table 1.4
Median Income for Arkansas, 2008 - 2012

	Median Household Income
Arkansas	$40,112

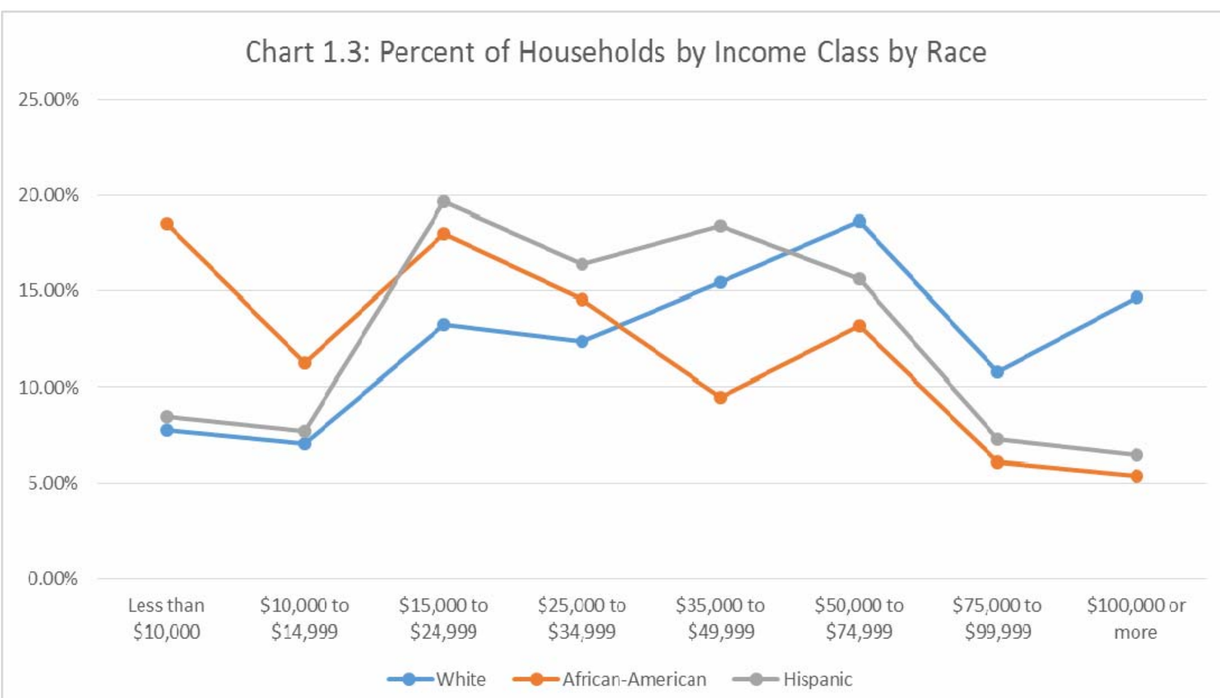
Source: 2008 - 2012 American Community Survey

According to the 2008 - 2012 American Community Survey (ACS) estimates (5-year average), the median household income for White households was $43,752, $26,190 for African-American households, and $23,884 for Hispanic households, compared to $40,112 for the overall state. Map 1.6, on page 14, shows the 5-year average median household income by census tract for Arkansas between 2008 and 2012.

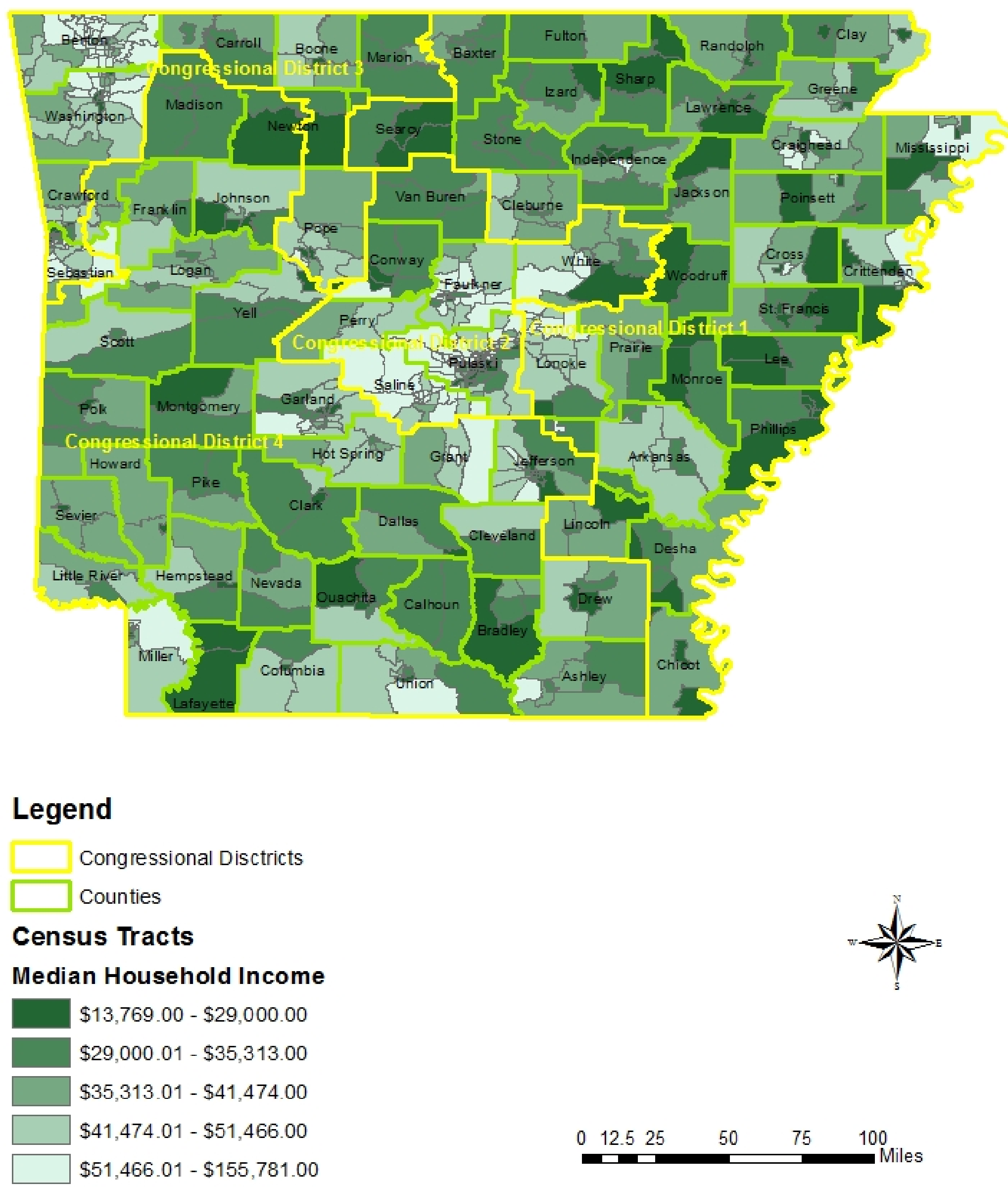
Table 1.5

Households by race by income for Arkansas, 2008 - 2012

Income Class	White		African-American		Hispanic	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
Less than $10,000	70,685	7.76%	30,938	18.54%	3,962	8.46%
$10,000 to $14,999	64,192	7.04%	18,794	11.26%	3,604	7.70%
$15,000 to $24,999	121,020	13.28%	30,024	17.99%	9,199	19.65%
$25,000 to $34,999	112,505	12.35%	24,262	14.54%	7,679	16.41%
$35,000 to $49,999	141,087	15.48%	15,782	9.46%	8,627	18.43%
$50,000 to $74,999	170,267	18.68%	22,002	13.18%	7,326	15.65%
$75,000 to $99,999	97,989	10.75%	10,152	6.08%	3,387	7.24%
$100,000 or more	133,556	14.66%	8,916	5.34%	3,022	6.46%
Total	911,301	100.00%	166,876	100.00%	46,806	100.00%
Median Household Income	$43,752		$26,190		$23,884	



Map 1.6: Median Household Income, 2008 - 2012



Poverty

The poverty data reported in Table 1.6 reveals that poverty is disproportionately impacting the African-American and Hispanic communities in the state. The incidence of poverty among African-Americans in Arkansas was 33.7 percent of their total population between 2008 and 2012, and poverty among Hispanics was reported to be 31.9 percent. Among White persons, the data reported 15.3 percent lived in poverty.

The incidence of poverty among African-Americans was 33.7 percent in Arkansas, compared to 15.3 percent for Whites and 31.7 percent for Hispanics.

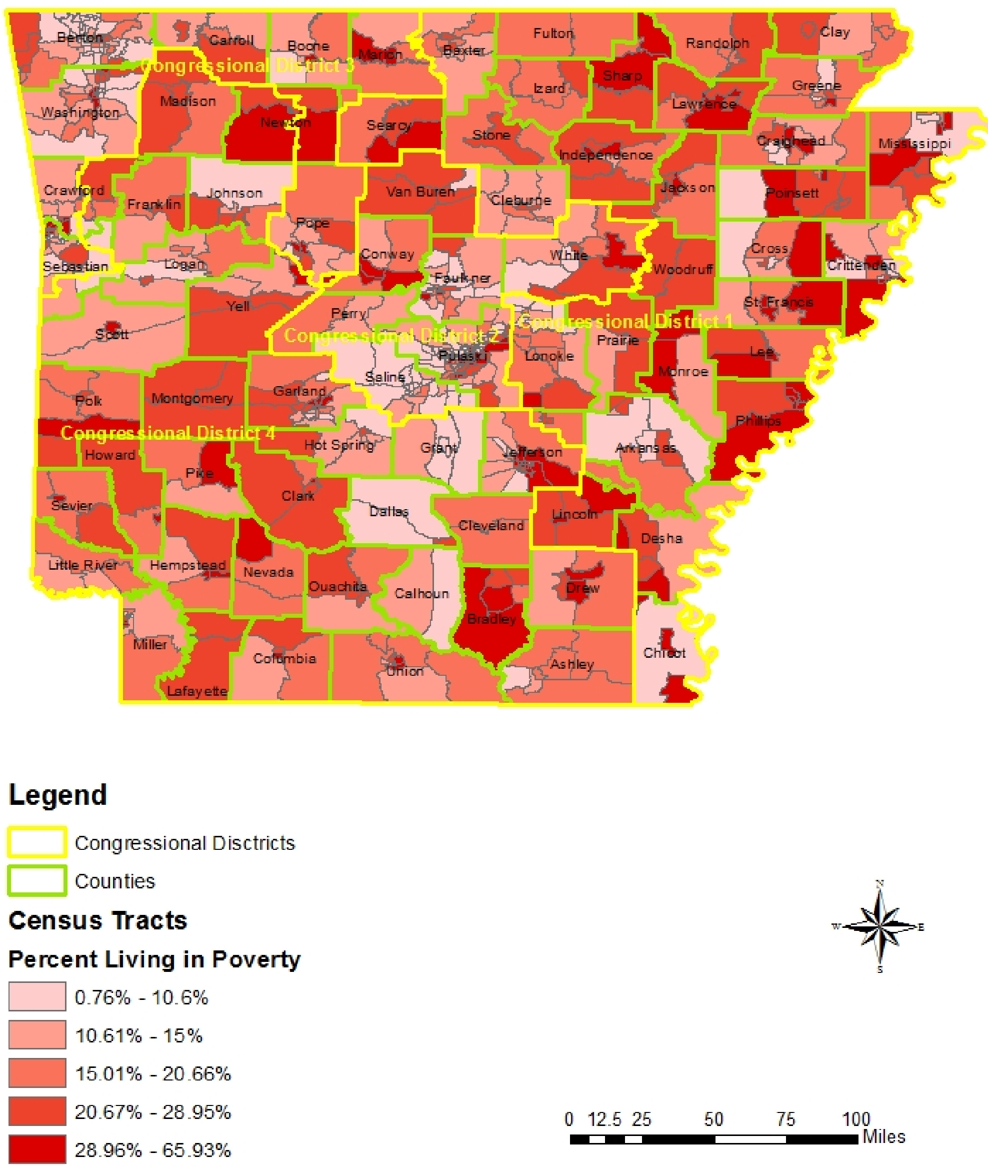
Poverty rates in Arkansas are shown on page 16 in Map 1.7. Concentrations are found in metropolitan areas and many rural counties, where rates range up to 66 percent by census tract.

Table 1.6
Poverty Status by race for Arkansas, 2008 - 2012

Age Group	White		African-American		Hispanic	
	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty
Under 5 Years	33,723	24.82%	19,115	52.63%	10,818	44.37%
5 Years	6.393	23.08%	3,651	48.08%	1,918	40.67%
6 to 11 Years	35,646	21.08%	21,368	48.71%	10,160	40.77%
12 to 17 Years	29,926	17.86%	17,267	38.68%	6,051	31.35%
18 to 64 Years	199,804	14.63%	74,602	28.35%	28,041	27.00%
65 to 74 Years	15,702	7.60%	4,568	21.93%	467	16.94%
75 Years and Over	18,907	12.21%	4,733	31.21%	295	21.98%
Total	340,101	15.27%	145,304	33.67%	57,750	31.86%

Source: Five-Year Estimates, 2008 - 2012 American Community Survey

Map 1.7: Percent Living in Poverty, 2008 - 2012



1.3. Employment

Occupation

Employment opportunities in an area and educational levels of the employees make a significant impact on housing affordability and the location choice of residents. Table 1.7, below, provides a look at occupation data, which indicate that there have been some small shifts in the distribution of occupations between 2000 and 2012. Manufacturing occupations saw a reduction of 5.2 percentage points, falling to 14.2 percent of the workforce. The largest occupation was the Education group with over 23 percent of the workforce. Education also had the largest increase with 3.7 percentage points.

Manufacturing occupations fell by 5.2 percentage points, while Education services grew by 3.7 percentage points.

Small increases were seen in Professional, etc. (1.4 percentage point increase) and Arts and Entertainment (1.3 percentage point increase).

Table 1.7
Occupation of employed persons for Arkansas, 2000 and 2008 - 2012 (5-Year Average)

Industry	2000	2008-2012 Average	Percentage Point Change
Agriculture, forestry, fishing and hunting, and mining	3.7%	3.3%	-0.4%
Construction	7.0%	7.0%	0.0%
Manufacturing	19.4%	14.2%	-5.2%
Wholesale trade	3.3%	2.7%	-0.6%
Retail trade	13.0%	13.3%	0.3%
Transportation and warehousing, and utilities	5.9%	5.5%	-0.4%
Information	2.2%	1.7%	-0.5%
Finance and insurance, and real estate and rental and leasing	4.8%	5.0%	0.2%
Professional, scientific, and management, and administrative and waste management services	5.4%	6.8%	1.4%
Educational services, and health care and social assistance	19.6%	23.3%	3.7%
Arts, entertainment, and recreation, and accommodation and food services	6.3%	7.6%	1.3%
Other services, except public administration	5.0%	4.8%	-0.2%
Public administration	4.3%	4.7%	0.4%

Source: 2010 US Census and Five-Year Estimates, 2008 - 2012 American Community Survey

Unemployment

The data presented in Table 1.8, below, provide a portrait of the distribution of the unemployed. Looking at the table, unemployment looks moderate to severe, with rates ranging from 7.2 percent for Whites to 16.0 percent for African-Americans. According to the US Department of Labor's Bureau of Labor Statistics, the unemployment rate for Arkansas was 7.4 percent in December 2013. By comparison, the US unemployment rate was 6.7 in December 2013. The American Community Survey data for the 2008 – 2012 period as reported for Arkansas in the table, showed an unemployment rate of 8.6 percent for Arkansas. Map 1.8, on page 20, shows the distribution of unemployment in Arkansas by census tract.

The unemployment rate in Arkansas as of December 2013 was 7.4 percent.

Table 1.8
Employment Status by Race for Arkansas, 2008 - 2012

Employment Status	White		African-American		Hispanic		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In Labor Force:	1,099,194	60.0%	199,909	58.9%	82,972	71.1%	1,377,211	60.3%
In Armed Forces	5,669	0.6%	657	0.3%	461	0.6%	6,788	0.5%
Civilian:	1,093,041	99.4%	199,252	99.7%	82,511	99.4%	1,370,423	99.5%
Employed	1,014,610	92.8%	167,410	84.0%	76,434	92.6%	1,253,069	91.4%
Unemployed	78,915	7.2%	31,842	16.0%	6,077	7.4%	117,354	8.6%
Not in Labor Force	733,612	40.0%	134,165	40.1%	33,755	28.9%	908,117	39.7%
Total	1,832,806	100.0%	334,074	100.0%	116,727	100.0%	2,285,328	100.0%

Source: Five-Year Estimates, 2008 - 2012 American Community Survey

Educational Attainment

Looking at education, Table 1.9 on page 19 shows the percentage of the population aged 25 or older with less than a high school degree in Arkansas. The second column shows the percentage of the total population without a high school degree and the remaining three columns show the percentage by race. The data show a total percentage of the population over 25 years without a high school degree at 16.7 percent. When looking at the distribution

Over 50 percent of Hispanics over the age of 25 had less than a high school degree.

by race/ethnicity, the data show a Hispanic rate of 50.8 percent. The White population showed 15.1 percent with less than a high school degree. For African-Americans, the rate was 21.1 percent.

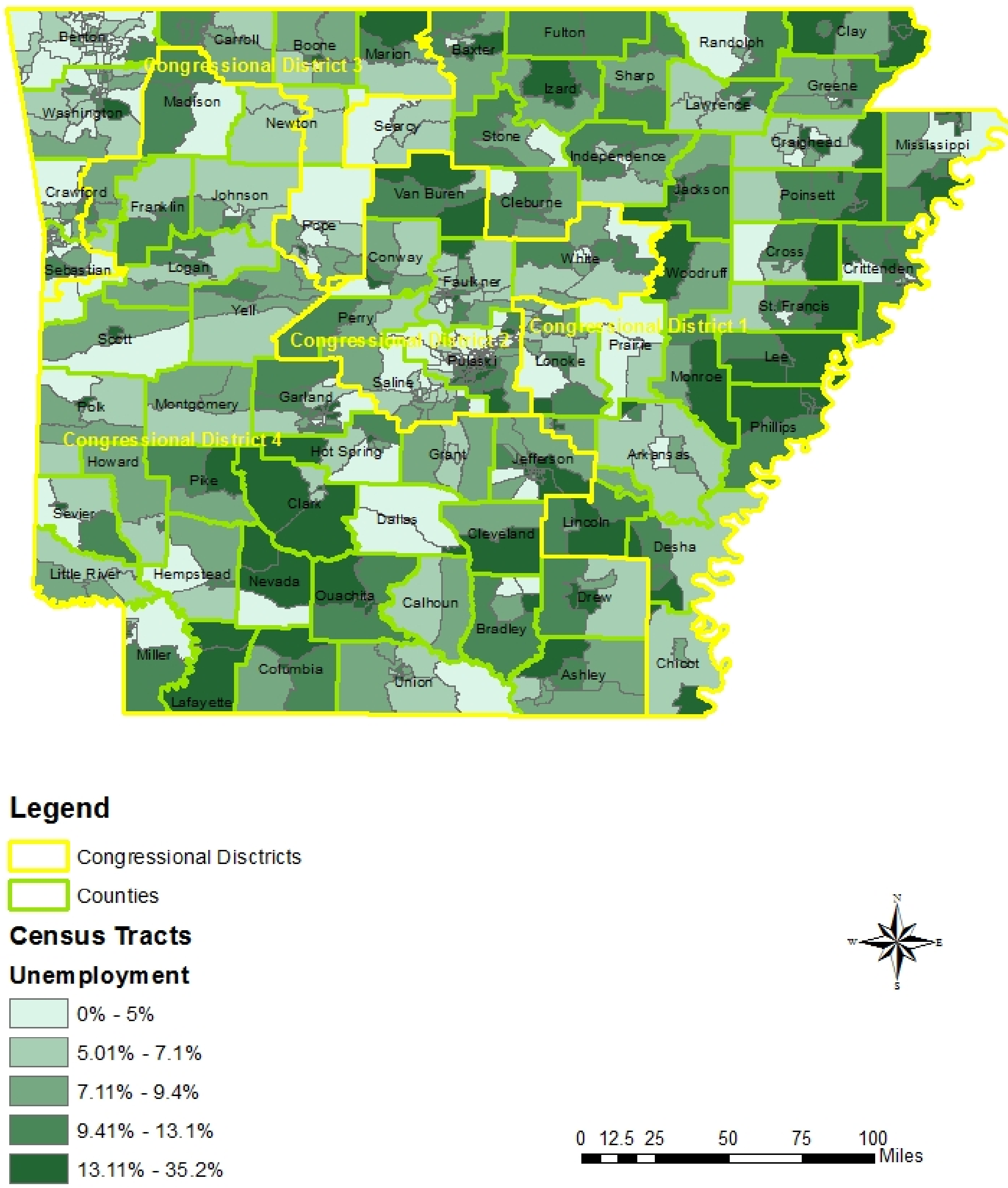
Table 1.9
Less than High School Degree for Arkansas, 2008 - 2012

	% Less than High School Degree	White % Less HS	Black % Less HS	Hispanic % Less HS
Arkansas	16.7%	15.1%	21.1%	50.8%

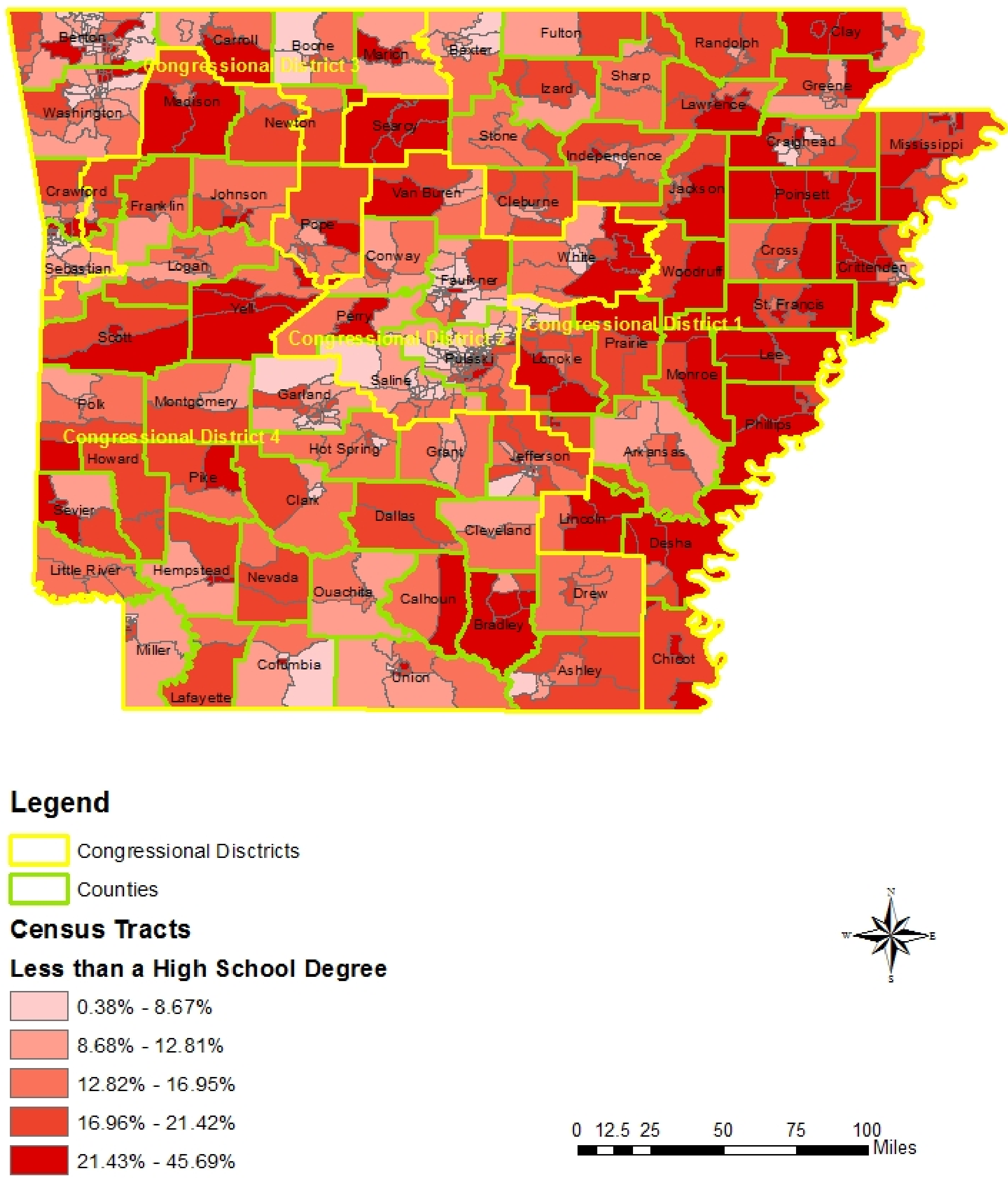
Source: Five-Year Estimates, 2008 - 2012 American Community Survey

Map 1.9 on page 21 shows the percentage of less than high school degree by census tract in Arkansas.

Map 1.8: Unemployment Rate, 2008 - 2012



Map 1.9: Less than a High School Degree, 2008 - 2012



Largest Employers

According to the major employer data as published by the Arkansas Economic Development Commission, the largest employers in Arkansas include the State of Arkansas, Wal-Mart, Tyson Foods, and the federal government with over 7,500 employees each. A list of the largest employers is included below as Table 1.10.

The largest employer in Arkansas was the State of Arkansas with over 7,500 employees, with health care facilities and transportation making up five of the top ten employers.

Table 1.10
Major Employers, Arkansas

COMPANY	LOCATION	EMPLOYMENT RANGE
State of Arkansas	Various facilities statewide	7,500+
Wal-Mart Stores, Inc.	Bentonville	7,500+
Tyson Foods, Inc.	Springdale	7,500+
Federal Government	Various facilities statewide	7,500+
Baptist Health, Inc.	Little Rock	5,000 – 7,499
Sisters of Mercy Health System	Various facilities statewide	2,500 – 4,999
Arkansas Children's Hospital	Little Rock	2,500 – 4,999
J.B. Hunt Transport Services, Inc.	Lowell	2,500 – 4,999
The Kroger Company	Various facilities statewide	2,500 – 4,999
Union Pacific Railroad	Various facilities statewide	2,500 – 4,999
Arvest Bank Group, Inc.	Bentonville	2,500 – 4,999
FedEx Corporation.	Various facilities statewide	2,500 – 4,999
USA Truck, Inc.	Van Buren	2,500 – 4,999
Community Health Systems, Inc.	Various facilities statewide	2,500 – 4,999
St. Vincent Infirmary Medical Center	Little Rock	2,500 – 4,999
Entergy Corporation	Various facilities statewide	2,500 – 4,999
Harp's Food Stores, Inc.	Springdale	2,500 – 4,999
Dillard's, Inc.	Little Rock	2,500 – 4,999
Simmons Foods, Inc.	Siloam Springs	2,500 – 4,999
PAM Transportation Services, Inc.	Tontitown	2,500 – 4,999
Lowe's Companies, Inc.	Various facilities statewide	2,500 – 4,999

Source: Arkansas' Largest Employers, 2012, Arkansas Economic Development Commission

1.4. Public Transportation

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

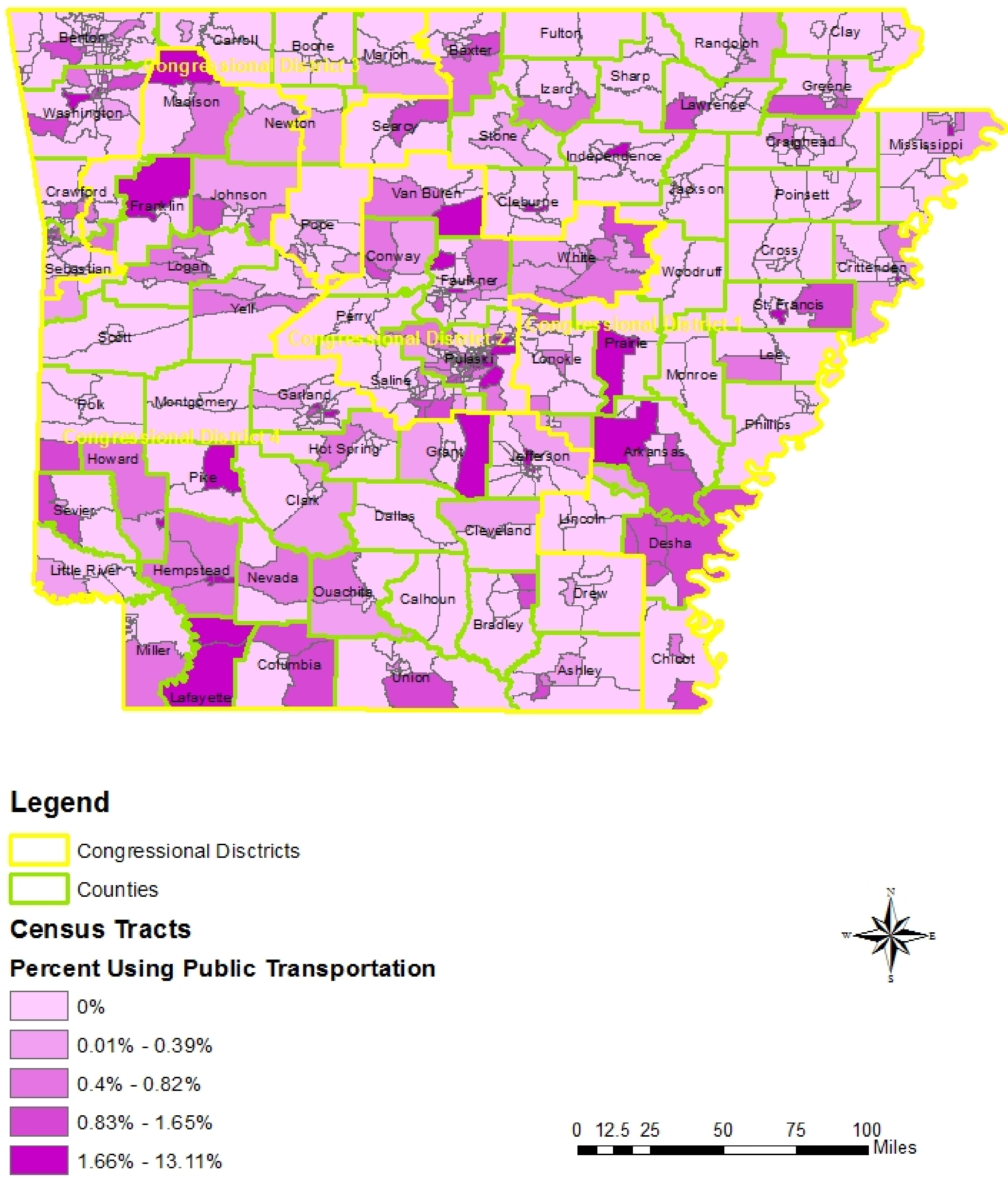
- Central Arkansas Transit Authority, Little Rock
- Fort Smith Transit, Fort Smith
- Hot Springs Intracity Transit, Hot Springs,
- Jonesboro Economical Transportation System, Jonesboro
- Ozark Regional Transit, Springdale
- Pine Bluff Transit, Pine Bluff
- Razorback Transit, Fayetteville
- Texarkana Urban Transit District, Texarkana

Rural systems include:

- Black River Area Development, Pocahontas
- Central Arkansas Development Council/South Central Arkansas Transit, Benton
- Eureka Springs Transit, Eureka Springs
- Mid-Delta Transit, Helena-West Helena
- North Arkansas Transportation Service, Harrison
- Ozark Regional Transit, Springdale
- Southeast Arkansas Transit, Pine Bluff

Map 1.10 on page 24 provides a view of the distribution of transit users across the state, with participation ranging up to 13 percent when viewed by census tract.

