

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

CITY OF HARRISONBURG, VA



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1. EXECUTIVE SUMMARY

A. Introduction

The City of Harrisonburg has prepared an Analysis of Impediments to Fair Housing Choice to satisfy requirements of the Housing and Community Development Act of 1974, as amended. This Act requires that each community receiving Community Development Block Grant (CDBG) funds certifies to HUD that it will affirmatively further fair housing.

Communities receiving CDBG entitlement funds are required to:

- Examine and attempt to alleviate housing discrimination within their jurisdiction
- Promote fair housing choice for all persons
- Provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, sex, disability, familial status, or national origin
- Promote housing that is accessible to and usable by persons with disabilities, and
- Comply with the non-discrimination requirements of the Fair Housing Act.

These requirements can be achieved through the preparation of an Analysis of Impediments to Fair Housing Choice.

The Analysis of Impediments to Fair Housing Choice (AI) is a review of a jurisdiction's laws, regulations, and administrative policies, procedures, and practices affecting the location, availability, and accessibility of housing, as well as an assessment of conditions, both public and private, affecting fair housing choice.

Equal and free access to residential housing (housing choice) is fundamental to meeting essential needs and pursuing personal, educational, employment or other goals. Because housing choice is so critical, fair housing is a goal that government, public officials and private citizens must achieve if equality of opportunity is to become a reality.

Under federal law, fair housing choice is defined as the ability of persons, regardless of race, color, religion, sex, disability, familial status, or national origin, of similar income levels to have available to them the same housing choices. Persons who are protected from discrimination by fair housing laws are referred to as members of the protected classes.

B. Impediments to Fair Housing Choice

As a result of the policy analysis conducted for this report, the following impediments to fair housing choice were identified in Harrisonburg. Actions have been recommended that, if implemented, would work toward the eventual elimination of these impediments.

i. Public Sector

- a. The City's increasingly diverse minority population may not be adequately accessing City services and programs as a result of limited English proficiency (LEP).**

Proposed Action: Conduct the four-factor analysis outlined in the Federal Register of January 22, 2007, and at www.lep.gov, to determine the extent to which the translation of vital documents is necessary to assist persons with limited English proficiency (LEP) in accessing City services and programs. If it is determined that the need for a Language Access Plan (LAP) exists, the City should prepare the LAP in order to comply with Title VI of the Civil Rights Act of 1964.

- b. Members of the protected classes are under-represented on City boards and commissions that address housing issues.**

Proposed Action: Annually, the City should schedule a civic engagement initiative whereby residents, including members of the protected classes, are encouraged to participate in local government by submitting applications to serve on boards and commissions. The period could last from two to four weeks during which time the need for applicants is advertised in the local newspapers, on the City website, and through other local media. Recruitment information should also be provided to local advocacy organizations that represent Hispanics, persons with disabilities, and other members of the protected classes.

- c. There is an inadequate supply of affordable rental housing that is accessible to City residents.**

Proposed Action 1: As part of the City's planned annual fair housing educational seminars and workshops, work with VAIL to instruct City planning staff, housing developers, architects, builders, Realtors, and other housing professionals to increase their knowledge of various accessibility and visitability design features and cost-effective ways of incorporating such features into newly constructed or substantially rehabilitated housing units.

Proposed Action 2: Annually, continue to finance accessibility modifications for 5 housing units occupied by lower income persons with disabilities with CDBG funds.

- d. Members of the protected classes tend to experience higher rates of unemployment and have lower incomes, thereby encountering greater difficulty in securing affordable housing in Harrisonburg.**

Proposed Action: Partner with HRHA and establish a homeownership initiative. Encourage HRHA to apply to the State HOME Program to establish such a program for lower income homebuyers in the City. Annually, assist 5 homebuyers with the offer of up to \$10,000 in downpayment and closing cost assistance to income-eligible homebuyers earning up to 80% of the median household income. Establish partnerships with local lenders to screen applicants and provide first mortgages for qualified borrowers. Provide homeownership counseling and financial management education as program requirements.

e. The City's supply of decent, affordable housing remains inadequate.

Proposed Action 1: Waive permitting and other development fees for all affordable housing (new or substantial rehabilitation) opportunities created by nonprofit organizations for households (family or elderly) with incomes below 80% of median.

Proposed Action 2: Support mixed-income developments, proposed by nonprofit organizations, which provide an affordable housing component for non-student family households with incomes below 80% of median. Provide incentives such as higher density bonuses to nonprofit developers who agree to set-aside at least 10% of the units as affordable units.

Proposed Action 3: Continue to allocate \$140,000 in CDBG funds annually to HRHA for its affordable housing initiatives.

f. Although there was an insufficient number of housing discrimination complaints filed in the City to identify significant trends, it was possible to identify the need for real estate testing involving rental properties.

Proposed Action 1: Budget 1% to 3% of the City's annual CDBG entitlement grant for pure fair housing activities, including enforcement, testing, education and outreach to landlords, building owners, rental agents, Realtors, design professionals, contractors, developers, etc.

Proposed Action 2: Contract with an experienced HUD-designated fair housing organization to perform paired testing for race and disability in rental housing. Utilize the results to file housing discrimination complaints; publicize the results to deter future discriminatory behavior.

g. There is an absence of fair housing organizations that provide housing complaint investigation and enforcement in Harrisonburg.

Proposed Action 1: Develop a Harrisonburg Fair Housing Guide that explains what housing discrimination is, who are members of the protected classes, how to file a complaint, etc. Make the guide available online and in print.

Proposed Action 2: Engage the services of a qualified fair housing organization to provide annual fair housing training. Targeted entities should include all City department heads, HRHA staff, design professionals in the community, landlords and management agents, Realtors, etc.

ii. Private Sector

a. Mortgage loan denials and high-cost lending disproportionately affect minority applicants in Harrisonburg, similar to national trends.

Proposed Action: The City should work with HRHA to incorporate homeownership counseling and financial education as part of any homeownership initiative undertaken.

2. INTRODUCTION

A. Introduction

The City of Harrisonburg has prepared an Analysis of Impediments to Fair Housing Choice to satisfy requirements of the Housing and Community Development Act of 1974, as amended. This Act requires that each community receiving Community Development Block Grant (CDBG) funds certifies to HUD that it will affirmatively further fair housing.

Communities receiving CDBG entitlement funds are required to:

- Examine and attempt to alleviate housing discrimination within their jurisdiction
- Promote fair housing choice for all persons
- Provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, sex, disability, familial status, or national origin
- Promote housing that is accessible to and usable by persons with disabilities, and
- Comply with the non-discrimination requirements of the Fair Housing Act.

These requirements can be achieved through the preparation of an Analysis of Impediments to Fair Housing Choice.

The Analysis of Impediments to Fair Housing Choice (AI) is a review of a jurisdiction's laws, regulations, and administrative policies, procedures, and practices affecting the location, availability, and accessibility of housing, as well as an assessment of conditions, both public and private, affecting fair housing choice.

B. The Westchester County, NY Case

In August 2009, Westchester County, NY settled a fair housing lawsuit brought against the County by the Anti-Discrimination Center of Metro New York, Inc. The outcome of this lawsuit has relevance to entitlement cities such as Harrisonburg.

This \$180 million lawsuit filed in April 2006 charged that Westchester County failed to fulfill its obligation to affirmatively further fair housing and ensure non-discrimination in its programs. Westchester County is an Urban County entitlement under HUD's CDBG and HOME Programs. As a condition of federal funding, all such HUD entitlements certify to HUD each year that they will conduct their entitlement programs in a non-discriminatory manner that affirmatively furthers fair housing in accordance with the Civil Rights Act of 1964 and the federal Fair Housing Act. In making this certification, Westchester County was required to identify impediments to fair housing choice, take action to overcome those impediments, and to maintain records of its analysis and actions.

In its lawsuit, the Center alleged that the County made a false claim when it certified to HUD that the County would affirmatively further fair housing because its AI did not analyze how its placement of affordable housing affected segregation and racial diversity and it failed to inform municipalities receiving CDBG funds of their obligation to

consider the needs of persons living outside their communities. The Center concluded that the County assisted the development of affordable housing units in lower income communities and that as a result, it increased the pattern of racial segregation in Westchester County. At issue in this case was not whether Westchester County created affordable housing. In fact, since 1998, the County had spent over \$50 million in federal and state funds to aid in the construction of 1,370 affordable rental units and another 334 affordable owner units. It was the *geographic location* of the affordable housing units that were created within the County that was the critical factor in the lawsuit.

Faced with the threat of losing the \$180 million lawsuit and being cut off from another \$30 million in HUD funding, Westchester County agreed to a settlement with HUD and the Anti-Discrimination Center of Metro New York. Under the terms of the settlement, the County will pay \$21.6 million to HUD in non-federal funds. These funds will be deposited in the County's HUD account and used to build new affordable housing units in specified census tracts with populations of less than 3% Black and 7% Hispanic residents. An additional \$11 million will be paid to HUD, the Center and its counsel. The County will add \$30 million to its capital budget to build affordable housing in non-impacted (i.e., primarily White) areas.

Although the focus of the Westchester County case is an urban county entitlement, there are clear implications for entitlement cities as well. For example, an entitlement community should be expanding fair housing choice for members of the protected classes outside of impacted areas (i.e., areas of concentration of minorities *and* LMI persons). This circumstance should be causing entitlements to understand there is a careful balance to maintain between revitalization of LMI neighborhoods and creating new affordable housing opportunities outside of these areas. These implications inform the AI's context of analysis for the CDBG program administered by the City of Harrisonburg.

C. Fair Housing Choice

Equal and free access to residential housing (housing choice) is fundamental to meeting essential needs and pursuing personal, educational, employment or other goals. Because housing choice is so critical, fair housing is a goal that government, public officials and private citizens must achieve if equality of opportunity is to become a reality.

Under federal law, fair housing choice is defined as the ability of persons, regardless of race, color, religion, sex, disability, familial status, or national origin, of similar income levels to have available to them the same housing choices. Persons who are protected from discrimination by fair housing laws are referred to as members of the protected classes.

This Analysis encompasses the following six areas related to fair housing choice:

- The sale or rental of dwellings (public and private)
- The provision of housing brokerage services
- The provision of financing assistance for dwellings
- Public policies and actions affecting the approval of sites and other building requirements used in the approval process for the construction of publicly assisted housing

- The administrative policies concerning community development and housing activities, which affect opportunities of minority households to select housing inside or outside areas of minority or ethnic concentration, and
- Where there is a determination of unlawful segregation or other housing discrimination by a court or a finding of noncompliance by the U.S. Department of Housing and Urban Development (HUD) regarding assisted housing in a recipient's jurisdiction, an analysis of the actions which could be taken by the recipient to remedy the discriminatory condition, including actions involving the expenditure of funds made available under 24 CFR Part 570 (i.e., the CDBG program regulations).

As a federal entitlement community, the City of Harrisonburg has specific fair housing planning responsibilities. These include:

- Conducting an Analysis of Impediments to Fair Housing Choice
- Developing actions to overcome the effects of identified impediments to fair housing, and
- Maintaining records to support the City's initiatives to affirmatively further fair housing.

HUD interprets these three certifying elements to include:

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

This Analysis will:

- Evaluate population, household, income and housing characteristics by protected classes
- Evaluate public and private sector policies that impact fair housing choice
- Identify impediments to fair housing choice, where any may exist, and
- Recommend specific strategies to overcome the effects of any identified impediments.

HUD defines an impediment to fair housing choice as any actions, omissions, or decisions that restrict, or have the effect of restricting, the availability of housing choices, based on race, color, religion, sex, disability, familial status, or national origin.

This Analysis serves as the basis for fair housing planning, provides essential information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates, and assists in building public support for fair housing efforts. The elected governmental bodies are expected to review and approve the analysis and use it for direction, leadership, and resources for future fair housing planning.

The analysis will serve as a baseline for progress against which implementation efforts will be judged and recorded.

D. The Federal Fair Housing Act

i. What housing is covered?

The federal Fair Housing Act covers most housing. In some circumstances, the Act exempts owner-occupied buildings with no more than four units, single family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members.

ii. What does the Fair Housing Act prohibit?

a. In the Sale and Rental of Housing

No one may take any of the following actions based on race, color, religion, sex, disability, familial status, or national origin:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions, or privileges for the sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting), or
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

b. In Mortgage Lending

No one may take any of the following actions based on race, color, religion, sex, disability, familial status, or national origin:

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees
- Discriminate in appraising property
- Refuse to purchase a loan, or
- Set different terms or conditions for purchasing a loan.

c. In Insurance

It is unlawful to discriminate in connection to any housing-related transactions, including homeowner's insurance. Discrimination in the homeowner's insurance industry occurs when an insurer unlawfully

treats current or prospective homeowners differently because they are a member of one or more of the protected classes. These differences in treatment may include charging higher rates, offering policies with inferior coverage, denying coverage all together, or not returning calls regarding requests for information.

d. Other Prohibitions

It is illegal for anyone to:

- Threaten, coerce, intimidate, or interfere with anyone exercising a fair housing right or assisting others who exercise that right
- Advertise or make any statement that indicates a limitation or preference based on race, color, religion, sex, disability, familial status, or national origin. This prohibition against discriminatory advertising applies to single family and owner-occupied housing that is otherwise exempt from the Fair Housing Act.

iii. Additional Protections for People with Disabilities

If someone has a physical or mental disability (including hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and mental retardation) that substantially limits one or more major life activities, or has a record of such a disability, or is regarded as having such a disability, a landlord may not:

- Refuse to let the disabled person make reasonable modifications to a dwelling or common use areas, at the disabled person's expense, if necessary for the disabled person to use the housing. Where reasonable, the landlord may permit changes only if the disabled person agrees to restore the property to its original condition when he or she moves.
- Refuse to make reasonable accommodations in rules, policies, practices, or services if necessary for the disabled person to use the housing.

For example, a building with a "no pets" policy must make a reasonable accommodation and allow a visually impaired tenant to keep a guide dog.

iv. Significant Recent Changes

The Housing for Older Persons Act of 1995 (HOPA) makes several changes to the age 55 and older exemption. Since the 1988 Amendments, the Fair Housing Act has exempted from its familial status provisions properties that satisfy the Act's age 55 and older housing condition. First, it eliminates the requirement that housing for persons age 55 and older have "significant facilities and services" designed for the elderly. Second, HOPA establishes that a person cannot be held liable for monetary damages for a violation of the Fair Housing Act if he or she reasonably relied, in good faith, on a facility or community's written statement that it qualifies for the 55-and-older exemption, even if it actually does not.

HOPA retains the requirement that senior housing must have one person who is 55 years of age or older living in at least 80% of its occupied units. It also still requires that senior housing publish and follow policies and procedures that demonstrate the intent to be housing for persons 55 years and older.

An exempt property will not violate the Fair Housing Act if it includes families with children, but it does not have to do so. Of course, the property must meet the Act's requirements that at least 80% of its occupied units have at least one occupant who is 55 or older, and that it publish and follow policies and procedures that demonstrate the intent to be housing for persons age 55 and older housing.

v. Requirements for New Buildings

In buildings that are ready for first occupancy after March 13, 1991 and have an elevator and four or more units:

- Public and common areas must be accessible to persons with disabilities
- Doors and hallways must be wide enough for wheelchairs
- All units must have:
 1. An accessible route into and through the unit
 2. Accessible light switches, electrical outlets, thermostats and other environmental controls
 3. Reinforced bathroom walls to allow later installation of grab bars, and
 4. Kitchens and bathrooms that can be used by people in wheelchairs.

If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units. These requirements for new buildings do not replace any more stringent standards in state or local law.

vi. Housing Opportunities for Families with Children

Unless a building or community qualifies as housing for older persons, it may not discriminate based on familial status. That is, it may not discriminate against families in which one or more children under the age 18 live with:

- A parent or
- A person who has legal custody of the child or children or
- The designee of the parent or legal custodian, with the parent or custodian's written permission.

Familial status protection also applies to pregnant women and anyone securing legal custody of a child under age 18.

Housing for older persons is exempt from the prohibition against familial status discrimination if:

- The HUD Secretary has determined that it is specifically designed for and occupied by elderly persons under a federal, state, or local government program, or
- It is occupied solely by persons who are 62 or older, or
- It houses at least one person who is 55 or older in at least 80% of the occupied units, and adheres to a policy that demonstrates the intent to house persons who are 55 or older, as previously described.

A transition period permits residents on or before September 13, 1988 to continue living in the housing, regardless of their age, without interfering with the exemption.

vii. Recent Changes to HUD Rule

In a Final Rule that became effective March 5, 2012, HUD implemented policy to ensure that its core programs are open to all eligible individuals and families regardless of sexual orientation, gender identity or marital status. In response to evidence suggesting that lesbian, gay, bisexual and transgender individuals and families were being arbitrarily excluded from housing opportunities in the private sector, HUD's aim was to ensure that its own programs do not allow for discrimination against any eligible person or household, and that HUD's own programs serve as models for equal housing opportunity.

This change to HUD program regulations does not amend the Fair Housing Act to prohibit all discrimination in the private market on the basis of sexual orientation, gender identity or marital status. However, it prohibits discrimination of those types by any housing provider who receives HUD funding, including public housing agencies, those who are insured by the Federal Housing Administration, including lenders, and those who participate in federal entitlement grant programs through HUD.

E. Comparison of Accessibility Standards

There are several standards of accessibility that are referenced throughout the AI. These standards are listed below along with a summary of the features within each category or a direct link to the detailed standards.

i. Fair Housing Act

In buildings that are ready for first occupancy after March 13, 1991 and include four or more units:

- There must be an accessible entrance on an accessible route.
- Public and common areas must be accessible to persons with disabilities
- Doors and hallways must be wide enough for wheelchairs
- All ground floor units and all units in elevator buildings must have:
 - An accessible route into and through the unit

- Accessible light switches, electrical outlets, thermostats and other environmental controls
- Reinforced bathroom walls to allow later installation of grab bars, and
- Kitchens and bathrooms that can be used by people in wheelchairs.

If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units. These requirements for new buildings do not replace any more stringent standards in state or local law.

ii. Americans with Disabilities Act (ADA)

ADA standards are required to ensure equal access to places of public accommodation and commercial facilities by individuals with disabilities. These building standards are to be applied during the design, construction, and alteration of such buildings and facilities to the extent required by regulations issued by federal agencies, including the Department of Justice (DOJ), under the Americans with Disabilities Act of 1990 (ADA). Revised ADA Title II and III Regulations were adopted by the DOJ in 2010 and included the 2010 ADA Standards for Accessible Design, or the “2010 Standards.” As of March 15, 2012, compliance with the 2010 Standards is required for new construction, for alterations, and for places of recreation where guidance did not previously exist. These recreational areas include swimming pools, exercise equipment, golf courses, play areas, saunas and steam rooms, and boating and fishing platforms.

Changes incorporated into the 2010 Standards include:

- Addition of technical requirements based on children’s dimensions
- Use of ranges rather than absolutes for most elements
- Location of accessible routes must be in general circulation paths
- If a circulation path is provided between seated areas and a stage, it must be accessible
- All direct entrances in multi-level parking garages must be accessible
- More guidance on location of accessible seating in assembly areas
- Single-user toilet rooms must now provide both a parallel and side approach to a water closet

A complete description of the guidelines can be found online at:

http://www.ada.gov/2010ADASTandards_index.htm.

ADA regulations are to be followed to ensure equal access to programs for people with disabilities. The revised ADA Title II and III Regulations went into effect on March 15, 2011. In addition to the changes listed above, the amended regulations include revisions to definitions of service animals, wheelchairs and other power-driven mobility devices, and updated guidance for the provision of auxiliary devices and accessible ticketing practices. A

complete description of the revised ADA Title II and III Regulations can be found online at:

<http://www.ada.gov/regs2010/ADAREgs2010.htm>.

iii. Uniform Federal Accessibility Standards (UFAS)

UFAS accessibility standards are required for facility accessibility by people with motor and sensory disabilities for Federal and federally-funded facilities. These standards are to be applied during the design, construction, and alteration of buildings and facilities to the extent required by the Architectural Barriers Act of 1968, as amended. A complete description of the guidelines can be found at <http://www.access-board.gov/ufas/ufas-html/ufas.htm>.

iv. Section 504

Section 504 of the Rehabilitation Act of 1973 and 24 CFR Part 8 requires that at least 5% of all public housing units be accessible to persons with mobility impairments. In addition, at least 2% of public housing units must be accessible to persons with sensory impairments. These are minimum requirements. A higher percentage may be required in circumstances where greater need is determined by the PHA. The 2% sensory-accessible unit requirement can be a mobile requirement, depending on where the tenant with visual and/or impairments could stay in a standard unit. In addition, a PHA's administrative offices, application offices, and other non-residential facilities must be accessible to persons with disabilities. Either the Uniform Federal Accessibility Standards (UFAS) or other safe harbor accessibility standards are the standard against which residential and non-residential spaces are judged to be accessible.

v. Visitability Standards

The term "visitability" refers to housing designed in such a way that it can be lived in or visited by people with disabilities. A house is visitable when it meets three basic requirements:

- At least one no-step entrance
- Doors and hallways wide enough to navigate a wheelchair through, and
- A bathroom on the first floor big enough to get into in a wheelchair, and close the door.

vi. Universal Design

Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without adaptation or specialized design. Seven principles guide Universal Design. These include:

- Equitable use (e.g., make the design appealing to all users)
- Flexibility in use (e.g., accommodate right- or left-handed use)
- Simple and intuitive use (e.g., eliminate unnecessary complexity)

- Perceptible information (e.g., provide compatibility with a variety of techniques or devices used by people with sensory limitations)
- Tolerance for error (e.g., provide fail-safe features)
- Low physical effort (e.g., minimize repetitive actions)
- Size and space for approach and use (e.g., accommodate variations in hand and grip size).

F. Virginia Human Rights Act

The Virginia Fair Housing Law was adopted in 1972 and prohibits housing discrimination on the basis of race, color, religion, sex, national origin, elderliness, familial status, and handicap. As a result, persons in Virginia have greater protection under the State's fair housing law than under federal fair housing law.

Specifically, the Virginia Fair Housing Law prohibits the following practices:

- Refusing to sell or rent after the making of a bona fide offer or refusing to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, national origin, elderliness, familial status, or disability;
- Discriminating against any person in the terms, conditions, or privileges of the sale or rental of a dwelling, or in the provision of services or facilities in connection therewith to any person because of race, color, religion, sex, national origin, elderliness, familial status, or disability;
- To make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination or an intention to make any such preference, limitation or discrimination based on race, color, religion, sex, national origin, elderliness, familial status, or disability;
- Representing to any person because of race, color, religion, sex, national origin, elderliness, familial status, or disability that any dwelling is not available for inspection, sale, or rental when such dwelling is in fact available;
- Denying any person access to membership or participation in any multiple listing service, real estate brokers' organization, or other service, organization or facility relating to the business of selling or renting dwellings, or to discriminate against such person in the terms or conditions of such access, membership, or participation because of race, color, religion, sex, national origin, elderliness, familial status, or disability;
- To include in any transfer, sale rental, or lease of housing, any restrictive covenant that discriminates because of race, color, religion, sex, national origin, elderliness, familial status, or disability or for any person to honor or exercise, or attempt to honor or exercise any such discriminatory covenant pertaining to housing;
- To induce or attempt to induce to sell or rent any dwelling by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, color, religion, sex, national origin, elderliness, familial status, or disability.

In addition, the State law further stipulates additional actions that are prohibited as they relate to housing discrimination. These prohibitions include the following:

- Failing or delaying maintenance or repairs of sales or rental dwellings;
- Limiting the use of privileges, services, or facilities associated with a dwelling;
- Discouraging the purchase or rental of a dwelling or exaggerating drawbacks or failing to inform any person of desirable features of a dwelling or a community, neighborhood, or development;
- Communicating to any prospective purchaser that they would not be comfortable or compatible with existing residents of a community neighborhood or development;
- Assigning any person to a particular section of a community neighborhood or development or to a particular floor or section of a building;
- Denying or limiting services or facilities in connection with the sale or rental of a dwelling because a person failed or refused to provide sexual favors.

The law also explicitly regulates the advertising of real estate in the following manner:

- Using words, phrases, photographs, illustrations, symbols, or forms which convey that dwellings are available or are not available to a particular group because of race, color, religion, sex, handicap, familial status, elderliness, or national origin;
- Using selective geographic advertisements, such as the strategic placement of billboards; brochure advertisements distributed within a limited geographic area by hand or in the mail; advertising in particular geographic coverage editions of major metropolitan newspapers or in newspapers of limited circulation which are mainly advertising vehicles for reaching a particular segment of the community; or displays or announcements available only in selected sales offices;
- Using selective human models when using an advertising campaign using human models primarily in media that cater to one racial or national origin segment of the population without a complementary advertising campaign that is directed at other groups;
- All newspaper publishers should publish at the beginning of the real estate advertising section a notice that includes a statement regarding the coverage of any local fair housing or human rights ordinance prohibiting discrimination in the sale, rental or financing of dwellings.

The Virginia Fair Housing Office (VFHO) is under the auspices of the Department of Professional and Occupational Regulation. The VFHO consists of an administrator who has overall responsibility for the office, an Investigative Supervisor who oversees all investigations, a Program Conciliator who attempts to resolve complaints through informal negotiation, four field investigators, and two administrative investigators. The VFHO is the investigative arm of Virginia's Fair Housing Board and Real Estate Board. The Fair Housing Board administers and enforces the Fair Housing Law for most individuals and businesses; the Real Estate Board retains jurisdiction over real estate licensees and their employees.

Once the VFHO accepts a complaint as stating a fair housing claim, the complaint is assigned to be investigated. During the investigative process an investigator generally interviews the complainant, the respondent, and relevant witnesses. The investigator may also review documents and records.

After the investigation is completed, the investigator writes a final report that summarizes the evidence obtained during the investigation. The investigative supervisor then reviews this report. The evidence is presented to the Board, which will review the evidence. The Board will take one of the following actions upon a report: (1) dismiss the complaint, (2) issue a charge of discrimination, or (3) accept the conciliation agreement. If the Board issues a charge of discrimination, the charge is immediately referred to the Office of the Attorney General in Virginia for further action.

**Figure 2-1
Protection for Members of the Protected Classes**

Protected Class	Federal Fair Housing Act	Virginia Fair Housing Law
Race	•	•
Color*	•	•
National Origin	•	•
Religion/Creed	•	•
Sex	•	•
Familial Status	•	•
Handicap/Disability Status	•	•
Elderliness (over 55 years of age)		•

* The term "color" usually refers only to skin color or pigmentation. "Race" generally refers to both physical characteristics and ethnological classifications.

G. Methodology

The consulting firm of Mullin & Lonergan Associates, Inc. (M&L) was retained to conduct the Analysis of Impediments to Fair Housing Choice. M&L utilized a comprehensive approach to complete the analysis involving Harrisonburg. The following sources were utilized:

- The most recently available demographic data regarding population, household, housing, income, and employment
- The City's Five-Year Consolidated Plan for 2008-2012
- The City's 2005 Analysis of Impediments to Fair Housing Choice
- Public policies affecting the siting and development of housing, including the City's comprehensive plan and municipal zoning ordinance
- Administrative policies concerning housing and community development
- The Admission and Continuing Occupancy Policy and Section 8 Housing Choice Voucher Administrative Plan from the Harrisonburg Redevelopment and Housing Authority
- Financial lending institution data from the Home Mortgage Disclosure Act (HMDA) database

- Previous Annual Plans (AP) and Consolidated Annual Performance and Evaluation Reports (CAPER) for the City
- Housing Market Analyses conducted in 2005 and 2011 by Harrisonburg Redevelopment and Housing Authority
- Interviews and focus group sessions conducted with agencies and organizations that provide housing and housing related services to members of the protected classes
- Residential segregation data from CensusScope

i. Use of Census Data

The primary source of data for this report is the U.S. Census Bureau. Data from the 1990, 2000 and 2010 decennial censuses as well as the American Community Survey were collected and analyzed. In all cases, the most recent data available was used.

Overlaying the decision as to which dataset to use was the issue surrounding census tract boundaries. The 2010 census tract boundaries for Harrisonburg are significantly different than the 2000 census tract boundaries. Fortunately, the new 2010 boundaries involve “clean splits” of several of the 2000 census tract boundaries so clear and easy comparisons could be made between 2000 areas and 2010 areas. For example, the old census tract 1 has been split into census tract 1.01 and 1.02. The chart below lists both the 2000 and 2010 census tract boundaries. Split census tracts indicate where population growth has been the most dramatic in the City since the 2000 Census.

**Figure 2-2
 Comparison of 2000 and 2010 Census Tracts**

2000 Census Tracts	2010 Census Tracts
1	1.01
	1.02
2.01	2.04
	2.05
2.02	2.06
	2.07
2.03	2.03
3	3.01
	3.02
4	4.01
	4.02

Source: U.S. Census Bureau

H. Development of the Analysis of Impediments to Fair Housing

i. Lead Agency

The Community Development Block Grant program, under the auspices of the Office of the City Manager, is the lead agency responsible for the preparation of the AI.

ii. Agency Consultation

The City of Harrisonburg conducted a single outreach and agency consultation process for both the AI and the Five-Year Consolidated Plan. CDBG program staff engaged in an extensive consultation process with local public agencies, nonprofit organizations, and other interested entities in an effort to develop a community planning process for both the AI and the CP. A series of written questionnaires were mailed to the interviewees.

From November 14 through November 16, 2011, program staff and the consulting team began a series of focus group sessions and one-on-one interviews to identify current fair housing issues impacting the consumers of the various agencies and organizations. Comments received through these meetings are incorporated throughout the AI, where appropriate.

A list of the stakeholders identified and invited to the focus group sessions and interviews is included in Appendix A.

I. The Relationship between Fair Housing and Affordable Housing

As stated in the Introduction, fair housing choice is defined as the ability of persons, regardless of race, color, religion, sex, disability, familial status, or national origin, of similar income levels to have available to them the same housing choices. In Virginia, this protection is also extended to persons 55 years of age and older. Persons who are protected from discrimination by fair housing laws are referred to as members of the protected classes.

This AI analyzes a range of fair housing issues, including income, that may affect housing choice. To the extent that members of the protected classes tend to have lower incomes, then access to fair housing is related to affordable housing. In many areas across the U.S., a primary impediment to fair housing is a relative absence of affordable housing. Often, however, the public policies implemented in towns and cities create, or contribute to, the lack of affordable housing in these communities.

The scope of this document goes well beyond an analysis of the adequacy of affordable housing in Harrisonburg. This AI defines the relative presence of members of the protected classes within the context of factors that influence the ability of the protected classes to achieve equal access to housing and related services.

3. DEMOGRAPHIC INFORMATION

A. Historical Residential Settlement Patterns

The City of Harrisonburg's settlement patterns reflect the changes in the racial and economic patterns of the country. Established in 1779 and incorporated in 1849, the City was originally a rural area comprised primarily of farmers who were part of an agricultural economy, with some manufacturing and trade from larger northern and eastern cities connecting to Harrisonburg by the rail line. Harrisonburg is located in the center of the Shenandoah Valley, known for its beauty and outdoor activities.

