2015-2020
Analysis of Impediments To Fair Housing Choice
and
Fair Housing Action Plan Update

February 17, 2016

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Fair Housing Action Plan Update

February 17, 2016

Prepared by:
City of Hemet
CDBG Division

CITY OF HEMET
ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE
AND
FAIR HOUSING ACTION PLAN

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INTRODUCTION AND EXECUTIVE SUMMARY

SECTION I: INTRODUCTION AND EXECUTIVE SUMMARY

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SECTION I: INTRODUCTION AND EXECUTIVE SUMMARY

A. INTRODUCTION

1. Format of the AI Report

The U.S. Department of Housing and Urban Development (HUD) has not issued regulations defining the scope of analysis and the format to be used by grantees when they prepare their *Analysis of Impediments to Fair Housing Choice* (AI). In 1996, HUD published a *Fair Housing Planning Guide* which includes a "Suggested AI Format." For two reasons, the organization of Hemet's AI report conforms to the format suggested by HUD. First, the 1996 *Fair Housing Planning Guide* remains the only official guidance provided by HUD to grantees on how to prepare and present an AI. Second, the U.S. Government Accountability Office relied on the suggested format in its review of 441 AIs. Table I-1 shows the AI format used by the GAO in its review of grantee AIs.

Table I-1
HUD Suggested AI Format

Suggested Element	Description
Introduction and executive summary of the analysis	Explains who conducted the AI and identifies the participants and methodology used, funding source, and summaries of impediments found and actions to address them.
Jurisdictional background data	Includes demographic, income, employment, housing profile, maps, and other relevant data.
Evaluation of jurisdiction's current fair housing legal status	Discusses fair housing complaints and compliance reviews that have resulted in a charge or finding of discrimination, fair housing discrimination suits filed by the Department of Justice or private plaintiffs, the reasons for any trends or patterns in complaints and enforcement, and other fair housing concerns.
Identification of impediments to fair housing choice	Identifies impediments to fair housing.
Conclusions and recommendations for overcoming impediments	Summarizes any impediments identified in the analysis and presents recommendations to overcome identified impediments.
Time frames for implementing actions to overcome impediments[1]	Sets out the time frame for completing each action or set of actions to serve as milestones toward achieving the actions.
Signature page	Includes the signature of a chief elected official, such as a mayor.

[1]Please note that the GAO stated that while the suggested AI format does not include time frames for implementing recommendations to address identified impediments, time frames are discussed elsewhere in the *Fair Housing Planning Guide* as a component of fair housing planning.

Source: United States Government Accountability Office, *Housing and Community Grants*: *HUD Needs to Enhance Its Requirements and Oversight of Jurisdictions' Fair Housing Plans*, September 2010, 48 pages

The Hemet AI contains seven sections and one appendix:

Section I Introduction and Executive Summary: The Introduction presents the AI report format; Hemet's regional setting, purpose of the report, fair housing definition and report preparation participants. The Executive Summary presents an overview of the AI including a brief description of the impediments found and actions to address impediments.

Section II 2015-2020 Fair Housing Action Plan: This Section describes the progress made on implementing the prior AI and current programs and actions that promote fair housing. Section II also describes the conclusions and recommendations resulting from the AI analysis. It identifies public and private sector impediments to fair housing choice and the actions which will be implemented during the FY 2015-2016 to FY 2019-2020 time period.

Section III Evaluation of Hemet's Current Fair Housing Legal Status: This Section discusses fair housing complaints and compliance reviews and other information pertaining to Hemet's fair housing legal status.

Section IV Description of Fair Housing Programs/Actions: This Section describes fair housing services and programs implemented by the public and private sectors.

Section V Fair Housing Community Profile: This Section includes population, household and employment projections as well as the demographic and other characteristics of the fair housing protected groups such as their number and well-being in terms of household income, poverty and home ownership.

Section VI Identification of Public Sector Impediments to Fair Housing Choice**:** This Section presents an analysis of potential public sector impediments based on the factors identified in HUD's *Fair Housing Planning Guide* and by the HUD Los Angeles Field Office.

Section VII Identification of Private Sector Impediments to Fair Housing Choice: This Section presents an analysis of practices prohibited by the Fair Housing Act and identifies which ones pose impediments to fair housing choice. It also describes potential impediments identified by the HUD Los Angeles Field Office.

Appendix A: Lists the data sources and persons and organizations consulted during the course of completing the AI.

2. Hemet's Regional Setting

Incorporated from a town of 992 residents in 1910 to a community with a population of approximately 81,700 persons in 2014, Hemet is located at the heart of Riverside County. The City of Hemet has a total of 27.7 square miles consisting of a suburban community and Diamond Valley Lake to the south. Hemet was recently considered one of the fastest growing communities in the nation, due to its large tracts of undeveloped land and moderate prices. During this time, Hemet experienced high population growth that increased its demographic diversity.

3. Purpose of the Report

The City of Hemet annually receives funds from the Federal Community Development Block Grant (CDBG) program. An Affirmatively Furthering Fair Housing (AFFH) certification is required of cities and counties that receive funds from these programs. The AFFH certification states that the community receiving HUD funds:

> …will affirmatively further fair housing … by conducting an analysis to identify impediments to fair housing choice within its jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through the analysis, and maintaining records reflecting the analysis and actions in this regard.

HUD interprets the broad objectives of the requirement to affirmatively further fair housing choice to mean that recipients must:

- ❒ Analyze and eliminate housing discrimination in the jurisdiction;
- ❒ Promote fair housing choice for all persons;
- ❒ Provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability, and national origin;
- ❒ Promote housing that is structurally accessible to, and usable by, persons with disabilities; and
- ❒ Foster compliance with the nondiscrimination provisions of the Federal Fair Housing Act.

Source: U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, Memorandum on *Compliance-Based Evaluations of a Recipient's Certifications that it has Affirmatively Furthered Fair Housing*, March 5, 2013, page 4

Therefore, the fundamental purpose of the AI Report is to maintain the City of Hemet's compliance with the AFFH certification. In so doing, the City will promote fair housing and remove or ameliorate the public and private sector impediments that have been identified through the analysis.