Map 1.10: Percent Using Public Transportation, 2008 - 2012



1.5. Housing

Tenure

> **The number of housing units in Arkansas grew by 12.2 percent between 2000 and 2010.**

According to the 2010 Census, the total number of housing units in the state of Arkansas was 1,316,299 with 169,215 or 12.9 percent vacant units. As shown in Table 1.11, below, there were 1,173,043 housing units in Arkansas in 2000. This represents a 12.2 percent increase in the number of housing units between 2000 and 2010. In 2010, 58.4 percent were owner-occupied and 28.8 percent were renter-occupied. The median housing value in the state was $106,300 and the median contract rent was $468 according to the 2008 – 2012 ACS.

Table 1.11
Tenure for housing in Arkansas, 2000 and 2010

Tenure	2000		2010	
	Number	Percent	Number	Percent
Owner-occupied	723,458	61.67%	768,156	58.36%
Renter-occupied	319,238	27.21%	378,928	28.79%
Vacant	130,347	11.11%	169,215	12.86%
Total	1,173,043	100.0%	1,316,299	100.0%

Source: 2000 and 2010 US Census

Looking at tenure by race as shown in Table 1.12, over 71 percent of White households lived in owner-occupied housing, compared to 46 percent of African-American households and 48 percent of Hispanic households. Census data revealed that African-American and Hispanic owner households were below the state average of 58.4 percent in 2010.

Table 1.12
Tenure by Race in Arkansas, 2008 - 2012

Tenure by Race	Owner-Occupied		Renter-occupied	
	Number	Percent	Number	Percent
White	653,712	71.7%	257,589	23.3%
African-American	77,040	46.2%	89,836	53.8%
Hispanic	22,773	48.7%	24,033	51.3%

Source: Five-Year Estimates, 2008 - 2012 American Community Survey

Housing Type

Table 1.13, below, shows that of all housing units in Arkansas, 69.9 percent were categorized as single-family detached, 1.7 percent as single-family attached, 6.3 percent contained two to four units, 9.1 percent as multifamily, and 13.0 percent as mobile home or other.

Almost 70 percent of housing units in Arkansas were single-family detached.

Table 1.13
Housing type for Arkansas, 2008 - 2012

Units in Structure	Number	Percent
Single-family Detached	920,349	69.89%
Single-family Attached	22,185	1.68%
2-4 Units	83,392	6.33%
Multifamily	119,811	9.10%
Mobile Home or Other	171,137	13.00%
Total	1,316,874	100.0%

Source: Five-Year Estimates, 2008 - 2012 American Community Survey

Age of Housing

As shown on Table 1.14, below, 10.1 percent of all housing units in the Arkansas were built prior to 1950, 8.0 percent were built between 1950 and 1959, 11.5 percent were built between 1960 and 1969, 19.5 percent were built between 1970 and 1979, and 55.5 percent were built after 1979. About 45 percent of the housing stock is more than 30 years old, built prior to 1980. These units may contain lead-based paint or likely to be in need of repairs and maintenance.

Over 45 percent of housing units in are more than 30 years old. These housing units may contain lead-based paint or likely to be in need of repairs and maintenance.

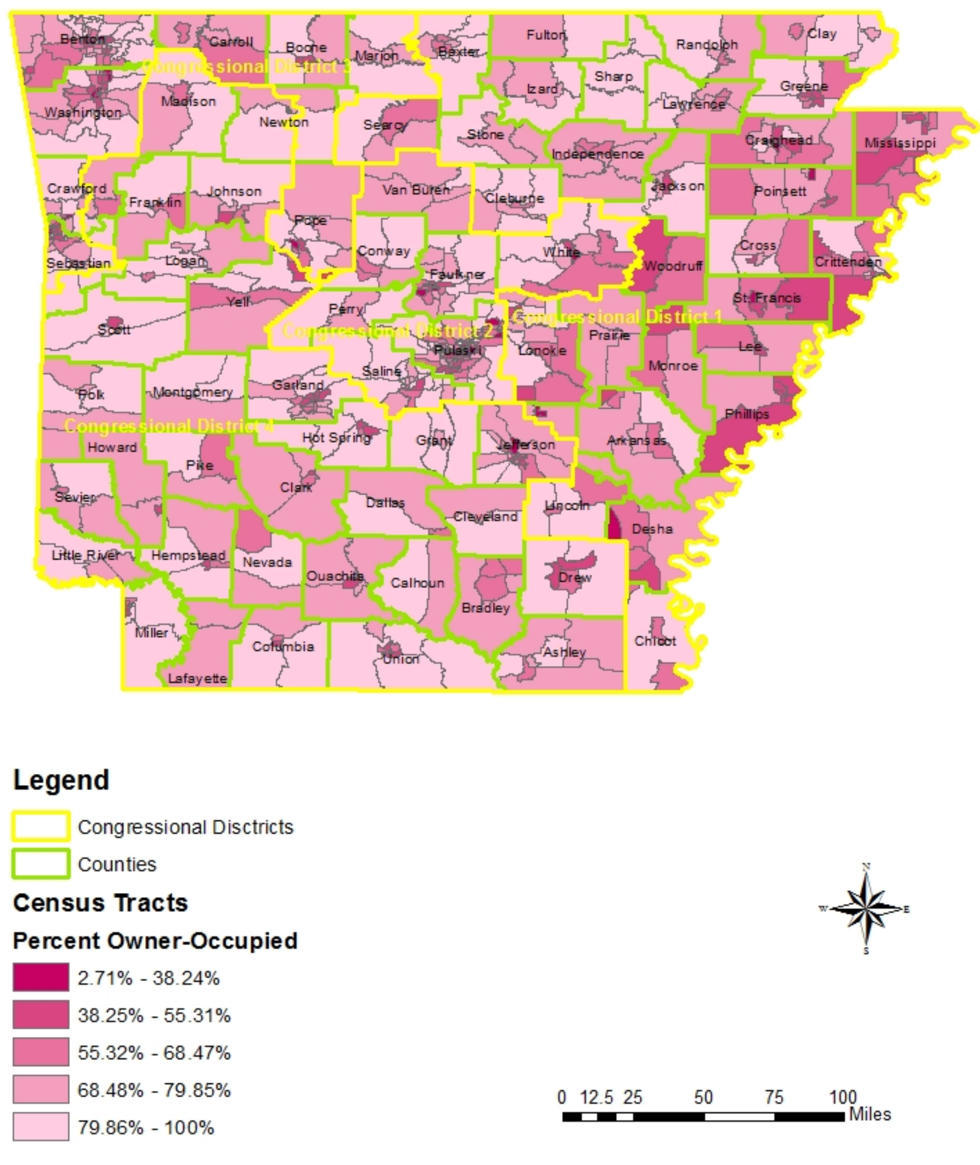
Maps 1.11, on page 27, and Map 1.12, on page 28, indicate the distribution of owner- and renter-occupied housing across Arkansas. Map 1.13, on page 29, shows the distribution of the oldest housing stock in the state. Maps 1.14 and 1.15, on pages 30 and 31, provide a geographic depiction of the distribution of housing values and rents across the state. Maps 1.16, 1.17, and 1.18 show single-family, multifamily and mobile home distributions.

Table 1.14
Age of Housing Stock in Arkansas, 2008 - 2012

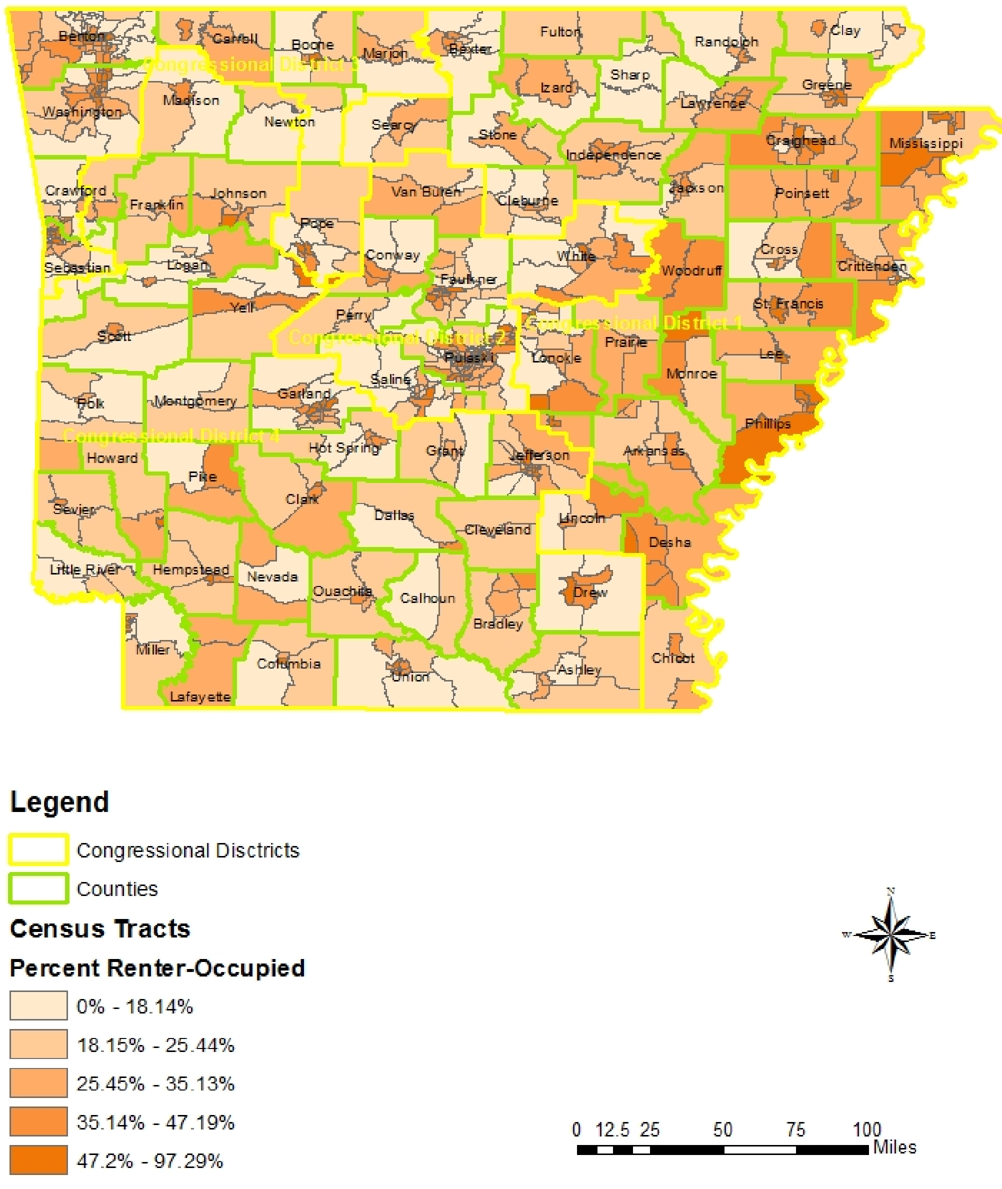
Year Built	Number	Percent
Built 2010 or Later	6,540	4.97%
Built 2000 to 2009	211,525	16.06%
Built 1990 to 1999	239,154	18.16%
Built 1980 to 1989	215,234	16.34%
Built 1970 to 1979	256,207	19.46%
Built 1960 to 1969	150,744	11.45%
Built 1950 to 1959	105,149	7.98%
Built 1940 to 1949	60,454	4.59%
Built 1939 or Earlier	71,867	5.46%
Total	1,316,874	100.0%

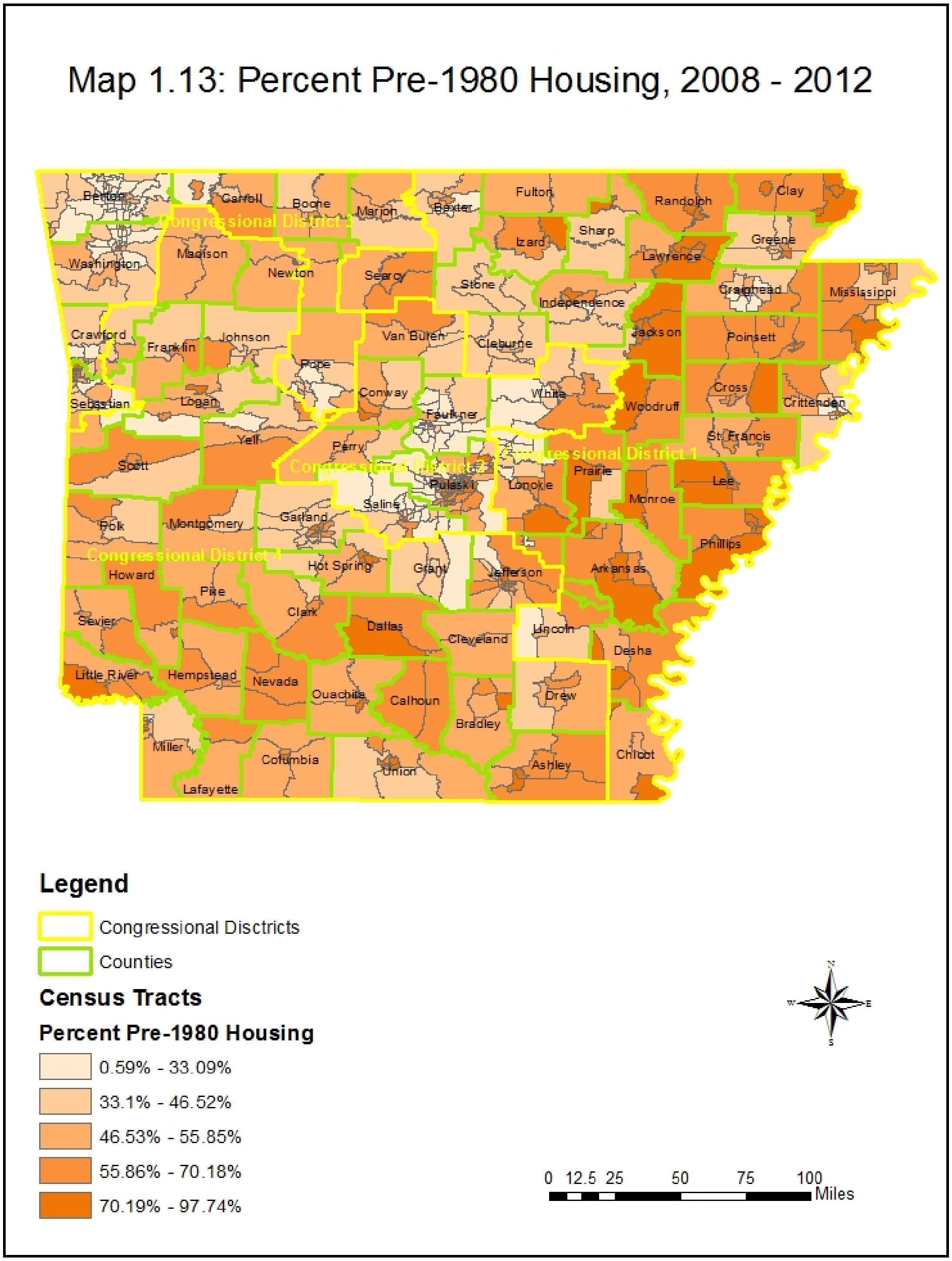
Source: Five-Year Estimates, 2008 - 2012 American Community Survey

Map 1.11: Percent Owner-Occupied, 2008 - 2012

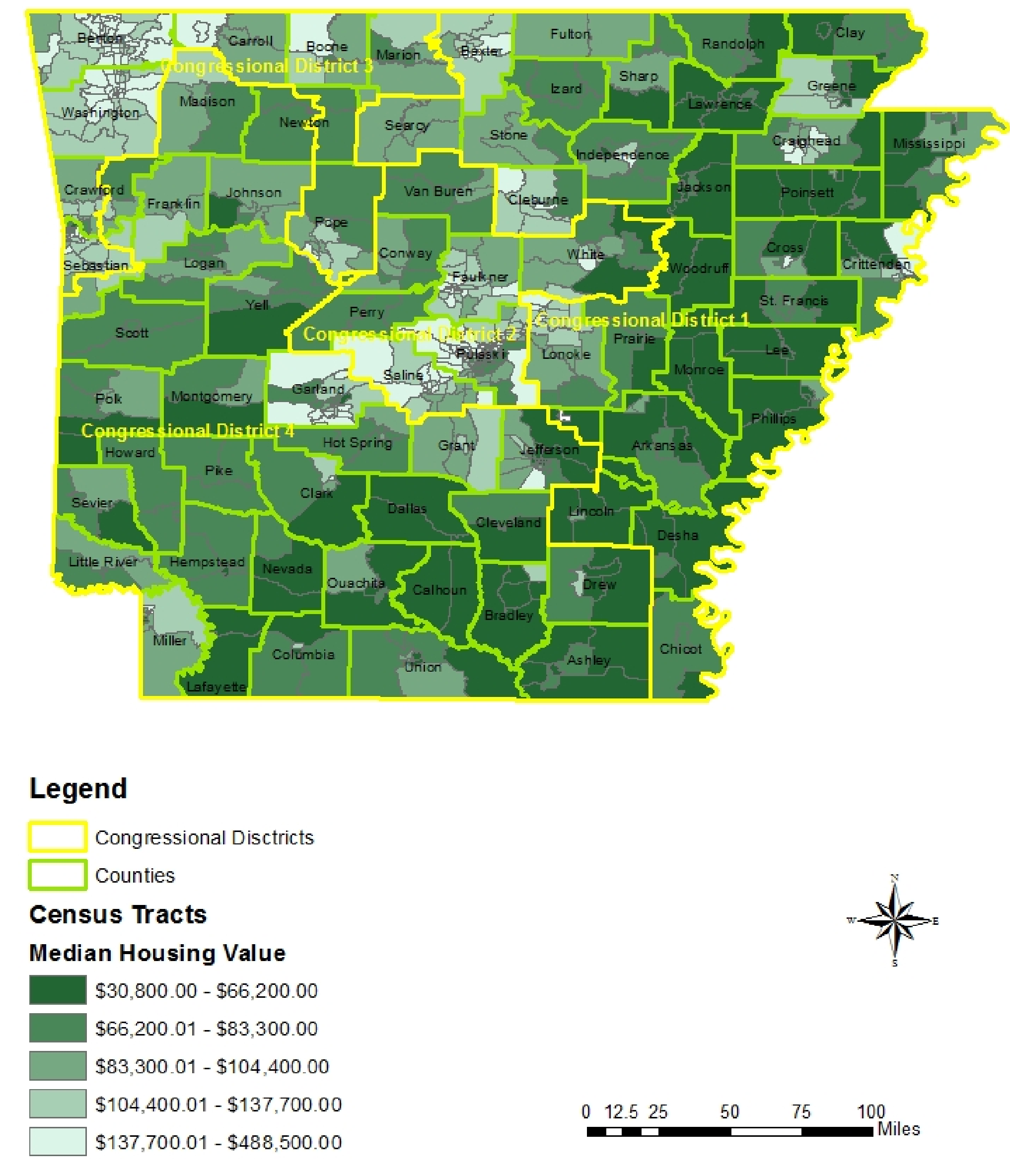


Map 1.12: Percent Renter-Occupied, 2008 - 2012

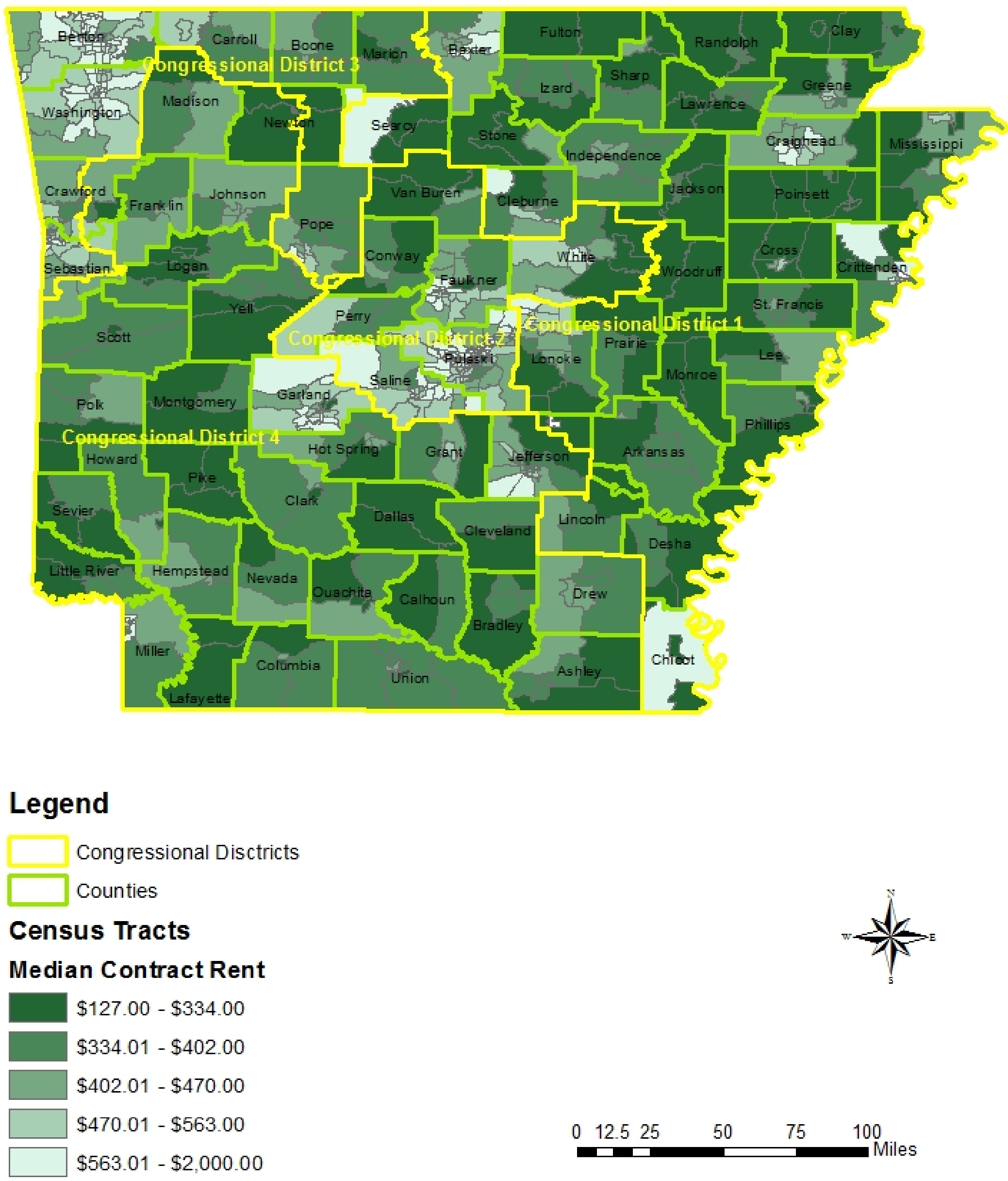


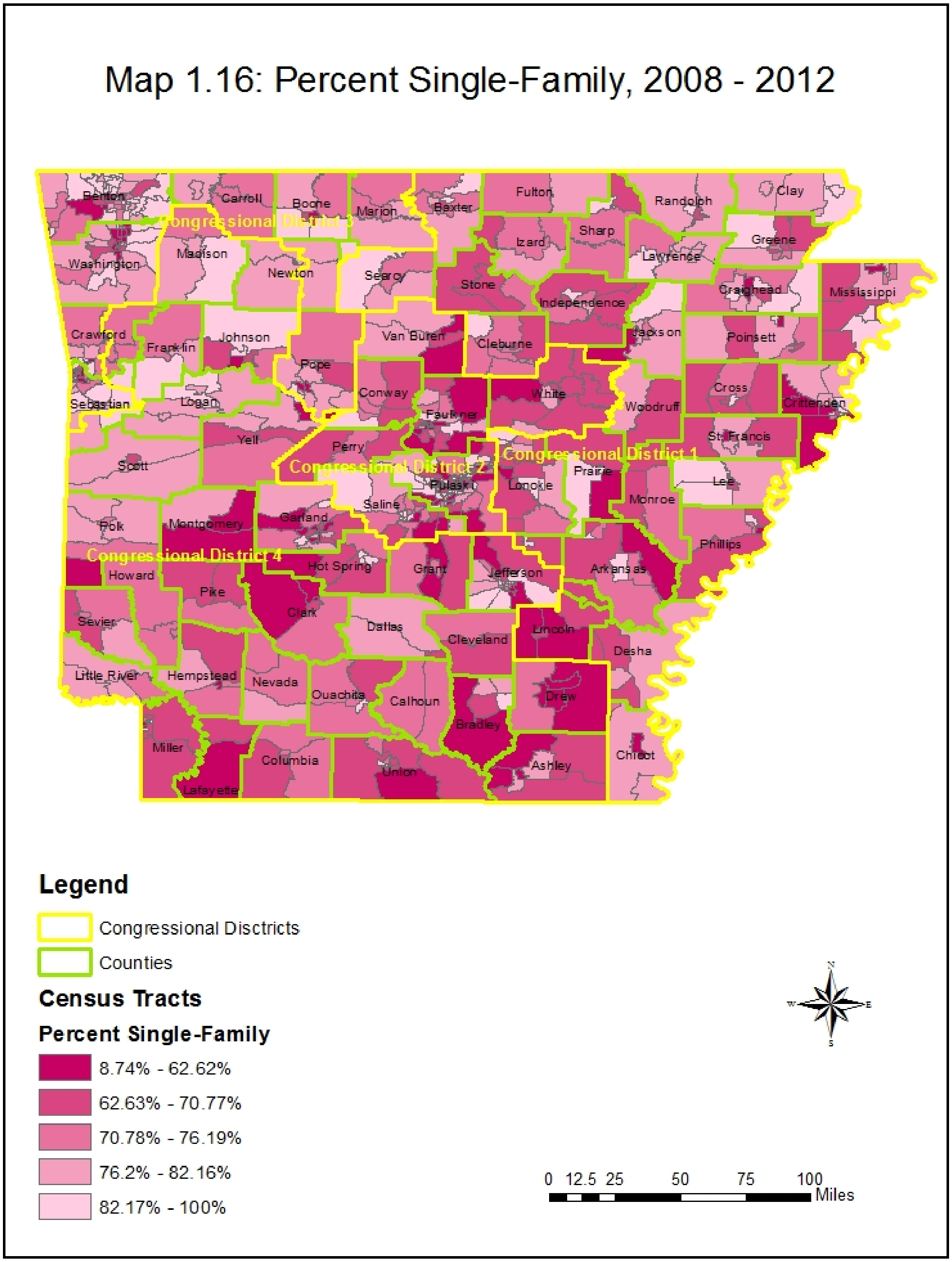

Map 1.13: Percent Pre-1980 Housing, 2008 - 2012
Benton
Carroll
Boone
Marion
Baxter
Fulton
Randolph
Clay
Sharp
Izard
Greene
Lawrence
Washington
Madison
Newton
Searcy
Stone
Independence
Craighead
Mississippi
Jackson
Crawford
Franklin
Johnson
Van Buren
Cleburne
Poinsett
Pope
Conway
White
Cross
Crittenden
Sebastian
Logan
Faulkner
Woodruff
Yell
Perry
St. Francis
Scott
Pulaski
Lonoke
Prairie
Lee
Monroe
Polk
Montgomery
Garland
Saline
Phillips
Howard
Hot Spring
Grant
Jefferson
Arkansas
Pike
Clark
Sevier
Dallas
Cleveland
Lincoln
Desha
Little River
Hempstead
Nevada
Ouachita
Calhoun
Drew
Bradley
Miller
Columbia
Union
Ashley
Chicot
Lafayette
Congressional District 1
Congressional District 2
Congressional District 3
Congressional District 4
Legend
Congressional Disctricts
Counties
Census Tracts
Percent Pre-1980 Housing
0.59% - 33.09%
33.1% - 46.52%
46.53% - 55.85%
55.86% - 70.18%
70.19% - 97.74%
0 12.5 25 50 75 100
Miles
N
E
S
W