The original settlers tended to be primarily European settlers of Scottish, English, German, and Irish ancestry. As the economy grew and demand for labor increased, African Americans were brought in to work first in the fields, and eventually in the early manufacturing plants.

The area has been referred to as "Upland South," defined as the states of Virginia, North Carolina, Tennessee, Kentucky, and West Virginia. Migration and settlement patterns from colonial coastal regions into the interior grew dramatically toward the end of the 18th century, including in the Shenandoah Valley.

When the slaves of the Shenandoah Valley were freed in 1865, they set up near modern-day Harrisonburg in a town called Newtown. This settlement was eventually annexed by the independent city of Harrisonburg some years later, probably around 1892. Today, the old city of Newtown is still the home of the majority of Harrisonburg's predominantly black churches, such as First Baptist and Bethel AME. The modern Boys and Girls Club of Harrisonburg is located in the old Lucy Simms schoolhouse formerly used for black students.

The City of Harrisonburg remained relatively small up until the 1970s when the first wave of immigrants began arriving. Asian settlements occurred initially and a large Hispanic influx began in the 1990s. Attracted by the quality of life, available entry-level jobs in agriculture and meat processing, and the relatively low cost of living, Harrisonburg has experienced a rapid increase in new residents.

B. Demographic Profile

i. Population Trends

Harrisonburg's population has increased rapidly in the last fifty years, with over four times the population that existed in 1960. The rapid population growth has been at a faster pace than Virginia overall, which more than doubled in population (a 101.7% increase) over the same fifty years. More recently, in the last decade, the City's population has increased at a faster pace (20.9%) than the State overall (13%).

**Figure 3-1
 Population Trends, 1960-2010**

	1960	1970	1980	1990	2000	2010	% Change 1960-2010
Virginia	3,966,949	4,651,448	5,346,818	6,187,358	7,078,515	8,001,024	101.7%
Harrisonburg	11,916	14,605	19,671	30,707	40,468	48,914	310.5%

Source: www.virginiaplaces.org; CensusScope; 1990 Census SF3 (P001); Census 2000 SF3 (P1); 2010 American Community Survey (DP-1)

Much of the growth in the last twenty years can be attributed to two factors: the student population increase at James Madison University (JMU) and the increase in the number of Hispanics. The accelerated rate of growth coincided with a major increase in enrollment at JMU and continued through the 1980s, assisted by a major annexation in 1983 that added 11.4 square miles and an estimated 5,729 persons. During the 1980s, the City experienced its largest ten-year increase (56%), primarily the result of annexation.¹ In addition, JMU's total student enrollment increased 80% between 1990 and 2010.² Today, almost 19,000 university students are enrolled, and comprise nearly 39% of Harrisonburg's total population.

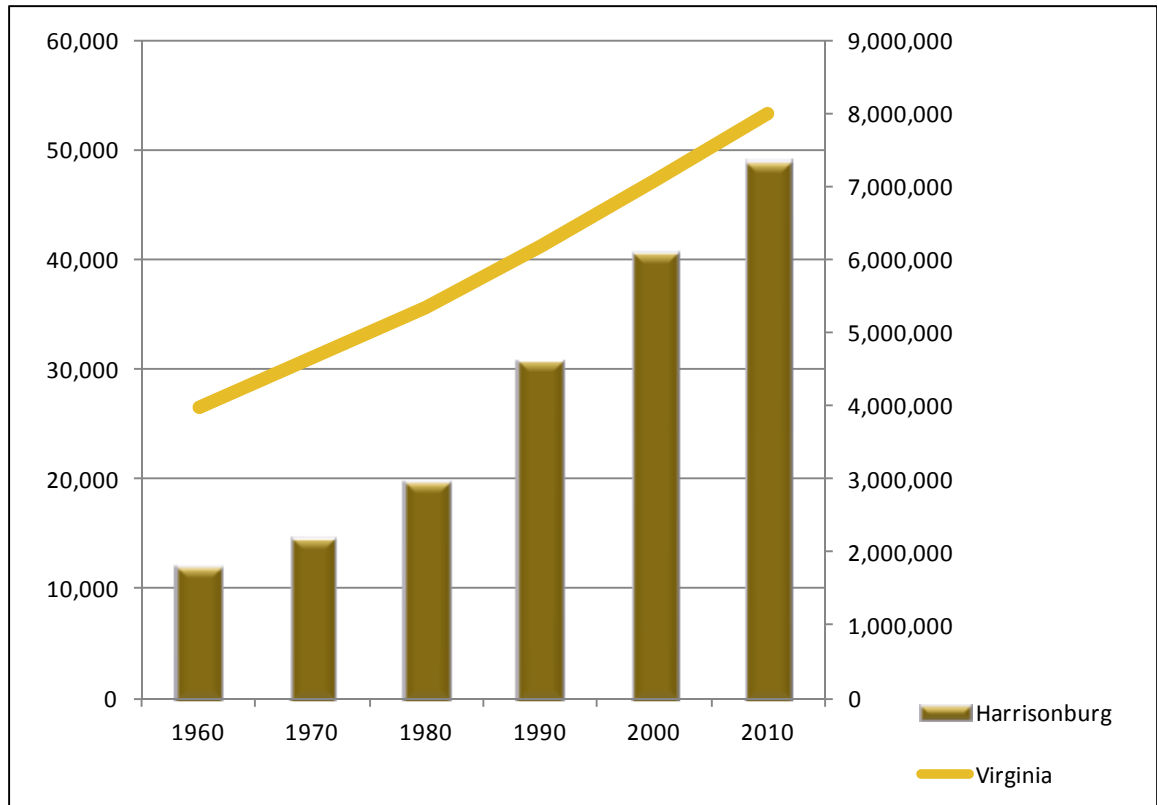
Population growth is projected to continue between 2010 and 2020, to 51,215 persons, an increase of 4.1%.³

¹ City of Harrisonburg Comprehensive Plan Update, 2011. Chapter 3, Planning Context.

² Citywide Analysis-Demographic and Housing Trends, Harrisonburg, VA, Fall 2011.

³ University of Virginia Weldon Cooper Center for Public Service, 2011.

Figure 3-2
Population Trends, 1960-2010



The population of Harrisonburg, although predominantly White, continues to become more diversified. Between 1990 and 2010, the minority population increased by 7,800 individuals (74%), a percentage increase from 8.9% to 21.6% of the population. During these two decades, White residents increased by more than 10,000 residents, but declined as a segment of the population from 91.1% to 78.4%. Figure 3-3 illustrates these demographic changes.

**Figure 3-3
 Population by Race and Ethnicity, 1990-2010**

	Total Population	White	Minority Population			Total Minority	Hispanic
			Black	Asian/Pacific Islander	All Other*		
1990							
Harrisonburg	30,707	91.1%	6.6%	1.5%	0.9%	8.9%	1.7%
Virginia	6,187,358	77.5%	18.8%	2.8%	0.9%	22.5%	2.5%
2000							
Harrisonburg	40,468	85.3%	6.1%	3.1%	5.5%	14.7%	8.7%
Virginia	7,078,515	72.3%	19.6%	3.7%	4.5%	27.7%	4.6%
2010							
Harrisonburg	48,914	78.4%	6.4%	3.6%	11.6%	21.6%	15.7%
Virginia	8,001,024	68.6%	19.4%	5.6%	6.5%	31.4%	7.9%

*Includes: American Indian/Alaska Native, Some other race, Two or more races

Source: 1990 Census SF3 (P001, P008, P010); Census 2000 SF3 (P1, P6, P7); Census 2010 (B01003, B02001, B03001)

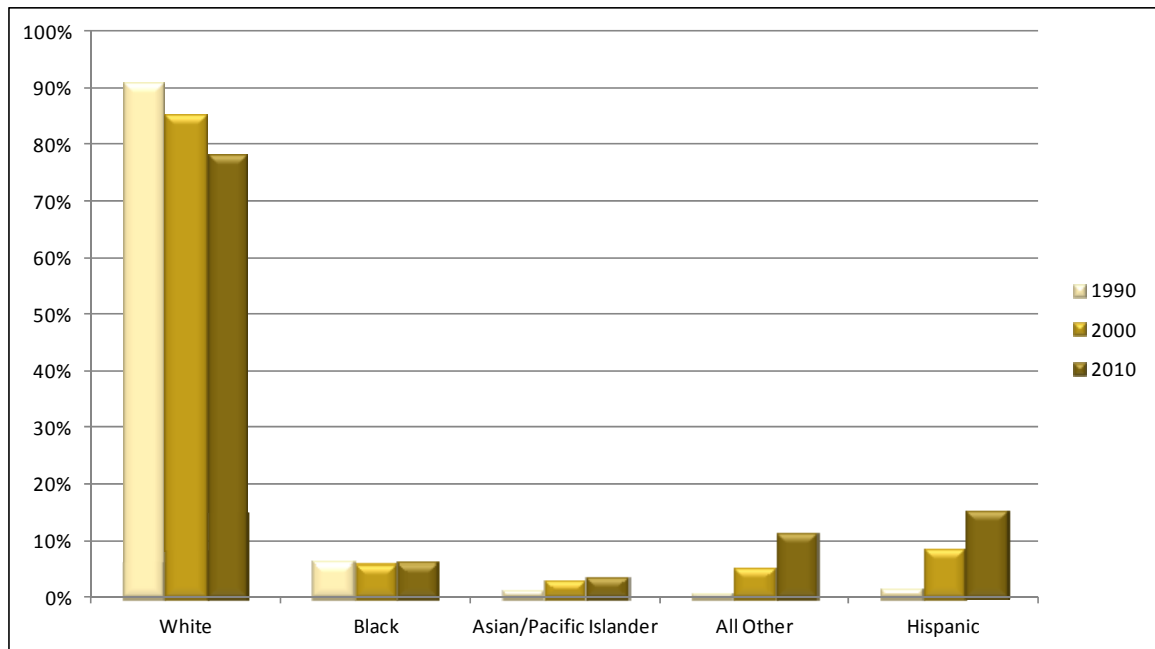
Although the racial and ethnic groups are growing, some are adding population faster than others, changing the racial and ethnic distribution of minority residents in Harrisonburg. For example, while the number of Blacks increased 54.9% from 1990 to 2010, Black residents declined as a percentage of all minorities. In 1990, Blacks accounted for 73.6% of all minorities; by 2010 they accounted for only 29.5%. In contrast, the number of Asian/Pacific Islander residents increased 294%, and the group increased its share of the minority population from 1.5% to 3.6%. Persons of All Other Races increased almost 2000% from 272 to 5,651. This group now comprises 11.6% of the minority population, up from 0.9% in 1990.

The Hispanic population has also increased substantially. Between 1990 and 2010, Hispanic residents increased 1,354%. In 1990, Hispanics accounted for 1.7% of Harrisonburg's population; by 2010 this segment had grown to 15.7%.

Harrisonburg has one of the highest concentrations of Hispanics in the state. In addition, nearly one in eight Virginians are Latino or Asian, with a 92% increase in the Hispanic population alone since 2000.

OBSERVATION: The population of Harrisonburg continues to diversify. Minorities represented 8.9% of the City's population in 1990; by 2010, this segment had increased to 21.6%. The largest single minority group is Persons of All Other Races (11.6%), followed by Blacks (6.4%) and Asians (3.6%). Hispanics are the largest ethnic group (15.7%), having increased more than 1300% over the last 20 years.

Figure 3-4
Racial/Ethnic Minority Characteristics, 1990-2010



ii. Areas of Racial and Ethnic Minority Concentration

The City defines areas of racial or ethnic minority concentration as geographic areas where the percentage of a specific minority or ethnic group is twice the City rate. In Harrisonburg, Blacks accounted for 6.4% of the population in 2010. Therefore, an area of racial concentration of Blacks would include any census tract where the percentage of Black residents is 12.8% or higher. Census tract 1.01 meets this criterion, as illustrated in Figure 3-5. No other racial minority meets the criterion for an area of concentration.

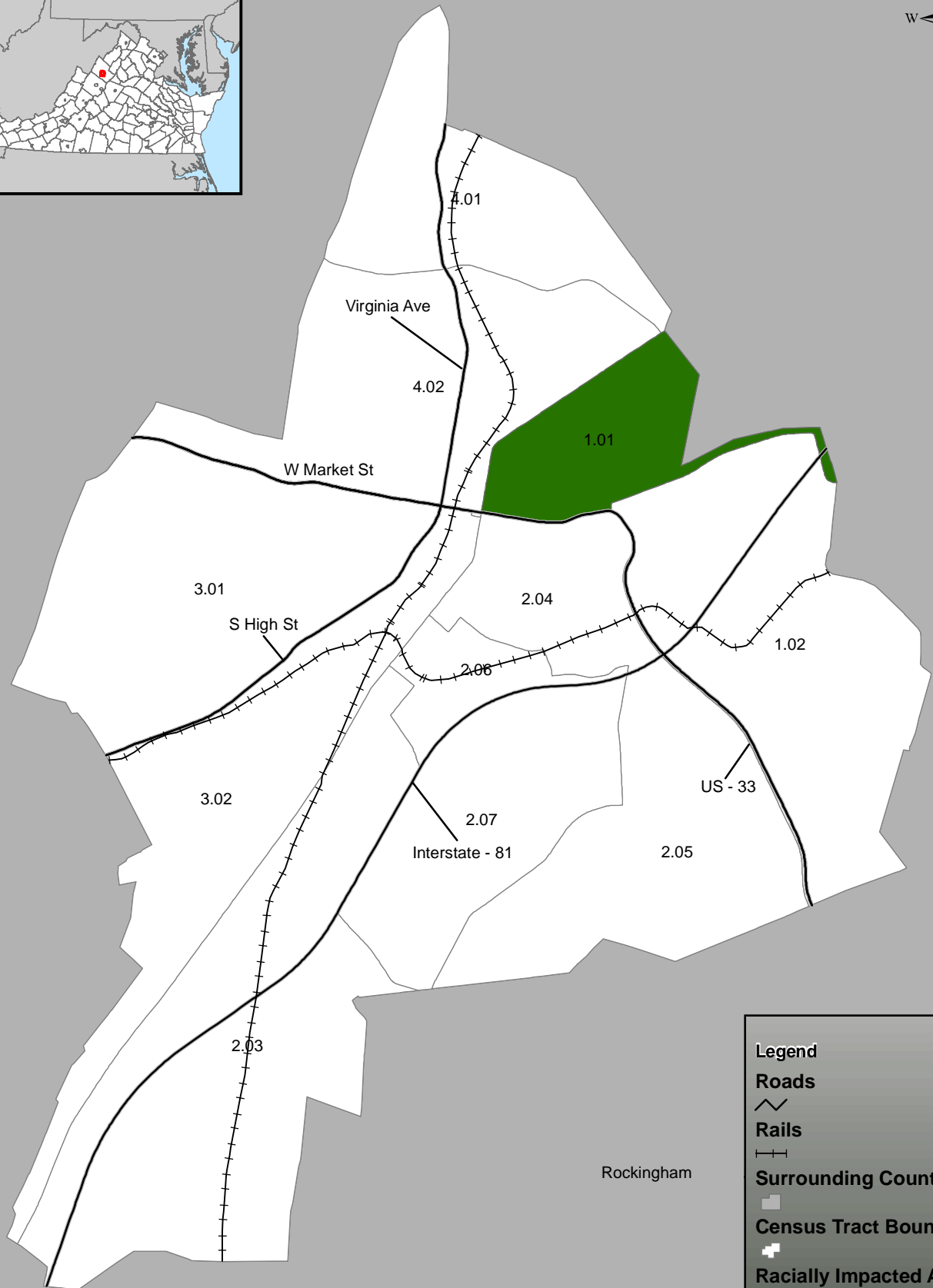
Hispanic residents represent 15.7% of Harrisonburg’s population. Therefore, an area of ethnic concentration would include any census tract where the percentage of Hispanics is 31.4% or higher. Census tract 1.01 is also an area of ethnic minority concentration, as illustrated in Figure 2-5.

Maps 1 and 2 on the following pages illustrate the geographic location of the area of concentration of both Black residents and Hispanic residents.

OBSERVATION: Census tract 1.01 in Harrisonburg meets the criterion for an area of minority concentration of both Black residents and Hispanic residents.

Map 1: Black Population Concentrations, 2010

City of Harrisonburg, VA
Analysis of Impediments to Fair Housing Choice



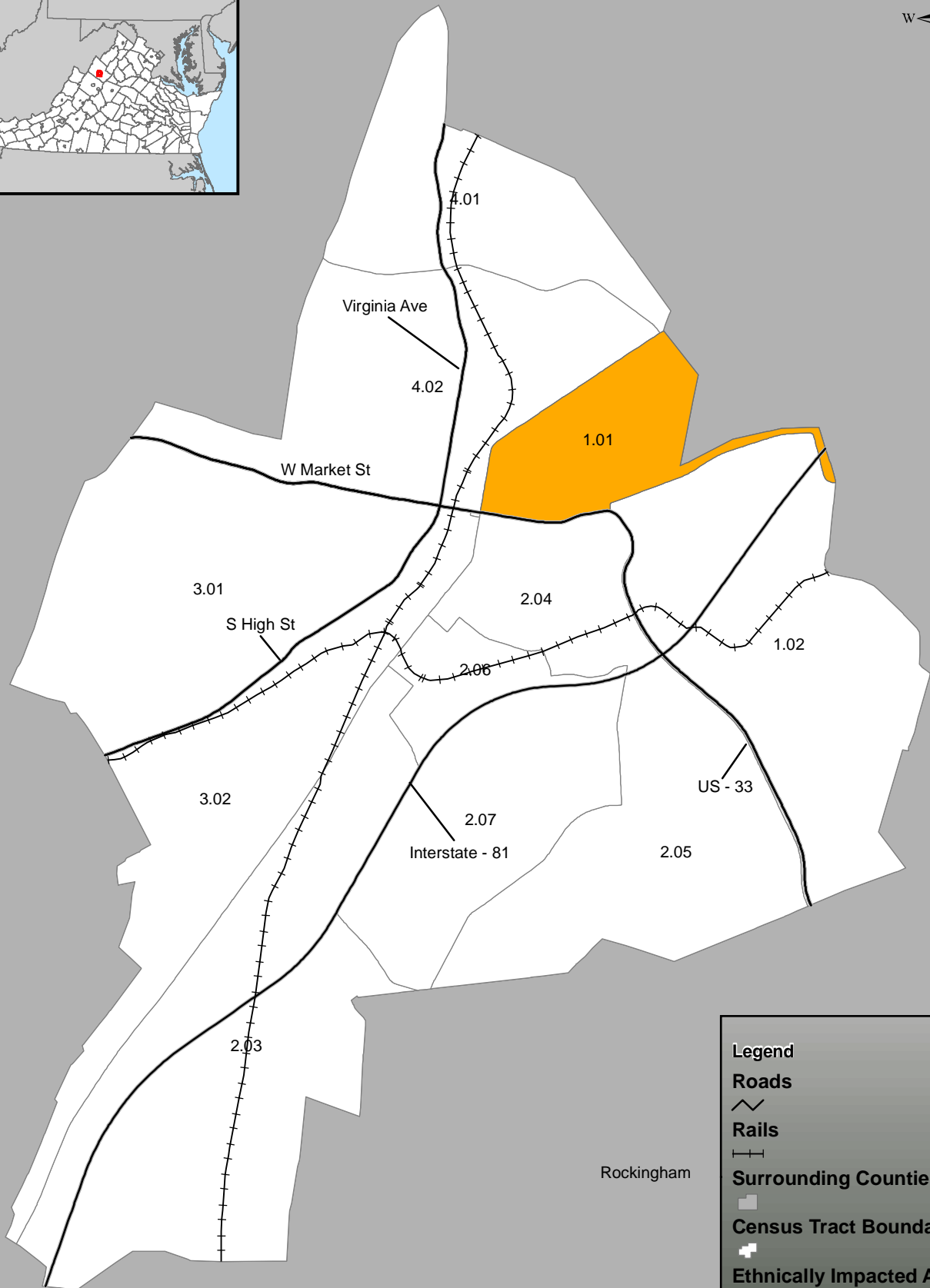
Legend

- Roads**
~
- Rails**
+ + +
- Surrounding Counties**
■
- Census Tract Boundary**
+
- Racially Impacted Area**
■ Black Concentration 12.72% and Higher

Source: 2010 ACS Data

Map 2: Hispanic Population Concentrations, 2010

City of Harrisonburg, VA
Analysis of Impediments to Fair Housing Choice



Legend

- Roads
- Rails
- Surrounding Counties
- Census Tract Boundary
- Ethnicly Impacted Area
- Hispanic Concentration 31.34% and Higher

Source: 2010 ACS Data

**Figure 3-5
 Areas of Racial and Ethnic Concentration, 2010**

	Total Population	White	Minority Residents		
			Black	Asian/Pacific Islander	Hispanic
Virginia	8,001,024	68.6%	19.4%	5.6%	7.9%
Harrisonburg	48,914	78.4%	6.4%	3.6%	15.7%
1.01	4,345	59.3%	15.9%	2.1%	31.6%
1.02	4,671	71.4%	8.3%	4.0%	21.9%
2.03	1,696	89.1%	3.1%	3.0%	6.0%
2.04	3,542	73.2%	4.7%	3.6%	26.4%
2.05	5,087	82.1%	5.0%	4.9%	11.2%
2.06	4,699	87.2%	4.6%	5.7%	3.0%
2.07	6,931	87.8%	3.9%	4.1%	5.3%
3.01	3,124	84.7%	2.4%	3.5%	12.3%
3.02	5,898	73.8%	6.9%	3.5%	21.8%
4.01	3,106	86.0%	5.8%	2.9%	6.3%
4.02	5,815	74.4%	7.1%	1.9%	22.3%

Source: Census 2010 (P1, P7)

iii. Residential Segregation Patterns

Residential segregation is a measure of the degree of separation of racial or ethnic groups living in a neighborhood or community. Typically, the pattern of residential segregation involves the existence of predominantly homogenous, White suburban communities and lower income, minority inner-city neighborhoods. A potential impediment to fair housing is created where either latent factors such as attitudes, or overt factors such as real estate practices, limit the range of housing opportunities for minorities. A lack of racial or ethnic integration in a community creates other problems, such as reinforcing prejudicial attitudes and behaviors, narrowing opportunities for interaction, and reducing the degree to which community life is considered harmonious. Areas of extreme minority isolation often experience poverty and social problems at rates that are disproportionately high. Racial segregation has been linked to diminished employment prospects, poor educational attainment, increased infant and adult mortality rates, and increased homicide rates.

The distribution of racial or ethnic groups across a geographic area can be analyzed using an index of dissimilarity. This method allows for comparisons between subpopulations, indicating how much one group is spatially separated from another within a community. The index of dissimilarity is rated on a scale from 0 to 100, in which a score of 0 corresponds to perfect integration and a score of 100 represents total segregation.⁴ The index is typically interpreted as the percentage of the

⁴ The index of dissimilarity is a commonly used demographic tool for measuring inequality. For a given geographic area, the index is equal to $1/2 \sum ABS [(b/B)-(a/A)]$, where b is the subgroup population of a census tract, B is the total subgroup population in a city, a is the majority population of a census tract, and A is the total majority population in the city. ABS refers to the absolute value of the calculation that follows.

minority population that would have to move in order for a community or neighborhood to achieve full integration. A dissimilarity index of less than 30 indicates a low degree of segregation, while values between 30 and 60 indicate moderate segregation, and values above 60 indicate high segregation.

Of the 18 cities and towns in Virginia with populations exceeding 25,000 residents, Harrisonburg's dissimilarity index of 25.0 ranks 17th between Manassas and Blacksburg. The dissimilarity index is based on 2000 census data.⁵ Harrisonburg's low dissimilarity index was similar to other smaller, less dense municipalities.

Figure 3-6
Virginia Municipal Dissimilarity Index Rankings, 2000

Rank	Municipality	Black Population	White Population	Total Population	Dissimilarity Index*
1	Richmond	112,455	74,506	197,790	68.3
2	Roanoke	25,220	65,256	94,911	68.3
3	Portsmouth	50,569	45,403	100,565	62.0
4	Norfolk	102,268	110,221	234,403	57.5
5	Chesapeake	56,442	131,200	199,184	52.6
6	Charlottesville	9,916	30,825	45,049	52.4
7	Suffolk	27,524	33,940	63,677	52.0
8	Lynchburg	19,288	43,108	65,269	51.2
9	Newport News	69,538	93,624	180,150	50.3
10	Hampton	64,795	70,963	146,437	47.4
11	Danville	21,267	25,813	48,411	46.2
12	Alexandria	28,463	68,889	128,283	46.0
13	Petersburg	26,511	6,131	33,740	42.6
14	Virginia Beach	79,092	295,402	425,257	41.4
15	Leesburg	2,573	22,761	28,311	38.0
16	Manassas	4,430	23,304	35,135	29.2
17	Harrisonburg	2,266	32,416	40,468	25.0
18	Blacksburg	1,700	32,869	39,573	17.5

* Represents dissimilarity index with White population

Source: CensusScope Dissimilarity Indices

During the past 11 years, however, the demographics in Harrisonburg have changed and 2010 data indicate an increase in integration between Blacks and Whites. These changes are reflected in the dissimilarity index rankings included in Figure 3-7 and based on Census 2010 data. The dissimilarity index for Whites and Asians would also be classified as low at 9.8. The DI for Whites and Hispanics is the highest at 32.3 and is considered moderately segregated.

⁵ The most recent year for which municipal dissimilarity indices are available from CensusScope.

**Figure 3-7
 Harrisonburg Dissimilarity Indices, 2010**

	DI with White Population*	Population	% of Total Population
White	-	38,371	78.4%
Black	22.9	3,112	6.4%
American Indian/Alaska Native**	22.8	127	0.2%
Asian	9.8	1,718	3.5%
Hawaiian**	46.7	62	0.1%
Other	35.3	4,030	8.2%
Two or more races	21.0	1,494	3.0%
Hispanic***	32.3	7,665	15.6%
Total	-	48,914	100%

* Each dissimilarity index indicates the percentage of that cohort group which would have to move to different geographic locations (i.e., block groups) to create an even distribution in the City.

** In these cases, sample size is too small to reliably interpret the DI. Caution should be exercised in interpreting results for subpopulations of fewer than 1,000.

*** For the purposes of the dissimilarity calculations, Hispanic ethnicity is counted as a racial group. Total population does not include Hispanics the population is counted as an ethnic group.

Source: CensusScope Dissimilarity Indices

OBSERVATION: According to the 2000 dissimilarity index (DI), Harrisonburg has a low rate of segregation between Whites and Blacks at 25.0. Census data for 2010 indicates a continuing trend toward further integration with a lower DI of 22.9. The DI for Asians, a much smaller segment of the total population, was 9.8 in 2010. By comparison, there is a greater degree of segregation between Whites and Hispanics as demonstrated by a moderate DI of 32.3 in 2010.

iv. Race/Ethnicity and Income

Household income is one of several factors used to determine a household's eligibility for a home mortgage loan or an apartment lease. In Harrisonburg, there are significant differences in earnings among White households and minority households. The median household income for Black households was \$30,026, equivalent to 79.6% of the median income for White households. Notably, Hispanic households fared better than White, Black, and Asian households, with a median household income of \$37,966. Asian households had the lowest median income of all of the racial groups at \$22,188.

Higher poverty rates were commensurate with lower income levels but at varying rates. As shown in Figure 3-8, the poverty rate for Blacks was significantly higher than the rate for White and all other racial and ethnic groups. Notably, while Asians had the lowest median income, they had the second-highest poverty rate. Hispanic households, with the highest median household income, had the lowest poverty rate. This may be due in part to

the growth in the number of small Latino owned businesses that have prospered in the community.

**Figure 3-8
 Median Household Income and Poverty Rates by Race/Ethnicity, 2010**

	Median Household Income	Poverty Rate
Harrisonburg	\$37,235	32.7%
Whites	\$37,720	31.9%
Blacks	\$30,026	47.0%
Asians	\$22,188	35.3%
Hispanics	\$37,966	25.8%

Source: 2006-2010 American Community Survey Five-Year Estimates (B19013, B19013A, B19013B, B19013D, B19013I & B17001, B17001A, B17001B, B17001D, B17001I)

OBSERVATION: The median household income for Blacks was equivalent to only 79.6% of Whites, and the poverty rate among Blacks was the highest among single minority groups. Asians fared even worse with a median household income of less than 60% that of Whites and a poverty rate of 35.3%. Consequently, Black households and Asian households will have greater difficulty finding affordable rental units or homes to purchase in Harrisonburg.

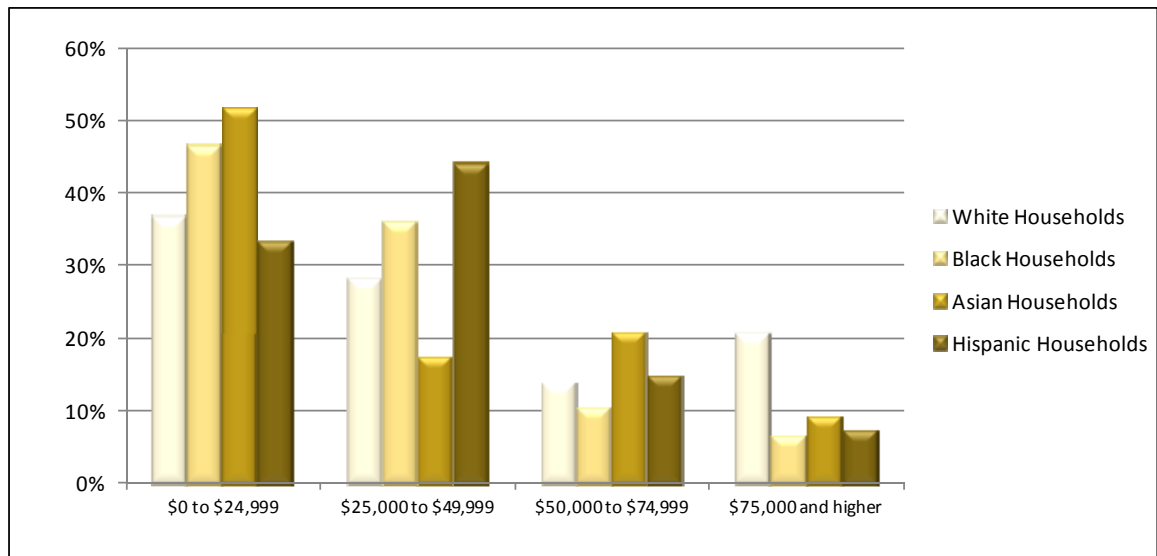
A review of household income distribution also shows a disparity between White, Black and Asian households. Black and Asian households are significantly more likely to fall into lower income brackets than White households as illustrated in Figure 3-9. In Harrisonburg, 51.8% of Asian households and 46.6% of Black households earned less than \$25,000 compared to 36.9% of White households and 33.3% of Hispanic households. At the opposite end of the spectrum, 20.7% of White households earned more than \$75,000 compared to only 6.7% of Black households, 7.5% of Hispanic households, and 9.5% of Asian households.