The time period of the AI is from FY 2015-2016 through FY 2019-2020. The AI time period is intended to remain aligned with the City's five-year Consolidated Plan.

4. Defining Fair Housing Choice

HUD defines fair housing as:

> …a condition in which individuals of *similar income levels* in the same housing market have a like range of choices available to them regardless of race, color, national origin, religion, sex, handicap, or familial status.

HUD draws an important distinction between household income, affordability and fair housing. Economic factors that impact housing choice are not fair housing issues per se. Only when the relationship between household incomes combined with other factors - such as household type or race and ethnicity - create misconceptions and biases do they become a fair housing issue.

Tenant/landlord disputes are also not typically fair housing issues, generally resulting from inadequate understanding by the parties on their rights and responsibilities. Such disputes only become fair housing issues when they are based on factors protected by fair housing laws and result in differential treatment.

Impediments to fair housing choice, according to HUD, are --

> Any actions, omissions, or decisions taken *because of* race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices. (Intent)
>
> Any actions, omissions, or decisions which *have the effect* of restricting housing choices or the availability of housing choices *because of* race, color, religion, sex, disability, familial status, or national origin. (Effect)

HUD has explained that policies, practices, or procedures that appear neutral on their face, but which operate to deny or adversely affect the availability of housing to persons because of race, ethnicity, disability, and families with children may constitute such impediments.

5. Participants and Funding for the AI

The lead agency for preparation of the *AI and Fair Housing Action Plan* is the City's CDBG Division. Valuable input to the AI was provided by the following:

- ❒ Community Development Department
- ❒ City Attorney's Office
- ❒ Fair Housing Council of Riverside County, Inc. (FHCRC)
- ❒ State Department of Fair Employment and Housing (DFEH)
- ❒ U.S. Department of Housing and Urban Development, Los Angeles Area Office
- ❒ U.S. Department of Housing and Urban Development, San Francisco Regional Office

CDBG funds were expended to complete the *AI*. CDBG funds paid for consultant assistance on *AI* report preparation and for staff time expended on the project. In addition, the City uses CDBG funds to support the services of the FHCRC. The FHCRC compiled service and housing discrimination statistics for use in the *AI* and provides fair housing and tenant/landlord counseling services under contract to the City of Hemet.

B. EXECUTIVE SUMMARY

The scope and content of the *AI* and *Fair Housing Action Plan* are consistent with the format suggested by HUD in the 1996 *Fair Housing Planning Guide*. Two major components comprise the report:

- ❒ An Analysis of Impediments to Fair Housing Choice
- ❒ A description of the actions to be taken by the City and its fair housing provider to overcome the effects of the identified impediments (i.e., *Fair Housing Action Plan*)

Section II describes the *Fair Housing Action Plan* which seeks to ameliorate or eliminate both public and private sector impediments. There is only one public sector impediment which involves the lack of community awareness regarding the City's reasonable accommodation procedure.

The City and its fair housing provider will implement actions intended to eliminate or ameliorate the identified private sector impediments which include:

- ❒ Housing discrimination
- ❒ Steering practices
- ❒ Difficulty in obtaining affordable homeowners insurance
- ❒ Lack of information on accessible apartment units
- ❒ Property management practices inconsistent with federal and State fair housing laws
- ❒ Discriminatory advertising
- ❒ Hate crimes committed at residences
- ❒ Section 8 assisted households residing in high poverty neighborhoods

There is no guarantee that implementation of these actions will result in the elimination or amelioration of the identified impediments. The City will evaluate the progress made on implementation of the planned actions through the preparation of the Consolidated Annual Performance and Evaluation Report (CAPER).

Section III demonstrates that the City is in compliance with the fair housing requirements. The City has a program to process housing discrimination complaints; has not been subject to a HUD-initiated complaint; has not been subject to a compliance review; and has not been subject to a fair housing lawsuit. The City has responded to the HUD-LA Field Office request for revisions to the Zoning Ordinance to address the needs of housing for the disabled.

Section IV explains the public and private sector fair housing programs and actions. The City contracts with a fair housing provider who provides residents with the fair housing services and tenant/landlord counseling services.

Private sector fair housing programs are implemented by the California Department of Real Estate, Southwest Riverside County Association of REALTORS, property management industry, and Apartment Owners Association (AOA).

Section V presents a detailed analysis of demographic, housing, income, and employment data. Information also is presented on population and demographic characteristics of several fair housing protected groups (e.g., race, disability, families with children, etc.).

Hemet's residents will continue to have a need for fair housing services because of the following factors:

- ❒ Hemet's population in 2014 was approximately 81,700 persons.
- ❒ Hemet's population is projected to reach 110,300 people by the year 2035.
- ❒ There are now almost 14,300 renter households residing in Hemet.
- ❒ The number of renter households will increase as housing is built to accommodate the projected population increase.
- ❒ In-place tenants and rental home seekers make the vast majority of all calls for service made to the City's fair housing provider.
- ❒ An increase in housing discrimination complaints is likely to occur due to the increase in the number of renter households combined with an increased knowledge by residents of their fair housing rights.

Section VI contains the detailed analysis of potential and actual public sector impediments to fair housing choice.

Section VII contains the detailed analysis of potential and actual private sector impediments to fair housing choice.

As previously mentioned, Section II provides a summary of the identified impediments and the actions to be taken between FY 2015-2016 and FY 2019-2020.

SECTION II
2015-2020 FAIR HOUSING ACTION PLAN

SECTION II: 2015-2020 FAIR HOUSING ACTION PLAN

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SECTION II: 2015-2020 FAIR HOUSING ACTION PLAN

A. INTRODUCTION

Section II summarizes the progress made toward implementing the recommendations of the 2010-2015 AI. The summary describes the fair housing impediments identified by the prior AI and the actions taken to ameliorate or eliminate the impediments.

In addition, Section II describes the *2015-2020 Fair Housing Action Plan*. HUD's *Fair Housing Planning Guide* states:

> Jurisdictions should summarize conclusions reached based on the AI, and describe in detail recommendations for resolution of the problems identified. This discussion is the link between the AI part of FHP [Fair Housing Planning] and the actions underway and proposed to promote fair housing choice.