Map 1.14: Median Housing Value, 2008 - 2012

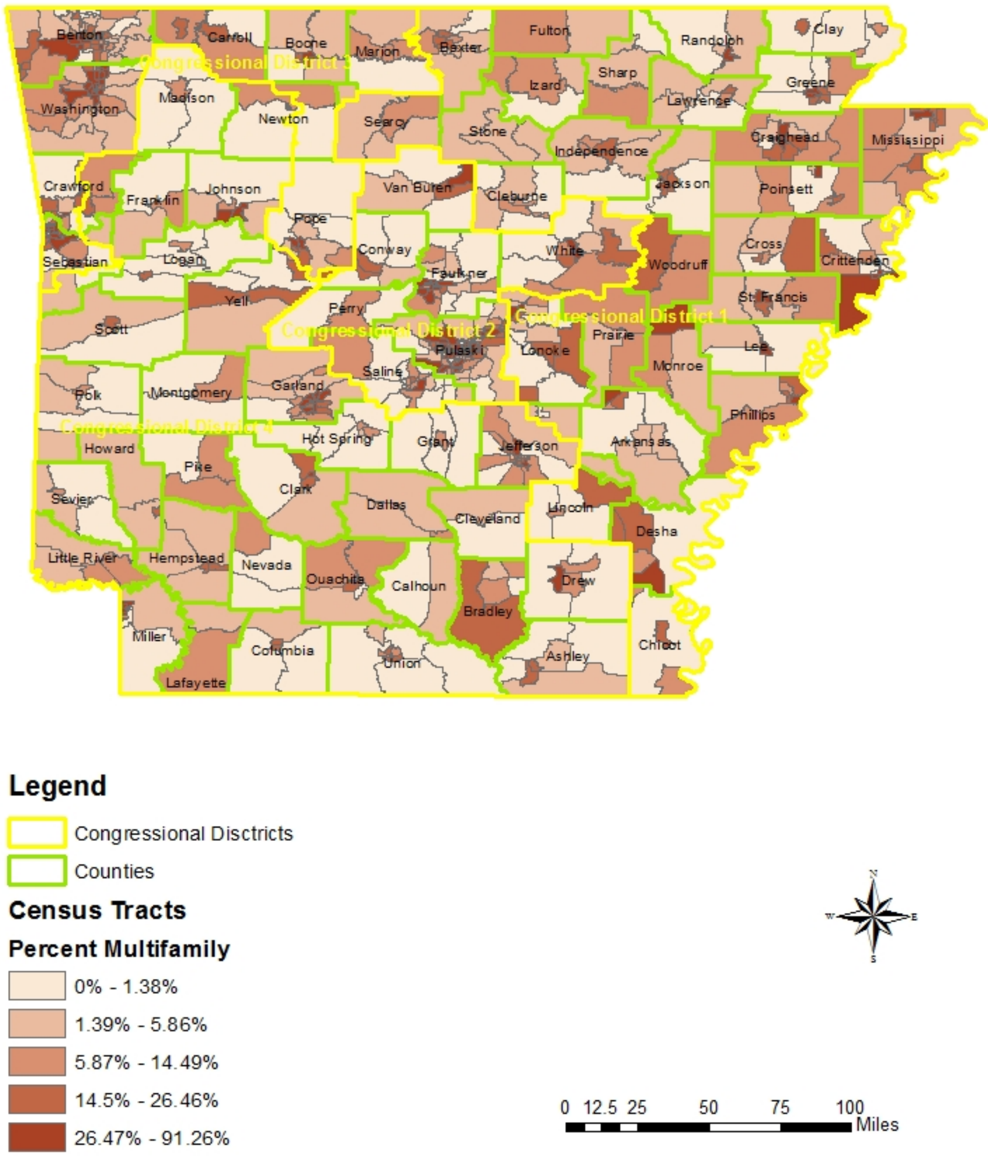


Map 1.15: Median Contract Rent, 2008 - 2012

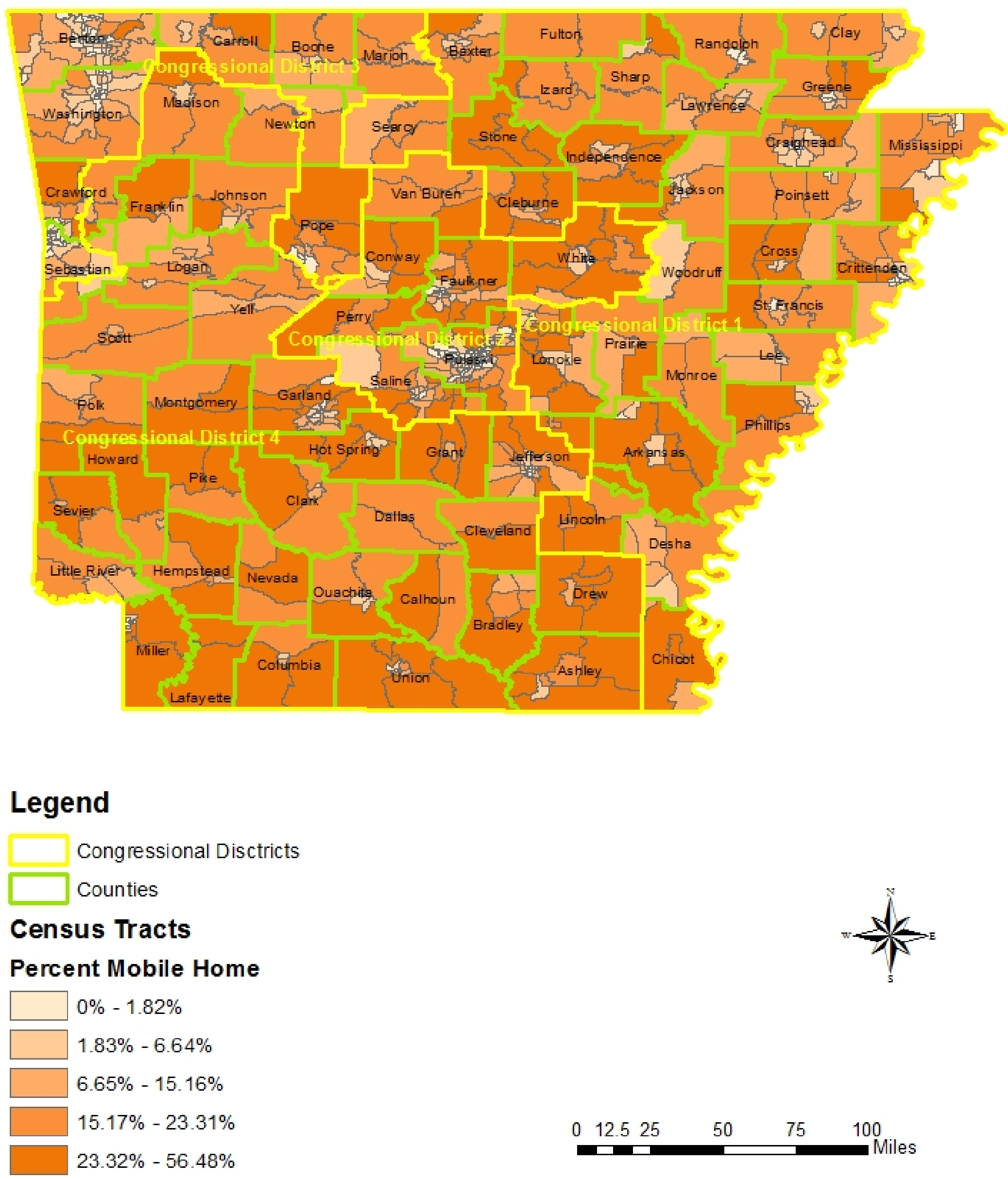



Map 1.16: Percent Single-Family, 2008 - 2012
Benton
Carroll
Boone
Marion
Baxter
Fulton
Randolph
Clay
Congressional District 3
Sharp
Izard
Greene
Madison
Washington
Newton
Searcy
Lawrence
Stone
Independence
Craighead
Mississippi
Crawford
Franklin
Johnson
Van Buren
Cleburne
Jackson
Poinsett
Pope
Conway
White
Cross
Sebastian
Logan
Faulkner
Woodruff
Crittenden
Yell
Perry
St. Francis
Congressional District 1
Scott
Congressional District 2
Pulaski
Prairie
Lonoke
Lee
Saline
Monroe
Polk
Montgomery
Garland
Phillips
Congressional District 4
Howard
Hot Spring
Grant
Jefferson
Arkansas
Pike
Clark
Sevier
Dallas
Lincoln
Cleveland
Desha
Little River
Hempstead
Nevada
Ouachita
Calhoun
Drew
Bradley
Miller
Columbia
Chicot
Ashley
Union
Lafayette
Legend
Congressional Disctricts
Counties
Census Tracts
Percent Single-Family
8.74% - 62.62%
62.63% - 70.77%
70.78% - 76.19%
76.2% - 82.16%
82.17% - 100%
N
W
E
S
0 12.5 25 50 75 100
Miles

Map 1.17: Percent Multifamily, 2008 - 2012



Map 1.18: Percent Mobile Home, 2008 - 2012



Cost Burden

As shown in Table 1.15, to the right, 27 percent of owner households with a mortgage in Arkansas were cost burdened according to the 2008 - 2012 five-year average from the American Community Survey. Cost burden among homeowners is highest for the lowest income, as would be expected. The table shows that 97 percent homeowners earning less than $20,000 per year are cost burdened. The percentage shrinks to 68 for those earning between $20,000 and $34,999. The percentage is still large at almost 33 percent for those earning between $35,000 and $49,999.

Table 1.15
Owner Housing Costs as a Percent of Household Income in Arkansas, 2008 - 2012

Housing Costs as a Percentage of Household Income	Number of Owner of Households	Cost Burden 30%
With a Mortgage		
Less than $20,000	36,611	
Less than 30.0 Percent	1,250	
30.0 Percent or More	35,361	96.6%
$20,000 to $34,999	60,626	
Less than 30.0 Percent	19,261	
30.0 Percent or More	41,365	68.2%
$35,000 to $49,999	67,351	
Less than 30.0 Percent	45,176	
30.0 Percent or More	22,175	32.9%
$50,000 or More	275,550	
Less than 30.0 Percent	255,335	
30.0 Percent or More	20,215	7.3%
Total Owner Households	440,138	
Less than 30.0 Percent	321,022	
30.0 Percent or More	119,116	27.1%
Not Mortgaged		
Less than $20,000	77,144	
Less than 30.0 Percent	45,470	
30.0 Percent or More	31,674	41.1%
$20,000 to $34,999	71,359	
Less than 30.0 Percent	68,793	
30.0 Percent or More	2,566	3.6%
$35,000 to $49,999	51,582	
Less than 30.0 Percent	51,363	
30.0 Percent or More	219	0.4%
$50,000 or More	112,641	
Less than 30.0 Percent	112,538	
30.0 Percent or More	103	0.1%
Total Owner Households	312,726	
Less than 30.0 Percent	278,164	
30.0 Percent or More	34,562	11.1%

Source: Five-Year Estimates, 2008 - 2012 American Community Survey

Table 1.16 on page 36 shows a similar situation for renters. Overall, 43 percent of renter households in Arkansas are cost burdened. For the lowest income households, those earning less than $10,000, 70 percent are cost burdened. Over 73 percent of those earning between $10,000 and $19,999 were also cost burdened.

Over 73 percent of renter households earning between $10,000 and $19,999 pay more than 30 percent of their incomes on housing expenses.

Table 1.16
Gross Rent as a Percent of Household Income in Arkansas, 2008 - 2012

Gross Rent as a Percentage of Household Income	Number of Households	Cost Burden 30%
Less than $10,000	69,747	
Less than 30.0 Percent	3,764	
30.0 Percent or More	48,938	70.2%
$10,000 to $19,999	84,143	
Less than 30.0 Percent	12,836	
30.0 Percent or More	61,638	73.3%
$20,000 to $34,999	90,480	
Less than 30.0 Percent	40,664	
30.0 Percent or More	40,906	45.2%
$35,000 to $49,999	53,175	
Less than 30.0 Percent	42,405	
30.0 Percent or More	6,017	11.3%
$50,000 or More	72,428	
Less than 30.0 Percent	63,669	
30.0 Percent or More	1,987	2.7%
Total Renter Households	369,973	
Less than 30.0 Percent	163,338	
30.0 Percent or More	159,486	43.1%

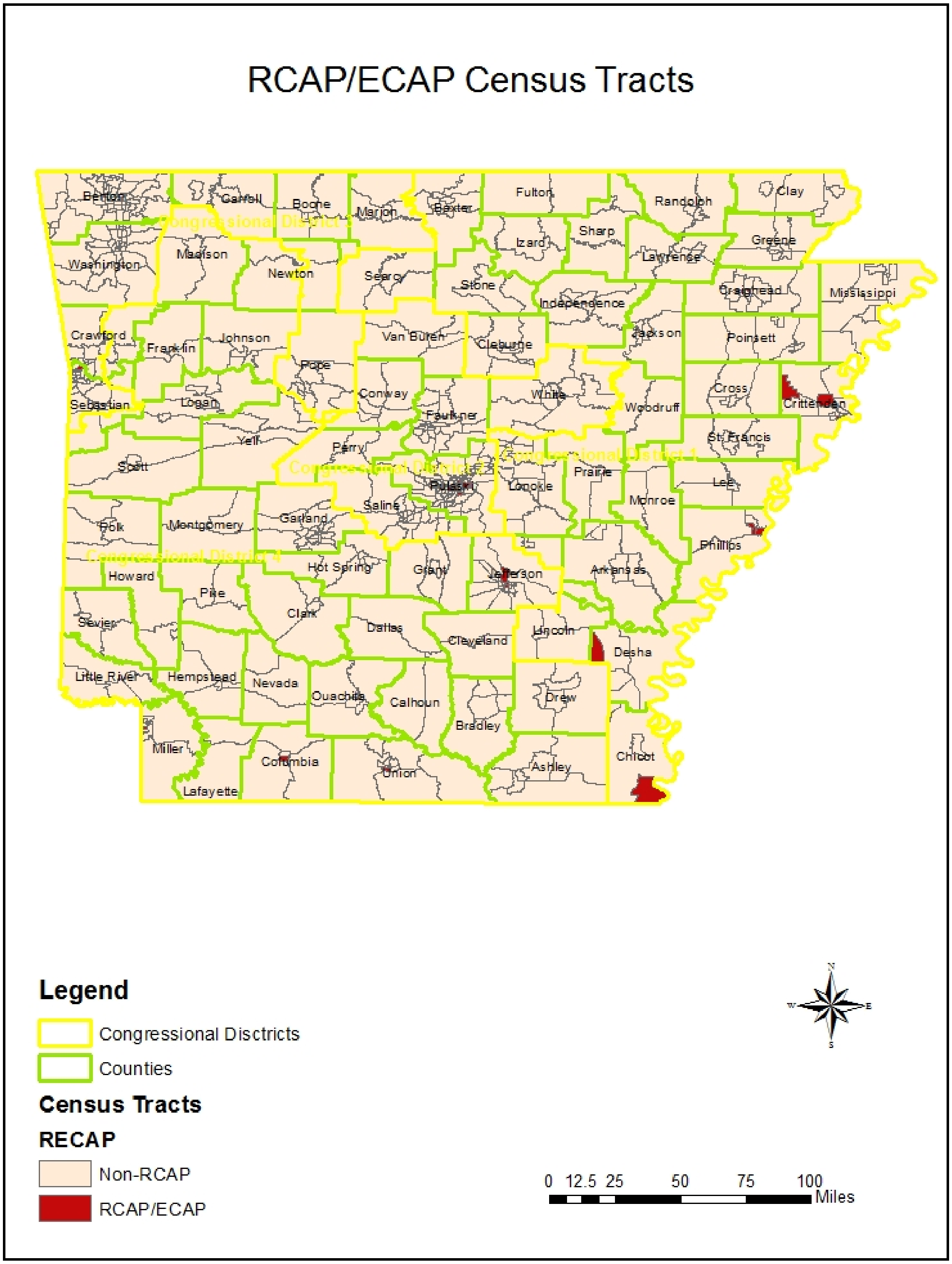
Source: Five-Year Estimates, 2008 - 2012 American Community Survey

1.6.

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

The U. S. Department of HUD has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation (R/ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or greater minority population and 3 times or more the poverty level of the MSA and generally lacking the basic amenities and failing to provide a quality of life expected and desired for any area within the MSA. The goal of de-concentration would be to achieve minority concentrations and poverty level less than defined above by R/ECAP and to transform these areas of concentration into “Opportunity Areas”. Opportunity Areas – areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. The Map on the following page depicts the census tract defined as concentrated and segregated in the State of Arkansas as defined by the HUD R/ECAP Calculation.

Poverty is disproportionately impacting the African-American and Hispanic communities in the state. The incidence of poverty among African-Americans in Arkansas was 33.7 percent of their total population between 2008 and 2012, and poverty among Hispanics was reported to be 31.9 percent. Among White persons, the census reported 15.3 percent lived in poverty. Concentrations are found in metropolitan areas and many rural counties, where rates range up to 66 percent by census tract. Poverty calculations place the poverty threshold for the RCAP/ECAP criteria for the state at 40%. The census tracts within the State of Arkansas that are comprised of 50 percent or greater minority population and 40 percent and greater poverty rate are in Jefferson, Chloot, Phillips, Craighead, Crittenden, and Desha Counties. In addition to poverty, racial and ethnic concentrations and segregation, these areas contain housing units in very poor condition and neighborhood conditions and infrastructure that is in need of improvement in order for conditions to be reversed and become areas of opportunity.


RCAP/ECAP Census Tracts
Benton
Carroll
Boone
Marion
Baxter
Fulton
Randolph
Clay
Washington
Madison
Newton
Searcy
Stone
Izard
Sharp
Lawrence
Greene
Craighead
Mississippi
Independence
Jackson
Poinsett
Crawford
Franklin
Johnson
Van Buren
Cleburne
Pope
Conway
White
Woodruff
Cross
Crittenden
Sebastian
Logan
Faulkner
Yell
Perry
St. Francis
Scott
Prairie
Pulaski
Lonoke
Lee
Monroe
Saline
Polk
Montgomery
Garland
Phillips
Howard
Hot Spring
Grant
Jefferson
Arkansas
Pike
Clark
Sevier
Dallas
Cleveland
Lincoln
Desha
Little River
Hempstead
Nevada
Ouachita
Calhoun
Drew
Bradley
Miller
Chicot
Columbia
Ashley
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Section 2: Fair Housing Law, Court Case, Policies, Regulatory and Complaint Analysis

Introduction

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

The first part of this section, Section 2.1, will address the existing statutory and case law that work to remove impediments and promote fair housing choice. The Federal Fair Housing Act can be effective in mitigating barriers to fair housing choice, depending upon enforcement efforts. Relevant judicial court case decisions pertaining to fair housing were reviewed and are incorporated in the analysis. Other related regulations and case law that provide further interpretation, understanding, and support to the Federal Fair Housing Act were considered and will also be discussed.

The State of Arkansas has enacted fair housing legislation substantially equivalent to Federal Fair Housing Law. Therefore, our analysis of applicable fair housing laws focused on the State of Arkansas Fair Housing Act. In the analysis the State of Arkansas statues were compared to the Federal Fair Housing Act to determine whether they offered similar rights, remedies, and enforcement to the federal law and might be construed as substantially equivalent. Pertinent related laws, such as the Community Reinvestment Act and Home Mortgage Disclosure Act, were reviewed with respect to how they can facilitate fair lending. Section 2.2 summarizes the level of fair housing enforcement activity in the State of Arkansas.

A more difficult, but intertwined, aspect of evaluating barriers to fair housing choice involves an analysis of public policy, programs and regulations that impact the availability of affordable housing. Our analysis centered on how governmental actions impact fair housing choice and the availability of adequate, decent, safe, and affordable housing for people of all incomes. We examined government subsidies and public funding appropriations used to provide housing assistance for very low- and low-income households. This included an analysis of State of Arkansas operated Community Development Block Grant (CDBG), Home Investment Partnership Act (HOME), and Emergency Solutions Grant (ESG) programs and supplemental funding such as Disaster Assistance and CDBG-R provided in Section 2.3. Numerous documents were collected and analyzed to complete this section. The key documents are Consolidated Plans, current and previous Annual Action Plans, and the Consolidated Annual Performance Evaluation Reports (CAPER); local jurisdiction public housing authority Annual Plans, Five Year Plans, Administrative policies and Annual Contributions Contracts. Sub-grantee jurisdictions also provided information on their current and future initiatives utilizing State CDBG and HOME funds and other federal grants.

Our analysis of development regulations, State advisory board and commission actions and public policy documents are presented in Section 2.4. This section focuses on state and local development regulations, zoning ordinances, land use plans, local and state initiatives and governmental actions relative to development incentives that stimulate development such as the State of Arkansas Housing Trust Fund. The analysis of public policy includes decisions by State of Arkansas and local City Council and advisory boards and commissions and the State of Arkansas legislature.

Section 2.5 provides an analysis of fair housing complaints filed with HUD. Section 2.5 also contains conclusions about fair housing barriers based on the existing law, enforcement efforts, complaint analysis, and the availability of affordable housing. The HUD Fort Worth, Texas Regional Fair Housing and Equal Opportunity (FHEO) Office has responsibility for fair housing oversight in State of Arkansas. The State of Arkansas Fair Housing Commission serves as the local entity responsible for outreach, education and enforcement. Official compliant date was received from the HUD Fort Worth, Texas Regional Office, Fair Housing Equal Opportunity Division.

2.1. Fair Housing Law

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

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

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

    - ✓ Requiring a security deposit (or higher security deposit) of protected class members, but not for non-class members,
    - ✓ Assigning persons to a specific floor or section of a building, development, or neighborhood, or
    - ✓ Evicting minorities, but not whites, for late payments or poor credit;
- Make, print, publish, or post (direct or implied) statements or advertisements that indicate that housing is not available to members of a protected class;
- Persuade or attempt to persuade people, for profit, to rent or sell their housing due to minority groups moving into the neighborhood by:
  - ✓ Real estate agents mailing notices to homeowners in changing area with a listing of the homes recently sold along with a picture of a Black real estate agent as the successful seller, or
  - ✓ Mailed or telephonic notices that the "neighborhood is changing" and now is a good time to sell, or noting the effect of the changing demographics on property values;
- Deny or make different loan terms for residential loans due to membership in a protected class by:
  - ✓ Using different procedures or criteria to evaluate credit worthiness,
  - ✓ Purchasing or pooling loans so that loans in minority areas are excluded,
  - ✓ Implementing a policy that has the effect of excluding a minority area, or
  - ✓ Applying different procedures (negative impact) for foreclosures on protected class members;
- Deny persons the use of real estate services;
- Intimidate, coerce or interfere; or
- Retaliation against a person for filing a fair housing complaint.

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

Housing and Urban Development (HUD) released a joint statement to technically define the rights and obligation of persons with disabilities and housing providers.

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

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

As a test to determine if advertising relative to housing and real estate in the local housing market have impediments to fair housing, a review of local advertisements in real estate publications from April and May, 2014 was conducted. It should be noted however that because these types of advertisements cover geographical areas throughout the State of Arkansas, and the time-period of our analysis is insufficient to conclusively establish a pattern of discrimination, we have used this part of our analysis to inform us as to local practices and understanding relative to fair housing. The data does however provide an accurate snapshot of the advertising available, and a general overview of the state of compliance with fair housing law. The advertising, especially those with images of prospective or current residents was reviewed, with a sensitivity toward:

- Advertising with all or predominately models of a single race, gender, or ethnic group;
- Families or children in ad campaigns depicting images of prospective residents;
- Particular racial groups in service roles (maid, doorman, servant, etc.);
- Particular racial groups in the background or obscured locations;
- Any symbol or photo with strong racial, religious, or ethnic associations;

- Advertising campaigns depicting predominately one racial group;
- Campaigns run over a period of time, including a number of different ads, none or few of which include models of other races;
- Ads failing to contain Equal Housing Opportunity (EHO) statements or logos, or contains the statement or logo, but it is not readily visible; and
- Ad campaigns involving group shots or drawings depicting many people, all or almost all of whom are from one racial group.

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

Fair Housing Assistance Program (FHAP) Agencies

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

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

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

Court Decisions

Walker v. HUD represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. - The ***Walker*** public housing/Section 8 desegregation litigation began in 1985 when one plaintiff, Debra Walker, sued one Dallas, Texas area suburb, Mesquite. The lawsuit contended that Mesquite's refusal to give its consent for DHA to administer Section 8 certificates within Mesquite violated the 14th Amendment and the other civil rights law prohibiting racial discrimination in housing. The early stage of ***Walker*** resulted in the entry of the 1987 consent decree involving DHA and HUD without any liability findings. The suit was subsequently amended to bring in DHA, HUD, and the City of Dallas and to provide for a class of Black public housing and Section 8 participants who contended that the Dallas Housing Authority segregated person in public housing by race leading to racial concentrations of African Americans in minority concentrated areas. The suburbs, with the exception of Garland, gave their consent to the operation of DHA's Section 8 program within their jurisdiction and were dismissed from the case. The City of Dallas was subsequently found liable for its role in the segregation of DHA's programs in the Court's 1989 decision, **Walker III**, 734 F. Supp. 1289 (N.D. Tex. 1989).

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

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

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

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

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

(d) Hope VI funding for 950 units in the West Dallas project.

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

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

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

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

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

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

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

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

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

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

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

“Unjustified institutionalization of persons with mental disabilities...qualifies as discrimination."- was stated as the majority opinion of the U.S. Supreme Court. In a landmark decision by a 6-3 vote, the U.S. Supreme Court ruled in June 1999, that a state may not discriminate against psychiatric patients by keeping them in hospitals instead of community homes. The court said that the Americans with Disabilities Act (ADA) may require that states provide treatment in community-based programs rather

than in a segregated setting. This case, know as the Olmstead case, ruled that community placement is a must when deemed appropriate by state professionals, agreed to by the individual with the disability, and resources available are sufficient. The courts agreed with “the most integrated setting” provision of the ADA.

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

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

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

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

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

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

<u>Homelessness and the Fair Housing Act</u>

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

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

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

Unfair Lending Practices

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

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

2.2. Enforcement

It has long been settled that fair housing testing is legal and that non-profits have standing to sue so long as certain criteria are met. These decisions make it feasible for non-profits to engage in fair housing enforcement activities.

The Department of Housing and Urban Development enforces federal fair housing laws which prohibit discrimination in the buying, selling, rental or enjoyment of housing because of race, color, national origin, religion, sex, disability or familial status. The Regional HUD Office in Fort Worth and the Arkansas Fair Housing Commission conducts investigations of fair housing complaints that are reported directly to their office. Arkansas is part of HUD's Region VI that includes Arkansas, Louisiana, New Mexico, Oklahoma, and Texas. When HUD Regional Office investigates complaints of discrimination, an investigator generally spends time in the jurisdiction, on-site, interviewing the complainant, respondents, and witnesses, reviewing records and documentation, while observing the environment. A detailed discussion of the complaints filled with HUD follows in Section 2.5.

When a complaint is filed with any of the jurisdictions, HUD or the State are notified of the complaint. The violator of the complaint is notified and permit all parties involved are permitted an opportunity to submit an answer. An investigation of the complaint is conducted to determine whether there is reasonable cause to believe the Federal Fair Housing Act and or Arkansas Ordinance has been violated. The complainant is then notified. A detailed discussion of the complaints filed with HUD follows in Section 2.5.

Education and Outreach

The State of Arkansas Fair Housing Commission conducts investigations and enforcement of and / or refers to HUD fair housing complaints. This Arkansas Fair Housing Commission is also responsible for conducting public education, training and outreach of fair housing rights and remedies in State of Arkansas. Education of the public regarding the rights and responsibilities afforded by fair housing law is an essential ingredient of fair housing enforcement. This includes outreach and education to the general public, landlords and tenants, housing and financial providers, as well as citizens, concerning fair housing and discrimination. It is important that potential victims and violators of housing and/or lending discrimination law be aware of fair housing issues generally, know what may constitute a violation, and what they can do in the event they believe they have been discriminated against. Likewise, it is important for lenders, housing providers, and their agents to know their responsibilities and when they may be violating fair housing law.

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

2.3. Production and Availability of Affordable Units / CDBG Grant Administration

An assessment of characteristics affecting housing production, availability, and affordability in Arkansas and utilization of entitlement grant funding was conducted, including the adequacy and effectiveness of programs designed and implemented utilizing CDBG and HOME Entitlement funding. The assessment evaluated the programs' ability to reach their target markets and how effective they are identifying and serving those who have the greatest need. We also assessed the extent to which the agencies prioritized funding and utilized programs to address impediments identified in the State's Fair Housing Impediment Analysis conducted prior to FY 2014. The State of Arkansas's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation provided by the city were utilized.

The FY 2013 – 2014 Annual Action Plan submitted to HUD indicated that the State of Arkansas received approximately $26,448,238 in Entitlement funding for FY 2013 - 2014.

$	16,382,141	CDBG
$	7,565,698	HOME
$	3,000,000	CDBG-and HOME PROGRAM INCOME
$	1,967,063	ESG
$	533,236	HOPWA
$	29,448,238	TOTAL

2.4. Regulatory and Public Policy Review

The State of Arkansas has enacted substantially equivalent fair housing law. Having a local fair ordinance, especially one that is substantially equivalent to the federal Fair Housing Act, exemplifies a jurisdiction's commitment to enforcing fair housing regulations and it provides public awareness of individuals' rights under the Fair Housing Act. State of Arkansas, legislation, public policies, development ordinances and regulations were examined and do not appear to impede fair housing choice.

2.5. Analysis of Fair Housing Complaints

Fair housing complaint data was received from the U.S. Department of HUD providing a breakdown of complaints filed for the State of Arkansas from January 1, 2009 through March 31, 2013. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) regional office in Fort Worth, Texas. Eight hundred fifteen (815) complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race. Table 2.5.1, shows the breakdown. The totals in the chart below actually sum to more than 815 complaints because some cases cited multiple bases in their claim.

Table: 2.5.1: Fair Housing Complaints by the Basis of Complaint

January 2009 – March 2014

Protected Class	Race/ Color	National Origin	Familial Status	Handicap Disability	Sex	Religion	Totals
2009	41	1	6	32	8	2	**90**
2010	113	8	10	53	17	0	**201**
2011	91	8	15	60	17	0	**191**
2012	102	1	15	56	15	0	**189**
2013	50	0	10	67	18	**0**	**145**
2014	39	5	14	62	11	**3**	**134**
Total	**436**	**23**	**70**	**330**	**86**	**5**	**950**

Table: 2.5.2: Type of Case Closure (2009 - 2014)

Type of Closure	2009	2010	2011	2012	2013	2014	Total
Cases remain open	0	0	3	2	0	93	**98**
Case Conciliated / FHAP Judicial Consent Order	25	36	31	17	15	2	**126**
No Probable Cause / FHAP Judicial Dismissal	23	78	69	34	62	10	**276**
Withdrawn/With Resolution	26	7	7	30	30	0	**100**
Administrative Closure	7	29	19	16	46	0	**117**
Cause	3	9	9	49	16	12	98
Totals	**84**	**159**	**138**	**148**	**169**	**117**	**815**

Source: U.S. Department of Housing and Urban Development – Fort Worth Regional Office

Of the eight hundred fifteen (815) complaints, one hundred twenty six (126) cases were successfully conciliated. Two hundred seventy six (276) cases were closed with a no cause determination, meaning that justification for the complaint was not applicable to the Fair Housing Act. One hundred seventeen (117) cases were resolved by Administrative Closure. One hundred (100) complaints were withdrawn and ninety eight (98) cases remain open but they are mostly cases filed in 2014. Table 2.5.2 shows case closure types by year the case was opened.

2.6. Conclusions and Implications for Fair Housing Barriers and Impediments

The State of Arkansas has enacted local fair housing law that is substantially equivalent to the Federal Fair Housing Act. The State of Arkansas Fair Housing Commission conducts investigations and enforcement of and / or refers to HUD fair housing complaints. This Arkansas Fair Housing Commission is also responsible for conducting public education, training and outreach of fair housing rights and remedies in State of Arkansas. Education of the public regarding the rights and responsibilities afforded by fair housing law is an essential ingredient of fair housing enforcement. This includes outreach and education to the general public, landlords and tenants, housing and financial providers, as well as citizens, concerning fair housing and discrimination.

Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling, directed toward persons in the greater State of Arkansas area were reviewed with no findings of impediments. Fair housing complaint data was received from the U.S. Department of HUD providing a breakdown of complaints filed for the State of Arkansas from January 1, 2009 through March 31, 2013. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) regional office in Fort Worth, Texas. Eight hundred fifteen (815) complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race

The FY 2013 – 2014 Annual Action Plan submitted to HUD indicated that the State of Arkansas received approximately $26,448,238 in Entitlement funding for FY 2013 - 2014.