**Figure 3-9
 Household Income Distribution by Race, 2009**

	Total	\$0 to \$24,999		\$25,000 to \$49,999		\$50,000 to \$74,999		\$75,000 and higher	
		#	%	#	%	#	%	#	%
All Households	14,359	5,468	38.1%	4,015	28.0%	2,081	14.5%	2,795	19.5%
White Households	12,255	4,527	36.9%	3,469	28.3%	1,726	14.1%	2,533	20.7%
Black Households	970	452	46.6%	350	36.1%	103	10.6%	65	6.7%
Asian Households	485	251	51.8%	86	17.7%	102	21.0%	46	9.5%
Hispanic Households	1,862	620	33.3%	826	44.4%	277	14.9%	139	7.5%

Source: 2005 - 2009 American Community Survey (C19001, C19001A, C19001B, C19001D, C19001I)

Figure 3-10
Household Income Distribution by Race, 2010



OBSERVATION: Over half of all Asian households had incomes of less than \$25,000 compared to about one-third of White households. By comparison, over 20% of all White households had incomes of \$75,000 or more compared to about 7% of Black households and Hispanic households and less than 10% of Asian households.

v. Concentrations of LMI Persons

The CDBG Program includes a statutory requirement that 70% of the funds invested benefit low and moderate income (LMI) persons. As a result, HUD provides the percentage of LMI persons in each census block group for entitlement communities such as Harrisonburg.

HUD data for 2009 reveals that there were a total of 17,414 LMI persons in the City, equivalent to an LMI rate of 52.4%. Across the City, 13 census block groups were classified as LMI where at least 51.0% of the residents (for whom this rate is determined) met the criterion for LMI status.⁶ Of these 13 block groups, three are located in the one census tract identified as an area of minority concentration. The LMI block groups are depicted in Figure 3-11.

The percentage of persons in Harrisonburg classified as LMI (by HUD standards) is significantly impacted by the large university student population. The HUD LMI data is based on Census data, and Census income data is reported for where people live the majority of the year. For JMU

⁶ HUD LMI data for 2009 was used in this report to be consistent with the 2005-2009 ACS demographic data. HUD LMI data has not yet been updated to reflect the 2010 census tract boundaries.

students who reside in Harrisonburg for more than six months in a given year, their income is reported for Harrisonburg rather than their hometown. In addition, most college students subsist on very low incomes simply because they are college students and have not yet entered the full-time workforce. In most cases, students typically earn just enough money to cover their expenses because their time is dedicated primarily to their college studies rather than to working and supporting a family.

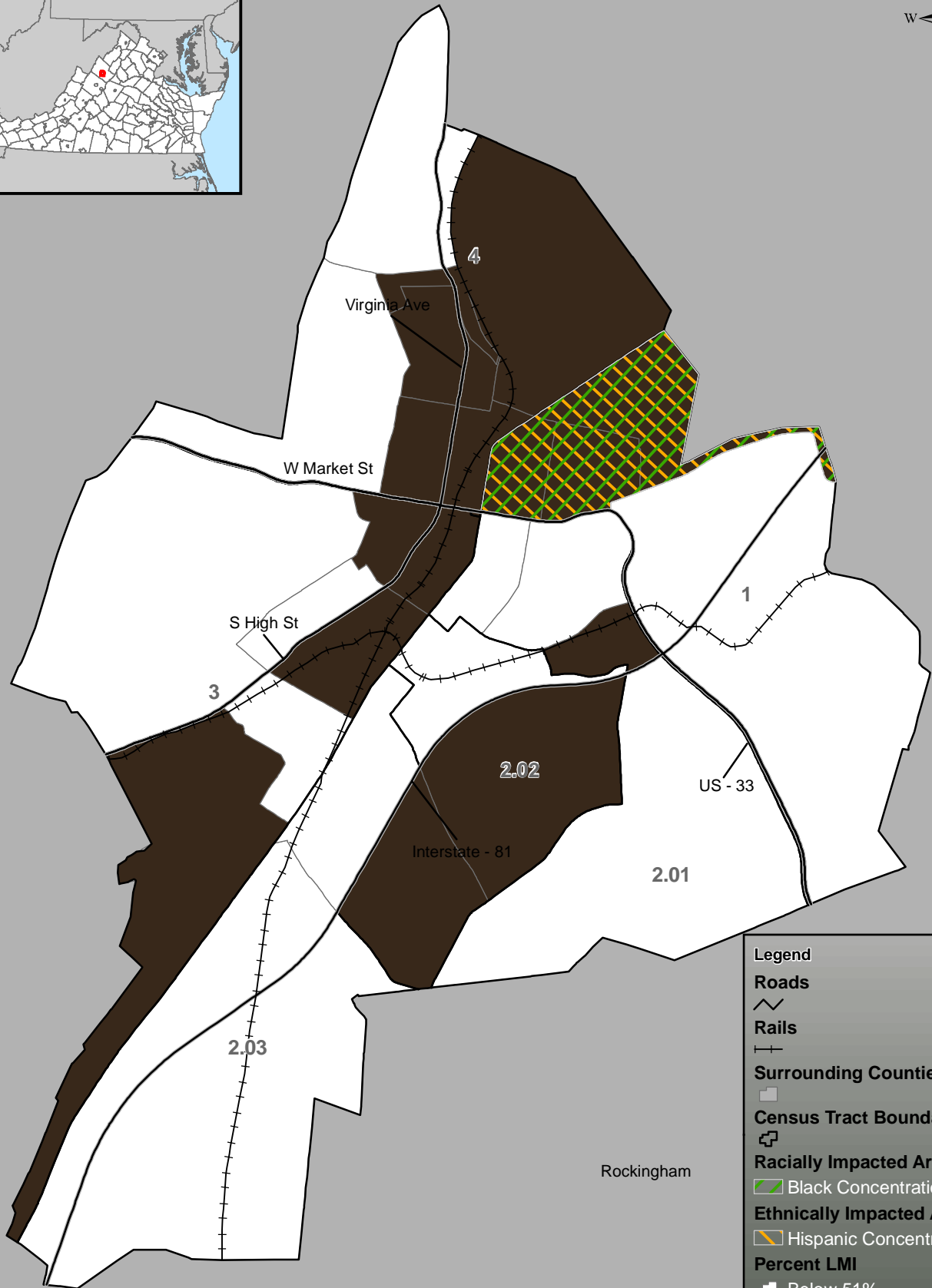
Map 3 on the following page illustrates the location of the areas of concentration of LMI persons in Harrisonburg. The one census tract, previously identified as an area of concentration of both Black residents and Hispanic residents, is also an area where the percentage of LMI persons exceeds 51%. This area of *both* minority and LMI concentrations is referred to as an impacted area as depicted in Map 4.

Figure 3-11
Areas of Concentration of LMI Persons, 2009

Census Tract	Block Group	Low/Moderate Income Persons		
		#	Universe	%
Harrisonburg		17,414	33,228	52.4%
1	1	404	565	71.5%
	2	755	1,180	64.0%
	3	888	1,701	52.2%
	4	800	2,417	33.1%
	5	544	1,210	45.0%
2.01	1	425	994	42.8%
	2	323	1,203	26.8%
	3	681	1,046	65.1%
	4	704	2,318	30.4%
2.02	1	1,310	1,604	81.7%
	2	0	135	0.0%
	3	3,190	3,498	91.2%
2.03	1	307	805	38.1%
	2	20	438	4.6%
3	1	923	1,274	72.4%
	2	239	1,555	15.4%
	3	236	688	34.3%
	4	741	1,020	72.6%
	5	480	1,318	36.4%
	6	876	1,497	58.5%
4	1	434	618	70.2%
	2	556	1,029	54.0%
	3	577	1,058	54.5%
	4	405	679	59.6%
	5	893	1,837	48.6%
	6	703	1,541	45.6%

Shaded rows indicate areas of minority concentration.

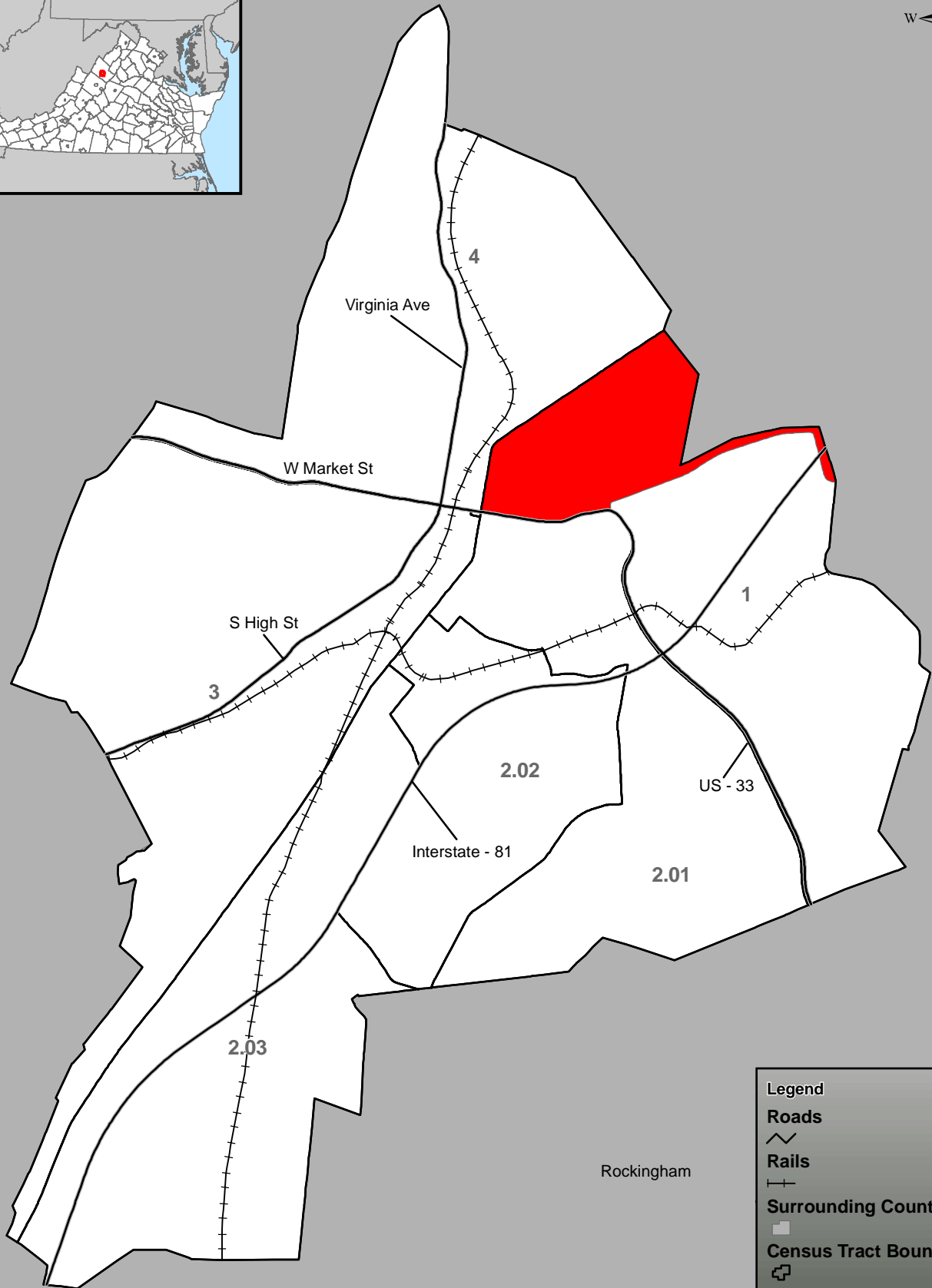
Source: U.S. Department of Housing & Urban Development



Legend

- Roads
- Rails
- Surrounding Counties
- Census Tract Boundary
- Racially Impacted Area
 - Black Concentration
 - Hispanic Concentration
- Ethnically Impacted Area
- Percent LMI
 - Below 51%
 - Above 51%

**City of Harrisonburg, VA
Analysis of Impediments to Fair Housing Choice**



Legend

- Roads**
—
- Rails**
—+—
- Surrounding Counties**
■
- Census Tract Boundary**
□
- Impacted Areas**
■

Source: 2005 - 2009 ACS Data

OBSERVATION: Of the 13 LMI census block groups in Harrisonburg, three are located within areas of concentration of Black residents and Hispanic residents. Census tract 1 (based on the 2000 census tract boundaries) is an area of concentration of *both* minorities and LMI persons, and is referred to as an impacted area.

vi. Disability and Income

The Census Bureau reports disability status for the non-institutionalized population. As defined by the Census Bureau, a disability is a long-lasting physical, mental, or emotional condition that can make it difficult for a person to do activities such as walking, climbing stairs, getting dressed, bathing, learning, or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

The Fair Housing Act prohibits discrimination based on physical, mental, or emotional handicap, provided “reasonable accommodation” can be made. Reasonable accommodation may include changes to address the needs of disabled persons, including adaptive structural (e.g., constructing an entrance ramp) or administrative changes (e.g., permitting the use of a service animal). In Harrisonburg, 6.2% of the population reported at least one disability in 2010.⁷

According to the National Organization on Disabilities, a significant income gap exists for persons with disabilities, given their lower rate of employment. For Harrisonburg, the census data shows a different dynamic. Among all persons with a disability in Harrisonburg in 2010, 25.8% were living in poverty compared to 33.2% of persons without a disability who were living in poverty.⁸

In Harrisonburg, Valley Associates for Independent Living (VAIL) is the primary advocacy organization for persons with disabilities. VAIL specializes in modifications for accessibility (wider doorways, hand rails, ramps, roll-in showers) to owner-occupied homes, assisting 5-8 households per year. VAIL staff stated that a lack of accessible and affordable housing is the greatest issue facing its clients.

To encourage the addition of accessibility features to housing units, the Commonwealth has made the Virginia Livable Home Tax Credit available to contractors to incentivize construction or rehabilitation of housing with accessibility features for persons with disabilities.

vii. Familial Status and Income

The Census Bureau divides households into family and non-family households. Family households are married couple families with or without children, single-parent families, and other families made up of related

⁷ U.S. Census Bureau, 2010 American Community Survey (B18101)

⁸ U.S. Census Bureau, 2010 American Community Survey (B18130)

persons. Non-family households are either single persons living alone, or two or more non-related persons living together.

Women have protection under Title VIII of the Civil Rights Act of 1968 against discrimination in housing. Protection for families with children was added in the 1988 amendments to Title VIII. Except in limited circumstances involving elderly housing and owner-occupied buildings of one to four units, it is unlawful to refuse to rent or sell to families with children.

In Harrisonburg, female-headed households increased from 9.5% of all household types in 1990 to 10.5% in 2010. This represented an increase from 970 to 1,582. A similar trend was noted among female-headed households with children, a segment which increased from 5.8% to 6.3% of all households. By comparison, married-couple families with children decreased as a segment of all households, from 18.5% to 14.6%. The largest increase was noted among non-family and one-person households, which increased 58.9% between 1990 and 2010. This segment would include student households.

**Figure 3-12
Households by Type and Presence of Children, 1990-2010**

	1990		2000		2010	
	#	%	#	%	#	%
Harrisonburg	10,250	100.0%	13,156	100.0%	15,079	100.0%
Family Households	5,606	54.7%	6,584	50.0%	7,699	51.1%
Married-couple family	4,426	43.2%	4,896	37.2%	5,583	37.0%
With Children	1,895	18.5%	2,305	17.5%	2,206	14.6%
Without Children	2,531	24.7%	2,591	19.7%	3,377	22.4%
Female-Headed Households	970	9.5%	1,190	9.0%	1,582	10.5%
With Children	590	5.8%	762	5.8%	951	6.3%
Without Children	380	3.7%	428	3.3%	631	4.2%
Male-Headed Household	210	2.0%	498	3.8%	534	3.5%
With Children	85	0.8%	228	1.7%	292	1.9%
Without Children	125	1.2%	270	2.1%	242	1.6%
Non-family and 1-person Households	4,644	45.3%	6,572	50.0%	7,380	48.9%

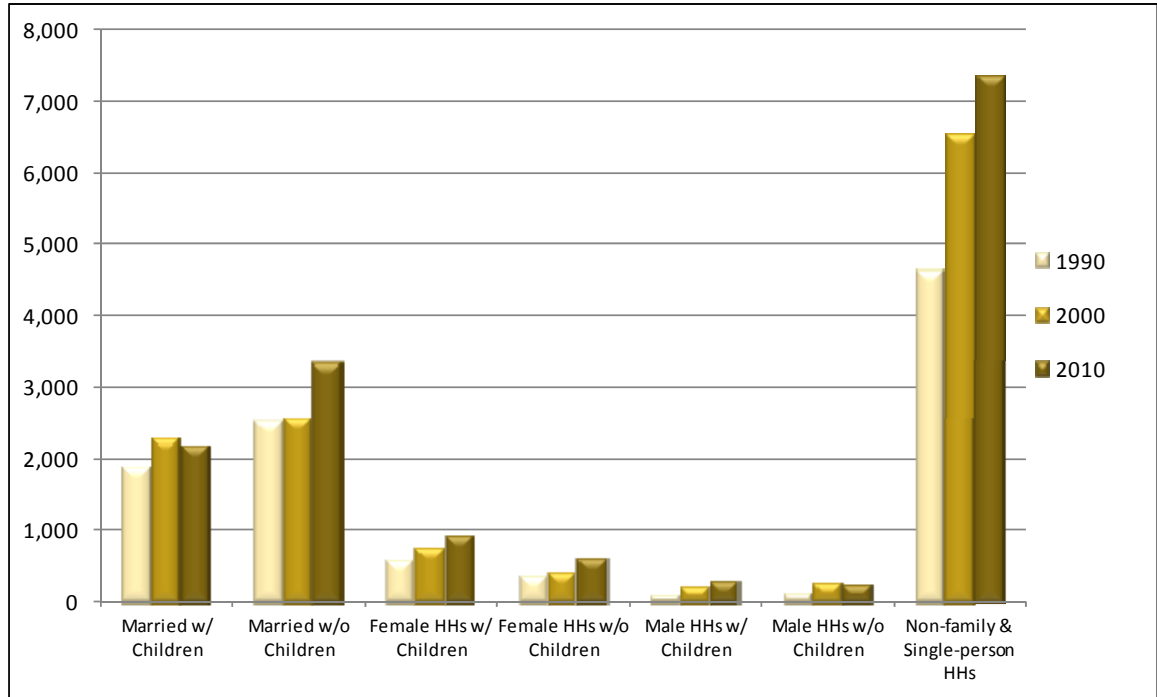
Sources: U.S. Census Bureau, 1990 Census SF3 (P019); Census 2000 SF3 (P10); 2010 American Community Survey (B11001, B11003)

Female-headed households with children often experience difficulty in obtaining housing, primarily as a result of lower incomes and the unwillingness of some landlords to rent their units to families with children. In Harrisonburg in 2010, 6.3% of female-headed households with children were living in poverty, compared to 0.6% of male-headed households with children and 3.9% of married couple households with children. Although females raising children comprised only 14.8% of all families, they accounted for 48.1% of all families living in poverty.⁹

⁹ U.S. Census Bureau, 2010 American Community Survey (C17010)

OBSERVATION: Female-headed households with children accounted for 48.1% of all families living in poverty in 2010 and were far more likely to live in poverty than married-couple families with children. Consequently, securing affordable housing will be especially difficult for this segment of the population.

Figure 3-13
Households by Type and Presence of Children, 1990-2010



viii. Ancestry and Income

It is illegal to refuse the right to housing based on place of birth or ancestry. Census data for 2010 on native and foreign-born populations revealed that only 3% of Harrisonburg residents were foreign-born or born outside of the U.S. in Puerto Rico or on U.S. island areas.¹⁰ Among families with children with foreign-born parents residing in Harrisonburg, 57.7% were living under 200% of the poverty level compared to 42.2% of families with children with only native-born parents.¹¹

¹⁰ U.S. Census Bureau, 2010 American Community Survey (C05002)

¹¹ U.S. Census Bureau, 2010 American Community Survey (C05010)

OBSERVATION: Among families with children with foreign-born parents residing in Harrisonburg, 57.7% were living under 200% of the poverty level compared to 42.2% of families with children with only native-born parents.

Figure 3-14
Year of Entry by Region of Birth, 2010

Region of Origin	Total	Arrival in United States			
		Before 1980	1980 to 1989	1990 to 1999	Since 2000
Total Foreign Born	6,216	3.8%	14.0%	41.2%	41.0%
Europe	640	12.2%	5.5%	66.3%	16.1%
Asia	1,373	5.6%	13.1%	50.4%	30.9%
Latin America	3,468	1.2%	16.3%	36.3%	46.1%
Caribbean	354	0.0%	20.3%	3.4%	76.3%
Mexico	1,569	2.7%	13.5%	43.1%	40.7%
Other Central America	1,409	0.0%	19.1%	35.6%	45.4%
South America	136	0.0%	9.6%	52.2%	38.2%
Other	735	5.2%	12.4%	25.2%	57.3%

Source: U.S. Census Bureau, 2005-2009 American Community Survey (B05007)

Persons with limited English proficiency (LEP) are defined as persons who have a limited ability to read, write, speak, or understand English. HUD uses the prevalence of persons with LEP to identify the potential for impediments to fair housing choice due to their inability to comprehend English. Persons with LEP may encounter obstacles to fair housing by virtue of language and cultural barriers within their new environment. To assist these individuals, it is important that a community recognizes their presence and the potential for discrimination, whether intentional or inadvertent, and establishes policies to eliminate barriers. It is also incumbent upon HUD entitlement communities to determine the need for language assistance and comply with Title VI of the Civil Rights Act of 1964.

American Community Survey (ACS) data reports on the non-English language spoken at home for the population five years and older. In Harrisonburg, 4,137 persons spoke English less than “very well” in 2010. Of these, 3,052 (73.8%) were native Spanish speakers. Others included 625 (15.1%) speakers of other Indo-European languages, 554 (23.7%) speakers of Asian and Pacific Island languages, and 218 (5.3%) speakers of all other language groups.¹²

¹² U.S. Census Bureau, 2006-2010 American Community Survey (B16004)

OBSERVATION: The population of persons with limited English proficiency (LEP) in Harrisonburg is significant, as demonstrated by the 2006-2010 American Community Survey estimate of 4,137 persons who spoke English less than “very well.” This represents 8.9% of the population 5 years and older.

New Bridges Immigrant Resource Center and Skyline Literacy are two of the primary advocacy organizations in Harrisonburg for persons with LEP. New Bridges works primarily to obtain housing for refugees when U.S. State Department funding is depleted. Many of the refugees are highly skilled (former doctors, engineers, and architects) but have difficulty finding jobs in their respective fields where English is not required. Often, they end up in lower-skill, lower-wage positions where English is not required.

Skyline Literacy customizes services for immigrants and refugees. Skyline is a federally-funded program that served 230 individuals from September 2010 to September 2011. Clients included Hispanic, Arab, Russian, and Vietnamese immigrants. Many of their clients have a low level of verbal and written English communication skills, which hinders their ability to secure decent employment. Without sufficient income, it is difficult for them to retain housing. One-on-one tutoring and instruction is available from Skyline Literacy.

The student enrollment of Harrisonburg City Public Schools (HCPS) reflects the increasing diversity of the overall population. In December 2010, 38% of enrolled students were designated as having limited English proficiency. There are 49 languages represented from 47 different countries among the student body. Almost 1,200 students were identified as LEP students out of a total school enrollment of 4,512. The highest LEP percentage occurs within kindergarten classes, while the lowest percentage occurs among upper high school classes with the assumption being that students become more proficient in English as they progress in grade levels.

According to staff at both New Bridges and Skyline Literacy, the greatest obstacles for persons with LEP include the following, all of which impact a household’s ability to secure and sustain affordable housing:

- A lack of funds to pay rent and utility deposits.
- Public transportation service is limited so a car must be purchased. Interpreters are allowed for the written driving license exam but not for the driving portion of the exam.
- Disability benefits lag. It may take up to six months for disability payments to begin for those who qualify.
- Student demand for rental housing exerts upward pressure on rental rates. A four-bedroom house rented to students for \$500 a month per student is far beyond the financial reach of a low income family.

- Interpreters are mostly volunteers; it is difficult to find trained, certified interpreters.

OBSERVATION: There is a lack of trained and certified interpreters for the growing non-English-speaking population in Harrisonburg. This language barrier may be impeding access to City services and programs for qualified applicants.

ix. Protected Class Status and Unemployment

In 2009, unemployment in Harrisonburg was 6.7%, which was higher than surrounding Rockingham County's rate of 3.3% and Virginia's rate of 5.4%. Recent labor market information from the Virginia Employment Commission (August 2011) indicates that Harrisonburg's unemployment rose to 7.2%, while Virginia's rose to 6.9%. Black and Hispanic residents were more likely than Whites to be unemployed. In Harrisonburg, 10.9% of Blacks and 8.4% of Hispanics were unemployed compared to 6.2% of Whites. Asians had the lowest unemployment rate of 4.9%.

OBSERVATION: Black residents and Hispanic residents were more likely to be unemployed than White residents. In Harrisonburg, Blacks and Hispanics had unemployment rates of 10.9% and 8.4%, respectively, compared to 6.2% among Whites. Higher unemployment, whether temporary or long-term, will mean less disposable income for housing expenses.

**Figure 3-15
 Civilian Labor Force, 2009**

	Virginia		Rockingham County		Harrisonburg	
	Total	%	Total	%	Total	%
Total CLF	3,985,644		39,183		19,774	
Employed	3,768,930	94.6%	37,878	96.7%	18,459	93.3%
Unemployed	216,714	5.4%	1,305	3.3%	1,315	6.7%
Male CLF	2,075,230		21,355		10,292	
Employed	1,962,904	94.6%	20,733	97.1%	9,578	93.1%
Unemployed	112,326	5.4%	622	2.9%	714	6.9%
Female CLF	1,910,414		17,828		9,482	
Employed	1,806,026	94.5%	17,145	96.2%	8,881	93.7%
Unemployed	104,388	5.5%	683	3.8%	601	6.3%
White CLF	2,856,916		37,466		16,341	
Employed	2,732,788	95.7%	36,231	96.7%	15,320	93.8%
Unemployed	124,128	4.3%	1,235	3.3%	1,021	6.2%
Black CLF	751,628		757		1,606	
Employed	681,102	90.6%	700	92.5%	1,431	89.1%
Unemployed	70,526	9.4%	57	7.5%	175	10.9%
Asian CLF	203,630		170		850	
Employed	195,148	95.8%	170	100.0%	808	95.1%
Unemployed	8,482	4.2%	0	0.0%	42	4.9%
Hispanic CLF	263,672		1,736		3,215	
Employed	245,997	93.3%	1,692	97.5%	2,946	91.6%
Unemployed	17,675	6.7%	44	2.5%	269	8.4%

Source: U.S. Census Bureau, 2005-2009 American Community Survey (B23001, C23002A, C23002B, C23002D, C23002I)

C. Housing Market

i. Housing Inventory

Harrisonburg's housing stock increased 20.5% from 13,689 units in 2000 to 16,502 units in 2010. Census tract 2.01 (now census tracts 2.04 and 2.05) experienced the largest gain in housing inventory, 32.6%, during the period with an increase of 760 units. Census tract 1 (now census tracts 1.01 and 1.02) had the second-highest increase with 730 units, or 25.8%. Notably, census tract 1.01 is an impacted area of concentration of both minority and low income persons.

Within the last 10 years a number of new apartment complexes have been developed in the areas where the greatest increases in new housing have occurred, primarily adjacent to JMU within the downtown area. These include Urban Exchange and City Exchange, two primarily upscale developments that have attracted professionals in addition to some students (estimated to be 30% of tenants.)¹³

¹³ Citywide Analysis-Demographic and Housing Trends, Harrisonburg, VA, Fall 2011.

Figure 3-16
Trends in Housing Inventory, 2000-2010

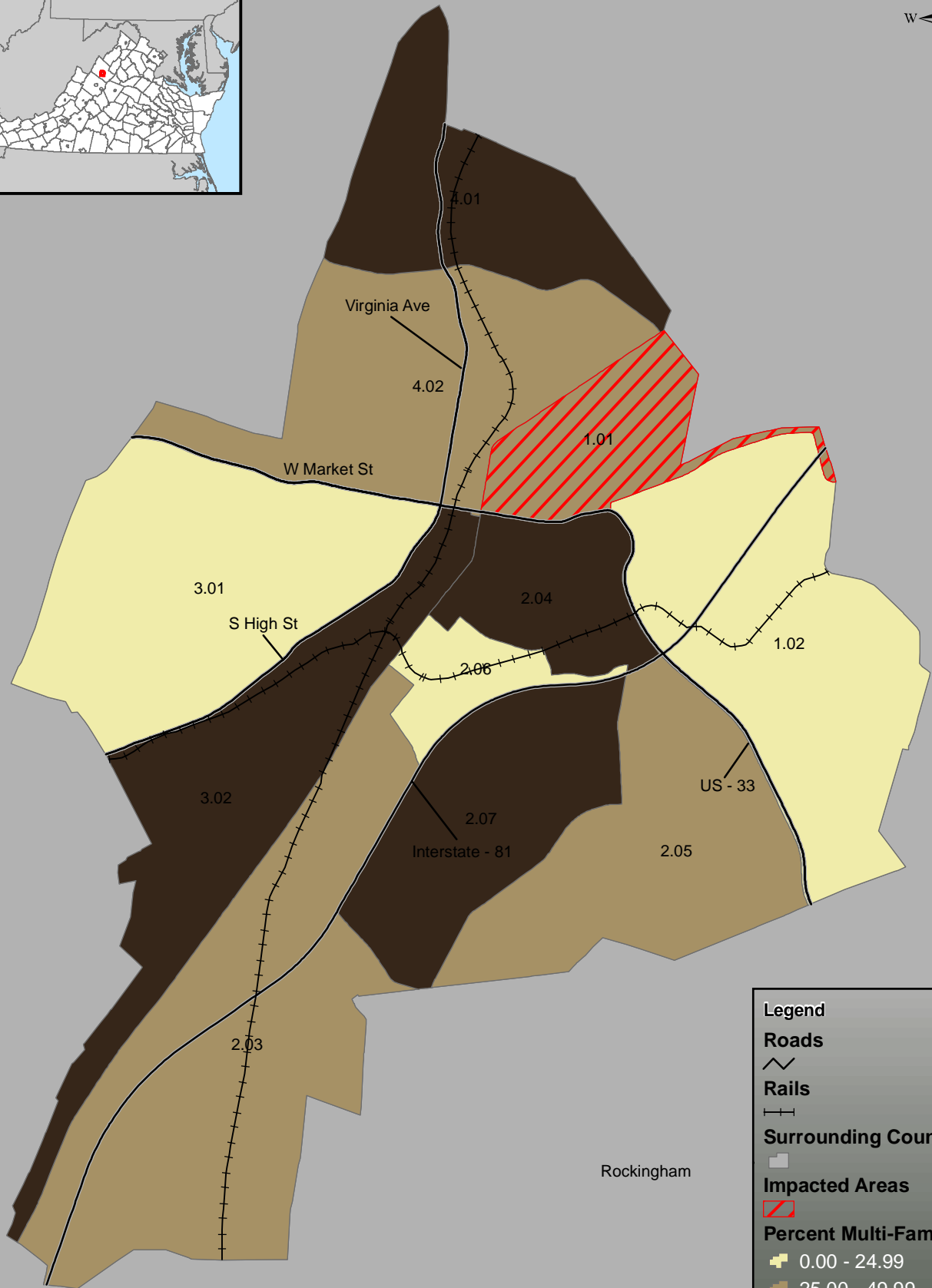
	2000			2010	
	#	% of Total Housing Units		#	% of Total Housing Units
Harrisonburg	13,689	100.0%	Harrisonburg	16,502	100.0%
			1.01	1,974	12.0%
1	2,832	20.7%	1.02	1,588	9.6%
			2.04	1,256	7.6%
2.01	2,329	17.0%	2.05	1,833	11.1%
			2.06	60	0.4%
2.02	1,633	11.9%	2.07	1,875	11.4%
2.03	622	4.5%	2.03	683	4.1%
			3.01	1,288	7.8%
3	3,010	22.0%	3.02	2,196	13.3%
			4.01	1,182	7.2%
4	3,263	23.8%	4.02	2,567	15.6%

Note: Shaded rows indicate impacted areas.