Furthermore, the Affirmatively Furthering Fair Housing (AFFH) certification signed by the City obligates the City to:

> Take appropriate actions to overcome the effects of any impediments identified through the AI.

B. FAIR HOUSING PROGRESS REPORT

Table II-1 describes the impediments identified in the 2010-2015 AI and the actions taken during the past years to ameliorate or eliminate the impediments. The City was especially successful in processing Zoning Ordinance Amendments to eliminate several public sector impediments.

Table II-1
City of Hemet
2010-2015 Impediments to Fair Housing Choice
and
Actions Taken to Implement Recommendations

Impediment	Action Taken
1. Revise the Zoning Ordinance to remove any provisions, language and requirements that may be discriminatory on the basis of disability regarding sober living and other group homes of that nature	Accomplished by Zoning Ordinance Amendment No. 12-002 approved by the City Council on June 12, 2012 and approved by HUD-LA Fair Housing and Equal Opportunity *Impediment eliminated*
2. Revise the additional requirements of the Zoning Ordinance and remove the requirements that may be discriminatory on the basis of disability regarding sober living and other group homes of that nature	Accomplished by Zoning Ordinance Amendment No. 12-002 approved by the City Council on June 12, 2012 and approved by HUD-LA Fair Housing and Equal Opportunity *Impediment eliminated*
3. Revise the Zoning Ordinance regarding the SR-3 Senior Housing Zone and remove any provisions or requirements that would constitute discrimination based on familial status	Accomplished by repeal of SR-3 Senior Housing Zone *Impediment eliminated*
4. Resolve issues of reasonable accommodations and modifications by conducting fair housing workshops in Hemet and throughout the region	Accomplished by the Fair Housing Council of Riverside County, Inc. through workshops and dissemination of fair housing literature *Impediment eliminated; however, reasonable accommodations and modifications will continue to be discussed at workshops*
5. Address impediments regarding race and familial status by conducting fair housing workshops on these and other aspects of housing discrimination	Accomplished by the Fair Housing Council of Riverside County, Inc. through workshops and dissemination of fair housing literature *Impediment eliminated; however, race and familial status will continue to be discussed at workshops*
6. Educate renters and property owners and managers through expanded outreach efforts as a means of reducing housing discrimination complaints and increasing awareness of fair housing rights	Accomplished by the Fair Housing Council of Riverside County, Inc. through workshops, seminars, dissemination of fair housing literature and participation in the City's Crime-Free Rental Housing Program *Impediment eliminated; however, education efforts will be continued in 2015-2020*
7. Continue to work with the Apartment Association Greater Inland Empire (AAGIE) to encourage participation of apartment managers in the Association's residential management training courses	Accomplished by the workshops and seminars conducted by the Fair Housing Council of Riverside County, Inc. *Impediment eliminated but efforts will be continued in 2015-2020*
8. Inform eligible residents, particularly lower income minority households about the availability of housing programs through outreach efforts such as advertisements and/or workshops	Accomplished by information on the City's website and workshops conducted by the Fair Housing Council of Riverside County *Impediment eliminated but efforts will be continued in 2015-2020*
9. Encourage lending institutions in the area to ensure that their staff works with applicants, particularly Hispanics and Blacks, in educating them about the home loan application process	Not accomplished; *Individual lenders were not contacted. Review of 2013 and 2014 HMDA data did not reveal impediments related to redlining and disparities in loan denial rates.*

C. PUBLIC CONSULTATION AND PUBLIC PARTICIPATION PROGRAM

HUD advises entitlement jurisdictions to develop the AI and FHAP through a process similar to the development of the Consolidated Plan. More specifically, HUD recommends that:

> Before developing actions to eliminate the effects of any impediments identified through the AI (fair housing actions), the jurisdiction should:
>
> - ❒ Ensure that diverse groups in the community are provided a real opportunity to take part in the development process
> - ❒ Create the structure for the design and implementation of the actions
>
> Source: U. S. Department of Housing and Urban Development, *Fair Housing Planning Guide - Volume 1*, March 1996, pages 2-21 and 2-22

Key elements of the process through which the recommended implementation actions were developed included a public consultation and participation program.

The City conducted a Fair Housing Survey as a means of soliciting public input. Fifty-five residents responded to the Survey, which was closed on November 6, 2015. Key findings are noted below:

- ❒ 72% of the respondents were homeowners and 28% were renters
- ❒ 44% of the households had children and 56% did not
- ❒ 44% of the respondents stated they have a disability
- ❒ 13% of the respondents stated they had or thought they had experienced housing discrimination
- ❒ The basis for housing discrimination included: source of income, race, familial status, marital status, and other. No respondent cited disability as the basis for housing discrimination.
- ❒ Examples of discriminatory practices included: “would not allow me to modify my apartment”; “manager would not rent to me because I have children”; and “manager told me the 2-bedroom unit I wanted was too small because each of my kids needs a separate bedroom”.
- ❒ The vast majority (75%) of respondents who cited housing discrimination stated the person responsible was their landlord.
- ❒ Respondents revealed a lack of knowledge regarding agencies to which they should report housing discrimination as slightly more people stated the Housing Authority of the County of Riverside rather than the Fair Housing Council of Riverside County, Inc.

During the development of the *AI* and *Fair Housing Action Plan* the City also consulted with the Fair Housing Council of Riverside County, Inc., HUD-LA and HUD-San Francisco.

No public comments were received during the public review period (March 16 - April 14, 2015) for the *Draft AI* and *Fair Housing Action Plan*.

D. FAIR HOUSING ACTION PLAN (AI SUMMARY MATRIX)

The AI Summary Matrix describes the identified impediments and actions to be taken in Program Years 2015-2016 through 2019-2020. HUD's *Fair Housing Planning Guide* suggests that the analysis of potential public sector impediments include a discussion of the following:

- ❒ Zoning and Site Selection
- ❒ Neighborhood Revitalization Policies
- ❒ Municipal and Other Services
- ❒ Employment-Housing-Transportation Linkage
- ❒ Housing Authority Tenant Selection Criteria
- ❒ Sale of Subsidized Housing and Possible Displacement
- ❒ Property Tax Policies
- ❒ Planning and Zoning Board
- ❒ Building Codes (accessibility)

In addition, HUD-LA requested that the City include an analysis of the following:

- ❒ Housing Improvement and Rehabilitation Programs
- ❒ Policies and Programs on the Location of Affordable Housing (same as site selection)

The analysis of public sector impediments identified one potential impediment:

- ❒ Lack of community awareness of the City's Reasonable Accommodation Procedure

Section VI describes in greater detail the analysis of public sector impediments as well as the actions to ameliorate or eliminate the identified impediments.