$	16,382,141	CDBG
$	7,565,698	HOME
$	3,000,000	CDBG-and HOME PROGRAM INCOME
$	1,967,063	ESG
$	533,236	HOPWA
$	29,448,238	TOTAL

Section 3: Focus Group Sessions and Community Engagement

Introduction

This section will report on the results from five Fair Housing Focus Group sessions held on April 3rd in Little Rock, Arkansas; April 4th in Springdale, Arkansas; April 10th in Dumas, Arkansas; April 14th in Arkadelphia, Arkansas; and April 15th in Jonesboro, Arkansas. The five sessions were conducted by the Arkansas Economic Development Commission (AEDC) with entitlement program overviews and budget projections for 2013 – 2014 provided by AEDC, Arkansas Development Finance Authority (ADFA), Arkansas Department of Human Services (ADHS), and Arkansas Department of Health (ADH). JQUAD Planning Group provided consultation and training on the development of the Analysis of Impediments to Fair Housing. Supplemental interviews were conducted and information and input received from various state and local government agencies including, local city and county governments, local Chamber of Commerce and Board of Realtors representatives, Continuum of Care organization, community, professional and industry representatives to obtain information from those unable to attend the focus group sessions. Participants in the focus groups sessions and supplemental interviews included State of Arkansas and local government officials and representatives from the U.S. Department of HUD; administrators from local colleges, universities, and school districts; non-profit organizations, home builders, housing and social service agencies representatives; real estate and financial industry representatives; and the general public and other community representatives.

Attendees were gathered through invitations sent to select resident and community leaders, organizations, industry professionals and public officials and a public meeting notice published in the newspaper. At each focus group session, general issues related to the housing market, neighborhoods and concerns pertaining to fair housing choice in State of Arkansas were discussed.

The Focus Group sessions were hosted by the State of Arkansas Economic Development Commission.

It should be noted that the comments summarized in this section represent the comments and views of the focus group participants and those participating in supplemental interviews. JQUAD has made every effort to document all comments as a matter of record, and to ensure that the comments, as presented on the following pages, have not been altered to reflect our analysis, investigation or substantiation of information obtained during these sessions. Focus Group comments and information obtained during interviews were later analyzed and to the extent substantiated or collaborated by the data and analysis, included in Section Six: Impediments and Remedial Actions. Comments from Focus Group participants included the following.

3.1. Focus Group Concerns and Comments

Social-Economic Conditions

Social-economic issues were of major concern to participants in the focus group sessions as well as those persons participating in the supplemental interviews. Frequently mentioned in the focus group sessions and interviews was the perceptions that lower income persons and seniors were particularly impacted as the supply of affordable housing in good condition becomes scarce and the cost to purchase homes or to rent housing continues to soar beyond the range affordable to many local area residents. Others believed the number of persons lacking sufficient income for housing and housing related cost was on the rise, severely impacting housing choice for the lowest income households. Participants indicated that insufficient income and cost burden is not only a concern with regard to social equity and the plight of the elderly and lower income households, but limited incomes are also having an adverse impact on the condition and quality of single family owner occupied housing due to deferred maintenance and residents inability to afford maintenance and utility cost. The impact of local unemployment, insufficient incomes to afford housing maintenance and their mortgage payments for persons living in the State of Arkansas market were also cited as contributing factors to housing and neighborhood decline.

Focus group participants wanted to have a greater emphasis placed on financial assistance to acquire housing suitable to meet the needs of the evolving demographics in the city and specific problems faced by residents and the working poor relative to foreclosure and elderly residents on fixed incomes. Participants also felt that increased housing counseling-both pre-purchase and post purchase support was needed to help applicants qualify for financing and to remain current with mortgage payments and home maintenance needs. Increased funding should be identified to provide rental assistance to those needing assistance with rent and utilities and security deposits necessary to initiate a lease. Homebuyers will need assistance with providing greater down payments and equity investments when buying a home, to replace the loss of private mortgage insurance. Participants emphasized the need for increased funding for project based rental assistance due to limitations in funding and long waiting list for the Section 8 Vouchers program.

Housing Supply, Neighborhood Conditions, and Infrastructure and Regulatory Controls

Participants' desired greater emphasis is placed on building codes and regulatory controls being utilized to improve housing conditions, cost and accessibility. Participants recommended incorporating energy efficiency and green building standards in construction of affordable housing; the need for infrastructure to support new housing development and funding for emergency repair and substantial renovation of owner occupied housing.

Decreased funding for entitlement funded programs, Section 8 Housing Choice Voucher program and public and assisted housing were also viewed as primary barriers to affordable housing. Limited local funding for infrastructure and regulatory programs such as code enforcement and demolition were also cited as barriers.

Participants were concerned that seniors, disabled persons and lower income households were particularly impacted by the cost and lack of supply of affordable housing in good condition.

Public Policy and Public Awareness of Fair Housing

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

Participants also felt that residents needed increased access to homebuyer education and counseling when considering purchase of a home and rental housing and tenant’s rights counseling and advocacy for renters. They were concerned that first-time home buyers often do not know where to go for help or how to start the process of purchasing a home. Others cited housing barriers faced by the “untouchables”, persons such as ex-offenders, convicted sex offenders and others recently discharged from the criminal justice system.

Access to Banking and Financial Institutions Products, and Basic Goods and Services

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

Lending, Foreclosures and the Mortgage Industry

The inability to obtain home mortgages was seen as a barrier that limits housing choice. Criminal background histories and immigration status are relatively new factors contributing to the inability to qualify for home purchases and rental housing leases. Credit issues appeared to be the major barrier, based on focus group participants' comments. Both a lack of qualified applicants and an adequate pool of applicants for mortgages, coupled with the inability of some housing units to qualify based on lending program guidelines were cited as barriers. Participants felt that greater emphasis should be placed on credit counseling and financial literacy being accessible to a broader population including youth and young adults age eighteen to thirty. Greater emphasis should be given to preventing damage to one's credit history and providing a solid foundation that could prevent future financial problems. Persons with a criminal felony record and those convicted of sex crimes are having particular problems finding housing to rent as well as qualifying for mortgages.

Special Needs Housing

Participants were concerned that greater funding be provided for the elderly to age in place, and to provide housing for others in need of special needs housing. Participants cited statistics relative to the growth expected in the elderly population over the next decade which will elevate this problem. Without such funding elderly and disabled persons are sometimes placed in nursing homes prematurely, even though they could otherwise continue to live on their own with some limited assistance or ADA accessibility modifications where they currently reside. Participants were also concerned that limited options exist for persons in need of transitional housing whether they be recently paroled, victims of domestic violence, mentally ill, physically handicapped, and homeless or at risk of becoming homeless. Others cited a need for more permanent supportive housing. Other participants asked that CDBG funding be provided to support the operational cost of providing meals on wheels and operation of the food pantry.

Public Transportation and Mobility

Participants cited limited mobility and public transportation as impediments to housing choice. These limitations also included a concern for elderly and disabled persons in need of public transportation to access supportive services. Public transportation was deemed an issue for some persons commuting to major employment centers.

3.2. Other Issues and Solutions

Attendees indicated a need for increased emphasis on mitigating the impacts of increased incidents of discrimination or impediments to housing for persons with disabilities, renters with past criminal records or prior convictions for sexual abuse related crimes, those in need of special needs housing or facing evictions, foreclosures and homelessness.

Participants voiced support for a greater emphasis on credit education and housing consumer counseling. Increased financial literacy courses taught in high schools was a best practice identified by the facilitator for the focus group session and well received by participants.

Section 4: Home Mortgage Disclosure Act (HMDA) Data Analysis

Introduction

The Federal Financial Institutions Examination Council (FFIEC) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry. The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose. The FFIEC provides the HMDA databases and retrieval software on compact disk. Data can be summarized within the software package or downloaded in its raw form for analysis. For this analysis, the FFIEC databases were utilized for 2007 through 2012.

The data reported here are summarized by a variety of methods. Tables 4.1, Tables 4.2 and 4.4 provide information for the State. Tables 4.3, 4.5 and 4.6 present the data by census tract income groups. The maps, provided at the end of this section, present data according to census tracts for Arkansas.

Analysis

Over 677,100 conventional loan applications were reported for the State of Arkansas between 2007 and 2012.

Table 4.1 examines home loan activities in the State. Data are presented by loan type, ethnicity, income of the census tract, and loan purpose. White applicants represent the largest number of loan applicants at over 667,100. Origination rates for Whites were 56.2 percent. African-Americans were the next largest applicant group with over 62,400 applications submitted and an origination rate of 40.6 percent, considerably lower than White rates. Hispanic origination rates were just over 50 percent, with over 27,800 applications reported. High-income applicants showed both the highest number of applications, at about 503,600, and the highest origination rate, at almost 55 percent. Both the number of applications and the origination rates drop significantly for all other income groups, with less than 101,000 applications from middle-income applicants and 49.5 percent origination rates. Conventional loans account for the largest number of applications, at over

819,200, and the highest origination rate, at just over 53 percent.

Table 4.2 displays the HMDA data for the same data categories (Loan Type, Ethnicity, Income, and Loan Purpose). On this table, however, percentages are taken within category, rather than demonstrating the percentage of applications that result in loan originations. For instance, the first percentage in the "Percent" column indicates that 75.18 percent of originations in the State were for conventional loans. For comparison, ethnic percentages were included under the "Pop." column to compare the percentage of originations by ethnic group to their percentage in the population.

Over 75 percent of all originations were for Conventional Loans.

For Loan Type, "Conventional" shows the highest percentages, at over 75 percent of all originations. Government insured loans, having more stringent lending criteria, were slightly below 25 percent of the originations. Referring back to Table 4.1, government insured loans had a significantly lower origination rate than conventional, at about 42 percent for government insured versus over 53 percent for conventional.

For Ethnicity, "White" shows the highest percentage of origination at over 85 percent of the total. The percentage of originations is somewhat higher than the percentage of Whites in the population, 85 percent of originations compared to 78 percent of the population. African-American applicants account for almost eight percent of originations, while their presence in the population exceeds 15.5 percent of all residents. Hispanic applicants accounted for less than 4.4 percent of all originations, with over six percent of the total population. This is likely a reflection on the reality that according to census data, African Americans and Hispanics are more likely to fall within lower-income groups and, therefore, less likely to qualify for mortgage financing.

For Income, the highest income group (>120% median) displays the highest percentage of originations, at almost 68 percent of all originations. While it stands to reason that the highest income group would have the greatest success in being approved for loans, it is somewhat troubling that a relatively small group accounts for more than 67 percent of all loans.

Loan Purpose data show that refinance loans accounted for over 50 percent of the originations. Home purchase loans were the second most frequent purpose, at about 41 percent. Home improvement loans accounted for just over eight percent of all originations.

Very Low Income applicants had a 24 percent origination rate in Very Low Income Tracts, 12 percentage points lower than Very Low Income applicants overall in the state.

Table 4.3 examines the HMDA data more closely with respect to the possibility of redlining within the State. Redlining relates to the avoidance of certain locations by mortgage lenders in response to undesirable characteristics of the area. Assuming that these negative characteristics can be epitomized by the lowest income census tracts (<51% median in the tables), a comparison of origination rates within these tracts to higher income tracts should shed some light on the probability of redlining. Origination rates for the State indicate that Very Low-Income applicants (<51% median) were successful 38 percent of the time, Low-Income applicants (51-80% median) 45 percent of the time, Moderate Income applicants (81-95% median) 48 percent of the time, Middle Income applicants (96-120% median) 49 percent of the time, and High Income applicants (>120% median) 55 percent of the time. When isolating the Very Low Income census tracts, the origination rates change dramatically. Very Low Income applicants were successful 24 percent of the time, a 12 percentage point decline from their overall success in the State. While it might be expected that very low-income applicants may have low success rates, higher income applicants in very low-income tracts experienced much lower rates, as well. High Income applicants in very low-income tracts had a 49 percent origination rate, almost five percentage points lower than in the State overall.

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

Large differences in origination rates between Very Low Income and High Income Tracts suggests that some characteristics of redlining may be occurring in Arkansas.

Income applicants were successful 38 percent of the time, a little bit higher than Middle Income applicants in the Very Low-Income tracts. High Income applicants were successful 56 percent of the time in High Income tracts, over seven percentage points higher than in Very Low Income tracts. Origination rates for Middle Income applicants in High Income tracts were 14.7 percentage points higher than in the Very Low Income tracts. While this analysis does not provide conclusive proof that redlining exists, the expectation for higher income applicants would be for relatively equal origination rates across all census tracts. The large differences in origination rates between Very Low and High-Income tracts suggest that some characteristics of redlining may be occurring.

For all loan purposes, White origination rates are much higher than rates for Minorities.

Table 4.4 compares origination rates between minorities and White applicants for the various loan purposes and income groups. For all loan purposes shown, White origination rates are much higher than minorities. For home purchase loans, origination rates were over 56 percent for Whites and over 43 percent for minorities, a difference of 12 percentage points. White applicants for home improvement loans are successful almost 26 percentage points more often than minorities. The rates for refinance loans show a 21 percentage point difference.

Looking at the income group comparison, large disparities are evident between Whites and Minorities in all income groups. In all income groups, the difference between Whites and Minorities range from 16.5 and 18 percentage points. Within each income group, Whites and minorities are entering the loan markets with relatively equal incomes.

Tables 4.5 and 4.6 provide a detailed look at loan activity, by loan purpose, minority status, and year, for Very Low and High Income census tracts. The data include the years 1997 through 2012, incorporating data from the last HMDA analysis for the previous Analysis of Impediments. In the Very Low-Income tracts, the small number of loan applications provides a somewhat inconsistent view of mortgage activity. Only occasionally do origination rates exceed 50 percent. Within the Minority origination rates, most are about 20 to 30 percent, while Whites are higher for every year and every loan purpose.

Table 4.6 shows much higher origination rates for White applicants than Minorities in all years, for all loan purposes in the high-income tracts. High numbers for the Not Provided category reflect a change in reporting methodology that includes loan purchases as an application outcome. These records tend to not report ethnicity or income of the borrowers and account for the low origination rates for the Not Provided group, where Purchased is another option.

Government insured loans have lower origination rates in all income groups.

Chart 4.1 provides a look at origination rates by census tract income for the loan types: conventional and government. Government insured loans have lower origination rates in all income groups.

Higher Income applicants have higher origination rates in all tract income groups.

Chart 4.2 shows origination rates by ethnicity and income of the census tract. In the higher income tracts, White rates exceed all other races/ethnicities. White origination rates for the Very Low Income tracts exceed origination rates for all other ethnicities/races in all other income tract groups with the exception of Asians in the High Income Tracts.

Applications for home purchase loans have higher success as the tract income increases.

Chart 4.3 looks at origination rates by the income of the applicant and the income of census tracts. As would be expected, higher income applicants have higher origination rates. As suggested earlier, evidence of redlining can be seen in the much lower origination rates of similar income individuals in lower income tracts, where high income applicants do not have as high an approval rate as lower income applicants in higher income tracts.

Chart 4.4 looks at origination rates by loan purpose and income of the census tract. Applications for home purchase loans have a higher success rate as the tract income increases, as do home improvement and refinance loans, peaking at over 60 percent for the High Income tracts. Refinance loans generally have the lowest origination rates, overall, and are less than 40 percent in Very Low-Income tracts. In most income categories, home improvement loans show the highest origination rates.

Chart 4.5 examines the percentage of originations by ethnicity within tract income groups. In the Very Low Income tracts, African-American applicants received over 25 percent of the originations. In all income categories, White applicants had the most originations of any ethnic group, with over 80 percent in the Moderate Income Tracts and over 90 in the Middle and High Income tracts.

Chart 4.6 looks at the percentage of originations by applicant income within tract income groups. In all tracts, High Income applicants received the most loans.

Refinance loans account for the most loan activity in all income group tracts except for the Very Low Income Tracts.

Chart 4.7 shows the percentage of originations going to the various loan purposes within tract income groups. In all tract income groups, except Very Low, refinance loans account for the most loan activity. In all but the Very Low Income tracts, home purchase loans provide the second most active loan purpose. In the Very Low Income tracts, home purchase represents the most loan activity with refinance loans as the second most active.

Maps 4.1 and 4.3 through 4.7 provide data on loan activity by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest shade indicate those areas where lending activities are least successful. A value of 1 indicates that 100 applications are denied for every 100 applications that are originated and 2 would indicate that 200 applications are denied for every 100 originated and so on. The medium colored areas indicate those areas where more successes are seen. A value of 0.75 indicates that between 75 applications are denied for every 100 applications originated. The lightest areas show the most success. A value of 0 indicates that there are no loans denied for every 100 applications originated.

Map 4.2 shows the total number of loan originations by census tract. Less active areas are shown in the lighter colors, with the most active areas in dark shades. In all the maps, the light areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials.

Conclusions

Redlining may be occurring in some very low-income census tracts in Arkansas.

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

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

Table 4.1

Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Number of Loan Applications and Origination Rates
Arkansas State 2007 - 2012

	Arkansas	
	Number	**Origination Rate**
Loan Type:		
Conventional	819,289	53.15%
Government Insured	341,555	42.09%
Ethnicity:		
Native Indian/Eskimo	5,034	44.99%
Asian	7,645	61.14%
Black	62,454	40.57%
Native Hawaiian	1,464	47.75%
White	667,122	56.21%
Hispanic	27,897	50.50%
Income:		
<51% median	29,901	38.06%
51-80% median	92,047	45.65%
81-95% median	61,078	48.20%
96-120% median	100,728	49.54%
>120% median	503,679	54.88%
Loan Purpose:		
Home Purchase	469,343	50.70%
Home Improvement	84,416	56.87%
Refinance	607,101	48.30%
Totals	1,160,860	49.89%

Table 4.2

Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Originations Within Categories Arkansas State
2007 - 2012

		Arkansas	
	Originations	**Percent**	**Population**
Loan Type:			
Conventional	435,412	75.18%	
Government Insured	143,758	24.82%	
Ethnicity:			
Native Indian/Eskimo	2,265	0.70%	0.6%
Asian	4,692	1.46%	1.2%
Black	25,340	7.87%	15.5%
Native Hawaiian	699	0.22%	0.2%
White	274,958	85.38%	78.4%
Hispanic	14,089	4.37%	6.4%
Income:			
<51% median	11,379	2.78%	
51-80% median	42,015	10.27%	
81-95% median	29,442	7.20%	
96-120% median	49,896	12.19%	
>120% median	276,430	67.56%	
Loan Purpose:			
Home Purchase	237,960	41.08%	
Home Improvement	48,009	8.29%	
Refinance	293,234	50.63%	
Totals	579,203	100.00%	

Table 4.3

Analysis of Home Mortgage Disclosure Act Data, 2007 - 2012

Analysis of Redlining in Very Low-Income Census Tracts

	# of Apps.	% Orig.	% Denied
Very Low Income Tracts			
<51% median	398	24.37%	58.79%
51-80% median	759	32.67%	39.26%
81-95% median	421	36.58%	36.10%
96-120% median	576	36.98%	31.60%
>120% median	2,390	49.08%	21.05%
High Income Tracts			
<51% median	3,498	37.94%	40.34%
51-80% median	13,227	46.63%	23.94%
81-95% median	10,563	50.39%	17.90%
96-120% median	19,502	51.72%	15.45%
>120% median	151,863	56.49%	10.83%
Difference Between High and Very Low Tracts (percentage point difference)			
<51% median		13.57%	-18.45%
51-80% median		13.96%	-15.32%
81-95% median		13.81%	-18.20%
96-120% median		14.74%	-16.15%
>120% median		7.41%	-10.22%
Statewide Origination Rates			
<51% median		38.06%	
51-80% median		45.65%	
81-95% median		48.20%	
96-120% median		49.54%	
>120% median		54.88%	

Table 4.5: HMDA Activity for Arkansas -- Very Low Income Tracts, 1997 - 2012

Home Purchase Loans	# Apps.	% of Year	% Denied	% Orig.
2008	65	21.67%	0.00%	50.77%
2009	55	16.92%	1.82%	38.18%
2010	43	17.06%	0.00%	46.51%
2011	41	23.84%	0.00%	43.90%
2012	143	23.33%	1.40%	20.28%

Table 4.4
Analysis of Home Mortgage Disclosure Act Data
HMDA Activity for Arkansas State, 2007 - 2012

Home Purchase Loans	# of Apps.	% of Apps.	% Denied	% Orig.
Minority	51064	19.05%	25.66%	43.80%
White	268112	73.43%	14.05%	56.23%
Not Provided	45974	12.59%	0.20%	14.46%
Home Improvement Loans				
Minority	16386	32.80%	50.49%	36.48%
White	49954	73.44%	25.71%	62.60%
Not Provided	1681	2.47%	1.67%	49.79%
Refinance Loans				
Minority	78668	22.34%	30.54%	34.07%
White	352198	74.71%	16.70%	55.02%
Not Provided	40536	8.60%	0.31%	13.39%
All Loan Purposes				
Minority	146118	16.15%	31.07%	37.74%
White	670264	74.10%	16.31%	56.07%
Not Provided	88191	9.75%	0.28%	14.64%

Income Groups				
Very Low	**# of Apps.**	**% of Apps.**	**% Denied**	**% Orig.**
Minority	7903	34.80%	57.13%	23.98%
White	22713	73.31%	39.10%	42.02%
Not Provided	368	1.19%	0.54%	7.07%
Low				
Minority	20537	28.62%	41.06%	31.89%
White	71752	76.18%	25.02%	49.69%
Not Provided	1896	2.01%	0.16%	1.42%
Moderate				
Minority	12657	26.43%	35.59%	34.92%
White	47894	77.18%	20.60%	52.44%
Not Provided	1501	2.42%	0.07%	1.40%
Middle				
Minority	18850	23.50%	32.51%	37.08%
White	80226	78.74%	18.05%	53.64%
Not Provided	2813	2.76%	0.07%	1.14%
High				
Minority	75596	18.27%	25.38%	41.70%
White	413752	81.70%	12.98%	59.18%
Not Provided	17083	3.37%	0.09%	3.39%
Not Provided				
Minority	10575	31.17%	24.98%	35.65%
White	33927	31.12%	13.01%	51.98%
Not Provided	64530	59.18%	0.34%	18.95%

Demographics	% Minority	% Owner-Occ.	% Vacant
Statewide	21.6%	67.2%	14.3%

Table 4.5 (cont'd): HMDA Activity for Arkansas - Very Low Income Tracts, 1997 - 2012

Home Improvement Loans		# Apps.	% of Year	% Denied	% Orig.
Minorities	**1997**	124	54.63%	40.32%	53.23%
	1998	115	47.92%	48.70%	49.57%
	1999	135	62.79%	51.85%	37.04%
	2000	68	40.72%	55.88%	33.82%
	2001	81	62.31%	56.79%	38.27%
	2002	74	28.60%	14.30%	42.90%
	2003	87	38.90%	0.00%	100.00%
	2004	104	77.80%	54.50%	28.60%
	2005	97	46.70%	33.30%	27.50%
	2006	92	70.60%	45.60%	48.80%
	2007	68	59.13%	63.24%	26.47%
	2008	71	61.74%	59.15%	33.80%
	2009	66	66.67%	63.64%	25.76%
	2010	59	81.94%	61.02%	32.20%
	2011	80	71.43%	66.25%	26.25%
	2012	168	61.99%	76.79%	18.45%
White	**1997**	49	21.59%	38.78%	44.90%
	1998	54	22.50%	50.00%	37.04%
	1999	26	12.09%	57.69%	34.62%
	2000	26	15.57%	34.62%	53.85%
	2001	9	6.92%	44.44%	44.44%
	2002	16	42.90%	31.70%	40.00%
	2003	8	44.40%	70.00%	25.40%
	2004	14	22.20%	50.00%	16.70%
	2005	17	46.70%	66.70%	16.70%
	2006	15	29.40%	75.00%	25.00%
	2007	44	38.26%	34.09%	50.00%
	2008	34	29.57%	38.24%	55.88%
	2009	23	23.23%	30.43%	52.17%
	2010	11	15.28%	54.55%	36.36%
	2011	30	26.79%	23.33%	73.33%
	2012	96	35.42%	41.67%	52.08%
Not Provided	**1997**	54	23.79%	61.11%	22.22%
	1998	71	29.58%	40.85%	19.72%
	1999	54	25.12%	46.30%	18.52%
	2000	73	43.71%	73.97%	13.70%
	2001	40	30.77%	80.00%	5.00%
	2002	54	28.60%	30.00%	66.70%
	2003	43	16.70%	26.70%	18.70%
	2004	60	0.00%	-	-
	2005	71	6.70%	60.00%	15.40%
	2006	80	0.00%	-	-
	2007	3	2.61%	33.33%	33.33%
	2008	10	8.70%	0.00%	100.00%
	2009	10	10.10%	0.00%	90.00%
	2010	2	2.78%	0.00%	100.00%
	2011	2	1.79%	0.00%	100.00%
	2012	7	2.58%	0.00%	85.71%

Table 4.5 (cont'd): HMDA Activity for Arkansas - Very Low Income Tracts, 1997 - 2012

Refinance Loans		# Apps.	% of Year	% Denied	% Orig.
Minorities	**1997**	71	20.11%	29.58%	33.80%
	1998	134	33.09%	35.07%	32.84%
	1999	163	28.25%	33.13%	41.10%
	2000	145	26.75%	37.24%	31.72%
	2001	124	27.13%	37.10%	34.68%
	2002	106	54.50%	50.00%	16.70%
	2003	107	50.00%	56.70%	16.70%
	2004	204	40.00%	55.00%	25.00%
	2005	307	63.60%	54.30%	42.90%
	2006	214	70.00%	56.70%	16.70%
	2007	249	55.21%	42.17%	22.89%
	2008	165	49.11%	40.61%	27.88%
	2009	115	31.94%	40.00%	29.57%
	2010	85	35.86%	43.53%	20.00%
	2011	82	41.21%	42.68%	29.27%
	2012	255	31.14%	37.25%	29.02%
White	**1997**	210	59.49%	25.24%	31.43%
	1998	81	20.00%	32.10%	40.74%
	1999	81	14.04%	22.22%	59.26%
	2000	33	6.09%	39.39%	33.33%
	2001	38	8.32%	36.84%	34.21%
	2002	22	18.20%	70.00%	25.40%
	2003	33	21.40%	40.00%	26.70%
	2004	24	40.00%	56.70%	26.70%
	2005	31	9.10%	45.00%	25.00%
	2006	33	15.00%	50.00%	16.70%
	2007	154	34.15%	17.53%	49.35%
	2008	135	40.18%	18.52%	51.11%
	2009	185	51.39%	14.05%	49.19%
	2010	138	58.23%	21.74%	49.28%
	2011	94	47.24%	20.21%	48.94%
	2012	466	56.90%	18.24%	58.15%
Not Provided	**1997**	72	20.40%	26.39%	13.89%
	1998	190	46.91%	27.89%	12.63%
	1999	333	57.71%	45.95%	8.71%
	2000	364	67.16%	49.73%	8.24%
	2001	295	64.55%	44.41%	7.12%
	2002	303	27.30%	50.00%	36.70%
	2003	224	28.60%	56.70%	16.70%
	2004	322	20.00%	55.00%	25.00%
	2005	103	27.30%	54.30%	42.90%
	2006	209	15.00%	36.70%	56.70%
	2007	48	10.64%	0.00%	35.42%
	2008	36	10.71%	0.00%	58.33%
	2009	60	16.67%	0.00%	33.33%
	2010	14	5.91%	0.00%	7.14%
	2011	23	11.56%	4.35%	65.22%
	2012	98	11.97%	3.06%	33.67%

Table 4.5 (cont'd): HMDA Activity for Arkansas - Very Low Income Tracts, 1997 - 2012

All Loan Purposes		# Apps.	% of Year	% Denied	% Orig.
Minorities	**1997**	308	33.44%	42.53%	38.64%
	1998	368	39.11%	48.10%	32.61%
	1999	469	37.64%	49.47%	33.90%
	2000	307	32.73%	44.63%	33.55%
	2001	274	35.96%	43.80%	36.50%
	2002	234	54.80%	47.70%	35.70%
	2003	345	60.80%	45.00%	24.00%
	2004	443	59.70%	54.30%	42.90%
	2005	323	48.90%	36.70%	56.70%
	2006	434	53.10%	40.60%	43.80%
	2007	523	45.01%	39.39%	29.83%
	2008	336	44.74%	42.56%	33.33%
	2009	273	34.82%	42.86%	28.21%
	2010	237	42.25%	44.73%	28.27%
	2011	214	44.31%	51.40%	29.91%
	2012	594	34.88%	45.79%	29.29%
White	**1997**	462	50.16%	35.71%	33.33%
	1998	270	28.69%	46.30%	31.48%
	1999	364	29.21%	42.03%	41.21%
	2000	128	13.65%	37.50%	42.97%
	2001	88	11.55%	43.18%	37.50%
	2002	75	8.10%	19.20%	62.10%
	2003	67	9.50%	10.30%	69.20%
	2004	94	5.60%	1.50%	76.30%
	2005	39	19.10%	35.30%	33.30%
	2006	25	7.80%	46.20%	40.40%
	2007	507	43.63%	17.55%	51.08%
	2008	304	40.48%	18.09%	54.28%
	2009	386	49.23%	15.28%	49.48%
	2010	265	47.24%	22.26%	48.68%
	2011	203	42.03%	18.23%	57.14%
	2012	861	50.56%	20.56%	57.49%
Not Provided	**1997**	151	16.40%	44.63%	21.49%
	1998	303	32.20%	30.69%	14.19%
	1999	413	33.15%	43.83%	11.38%
	2000	503	53.62%	53.08%	9.54%
	2001	400	52.49%	47.00%	8.00%
	2002	423	37.10%	31.40%	58.90%
	2003	422	29.70%	32.30%	75.40%
	2004	325	34.70%	33.10%	41.90%
	2005	215	31.90%	34.00%	48.40%
	2006	425	39.10%	34.80%	44.80%
	2007	132	11.36%	0.76%	34.85%
	2008	111	14.78%	0.00%	57.66%
	2009	125	15.94%	0.80%	40.00%
	2010	59	10.52%	0.00%	38.98%
	2011	66	13.66%	1.52%	53.03%
	2012	248	14.56%	2.02%	27.42%