Source: Census 2000 SF3 (H1); 2010 American Community Survey Five Year Estimate (B25001)

ii. Types of Housing Units

Harrisonburg’s housing stock consists primarily of single-family units, which comprise 54% of all units. Forty-four percent were multi-family units, with the remainder of the housing stock (1.8%) being comprised of mobile homes, boats, and recreational vehicles. Map 5 on the following page illustrates the location of the multi-family housing units. The higher prevalence of multi-family units reflects the accommodation of rental housing for university students. This trend also illustrates the availability of rental housing across the City, including outside of the impacted area.



Legend

Roads
 Roads

Rails
 Rails

Surrounding Counties
 Surrounding Counties

Impacted Areas
 Impacted Areas

Percent Multi-Family

- 0.00 - 24.99
- 25.00 - 49.99
- 50.00 - 76.00

Rockingham

**Figure 3-17
 Housing Units in Structures, 2010**

	Total Units	Single-family units	Multi-family units				Total	Mobile home, Boat, RV, etc.
			2 to 4	5 to 9	10 to 19	20 or more		
Harrisonburg	16,502	8,922	2,596	1,542	2,407	745	7,290	290
1.01	1,974	1,094	479	199	188	14	880	0
1.02	1,588	1,236	33	78	59	2	172	180
2.03	683	502	75	84	22	0	181	0
2.04	1,256	470	387	265	134	0	786	0
2.05	1,833	1,046	89	219	405	74	787	0
2.06	60	60	0	0	0	0	0	0
2.07	1,875	457	39	279	946	154	1,418	0
3.01	1,288	1,114	80	24	47	23	174	0
3.02	2,196	1,032	458	167	517	0	1,142	22
4.01	1,182	371	521	74	0	193	788	23
4.02	2,567	1,540	435	153	89	285	962	65

Shaded rows indicate impacted areas.

Source: 2010 Five-Year American Community Survey (B25024)

iii. Protected Class Status and Homeownership

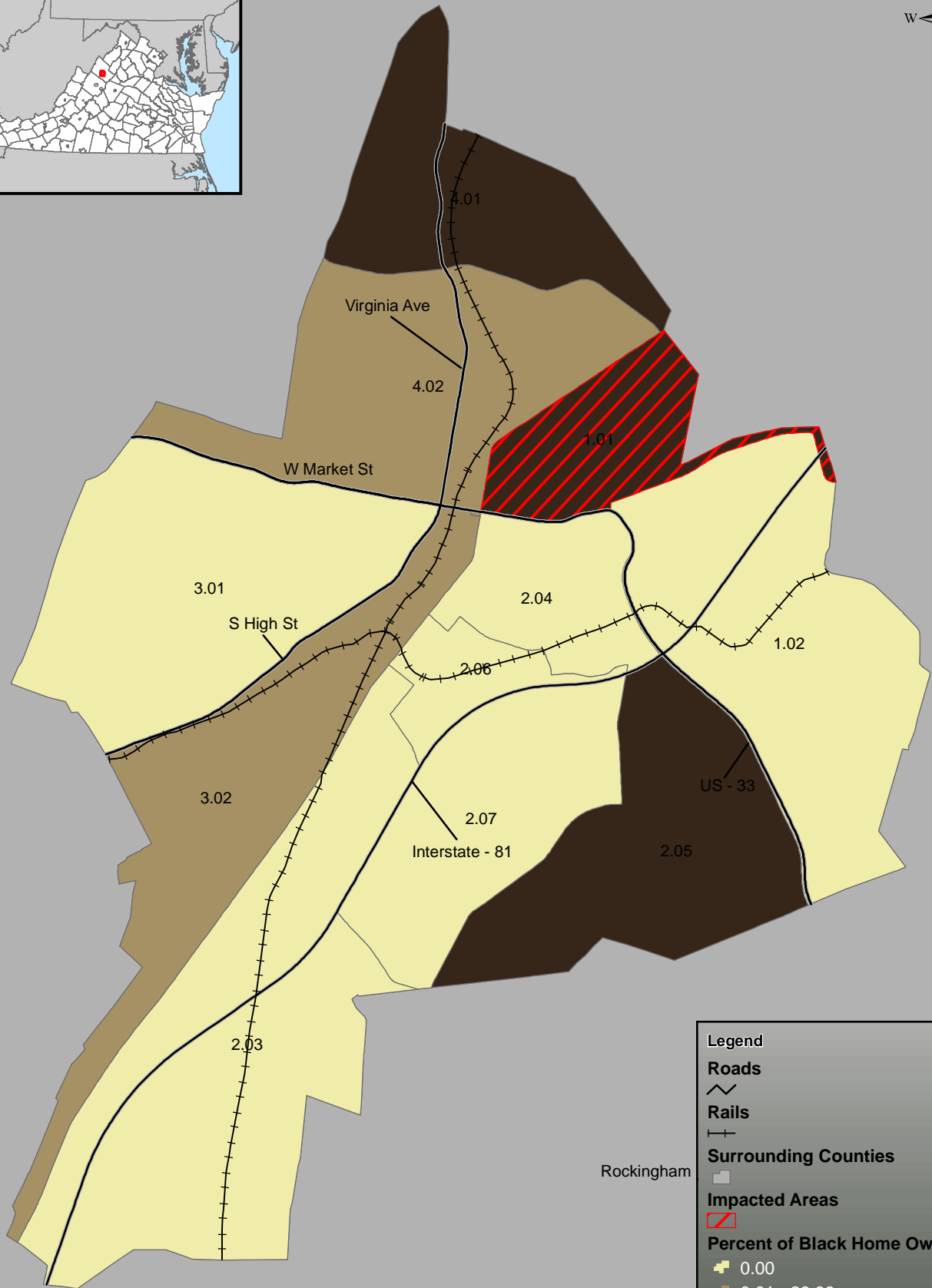
The value in homeownership lies in the accumulation of wealth as the owner’s share of equity increases with the property’s value. Paying a monthly mortgage instead of rent is an investment in an asset that is likely to appreciate. According to one study, “a family that puts 5 percent down to buy a house will earn a 100 percent return on the investment every time the house appreciates 5 percent.”¹⁴

Across Harrisonburg, the home ownership rate was only 38% in 2009. This reflects a comparatively high renter housing stock occupied by university students. Historically, minorities tend to have lower homeownership rates than Whites as is the case in Harrisonburg. At 39.4%, the rate of homeownership among White households is relatively higher than for Black households (19.9%) and Hispanic households (14.7%). Notably, Asians had the highest home ownership rate at 46.6% despite having the lowest median household income.

At the census tract level, minority homeownership varied widely, as illustrated in Figure 3-18 and on Maps 6, 7, and 8 on the following pages.

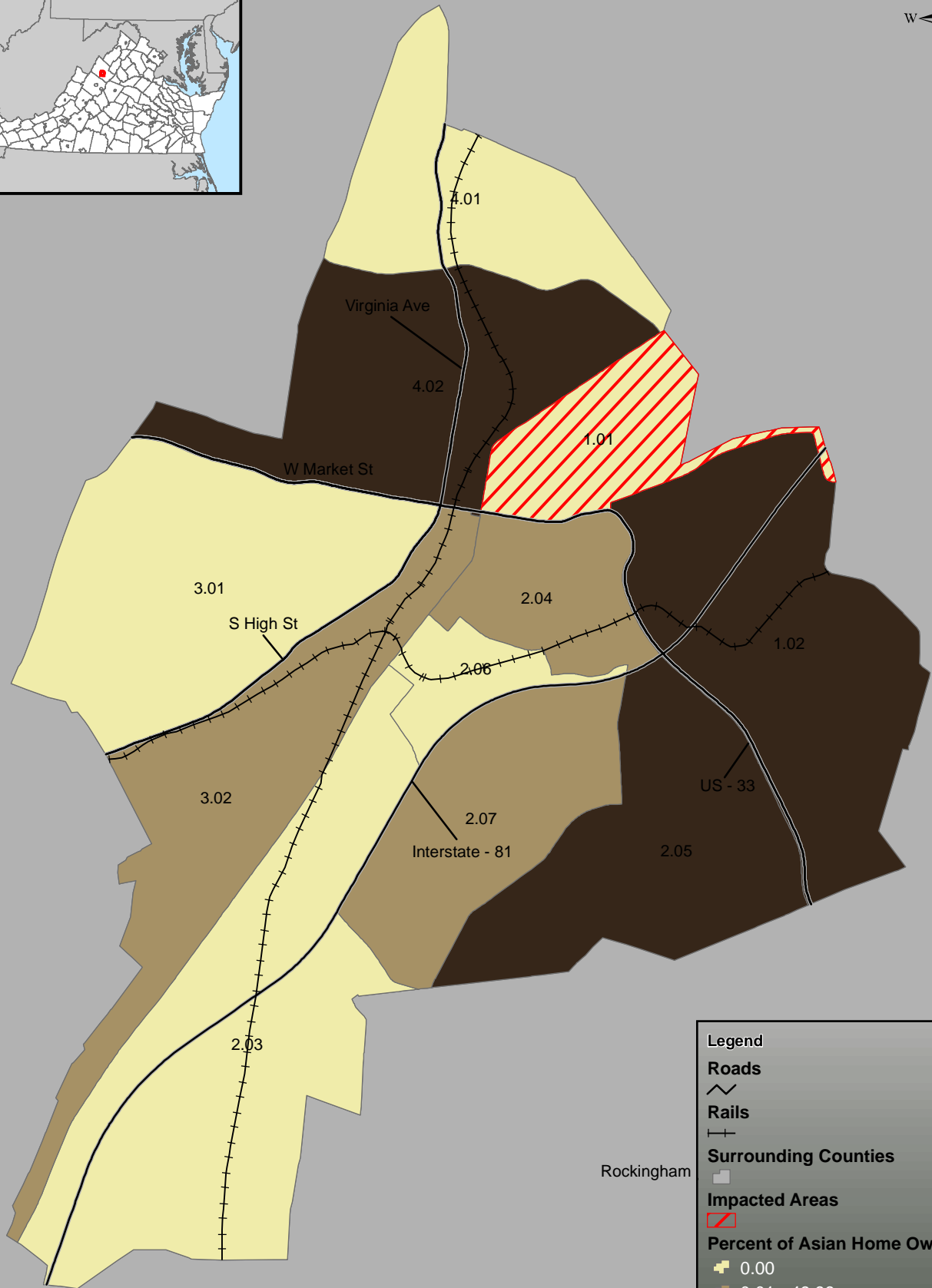
Map 6 indicates that some Black households are able to purchase homes outside of the impacted area (census tract 1.01). In tracts 2.05 and 4.01, in particular, the rates of Black homeownership were higher than the City-wide rate, although the total numbers were very low.

¹⁴ Kathleen C. Engel and Patricia A. McCoy, “From Credit Denial to Predatory Lending: The Challenge of Sustaining Minority Homeownership,” in Segregation: The Rising Costs for America, edited by James H. Carr and Nandinee K. Kutty (New York: Routledge 2008) p. 82.



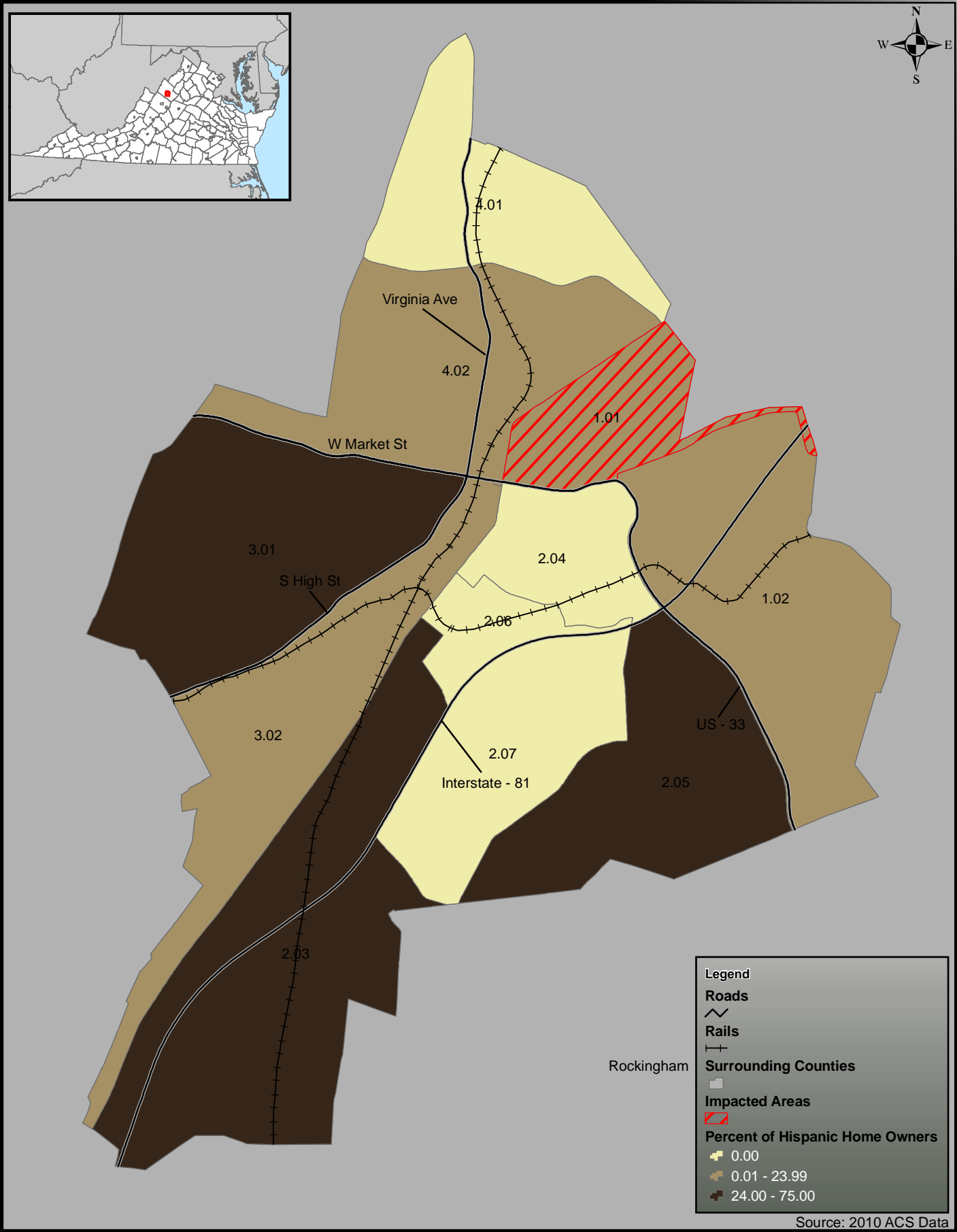
Legend

- Roads**
~
- Rails**
+ +
- Surrounding Counties**
Rockingham
- Impacted Areas**
[Red and black striped box]
- Percent of Black Home Owners**
 - 0.00
 - 0.01 - 29.99
 - 30.00 - 50.00



Legend

- Roads**
~
- Rails**
+ +
- Surrounding Counties**
□
- Impacted Areas**
▨
- Percent of Asian Home Owners**
 - 0.00 (Light Yellow)
 - 0.01 - 49.99 (Tan)
 - 50.00 - 65.00 (Dark Brown)



**Figure 3-18
 Housing Tenure by Race/Ethnicity, 2010**

	White Owners		Black Owners		Asian/Pacific Islander Owners		Hispanic Owners	
	#	%	#	%	#	%	#	%
Harrisonburg	5,085	39.6%	216	19.9%	278	46.6%	271	14.7%
1.01	534	41.8%	112	33.6%	0	0.0%	99	22.8%
1.02	857	64.4%	0	0.0%	104	65.0%	25	21.2%
2.03	295	55.1%	0	0.0%	0	0.0%	19	65.5%
2.04	359	35.7%	0	0.0%	23	41.1%	0	0.0%
2.05	678	47.8%	22	50.0%	33	51.6%	41	27.9%
2.06	33	55.0%	0	0.0%	0	0.0%	0	0.0%
2.07	79	6.2%	0	0.0%	31	32.6%	0	0.0%
3.01	768	67.6%	0	0.0%	0	0.0%	33	75.0%
3.02	488	30.6%	19	10.6%	55	32.5%	31	10.8%
4.01	261	24.5%	17	42.5%	0	0.0%	0	0.0%
4.02	733	34.5%	46	20.4%	32	61.5%	23	6.6%

Note: The shaded row indicates impacted areas.

Note: Tracts in which only renters live are denoted by 0.0%.

Source: 2010 Five-Year American Community Survey (B25003A, B25003B, B25003D, B25003I)

OBSERVATION: Lower household incomes among Blacks and Hispanics are reflected in relatively lower homeownership rates when compared to Whites and Asians. Across Harrisonburg, 19.9% of Blacks and 14.7% of Hispanics own their homes compared to 39.6% of Whites and 46.6% of Asians.

iv. Foreclosure Trends

In late 2007, subprime adjustable rate mortgages started to reset to higher rates. This, coupled with declining home values, resulted in more families defaulting on their mortgages and one of the deepest recessions since the Great Depression. The primary factor driving defaults is the value of the home relative to the value of the outstanding mortgage. While a lack of equity in a home is strongly associated with foreclosures, most borrowers have become delinquent due to a change in their financial circumstances that makes them unable to meet their monthly mortgage obligations. These so called “trigger events” commonly include job/income loss, health problems, or divorce. The last five years has seen an increase in these “trigger events” and the economy has continued to weaken.

The severity of the foreclosure crisis varies greatly by state and is highly concentrated in a handful of states. According to the Thomas Jefferson Institute for Public Policy, Virginia is faring better than many other states. According to data from November 2010, an average of 8.5 mortgages per 1,000 households was in foreclosure nationally compared with 4.0 in Virginia. The fact that Virginia is doing better than the national average does not mean the Commonwealth has escaped the foreclosure crisis unscathed. Regions where homes are least affordable are those that experienced

heightened foreclosure activity. In March 2011, one in every 742 housing units in Virginia filed for foreclosure – better than the national average of one in 542 housing units. Housing prices in Virginia have been falling since their peak in mid-2007.

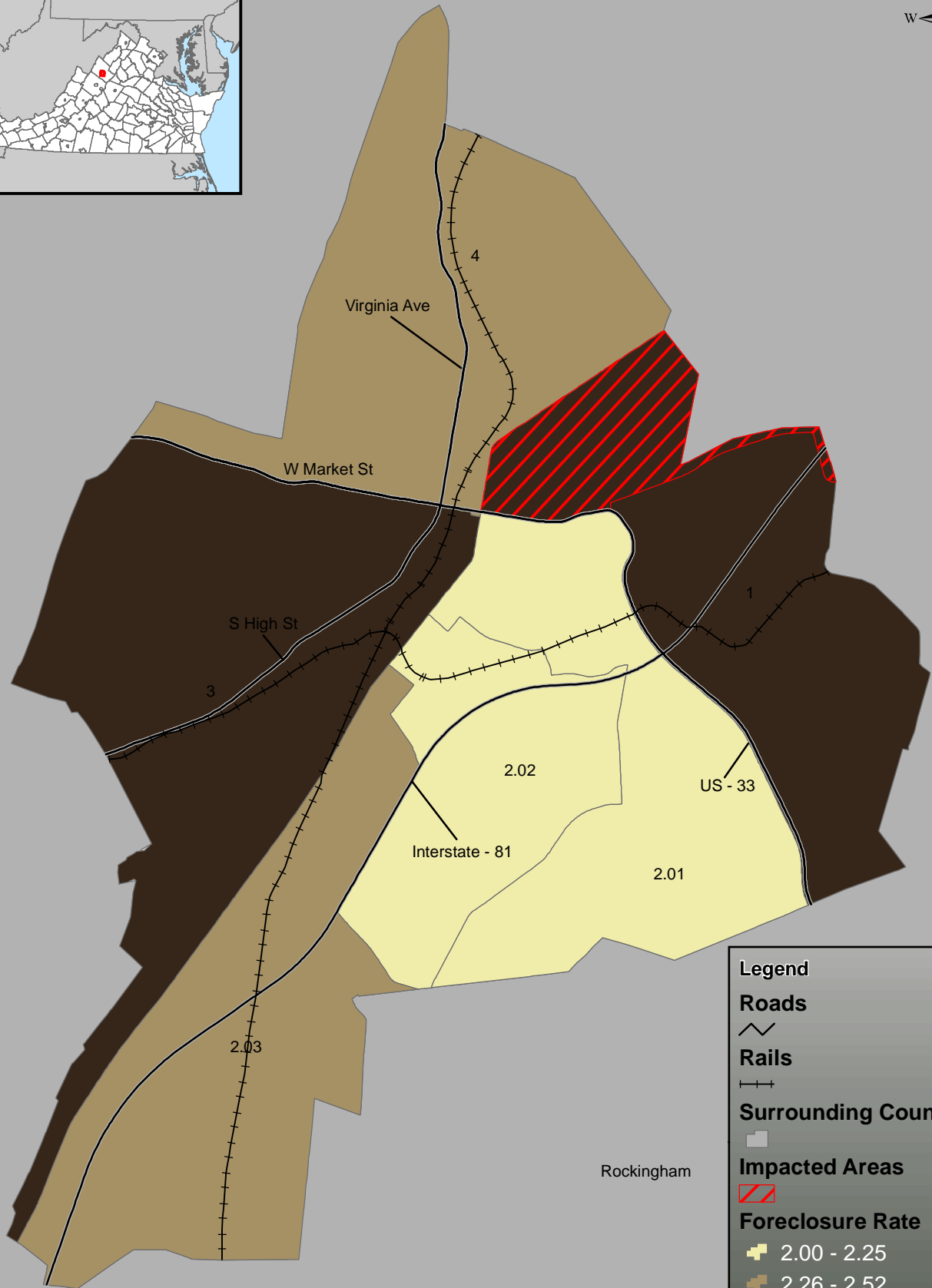
More recently, September 2011 data from RealtyTrac, an aggregator of nationwide residential foreclosure, loan, and property sales data, indicates that Virginia had the 21st-highest foreclosure rate in the country with 3,554 foreclosure filings, or one for every 937 housing units. Filings include default notices, auction sale notices, and bank repossessions.

According to a September 2011 Virginia Development Housing Authority report on foreclosures, after an initial improvement in 2010 early stage delinquencies are on the rise. Slow job creation and falling wages have resulted in more household financial distress. From the second quarter of 2010 to the second quarter of 2011, Harrisonburg experienced a 3.7% decline in home prices. In addition, home prices were 11% below their peak in 2007. Typically, regions that experienced larger price appreciation prior to the recession (such as the Northern Virginia and Winchester metro areas) also experienced larger price declines. Metropolitan areas with moderate price appreciation experienced less price decline.

RealtyTrac detected two trends in the national data during the first half of 2010: fewer properties entered foreclosure proceedings as lenders exercised more aggressive short sale and loan modification actions, and more properties completed the foreclosure process as lenders worked to clear a backlog of delinquent properties.

Foreclosure data is available at the census tract level based on the 2000 boundaries. City-wide, the rate of foreclosures was 2.6%, with the highest rate of 3.0% found in tract 1. The impacted area consisting of census tract 1.01 (based on 2010 census tract boundaries) would have been included in this area. Map 9 on the following page illustrates the distribution of foreclosures across Harrisonburg in 2010.

Foreclosure activity is related to fair housing to the extent that it is disproportionately dispersed, both geographically and among members of the protected classes. Concentrated foreclosures and residential vacancy threaten the viability of neighborhoods as well as the ability of families to maintain housing and build wealth. Households carrying heavy cost burdens are prime candidates for mortgage delinquency and foreclosure.



Legend

Roads
—

Rails
—+—

Surrounding Counties
■

Impacted Areas
▨

Foreclosure Rate

■	2.00 - 2.25
■	2.26 - 2.52
■	2.53 - 3.00

Figure 3-19
Estimated Residential Foreclosures by Census Tract, July 2010

	Foreclosure Filings*	Total Mortgages	Foreclosure Rate
Harrisonburg	102	3,985	2.6%
1	30	992	3.0%
2.01	15	665	2.3%
2.02	8	391	2.0%
2.03	5	198	2.5%
3	21	829	2.5%
4	23	910	2.5%

* Estimated number of mortgages to start foreclosure process or be seriously delinquent in the past two years.

Shaded rows indicate impacted areas (concentrations of minorities and LMI persons).

Source: HUD NSP Foreclosure Estimates, released October 2010

OBSERVATION: As of June 2010, the most recent year for which municipality level data is available, Harrisonburg had a foreclosure rate of 6%. The impacted area of concentration of *both* minorities and LMI persons had the highest rate of foreclosure.

v. The Tendency of the Protected Classes to Live in Larger Households

Larger families may be at risk for housing discrimination on the basis of race and the presence of children (familial status). A larger household, whether or not children are present, can raise fair housing concerns. If there are policies or programs that restrict the number of persons that can live together in a single housing unit, and members of the protected classes need more bedrooms to accommodate their larger household, there is a fair housing concern because the restriction on the size of the unit will have a disproportionately negative impact on members of the protected classes.

Across Harrisonburg, minorities were more likely than Whites to live in families with three or more persons. Families of Some Other Race and Hispanic families had the highest rates of larger family households.

**Figure 3-20
 Families with Three or More Persons, 2010**

Race/Ethnicity	% of Families with Three or More Persons
White	51.8%
Black	67.7%
Asian	71.0%
Some Other Race*	85.8%
Two or More Races	80.9%
Hispanic	86.3%

*Includes American Indians/Alaska Natives as well as those identifying as "Some Other Race"

Source: Census 2010 (P28A,P28B,P28C,P28D,P28G,P28H)

To adequately house larger families, a sufficient supply of larger dwelling units consisting of three or more bedrooms is necessary. In 2010, 24.4% of Harrisonburg’s rental housing stock contained three or more bedrooms compared to 30% of the owner housing stock. The rate of larger rental units is comparatively high, but many of these 3-plus bedroom units are occupied by university students and remain unaffordable to non-student families as detailed in Figure 3-24 on a subsequent page.

**Figure 3-21
 Housing Units by Number of Bedrooms, 2010**

	Renter-Occupied Housing Stock		Owner-Occupied Housing Stock	
	# of Units	% of Total Units	# of Units	% of Total Units
0-1 bedroom	2,111	14.0%	62	0.4%
2 bedrooms	3,700	24.5%	1,010	6.7%
3 or more bedrooms	3,676	24.4%	4,520	30.0%
Total	9,487	62.9%	5,592	37.1%

Source: 2008-2010 American Community Survey Three-Year Estimates (B25042)

OBSERVATION: Minority households were more likely to live in larger families than White households. More than 86% of Hispanic families and 67% of Black families included three or more persons compared to 51.8% of White families. In 2010, 24.4% of the rental housing stock and 30.0% of the owner housing stock contained three or more bedrooms. While this rate of larger rental units is comparatively high, many of these 3-plus bedroom units are occupied by university students and remain unaffordable to non-student families. This shortage of larger housing units will disproportionately impact minority families.

vi. Cost of Housing

Increasing housing costs are not a direct form of housing discrimination. However, a lack of affordable housing does constrain housing choice.

Residents may be limited to a smaller selection of neighborhoods or communities because of a lack of affordable housing in those areas. Within Harrisonburg, the large student population has a direct impact on the ability of lower income residents to find affordable housing. It was estimated that occupancy for some of the newer downtown rental units would require an income at or above \$30,000 to afford the units (i.e. paying no more than 30% of gross income on monthly housing costs).¹⁵ In 2010, 50% of all City households had incomes below \$30,000.¹⁶

Median housing values (adjusted for inflation) in Harrisonburg increased 41.6% between 1990 and 2010. Real median gross rent increased 11.1% during this period. By comparison, real median household income shrank 17%, making it more difficult for many households, particularly low income households, to find affordable housing.

Figure 3-22
Trends in Median Housing Value, Rent and Income, 1990-2010

	1990	2000	2010	% Change 1990-2010
Median Owner-Occupied Housing Value				
Actual Dollars	\$88,300	\$122,700	\$219,800	148.9%
2010 Dollars	\$155,277	\$160,597		41.6%
Median Gross Rent				
Actual Dollars	\$410	\$480	\$801	95.4%
2010 Dollars	\$721	\$628		11.1%
Median Household Income				
Actual Dollars	\$25,312	\$29,949	\$36,935	45.9%
2010 Dollars	\$44,512	\$39,199		-17.0%

Sources: U.S. Census Bureau, 1990 Census STF3 (H061A, H043A, P080A); Census 2000 SF3 (H76, H63, P53); 2008-2010 Three-Year Estimates, American Community Survey (B25077, B25064, B19013); Bureau of Labor Statistics Inflation Calculator

OBSERVATION: Rising housing values and rental rates, coupled with decreasing real median income, have made it more difficult for homebuyers and apartment seekers to achieve affordable housing. This situation is even more difficult for lower income households.

a. Rental Housing

James Madison University, situated in the heart of Harrisonburg, has a direct impact on the housing market. Rental housing is in high demand by JMU students. Only freshmen are guaranteed on-campus housing with the remaining students searching for rentals across the City. University students represent about 25% of the City's population.

¹⁵ Citywide Analysis-Demographic and Housing Trends, Harrisonburg, VA, Fall 2011

¹⁶ Citywide Analysis-Demographic and Housing Trends, Harrisonburg, VA, Fall 2011

Student demand for rental housing exerts upward pressure on monthly rents for the entire market, thereby locking out many lower income families.

Harrisonburg has lost substantial numbers of affordable rental units since 2000. Between 2000 and 2010, the number of units renting for less than \$500 a month decreased more than 66%. By comparison, the number of higher-rent units (\$1,000 a month or more) increased more than five-fold from 529 to 2,796 units.