HUD's *Fair Housing Planning Guide* and HUD-LA suggest that the analysis of potential private sector impediments include a discussion of the following:

- ❒ *Housing Discrimination*
- ❒ Brokerage Services
- ❒ *Steering*
- ❒ Appraisal Practices
- ❒ Mortgage Lending Practices
- ❒ *Homeowners Insurance*
- ❒ Blockbusting/Panic Selling
- ❒ *Property Management Practices*
- ❒ *Discriminatory Advertising*
- ❒ *Hate Crimes*
- ❒ Location of Affordable Housing
- ❒ *Location of Tenant-Based Section 8 Assisted Households*
- ❒ Gentrification
- ❒ Population Diversity

Section VII contains information on potential private sector impediments. The private sector factors italicized above were found to present impediments to fair housing choice.

SECTION II: 2015-2020 FAIR HOUSING ACTION PLAN

AI SUMMARY MATRIX

Name of Grantee: City of Hemet
This matrix completed by: Carla Callahan, CDBG Coordinator
Telephone number: 951.765.3722

CITY OF HEMET FAIR HOUSING ACTION PLAN 2015-2020

PUBLIC SECTOR IMPEDIMENTS TO BE ADDRESSED (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Lack of community awareness of the City's Reasonable Accommodation Procedure (RAP)	Ensure that the RAP is well known within the community	• Include the application for a RAP in the Application and Forms webpage • Prepare a brochure that describes the RAP	Community Development Department Fair Housing Council of Riverside County	City General Fund and/or CDBG Program Administration Fund (dollar amount unknown)	Action will be included in Program Year **2016-2017** Annual Action Plan
PRIVATE SECTOR IMPEDIMENTS TO BE ADDRESSED (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Discrimination against protected groups in the sales and rental housing markets	Increase the number of housing discrimination cases processed by City's fair housing provider	• City will continue to offer residents fair housing services • Efforts will be made to increase awareness of fair housing services • Develop and expand education program for housing providers, community organizations and general public	CDBG Coordinator Fair Housing Council of Riverside County	$27,000 of CDBG Funds annually	Action included in Program Year **2015-2016 through 2019-2020** Annual Action Plans

AI SUMMARY MATRIX-continued

CITY OF HEMET FAIR HOUSING ACTION PLAN 2015-2020

***PRIVATE SECTOR IMPEDIMENTS* TO BE ADDRESSED** (list by degree of importance)	**GOALS** (What do you hope to achieve?)	**ACTIVITIES OR STRATGIES TO MEET THE GOALS** (How will you achieve your goals?)	**RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS** (Identify the organizations who will be undertaking the impediment)	**PROPOSED INVESTMENT** (Amount of money) (Funding source)	**BENCHMARK YEAR TO BE COMPLETED** (Is it contained in your Consolidated Plan Action Plan Goals?)
Steering of home buyers, in-place renters and apart-ment seekers is an impediment to fair housing choice	Increase community awareness of private sector steering practices	• Provide information to homebuyers on how to detect steering in the home search and loan application processes • Provide information to renters on how to detect steering by property managers • Add steering to the Fair Housing Council of Riverside County's data on alleged housing discriminatory acts	CDBG Coordinator Fair Housing Council of Riverside County	CDBG Funds (amount included in above annual funding)	Action included in Program Year **2015-2016 through 2019-2020** Annual Action Plans
Difficulty in obtaining affordable homeowner's insurance is an impediment to fair housing choice	Increase homebuyer awareness of how to obtain affordable home owner's insurance	• Add "home-owner's insurance" and "CLUE Reports" to homebuyer counseling services provided by the Fair Housing Council of Riverside County	CDBG Coordinator Fair Housing Council of Riverside County	CDBG Funds (amount included in above annual funding)	Action included in Program Year **2015-2016 through 2019-2020** Annual Action Plans

AI SUMMARY MATRIX-continued

CITY OF HEMET FAIR HOUSING ACTION PLAN 2015-2020

PRIVATE SECTOR IMPEDIMENTS TO BE ADDRESSED (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding Source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Section 8 assisted households residing in high poverty neighborhoods is inconsistent with HUD's goals	Increase the number of Section 8 households residing outside of high poverty neighborhoods	• Transmit the Section 8 location study to the Housing Authority of Riverside County • Identify apartments located in low poverty neighborhoods • Transmit the list of apartments to the Housing Authority of Riverside County • Encourage landlords in low poverty areas to participate in the Section 8program	CDBG Coordinator Community Development Department CDBG Coordinator Housing Authority of the County of Riverside Fair Housing Council of Riverside County	CDBG Program Administration Fund (dollar amount unknown)	Action will be Implemented in Program Year **2015-2016**
Hate crimes committed at residences are an impediment to fair housing choice	Provide written resource material to hate crime victims	• Prepare a Hate Crime Victims Resource Directory • Transmit the Directory to the Police Dept.	CDBG Coordinator	City General Fund and/or CDBG Program Administration Fund (dollar amount unknown)	Action will be included in Program Year **2017-2018** Annual Action Plan
Lack of accurate Information on accessible housing units is an impediment to fair housing choice for households with one or more disabled member	Provide information on apartment units with accessible features Increase community awareness of the availability of accessible units	• Prepare an inventory of apartment units with accessible features • Encourage apartment managers to advertise the availability of accessible units	CDBG Coordinator Fair Housing Council of Riverside County Department of Building and Safety Apartment managers	CDBG Funds (amount included in above annual funding)	Action will be included in Program Year **2017-2018** Annual Action Plan Action will be included in AAP if CDBG funding is available and if the staff of the Department of Building and Safety can allocate time to assist in preparing the inventory