Table 4.6: HMDA Activity for Arkansas -- High Income Tracts, 1997 - 2012

Home Purchase Loans		# Apps.	% of Year	% Denied	% Orig.
Minorities	**1997**	752	8.51%	29.12%	51.99%
	1998	803	8.41%	28.77%	50.56%
	1999	1,018	9.52%	30.26%	48.04%
	2000	1,002	10.02%	22.95%	54.69%
	2001	1,006	9.31%	16.10%	57.26%
	2002	1,134	25.00%	15.10%	52.60%
	2003	1,354	27.90%	31.60%	55.00%
	2004	1,654	15.40%	25.10%	67.50%
	2005	1,432	27.90%	21.60%	70.00%
	2006	1,553	29.00%	26.00%	72.50%
	2007	2298	12.81%	18.10%	51.22%
	2008	1587	11.66%	16.64%	53.12%
	2009	1506	10.60%	14.28%	52.32%
	2010	1580	12.34%	16.08%	48.86%
	2011	1411	11.37%	25.09%	43.02%
	2012	1910	10.58%	24.82%	45.18%
White	**1997**	6,333	71.63%	14.73%	64.79%
	1998	6,980	73.11%	13.04%	64.14%
	1999	7,582	70.91%	14.22%	64.18%
	2000	6,374	63.76%	11.31%	67.82%
	2001	6,992	64.68%	7.71%	69.62%
	2002	5,300	50.80%	19.60%	66.40%
	2003	7,347	48.40%	17.50%	66.90%
	2004	6,394	56.30%	15.40%	67.40%
	2005	7,441	47.60%	3.30%	57.90%
	2006	6,488	46.50%	1.20%	58.40%
	2007	13288	74.07%	8.04%	58.94%
	2008	10108	74.28%	8.04%	62.18%
	2009	10609	74.67%	6.74%	58.25%
	2010	9867	77.09%	7.62%	57.69%
	2011	9344	75.27%	10.22%	57.79%
	2012	13378	74.13%	9.07%	62.34%
Not Provided	**1997**	1,756	19.86%	2.33%	11.85%
	1998	1,764	18.48%	7.12%	18.31%
	1999	2,093	19.57%	3.77%	16.20%
	2000	2,621	26.22%	10.80%	17.28%
	2001	2,812	26.01%	8.14%	18.35%
	2002	1,095	24.20%	41.70%	38.70%
	2003	1,149	23.70%	46.10%	42.90%
	2004	1,203	28.30%	50.50%	47.10%
	2005	1,257	24.50%	45.00%	51.40%
	2006	1,311	24.50%	49.40%	55.60%
	2007	2354	13.12%	0.08%	8.33%
	2008	1913	14.06%	0.37%	13.59%
	2009	2092	14.73%	0.00%	9.94%
	2010	1353	10.57%	0.07%	17.44%
	2011	1659	13.36%	0.18%	14.59%
	2012	2758	15.28%	0.07%	13.60%

Table 4.6 (cont'd): HMDA Activity for Arkansas - High Income Tracts, 1997 - 2012

Home Improvement Loans		# Apps.	% of Year	% Denied	% Orig.
Minorities	1997	240	11.17%	44.17%	42.50%
	1998	197	9.53%	45.69%	46.70%
	1999	230	9.85%	45.65%	40.43%
	2000	159	8.06%	45.28%	45.28%
	2001	117	7.01%	37.61%	52.14%
	2002	117	22.40%	35.10%	50.10%
	2003	187	23.80%	35.80%	49.70%
	2004	167	29.70%	36.50%	49.40%
	2005	198	22.30%	37.20%	49.00%
	2006	143	17.20%	37.90%	48.60%
	2007	593	18.89%	37.44%	40.81%
	2008	476	18.48%	38.66%	45.59%
	2009	314	14.88%	42.04%	42.36%
	2010	246	15.85%	43.50%	43.09%
	2011	281	21.43%	49.11%	38.79%
	2012	395	19.16%	48.35%	40.76%
White	1997	1573	73.20%	14.56%	75.02%
	1998	1419	68.62%	13.81%	77.31%
	1999	1401	60.00%	16.20%	73.52%
	2000	1117	56.61%	12.35%	78.96%
	2001	1171	70.12%	10.16%	82.66%
	2002	1244	47.00%	21.10%	65.60%
	2003	1437	55.60%	21.00%	66.50%
	2004	1229	40.70%	20.90%	67.40%
	2005	1520	58.60%	20.80%	68.40%
	2006	1512	61.80%	20.60%	69.30%
	2007	2438	77.64%	19.61%	66.49%
	2008	2021	78.45%	18.41%	68.78%
	2009	1691	80.14%	18.39%	66.06%
	2010	1273	82.02%	22.70%	63.00%
	2011	994	75.82%	20.42%	63.98%
	2012	1619	78.52%	20.32%	67.63%
Not Provided	1997	336	15.64%	34.52%	46.73%
	1998	452	21.86%	34.29%	43.14%
	1999	704	30.15%	29.55%	40.63%
	2000	697	35.33%	39.31%	28.41%
	2001	382	22.87%	41.88%	35.08%
	2002	159	30.50%	41.00%	48.40%
	2003	162	20.60%	40.40%	54.40%
	2004	166	29.60%	39.90%	60.30%
	2005	170	19.10%	39.30%	66.30%
	2006	174	21.00%	38.70%	72.20%
	2007	109	3.47%	0.00%	27.52%
	2008	79	3.07%	1.27%	68.35%
	2009	105	4.98%	0.00%	28.57%
	2010	33	2.13%	0.00%	72.73%
	2011	36	2.75%	0.00%	50.00%
	2012	48	2.33%	2.08%	52.08%

Table 4.6 (cont'd): HMDA Activity for Arkansas - High Income Tracts, 1997 - 2012

Refinance Loans		# Apps.	% of Year	% Denied	% Orig.
Minorities	1997	289	6.40%	22.49%	45.33%
	1998	541	4.91%	17.56%	53.79%
	1999	546	6.34%	26.37%	47.62%
	2000	400	6.78%	31.50%	34.00%
	2001	780	5.50%	21.03%	52.95%
	2002	568	22.90%	18.40%	55.10%
	2003	657	18.80%	28.60%	59.50%
	2004	547	15.60%	18.70%	64.00%
	2005	737	19.20%	28.90%	68.50%
	2006	626	17.20%	19.00%	72.90%
	2007	3021	19.14%	29.69%	30.22%
	2008	2389	16.53%	29.97%	35.91%
	2009	3197	13.23%	22.55%	41.13%
	2010	3113	14.12%	24.77%	38.42%
	2011	2371	13.20%	22.73%	40.66%
	2012	3789	11.89%	20.59%	44.71%
White	1997	3,075	68.05%	8.49%	70.63%
	1998	7,566	68.71%	8.04%	69.61%
	1999	4,799	55.70%	10.52%	66.33%
	2000	2,483	42.07%	14.78%	62.63%
	2001	8,196	57.77%	7.08%	70.29%
	2002	6,870	35.10%	17.10%	50.30%
	2003	7,728	49.40%	18.50%	47.80%
	2004	8,786	50.80%	19.10%	45.30%
	2005	7,844	48.10%	20.40%	42.70%
	2006	6,702	46.60%	21.30%	40.20%
	2007	11414	72.31%	15.51%	50.39%
	2008	10730	74.26%	15.44%	55.09%
	2009	18512	76.61%	11.53%	56.71%
	2010	16908	76.68%	12.65%	56.93%
	2011	13705	76.33%	13.08%	58.42%
	2012	24570	77.09%	12.19%	62.05%
Not Provided	1997	1,155	25.56%	12.03%	12.12%
	1998	2,904	26.37%	15.84%	15.56%
	1999	3,271	37.96%	24.06%	13.67%
	2000	3,019	51.15%	35.91%	10.33%
	2001	5,211	36.73%	21.24%	12.55%
	2002	1,041	42.00%	29.60%	16.60%
	2003	1,111	31.80%	32.40%	13.90%
	2004	1,181	33.60%	35.10%	11.30%
	2005	1,251	32.70%	37.90%	8.60%
	2006	1,321	36.20%	40.70%	6.00%
	2007	1349	8.55%	0.15%	11.42%
	2008	1331	9.21%	1.28%	21.11%
	2009	2454	10.16%	0.08%	5.66%
	2010	2029	9.20%	0.05%	5.13%
	2011	1880	10.47%	0.11%	8.67%
	2012	3514	11.03%	0.03%	7.88%

Table 4.6 (cont'd): HMDA Activity for Arkansas - High Income Tracts, 1997 - 2012

All Loan Purposes		# Apps.	% of Year	% Denied	% Orig.
Minorities	**1997**	1,281	8.26%	30.44%	48.71%
	1998	1,541	6.81%	27.00%	51.20%
	1999	1,794	8.29%	31.05%	46.93%
	2000	1,561	8.73%	27.42%	48.43%
	2001	1,903	7.14%	19.44%	55.18%
	2002	2,534	28.80%	13.30%	55.40%
	2003	2,868	30.20%	20.80%	45.60%
	2004	2,581	26.90%	23.30%	55.90%
	2005	2,645	26.30%	25.80%	56.10%
	2006	2,860	26.80%	33.30%	56.30%
	2007	5912	16.04%	25.96%	39.45%
	2008	4452	14.53%	26.15%	43.08%
	2009	5017	12.39%	21.29%	44.57%
	2010	4939	13.57%	22.92%	41.99%
	2011	4063	12.82%	25.38%	41.35%
	2012	6094	11.72%	23.71%	44.60%
White	**1997**	10,981	70.80%	12.96%	67.89%
	1998	15,965	70.56%	10.74%	67.90%
	1999	13,782	63.68%	13.13%	65.88%
	2000	9,974	55.81%	12.29%	67.78%
	2001	16,359	61.35%	7.57%	70.89%
	2002	13,642	41.40%	21.40%	62.70%
	2003	13,742	39.40%	20.10%	62.60%
	2004	13,842	40.00%	18.80%	62.50%
	2005	13,942	39.20%	17.50%	62.40%
	2006	14,042	37.90%	16.30%	62.20%
	2007	27140	73.62%	12.22%	56.02%
	2008	22859	74.62%	12.43%	59.43%
	2009	30812	76.12%	10.26%	57.75%
	2010	28048	77.05%	11.34%	57.47%
	2011	24043	75.89%	12.27%	58.40%
	2012	39567	76.12%	11.47%	62.38%
Not Provided	**1997**	3,247	20.94%	9.12%	15.55%
	1998	5,120	22.63%	14.49%	18.95%
	1999	6,068	28.04%	17.70%	17.67%
	2000	6,337	35.46%	25.90%	15.20%
	2001	8,405	31.52%	17.80%	7.78%
	2002	2,611	58.30%	23.40%	32.90%
	2003	2,897	60.30%	26.10%	35.50%
	2004	3,183	59.70%	28.80%	38.10%
	2005	3,468	60.50%	31.50%	40.60%
	2006	3,754	35.20%	34.20%	43.20%
	2007	3812	10.34%	0.10%	9.97%
	2008	3323	10.85%	0.75%	17.91%
	2009	4651	11.49%	0.04%	8.11%
	2010	3415	9.38%	0.06%	10.66%
	2011	3575	11.28%	0.14%	11.83%
	2012	6320	12.16%	0.06%	10.71%

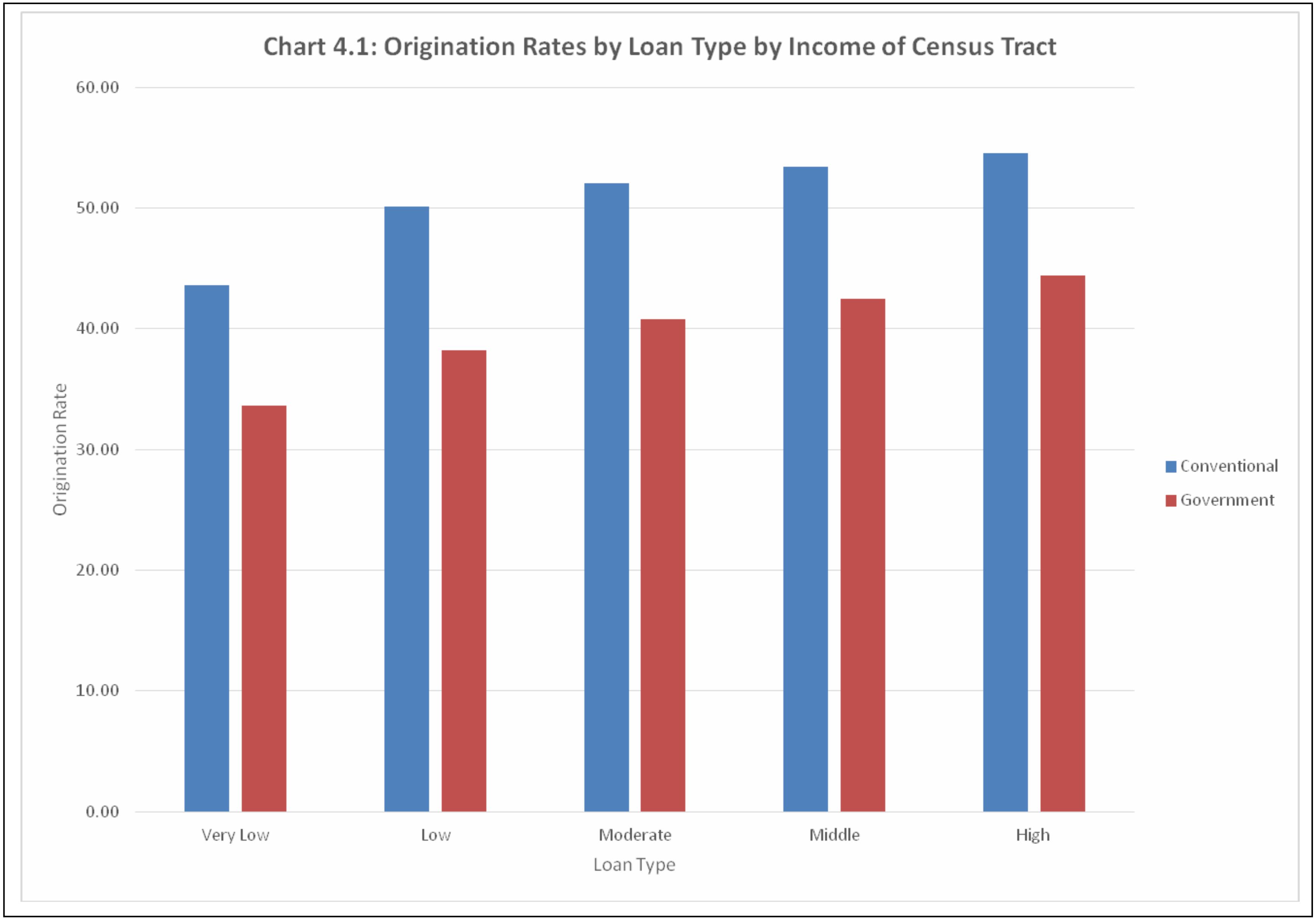


Chart 4.1: Origination Rates by Loan Type by Income of Census Tract
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Origination Rate
Very Low
Low
Moderate
Middle
High
Loan Type
Conventional
Government

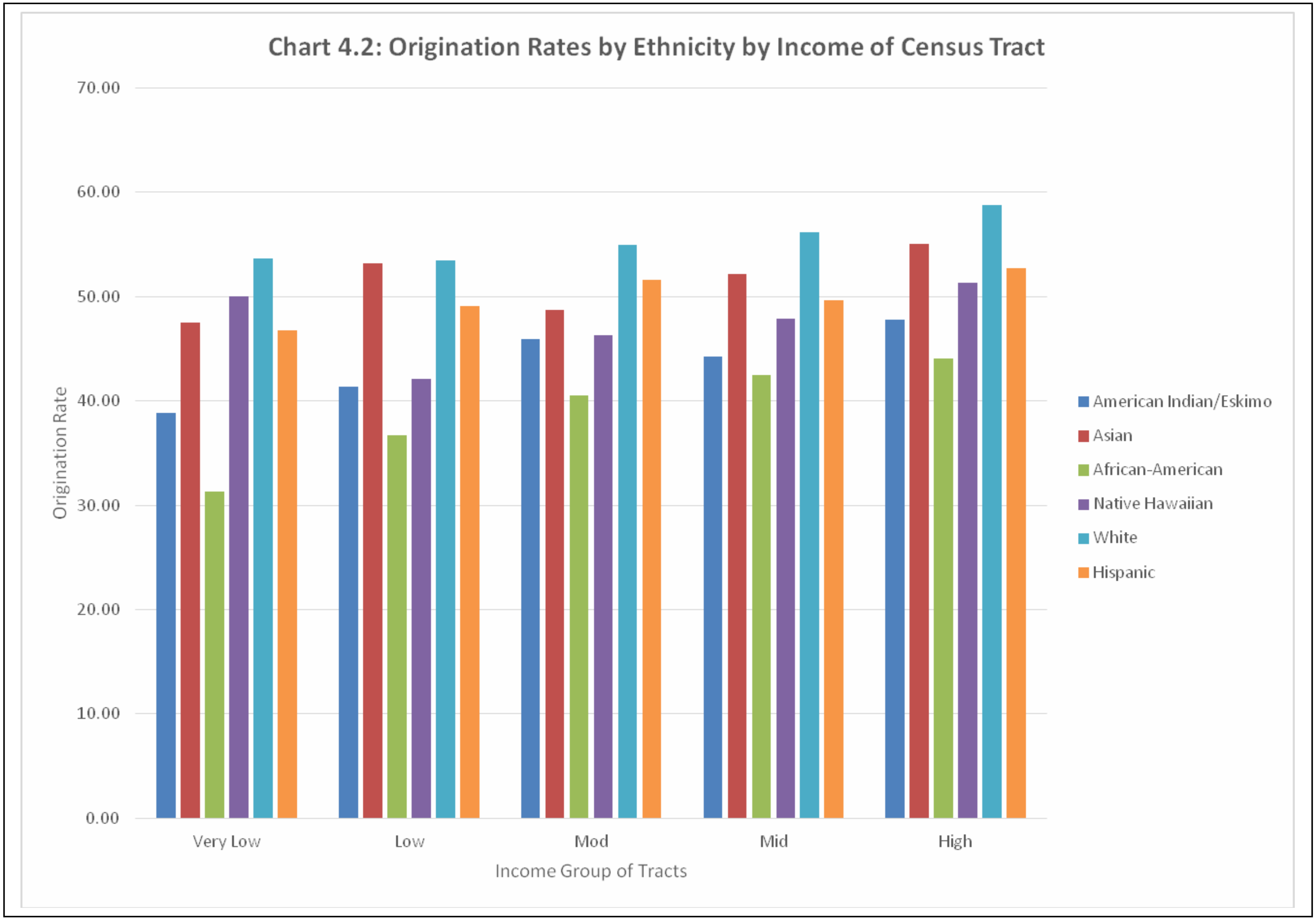


Chart 4.2: Origination Rates by Ethnicity by Income of Census Tract
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Origination Rate
Very Low
Low
Mod
Mid
High
Income Group of Tracts
American Indian/Eskimo
Asian
African-American
Native Hawaiian
White
Hispanic

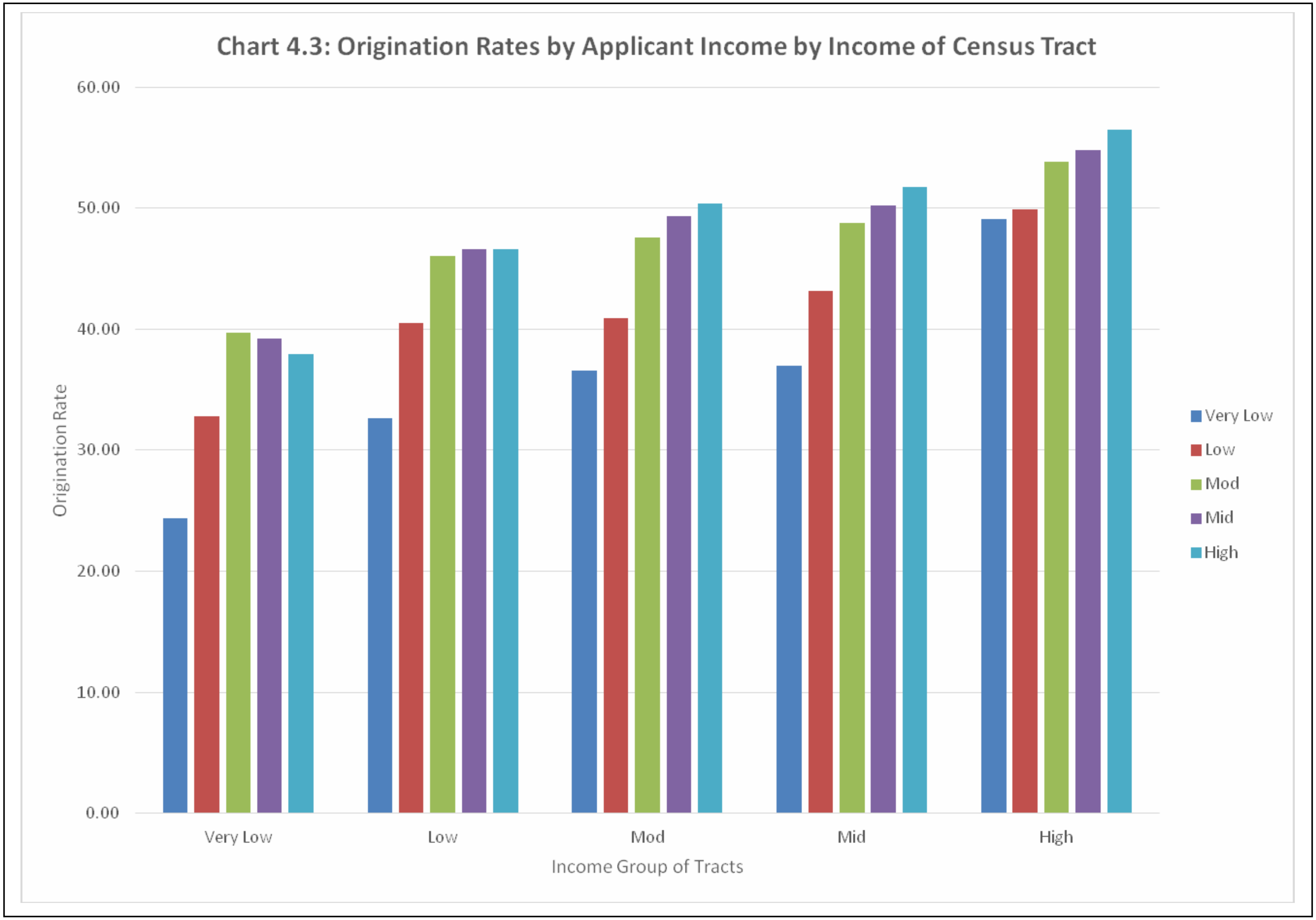


Chart 4.3: Origination Rates by Applicant Income by Income of Census Tract
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Origination Rate
Very Low
Low
Mod
Mid
High
Income Group of Tracts
Very Low
Low
Mod
Mid
High

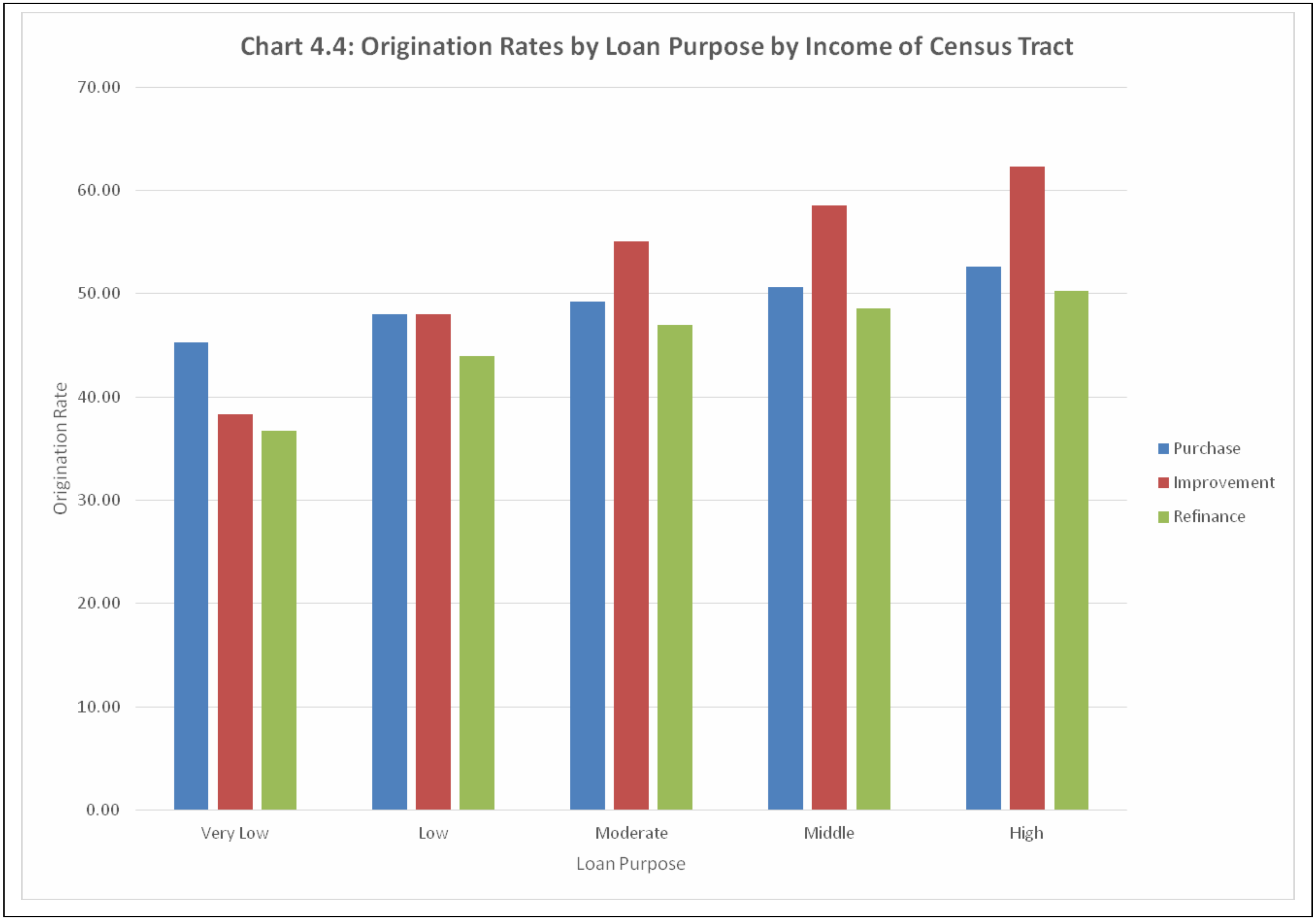


Chart 4.4: Origination Rates by Loan Purpose by Income of Census Tract
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Origination Rate
Very Low
Low
Moderate
Middle
High
Loan Purpose
Purchase
Improvement
Refinance

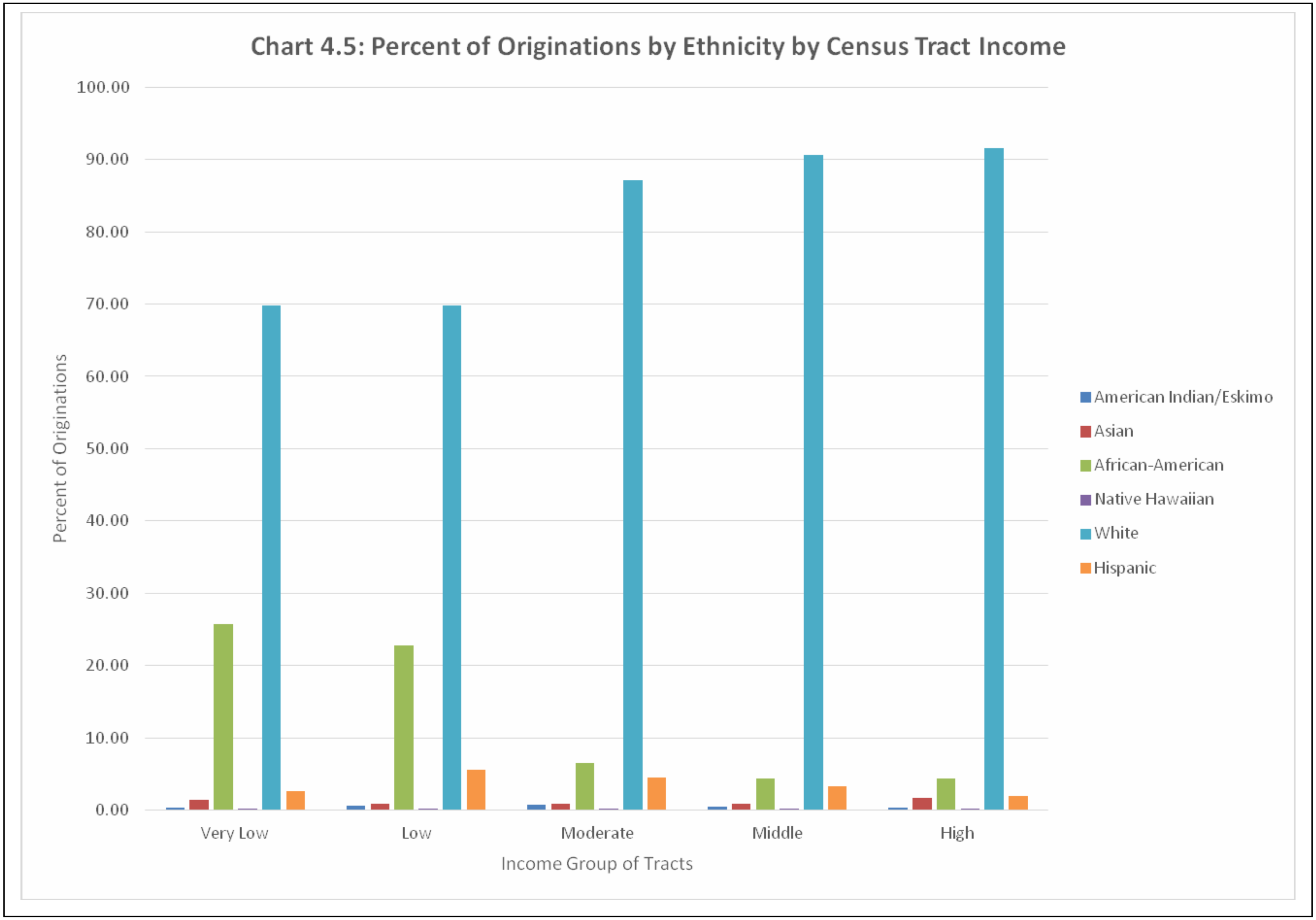


Chart 4.5: Percent of Originations by Ethnicity by Census Tract Income
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Percent of Originations
Very Low
Low
Moderate
Middle
High
Income Group of Tracts
American Indian/Eskimo
Asian
African-American
Native Hawaiian
White
Hispanic