**Figure 3-23
 Loss of Affordable Rental Housing Units, 2000-2010**

Units Renting For:	2000	2010	Change 2000-2010	
			#	%
Under \$500	4,184	1,415	-2,769	-66.2%
\$500 - \$699	2,217	2,214	-3	-0.1%
\$700 to \$999	904	2,862	1,958	216.6%
\$1,000 or more	529	2,796	2,267	428.5%

Sources: Census 2000 SF3 (H62); 2008-2010 American Community Survey Three-Year Estimates (B25063)

In sample data collected from 2008 to 2010, a total of 9,487 renter households paid cash for their housing units. Figure 2-24 lists the breakdown of rental units by gross rent. With a median household income of \$37,720, White households would have had many more affordable rental housing options than Black, Asian, or Hispanic households. At that income level, \$940 or less in rent is considered affordable. Over 5,600 units had rents less than \$900 in 2010. In contrast, the median household income for Blacks (\$30,026) revealed that \$750 in monthly rent was affordable. There were 3,639 units renting for less than \$700 in 2010.¹⁷ A comparable number of units were available for Hispanics with a median income of \$37,966.

To put this in perspective, the rent structure was reviewed at the new Collonade at Rocktown apartments, a 60-unit complex in Downtown Harrisonburg financed through the Low Income Housing Tax Credit (LIHTC) Program. As such, rents are restricted to 60% of the area median income. A two-bedroom unit (when available) rents for \$710/month, which translates to a required minimum annual income of \$32,400 in order to pay no more than 30% of gross income for monthly housing expenses.¹⁸ According to 2010 ACS data, there were a total of 5,438 households (36% of all City households) with incomes below

¹⁷ The data in Figure 2-24 lists actual rental rates. No inference of the availability of these units for rent can be made.

¹⁸ Rents at this apartment complex include water, sewerage and trash collection. Assuming a monthly electric bill of \$100 would increase total monthly housing expenses to \$810.

\$25,000 who would not have been able to afford the rent at this assisted housing development.¹⁹

Figure 3-24
Renter-Occupied Units by Gross Rent Paid, 2010

Monthly Gross Rent	Number of Units
Less than \$100	24
\$100 to \$199	251
\$200 to \$299	89
\$300 to \$399	169
\$400 to \$499	882
\$500 to \$599	800
\$600 to \$699	1,414
\$700 to \$799	1,009
\$800 to \$899	968
\$900 to \$999	885
\$1,000 to \$1,249	870
\$1,250 to \$1,499	497
\$1,500 to \$1,999	1,164
\$2,000 or more	265
Total	9,287

Source: 2008-2010 American Community Survey Three-Year Estimates (B25063)

OBSERVATION: Harrisonburg lost more than 65% of its housing stock renting for less than \$500 between 2000 and 2010. Units renting for more than \$1,000, on the other hand, more than quadrupled, increasing by more than 1,700 units. While LIHTC developments are creating new affordable housing opportunities for some households, these units are not affordable to lower income households below 60% of area median income.

The National Low Income Housing Coalition provides annual information on the fair market rent (FMR) and affordability of rental housing in counties and metropolitan areas in the U.S. for 2011. In the City of Harrisonburg, the FMR for a two-bedroom apartment is \$713. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$2,376 monthly or \$28,520 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$13.71.

In the City of Harrisonburg and across Virginia, a minimum wage worker earns an hourly wage of \$7.25. In order to afford the FMR for a

¹⁹ The income categories provided in the DP-03 file of the 2008-2010 ACS Three-Year Estimates dataset did not permit a more exact calculation of less than \$32,400 in annual household income.

two-bedroom apartment, a minimum wage earner must work 76 hours per week, 52 weeks per year. Or, a household must include 1.9 minimum wage earners working 40 hours per week year-round in order to make the two-bedroom FMR affordable.

In Harrisonburg, the estimated average hourly wage for a renter is \$11.63. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 47 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.2 workers earning the average renter wage in order to make the two-bedroom FMR affordable.

OBSERVATION: Workers must earn at least \$13.71 per hour in order to afford the two-bedroom FMR in Harrisonburg. For those who do not earn this high level of pay, they may be forced to double-up with others, or lease inexpensive, substandard units. Minorities and female-headed households will be disproportionately impacted because of their lower incomes.

Monthly Supplemental Security Income (SSI) payments for an individual with disabilities are \$674 in Harrisonburg and throughout Virginia. If SSI represents an individual's sole source of income, \$202 in monthly rent is affordable, while the FMR for a zero-bedroom unit is \$528 in Harrisonburg.

OBSERVATION: Individuals with disabilities receiving monthly SSI checks of \$674 as their sole source of income cannot afford a zero-bedroom unit in Harrisonburg, or elsewhere, renting at the fair market rent of \$528.

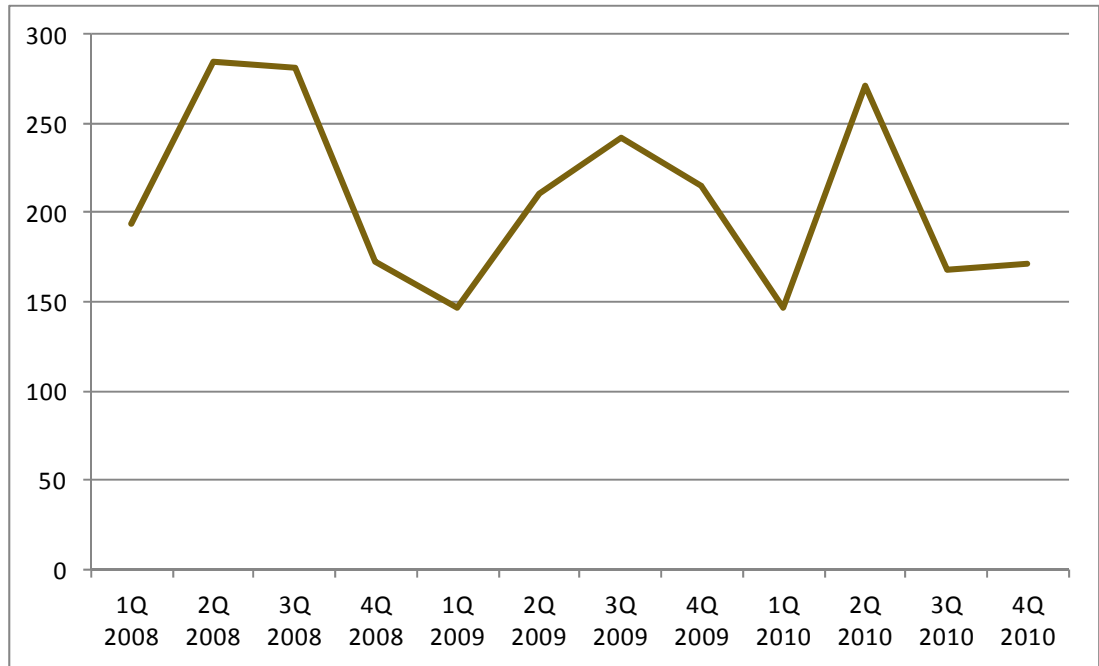
b. Sales Housing

Housing sales market statistics were obtained from the Harrisonburg-Rockingham Association of Realtors for 2008 through 2010. The data were analyzed for the number of residential units sold, median sales prices, and the average number of days on the market.

The housing market in Harrisonburg fluctuated during this three-year period, running between 150 and almost 300 units sold per quarter as depicted in Figure 3-25. This includes single-family, condominium and townhouse dwelling units. Quarterly variations were also noted. In 2008, the difference between the quarter of highest sales (second) and the quarter of lowest sales (fourth) was 113 units. In 2009 and 2010,

these differences were 95 and 124 units, respectively. No stabilization of the market was evident in this short period of time.

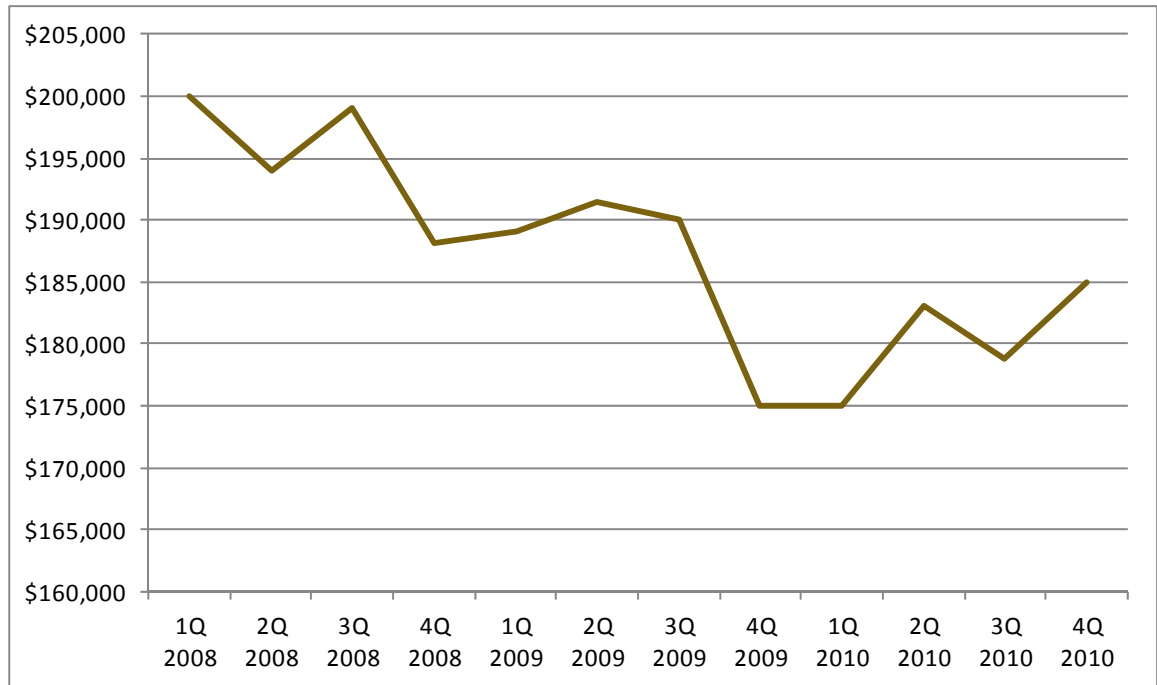
Figure 3-25
Sales of Residential Units, January 2008 – December 2010



Source: Harrisonburg-Rockingham Association of Realtors

Median sales price also appear to be in flux over the past three years as depicted in Figure 3-26. In 2008, the annual median sales price was \$195,500. This number decreased to \$186,000 in 2009, and fell again to \$180,000 for 2010. This represents a decrease of 7.9% over the three-year period. When analyzed on a quarterly basis, however, median sales prices appear to have gained some ground throughout 2010, increasing from \$175,000 in the first quarter to \$185,000 by the fourth quarter.

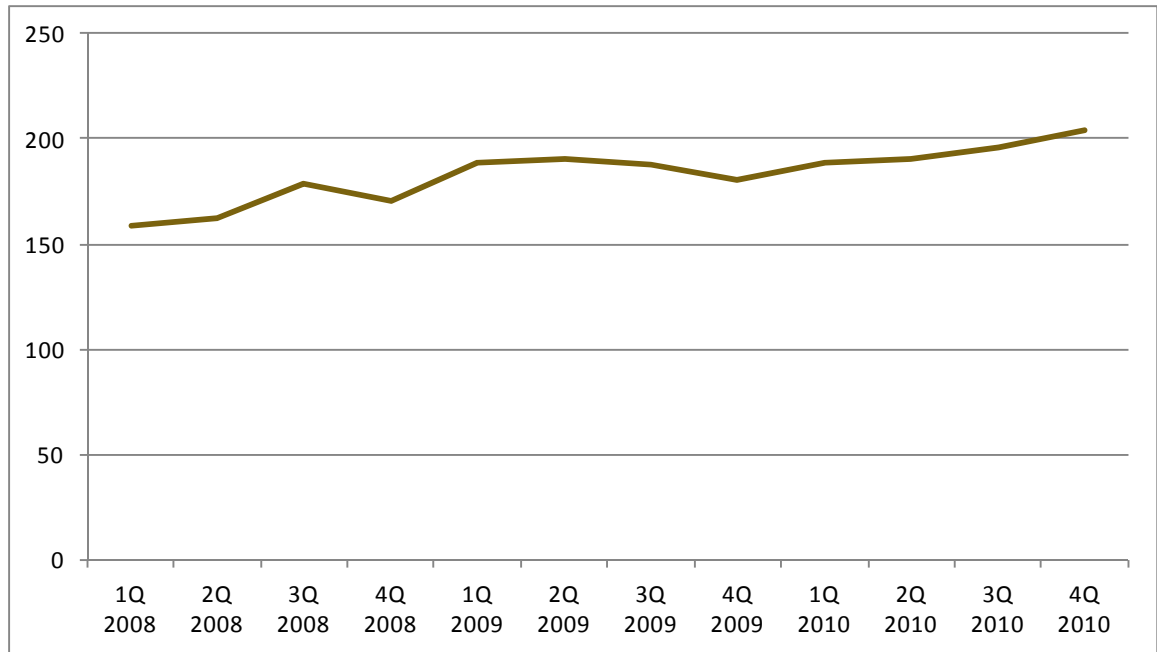
Figure 3-26
Median Sales Prices of Residential Units, January 2008 – December 2010



Source: Harrisonburg-Rockingham Association of Realtors

Units listed for sale were sitting on the market a bit longer at the end of 2010 than in the beginning of 2008. The average number of days increased from 159 to 204, jumping 28% over three years. This resulted from several factors, including stricter mortgage requirements, rising unemployment, and a hesitancy on the part of homebuyers to purchase a home in uncertain economic times.

Figure 3-27
Average Days on Market for Units Sold, January 2008 – December 2010



Source: Harrisonburg-Rockingham Association of Realtors

OBSERVATION: The local housing market in Harrisonburg shows signs of having constricted between 2008 and 2010. The number of units sold fell to a low of 147 in early 2009 from a high of 285 in early 2008, a drop of 48%. Since then, sales have continued to fluctuate. Median sales prices declined from almost \$200,000 in early 2008 to a low of \$175,000 in early 2010. While prices have risen since then, they have not stabilized. Finally, homes for sale are remaining on the market for significantly longer periods of time. Since January 2008, the length of time has increased by more than a month.

4. EVALUATION OF CURRENT FAIR HOUSING PROFILE

This section provides a review of the past and current fair housing planning initiatives and the existence of fair housing complaints or compliance reviews where a charge of a finding of discrimination has been made. Additionally, this section will review the existence of any fair housing discrimination suits filed by the United States Department of Justice or private plaintiffs in addition to the identification of other fair housing concerns or problems.

A. Existence of Fair Housing Complaints

A lack of filed complaints does not necessarily indicate a lack of housing discrimination. Some persons may not file complaints because they are not aware of how to go about filing a complaint or where to go to file a complaint. In a tight rental market, tenants avoid confrontations with prospective landlords. Discriminatory practices can be subtle and may not be detected by someone who does not have the benefit of comparing his treatment with that of another home seeker. Other times, persons may be aware that they are being discriminated against, but they may not be aware that the discrimination is against the law and that there are legal remedies to address the discrimination. Finally, households may be more interested in achieving their first priority of finding decent housing and may prefer to avoid going through the process of filing a complaint and following through with it. Therefore, education, information, and referral regarding fair housing issues remain critical to equip persons with the ability to reduce impediments.

i. HUD's Office of Fair Housing and Equal Opportunity

In October 2011 a written request was made by the City of Harrisonburg to the Richmond Fair Housing and Equal Opportunity Office (FHEO) of the U.S. Department of Housing & Urban Development (HUD) for a list of all housing discrimination complaints filed in the City since 2005.

HUD's report included information on the five housing discrimination complaints filed in Harrisonburg between January 1, 2005 and January 9, 2012 with the Richmond FHEO. This equated to less than one complaint annually during this period. Of the complaints filed:

- Two were found to be without cause.
 - Both complaints involved rental properties. One complaint alleged discrimination on the basis of national origin and the other alleged discrimination based on sex.
- Three were conciliated, or settled, between the complainant and the respondent.
 - Two of these complaints alleged discrimination on the basis of familial status and one on disability.
 - One familial status complaint involved a refusal to rent, discriminatory advertising, and discrimination in terms or conditions relating to a rental unit. The second familial status complaint involved discriminatory advertising.

- The third conciliated complaint alleged discrimination on the basis of a disability and involved failure to make reasonable modification, and discriminatory terms and conditions relating to a rental unit.
- Notably, all three of the conciliated cases were settled within three months or less from the date the complaint was initially filed with HUD.

ii. Virginia Fair Housing Office

The Virginia Fair Housing Office (VFHO) receives complaints from persons regarding alleged violations of the Fair Housing Act. VFHO does not conduct compliance reviews; rather, the complaints investigated by the Office are either consumer- or Board-initiated complaints. Between July 2001 and August 2011, a total of seven cases fair housing cases originating from Harrisonburg were filed with VFHO. This averages out to less than one complaint annually. Two cases alleged discrimination on the basis of disability, two on the basis of familial status, two on the basis of race and one on the basis of national origin. All seven cases involved rental properties.

In several instances, each complaint involved more than one allegation. Five complaints alleged discrimination in housing conditions, three involved refusals to rent, and two complaints alleged discriminatory advertising. One complaint each involved reasonable accommodation, financing, and the availability of a rental unit.

All seven of the housing complaints filed in Harrisonburg reached resolution and were closed between 2001 and 2011. One complaint was closed administratively. Typically, this occurs when the complainant withdraws the complaint, there is a failure to cooperate by the complainant, or the VFHO investigator is unable to locate the complainant or respondent. Caution should be used when interpreting complaints that are administratively closed. This resolution does not necessarily mean that housing discrimination has not occurred. In the case of a complainant withdrawing a complaint, an uncooperative complainant, or a complainant who cannot be located, it is possible that the complainant changed her mind, decided against the trouble of following through with the complainant, chose to seek other housing without delay, or some other reason.

Of the remaining six cases:

- One was found to have no reasonable cause, a determination made when there is insufficient evidence found during the investigation to substantiate the complainant's allegations of housing discrimination.
- Two were conciliated. A complaint is considered conciliated when all of the parties to the complaint enter into a conciliation agreement with VFHO. Such agreements include benefits for the complainant, and affirmative action on the part of the respondent, such as civil rights training. VFHO has the authority to monitor and enforce these agreements.

- Two were found to have no violation.
- In the final complaint, it was determined that VFHO had no jurisdiction in the case.

B. Patterns and Trends in Fair Housing Complaints

With only 12 complaints filed from Harrisonburg over 11 years, it is difficult to draw significantly meaningful conclusions about the patterns and trends in housing discrimination in the City. Familial status (four complaints), disability (three complaints), and race (two complaints) represented 75% of the complaints filed. Although race is still the primary basis of discriminatory complaints nationally, HUD finds that more complaints are being filed on the basis of disability. HUD also notes that if current trends continue, in the near future fair housing complaints based on disability will exceed those based on race. This is the case in Harrisonburg.

In addition, it is also noteworthy that four of the 12 complaints were based on discriminatory advertising involving rental units. This indicates a need for fair housing education and real estate testing among rental property owners and managers.

OBSERVATION: With 12 housing complaints filed from Harrisonburg between 2001 and 2011, it is difficult to draw meaningful conclusions about patterns and trends in housing discrimination. The exception is the four complaints (25%) that were based on discriminatory advertising involving rental units. This indicates a need for fair housing education and real estate testing among rental property owners and managers.

C. Existence of Fair Housing Discrimination

There are no unlawful discrimination suits or court orders that have been filed and/or are pending in the City of Harrisonburg.

D. Determination of Unlawful Segregation

There are no unlawful segregation suits or court orders that have been filed and/or are pending in the City of Harrisonburg.

5. EVALUATION OF PUBLIC AND PRIVATE SECTOR POLICIES

A. Public Sector Policies

The analysis of impediments is a review of impediments to fair housing choice in the public and private sector. Impediments to fair housing choice are any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restrict housing choices or the availability of housing choices, or any actions, omissions, or decisions that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin. Policies, practices, or procedures that appear neutral on their face but which operate to deny or adversely affect the provision of housing to persons of a particular race, color, religion, sex, disability, familial status, or national origin may constitute such impediments.

An important element of the AI includes an examination of public policy in terms of its impact on housing choice. This section evaluates the public policies in Harrisonburg to determine opportunities for furthering the expansion of fair housing choice.

i. Harrisonburg Redevelopment and Housing Authority

The executive director of the Harrisonburg Redevelopment and Housing Authority (HRHA) was interviewed for this report, and provided numerous documents for review and analysis. HRHA's jurisdiction includes the City and Rockingham County.

The following information was developed from interview responses and documents provided by HRHA.

a. Project-Based Voucher Program Housing

HRHA no longer has traditional public housing units. All public housing in Harrisonburg has been substantially rehabilitated and converted to project-based voucher developments. Under HUD's Project-Based Voucher (PBV) Program, a public housing authority can attach up to 20% of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of the units in an existing development. Rehabilitated units must require at least \$1,000 of rehabilitation per unit to be subsidized, and all units must meet HUD Housing Quality Standards.

The PBV Program differs from the Section 8 Housing Choice Voucher Program. Under the latter, a public housing authority issues an eligible family a voucher and the family selects a unit of its choice. If the family moves out of the unit, the contract with the owner ends and the family can move with continued assistance to another unit.

Under the PBV Program, the authority enters into an assistance contract with the property owner for specified units and for a specified term. The Authority refers families from its waiting list to the project owner to fill vacancies. Because the assistance is tied to the unit, a family who moves

from the project-based unit does not have any right to continued housing assistance. However, they may be eligible for a tenant-based voucher when one becomes available.

Currently, HRHA owns and manages 129 units of PBV housing in Harrisonburg. Of these, 25 housing units consisting of three-bedrooms each were acquired by HRHA in late 2010 and are being renovated. These units are distributed across nine buildings that are scattered throughout the northeast section of Harrisonburg.

Eligibility requirements for residents living in Harrison Heights include participation in a supportive services program (such as the Family Self-Sufficiency Program) for families who do not qualify under disability or elderly exemptions. The applicant must maintain employment, and establish a savings account to remain in the assisted unit. The applicant works with an FSS coordinator to develop personal goals to achieve self-sufficiency. Plans for transportation and child care are required, if applicable, with the FSS Program providing assistance. Applicants with incomes below 50% of the median income are eligible to apply.

b. Section 8 Housing Choice Voucher Program

1) Inventory

In addition to PBV housing, HRHA is the local administrator of the Section 8 Housing Choice Voucher program. Based on March 2012 data, HRHA administers 792 vouchers. The Section 8 program has recently experienced a 20% increase with HRHA receiving about 200 vouchers for non-elderly disabled households and another 50 Family Unification Program vouchers.

Figure 5-1 below details the demographic characteristics of the current voucher holders. Notably, 100% of the 792 households are extremely low income with incomes of less than 30% of the median. This is an indicator of the high demand for affordable rental housing in the Harrisonburg area.

Families with children comprise two-thirds of all households. Households with a disabled member comprise another 39% of tenants. Minorities account for 16% of all tenant households.

The majority of Section 8 households (66%) are residing in smaller housing units of one- and two-bedrooms. However, the remaining 266 households are living in larger units consisting of three or more bedrooms, indicating a need for larger affordable rental units in Harrisonburg.

**Figure 5-1
 Characteristics of Current HRHA Section 8 Voucher Holders, 2012**

	Current Voucher Holders	
	#	%
Total	792	100%
Extremely Low Income (<30% MFI)	792	100%
Very Low Income (>30% but <50% MFI)	0	0%
Low Income (>50% but <80% MFI)	0	0%
Families with Children	519	66%
Elderly Household (1 or 2 persons)	119	15%
Individuals/Families with Disabilities	307	39%
Black Households	163	21%
White Households	667	84%
Other Race Households	52	7%
<i>Characteristics by Bedroom Size</i>		
0 bedroom	0	0%
1 bedroom	273	34%
2 bedroom	253	32%
3 bedroom	228	29%
4 bedroom	34	4%
5+ bedroom	4	1%

Source: Harrisonburg Redevelopment & Housing Authority, March 2012

OBSERVATION: Members of the protected classes are disproportionately represented among Section 8 voucher holders in Harrisonburg. Families with children account for 66% of current voucher holders; households with disabled members account for 39%. Black households represented 21% of all voucher households, but only 7% of the total households in Harrisonburg.

2) Waiting List

HRHA maintains a waiting list of 223 applicants for Section 8 Housing Choice Vouchers. The waiting list has been closed since October 2010 and HRHA does not anticipate re-opening the list until Spring 2013. With an average annual turnover of approximately 168 vouchers, the estimated waiting time for an applicant to receive a voucher can extend to one to two years.

Of the 223 applicants on the waiting list, more than two-thirds are extremely low-income. Eighty percent of all applicants are families with children. Families with a member with a disability comprise only 1% of the applicants. Minority applicants represent 21% of the waiting list, and Hispanic applicants comprise 26%.

**Figure 5-2
 Characteristics of Applicants on HRHA Section 8 Waiting List, 2011**

	Applicants	
	#	%
Total	223	100%
Extremely Low Income (<30% MFI)	153	69%
Very Low Income (>30% but <50% MFI)	66	30%
Low Income (>50% but <80% MFI)	4	2%
Families with Children	179	80%
Elderly Household (1 or 2 persons)	4	2%
Individuals/Families with Disabilities	3	1%
Black Households	39	17%
White Households	175	78%
Hispanic Households	57	26%
Other Race Households	9	4%

Source: Harrisonburg Redevelopment & Housing Authority Annual Plan for FY 2012

OBSERVATION: Members of the protected classes are also disproportionately represented on the waiting list for Section 8 voucher assistance in Harrisonburg. Families with children account for 80% of current voucher holders. Black households represented 17% of all voucher applicants, but only 7% of the total households in Harrisonburg.

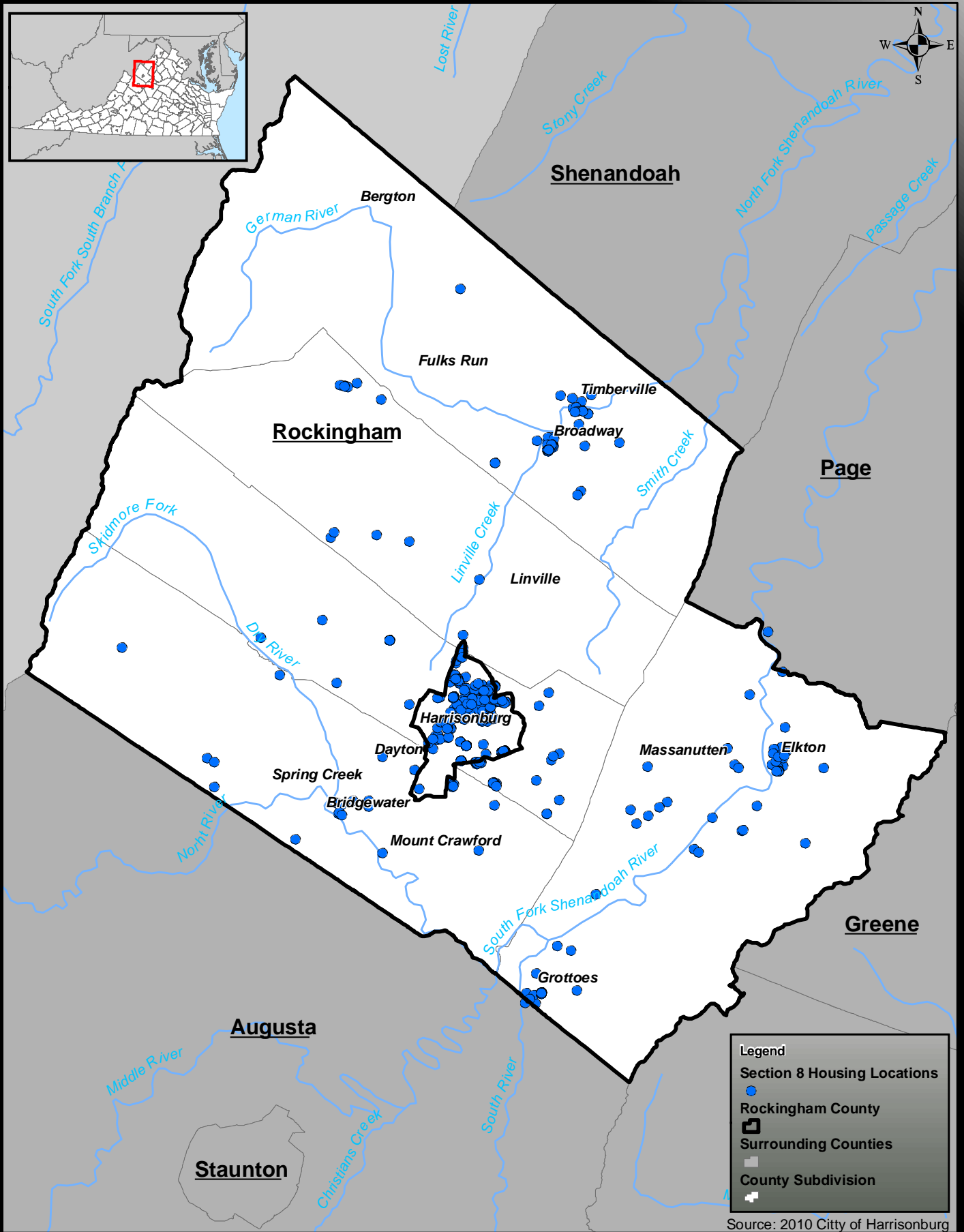
3) Section 8 Mobility

HRHA reported that the Authority assists voucher holders by providing information on facilities and services in the neighborhood of a potential housing unit; however, limited staffing and funding restrict the degree to which HRHA can assist participants in locating housing in non-impacted areas. Maps 10 and 11 on the following pages illustrate the geographic distribution of Section 8 housing choice vouchers administered by HRHA. According to HRHA, about 350 voucher holders are residing in units located outside of the City in Rockingham County.