AI SUMMARY MATRIX-continued

CITY OF HEMET FAIR HOUSING ACTION PLAN 2015-2020

PRIVATE SECTOR IMPEDIMENTS **TO BE ADDRESSED** (list by degree of importance)	**GOALS** (What do you hope to achieve?)	**ACTIVITIES OR STRATGIES TO MEET THE GOALS** (How will you achieve your goals?)	**RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS** (Identify the organizations who will be undertaking the impediment)	**PROPOSED INVESTMENT** (Amount of money) (Funding Source)	**BENCHMARK YEAR TO BE COMPLETED** (Is it contained in your Consolidated Plan Action Plan Goals?)
Property management practices inconsistent with federal and State fair housing laws	Increase property manage-ment awareness of fair housing requirements	• Disseminate fair housing information to on-site apartment managers • Continue to involve the Fair Housing Council of Riverside County in the Crime-Free Rental Housing Program • Provide renters with information on the value of long-term leases instead of month-to-month tenancies	CDBG Coordinator Fair Housing Council of Riverside County	CDBG Funds (amount included in above annual funding)	Action will be included in Program Year **2017-2018** Annual Action Plan
Discriminatory advertising is an impediment to fair housing choice	Reduce the publication of discriminatory words and phrases	• Semi-annually review ads published in newspapers, on-line apartment search sites and craigslist to identify discriminatory words and phrases that are being published	CDBG Coordinator Fair Housing Council of Riverside County	CDBG Funds (amount included in above annual funding)	Action included in Program Year **2016-2017 through 2019-2020** Annual Action Plans

SECTION III
CURRENT FAIR HOUSING LEGAL STATUS

SECTION III: CURRENT FAIR HOUSING LEGAL STATUS

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A. FAIR HOUSING COMPLAINTS OR COMPLIANCE REVIEWS WHERE THE HUD SECRETARY HAS ISSUED A CHARGE OF OR MADE A FINDING OF DISCRIMINATION III-1

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SECTION III: CURRENT FAIR HOUSING LEGAL STATUS

A. FAIR HOUSING COMPLAINTS OR COMPLIANCE REVIEWS WHERE THE HUD SECRETARY HAS ISSUED A CHARGE OF OR MADE A FINDING OF DISCRIMINATION

1. Fair Housing Complaints

Housing discrimination complaints can be filed directly with HUD. In California the housing discrimination complaints are processed by HUD's San Francisco Office of Fair Housing and Equal Opportunity (FHEO).

Hemet's residents may also file complaints with the State Department of Fair Employment and Housing (DFEH) and local fair housing providers such as the Fair Housing Council of Riverside County, Inc. (FHCRC)

Housing discrimination complaint data was compiled by the FHCRC for the period from FY 2011-2012 through FY 2013-2014. During this three-year period, 118 housing discrimination complaint cases were filed with the FHCRC by Hemet residents. Almost 70% of all housing discrimination complaints were based on disability. Other frequent bases involved race and familial status biases.

2. Secretary-Initiated Complaints

According to HUD, it –

> …files a Secretary-initiated complaint when a preliminary investigation has found evidence that a systemic discriminatory housing practice has occurred or is about to occur, though an aggrieved person may or may not have come forward. HUD may also file a Secretary-initiated complaint when it has received an individual complaint, but believes that there may be additional victims of the discriminatory actions, or wants to obtain broader relief in the public interest.

During the period from 2010 to 2013, HUD filed 50 Secretary-initiated complaints:

- ❒ 2013 20
- ❒ 2012 16
- ❒ 2011 4
- ❒ 2010 10

The bases of the complaints were as follows:

- ❒ Familial Status 13
- ❒ Disability 11
- ❒ National Origin 10
- ❒ Race 6
- ❒ Sex 4

None of these complaints involved the City of Hemet, however.

3. Compliance Reviews of Recipients of HUD Funds

According to HUD's *FY 2012-2013 Annual Report on Fair Housing:*

> HUD conducts compliance reviews to determine whether a recipient of HUD funds is in compliance with applicable civil rights laws and their implementing regulations. HUD may initiate a compliance review whenever a report, complaint, or any other information indicates a possible failure to comply with applicable civil rights laws and regulations. HUD initiates most compliance reviews based on risk analyses, issues raised during a limited monitoring review, or when a civil rights problem is detected through HUD program monitoring.
>
> After a review to assess whether the recipient of HUD funds has complied with civil rights laws, HUD issues written findings of its review. Typically, HUD issues a Letter of Findings to the recipient. A Letter of Findings contains the findings of fact and any findings of noncompliance, along with a description of an appropriate remedy.

In 2012 and 2013 HUD initiated 105 and 58 compliance reviews, respectively.

Hemet had a compliance review in 2012 and executed a Voluntary Compliance Agreement (VCA) in 2015.

B. FAIR HOUSING DISCRIMINATION SUIT FILED BY THE DEPARTMENT OF JUSTICE OR PRIVATE PLAINTIFFS

According to HUD's *FY 2012-2013 Annual Report on Fair Housing:*

> When HUD issues a charge of discrimination, the parties may choose to pursue the matter either in an administrative proceeding or in federal district court. In an administrative proceeding, HUD represents the government, bringing the case on behalf of the aggrieved person and the public interest. The aggrieved person, however, may intervene as a party in the proceeding in order to separately represent his or her own interests. If any party to the case elects to go to federal court, HUD transfers the case to DOJ, which prosecutes the case.
>
> An administrative law judge (ALJ) presides over the administrative proceeding. Once before an ALJ, the parties may resolve the charge by entering into an initial decision and consent order signed by the ALJ. Otherwise, an ALJ will conduct an administrative hearing in the vicinity in which the discriminatory practice is alleged to have occurred. The Fair Housing Act requires that the hearing begin within 120 days of the issuance of a charge, unless it is impracticable to do so.

In 2011 29 cases were pending and in FY 2012 35 cases were docketed. A case can involve more than one protected class. None of these cases involved the City of Hemet.