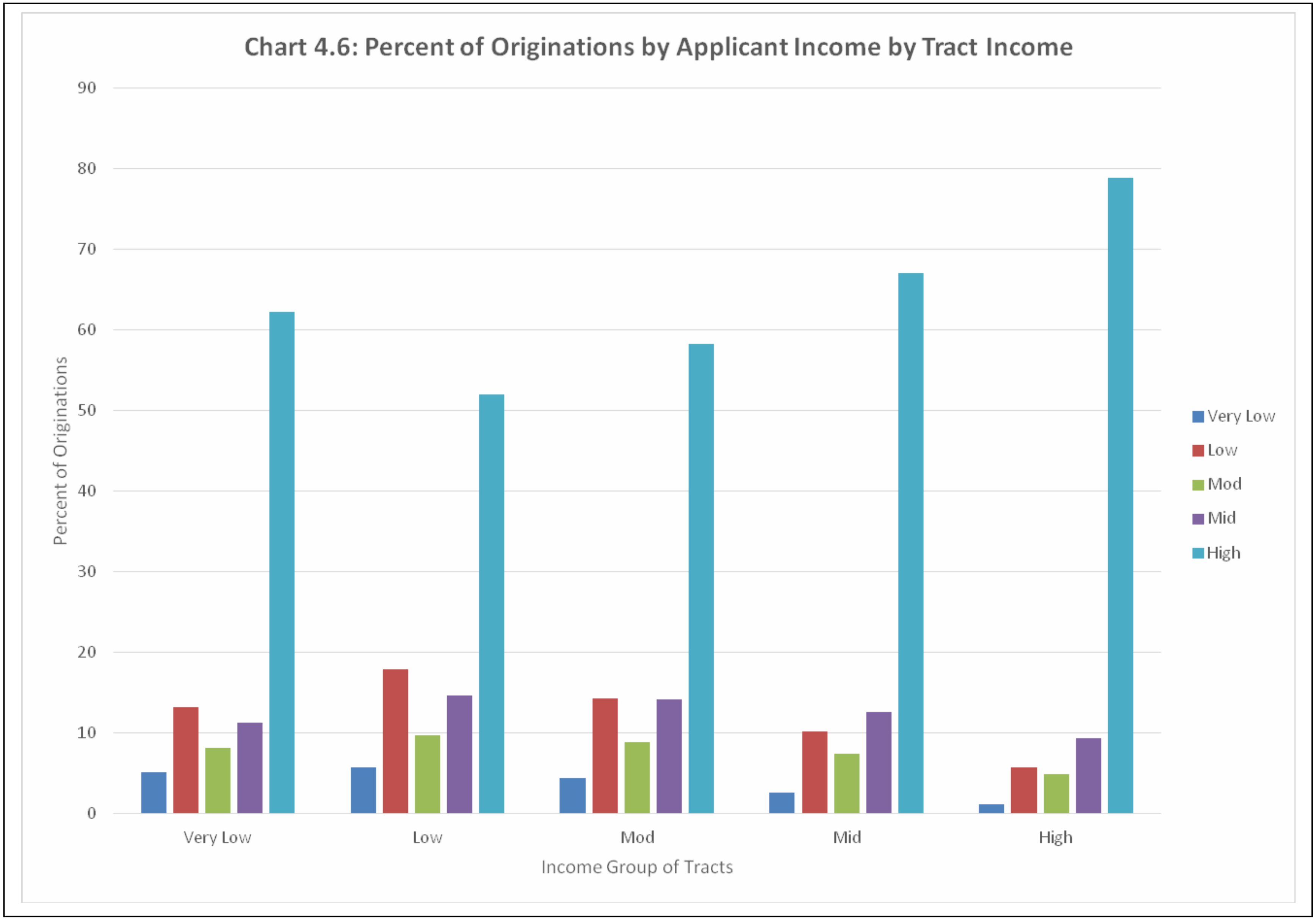


Chart 4.6: Percent of Originations by Applicant Income by Tract Income
90
80
70
60
50
40
30
20
10
0
Percent of Originations
Very Low
Low
Mod
Mid
High
Income Group of Tracts
Very Low
Low
Mod
Mid
High

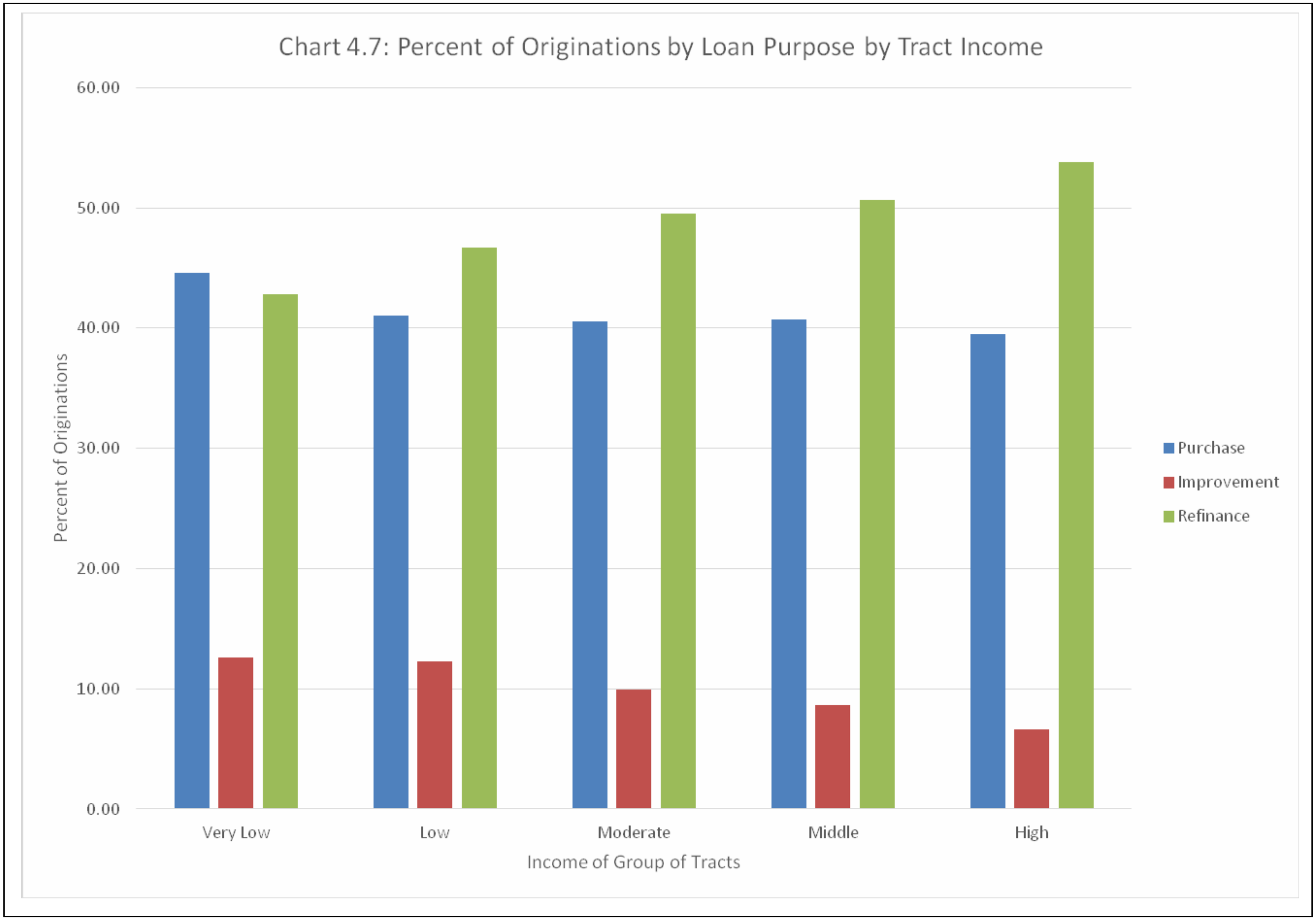
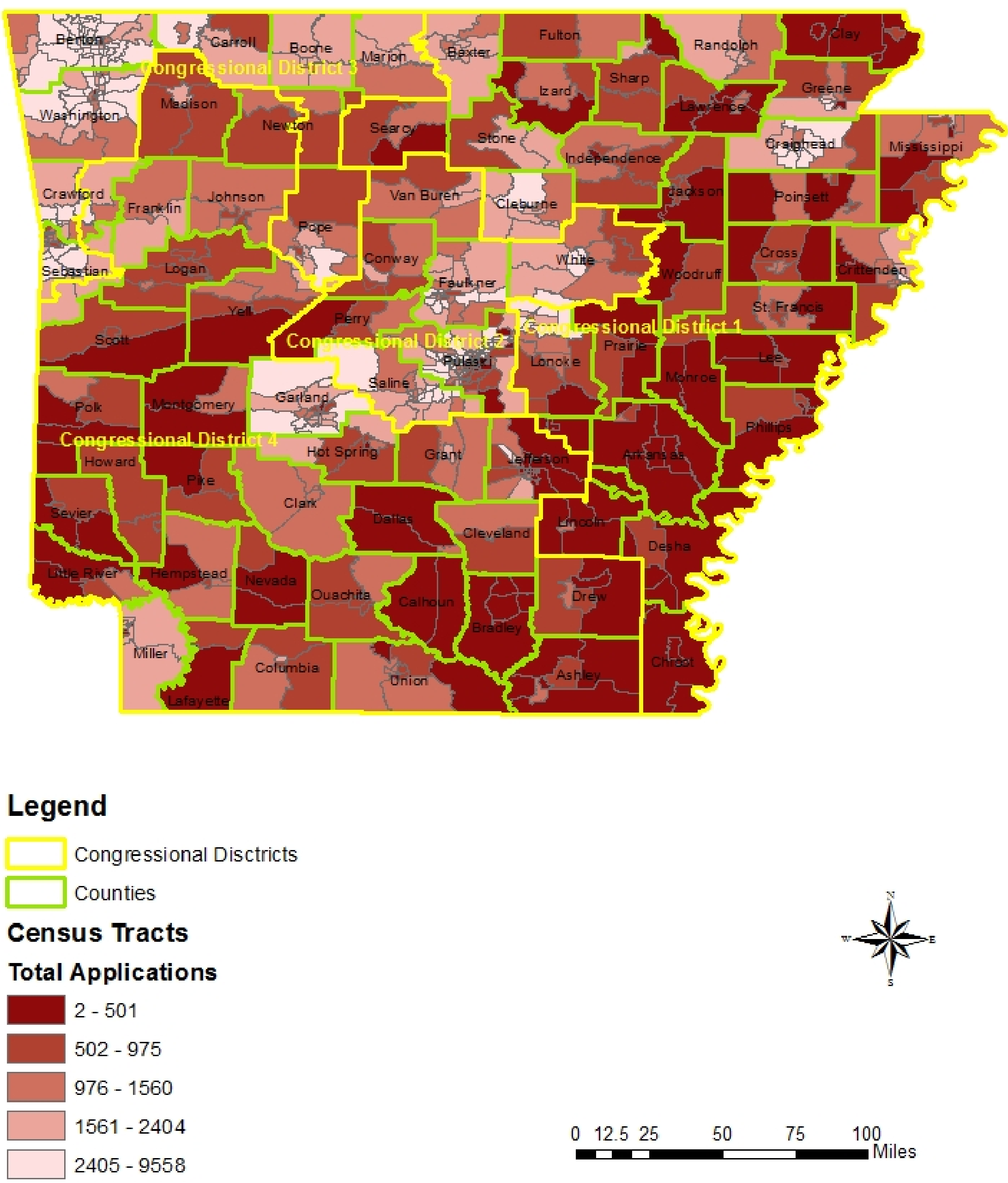


Chart 4.7: Percent of Originations by Loan Purpose by Tract Income
Percent of Originations
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Very Low
Low
Moderate
Middle
High
Income of Group of Tracts
Purchase
Improvement
Refinance

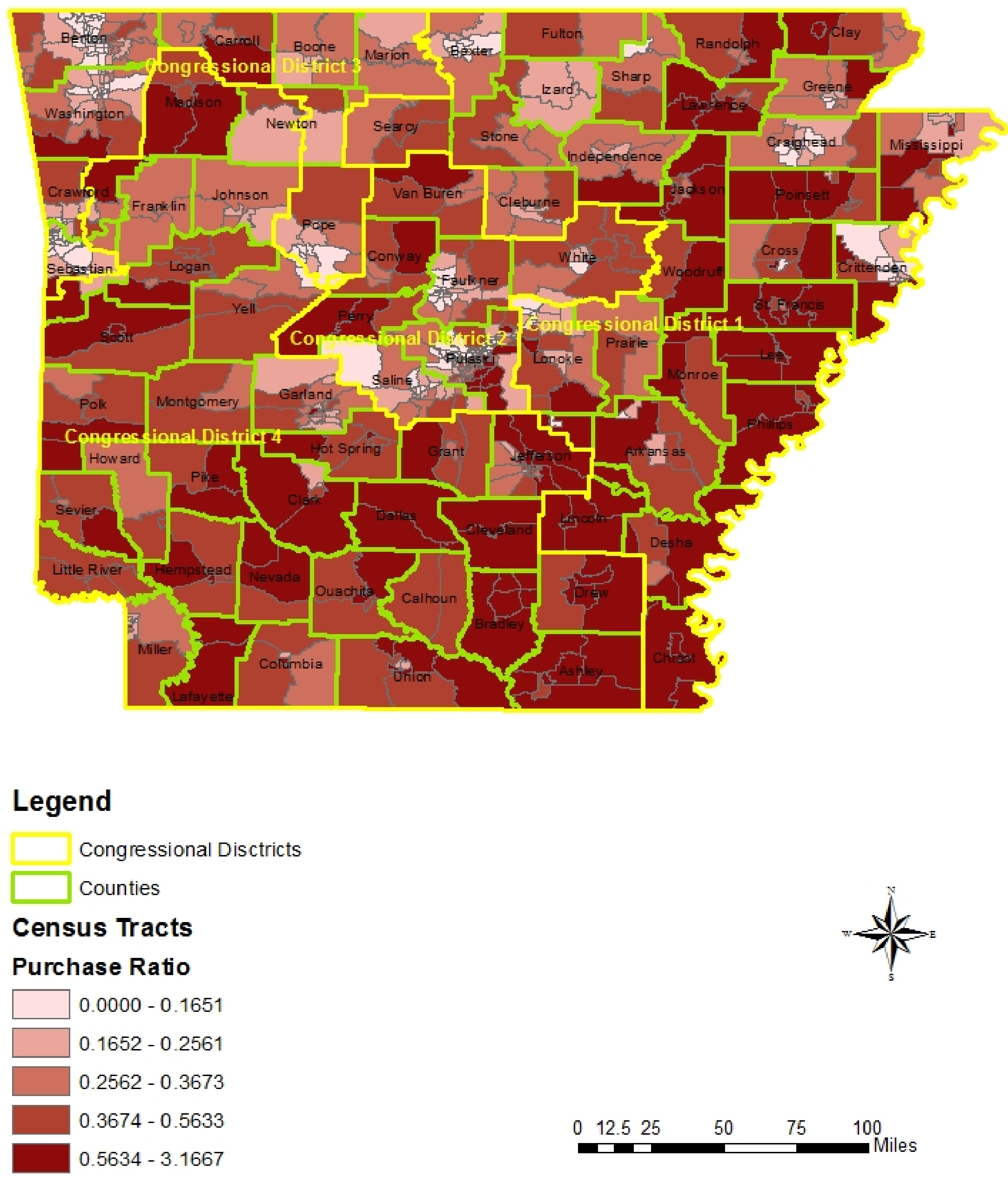
Maps 4.1 and 4.3 through 4.7 provide data on loan activity by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest shade indicate those areas where lending activities are least successful. A value of 1 indicates that 100 applications are denied for every 100 applications that are originated and 2 would indicate that 200 applications are denied for every 100 originated and so on. The medium colored areas indicate those areas where more successes are seen. A value of 0.75 indicates that between 75 applications are denied for every 100 applications originated. The lightest areas show the most success. A value of 0 indicates that there are no loans denied for every 100 applications originated.

Map 4.2 shows the total number of loan originations by census tract. Less active areas are shown in the lighter colors, with the most active areas in dark shades. In all the maps, the light areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials.

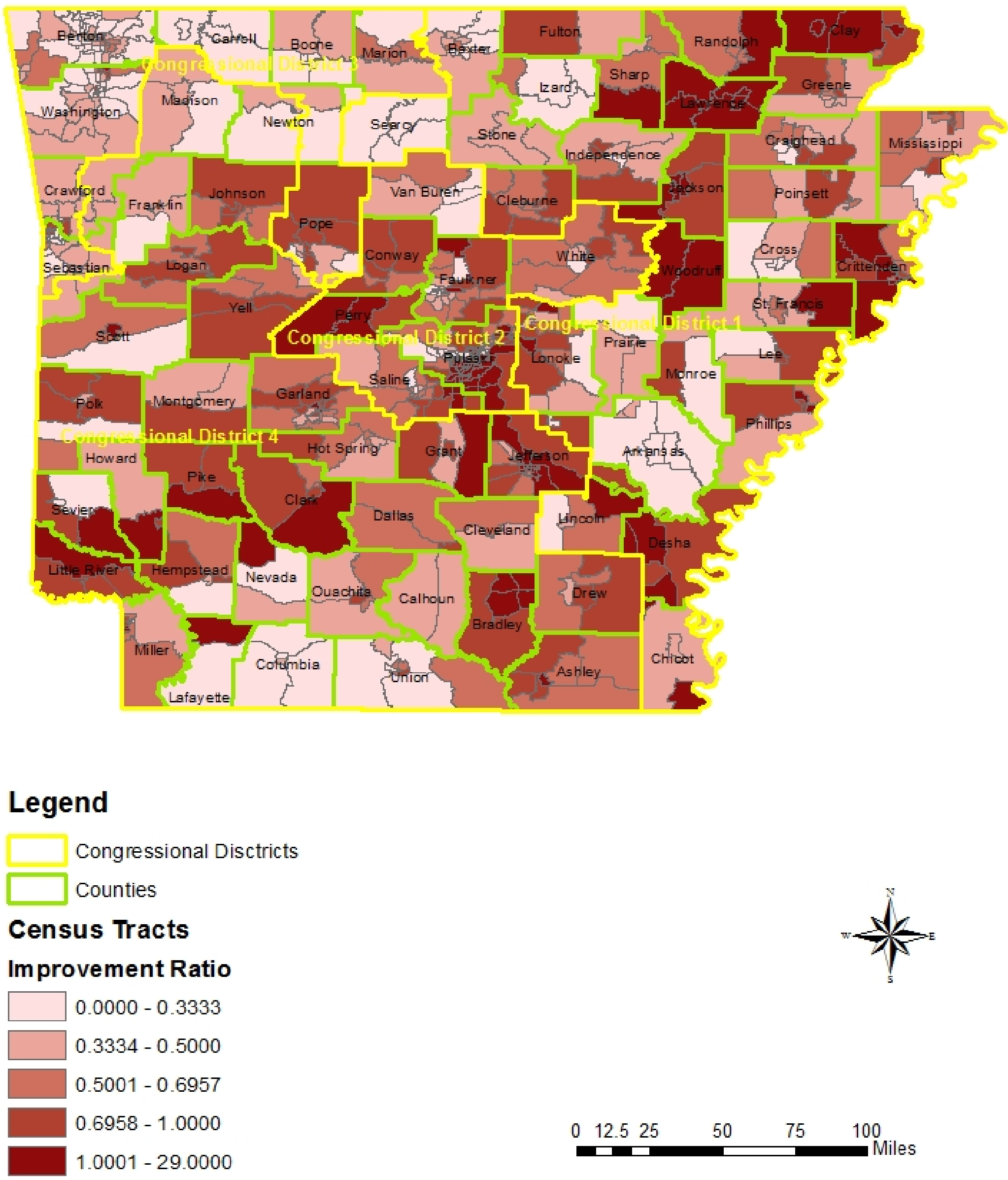
Map 4.1: Total Applications, 2007 - 2012



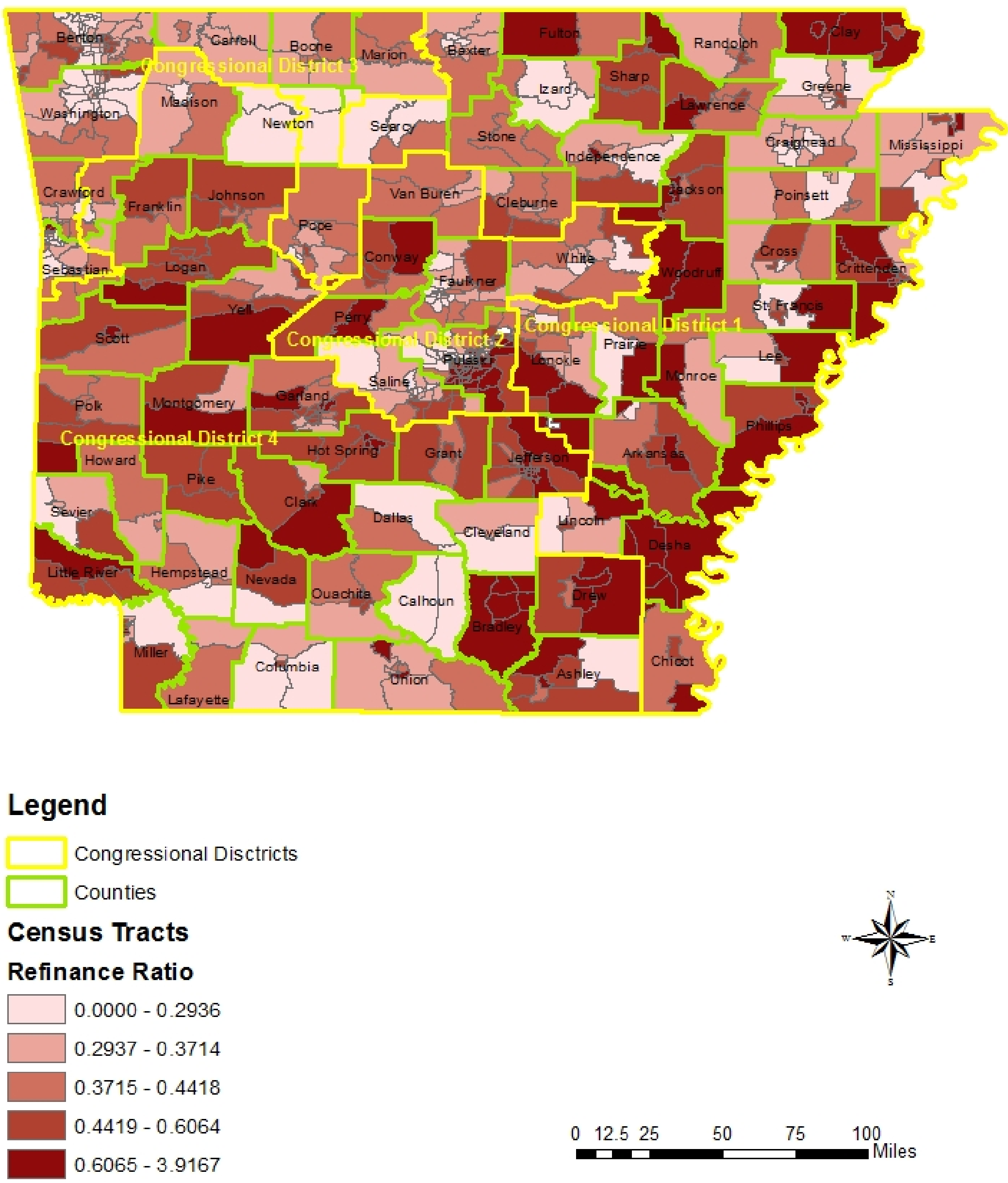
Map 4.2: Ratio of Purchase Denials to Originations, 2007 - 2012



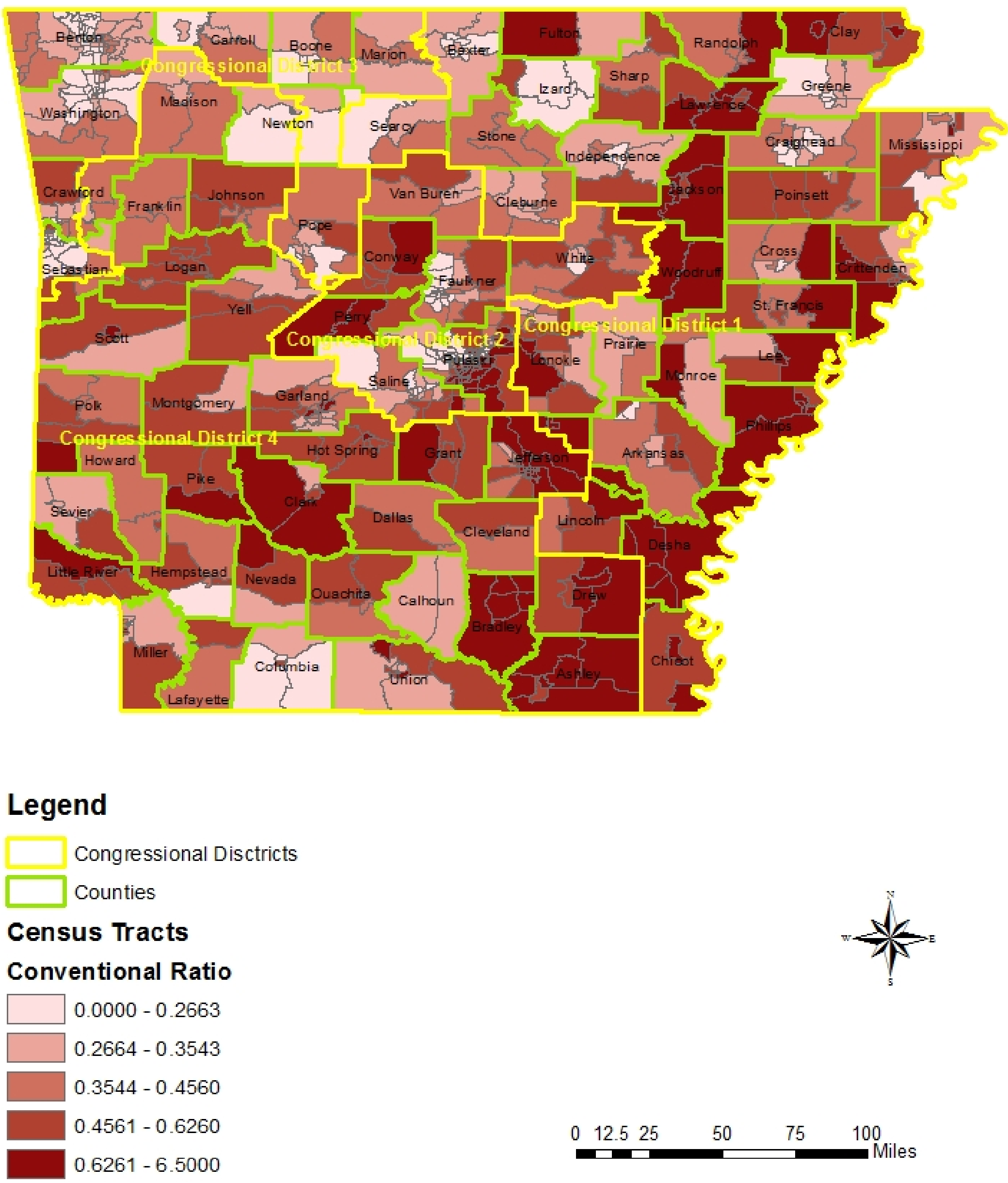
Map 4.3: Ratio of Improvement Denials to Originations, 2007 - 2012



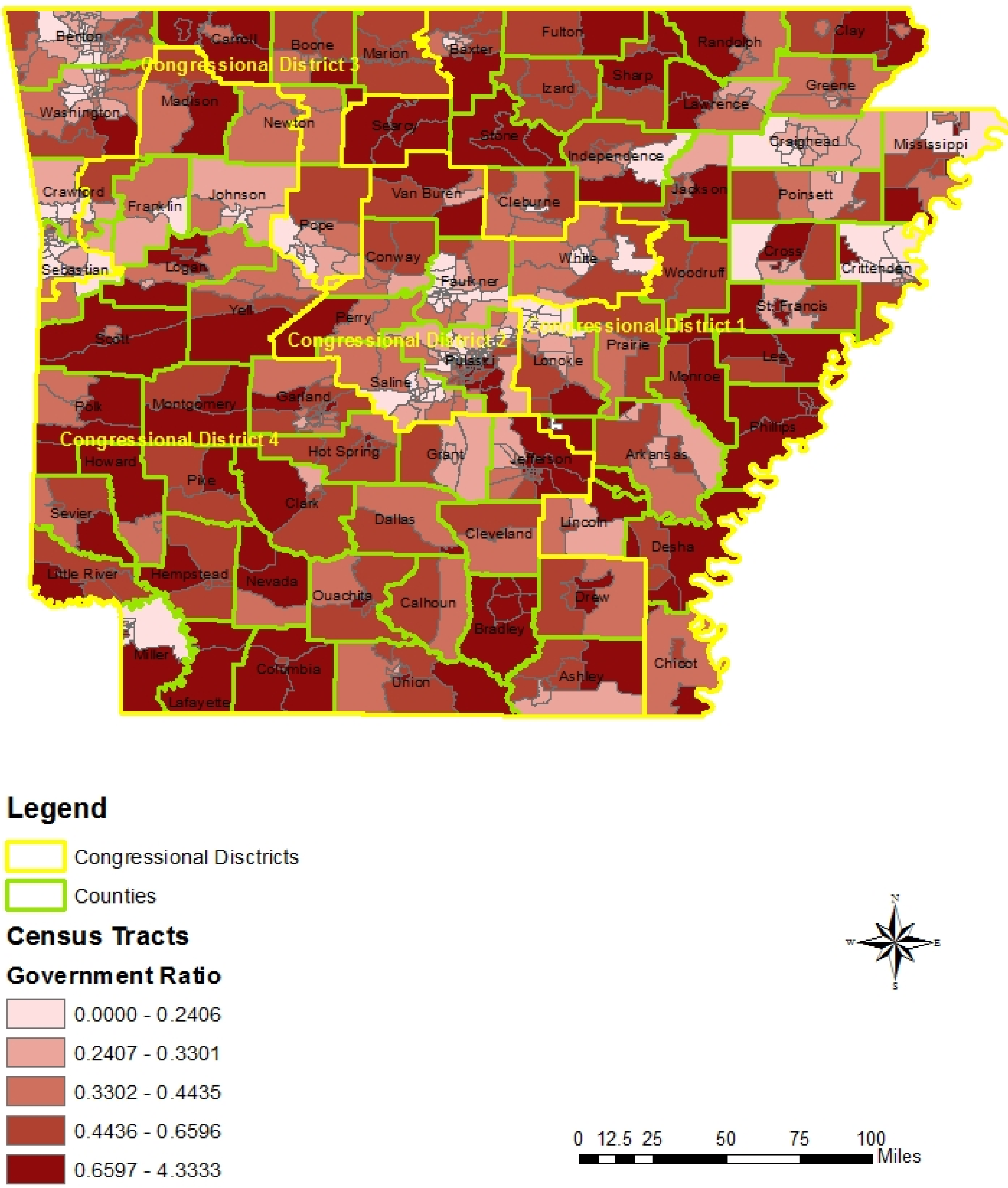
Map 4.4: Ratio of Refinance Denials to Originations, 2007 - 2012



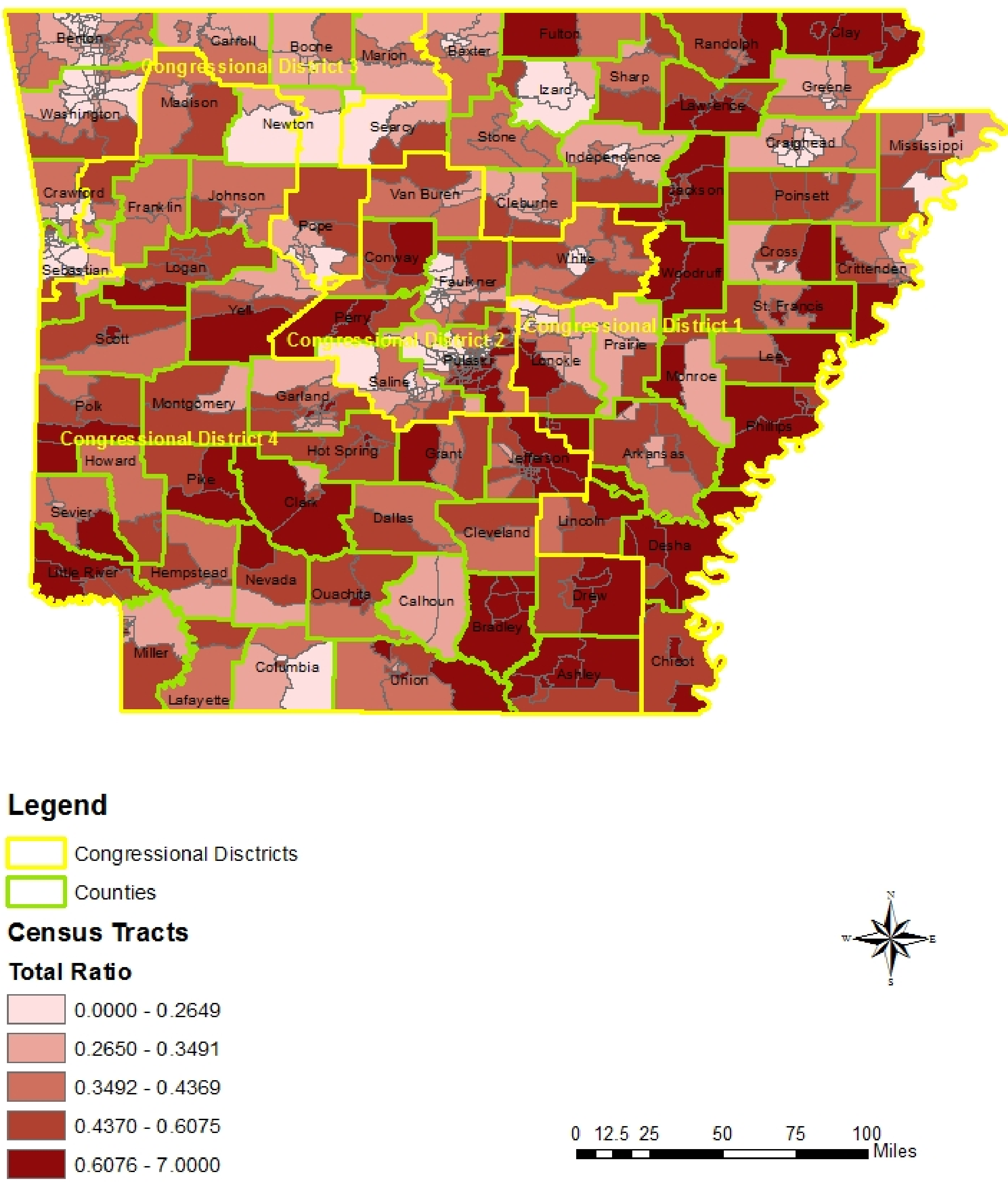
Map 4.5: Ratio of Conventional Denials to Originations, 2007 - 2012



Map 4.6: Ratio of Government Denials to Originations, 2007 - 2012



Map 4.7: Ratio of All Loan Denials to Originations, 2007 - 2012



Section 5: Fair Housing Index

Introduction

The Fair Housing Index combines demographic variables to identify areas where fair housing choice may be compromised.