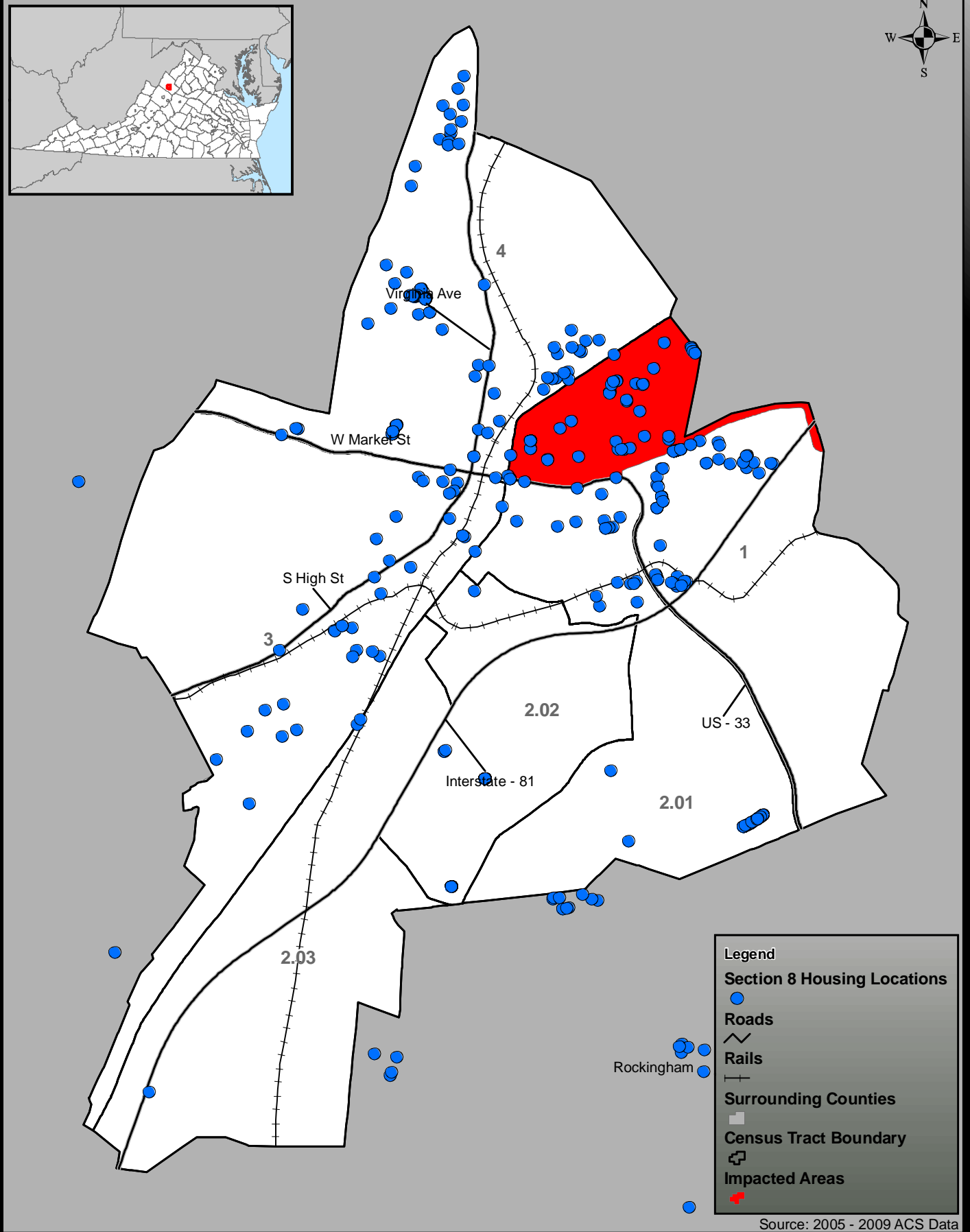
Map 10 illustrates the extent to which voucher holders are able to find affordable housing outside of the City in Rockingham County. Map 11 details the distribution of voucher holders across Harrisonburg City neighborhoods. In both maps, voucher holders are well-distributed across nearly all neighborhoods of the City. These trends indicate a substantial supply of affordable housing in a variety of City neighborhoods available to Section 8 participants. However, the extent of the waiting list for Section 8 speaks to the continuing need for additional housing assistance for lower income households, particularly families with children, minorities, and persons with disabilities.

4) Section 8 Landlord Participation

In order for Section 8 voucher holders to find decent, affordable private rental housing units, there must be an adequate supply of such units in Harrisonburg. HRHA reported that it maintains a list of more than 180



Source: 2010 City of Harrisonburg



participating landlords who offer their units for inspection and rental through the Section 8 program; this is a decrease in participating landlords from a few years ago. The Authority maintains a list of landlords with available units and landlords contact HRHA to place units in the program. In order to accept a unit, HRHA conducts an inspection of the rental unit to determine if it meets minimum Section 8 Housing Quality Standards (HQS).

5) Persons with Disabilities

HRHA works closely with Valley Independent Living Center and will increase its Section 8 payment standard as a reasonable accommodation for persons with disabilities.

6) Section 8 Housing Choice Voucher Administrative Plan

HRHA's Section 8 Housing Choice Voucher Administrative Plan, dated January 2008, was reviewed for this report. Chapter 3 of the Admin Plan states the Authority's fair housing policy. According to the Admin Plan, HRHA shall not deny housing on the basis of race, color, sex, religion, creed, national origin, age, familial or marital status, or handicap or disability. These protected classes basically mirror the Commonwealth's list of protected classes. As a matter of policy, HRHA provides information on federal, state and local laws, including how to file a complaint, during the family briefing session.

HRHA's reasonable accommodation policy is also described in Chapter 3. HRHA will provide persons with disabilities with reasonable accommodation such that they may have full access to the program. Upon verification from a reliable professional that a reasonable accommodation is required, HRHA will grant a reasonable accommodation so long as it does not impose an undue hardship (generally, an excessive cost or a request that extends beyond the provision of housing) on the Authority.

Section 4 also explains HRHA's policy toward conducting additional outreach to improve accessibility for persons with disabilities. Towards this end, HRHA carries out the following initiatives:

- Informing Section 8 landlords of the HRHA policies regarding disabled accessibility and Section 504 requirements
- Notifying current Section 8 landlords of the need for accessible units and encouraging them to make accessibility modifications to units that are not accessible
- Notifying non-program landlords of the need for accessible units and encouraging their participation
- Exploring the possibility of exception rent approvals with HUD to incentivize accessibility modifications by Section 8 landlords
- Contacting local lenders to establish a low-interest loan program to finance accessibility modifications

- Working with other community entities which might finance or perform the necessary physical modifications
- Developing special application procedures for persons with disabilities, such taking an application at their home
- Providing disabled applicants with a current list of accessible units known to HRHA
- Establishing a liberal extension policy to allow disabled applicants sufficient time to locate suitable accessible housing
- Providing other appropriate assistance to disabled applicants to facilitate their search for accessible housing.

In Section 4.5, HRHA's policy on the translation of documents and the accommodation of non-English speaking applicants is discussed. HRHA will endeavor to provide bilingual staff or access to persons who speak languages other than English to access their programs and services. Currently, this accommodation is extended to native Spanish-speakers.

To be eligible to receive a Housing Choice Voucher, an applicant must qualify as a family, as described in Section 6.1.2. HRHA defines family as any of the following:

- A single person or a group of persons
- Single person families may include an elderly person, a displaced person, a disabled person, or any other single person
- Two or more persons sharing residency whose income and resources are available to meet the family's needs who are either related by blood, marriage or operation of law, or who have evidenced a stable family relationship for at least one year.

This is a very broad definition of family that encompasses both traditional and non-traditional family arrangements.

The Admin Plan outlines HRHA's admission preferences for the program in Chapter 8. These include families who are:

- Elderly or disabled
- High rent burdened (paying more than 50% of gross income on total housing costs)
- Homeless are residing in substandard living conditions
- Involuntarily displaced
- Victims of physical abuse
- Working poor (working at least 20 hours each week and earning less than 30% of the median income)
- U.S. veterans

- Upwardly mobile (head of household is attending school full-time, attending a GED program, or participating in a verifiable job training program).

Section 11.1 of the Admin Plan states that voucher holders have 60 days to locate a unit. Extensions may be granted when requested in writing before the deadline, with extensions up to an additional 120 days considered. Additional time may be granted if the applicant can prove the extension will result in securing a housing unit.

Chapter 14 discusses the payment standard approved for Section 8 units. HRHA has adopted a payment standard of 100% of the published Fair Market Rent (FMR) for all bedroom sizes except two-bedroom homes. Within HRHA's jurisdiction, housing availability justifies an increased payment standard for two-bedroom homes of 110% of the FMR.

Portability of Section 8 vouchers is detailed in Chapter 20 of the Admin Plan. Voucher holders have the option of using their vouchers to relocate anywhere in the U.S. All program participants are informed of this option during the Section 8 orientation sessions. However, due to funding limitations, HRHA currently limits portability to areas where the FMR payment standards are equal to or lower than the Harrisonburg FMRs.

ii. Policies Governing Investment of Federal Entitlement Funds

From a budgetary standpoint, housing choice can be affected by the allocation of staff and financial resources to housing related programs and initiatives. The decline in federal funding opportunities for affordable housing for lower-income households has shifted much of the challenge of affordable housing production to state, county and local government decision makers.

The City of Harrisonburg receives federal entitlement funds from HUD's Community Development Block Grant (CDBG) program, the primary objective of which is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of low and moderate income levels. In 2011-2012, Harrisonburg anticipated receiving \$488,106 in formula grant funds. Funds can be used for a wide array of activities, including: housing rehabilitation, homeownership assistance, lead-based paint detection and removal, construction or rehabilitation of public facilities and infrastructure, removal of architectural barriers, public services, rehabilitation of commercial or industrial buildings, and loans or grants to businesses.

Fiscal year 2011-2012 marked the seventh year in which the City received CDBG funds. The City allocates its limited CDBG resources between public services, public facilities improvements, infrastructure improvements and housing projects that benefit LMI persons and households. In 2011-2012, the menu of program activity included a long-range project to rehabilitate 40 HRHA public housing units, support of a program to remove architectural

barriers in the homes of elderly disabled individuals and facility improvements at a homeless shelter, in addition to various other undertakings. The HRHA project consists of debt servicing on a \$3.2 million bond. CDBG funds will be added to Housing Authority Capital Funds and the Local Community Development Fund. The City intends to provide HRHA with \$140,000 each year for the term of the bond, which will stretch from 15 to 20 years. If the City's CDBG allocation continues to amount annually to about \$500,000, the HRHA obligation represents a quarter of its annual entitlement grant.

Currently, the City does not allocate CDBG funds for pure fair housing activities. The provision of fair housing services is eligible as either a program administration cost, per 24 CFR 570.206, or as a public service, per 24 CFR 570.201(e). Such services might include educating residents of the range of available housing options, fair housing enforcement, education, outreach, testing and other appropriate activities.

OBSERVATION: Currently, the City does not allocate CDBG funds for pure fair housing activities. Such services might include educating residents of the range of available housing options, fair housing enforcement, education, outreach, testing and other appropriate activities. An amount equal to 1% to 3% (or \$4,800-\$14,400) of the City's CDBG grant would be an appropriate amount to allocate to fair housing activities based on the size of its annual entitlement.

City Council is ultimately responsible for the federal entitlement programs administered by the City. The lead agency in the planning and administration of these programs is the City Manager's Office. The Office compiles the Five-Year Consolidated Plan, which establishes policies and priorities to govern entitlement spending. The current Consolidated Plan is effective from 2008 to 2012.

In 2011-2012, the City received \$914,508 in funding requests for its \$488,106 in CDBG funds. Harrisonburg allocates its formula grant funds on a competitive basis, making grants to applicants primarily based on the degree to which their proposals address the housing, homeless, special needs and community development needs established in the Five-Year Consolidated Plan. In order to qualify as eligible activities, projects must also meet at least one of HUD's national objectives: benefiting LMI persons/households or areas or limited clientele; eliminating slums and/or blight; or meeting an urgent community development need, as in disaster relief.

The Consolidated Plan identifies the following as the most significant needs in the City related to housing:

- Rehabilitation of public housing
- Transitional housing for homeless persons

- Single-floor rental units for the elderly
- One- and two-bedroom rental units
- Elimination of accessibility barriers for the disabled
- Rental rehabilitation projects to benefit the very lowest-income households, especially large families and two-to-four-person households
- Additional rent assistance for extremely-low-income families
- Owner-occupied rehabilitation, especially for low- and extremely-low-income households
- Assistance to LMI renters for home purchase, and
- Revitalization of older neighborhoods.

When the City was designated as an entitlement community in 2004, its first set of City Needs and Objectives identified the rehabilitation of public housing units as its most significant housing-related need. This is reflected in the City's commitment of \$140,000 annually to support HRHA's debt service related to a large-scale unit rehabilitation project. HRHA has made the transition from traditional public housing to Section 8 Project-Based Voucher and Housing Choice Voucher housing. As HRHA is able to obtain the Declaration of Trust on its properties from HUD, it will be able to use the property as leverage to support renovation and new construction initiatives through mixed financing. The mutual goal of both the City and HRHA is to increase the affordable housing stock with an emphasis on accessible housing for the elderly and persons with disabilities.

At the end of each fiscal year, jurisdictions prepare Consolidated Annual Performance and Evaluation Reports (CAPERs) to report on progress achieved. The following narrative is based on these documents.

The latest CAPER available for review is 2010-2011. In that year, the City received \$583,140 in CDBG funds, which were allocated to programs addressing housing and property improvements, public facilities and public services. In addition to the ongoing HRHA debt service allocation (\$140,000), the City granted \$10,000 for facility improvements at four homeless shelters. Another \$10,000 was allocated to VAIL for home accessibility modifications. Community and public facility projects totaled \$267,082, and the remainder was divided among program administration and six public service undertakings.

This distribution is generally characteristic of the City's annual CDBG program, in view of CAPER documents dating back to City FY 2005. In that year, the City divided \$648,000 in CDBG funds across similar categories, spending \$150,000 on an architectural/engineering study for HRHA, \$20,000 on a program to remove home architectural barriers, \$15,000 on land acquisition for a nonprofit developer, \$175,141 on infrastructure and public facilities, and \$88,166 on public services.

Additionally, the City allocated \$65,250 to support economic development initiatives. The City's first Analysis of Impediments to Fair Housing Choice was developed in City FY 2005 through a CDBG administrative allocation.

In each year's CAPER, the City reports on the geographic location of program activities, with maps illustrating the location of projects relative to LMI areas, demonstrating that the activities nearly universally serve these target populations. Due to the limited and shrinking amount of funds available to dedicate to the expansion of housing opportunities, the City is generally rarely faced with the issue of fair neighborhood and site selection. However, the objectives of HRHA and the City to expand Harrisonburg's affordable housing stock by repositioning the public housing inventory to leverage private investment will call for locational decision making that should promote the creation of affordable units in non-impacted areas of the City.

iii. Section 3 Policy

Section 3 of the HUD Act of 1968 requires that wherever HUD financial assistance is expended for housing or community development, to the greatest extent feasible, economic opportunities must be given to local public housing residents and LMI persons who live in the metropolitan area where the assisted project is located. The policy is intended to direct the employment and other economic opportunities created by federal financial assistance for housing and community development programs toward LMI persons, particularly those who are recipients of government assistance for housing.

Section 3 is the legal basis for providing jobs for residents and awarding contracts to Section 3 businesses, which include businesses that are at least 51% owned by Section 3 residents, whose permanent, full-time employees include at least 30% current Section 3 residents, or businesses that commit to subcontract at least 25% of the dollar award to a Section 3 business concern. The opportunities provided can include job, training, employment or contracts.

Recipients of federal assistance are required, to the greatest extent feasible, to provide all types of employment opportunities to low and very low-income persons, including seasonal and temporary employment, as well as long-term jobs. HUD receives annual reports from recipients, monitors the performance of contractors and investigates complaints of Section 3 violation, examining employment and contract records for evidence of actions taken to train and employ Section 3 residents and to award contracts to Section 3 businesses.

The City of Harrisonburg's Section 3 Plan was reviewed for this report. The City states that it will include Section 3 information and requirements in all procurement and bid specifications for projects covered by Section 3 provisions. Failure to agree to a Section 3 Action Plan may render a bid non-responsive and cause disqualification of a contractor.

To promote its Section 3 Plan, the City continues to try and identify certified Section 3 businesses and ensures that notices for CDBG-funded projects are well publicized.

The City has established the following employment and training goal: *for community development assistance, 30% of the aggregate number of new hires in any fiscal year shall be Section 3 residents.*

The Section 3 Summary Reports submitted by the City to HUD for 2007 through 2010 were reviewed for the AI. During these four years, the City awarded a total of \$858,642 in construction and non-construction contracts out of a total \$2,201,051 in CDBG funding. None of the contracts were awarded to Section 3 businesses. However, in its reports to HUD, the City stated that the low number of 100 households residing in HRHA public housing severely limited the City's ability to hire Section 3 businesses.

iv. Appointed Boards and Commissions

A community's sensitivity to fair housing issues is often determined by people in positions of public leadership. The perception of housing needs and the intensity of a community's commitment to housing related goals and objectives are often measured by board members, directorships, and the extent to which these individuals relate within an organized framework of agencies, groups, and individuals involved in housing matters. The expansion of fair housing choice requires a team effort and public leadership and commitment is a prerequisite to strategic action.

In HUD's *Fair Housing Planning Guide*, it is recommended that an entitlement review its policies and practices affecting the representation of all racial, ethnic, religious and disabled segments of the community on planning and zoning boards and commissions. For the purpose of this report, the City reported on the racial and gender composition of all appointed boards, commissions and committees involved in housing and housing-related matters.

a. Harrisonburg Redevelopment and Housing Authority Board

HRHA's Board is an independent five-member entity whose members are appointed by City Council. The Board has three primary responsibilities: providing housing and homeownership opportunities and accomplishing neighborhood revitalization; providing leadership in programs and resources for residents; and fostering economic development and job opportunities through redevelopment.

Of the five current Commissioners, four are male and one is female. All five members are White and reported no disabilities.

b. Harrisonburg Planning Commission

The Planning Commission is an advisory body composed of seven citizens who are responsible for reviewing, updating and implementing the City's Comprehensive Plan and neighborhood plans, reviewing subdivision plans, and making recommendations to City Council on amendments to the City's plans and zoning ordinance.

Of the seven current commissioners, five are male and two are female. All seven members are White and reported no disabilities.

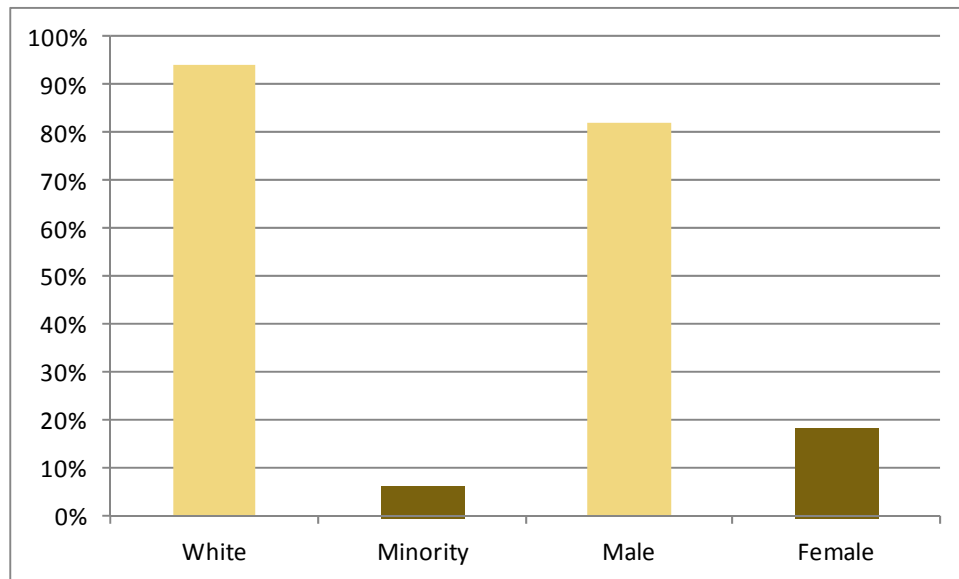
c. Harrisonburg Board of Zoning Appeals

The Board of Zoning Appeals consists of five citizens appointed by City Council. The purpose of the Board is to hear appeals by persons aggrieved by any decision of the Zoning Administrator, and grant variances and special exceptions from the Zoning Ordinance.

Of the five current members, four are White and one is Black. All five members are male and reported no disabilities.

Figure 5-3 illustrates a relative lack of minorities, females, and persons with disabilities on selected appointed boards and commissions when compared to the rates of these groups City-wide. Minorities represent only 6.0% of the appointees, which is significantly less than the rate of minorities City-wide (21.6%). Females, who account for 53.3% of the City's population, comprise only 18.0% of the appointed seats. Of the boards and commissions reviewed for this report, none of the members reported disabilities.

Figure 5-3
Demographic Composition of Boards and Commissions, 2011



OBSERVATION: Select appointed boards and commissions with jurisdiction over housing and housing-related issues in Harrisonburg do not reflect the diverse population. Minorities represent 21.6% of the City's population but only 6.0% of appointees. Females accounted for 18.0% of appointees, but represent 53.3% of Harrisonburg's population. Also notably absent appear to be persons with disabilities. The experiences and perspectives of members of the protected classes would enhance the decision-making processes in the City and offer the opportunity for advancing fair housing choice in all aspects of City government.

v. Accessibility of Residential Dwelling Units

From a regulatory standpoint, local government measures define the range and density of housing resources that can be introduced in a community. Housing quality standards are enforced through the local building code and inspections procedures.

Harrisonburg adopted the Virginia Property Management Code with enforcement carried on a complaint basis. According to the Building Code Official, the Building Code Department is proactive. All multi-family projects are reviewed for design and accessibility, and the final plan must meet all code requirements. Elevators and rescue facilities at the top of stairs are the biggest non-compliance issues. Field inspectors are trained for single, commercial, and multi-family housing. Inspectors look at door handles, bathrooms, and sink heights in accessible units. Residential compliance has not been a problem. The department tries to parallel zoning enforcement throughout the City.

Multi-family housing is treated the same as residential dwellings with the exception of the licensed design professional and inspection requirements. The City addresses all mobility issues and is receptive to helping developers work within the code. Virginia requires a registered design professional for the design of residential structures located within the City and consisting of three or more units. According to the Building Official, there have been no design and construction lawsuits filed against the City of Harrisonburg.

Valley Associates for Independent Living (VAIL) specializes in making accessibility modifications (such as wider doorways, hand rails, ramps, roll-in showers) to owner-occupied homes. With some tasks completed by volunteers, VAIL is able to assist 5-8 households for about every \$10,000 in CDBG funds received from the City. VAIL may withdraw from the program due to high administrative costs, HUD's lengthy approval process, the required ERR/historical reviews, and public hearings.

Building permits for VAIL's accessibility work are now excluded as eligible CDBG costs and local contractors must become certified. City CDBG staff have completed the ERR requirements for VAIL. VAIL is currently the only service provider in Harrisonburg making accessible modifications for low income residents; other service providers refer clients to VAIL.

VAIL believes affordable housing is the greatest issue facing its clients. There are no affordable homes to move disabled clients into, and the lack of sidewalks is also an impediment especially for vision-impaired clients.

OBSERVATION: There is a lack of funding and organizations available to assist with making accessibility modifications to housing units occupied by persons with disabilities. A lack of accessible housing is an impediment to housing choice for persons with disabilities.

vi. Persons with Limited English Proficiency (LEP)

According to 2005-2009 ACS data, there are 4,137 persons who spoke English less than very well in Harrisonburg. Of these, 3,052 were native Spanish speakers. Others included 625 speakers of other Indo-European languages and 554 speakers of Asian and Pacific Island languages. Harrisonburg continues to diversify as immigrants, predominantly from Latin America, continue to arrive in the City at increasing rates.

In order to accommodate persons with limited English proficiency (LEP) in the provision of information and services, the City should initiate a four-factor analysis as prescribed by HUD to determine the extent to which the translation of vital documents is necessary.²⁰ Although there is no requirement to develop a Language Access Plan (LAP), HUD entitlement communities are responsible for serving persons with LEP in accordance with Title VI of the Civil Rights Act of 1964. An LAP is the most effective manner of achieving compliance.

OBSERVATION: The City should initiate the four-factor analysis, as prescribed by HUD, to identify the extent to which persons with LEP access City programs and services.

vii. Comprehensive Planning

A community's comprehensive plan is a statement of policies relative to new development and preservation of existing assets. In particular, the land use element of the comprehensive plan defines the location, type and character of future development. The housing element of the comprehensive plan expresses the preferred density and intensity of residential neighborhoods within the City. Taken together, the land use and housing elements of the comprehensive plan define a vision of the type of community that Harrisonburg wishes to become.

Harrisonburg's latest Comprehensive Plan was adopted in May 2011. The plan sets growth and development policies for the next five years within a long-term planning horizon of 20 years. The scope of the plan is broad, addressing broad community visions and individual issues such as education; arts, culture and historic resources; natural resources; community infrastructure; economic development; and community engagement in addition to land use, housing and neighborhoods. The final chapter of the plan sets priority implementation strategies for the recommendations included.

Among the City's 18 over-arching goals related to its vision statement are three directly related to fair housing:

²⁰ The term "vital document" refers generally to any publication that is needed to gain access to the benefits of a program or service.

- To promote novel patterns of development like those developed early in the City's history: vital, well-planned and well-integrated mixed housing and mixed use urban areas of distinct character
- To strengthen existing neighborhoods and promote the development of new neighborhoods that are quiet, safe, beautiful, walkable, enhance social interaction and offer a balanced range of housing choices
- To meet the current and future needs of residents for affordable housing

The chapter on land use explains in greater detail the City's specific vision for the direction of future residential development: "New neighborhoods offering a mix of housing types are a better use of land [than large complexes of single residential types] ... Included within this plan's recommendations are revisions to the zoning ordinance and map to allow a wider variety of single-family residential types, to restrict the development of more large multi-family housing complexes and to provide a balanced range of housing choices." The City intends to achieve the latter by designing its local land use regulations to allow for innovation in building types and creativity in subdivision design toward the overall goal of facilitating the construction, rehabilitation and maintenance of housing for all income levels, including affordable housing.

This aim is supported by the strategic recommendation to promote the development of mixed residential and mixed use areas as recommended by the plan's framework map and land use guide. Since the adoption of the 2005 plan, the City has since approved several zoning classifications (e.g., R-6 and R-7) to enact these recommendations. Over time, the City has further refined the zoning amendments with the intent of adapting to a zoning approach to require, permit or provide incentives for the development of low-density and medium-density mixed residential neighborhoods to promote neighborhood cohesiveness, walkability, connected street grids, community green spaces and protection of resources. However, zoning overlays that allow flexibility for planned development, particularly those that do not include an affordable housing set-aside requirement, do not necessarily serve to expand affordable housing options.

The intention to limit the development of further large multi-family housing complexes is presumably based upon the conclusion that the City can adequately serve its renter population through existing or alternative rental housing options. According to 2010 American Community Survey data cited in the plan, 40% of the City's housing stock is multi-family, in addition to 25.3% of housing that consists of duplex/townhouse structures. Growth in multi-family housing during the last decade can be attributed in part to plans for increased university enrollment. As of 2009, there were an estimated 422 acres of vacant or minimally developed land that fell within multi-dwelling or high-density residential areas, suggesting that some opportunities

exist for the development of new smaller rental complexes. For example, the R-5 and R-7 residential district permit buildings up to four stories in height.

OBSERVATION: Due to the intention stated in the Comprehensive Plan to limit the further development of new rental housing in larger multi-family structures, it is critical that the City ensures that the affordable housing needs of lower-income family households are adequately met by existing or alternative structure types. The City must balance the need for affordable rental housing for lower-income family households with an over-concentration of multi-family rental housing marketed to students.

The chapter on housing and neighborhoods acknowledges an existing need for affordable owner-occupied housing in the City. Harrisonburg Redevelopment and Housing Authority (HRHA) will continue to serve this need by providing homeownership opportunities to low- and moderate-income residents. HRHA additionally administers a Homeownership Development Loan Program that lends construction funds to nonprofit developers to build affordable homes to sell to moderate-income families. The authority's homeownership initiatives are complemented by the activities of the Valley Housing Alliance, a partnership of community housing organizations that collaborate on programs that promote affordable housing and diminish substandard housing conditions locally.

In regard to rental housing, the plan notes a substantial increase in monthly gross rent between 2000 and 2009, from \$480 to \$780. Census data demonstrate a steady increase in the number of renter households paying more than 35% of monthly income for housing costs, from about 19% in 1990 to more than 50% in 2009. While student households living off campus contribute to these figures, HRHA estimated that 50% of all non-student renter households had incomes under \$30,000 in 2005. The need for affordable rental housing in the City is also addressed primarily by HRHA, which reported that the City had 1,285 subsidized apartments, 100 project-based voucher units, 843 Housing Choice vouchers and 328 affordable units built through tax credit programs.

The Comprehensive Plan reports that "ethnic households" comprise a disproportionately large share of the City's low- and moderate-income households. The growth in this population and the waiting lists for HRHA's affordable housing, according to the plan, demonstrate a need for affordable rental housing.

At the opposite end of the spectrum, the plan also recognizes a lack of higher-priced housing opportunities, due to a lack of suitable single-family residential land and higher development costs in the City. The plan cites studies concluding that demand for single-family units was primarily east of

I-81, though most vacant R-1 land was on the City's west side and has topographic and limestone problems. "Although not identified as a legally supportable strategy," the plan cites a study recommending that the City "consider providing incentives in return for the development of higher-priced homes."

This strategy does not appear in the plan's recommendations. Instead, the recommendations are oriented more toward meeting needs for affordable housing and improving the quality of neighborhoods. With regard to housing and neighborhoods, the plan recommends:

- Working with neighborhoods to identify strengths, weaknesses and needs to develop plans of action for neighborhood improvement,
- Limiting the conversion of single-family houses into duplexes and apartments in residential neighborhoods,
- Promoting well-designed new neighborhoods,
- Developing approaches to increase the percentage of single-family detached housing units to a minimum of 45% of the total number of housing units in the City,
- Considering and seeking to mitigate the potential impacts of rezoning and public investment decisions on neighborhoods,
- Meeting the current and future needs of residents for affordable housing,
- Identifying areas of the City for affordable housing while promoting mixed-income housing neighborhoods, and
- Supporting the development of a Ten-Year Plan to End Chronic Homelessness.

Each of these goals is accompanied by five-year strategies that are practical and feasible, such as meeting the need for affordable housing by working with the County to determine and obtain agreement on each locality's fair share of affordable housing and develop goals for the provision of affordable housing. Fair housing aims will be served by the plan's detailed strategies to address the needs of particular lower-income owner and renter populations.

viii. Zoning

In Virginia, as in most states, the power behind land development decisions resides with municipal governments through the formulation and administration of local controls. These include comprehensive plans, zoning ordinances and subdivision ordinances, as well as building and development permits.

The zoning ordinance for the City of Harrisonburg was reviewed to identify regulations that may potentially impede fair housing choice. The analysis of zoning regulations was based on the following five topics raised in HUD's Fair Housing Planning Guide, which include:

- The opportunity to develop various housing types (including apartments and housing at various densities)

- The opportunity to develop alternative designs (such as cluster developments, planned residential developments, inclusionary zoning and transit-oriented developments)
- Minimum lot size requirements
- Dispersal requirements and regulatory provisions for housing facilities for persons with disabilities (i.e. group homes) in single family zoning districts
- Restrictions on the number of unrelated persons in dwelling units.

a. Date of Ordinance

Generally speaking, the older a zoning ordinance, the less effective it will be. Older zoning ordinances have not evolved to address changing land uses, lifestyles and demographics. However, the age of the zoning ordinance does not necessarily mean that the regulations impede housing choice by members of the protected classes.