The Federal Department of Justice (DOJ) can file suits against entitlement jurisdictions alleging housing discrimination and/or the failure to affirmatively further fair housing. The DOJ has not filed such a suit against Hemet as the City has been in compliance with HUD's fair housing requirements.

Private parties also can file a fair housing lawsuit against the City. Private plaintiffs have not filed such a suit against the City of Hemet.

C. REASONS FOR ANY TRENDS OR PATTERNS

In Hemet, disability, race and familial status are likely to continue to be the most frequent basis for a housing discrimination complaint. This trend is the same as experienced in California and the nation. The National Fair Housing Alliance in its *2013 Fair Housing Trends Report* states:

> Disability complaints remain the greatest percentage of all complaints for the past several years….

Another trend is increased fair lending enforcement. The Federal Consumer Financial Protection Bureau (CFPB) has an Office of Fair Lending and Equal Opportunity. A major purpose of this Office is detecting unfair lending practices. The National Fair Housing Alliance believes that lending discrimination is difficult to detect because it is rarely overt. Consequently, the Alliance is recommending that CFPB collect information on the protected classes of all complainants not only those involving discrimination. The collection of this information will help to detect unfair lending practices that discriminate against one or more of the protected classes.

SECTION IV
DESCRIPTION OF FAIR HOUSING PROGRAMS/ACTIONS

SECTION IV: DESCRIPTION OF FAIR HOUSING PROGRAMS/ACTIONS

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SECTION IV: DESCRIPTION OF FAIR HOUSING PROGRAMS/ACTIONS

A. INTRODUCTION

HUD's suggested format indicates that an AI should briefly describe fair housing actions recently completed and currently underway. The description should include both public and private actions. When data are available, specific accomplishments, actual or anticipated, that have promoted or will promote fair housing should be described.

B. PUBLIC FAIR HOUSING PROGRAMS/ACTIONS

1. Fair Housing Services

The Fair Housing Council of Riverside County, Inc. is a California-based fair housing agency. The Fair Housing Council provides information, education, conciliation, investigation or referral of housing discrimination complaints and enforcement regarding federal and state fair housing laws. The Fair Housing Council networks with social and community agencies throughout the City of Hemet to address resident concerns regarding housing issues, such as discrimination due to race, sex, marital status, ancestry, color national origin, familial status, religion, disability, sexual orientation, age or source of income.

In addition, The Fair Housing Council will provide information on landlord and tenant rights and responsibilities under the California Civil Code. Additionally, the Fair Housing Council has a website and provides brochures, newsletters and other Fair Housing publication. With the recent mortgage crisis, the Fair Housing Council's reach has expanded to include current issues addressing default and foreclosure activities. Brochures regarding these new services are available at City Hall, Simpson Center, the library, and other locations within the City.

Fair housing services are available to all City of Hemet residents.

In the past four years the Fair Housing Council of Riverside County, Inc. has provided fair housing services to Hemet's residents. Table IV-1 lists the full range of services provided in the past five years.

2. Fair Housing Initiatives Program (FHIP)

The FHCRC received a HUD grant in FY 2015 to undertake various, enforcement, education and outreach activities that Affirmatively Further Fair Housing. The activities are designed to minimize and eliminate Impediments to Fair Housing Choice. Specifically, FHCRC will conduct systemic investigations, provide technical assistance to municipalities regarding compliance with fair housing laws, and provide Fair Housing education to the population of Riverside County. FHCRC's proposed activities include, conducting fair housing tests on rentals, sales and design and construction, hosting the 2016, 2017 and 2018 Annual Housing Conferences during National Fair Housing Month; creating partnerships with 8 local agencies and 3 partnerships with Universities and Colleges, conducting Town Hall Meetings to connect the public with housing professionals and industry leaders and systemic investigations which will help remove barriers to fair housing.

3. Town Hall Meeting

On June 30, 2015, the FHCRC conducted a Town Hall meeting to address the following issues within Riverside County. There were a total of 21 individuals who attended the meeting and were interested in solutions to the affordability crisis in Riverside County, down payment assistance programs and updated information relative to fair housing issues.

A panel of experts was present who gave their perspective on the housing affordability crisis in the Riverside County areas. Panelist, Ken Gutierrez a planning consultant made an interesting point when he mentioned that for a family to buy within Riverside County today, the average income has to be about $52,500 per year for housing affordability. He went to say that it would be a good idea for builders to build houses with less square footage that would make it cheaper for families who are trying to purchase a home for the first time.

Meanwhile other panelists touched on several obstacles facing low to moderate families within Riverside County. One of those stumbling blocks is having good credit, followed closely by low wages. For many low to moderate income families, there is not a clear understanding on how credit works. It is extremely hard to get a loan when there is negative information presented on one's credit; for example, a judgment, and tax lien or collection items. In addition, when wages continue to remain stagnant and low it is extremely difficult to obtain homeownership for those who earn low wages. Moreover, those in attendance were encouraged to visit a HUD Counseling Agency like the Fair Housing Council of Riverside County to seek the assistance in resolving any credit issues that may prevent from obtaining a loan for home purchase.

Down payment assistance was discussed in length including the Mortgage Credit Certificate Program. The attendees learned what it takes to qualify for the down payment programs available through the County of Riverside Economic Development Agency. In addition, they were given literature that provided income guidelines and qualifying cities where it is possible to use the down payment assistance program. The Mortgage Credit Certificate Program which is slightly different than the down payment assistance program was explained in detail. The program helps in reducing the amount of federal income taxes owed by a qualified borrower by 20% of the annual interest paid on the mortgage. This credit effectively increases the homebuyer's purchasing power, which helps the buyer for a mortgage.

Finally there was an update on the ruling by the Supreme Court judges that speaks to disparate impact. The ruling is as follows: On June 25, 2015, the Supreme Court of the United States held that disparate impact claims are recognizable under the Fair Housing Act. In the case Texas Department of Housing and Community Affairs v. the Inclusive Communities Project, the Justices ruled 5-4 to uphold the use of disparate impact to help prove claims of housing discrimination.