The Fair Housing Index is a measure developed by J-QUAD specifically for Analyses of Impediments to Fair Housing (AI) and Assessment of Fair Housing (AFH). The index combines the effects of several demographic variables with Home Mortgage Disclosure Act (HMDA) data and maps the results by census tract. Data for ten variables, shown in the Fair Housing Index table, are standardized and added to classify the conditions in various census tracts into degree of problems that may cause impediments to fair housing choice. The map provides a general indication of geographic regions within Arkansas where residents may experience some level of housing discrimination or have problems finding affordable, appropriate housing. From a social equity perspective, the index serves to quantify the extent to which sub-populations within a given geography suffer from a lack of opportunity, which can lead to an unsafe or unhealthy environment, characterized by concentrations of poverty, unemployment, and other demographic indicators. The analysis is highly technical and utilizes advance statistical research. Therefore, in addition to the methodology in Section 5.1 below that describes the statistical techniques, Section 5.2 presents the key findings in less technical terms.

5.1. Methodology

Data for ten variables were gathered, by census tract, for analysis. These ten variables were: percent minority, percent female-headed households with children, median housing value, median contract rent, percent of the housing stock constructed prior to 1980, median household income, percent of the population with less than a high school degree, percent of the workforce unemployed, percent using public transportation to go to and from work, and the ratio of loan denials to loan originations for 2007 through 2012 from the Home Mortgage Disclosure Act (HMDA) report published by the Federal Financial Institutions Examination Council. With the exception of the HMDA data and race/ethnicity data, all other data were found in the 2008-2012 American Community Survey (ACS) 5-Year estimates. Each variable contained data for every census tract in the state as defined by the ACS estimates.

When the database was complete, Pearson correlation coefficients (a statistical measure that indicates the degree to which one variable changes in relation to change in another variable and range in value from –1 to 1) were calculated to assure that all variables displayed a high relationship to each other. It is important, in this type of analysis, that the variables selected are measuring similar aspects of the population. The results of the calculations showed that all variables displayed moderate to high degrees of correlation with other variables in the model, ranging up to 0.7835.

Once the relationship of the variables was established, each variable was standardized. This involves calculating a Z-score for each record by variable. For instance, for the variable percent minority, a mean and standard deviation were calculated. The mean for the variable was subtracted from data for each census tract and divided by the standard deviation. The result was a value representing the distance that the data point lay from the mean of the variable, reported in number of standard deviations. This process allows all variables to be reported in the same units (standard deviations from the mean) and, thus, allows for mathematical manipulations using the variables.

When all variables were standardized, the data for each census tract were summed with negative or positive values given to each variable to assure that effects were being combined. For instance, in a fair housing environment, high minority concentrations raise suspicions that there may be problems relative to housing conditions and housing choices in the area based on correlations between these variables found in the census data. Therefore, the percent minority variable would be given a negative value. Conversely, in areas of high housing values, the current residents are likely not having problems with fair housing choice. High housing value, therefore, would be assigned a positive value. Each variable was considered in this light and assigned an appropriate sign, thus combining effects. This new variable, the total for each census tract, was then standardized as described for the original ten variables above.

The standardized form of the total variable provides a means of identifying individual census tracts where fair housing choice is at high risk due to demographic factors most often associated with housing discrimination. With the data presented in standardized form, the results can be compared to the standard normal distribution, represented by a bell curve with a mean of 0 and a standard deviation of 1. The analysis shows High Risk areas as those census tracts with standard scores below –1.50. Scores between -1.49 and -1 are designated Moderate Risk areas. Scores between -0.99 and 0 are reported as Low Risk, between 0 and 1 as Very Low Risk, and above 1 as No Risk. The results are summarized in the following section.

It should be emphasized that the data used to perform this analysis do not directly report fair housing violations. The data were utilized in order to measure potential problems based on concentrations of demographic groups who most often experience restrictions to fair housing choice. Areas identified as having extreme problems are those where there is a high concentration of minorities, female-headed households, unemployment, high school dropouts, low property values, and, most likely, are areas where a large proportion of loans (conventional home mortgages, government-insured home mortgages, refinance, or home improvement) have been denied.

Included following the map is the correlation table (Table 5.1). MedValue is the median home value according to the 2008-2012 ACS estimates. MedRent is the median contract rent. XMinority is the percent minority. XFemHH is the percent female-headed household. XPre80 is the percent of housing built prior to 1980. MedHHI is the median household income. XLessHS is the percent of the population 25 years of age and older that has less than a high school degree. XUnemp is the unemployment rate for the population aged 16 and older considered being in the labor force. XPubTrans is the percent utilizing public transportation to get to and from work. TotalRat is the ratio of denials to originations from the HMDA data from 2007 to 2012.

Table 5.2 provides a sense of the disparity between the low and high values for each variable in the analysis, along with the median value to provide perspective as to the extent to which that disparity impacts social equity as measured by each variable. The same 10 variables are shown in this table.

5.2. Findings

In tracts where mortgage applicants have less success there are higher percentages of minority households and higher unemployment rates.

Looking at the correlation table (Table 5.1), the variable representing the ratio of mortgage loan denials to originations for all loan types between the years of 2007 and 2012 (TotalRat), shows moderate positive correlations to the percentage of the population that is minority (0.5233), and the percentage of the population that is unemployed (0.5055). These correlations indicate that in tracts where mortgage applicants have less success when applying for mortgage loans there are higher percentages of minority households and higher unemployment rates.

Less than a high school degree shows high negative correlations to median household income (-0.6088), median rent (-0.5157), and median value (-0.6276), meaning that those with lower educational attainment have lower household incomes and live in lower value housing stock.

Percentage unemployed is also negatively correlated to median household income (-0.5209), and positively correlated to percentage minority (0.5556) and female-headed households (0.5757). These data show that in areas with high levels of unemployment households have lower income and the population has a higher percentage minorities and female-headed households.

Median household income is negatively correlated to less than a high school degree (-0.6088), unemployment (-0.5209), and pre-1980 housing stock (-0.5897), and positively correlated to median rent (0.6353) and median housing value (0.7835). These correlations indicate that in tracts with higher median incomes there is a lower unemployment, newer housing stock, higher educational attainment, higher rents, and higher housing values.

There was a high positive correlation between percent minority and female-headed households (0.7646) indicating that more female-headed households are minority.

Finally, median value is positively correlated to median rents (0.6720) and median income (0.7835), and negatively correlated to pre-1980 housing stock (-0.5400) and less than a high school degree (-0.6276). These results indicate that those with higher incomes are likely better educated and live in newer, more expensive housing stock.

High risk areas are concentrated in metropolitan areas and rural counties along the Mississippi River.

As indicated on Map 5.1, on the following page, the census tracts designated as having Moderate to High Risk of fair housing related problems are concentrated in the central parts of metropolitan areas and in rural areas along the Mississippi River.

These areas of greatest concern contain the housing stock most likely experiencing a decline in housing conditions, with lower housing values and rents, and are primarily occupied by minority households that have higher percentages of households headed by females with children than that of other census tracts. These areas contain a concentration of lower income groups and persons with lower than average level of educational attainment.

Map 5.1: Fair Housing Index

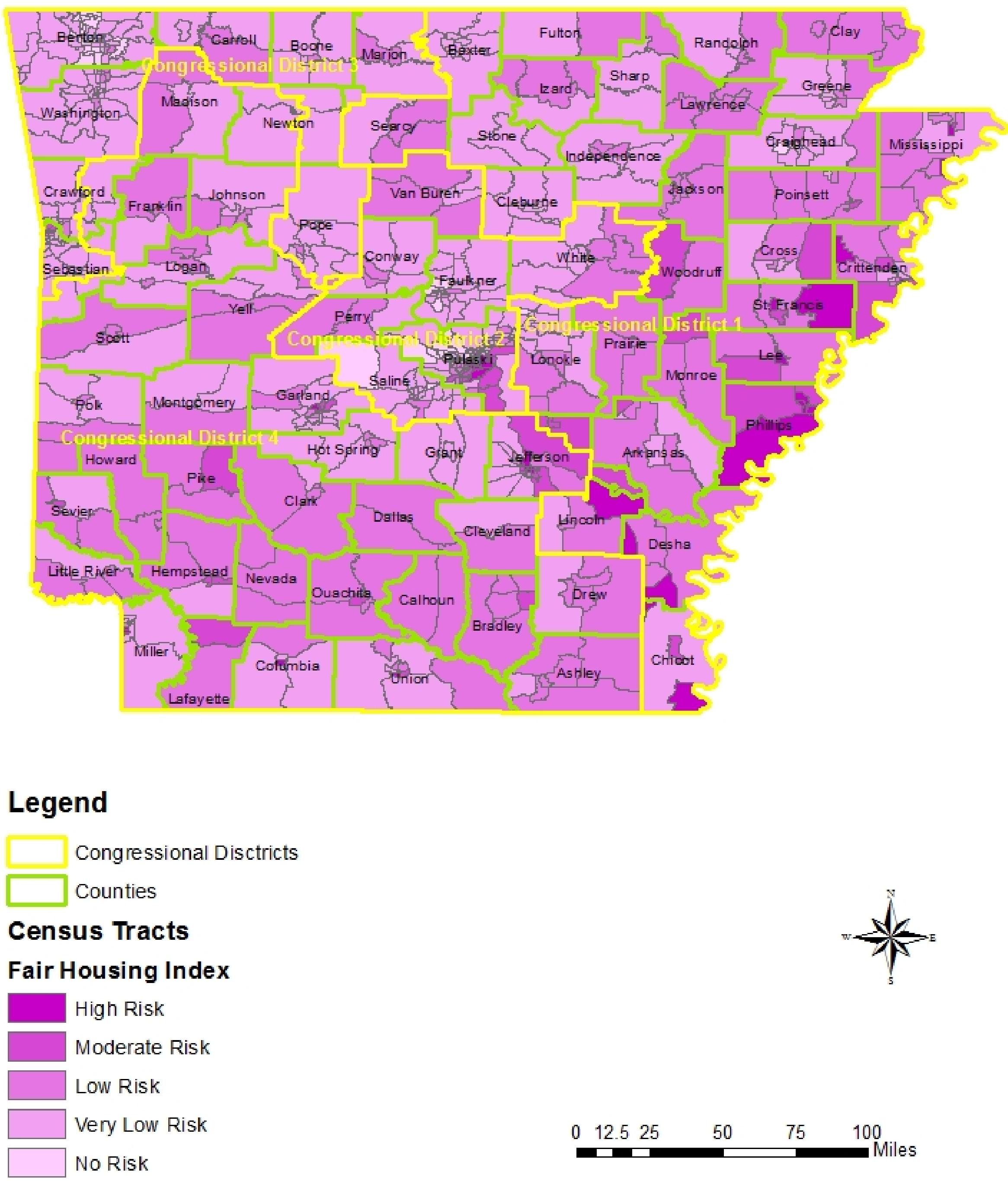


Table 5.1: Correlation Table of Fair Housing Index Variables

	TotalRat	XPubTrans	XLessHS	XUnemp	MedHHI	XPre80	MedRent	MedValue	XMinority	XFemHH
TotalRat	1.0000									
XPubTrans	0.2118	1.0000								
XLessHS	0.4149	0.0797	1.0000							
XUnemp	0.5055	0.2715	0.3770	1.0000						
MedHHI	-0.3765	-0.2299	-0.6088	-0.5209	1.0000					
XPre80	0.3522	0.2877	0.3605	0.4161	-0.5897	1.0000				
MedRent	-0.2777	-0.0432	-0.5157	-0.2987	0.6353	-0.4015	1.0000			
MedValue	-0.4062	-0.0991	-0.6276	-0.4225	0.7835	-0.5400	0.6720	1.0000		
XMinority	0.5233	0.3274	0.3927	0.5556	-0.3995	0.4441	-0.1093	-0.2957	1.0000	
XFemHH	0.4329	0.3203	0.3633	0.5757	-0.4626	0.4523	-0.1741	-0.3806	0.7646	1.0000

Variable	**Definition**
XFemHH	**% Female Headed Households, 2008-2012**
XMinority	**% Minority, 2008-2012**
MedValue	**Median Home Value, 2008-2012**
MedRent	**Median Contract Rent, 2008-2012**
XPre80	**% of Housing Built Prior to 1980, 2008-2012**
MedHHI	**Median Household Income, 2008-2012**
XLessHS	**% Less than High School Degree, 2008-2012**
XUnemp	**% Unemployed, 2008-2012**
XPubTrans	**% Taking Public Transportation to Work, 2008-2012**
TotRat	**Ratio of Home Loan Denials to Originations, All Loan Types, 2007-2012**

Table 5.2: Disparity Between High and Low Values by Variable

	TotalRat	XPubTrans	XLessHS	XUnemp	MedHHI	XPre80	MedRent	MedValue	XMinority	XFemHH
Low Value	0.1188	0%	0.4%	0.00%	$13,769	0.6%	$127	$30,800	0.0%	0.0%
Median Value	0.3924	0.0%	15.0%	8.1%	$38,445	51.3%	$434	$91,150	17.1%	12.3%
High Value	7	13.1%	45.7%	35.2%	$155,78 1	97.7%	$2,000	$488,500	98.6%	55.1%
					$142,01					

Section 6: Impediments and Remedial Actions

Introduction

The Impediments and Remedial Actions are integral components and contribute to the critical underpinnings of the State's certification of Affirmatively Furthering Fair Housing Choice. Through the planning process and analyses, the State strives to create a more inclusive conversation on fair housing and affordable housing, with a particular emphasis on engaging those who have traditionally been marginalized from the community planning process and may have little knowledge of their rights and protections under the Federal and State Fair Housing Acts. Through the inclusion of identified impediments and remedial actions, the resulting plan should provide new insight into the disparate burdens and benefits experienced by the diverse populations across the state. Recommendations are intended to address these disparities.

The analysis of impediments is designed to identify and reduce fair housing disparities and is expected to increase the effectiveness of existing laws and more comprehensively, it offers considerable value in assessing fair housing issues and solutions from a state or regional perspective, as many of the fair housing issues that are most intractable are not locally restricted and solutions are most certainly in need of a diverse group of participants in order to successful solve or lessen their impact.

This section includes an examination of best practice policies, ordinances, and regulations that affirmatively further fair housing to inform alternative approaches to addressing impediments and remedial actions. This includes compiling examples of community development strategies that improve community infrastructure, housing stock, de-concentration of areas of poverty, race, and ethnicity while maintaining a mix of housing types, incomes and culture. This section also identifies gaps between physical infrastructure and housing availability by comparing current status and conditions with recommended infrastructure improvements such as livable wages, job creation, education, job training, infrastructure improvements needed to support new and renovation of affordable housing, as well as mobility and public transportation.

The Community Profile, Fair Housing Index and Home Mortgage Disclosure Act analyses of this report have demonstrated that segregation and concentrated poverty have existed both historically and perpetuated through current times in parts of the state. The maps and analyses depict some concentrated areas of poverty and demonstrate how these areas are also concentrated racially and ethnically (R-ECAP Areas), and impacted by historical concentrations of public and assisted housing. The area characteristics and physical conditions are indicative of the ways in which the economy has suffered as a result of housing market distortions and disinvestment, and proven that public policy and programmatic investments have only minimally improved the situation. This section recommends policies and strategies that the state and its sub-recipient jurisdictions collectively, and as individual counties and local governments should undertake to remove and lessen segregation and concentrated poverty, and improve fair housing choice in collaboration with the community, non-profit and private sectors.

Impediments to fair housing choice and remedial actions to remove or lessen their impacts are detailed in this section of the report. This section draws on the information collected and analyzed in previous sections to provide a detailed analysis of impediments to fair housing choice impacting the State. Five major categories of impediments were analyzed and identified: Real Estate and Housing Market Related Impediments; Public Policy and Fair Housing Infrastructure Impediments; Banking, Finance, and Insurance Related Impediments; Socioeconomic Impediments; and Neighborhood Conditions, Natural Barriers, Historical Events, Trends, and Development Pattern Related Impediments. For each impediment identified, issues and impacts are detailed. Remedial actions represent alternative ways to address each impediment. Some of the remedial actions recommended in this section are conceptual frameworks for addressing the impediments. This means that the recommended actions will require further research, analysis, and final program design by the state and individual cities and counties for implementation.

6.1 Real Estate and Housing Market Related Impediments

Impediment: Housing Affordability and Insufficient Income.

Housing Affordability

Affordability and Financing for Housing is Limited. Affordability is impeding housing choice in the state. The high cost of housing compared to the incomes of many households; the limited supply of affordable and subsidized housing in the state, much of which is in poor and deteriorated condition; private and subsidized multifamily housing in poor condition throughout the state and particularly concentrated in Craighead, Crittenden, Mississippi, and Jefferson counties in R-ECAP areas; a lack of affordable housing in close proximity to supportive services and major employment centers; the lack of affordable housing for special needs populations such as seniors and people with disabilities; and the lack of units for large and extended family households are some of the impediments that must be overcome.

The availability of financing presents a primary barrier to producing new subsidized housing. Although the cost of land and construction have declined in recent months, the tightened credit market, and decline in federal, state and local subsidies, have made it challenging for affordable housing developers to take advantage of lower costs. While recent declines in home values have improved housing affordability, many lower income households still encounter difficulty buying a home. This Impediment Analysis indicates that current market prices remain an obstacle to homeownership, particularly for lower-income households. This analysis acknowledges that the sub-prime mortgage crisis and increased foreclosure rates have resulted in a national decline in home values, and increased affordability in single-family homes nationally and in the state. It is important to note, however, that credit markets have tightened in tandem with the decline in home values. As a result, although homes have become more affordable, lender requirements for a minimum down payment or higher credit score may present a greater obstacle for buyers today.

While declining home values have helped many households enter the ownership market, credit access remains a real challenge for potential homebuyers. In addition, affordable FHA loans and first-time homebuyer programs can be difficult to access for buyers, as many loan officers and realtors prefer to focus on conventional mortgages due to the time and effort associated with affordable loan products. Entitlement Jurisdictions and homeownership counselors have responded to these challenges by developing relationships with area lenders who have specific products that focus on this market.

Cost is increasing and subsidy for lower income wage earners is limited. Rising costs of housing for purchase and a tight supply of affordable rental housing coupled with inadequate household incomes make it that much more difficult for many households to access housing that they can afford. In terms of barriers to home ownership, down payment requirements and property taxes pose big hurdles to many households in accessing homeownership.

There is a lack of housing for population groups making less than 60%, 50% or even 30% of Area Median Income (AMI). Minimum wage is far below a 'living wage', and a person could be working full-time and still not earn enough money to afford rental housing or to purchase a home in the state.

Data gathered from interviews and focus groups identify lack of affordable housing as a barrier to fair housing choice in the state. The solution to this shortfall is still up for debate. Some identify a need to increase the production of affordable housing options. Others feel that enough units exist, but not enough resources to provide subsidies for families who are still unable to afford this housing. Others were concerned that in some parts of the state, affordable units are primarily in areas of concentrated poverty and deteriorated conditions making these units least desirable to those who can afford them. This is also the case for persons needing public and assisted housing as much of that supply of housing is in R/ECAP areas.

Access to Affordable Housing near Major Employment Centers is limited.

An often-cited concern is the issue of affordability and accessibility as a result of lower cost housing not being in close proximity to or accessible by public transportation to and from major employment centers in the state. Seniors and persons with disabilities were concerned that fair housing choice is particularly limited in rural communities, due to their inability to access healthcare and social service centers if they are public transit dependent.

Housing for Seniors and People with Disabilities is limited.

The increase in baby boomers and aging population requires affordable, accessible and senior friendly units, properties and neighborhoods. Currently, seniors and those persons with disabilities are experiencing limited choices in accessible and affordable housing units, and support services for seniors with mental and intellectual disabilities. There is an increasing demand for ‘aging in place’ modifications in existing housing and neighborhood infrastructure. An aging housing stock contributes to issues with retrofitting existing properties to accommodate seniors and people with disabilities.

Affordable Units for Large and Extended Families are limited.

The state is impacted by a lack of affordable and available housing options for large families with 4 or more children. These families may face discrimination accessing housing through landlords or realtors, sometimes in response to public concern of perceived problems with large families. Multi-generational families and extended families face similar NIMBY issues and this can be particularly difficult for immigrant and ethnic populations with varying cultural differences in the concept of families and living. In some parts of the state, much of the limited supply of large units for rental are limited single families housing, or units offered by public housing authorities and assisted housing providers.

Housing Subsidies are Limited

The need for more housing with deep subsidies/rental assistance so that poor households do not have to pay more than 30% of their income towards rent is evidenced by the very high number of extremely low-income (earning at or below 30% of the area median income) households on Section 8 and Public Housing waiting list, which are largely comprised of families with children, persons with disabilities, and racial/ethnic minority groups as depicted below. It is also important to note that persons who are extremely low-income are often recipients of public assistance, including housing subsidies, and as such are not currently protected as a class under the State or Federal Fair Housing Acts.

Issues: Lack of affordability**,** that is households having inadequate income to acquire housing currently available in the market, may be the most critical impediment faced by households in the state. The median housing value in the state was $106,300 and the median contract rent was $468 according to the American Community Survey (ACS) estimates (5-year average). The median household income was $40,112 for the overall state and in comparison, for White households $43,752, $26,190 for African-American households, and $23,884 for Hispanic households. The modal income classes, the income classes with the highest number of households, for Whites were the $50,000 to $74,999 category with 18.7 percent of Whites. In comparison, 13.2 of African-American households and 15.7 percent of Hispanic households had incomes in this range. The most frequently reported income class for African-Americans and Hispanics was the $15,000 to $24,999 income range at 18.0 percent of all African-American households and 19.7 percent of all Hispanic households. Over 47.7 percent of African-American households earned less than $25,000 per year, compared to 28.1 percent of White households and 35.8 percent of Hispanic households.

The average income required to qualify for a mortgage based on the median home value of $106,300 for the state is approximately $30,000 to $45,000 in household income and the average income to qualify for a contract rent of $468 is $20,000 to $25,000. As a reference, $25,000 per year is approximately $13.00

per hour for a forty-hour workweek, 52 weeks a year for a single wage earner. When you factor in housing related expenses other than mortgage or rent payments such as taxes, insurance, and utilities, home ownership and rental housing is not attainable to many in the state.

We do acknowledge that median and modal income are not the only factors to be considered in an assessment of persons ability to qualify for mortgages and that other indicators and mortgage underwriting criteria are important. It is also noteworthy that we found significant disparate impacts relative to income, modal and median income, for minority households and protected class members. The incomes of lower income persons for racial/ethnic groups in the state as a whole underscores that many earn incomes that are insufficient to acquire housing in the current market regardless of race or ethnicity, and resulting in a significant cost burden for others.

Cost burden is also a major concern. Approximately 27 percent of owner households with a mortgage in Arkansas were cost burdened according to the 2008 - 2012 five-year average from the American Community Survey. Cost burden among homeowners is highest for the lowest income, 97 percent homeowners earning less than $20,000 per year are cost burdened. The percentage shrinks to 68 for those earning between $20,000 and $34,999. The percentage is still large at almost 33 percent for those earning between $35,000 and $49,999. A similar cost burden exists for renters. Overall, 43 percent of renter households in Arkansas are cost burdened. For the lowest income households, those earning less than $10,000, 70 percent are cost burdened. Over 73 percent of those earning between $10,000 and $19,999 were also cost burdened.

We therefore have identified insufficient income, cost of housing, cost burden, and a shortage of affordable housing as primary impediments to fair housing in the state. In addition to insufficient income and cost burden, other wide ranging and interconnected impediments influence the development, pricing and affordability of housing. These impediments include the rapidly rising cost of land; development fees; an appraisal process that does not render adequate appraisal comparables that accurately support infill housing investments, or the investment needed to rehabilitate substandard housing in disinvestment areas. Focus group participants voiced particular concern that the supply of affordable housing for working families was in short supply which is only adding to the overall affordable housing shortage.

Market rents are generally affordable to median-income households, but not for low, very low- and extremely-low income households. With a few exceptions, market rate rents are roughly comparable to the maximum affordable rents for households earning median income or higher than median incomes across the state. In contrast, the average market rate rent far exceeds the maximum affordable rent for most low, very low- and extremely low-income households. These households would need to spend substantially more than 30 percent of their gross income to afford market rate rental housing.

Impacts: Housing affordability impacts the structure and stability of neighborhoods. Income diversified neighborhoods and neighborhoods that are accessible to a mix of incomes have shown a greater potential to maintain themselves as a viable community. That is, people are most likely to maintain housing they own or when it is their housing of choice. The data for homeownership supports our concerns relative to the disparate impacts of affordability and cost burden on minority households. Homeownership rates for White Households remain healthy and comparable to the national average. Approximately 71 percent of White households lived in owner-occupied housing, compared to 46 percent of African-American households and 48 percent of Hispanic households. Census data revealed that African-American and Hispanic owner households were below the state average of 58.4 percent in 2010.

Remedial Actions:

Action #1: Support the increased production of affordable housing through public private partnerships with developers and capacity building for nonprofits. The state will continue to work with local banks, developers and non-profit organizations to expand the stock of affordable housing. A continuation of these efforts should increase the production of new affordable housing units and assistance toward the purchase and renovation of housing in existing neighborhoods. Greater emphasis should also be placed on capacity building and technical assistance initiatives aimed at expanding non-profit, faith based organizations and private developers' production activities in the state. Alternative resources for Entitlement funded housing programs and to leverage increased capacity among the public and private sector should be sought from Fannie Mae, U.S. Department of Treasury Community Development Funding Institution (CDFI) program, Federal Home Loan Bank and other state and federal sources.

Action #2: Facilitate access to below-market-rate units. The state will assist affordable housing developers by advertising the availability of below-market-rate units via their jurisdictions' websites, referral phone service, and other media outlets. The state will also facilitate communication between special needs service providers and affordable housing developers, to ensure that home seekers with special needs have fair access to available units. The state will work with the affordable housing developers and nonprofit agencies receiving entitlement funds to revise their housing applications to reduce the obstacles that persons with limited English proficiency, and those who are disabled, elderly or homeless may have in submitting completed paperwork within the allowable time frames.

Action #3: Maintain a list of partner lenders. The state will maintain a list of lenders that can help buyers' access below-market-rate loans and entitlement sponsored down-payment and mortgage assistance programs.