Harrisonburg's zoning ordinance was adopted in April 1996. The regulations have been amended periodically since to implement Comprehensive Plans and incorporate updates. No outdated language was noted during the review. The latest Plan adds new zoning districts and other amendments that allow the land use guide and zoning regulations to better complement one another, representing an improvement on years past. The increased consistency is intended to assist developers to fulfill the City's desired land use priorities. And, the City remains open to the consideration of amendments that will further the Comprehensive Plan goals and objectives.

b. Residential Zoning Districts and Permitted Dwelling Types

The number of residential zoning districts is not as significant as the characteristics of each district, including permitted land uses, minimum lot sizes, and the range of permitted housing types. However, the number of residential zoning districts is indicative of the municipality's desire to promote and provide a diverse housing stock for different types of households at a wide range of income levels.

Similar to excessively large lots, restrictive forms of land use that exclude any particular form of housing, particularly multi-family housing, discourage the development of affordable housing. Allowing varied residential types reduces potential impediments to housing choice by members of the protected classes.

As of the updated 1996 ordinance, Harrisonburg maintained 13 residential land use categories, including various mixed-use areas. The range of districts provided a wide variety of character and density, from relatively large-lot single-family detached neighborhoods to multi-dwelling districts that allow detached structures, duplexes, apartments and townhouses; to manufactured home park districts.

The updated 1996 ordinance states that manufactured homes of a minimum 3,200 square feet are permitted in manufactured home parks of

at least five acres. However, the manufactured homes zoning district does not appear among those defined in the Land Use and Development Quality chapter of the 2011 Comprehensive Plan, nor is manufactured housing an evidently permitted use in the other districts defined, which seems to imply that manufactured housing has been eliminated henceforth as a permissible land use in Harrisonburg. This change is ostensibly consistent with the Plan's goals to improve the quality of development and "to encourage and promote aesthetically pleasing, high-end residential communities," but it serves to remove an affordable housing option.

In general, however, Harrisonburg's ordinance is remarkably expansive in its provision of variety in permitted residential land use. A review of the 2009 zoning map indicates that a variety of neighborhood types are scattered throughout the City in a proportion that does not overwhelmingly favor low-density single-family detached structures. The 2011 Comprehensive Plan reports that as of 2009, large-lot single-family homes represented 3.6% of the City's total non-road area, compared to 18.7% covered by smaller-lot detached homes, 4.2% covered by single-family attached structures and 6.4% covered by multi-family homes. In 2009, there were 422 acres of vacant or minimally developed land in multi-family and high-density residential areas, compared to 953 acres in single-family R-1 areas. Additionally, more than 100 acres were vacant and developable in mixed-use areas. This mix allows opportunity for the development of many types of affordable housing.

c. Permitted Residential Lot Sizes

Because members of the protected classes are often also in low-income households, a lack of affordable housing may impede housing choice by members of the protected classes. Excessively large lot sizes may deter development of affordable housing. A balance should be struck between areas with larger lots and those for smaller lots that will more easily support creation of affordable housing. Finally, the cost of land is an important factor in assessing affordable housing opportunities. Although small lot sizes of 10,000 square feet or less may be permitted, if the cost to acquire such a lot is prohibitively expensive, then new affordable housing opportunities may be severely limited, if not non-existent.

Harrisonburg's most restrictive residential district is R-1, where single-family homes must be owner-occupied with rental space for no more than two persons (in addition to the owner family) or renter-occupied by not more than one person (in addition to the primary tenant family). In this district, the minimum lot size is 10,000 square feet, a threshold that is not considered prohibitive to the development of affordable housing. Minimum lot sizes in other districts are lower, such as the thresholds of 7,000/5,500 feet in R-2, which allows both single-family and duplex structures, and 6,000/4,000/3,000/2,000 in the multi-family district,

which allows single-family, duplex, multi-family and townhouse structures, respectively.

Lot dimension regulations in the City are permissive; the percentage of land devoted to each type of residential neighborhood is ample; and minimum yard and parking requirements are not especially restrictive. The only control imposed by the City that would discourage affordable housing development in more traditional residential neighborhoods is limitation of the development of higher density living structures. However, the abundance of vacant and developable space in mixed use and commercial districts where affordable housing units can be developed allows the City to provide an adequate opportunity for alternative multi-family structure types.

d. Alternative Design

Allowing alternative designs provides opportunities for affordable housing by reducing the cost of infrastructure spread out over a larger parcel of land. Alternative designs may also increase the economies of scale in site development, further supporting the development of lower-cost housing. Alternative designs can promote other community development objectives, including agricultural preservation or protection of environmentally sensitive lands, while off-setting large lot zoning and supporting the development of varied residential types. However, in many communities, alternative design developments often include higher-priced homes. Consideration should be given to alternative design developments that seek to produce and preserve affordable housing options for working and lower income households.

Harrisonburg's 2011 Comprehensive Plan includes stated priorities to expand the mix of housing types in City neighborhoods, particularly to allow a wider variety of single-family housing types. Several of the zoning amendments adopted since then reflect the City's commitment to revising its land use regulations over time to facilitate these priorities. The goals and definitions of all three districts are similar, allowing for flexibility in established residential district regulations in order to serve other goals, such as promoting a variety of residential and permitted nonresidential buildings in orderly relationship to one another or providing opportunities for the development of planned communities that include a mix of large- and small-lot dwellings and open spaces, together with other compatible uses. Districts such as these allow for flexibility in planning and designing for unique spaces according to a common development scheme. The generally uncommon concept of including an affordable housing set-aside within this arrangement is not built into Harrisonburg's ordinance. This represents a way in which the City could further ensure that the expansion of single-family housing types includes affordable homes.

e. Definition of Family

Restrictive definitions of family may impede unrelated individuals from sharing a dwelling unit. Defining family broadly advances non-traditional families and supports the blending of families who may be living together for economic purposes. Restrictions in the definition of family typically cap the number of unrelated individuals that can live together. These restrictions can impede the development of group homes, effectively impeding housing choice for the disabled. However, in some cases, caps on unrelated individuals residing together may be warranted to avoid overcrowding, thus creating health and safety concerns.

Harrisonburg defines a family as one or more persons occupying a dwelling and living as a single housekeeping unit, all of whom are related to each other by birth, adoption or marriage as distinguished from a group occupying a boarding house, rooming house or hotel.

f. Regulations for Group Homes for Persons with Disabilities

Group homes are residential uses that do not adversely impact a community. Efforts should be made to ensure group homes can be easily accommodated throughout the community under the same standards as any other residential use. Of particular concern are those that serve members of the protected classes such as the disabled. Because a group home for the disabled serves to provide a non-institutional experience for its occupants, imposing conditions are contrary to the purpose of a group home. More importantly, the restrictions, unless executed against all residential uses in the zoning district, are an impediment to the siting of group homes in violation of the Fair Housing Act.

Two primary purposes of a group home residence are normalization and community integration. By allowing group residences throughout the community in agreement with the same standards as applied to all other residential uses occupied by a family, the purposes of the use are not hindered and housing choice for the disabled is not impeded. Toward this end, municipalities may not impose distancing requirements on group homes for persons with disabilities.

Harrisonburg's zoning ordinance does not contain a definition that would encompass this use. The word "disability" does not appear in the definitions, and there appears to be no use specifically intended to accommodate facilities such as group homes. According to City planning staff interviewed for this AI, group homes are regulated within the building code which permits residential facilities for up to eight individuals with mental illness, mental retardation or developmental disabilities as residential occupancy by a single family. This is consistent with the Fair Housing Act.

ix. Public Transit

Households without a vehicle, which in most cases are primarily low to moderate income households, are at a disadvantage in accessing jobs and services, particularly if public transit is inadequate or absent. Access to public transit is critical to these households. Without convenient access, employment is potentially at risk and the ability to remain housed is threatened. The linkage between residential areas of concentration of minority and LMI persons and employment opportunities is key to expanding fair housing choice.

In 2010, there were 279 transit-dependent persons in Harrisonburg, comprising only 1.4% of all workers over 16 years of age.

The Harrisonburg Department of Public Transportation (HDPT) runs both public buses and school buses. Service is geared mostly to low-income and elderly City residents as well as JMU students. Service is provided to all public schools, low-income housing areas, and into Rockingham County for trips to the hospital and the regional mall. Para-transit service is available City-wide and offered to anyone disabled and unable to reach a stop within two blocks of their location.

Harrisonburg and its residents benefit greatly from a level of public transit not common to comparably sized cities due in no small part to an annual \$1.5 million contract with JMU. HDPT is almost fully subsidized by this contractual agreement with JMU to provide all of the university's inter-city and inter-campus routes and service. JMU has three campuses in Harrisonburg, primarily split by I-81. There are 28-33 buses dedicated to the campus with five loops for JMU only. The contract with JMU allows all college students to ride free.

According to HDPT, City ridership includes 800 City resident passengers and 15,000 JMU student passengers each day and is increasing. Hours are limited for factory workers, although the current plan is trying to address job service. HDPT attempted to coordinate services with Rockingham County so workers could reach major job sites, including the Wal-Mart distribution center and poultry plants, but the plan fell through. HDPT is also increasing the number and location of bus shelters, producing brochures in Spanish, and making monthly bus passes available at discounted rates.

HDPT is willing and interested in adding routes and extending service if these actions will increase ridership. However, if riders are not using the extending routes, they will be discontinued.

B. Private Sector Policies

In addition to the public sector policies that influence fair housing choice, there are private sector policies that can influence the development, financing, and advertising of real estate. While the City of Harrisonburg cannot be held responsible for impediments to fair housing choice identified in private sector policies, the City does have an obligation to identify such impediments and bring them to the attention of the appropriate

entity. In some cases, it is appropriate and even expected that the City will attempt to communicate the existence of such impediments to the appropriate entity. For example, if real estate advertisements in a local newspaper are noted to contain questionable language that may be discriminatory, the City should advise the newspaper of its legal obligations under the Fair Housing Act.

In this section of the AI, mortgage lending practices, high-cost lending, and real estate advertising are analyzed.

i. Mortgage Lending Practices

The Fair Housing Act prohibits lenders from discriminating against members of the protected classes in granting mortgage loans, providing information on loans, imposing the terms and conditions of loans (such as interest rates and fees), conducting appraisals, and considering whether to purchase loans. Unfettered access to fair housing choice requires fair and equal access to the mortgage lending market regardless of race, color, national origin, religion, sex, familial status, disability, or any other statutorily protected basis.

An analysis of mortgage applications and their outcomes can identify possible discriminatory lending practices and patterns in a community. Home Mortgage Disclosure Act (HMDA) data contains records for all residential loan activity reported by banks pursuant to the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Any commercial lending institution that makes five or more home mortgage loans annually must report all residential loan activity to the Federal Reserve Bank, including information on applications denied, withdrawn, or incomplete by race, sex, and income of the applicant. This information is used to determine whether financial institutions are serving the housing needs of their communities.

The most recent HMDA data available for the City of Harrisonburg is from 2008 to 2010. The data included for analysis constitutes all types of applications received by lenders by families: home purchase, refinancing, or home improvement mortgage applications for one- to four-family dwellings and manufactured housing units across the entire City. The demographic and income information provided pertains to the primary applicant only. Co-applicants were not included in the analysis. Figure 5-4 summarizes three years of HMDA data by race, ethnicity, and action taken on the applications, followed by detailed analysis.

**Figure 5-4
Cumulative Summary Report Based on Action Taken Mortgage Data, 2008-2010**

	Total Applications*		Originated		Approved Not Accepted		Denied		Withdrawn/Incomplete	
	#	%	#	%	#	%	#	%	#	%
Loan Purpose										
Home purchase	1,651	32.9%	1,016	61.5%	77	4.7%	125	7.6%	408	24.7%
Refinancing	3,194	63.6%	1,651	51.7%	8	0.3%	480	15.0%	838	26.2%
Home improvement	177	3.5%	97	54.8%	147	83.1%	43	24.3%	28	15.8%
Loan Type										
Conventional	3,944	78.5%	2,272	57.6%	199	5.0%	513	13.0%	881	22.3%
FHA	992	19.8%	454	45.8%	31	3.1%	129	13.0%	353	35.6%
VA	84	1.7%	36	42.9%	2	2.4%	6	7.1%	40	47.6%
FHS/RHS	2	0.0%	2	100.0%	0	0.0%	0	0.0%	0	0.0%
Property Type										
One to four-family unit	4,969	98.9%	2,724	54.8%	231	4.6%	639	12.9%	1,271	25.6%
Manufactured housing unit	12	0.2%	5	41.7%	1	8.3%	4	33.3%	2	16.7%
Applicant Race										
Native American	17	0.3%	5	29.4%	1	5.9%	6	35.3%	4	23.5%
Asian	119	2.4%	75	63.0%	4	3.4%	17	14.3%	17	14.3%
Black	139	2.8%	83	59.7%	4	2.9%	24	17.3%	27	19.4%
Hawaiian	11	0.2%	3	27.3%	1	9.1%	3	27.3%	3	27.3%
White	3,759	74.9%	2,327	61.9%	167	4.4%	511	13.6%	684	18.2%
No information	463	9.2%	175	37.8%	52	11.2%	82	17.7%	129	27.9%
Not applicable	514	10.2%	96	18.7%	3	0.6%	5	1.0%	410	79.8%
Hispanic**	493	9.8%	203	41.2%	25	5.1%	141	28.6%	109	22.1%
Total	5,022	100.0%	2,967	59.1%	232	4.6%	648	12.9%	1,274	25.4%

Source: Federal Financial Institutions Examination Council, 2008 to 2010

Note: Percentages in the Originated, Approved Not Accepted, Denied, and Withdrawn/Incomplete categories are calculated for each line item with the corresponding Total Applications figures. Percentages in the Total Applications categories are calculated from their respective total

* Total applications also include loans purchased by another institution.

** Hispanic ethnicity is counted independently of race.

a. Applicant Characteristics

Across the City of Harrisonburg during the last three years, lenders received 3,194 applications for mortgage refinancing, 1,651 applications for home purchase mortgages, and 177 applications for home improvement equity loans. Of these, home purchase loans were the most likely to be successful, as 61.5% were originated. Nearly 25% of home purchase loan applications were withdrawn or left incomplete, and almost 8% were denied. By comparison, over half (51.7%) of refinancing loans were originated. Twenty-six percent of refinancing loans were withdrawn or incomplete. Fifteen percent were denied. Home improvement loans represent only a small share of all applications, with 3.5% of the total, but carry a notably higher denial rate: 24.3% of applications of this type were rejected.

The vast majority of applications involved one- to four-family housing structures, with only 12 applications (less than 1%) requesting financing for manufactured units. The denial rate for manufactured units, 33.3%, was substantially higher than the overall denial rate of 12.9% for all housing types.

The most commonly sought type of financing was conventional loans, a category that represented over three-quarters of all loan applications. An additional 19.8% of applications were for loans insured by the Federal Housing Administration (FHA), a type of federal assistance that has historically benefited lower-income residents. Smaller percentages of applications were for loans backed by the Department of Veterans Affairs (VA). Only two loans were backed by the Farm Services Administration or Rural Housing Service (FSA/RHS).

The racial composition of loan applicants differs somewhat from the City's general demographic distribution. While 15.7% of all Harrisonburg households in 2010 were Hispanic, Hispanic households constitute only 12.1% of the loan applications for which racial/ethnic data were reported. Similarly, 6.4% of all households in the City were Black, while only 3.4% of the loan applications for which race was reported were filed by Black households. White households are overrepresented among mortgage applicants, representing a share of applications exceeding their share of all households citywide. Asian households represent 3.6% of the City's population and 2.9% of the loan applications for which race was reported. Lower participation in the market for home mortgages by Black and Hispanic households is likely a reflection of the lower median incomes among those groups.

Grouping all three years of data into the analysis increases the likelihood that differences among groups are statistically significant. This is especially important in view of the data on mortgage application denials, which also suggests differences according to race and ethnicity.

b. Application Denials

During the years 2008 through 2010, a total of 648 mortgage loan applications were denied across the City of Harrisonburg. The overall cumulative denial rate was 12.9%, with denials by race and ethnicity ranging from 13.6% for White households to 35.3% for Native American households. In reporting denials, lenders are required to list at least one primary reason for denial and may list up to two secondary reasons. A substantial proportion of denials occurred for no given reason. The primary basis for the rejection of 639 applications, or 98% of all denials, was left blank. This was far more prevalent in the denials for Black households, almost all of which (23 of 24) were rejected without a reported reason. Other common reasons given for denial include lack of collateral, debt-to-income ratio, and credit history. Due to the lack of information it is impossible to analyze the reasons for mortgage loan application denials. Banks and other lending institutions should be required to provide a feasible reason for denial to allow for better credit counseling and home ownership preparation.

OBSERVATION: Mortgage loan denial rates among racial and ethnic minority applicants were higher than the denial rate for White applicants between 2008 and 2010. Rejections for Black, Hispanic, and Other Race applicants were less likely to be accompanied by a reason for denial. Overall, the reasons for denial were limited.

For this analysis, lower-income households include those with incomes between 0%-80% of MFI, while upper-income households include households with incomes above 80% MFI. Applications made by lower-income households accounted for 28.5% of all denials between 2008 and 2010, though they accounted for only 27.3% of total applications for those three years.

Figure 5-5 distributes the denials by income level among racial and ethnic groups. Among lower-income households, denial rates were generally higher for minorities. While the overall lower-income denial rate was 13.4%, the denial rates for lower-income households of Other race (consisting primarily of Native Americans), Hispanics, and Asians were 27.3%, 14.8%, and 14.3%, respectively.

While denial rates were generally lower for upper-income households, differences persisted across racial and ethnic groups. The overall upper-income denial rate was 12.6%, compared to 13.6%, 35%, 35.3%, and 22.4% for upper-income Asian, Hispanic, Other race, and Black households, respectively. Lower-income White households were less likely to experience denial than any of these four upper-income minority groups. This pattern is consistent with discrimination.

Black lower-income households had a lower overall denial rate (9.8%).

Of the six total tracts within the City, none report denial rates exceeding 30%. Of these census tracts, one was an area of minority and/or LMI concentration.

Figure 5-5
Mortgage Application Denials by Household Race/Ethnicity, 2008-2010

		Total	White	Black	Asian	Other	No data	Hispanic*
Lower-Income	Total Applications	1,376	1,096	51	28	11	190	243
	Denials	185	143	5	4	3	30	36
	% Denied	13.4%	13.0%	9.8%	14.3%	27.3%	15.8%	14.8%
Upper-Income	Total Applications	3,078	2,499	76	88	17	398	226
	Denials	387	304	17	12	6	48	79
	% Denied	12.6%	12.2%	22.4%	13.6%	35.3%	12.1%	35.0%
Total	Total Applications	5,022	3,759	139	119	28	977	493
	Denials	643	511	24	17	9	82	141
	% Denied	12.8%	13.6%	17.3%	14.3%	32.1%	8.4%	28.6%

Note: Total also includes 568 applications for which no income data was reported.

* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2008 to 2010

OBSERVATION: Over the course of the three years studied, upper-income minority households experienced denial rates that were higher than those of *lower-income* White households. Among upper-income Asian, Hispanic, Other Race (primarily Native American), and Black households, mortgage denial rates were 13.6%, 35%, 35.3%, and 22.4%, respectively, compared to a denial rate of 13% among lower-income Whites. While this fact alone does not imply an impediment to fair housing choice, the pattern is consistent with discrimination.

ii. High-Cost Lending

The widespread housing finance market crisis of recent years has brought a new level of public attention to lending practices that victimize vulnerable populations. Subprime lending, designed for borrowers who are considered a credit risk, has increased the availability of credit to low-income persons. At the same time, subprime lending has often exploited borrowers, piling on excessive fees, penalties, and interest rates that make financial stability difficult to achieve. Higher monthly mortgage payments make housing less affordable, increasing the risk of mortgage delinquency and foreclosure and the likelihood that properties will fall into disrepair.

Some subprime borrowers have credit scores, income levels, and down payments high enough to qualify for conventional, prime loans, but are nonetheless steered toward more expensive subprime mortgages. This is especially true of minority groups, which tend to fall disproportionately into the category of subprime borrowers. The practice of targeting minorities for subprime lending qualifies as mortgage discrimination.

Since 2005, HMDA data has included price information for loans priced above reporting thresholds set by the Federal Reserve Board. This data is provided by lenders via Loan Application Registers and can be aggregated to complete an analysis of loans by lender or for a specified geographic area. HMDA does not require lenders to report credit scores for applicants, so the data does not indicate which loans are subprime. It does, however, provide price information for loans considered “high-cost.”

A loan is considered high-cost if it meets one of the following criteria:

- A first-lien loan with an interest rate at least three percentage points higher than the prevailing U.S. Treasury standard at the time the loan application was filed. The standard is equal to the current price of comparable-maturity Treasury securities.
- A second-lien loan with an interest rate at least five percentage points higher than the standard.

Not all loans carrying high APRs are subprime, and not all subprime loans carry high APRs. However, high-cost lending is a strong predictor of

subprime lending, and it can also indicate a loan that applies a heavy cost burden on the borrower, increasing the risk of mortgage delinquency.

Between 2008 and 2010, there were 2,764 home purchase, refinance, or home improvement loans made for single-family or manufactured units in Harrisonburg. Of this total, 2,483 disclosed the borrower's household income and 107 reported high-cost mortgages. Overall, upper-income households, with the exception of Black households, were slightly less likely to have high-cost mortgages as lower-income households.

An analysis of loans in Harrisonburg by race and ethnicity reveals that minorities are overrepresented in high-cost lending. Among lower-income minority households, 4.2% of mortgages obtained by Blacks and 6.9% of those obtained by Hispanics were high-cost, compared to 4.2% of the mortgages obtained by lower-income White households and 4.8% of those obtained by lower-income Asian households.

More parity was apparent among upper-income households. White households were the least likely to have high-cost mortgages (4.4%). The high-cost mortgage rate for upper-income Hispanic households was 6.5%, while Black households experienced a high-cost loan rate of 7.7%. By comparison, the high-cost loan rate for Black upper-income households was almost twice as high as the rate for White households. Details appear in Figure 5-6.

**Figure 5-6
 High-Cost Home Purchase Loans by Race/Ethnicity and Income, 2008-2010**

		Total	White	Black	Asian	Other	No data	Hispanic*
Lower-Income	Total Originations	775	662	24	21	1	67	58
	High-Cost	31	28	1	1	0	1	4
	% High-Cost	4.0%	4.2%	4.2%	4.8%	0.0%	1.5%	6.9%
Upper-Income	Total Originations	1,708	1,421	52	47	5	183	123
	High-Cost	73	62	4	0	0	7	8
	% High-Cost	4.3%	4.4%	7.7%	0.0%	0.0%	3.8%	6.5%
Total	Total Originations	2,764	2,327	83	75	8	272	203
	High-Cost	107	92	5	1	0	9	12
	% High-Cost	3.9%	4.0%	6.0%	1.3%	0.0%	3.3%	5.9%

Note: Total also includes 281 loans for which no income data was reported.

* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2008 to 2010

OBSERVATION: Lower-income Asian and Hispanic households are more likely to receive high-cost mortgage loans than lower-income White or Black households. In addition, upper-income Black households are more likely to receive high-cost mortgage loans than upper-income White or Hispanic households. This trend places minority homeowners at greater risk for eviction, foreclosure, and bankruptcy.

a. Annual Trends

Studying mortgage application data on an annual basis allows insight into the influence of housing market trends on the behavior of applicants and banks. Figure 5-7 illustrates annual change.

**Figure 5-7
 Mortgage Application Loan Results by Year, 2008-2010**

	2008		2009		2010	
	#	%	#	%	#	%
Total loans						
Applied for	1,651	100.0%	1,879	100.0%	1,492	100.0%
Black	53	3.2%	57	3.0%	29	1.9%
White	1,241	75.2%	1,395	74.2%	1,123	75.3%
Asian	35	2.1%	45	2.4%	39	2.6%
Hispanic*	194	11.8%	181	9.6%	118	7.9%
Other race	11	0.7%	11	0.6%	6	0.4%
No information/NA	311	18.8%	371	19.7%	295	19.8%
Originated	825	50.0%	1,070	56.9%	869	58.2%
Black	28	52.8%	35	61.4%	20	69.0%
White	674	54.3%	906	64.9%	747	66.5%
Asian	22	62.9%	27	60.0%	26	66.7%
Hispanic*	65	33.5%	74	40.9%	64	54.2%
Other race	1	9.1%	6	54.5%	1	16.7%
No information/NA	100	32.2%	96	25.9%	75	25.4%
Originated - High Cost	51	6.2%	26	2.4%	30	3.5%
Black	2	7.1%	-	0.0%	-	0.0%
White	39	5.8%	20	2.2%	28	3.7%
Asian	-	0.0%	1	3.7%	-	0.0%
Hispanic*	9	13.8%	1	1.4%	6	9.4%
Other race	2	200.0%	-	0.0%	-	0.0%
No information/NA	8	8.0%	5	5.2%	2	2.7%
Denied	306	18.5%	196	10.4%	146	9.8%
Black	17	32.1%	5	8.8%	2	6.9%
White	239	19.3%	159	11.4%	113	10.1%
Asian	4	11.4%	7	15.6%	6	15.4%
Hispanic*	65	33.5%	47	26.0%	22	18.6%
Other race	6	54.5%	2	18.2%	1	16.7%
No information/NA	40	12.9%	23	6.2%	24	8.1%

Note: Data is for home purchase, refinance and improvement loans for owner-occupied one-to-four family and manufactured units. Other application outcomes include approved but not accepted, withdrawn, incomplete or purchase by another institution.

* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2008-10

Housing markets across the country have experienced steep declines in sales volume and mortgage applications since 2008 as a result of buyer reticence in an unstable market. Similar to national trends, the number of applications in Harrisonburg has decreased from 1,651 in 2008 to 1,492 in 2010.

Over the course of the three years studied, the percentage of applications that resulted in loan originations increased, on the whole and across all racial and ethnic groups. The number of loans that were high-cost dropped substantially from 2008 to 2009, with a slight increase in 2010. This is likely a direct result of increasing statutory control over predatory lending practices. It is also possible that education and outreach related

to borrowing has contributed to the decline in high-cost loans. Between 2008 and 2010, the proportion of applications resulting in denials declined from 18.5% to 9.8%. This change also occurred across all minority groups.

OBSERVATION: Between 2008 and 2010, high-cost lending rates dropped substantially, on the whole and across all racial and ethnic groups. This is likely a direct result of increased statutory control over predatory lending practices, as well as increasing borrower awareness.

iii. Real Estate Practices

Information for this section of the AI was derived from the Harrisonburg-Rockingham Association of Realtors (HRAR). HRAR serves the City of Harrisonburg and surrounding Rockingham County. HRAR functions as the local arm of the Virginia Association of Realtors and the National Association of Realtors.

The Commonwealth of Virginia's Department of Professional and Occupational Regulations oversees the real estate practices in Virginia relative to real estate licensing procedures and the renewal of Realtor licenses.

State law requires that each licensed salesperson accumulate 16 classroom hours of continuing education, eight of which are in legal/ethics topics, every two years. As part of the continuing education classes, licensees are required to receive fair housing training. Fair housing training is required every two years for all HRAR members. HRAR has a DPOR-certified fair housing trainer/Realtor as a member to assist with trainings. (Instructors for fair housing and ethics must be certified.) Brochures and flyers on fair housing are distributed to members. Speakers are invited to present to the Realtors on various topics, including fair housing. There are also optional and continuing education courses on fair housing available online through the National Association of Realtors and the Virginia Association of Realtors.

HRAR follows the National Association of Realtors procedures for investigating all allegations of unethical behavior, based on the Realtors Code of Ethics. Grievances are directed to the president of the HRAR, who informs the aggrieved party of the proper procedures and documents that need to be submitted. Anyone may file a complaint alleging a breach of ethics on the part of a member. No fair housing grievances have been filed with HRAR in recent memory, according to HRAR.

The association does not track the demographics of its membership to avoid discrimination and treat all members the same.

iv. Newspaper Advertising

Under the federal Fair Housing Act, the making, printing, and publishing of advertisements that state a preference, limitation, or discrimination on the basis of race, color, religion, sex, handicap, familial status or national origin is prohibited. The prohibition applies to publishers, such as newspapers and directories. The prohibition also applies to persons and entities placing real estate advertisements.

Publishers and advertisers are responsible for making, printing, or publishing an advertisement that violates the Fair Housing Act on its face. Thus, they should not publish, or cause to be published, an advertisement that on its face expresses a preference, limitation or discrimination on the basis of race, color, religion, sex, handicap, familial status, or national origin. The law, as found in the Fair Housing Amendments Act of 1988, describes the use of words, photographs, symbols or other approaches that are considered discriminatory.

For this AI, the real estate sections of the *Daily News-Record* for Saturday, October 22, 2011 and Saturday, November 12, 2011 were reviewed. The newspaper's publisher's policy was clearly legible on the second page of each edition. Located in a large text block at the bottom of the page, the policy stated:

We are pledged to the letter and spirit of Virginia's policy for achieving equal housing opportunity throughout the Commonwealth. We encourage and support advertising and marketing programs in which there are no barriers to obtaining housing because of race, color, religion, national origin, sex, elderliness, familial status or handicap.

All real estate advertised herein is subject to Virginia's fair housing law which makes it illegal to advertise 'any preference, limitation or discrimination because of race, color, religion, national origin, sex, elderliness, familial status or handicap, or intention to make any such preference, limitation or discrimination.' This newspaper will not knowingly accept advertising for real estate that violates the fair housing law. Our readers are hereby informed that all dwellings advertised in this newspaper are available on an equal opportunity basis.

For more information or to file a housing complaint, call the Virginia Fair Housing Office at (804)367-8530; toll free call (888)551-3247. For the hearing-impaired, call (804)367-9753. Email fairhousing@dpor.virginia.gov. Website: www.fairhousing.vipnet.org.

No real estate advertisements were noted to include questionable language. The fair housing logo was prominently displayed by most, but not all, real estate companies in their banner advertisements.

6. ASSESSMENT OF CURRENT FAIR HOUSING PROGRAMS AND ACTIVITIES

A. Progress since the 2005 AI

In 2005 the City prepared its first AI. Within this document, six impediments along with recommended remedial actions for their elimination were included and are listed below. Following each remedial action is an assessment of the City's progress toward implementation.

- **Impediment: Lack of affordable housing**

Remedial Actions Proposed:

1. Establish an Affordable Housing Task Force

Progress by City: The City has not created an Affordable Housing Task Force and no longer finds this recommendation to be appropriate. The City has established a process by which its affordable housing needs are identified and addressed through the Consolidated Plan and Annual Plan processes.

Furthermore, HRHA commissions a housing market study approximately every five years to assess the feasibility of constructing new affordable housing units. The City reviews this study for application in its own planning processes.

2. Develop an Affordable Housing Plan

Progress by City: The City has not developed an Affordable Housing Plan and no longer finds this recommendation to be appropriate. With the annual commitment of \$140,000 in CDBG funds to assist in the long-term financing of housing development activities carried out by HRHA, the City believes it is adequately addressing the housing needs of its lower income households.