The Center for Responsible Lending president had this to say. "Today's decision is an affirmation that our nation must continue on its long journey of eliminating racial discrimination in the housing sector – and that disparate impact is a necessary tool that will help us advance on this journey. Disparate impact is critical in confronting and correcting abuses in lending. We have observed, documented, and reported on disparate impact in mortgage lending, auto lending, student lending, and a suite of other financial services. We know the power that lies in responsible lending – and the opportunities that access to responsible credit can bring to households, families, and communities. We have witnessed what happens when a single community cannot access such credit – and we know that these consequences are indicative of deeper, more systemic, more troubling realities in lending practices."

Table IV-1
Fair Housing Council of Riverside County, Inc.
City of Hemet Activities

2011-2012	Attendance	Literature
Had a Booth at the Downtown Farmer's Market	500	257
Had a Booth at Saturday Farmer's Market	350	209
Conducted a Fair Housing Workshop at the Crime Free Multi-Housing Seminar	42	252
Conducted a Fair Housing presentation at a Mobile Home Park	65	240
Client visit-Discrimination Intake & Education	6	18
Conducted a Fair Housing Presentation for Mobile Home owners	25	100
Conducted a Fair Housing Workshop	33	330
Conducted surveys at two communities	0	148
Distributed literature at City Hall	0	250
Attended the Subrecipient Meeting	15	1
Total	1,036	1,805
2012-2013	**Attendance**	**Literature**
Attended a meeting at a senior community concerning housing issues	4	10
Conducted Site Survey's	30	10
Attended Housing Element Workshop	15	0
Conducted Fair Housing Workshop	13	70
Conducted Workshop on Accessibility	4	32
Two Site Visits	0	20
Total	66	142
2013-2014	**Attendance**	**Literature**
City of Hemet	2	75
United Way	0	20
Mary Mack Bono Office	0	10
Hemet Public Library	1	40
YMCA & Senior Center	1	40
Valley Restart Shelter	2	60
Simpson Senior Center	100	200
Adult Day Services	1	10
Department of Veterans Affairs	5	10
Attended a meeting regarding the Housing Expo	5	20
Congressman Raul Ruíz Hemet Housing Expo/Loss Mitigation Services	3	10
Had a Booth at the Downtown Farmer's Market	500	257
Had a Booth at Saturday Farmer's Market	350	209
Conducted a Fair Housing Workshop at the Crime Free Multi-Housing Seminar	42	252
Conducted a Fair Housing presentation at a Mobile Home Park	65	240
Client visit-Discrimination Intake & Education	6	18
Conducted a Fair Housing Presentation for Mobile Home owners	25	100
Total	1,108	1,571

C. PRIVATE FAIR HOUSING PROGRAMS/ACTIONS

1. California Department of Real Estate/Southwest Riverside County Association of REALTORS (SRCAR)

As a condition of license renewal, the California Department of Real Estate requires sales persons and brokers to complete a 3-hour course on fair housing and ethics. These courses are periodically advertised by the Southwest Riverside County Association of REALTORS (SRCAR)
.
The fair housing course includes topics such as:

- ❒ Fair housing laws
- ❒ Real Estate Commissioners regulations
- ❒ Department of Real Estate regulations
- ❒ Types of properties exempt from the Fair Housing Act
- ❒ Prohibited practices
- ❒ Complaint procedures
- ❒ Penalties for violating the Fair Housing Act

2. Apartment Owners Association (AOA)

The AOA is a 30-year old organization that provides California apartment owners with full service land lording services. It frequently holds seminars on fair housing issues. These seminars have the major purpose of helping owners avoid fair housing complaints. For instance, one recent seminar was conducted to help ensure that owners adhered to fair and professional marketing applications and pre-screening procedures. The owners were advised to establish written, objective criteria and policies that are both in compliance with fair housing laws and applied consistently for all people.

3. California Apartment Association

The California Apartment Association (CAA) is a statewide trade association with a Division in Los Angeles County. The CAA strongly believes that education is at the heart of its mission as a trade association. CAA offers educational opportunities both in a traditional classroom setting throughout the state, as well as on the Internet.

The CAA has a course on Fair Housing which teaches the property manager's role in Fair Housing, the law as it applies to children and families, accommodating the disabled, policies and procedures, and proper leasing and rental procedures. The course topics include:

- ❒ Introduction – What is Fair Housing?
- ❒ Federal Fair Housing law
- ❒ California Fair Housing law
- ❒ Fair housing exemptions
- ❒ Compliance, enforcement and remedies
- ❒ Hiring and educating personnel
- ❒ Marketing and advertising practices
- ❒ Occupancy standards
- ❒ Avoiding discriminatory leasing practices
- ❒ Avoid discriminatory application and screening practices
- ❒ Denial of applications

- ❒ Avoid discrimination during tenancy
- ❒ ADA Compliance
- ❒ Reasonable accommodations
- ❒ Special reasonable accommodation issues
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SECTION V
FAIR HOUSING COMMUNITY PROFILE

SECTION V: FAIR HOUSING PROFILE

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SECTION V: FAIR HOUSING PROFILE

A. INTRODUCTION

HUD's suggested AI format includes a section on jurisdictional (meaning the City) background data. Such data may include demographics, income, employment, housing and other data relevant to the AI. Section V presents information on the following:

- ❒ Population growth trends in Riverside County and Hemet
- ❒ Hemet's housing, demographic and economic characteristics
- ❒ Characteristics of the community's fair housing protected groups
- ❒ Comparison of the status and well-being of the fair housing protected groups

Pursuant to HUD-LA's recommendation, the City examined alternative data sources available from HUD User. As part of the *Fair Housing Profile*, the City used the following data sources: Consolidated Planning, State of the Cities Data System – Current Labor Force Data for the City of Hemet, and CDP Policy Maps.

Most of the data tables in Section V are based on either the 2010 Census or 2013 American Community Survey (ACS). The 2013 ACS estimates, which are based on a sample survey, are almost identical to the estimates produced by the State Department of Finance (DOF). ACS estimates a 2013 population of 81,734 compared to the DOF estimate of 81,537 persons. ACS estimates a total of 30,364 households compared to the DOF estimate of 30,437 households. Because the estimates are almost the same, no adjustments were made to the ACS data.