Action #4: Identify and seek additional sources of funds for affordable housing. The state will utilize the State Housing Trust Fund and any other non-entitlement grant resources in an effort to increase funding for first time homebuyer mortgage assistance program. This would support eligible person in the market in acquiring affordable housing within the community and support those responsible for providing financing and engaged in affordable housing development.

Action #5: Encourage private sector support for affordable housing initiatives. The state, in coordination with the local jurisdictions and chamber of commerce, will encourage major employers and lenders to consider Employer-Assisted Housing (EAH) programs, encouraging employers to work with employees in their efforts to purchase housing. In some instances, the state, cities, counties and the chamber will have to help raise the awareness among local employers and increase their understanding that not all wage levels permit ready entry into homeownership, without some sort of subsidy. This is important in that the private sector and employment community often view the use of subsidies to help low to moderate income households achieve homeownership as a public responsibility. In reality, with limited resources, the various local and county governments receiving entitlement and other HUD funding can only assist a small percentage of those in need. Local chambers can play a critical role in researching this issues and encouraging local businesses, local school districts, universities and local hospitals to consider implementing such programs for their employees. Employer-Assisted Housing programs benefit employers, employees, and the community. Employers benefit through greater employee retention. Employees receive aid to move into home-ownership. Ultimately, communities benefit though investment in the neighborhoods where the employers and employees are located.

The most common benefits provided by employers are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education (provided by an employer-funded counseling agency). Successful EAH programs use a combination of some of the benefits listed above. One program that has met with success was developed by Fannie Mae, which not only has their own EAH program, but also helps employers implement EAH programs. Fannie Mae's own EAH program has made it possible for 2,200 of its employees to become homeowners. The City of Waco, Texas has implemented an EAH program and made it eligible to all city employees.

6.2 Public Policy and Fair Housing Infrastructure Impediments

Impediment: Additional Protected Classes should be consider as a means of strengthening the State's Fair Housing Act.

Issues: The State of Arkansas Fair Housing Act was compared to the Federal Fair Housing Act and the analysis has determined that the current law offers similar rights, remedies, and enforcement to the federal law and should be construed as substantially equivalent to the Federal Fair Housing Act. However, neither the State Act nor the Federal Act offer protections for persons based on "source of income for housing" or those receiving "public assistance". It is important to note that persons who are extremely low-income are often recipients of public assistance, including housing subsidies, and as such are not currently protected as class members under the State or Federal Fair Housing Acts.

Remedial Actions:

Action #6: The State Fair Housing Act should be amended to prohibit discrimination on the basis of source of income and against persons receiving public assistance. Source of Income and Persons receiving Public Assistance should be added as protected class members under the law.

Impediment: Lack of Public Polices that support de-concentration of poverty and low income and racial and ethnic segregation.

Issues: Historical and sustained patterns of segregation and concentration of racial/ethnic minority populations, poverty and low income population, and public and assisted housing, and low income tax credit assisted developments (LIHTC) exist in some parts of the state. The U. S. Department of HUD has defined "Areas of Concentration and Segregation (R/ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or greater minority population and 40% or 3 times or more the poverty level of the MSA and generally lacking the basic amenities and failing to provide a quality of life expected and desired for any area within the MSA. The goal of de-concentration would be to achieve minority concentrations and poverty level less than defined above by R/ECAP and to transform these areas of concentration into "Opportunity Areas". Opportunity Areas are defined as areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. Current LIHTC selection criteria does not include concentration of poverty and segregation as factors in awarded tax credits and does not incentivize applicants for selecting locations in opportunity areas. The current criteria also do not include incentives for amenities, enhanced security and design standards.

Remedial Actions:

Action #7: Create criteria for approval of State Low Income Housing Tax Credit Applications that support de-concentration of poverty, low income, and racial/ethnic segregation. The state should enact criteria changes in their developer selection and tax credit award process emphasizing development standards, amenities in developments and insure that more locations are selected in “opportunity areas” in non-minority / non-poverty concentrated areas implemented in the State LIHTC evaluation policy and scoring system.

State Low Income Housing Tax Credit Project Criteria should be developed to guide the state and individual jurisdictions’ evaluation and provision for a letter of support and or entitlement funding for Low Income Tax Credit Application submitted to the State of Arkansas. The criteria should include limitations or restrictions on supporting applications for developments in current R-ECAP census tracts, concentrations of LIHTC developments in any individual area or jurisdiction, design criteria that increase amenities to residents, limitations on income concentrations in individual developments similar to those imposed by HUD QHWRA regulations, and CEPTED design standards.

Impediment: Increased public awareness of fair housing rights

Issues: Fair housing complaint information was received from the Fort Worth, Texas FHEO Division the U.S. Department of HUD. The data provides a breakdown of complaints filed for the state. While we were unable to determine if the number of complaints filed over the past 5 years is a sufficient indicator of the public’s awareness relative to their fair housing rights, limited public awareness may be a major contributing factor. We believe that fair housing enforcement, outreach, education and training should be continued by the State Fair Housing Commission, as an important step toward raising local awareness and maintaining effective Fair Housing Policy.

Greater Public Awareness of Fair Housing is needed. Participants in the focus group sessions and key person interviews including representatives of fair housing organizations indicate that general public education and awareness of fair housing issues needs to be increased. Of particular concern is that tenants often do not completely understand their fair housing rights. To address this issue, the state should provide additional fair housing education and outreach programs to both housing providers and the general public. In addition, fair housing outreach to the general community through mass media such as newspaper columns, multi-lingual pamphlets, flyers, and radio advertisements have proved effective in increasing awareness. Fair housing organizations also indicate that outreach to immigrant and populations that are primarily Spanish speaking and other protected classes should be targeted for such outreach.

Remedial Actions:

Action #8: Increase fair housing education and outreach. The State will increase fair housing education and outreach in an effort to raise awareness and increase the effectiveness of its local fair housing ordinances. The initiative will target funding to fair housing education and outreach to the rapidly growing Hispanic and other immigrant populations. The initiative will also continue organizing fair housing workshops or information sessions to increase awareness of fair housing rights among immigrant populations and low income persons who are more likely to be entering the home-buying or rental markets at a disadvantage.

Action #9: Target outreach and training toward housing industry organizations and general public. The State will partner with fair housing service providers and local jurisdictions to conduct ongoing outreach and education regarding fair housing for the general public and focused toward protected class members, renters, home seekers, landlords, and property managers. Outreach will include fair housing organizations providing training sessions, public events, city, county and state websites and other media outlets, and multi-lingual fair housing flyers and pamphlets available in a variety of public locations.

Action #10: Encourage Fair Housing Enforcement Agencies to target increase fair housing testing for multifamily properties. The State Fair Housing Commission will continue to provide fair housing testing in local apartment complexes. The testing looks for evidence of differential treatment among a sample of local apartment complexes. Following the test, the State will submit findings to the affected cities, counties and conduct educational outreach to landlords that showed differential treatment during the test.

Impediment: Increased efficiency of Public Transportation and Mobility.

Issues: The public transportation systems are primarily limited to populated urban areas of the state. For the most part, the transit agencies that exist provide adequate routes to and from major employment centers and lower income neighborhoods. Limitations include limited service after 6:00 pm to accommodate second and third shift workers, and direct routes to some existing and emerging employment centers and social services in the rural and suburban communities within the state. While the economics of public transit, particularly in smaller communities in the state, prevents complete coverage that would allow all worker a reliable and speedy commute to any job location within the state, the distribution of routes in the existing transit systems focus on providing access to major employment centers and neighborhoods where residents are more likely to utilize public transportation on their commutes to work.

Impacts: Public transportation limitations include limited service after 6:00 pm to accommodate second and third shift workers, and direct routes to some existing and emerging employment centers and social service locations, particularly to and from rural and suburban communities within the state for public transit dependent residents. While the economics of public transit, particularly in smaller communities in the state, prevents complete coverage allowing all workers a reliable and speedy commute to any job location within the state.

Remedial Actions:

Action #11: Increased efficiency of Public Transportation and Mobility by focusing on Transit Oriented Development. Future housing developments should emphasize transit-oriented development (TOD) principles, encouraging construction of new, higher density housing in locations that take advantage of existing community services and access to public transportation. With TOD-focused planning, extended night and weekend hours would work well in providing the best network possible given funding limitations.

Rail Commuter Transportation to Employment Centers - Additional focus and analyses should be given to expanding public transportation to smaller rural communities as it becomes economical to do so. One alternative that should be explored is the use of existing rail spurs to provide limited transportation service from rural communities to major employment centers. This recommendation could be studies in the broader context of transportation and economic development. During our focus group sessions, participants voiced concerns that if smaller and rural communities support the concept of regional employment centers and recruitment of new industry in areas outside of their local communities, that transportation alternatives are needed to insure that residents can continue to live in their existing communities and have cost effective and time/commute effective transportation to and from work other than personal automobiles. Currently most of the focus of transportation, rightly so, is on expansion of highway and rural routes to accommodate anticipated growth and development in the state. However, as the state explores transportation alternatives for the next 20 to 30 years and the opportunity to recruit industry and job generators as a state, alternatives to highway-automobile transportation should be considered.

6.3 Banking, Finance, Insurance and other Industry related impediments

Impediment: Impacts of the Subprime Mortgage Lending Crises and increased Foreclosures.

Issues: The housing foreclosure rates across the country continue to soar and the impacts are being felt in Arkansas as well. Numerous web sites are providing numerical counts and locations for homes with foreclosure filings across the country and for jurisdictions in the State of Arkansas. RealtyTrac.com shows that in Arkansas, 1 in every 4,129 houses in foreclosure in July of 2014. The state of Arkansas has an average foreclosure rate of 7% higher than the national average by 1% for that same time period.

The rise in foreclosures may in part be attributed to the rise and fall of subprime lending market. Subprime lenders offered loans to less-creditworthy borrowers, borrowers that lack sufficient down-payments to afford the property, and risk based borrowers that speculate on the real estate market by acquiring real estate with no equity investment/down-payment in hopes that the property would appreciate in value over a short period of time. These loans are generally offered at higher interest rates or through products involving adjustable interest rates and balloon payments. When the borrower cannot meet the increased mortgage payment they default and the property goes into foreclosure.

Neighborhood Housing Services, NHS, and Neighbor Works America are two national housing intermediaries that have created innovated programs in Chicago, Baltimore, and New York City designed to reduce the impacts of foreclosures and subprime lending in those affordable housing markets.

Remedial Actions:

Action #12: Apply for competitive and non Entitlement State and Federal funding and assistance from nonprofit intermediaries. The State will pursue federal Economic Resilience Disaster Assistance Grant funding under the 2014 - 2015 NOFA to address Consolidated Plan priority needs and unmet needs and Neighborhood Stabilization Program (NSP) funding if it becomes available to provide home buyer assistance and subsidies to homebuyers to acquire foreclosure property and get it back into commerce.

The State will seek support from national non-profit housing intermediaries and HUD to identify funding that can help reduces the mortgage default rate and foreclosure rates among low and moderate income home buyers and existing home owners. These programs offer initiatives such as loan default prevention programs based on providing counseling to affected borrowers, assistance with identifying alternative products that helps borrowers avoid subprime lending, and assistance with re-negotiation for more favorable terms for borrowers with subprime loans. These intermediaries offer assistance in identifying government assistance programs that serve to assist distressed borrowers and are currently evaluating the feasibility of creating a maintenance and replacement reserve account for affordable home buyers assisted with the entitlement and other federal funds to insure that funds are escrowed to help cover the cost of major repairs. Other alternatives that should be evaluated include the feasibility of creating a mortgage default and foreclosure prevention account for affordable home buyers assisted with federal funds to insure that funds are escrowed to help cover the cost of unexpected income/job loss and to write down interest rates.

Impediment: Predatory lending and other industry practices.

Issue: Predatory lending is a concern in the state. Several incidents were cited, by person interviewed and those attending the focus group sessions, suggesting unfavorable lending practices. For some persons, traditional banking and lending relationships have been replaced or relegated to pay-day loan, check-cashing, and title-loan stores. Focus Group participants also complained of extremely high interest rates being charged by not only predatory lenders, but traditional banks and financial institutions for credit cards, auto loans, and other consumer loans. In some instances, the low-income population may be subject to predatory lending because they have a poor credit rating and limited credit history.

Impact: Predatory lending practices often result in a lower-income household losing their home, automobile or other collateral. In some cases, Focus Group participants cited instances where homeowners who had already paid off their original mortgage were losing their home when used as collateral on a loan for a small fraction of the home's value. With low approval rates when submitting loan applications to traditional lenders, residents are more likely to utilize the services of subprime lenders and check-cashing stores that may charge exorbitant interest rates and have severe default penalties. Predatory lending may further impair an individual's credit and monopolize more of a low-income person's monthly income with high interest rates and finance charges, leaving less money for housing and necessities. Consumers felt that they had little recourse to address adverse industry practices that impact their housing choice.

Remedial Actions:

Action #13: Encourage bank and traditional lenders to offer products addressing the needs of households currently utilizing predatory lenders. The State will encourage lending institutions to provide greater outreach to the low income and minority households. Greater emphasis by financial institutions on programs that support lower income persons attempting to establish or reestablishing checking, saving, and credit accounts rather than their common utilization of check-cashing services is desired. This may require traditional lenders and banks to establish "fresh start programs" for those with poor credit and previous non-compliant bank account practices. Lending institutions should therefore be encouraged to tailor products to better accommodate the past financial deficiencies of low income applicants with credit issues. City and county officials should be encouraged to help raise awareness among the appraisal industry concerning limited comparability for affordable housing products. Industry representatives should be encourage to perform comparability studies to identify real estate comparables that more realistically reflect the values of homes being built in low income areas and supporting infill housing development.

6.4 Socio-Economic Impediments

Impediment: Barriers to Fair Housing Choice Impacts on Special Need Populations

Elderly Persons and Households. Seniors are living longer, lifestyles are changing and desire for a range of housing alternatives increasing. Issues such as aging in place, smaller units with lower maintenance cost, and rental accommodations that cater to those with live-in care givers are of major concern. For other seniors, they often need accessible units located in close proximity to services and public transportation. Many seniors live on fixed incomes, making affordability a particular concern. There is a limited supply of affordable senior housing in the state. In addition, local senior service providers and community workshop participants report that many subsidized senior housing projects serve individuals or couples only and do not accommodate caregivers. In other cases, the caregiver's income may make the senior ineligible for the affordable unit.

Persons with Disabilities. Building codes and ADA regulations require a percentage of units in multifamily residential complexes be wheelchair accessible and accessible for individuals with hearing or vision impairments. Affordable housing developers follow these requirements by providing accessible units in their buildings. Nonetheless, service providers report that demand exceeds the supply of accessible, subsidized units. In contrast to this concern, some affordable housing providers report that they have difficulty filling accessible units with disabled individuals. Persons with disabilities face other challenges that may make it more difficult to secure both affordable or market-rate housing, such as lower credit scores, the need for service animals (which must be accommodated as a reasonable accommodation under the Fair Housing Act), the limited number of accessible units, and the reliance on Social Security or welfare benefits as a major income source.

Homeless Individuals. The primary barrier to housing choice for homeless individuals is insufficient income. Service providers indicate that many homeless rely on Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) for income, which are too low to qualify for most market rate and many affordable housing developments. In addition, property managers often screen out individuals with a criminal or drug history, history of evictions, or poor credit, which effectively excludes many homeless persons. There were antidotal comments by those interviewed that some persons have been denied housing based on their immediate rental history being a shelter or transitional housing facility.

Limited English Proficiency (LEP) Individuals. Local service providers state that as financial institutions institute more stringent lending practices and outreach to minority communities has declined with the economy, LEP and undocumented individuals face greater challenges in securing a mortgage. Furthermore, many households in the Spanish-speaking community and other LEP populations rely on a cash economy, and lack the record keeping and financial legitimacy that lenders require. Nationally, national origin is emerging as a one of the more common bases for fair housing complaints.

Female Headed, Female Headed with Children and large Family households. In many communities, female-headed households, female-headed households with children and large families face a high rate of housing discrimination. Higher percentages of female-headed households with children under the age of 18 sometimes correlate to increased incidents of reported rental property owners' refusal to rent to tenants with children. The ACS data shows the percentage of female-headed households among White households in Arkansas was 10 percent in 2008 - 2012, compared to 31.9 percent in African-American households, and 14.6 percent in Hispanic households. Only 25.9 percent of African-American households were husband/wife family households, compared to 54.3 percent of White households and 54.4 percent of Hispanic households.

Unemployed Persons. The unemployment rate in the State was moderate to severe, with rates ranging from 7.2 percent for Whites to 16.0 percent for African-Americans. According to the US Department of Labor's Bureau of Labor Statistics, the unemployment rate for Arkansas was 7.4 percent in December 2013. By comparison, the US unemployment rate was 6.7 in December 2013. The American Community Survey data for the 2008 – 2012 period as reported for Arkansas showed an unemployment rate of 8.6 percent for Arkansas.

Issues: Minorities and special needs populations face a disproportionate rate of barriers to fair housing choice than that of mainstream populations. A shared disadvantage faced by many minority and special needs households are the impacts of living in poverty, lost wages and living on lower, fixed or no income. These limitations are major factors preventing their exercise of housing choice. Minority and special needs populations are hardest hit by poverty and lower income. The poverty data shows major disparities for Hispanics and African-Americans compared to that of Whites and statewide poverty totals. The poverty data reveals poverty disproportionately impacting the African-American and Hispanic communities in the largest cities in the state as well.

Households experiencing a severe lack of income and or unemployed typically must accept housing in the lowest income census tracts or rely on public assistance and public and assisted housing wherever it is available. Housing tends to be segregated by income class and sometimes by race or ethnicity, where the housing stock is most likely in poor condition, there are higher reported incidents of criminal activity, and opportunities for improving a person's quality of life are low. Children from these households grow up in an environment that sometimes dooms them to replicate their community's living standards, continuing the cycle of poverty for generations to come. Focus group participants voiced a perception that certain areas of the state are home to a disproportionate number of low-income persons, living in substandard and crime ridden multifamily housing developments. Participants indicated that the concentration of poverty is not only a concern with regard to social equity and the plight of renters, but poverty and low / limited income is also having an impact on the condition and quality of single family housing in the neighborhoods where there are high concentrations of lower income and elderly home owners. In areas where a majority of homeowners cannot afford routine maintenance, poor housing conditions may quickly become the prevalent state of affairs. Lack of job opportunities and lack of sufficient income to afford decent housing were cited as concerns.

Remedial Actions:

Action #14: Provide language assistance to persons with limited English proficiency. Many individuals living in the state for who English is not their primary language may speak English with limited proficiency or, in some cases, not at all. As a result, persons who are limited English proficient (LEP) may not have the same access to important housing services as those who are proficient. The State will implement and maintain a language access plan (LAP) consistent with federal guidelines to support fair access to housing for LEP persons.

Action #15: Continue to Implement an Affirmative Fair Housing Marketing Plan (AFHMP} to create fair and open access to affordable housing. The State will include provisions in Affirmative Fair Housing Marketing Plans insuring that individuals of similar economic levels in the same housing market areas have equal access to a like range of housing choices regardless of race, color, religion, sexual orientation, gender, familial status, disability, or national origin. The entitlement-funded agencies in the state shall follow the plan and insure that it is consistent with federal guidelines to promote fair access to affordable housing for all persons. The State will also provide outreach to private landlords not receiving entitlement funding encouraging landlords to facilitate and embrace the State’s AFHMP provision of providing housing to persons protected under the Fair Housing Act and those with imperfect credit histories, limited rental histories or other issues in their backgrounds.

Action #16: Continue to encourage recruitment of industry and job creation. The state will continue to work on expanding job opportunities through the recruitment of corporations, the provision of incentives for local corporations seeking expansion opportunities, assistance with the preparation of small business loan applications, and other activities whose aim is to reduce unemployment and expand the base of higher income jobs. A particular emphasis should be to recruit jobs that best mirror the job skills and education levels of those populations most in need of jobs. For the state, this means jobs that support person with high school education, GED's and in some instances, community college or technical training. These persons are evident in the workforce demographics and in need of jobs paying minimum wage to moderate hourly wages. The State should also continue to support agencies that provide workforce development programs and continuing education courses to increase the educational level and job skills of residents. The goal should be to increase the GED, high school graduation, technical training, and college matriculation rates among residents. This will help in the recruitment of industry such as "call centers", clerical and manufacturing jobs. Call centers and customer service centers where employees are recruited to process sales or provide customer service support for various industries, have become more and more attracted to areas with similar demographics to that of the State of Arkansas.

The Aflac Insurance Company is a great example of a "call center operation" that relocated to a smaller city, and is making a difference by dramatically expanding employment in Columbus, Georgia for persons from similar demographic groups to those most in need of jobs in the State. In 1998, Aflac opened its Computer Service Center housing 600 employees. In 2001, the company opened its Corporate Ridge office, a 104-acre development housing the company's claim processing and call center operations. Aflac recently opened a new phase of the expansion in 2007, which added 90,000 square feet to the existing Paul S. Amos Corporate Ridge campus building located in Columbus. The City of Columbus provided an incentive package including tax abatement and land assembly and acquisition subsidies in part through the use of their federal grant funds.

The State, in conjunction with local business interest, continue to focus on actively recruiting industries that match the demographics of the populations most unemployed, as a means of improving poverty rates, incomes and home ownership rates in the state. The State should continue providing incentives similar to those used in the past to achieve this goal. Recruiting such industries can assist in increasing the state's tax base, while serving to provide the necessary income for more people to achieve home ownership.

Action #17: Increase Alternative Housing Choices for Seniors - The elderly have few alternatives for housing. They must choose between living in traditional single family ownership units, living with relatives and single family and multifamily rental housing or assisted living or nursing homes. There are few alternatives or programs supporting seniors "aging in place", or building code provisions for "visitable housing standards" that provide for at least one bedroom, hallway and entry door provide accessibility for disabled person to all new single family structures. Alternative housing products and financial tools are needs. The following are some alternatives.

Senior Housing / Tax Credit Financing – Commercial buildings in local commercial districts and vacant, obsolete commercial building and school facilities in neighborhoods throughout the state are currently marginal or non-contributing asset to the community's wellbeing. However, their proximity to major transportation corridors, which serve as car or public transportation routes to various senior services and programming sites, make these buildings an attractive prospect for adaptive re-use as senior housing. Developers such as Keen Development Corporation assisted AU Associates in planning for the conversion of similar sites such as the historic Midway School located in Midway, Kentucky, into 28 apartments for the elderly utilizing LIHTC equity and HOME Funds.

Cottage Housing for Elderly Homebuyers – Cottage housing, or cluster housing as it is sometimes called, provides a smaller unit for the elderly as a homeownership option or as an alternative to continuing ownership of a larger unit that essentially over-houses them or has become too costly to maintain. It should also be considered a viable alternative to an entitlement grant-funded major rehabilitation when an elderly applicant is living in unsafe conditions and the rehabilitation costs exceed the projected value of the completed structure. There may also be applicants who, as a result of limited funding, will have to wait years for assistance because their application is at the end of a long rehabilitation program waiting list.

6.5 Neighborhood Conditions, Natural Barriers, Historical Events, Trends, and Development Pattern Related Impediments

Impediment: Historical and sustained patterns of segregation and concentration of racial/ethnic minority populations, poverty and low income population, and public and assisted housing.

Issues: Historical and sustained patterns of segregation and concentration of racial/ethnic minority populations, poverty and low income population, and public and assisted housing exist in some jurisdictions. The U. S. Department of HUD has defined “Areas of Concentration and Segregation (R/ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or greater minority population and 3 times or more the poverty level of the MSA and generally lacking the basic amenities and failing to provide a quality of life expected and desired for any area within the MSA. The goal of de-concentration would be to achieve minority concentrations and poverty level less than defined above by R/ECAP and to transform these areas of concentration into “Opportunity Areas”. Opportunity Areas are defined as areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation.

For example, our analysis of the information provided during the study period documents that in areas such as Craighead County – City of Jonesboro in particular, a significant portion of their low income public housing units, privately owned and operated federal assisted housing and Section 8 Voucher utilization are concentrated in already predominately low income, poverty and minority concentrated parts of the city. State LIHTC funded developments also tend to be concentrated in these same impacted census tracts. Based on our analysis, we have determined that a disproportionate concentration of LIHTC projects, public and assisted housing product and Section 8 Voucher utilization exist in minority concentrated and poverty / low income zip codes and census tracts within state.

Improving existing minority and income concentrated neighborhoods will have to be a major focus of state and city and county governments. Broad community involvement and outreach will be needed both in introducing the concept of de-concentration and building community support and consumer buy-in into the implementation recommendations. Equally important and perhaps even more challenging is the goal to transform de-concentration areas into opportunity areas. In order for de-concentration to be achieved, we must begin to move areas of concentration closer to becoming opportunity areas. The State and sub-recipient jurisdictions must identify changes that need to occur, what neighborhood amenities and quality of life issues need to be addressed and how do we achieve and pay for such improvements. A more difficult concern is LIHTC projects, public and assisted housing units and in some cases private units that are obsolete and must be considered for demolished to make way for new housing and amenities and what residents stay to reap the benefits of change versus which residents must move to existing opportunity areas to achieve de-concentration. Current residents in concentrated areas will be most concerned with when designated as a household that should move, “Will there be adequate public and assisted housing choice in the opportunity areas”; “What sort of neighborhood should I move to" and " Will the areas and its' existing residents be supportive of my transition?

Other impacts that must be dealt with include:

- Lack of housing choices available to minority and lower income populations, persons dependent upon housing assistance in R-ECAP areas and lack of access to "Opportunity Areas".
- Gaps in infrastructure in support of housing opportunities – educational attainment and quality schools, transportation and mobility, job creation, neighborhood revitalization, crime, public infrastructure, limited housing types, public and assisted housing resources.
- Lack of a Public Participation Plan aimed at expanding broad community involvement and support for and reducing barriers to fair housing choice.
- Social Equity for populations and geographies performing below the area median and opportunities to elevate populations closer to the median.
- Community and Industry Resistance, Discrimination, and Opposition to Fair Housing Choice – nymbyism, discrimination, segregation, historic and cultural heritage, gentrification.

Remedial Actions:

Develop and Implement LIHTC and Public and Assisted Housing Development application and location criteria and evaluate redevelopment alternatives that support de-concentration.

Action #18: State will consider changes in the LIHTC program selection and scoring criteria that gives higher priority to LIHTC applications that propose scattered sited development which focuses on providing housing in non-impacted areas of the state.

Action #19: State will consider requiring LIHTC developers to implement programs that improve safety and security and decrease incidents and perceptions of crime in LIHTC developments and the areas surrounding their developments including Crime Prevention, Law Enforcement community policing, Weed and Seed, and Crime Prevention through Environmental Design Standards (CPTED).

Crime Prevention through Environmental Design (CPTED) **–** Participants in community outreach sessions identified the need to address crime and the perception of crime in public housing developments and concentrated areas. We recommend that applicants collaborate with local officials, police departments, housing authorities, and neighborhood leaders to determine ways to improve crime prevention, safety and the perception of crime in the area. The CPTED concept could be explored by the city police department as one means of implementing this recommendation. CPTED is based on the premise that "proper design and effective use of the built environment can lead to a reduction in the fear of crime and incidence of crime, and to an improvement in quality of life." CPTED strategies are ideal for Law Enforcement Officers, City Planners, City Managers, City Council Members, Architects, Security Consultants, Educators or anyone involved in designing developments, neighborhoods, schools, downtowns, buildings, or revitalization efforts. It is an effective way of fighting crime and promoting business. Example of what types of activities or regulatory changes could be used or offered in the implementation of CPTED programs is listed below.

- Improved signage
- Providing education on Human Behavior and CPTED concepts
- Barriers – Real vs. Symbolic/Fencing, Landscaping, & Interior Walls
- Lighting For Safety
- Planning, Zoning, and CPTED
- Writing a CPTED Ordinance/Overlay Districts
- Traffic and signals, crosswalks and protected crossings

Section 7: Oversight, Monitoring and Maintenance of Records

Introduction

This section summarizes the ongoing responsibilities of the State of Arkansas relative to oversight of efforts to implement the remedial actions recommend in Section Six of this report. It also sets forth the monitoring and maintenance of records procedures that will be implemented by the jurisdictions to insure that implementation efforts can be evaluated and accomplishments reported to HUD in a timely manner.

Oversight and Monitoring

The Analysis of Impediment process has been conducted under the oversight and coordination of the State of Arkansas Economic Development Commission (AEDC) with the support of the Arkansas Development Finance Authority (ADFA), Arkansas Department of Human Services (ADHS), and Arkansas Department of Health (ADH).

AEDC will be designated as the lead agency for the State of Arkansas with responsibility for ongoing oversight, self-evaluation, monitoring, maintenance and reporting of the State's progress in implementing the applicable remedial actions and other efforts to further fair housing choice identified in this report. AEDC, as the designated lead agency, will therefore provide oversight, as applicable, of the following activities.

■AEDC will evaluate each of the recommendations and remedial actions presented in this report, and ensure consultation with appropriate State Agencies and Departments, and other outside agencies to determine the feasibility and timing of implementation. Feasibility and timing of implementation will be based on State policies, fiscal impacts, anticipated impact on or remedy to the impediment identified, adherence to federal, state and local regulations, and accomplishment of desired outcomes. AEDC will provide recommendations for implementation to the State based on this evaluation.

■AEDC will continue to ensure that all sub-grantees receiving CDBG, HOME, ESG and other grant funds have an up-to-date Affirmative Fair Housing Marketing Plan; display a Fair Housing poster and include the Fair Housing Logo on all printed materials as appropriate; and provide beneficiaries with information on what constitutes a protected class member and instructions on how to file a complaint.

■AEDC will ensure that properties and organizations assisted with federal and state funding are compliant with uniform federal accessibility standards during any ongoing physical inspections or based on any complaints of non-compliance received by the State.

■AEDC will continue to support Fair Housing outreach and education activities through its programming for sub-recipients and its participation in community fairs and workshops; providing fair housing information brochures at public libraries and public facilities; and sponsoring public service announcements with media organizations that provide such a service to local government.

■AEDC will incorporate fair housing requirements in its grant program planning, outreach and training sessions.

■AEDC will continue to refer fair housing complaints and or direct person persons desiring information or filing complaints with the HUD FHEO Regional Office in Fort Worth, Texas and the Arkansas Fair Housing Commission as appropriate.

Maintenance of Records

In accordance with Section 2.14 in the HUD Fair Housing Planning Guide, AEDC will maintain the following data and information as documentation of the State's certification that its efforts are affirmatively further fair housing choice.

■A copy of the 2014 Analysis of Impediments to Fair Housing Choice and any updates will be maintained and made available upon request.

■A list of actions taken as part of the implementation of this report and the State’s Fair Housing Programs will be maintained and made available upon request.

■An update of the State’s progress in implementing the FY 2014 AI will be submitted to HUD at the end of each program year, as part of the State of Arkansas’s Consolidated Annual Performance and Evaluation Report (CAPERS).