3. Collaborate with HRHA to increase the affordable housing inventory

Progress by City: Since 2004 the City has annually allocated \$140,000 of its CDBG entitlement to assist HRHA with debt service on the rehabilitation of 40 public housing units in the Harrison Heights community, and the removal of architectural barriers in the homes of elderly disabled individuals and facility improvements at a homeless shelter, in addition to various other undertakings. This funding has enabled HRHA to invest its own funds to (1) convert its traditional public housing to Project-Based Voucher housing and (2) assisted in the acquisition and substantial rehabilitation of an additional 29 rental units of affordable housing in Harrisonburg.

Progress by City: The City provided CDBG funds to Mercy House to upgrade the fire alarm systems and safety equipment in four homeless shelters in order to continue the operation of needed emergency housing in Harrisonburg. Funding amounts included the following: \$15,000 in 2009-2010 and \$10,000 in 2010-2011.

- **Impediment: Lack of local fair housing awareness**

Remedial Actions:

1. Designate a fair housing contact within City government

Progress by City: Housing discrimination complaints received in City government are handled by the CDBG department, with staff referring all complaints to the Virginia Fair Housing Office in Richmond.

2. Establish a local fair housing ordinance substantially equivalent to the Fair Housing Act

Progress by City: The City determined this was not a feasible action due to limited staff available to implement and enforce such an ordinance.

3. Seek designation as a Fair Housing Initiatives Program (FHIP) or a Fair Housing Assistance Program (FHAP)

Progress by City: The City determined this was not a feasible action due to limited staff and the level of staff capacity required to seek and maintain FHIP or FHAP designation. Instead, the City has chosen to partner with Blue Ridge Legal Services (a HUD FHIP grantee).

4. Partner with local nonprofits to expand fair housing education and outreach

Progress by the City: The City currently partners with HRHA, VAIL and Blue Ridge Legal Services to provide fair housing training, education and outreach initiatives.

Progress by the City: In May 2010, City officials held a public meeting to solicit input on fair housing issues, and housing in general. The City sponsors such meetings every five years to solicit input as the Comprehensive Plan is updated.

Progress by the City: In June 2010, City CDBG staff attended a training workshop in Hartford, CT, which included a component on fair housing regulations.

Progress by the City: In September 2010, City CDBG staff attended a training workshop in Davenport, IA on the statutory requirements for affirmatively furthering fair housing through the CDBG Program.

- **Impediment: Shortage of accessible housing for persons with disabilities**

Remedial Action:

1. Fund service providers for the disabled

Progress by City: The City provided CDBG funds to ARC to assist in the operation of a day program for disabled adults. This program provides respite for family care-givers who maintain their disabled family members in their own homes rather than in institutional residential settings. Funding amounts

included the following: \$10,000 in 2008-2009, \$5,000 in 2009-2010, and \$10,000 in 2010-2011.

Progress by City: The City provided CDBG funds to VAIL to make accessibility modifications to housing units occupied by LMI persons with disabilities in order to maintain their independent residences. Funding amounts included the following: \$10,000 in 2008-2009, \$10,000 in 2009-2010, and \$10,000 in 2010-2011.

Progress by City: In 2007, the Harrisonburg/Rockingham Continuum of Care participated in the local Builders Fair to promote affordable, accessible housing alternatives.

- **Impediment: Low incomes versus home ownership costs**

Remedial Actions:

1. Support agencies that provide workforce development programs

Progress by City: The City has provided CDBG funds to finance workforce development programs administered by ARC, Salvation Army and Mercy House.

2. Support activities to increase employment opportunities in the region

Progress by City: The CDBG department created a Section 3 Plan in 2010 to support and encourage, to the greatest extent possible, the employment, training, and contracting of public housing residents and other low income persons, including Section 3 qualified businesses.

3. Support home ownership initiatives

Progress by City: The City has not identified a feasible mechanism by which to implement this recommendation previously.

4. Support nonprofits to develop lease-purchase residential opportunities

Progress by City: The City has decided against implementing this recommendation.

5. Partner with developers which build smaller, more affordable dwelling units (such as Habitat for Humanity)

Progress by City: The City established a partnership with HRHA and commits \$140,000 annually in CDBG funds to retire the debt service on financing for the creation of affordable housing units.

- **Impediment: Minority housing choice restricted to low income census tracts**

Remedial Actions:

1. Adopt a mixed income housing plan

Progress by City: The City's Comprehensive Plan and Zoning Ordinance now permit mixed-income housing developments. However, no proposals have been presented to the Planning Commission, which is most likely a result of the recession and stricter loan underwriting requirements.

2. Consider tax abatements and reducing land costs to create affordable housing

Progress by City: The City has decided against these initiatives.

3. Other

Progress by City: The City continues to provide CDBG funds to NewBridges to assist new immigrants in Harrisonburg with applying for eligible benefits, securing housing and meeting the needs of daily life toward independence.

- **Impediment: Disparity of low income applications and originations among racial groups**

Remedial Action:

1. Work with lending institutions to lessen disparity among minority mortgage loan applicants

Progress by the City: In 2007, HRHA collaborated with Freddie Mac and BB&T Bank to host a homeownership education seminar at the Lucy F. Simms Center.

2. Work with the public school system to develop a financial literacy course for all students

Progress by the City: The City has not undertaken this initiative and believes it is better implemented by other organizations in Harrisonburg.

3. Support agencies that provide credit counseling and home ownership counseling

Progress by the City: The City has not undertaken this initiative and believes it is better implemented by other organizations in Harrisonburg, such as HRHA.

B. Fair Housing Organizations

Blue Ridge Legal Services, with an office in Harrisonburg, is located in 26 cities and counties throughout Virginia. BRLS has experienced a 14.8% budget cut with 25% of its staff laid off and more lay-offs planned. Staff is stretched to provide services and usually turn away twice as many people as the organization assists. Fair housing complaints are generally referred to the Virginia Fair Housing Office. BRLS is seeing an increase in discrimination (1) against Hispanics, (2) involving sexual harassment especially by several "serial" landlords, and (3) against hoarders.

In December 2011, BRLS partnered with VAIL and HRHA to sponsor a fair housing workshop in Harrisonburg.

Fair/affordable housing issues identified by BRLS include the following:

- Evictions are generally for non-payment of rent. Consumer-related debt issues can result in the loss of Section 8 vouchers.
- Some landlords are charging excessive fees for late rent payments, which is contradictory to the Virginia code. Problems with HRHA staff for evictions of alleged breaches of contract, guests, conduct, etc. The problems exist mostly with lower echelon staff. Mr. Wong, the executive director, is accommodating and attempts to resolve the issues once BRLS becomes involved.
- Landlords evict due to race (mixed-raced couples); complainants must be referred to the Virginia Fair Housing Office due to a lack of personnel at BRLS to handle these complaints.
- BRLS tries not to refer housing complaints to HUD Richmond because it finds it to be generally unresponsive.
- Reasonable accommodation requests for physical and mental disabilities are only resolved about half of the time with landlords.
- There is a lack of subsidized housing for the elderly.
- There are no assisted living facilities for persons with disabilities, particularly the low income.
- Slum landlords prey on female tenants. Complaints are forwarded to VFHO although BRLS is uncertain if victims follow up on the referral.
- Design and construction codes for the disabled are not being implemented or enforced.
- Landlords lack knowledge regarding rehabilitation for accessibility. Fair housing training should be mandatory for landlords and contractors.
- More fair housing education and outreach is need for very low and low income persons.
- Testing is needed for accessibility, sexual harassment, ethnicity, and design and construction.
- More affordable housing needs to be created using the zoning ordinance (e.g., inclusionary zoning provisions, mixed income provisions, etc.).
- The City should partner with HRHA to create permanent supportive housing for the 18-20 chronically homeless individuals identified in Harrisonburg.

OBSERVATION: Budgetary limitations and staff shortages at Blue Ridge Legal Services significantly impact the level and quality of legal service available to persons who have experienced housing discrimination in Harrisonburg. For individuals and families whose primary goal is to obtain decent affordable housing, being referred to an office in Richmond to file a housing complaint may seem to be not worth their effort and time. Unfortunately, housing discrimination can thrive in such an environment if landlords and others are not held accountable for their unlawful actions.

OBSERVATION: The impediments identified through the work conducted by Blue Ridge Legal Services in Harrisonburg indicate a need for testing among landlords and property rental agents (disability, race, ethnicity, familial status, sex), design and construction professionals and contractors (accessibility requirements), and HRHA staff (reasonable accommodation). When conducted by a qualified fair housing organization, testing can be used as an enforcement mechanism as well as an opportunity to provide fair housing education.

C. Current Fair Housing Activities and Programs

The City of Harrisonburg currently administers the following fair housing related initiatives:

- The City partners with HRHA, VAIL and several other local organizations to jointly sponsor annual fair housing training workshops for Realtors, design professionals, contractors, landlords, housing professional, City staff and others.
- City CDBG staff refer inquiries relative to potential housing discrimination to the VFHO.
- The City has worked with Piedmont Housing Alliance to tailor fair housing educational materials, which were distributed to public locations such as the municipal building, Massnutten Regional Library and HRHA offices.

7. GENERAL FAIR HOUSING OBSERVATIONS

The following observations were noted throughout the previous sections of the AI. These issues were based on the primary research collected and analyzed, and the numerous interviews and focus group sessions conducted for this report. They help to establish context for the impediments included the following section. While none of these observations individually rose to the level of an impediment to fair housing choice in Harrisonburg, the issues remain noteworthy in that they constitute the underlying circumstances which define the local fair housing climate.

A. Demographic Observations

- The City's population continues to diversify. Minorities represented 8.9% of the City's population in 1990; by 2010, this segment had increased to 21.6%. The largest single minority group is Persons of All Other Races (11.6%). Hispanics are the largest ethnic group at 15.7%, having increased more than 1300% over the last 20 years.
- According to the dissimilarity index, Harrisonburg has a low rate of segregation (25.0) between White residents and Black residents. Census data for 2010 indicates a continuing trend toward further integration with a lower DI of 22.9. The dissimilarity index for Asians, a much smaller segment of the total population, was 9.9 in 2010. By comparison, there is a greater degree of segregation between Whites and Hispanics as demonstrated by a moderate DI of 32.3 in 2010.
- There is one area of concentration of minority residents. Census tract 1.01 meets the criteria for an area of concentration of Black residents and Hispanic residents.
- Of the 13 LMI census block groups in Harrisonburg, three are located within areas of concentration of Black residents and Hispanic residents. Census tract 1 (based on the 2000 census tract boundaries) is an area of concentration of both minorities and LMI persons, and is referred to as an impacted area.

8. IMPEDIMENTS TO FAIR HOUSING CHOICE

The remaining observations collected during the development of the AI constitute the impediments or barriers to fair housing choice listed in this section. These impediments are linked to remedial strategies in the Fair Housing Action Plan, which is included in Section 8.

In all cases, it is imperative for the City to maintain a Fair Housing Log to record the details of all fair housing initiatives undertaken. In addition to preparing an AI, and creating the Fair Housing Plan which includes actions to overcome the effects of identified impediments, the City's third responsibility relative to its fair housing planning obligations is to maintain records of the City's initiatives.

i. Public Sector

a. **The City's increasingly diverse minority population may not be adequately accessing City services and programs as a result of limited English proficiency (LEP).**

The population of persons with limited English proficiency (LEP) in Harrisonburg is significant, as demonstrated by the 2006-2010 American Community Survey estimate of 4,137 persons who spoke English less than "very well." Of these, 3,052 were native Spanish speakers.

There is a lack of trained and certified interpreters for the growing non-English speaking population in Harrisonburg. This language barrier may be impeding access to City services and programs for qualified applicants.

The City should initiate the four-factor analysis, as prescribed by HUD, to identify the extent to which persons with LEP access City programs and services.

Proposed Action: Conduct the four-factor analysis outlined in the Federal Register of January 22, 2007, and at www.lep.gov, to determine the extent to which the translation of vital documents is necessary to assist persons with limited English proficiency (LEP) in accessing City services and programs. If it is determined that the need for a Language Access Plan (LAP) exists, the City should prepare the LAP in order to comply with Title VI of the Civil Rights Act of 1964.

b. **Members of the protected classes are under-represented on City boards and commissions that address housing issues.**

Select appointed boards and commissions with jurisdiction over housing and housing-related issues in Harrisonburg do not reflect the diverse population. Minorities represent 21.6% of the City's population but only 6.0% of appointees. Females accounted for 18.0% of appointees, but represent 53.3% of Harrisonburg's population. Also notably absent are persons with disabilities. The experiences and perspectives of members of the protected classes would enhance the decision-making processes in the City and offer the opportunity for advancing fair housing choice in all aspects of City government.

Proposed Action: Annually, the City should schedule a civic engagement initiative whereby residents, including members of the protected classes, are encouraged to participate in local government by submitting applications to serve on boards and commissions. The period could last from two to four weeks during which time the need for applicants is advertised in the local newspapers, on the City website, and through other local media. Recruitment information should also be provided to local advocacy organizations that represent Hispanics, persons with disabilities, and other members of the protected classes.

c. There is an inadequate supply of affordable rental housing that is accessible to City residents.

There is a lack of funding and organizations available to assist with making accessibility modifications to housing units occupied by persons with disabilities. A lack of accessible housing is an impediment to housing choice for persons with disabilities.

Proposed Action 1: As part of the City's planned annual fair housing educational seminars and workshops, work with VAIL to instruct City planning staff, housing developers, architects, builders, Realtors, and other housing professionals to increase their knowledge of various accessibility and visitability design features and cost-effective ways of incorporating such features into newly constructed or substantially rehabilitated housing units.

Proposed Action 2: Annually, continue to finance accessibility modifications for 5 housing units occupied by lower income persons with disabilities with CDBG funds.

d. Members of the protected classes tend to experience higher rates of unemployment and have lower incomes, thereby encountering greater difficulty in securing affordable housing in Harrisonburg.

The median household income among Blacks was equivalent to only 79.6% of Whites, and the poverty rate among Blacks was the highest among single minority groups. Asians fared even worse with a median household income of less than 60% that of Whites and a poverty rate of 35.3%. Consequently, Black households and Asian households will have greater difficulty finding affordable rental units or homes to purchase in Harrisonburg.

Over half of all Asian households had incomes of less than \$25,000 compared to about one-third of White households. By comparison, over 20% of all White households had incomes of \$75,000 or more compared to about 7% of Black households and Hispanic households, and less than 10% of Asian households.

Female-headed households with children accounted for 48.1% of all families living in poverty in 2010 and were far more likely to live in poverty than married-couple families with children. Consequently, securing affordable housing will be especially difficult for this segment of the population.

Among families with children with foreign-born parents residing in Harrisonburg, 57.7% were living under 200% of the poverty level compared to 42.2% of families with children with native-born parents.

Black and Hispanic residents were more likely to be unemployed than White residents. In Harrisonburg, Blacks and Hispanics had unemployment rates of 10.9% and 8.4%, respectively, compared to a rate of 6.2% among Whites. Higher unemployment, whether temporary or long-term, will mean less disposable income for housing expenses.

As of June 2010, the most recent year for which municipality level data is available, Harrisonburg had a foreclosure rate of 2.6%. Census tract 1.02, the impacted area of concentrations of both minority residents and LMI persons, had the highest rate of foreclosure at 3.0%.

Lower household incomes among Blacks and Hispanics are reflected in relatively lower homeownership rates City-wide when compared to Whites and Asians. Across Harrisonburg, 19.9% of Blacks and 14.7% of Hispanics own their homes compared to 39.6% of Whites and 46.6% of Asians.

Workers must earn \$13.71 per hour in order to afford the two-bedroom FMR in Harrisonburg. For those who do not earn this high level of pay, they may be forced to double-up with others, or lease inexpensive, substandard units. Minorities and female-headed households will be disproportionately impacted because of their lower incomes.

Individuals with disabilities receiving monthly SSI checks of \$674 as their sole source of income cannot afford a zero-bedroom unit in Harrisonburg, or elsewhere, renting at the fair market rent of \$528.

The local housing market in Harrisonburg shows signs of having constricted between 2008 and 2010, mirroring national trends during the recession. The number of units sold fell to a low of 147 in early 2009 from a high of 285 in early 2008, a drop of 48%. Since then, sales have continued to fluctuate. Median sales prices declined from almost \$200,000 in early 2008 to a low of \$175,000 in early 2010. While prices have risen since then, they have not stabilized. Finally, homes for sale are remaining on the market for significantly longer periods of time. Since January 2008, the length of time has increased by more than one month.

Members of the protected classes are disproportionately represented among Section 8 voucher holders in Harrisonburg. Families with children account for 66% of current voucher holders; households with disabled members account for 39%. Black households represented 21% of all voucher households, but only 7% of the total households in Harrisonburg.

Members of the protected classes are also disproportionately represented on the waiting list for Section 8 voucher assistance in Harrisonburg. Families with children account for 80% of current voucher holders.

Black households represented 17% of all voucher applicants, but only 7% of the total households in Harrisonburg.

Proposed Action: Partner with HRHA and establish a homeownership initiative. Encourage HRHA to apply to the State HOME Program to establish such a program for lower income homebuyers in the City. Annually, assist 5 homebuyers with the offer of up to \$10,000 in downpayment and closing cost assistance to income-eligible homebuyers earning up to 80% of the median household income. Establish partnerships with local lenders to screen applicants and provide first mortgages for qualified borrowers. Provide homeownership counseling and financial management education as program requirements.

e. The City's supply of decent, affordable housing remains inadequate.

Minority households were more likely to live in larger families than White households. More than 86% of Hispanic families and 67% of Black families included three or more persons compared to 51.8% of White families. In 2010, 24.4% of the rental housing stock contained three or more bedrooms compared to 30.0% of the owner housing stock. While this rate of larger rental units is comparatively high, many of these 3-plus bedroom units are occupied by JMU students and remain unaffordable to non-student families. This shortage of larger housing units will disproportionately impact minority families.

Rising housing values and rental rates, coupled with decreasing real median income, have made it more difficult for homebuyers and apartment seekers to achieve affordable housing. This situation is even more difficult for lower income households.

Harrisonburg lost more than 65% of its housing stock renting for less than \$500 between 2000 and 2010. Units renting for more than \$1,000 more than quadrupled, increasing by more than 1,700. While LIHTC developments are creating new affordable housing opportunities for some lower income households, these units are not affordable to very low income households below 60% of the area median income.

Of the 233 applicants on HRHA's waiting list for Section 8 vouchers, 80% are families. This supports the need for affordable housing for families with incomes below 50% of the median family income in Harrisonburg.

As a result of the intention stated in the Comprehensive Plan to limit further development of new rental housing in larger multi-family structures, it is critical that the City ensures that the affordable housing needs of lower income family households are adequately met by existing or alternative structure types. The City must balance the need for affordable rental housing for lower income family households with an over-concentration of multi-family rental housing marketed to students.

Proposed Action 1: Waive permitting and other development fees for all affordable housing (new or substantial rehabilitation) opportunities created by nonprofit organizations for households (family or elderly) with incomes below 80% of median.

Proposed Action 2: Support mixed-income developments, proposed by nonprofit organizations, which provide an affordable housing component for non-student family households with incomes below 80% of median. Provide incentives such as higher density bonuses to nonprofit developers who agree to set-aside at least 10% of the units as affordable units.

Proposed Action 3: Continue to allocate \$140,000 in CDBG funds annually to HRHA for its affordable housing initiatives.

f. Although there was an insufficient number of housing discrimination complaints filed in the City to identify significant trends, it was possible to identify the need for real estate testing involving rental properties.

With 12 housing complaints filed from Harrisonburg between 2001 and 2011, it is difficult to draw meaningful conclusions about patterns and trends in housing discrimination. The exception is the four complaints (25% of the total) that were based on discriminatory advertising involved in rental units. This indicates a need for fair housing education and real estate testing among rental property owners and management agents.

Currently, the City does not allocate CDBG funds for pure fair housing activities. Such services might include educating residents of the range of available housing options, fair housing enforcement, education, outreach, testing and other appropriate activities. An amount equal to about 1% to 3% (or \$4,800 to \$14,400) of the City's CDBG grant would be an appropriate amount to allocate to fair housing activities based on the size of its annual entitlement.

Proposed Action 1: Budget 1% to 3% of the City's annual CDBG entitlement grant for pure fair housing activities, including enforcement, testing, education and outreach to landlords, building owners, rental agents, Realtors, design professionals, contractors, developers, etc.

Proposed Action 2: Contract with an experienced HUD-designated fair housing organization to perform paired testing for race and disability in rental housing. Utilize the results to file housing discrimination complaints; publicize the results to deter future discriminatory behavior.

g. There is an absence of fair housing organizations that provide housing complaint investigation and enforcement in Harrisonburg.

Budgetary limitations and staff shortages at Blue Ridge Legal Services significantly impact the level and quality of legal service available to persons who have experienced housing discrimination in Harrisonburg. For individuals and families whose primary goal is to obtain decent affordable housing, being referred to an office in Richmond to file a housing complaint may seem to be not worth their effort and time.

Unfortunately, housing discrimination can thrive in such an environment if landlords and others are not held accountable for their unlawful actions.

The impediments identified through the work conducted by Blue Ridge Legal Services in Harrisonburg indicates a need for testing among landlords and property rental agents (disability, race, ethnicity, familial status, sex), design and construction professionals and contractors (accessibility requirements), and HRHA staff (reasonable accommodation). When conducted by a qualified fair housing organization, testing can be used as an enforcement mechanism as well as an opportunity to provide fair housing education.

Proposed Action 1: Develop a Harrisonburg Fair Housing Guide that explains what housing discrimination is, who are members of the protected classes, how to file a complaint, etc. Make the guide available online and in print.

Proposed Action 2: Engage the services of a qualified fair housing organization to provide annual fair housing training. Targeted entities should include all City department heads, HRHA staff, design professionals in the community, landlords and management agents, Realtors, etc.

ii. **Private Sector**

a. **Mortgage loan denials and high-cost lending disproportionately affect minority applicants in Harrisonburg, similar to national trends.**

Mortgage loan denial rates among racial and ethnic minority applicants were higher than the denial rate for White applicants between 2008 and 2010. Rejections for Black, Hispanic, and Other Race applicants were less likely to be accompanied by a reason for denial. Overall, the reasons for denial were limited.

Over the course of the three years studied, upper-income minority households experienced denial rates that were higher than those of *lower-income* White households. Among upper-income Asian, Hispanic, Other Race (primarily Native American), and Black households, mortgage denial rates were 13.6%, 35%, 35.3%, and 22.4%, respectively, compared to a denial rate of 13% among lower-income Whites. While this fact alone does not imply an impediment to fair housing choice, the pattern is consistent with discrimination.

Lower-income Asian and Hispanic households are more likely to receive high-cost mortgage loans than lower-income White or Black households. In addition, upper-income Black households are more likely to receive high-cost mortgage loans than upper-income White or Hispanic households. This trend places Black homeowners at greater risk for eviction, foreclosure, and bankruptcy.

Between 2008 and 2010, high-cost lending rates dropped substantially, on the whole and across all racial and ethnic groups. This is likely a direct result of increased statutory control over predatory lending practices, as well as increasing borrower awareness.

Proposed Action: The City should work with HRHA to incorporate homeownership counseling and financial education as part of any homeownership initiative undertaken.

9. FAIR HOUSING ACTION PLAN

Based on the identified impediments to fair housing choice and the proposed actions included in Section 8, the following Fair Housing Action Plan matrix has been developed. The format of this chart should more easily facilitate the completion of the City's Annual Plan and CAPER documents. Each year during the Annual Plan process, the City should identify the strategies it will undertake to affirmatively further fair housing. At the end of each program year, progress made toward achievement of the strategies must be reported in the City's CAPER. In all cases, the City should document the details of all fair housing initiatives.

**Figure 9-1
 Fair Housing Action Plan, 2012-2016**

	Planned Action Year					Lead Agency
	2012	2013	2014	2015	2016	
IMPEDIMENT: The City's increasingly diverse minority population may not be adequately accessing City services and programs as a result of limited English proficiency (LEP).						
GOAL: Ensure persons with limited English proficiency (LEP) have adequate access to City programs and services.						
Action: Conduct the four-factor analysis outlined at www.lep.gov to determine the extent to which the translation of vital documents is necessary to assist persons with limited English proficiency (LEP) in accessing City programs and services.		•				Office of the City Manager / CDBG
IMPEDIMENT: Members of the protected classes are under-represented on City boards and commissions that address housing issues.						
GOAL: Increase representation of members of the protected classes among appointed boards and commissions involved in housing matters.						
Action: Annually the City should schedule a civic engagement initiative whereby residents, including members of the protected classes, are encouraged to participate in local government by submitting applications to serve on boards and commissions.	•	•	•	•	•	Office of the City Manager / CDBG
IMPEDIMENT: There is an inadequate supply of affordable rental housing that is accessible to City residents.						
Goal: Expand the supply of affordable housing that is accessible to persons with disabilities.						
Action 1: As part of the City's planned annual fair housing educational seminars and workshops, work with VAIL to instruct City planning staff, housing developers, architects, builders, Realtors, and other housing professionals to increase their knowledge of various accessibility and visitability design features and cost-effective ways of incorporating such features into newly constructed or substantially rehabilitated housing units.	•	•	•	•	•	Office of the City Manager / CDBG
Action 2: Annually, continue to finance accessibility modifications for 5 housing units occupied by low income persons with disabilities with CDBG funds.	•	•	•	•	•	Office of the City Manager / CDBG

cont'd ...

	Planned Action Year					Lead Agency
	2012	2013	2014	2015	2016	
IMPEDIMENT: Members of the protected classes tend to experience higher rates of unemployment and have lower incomes, thereby encountering greater difficulty in securing affordable housing in Harrisonburg.						
GOAL: Create affordable homeownership and financial education opportunities for lower income homebuyers, particularly minorities.						
Action: Partner with HRHA and establish a homeownership initiative. Encourage HRHA to apply for State HOME Program funds to establish such a program for lower income homebuyers in the City. Annually, assist 5 homebuyers with the offer of up to \$10,000 in downpayment and closing cost assistance to income-eligible homebuyers earning up to 80% of the median household income. Establish partnerships with local lenders to screen applicants and provide first mortgages for qualified borrowers. Provide homeownership counseling and financial management education for lower income households as program requirements.		•	•	•	•	Office of the City Manager / CDBG
IMPEDIMENT: The City's supply of decent, affordable housing remains inadequate.						
GOAL: Improve and preserve the City's existing affordable housing stock.						
Action 1: Waive permitting and other development fees for all affordable housing (new or substantial rehabilitation) opportunities created by nonprofit organizations for households (family or elderly) with incomes below 80% of median.	•	•	•	•	•	City Council
Action 2: Support mixed-income developments, proposed by nonprofit organizations, which provide an affordable housing component for non-student family households with incomes below 80% of median. Provide incentives such as higher density bonuses to nonprofit developers who agree to set-aside at least 10% of the units as affordable units.	•	•	•	•	•	City Council
Action 3: Continue to allocate \$140,000 in CDBG funds annually to HRHA for its affordable housing initiatives.	•					City Council

cont'd ...

	Planned Action Year					Lead Agency
	2012	2013	2014	2015	2016	
IMPEDIMENT: Although there was an insufficient number of housing discrimination complaints filed in the City to identify significant trends, it was possible to identify the need for real estate testing involving rental properties.						
GOAL: Enhance the level of fair housing education, outreach and enforcement provided in order to decrease discriminatory behavior in the City's housing market.						
Action 1: Budget 1% to 3% of the City's annual CDBG entitlement grant for pure fair housing activities, including enforcement, testing, education and outreach to landlords, building owners, rental agents, Realtors, design professionals, contractors, developers, etc.	•	•	•	•	•	City Council
Action 2: Contract with an experienced HUD-designated fair housing organization to perform paired testing for race and disability in rental housing. Utilize the results to file housing discrimination complaints; publicize the results to deter future discriminatory behavior.		•			•	Office of the City Manager / CDBG
IMPEDIMENT: There is an absence of fair housing organizations that provide housing complaint investigation and enforcement in Harrisonburg.						
Goal: Improve the availability of fair housing information and education to City residents.						
Action 1: Develop a Harrisonburg Fair Housing Guide that explains what housing discrimination is, who are members of the protected classes, how to file a complaint, etc. Make the guide available online and in print.		•	•	•	•	Office of the City Manager / CDBG
Action 2: Engage the services of a qualified fair housing organization to provide annual fair housing training. Targeted entities should include all City department heads, HRHA staff, design professionals in the community, landlords and management agents, Realtors, etc.	•	•	•	•	•	Office of the City Manager / CDBG
IMPEDIMENT: Mortgage loan denials and high-cost lending disproportionately affect minority applicants in Harrisonburg, similar to national trends.						
Goal: Expand home ownership opportunities for members of the protected classes.						
Action: The City should work with HRHA to incorporate homeownership counseling and financial education as part of any homeownership initiative undertaken.		•	•	•	•	Office of the City Manager / CDBG

10. APPENDIX A: STAKEHOLDERS INVITED TO PARTICIPATE IN THE AI PROCESS

Contact Name	Title	Name of Organization
Ande Banks	CDBG Program Director	City of Harrisonburg
Kristin McCombe	Grants Compliance Officer	City of Harrisonburg
Adam Fletcher	City Planner	City of Harrisonburg
Allison Banks	Zoning Administrator	City of Harrisonburg
Michael Wong	Executive Dir/Sect 8 Director	Harrisonburg Redevelopment Housing Authority
Brad Knupp	Lead Maintenance Mechanic	Harrisonburg Redevelopment Housing Authority
Candy Phillips	Executive Director	First Step: A Response to Domestic Violence
Brooke Rodgers	Executive Director	Harrisonburg and Rockingham Thermal Shelter
Twila Lee	Executive Director	Mercy House
Philip F. Rhodes	Executive Director	Our Community Place
Capt. Duane Burleigh	Corp Officer	Salvation Army -Harrisonburg & Rockingham County
John Whitfield	Executive Director	Blue Ridge Legal Services
Ann Yoder		Bridge of Hope Harrisonburg-Rockingham
Marsha Smith		Central Valley Habitat for Humanity
Linda Kohn		Community Resource Center
Dwayne Martin		Crossroads Counseling Center
Elroy Miller		EMU, Sociology and Social Work Department
Candy Phillips		First Step
Brooke Rogers		Harrisonburg-Rockingham Thermal Shelter
Don Driver	Executive Director	Harrisonburg-Rockingham Social Services District
Betsy Hay	Executive Director	United Way of Harrisonburg-Rockingham
Alexandra De Havilland	Executive Director	Valley Aids Network
Mary Ellen Chewning	Executive Director	The Arc of Harrisonburg and Rockingham
Gayl Brunk	Executive Director	Valley Associates for Independent Living
Sally Chappel		Shenandoah Valley Autism Partnership
Elizabeth Girvan	Executive Director	Skyline Literacy
Alicia Horst	Executive Director	New Bridges Immigrant Resource Center
John Whitfield	Executive Director	Blue Ridge Legal Services
Gayl Brunk	Executive Director	Valley Associates for Independent Living
Reggie Smith	Director, Public Transit	City of Harrisonburg
William Haithcock	Executive Director	Harrisonburg-Rockingham Association of Realtors