B. POPULATION GROWTH IN RIVERSIDE COUNTY AND HEMET

1. Population Growth in Riverside County

Table V-1 shows that between 2010 and 2035, Riverside County will grow by approximately 1,100,000 people, according to the projections made by the State Department of Finance. The Hispanic population (665,100) will account for the vast majority of the growth followed by the White (192,800) and Asian populations (123,600). Hispanics will comprise almost two-thirds of Riverside County's growth during the 25-year period.

2. Population Growth in Hemet

Between 2008 and 2035 Hemet is projected to grow by 33,900 persons, according to the Southern California Association of Governments. During this period, the City's population will increase from a 2008 population estimate of 76,400 persons to a 2035 population projection of 110,300 persons. The composition of Hemet's future population will likely mirror the demographic changes that occur within the County.

Table V-1
Riverside County
Population Change by Race/Ethnicity: 2010-2035

Race/Ethnicity	2010	2035	Numerical Increase	Percent Increase[1]	Percent Increase[2]
Not Hispanic or Latino					
White	874,405	1,067,252	192,847	18.2%	22.1%
Black	133,791	175,520	41,729	3.9%	31.2%
American Indian/Alaska Native	10,951	13,355	2,404	0.2%	22.0%
Asian	127,558	251,159	123,601	11.7%	96.9%
Native Hawaiian or Other Pacific Islander	5,891	7,411	1,520	0.1%	25.8%
Multi-Race	45,361	80,403	35,042	3.3%	77.3%
Hispanic or Latino (any race)	993,930	1,659,062	665,132	62.6%	66.9%
Total	2,191,886	3,254,160	1,062,274	100.0%	48.5%

[1]Expressed as a percentage of the total increase (e.g. 192,847/1,062,275 = 18.2%)
[2]Expressed as a percentage of each group's increase (e.g. 192,847/874,405 = 22.1%)
Source: California Department of Finance, Demographic Research Unit, Report P-1 State and County Population Projections by Race/Ethnicity 2010-2060 (by decade).
Note: 2035 was estimated as the midpoint between 2030 and 2040.

Attachment A contains definitions of the different races. Ethnicity refers to being Hispanic or Latino or not being Hispanic or Latino. The definition of this population group is found in Attachment B.

C. HEMET'S HOUSING, DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

1. Existing Housing Stock

Table V-2 shows that 35,836 housing units comprise Hemet's housing stock. Single-family detached homes comprise almost 50% of the housing stock. Mobile home units in Hemet account for almost 30% of the housing stock.

2. Homeownership

Homeownership is a key indicator of community and personal well being as owning a home is often a household's major asset and wealth contributor. Table V-3 shows the 2000, 2010 and 2014 homeownership rates for Hemet, Riverside County, California and the Nation. In all three periods, Hemet had a somewhat lower home ownership rate than the Riverside County and the Nation, but a higher ownership rate than the State. Foreclosed upon homes could have contributed to the decline in the homeownership rates of both the City and County. These homes were once occupied by homeowners and may now be renter occupied.

Table V-2
City of Hemet
Housing Stock by Type of Unit: January 1, 2015

Type of Unit	Number of Units	Percent
1 unit, detached	17,354	48.4%
1 unit, attached	1,549	4.3%
2 to 4 units	2,226	6.2%
5+ units	4,870	13.6%
Mobile homes, RV, Van, Etc.	9,837	27.5%
Total	35,836	100.0

State of California, Department of Finance, *E-5 Population and Housing Estimates for Cities, Counties, and the State, 2015, with 2010 Benchmark* Sacramento, California, May 2015
Table construction by Castañeda & Associates

Table V-3
Comparison of Homeownership Rates by Year

Area	2000	2010	2014
Hemet	64.6%	61.7%	53.9%
Riverside County	68.9%	67.4%	63.8%
California	56.9%	55.9%	53.7%
Nation	66.2%	65.1%	63.1%

Source: 2000 Census Summary File 1, Table QT-H2: Tenure, Household Size and Age of Householder
2010 Census DP-1 Profile of Population and Housing Characteristics: 2010, Housing Tenure
Table construction by Castañeda & Associates
2014 American Community Survey (ACS) 1-Year Estimates, Table DP04: Selected Housing Characteristics

3. Household Income

'Fair housing choice', according to HUD, means the ability of persons of *similar income levels* regardless of race, color, religion, sex, national origin, handicap and familial status to have available to them the same housing choices. This means, for instance, those households of different races but with similar income levels should have available to them the same housing choices. Another example is that female householders, male householders and married couples with similar income levels should have available to them the same housing choices. A housing market that treats female and male householders with incomes of $60,000 *differently* would not be providing fair housing choice.

Household income is the key determinant of ability to pay for housing. For many households, their income is too limited to afford existing housing. A larger number of households have incomes too low to afford new housing, as new housing is usually more expensive than existing housing.

In 2014 approximately 31,000 households resided in Hemet. Table V-4 shows the number and percentage of households in 10 income groups.

Almost 5% of all households had an annual income of $100,000 or more. Nearly 26% of all households had yearly incomes between $50,000 and $99,999. The balance or 69% of Hemet's households had annual income of less than $50,000. The households with annual incomes of less than $50,000 have the most difficulty qualifying for a home loan.

According to HUD data, 60.5% of Hemet's population has low and moderate incomes – that is, less than 80% of Riverside County's median income. The purpose of the City's CDBG programs is to address the needs of households with low and moderate incomes.

This percentage reflects the high proportion of housing – apartments, mobile homes, single-family homes – occupied by seniors. Indeed, according to 2013 ACS data, 44% of Hemet's householders have Social Security Incomes with a mean annual income of $16,533.

Table V-4
City of Hemet
Household Income Distribution: 2014

Household Income	Number of Households	Percent
Less than $10,000	3,422	11.0%
$10,000 to $14,999	3,464	11.2%
$15,000 to $24,999	5,421	17.5%
$25,000 to $34,999	4,673	15.0%
$35,000 to $49,999	4,679	15.1%
$50,000 to $74,999	5,201	16.7%
$75,000 to $99,999	2,803	9.0%
$100,000 to $149,999	854	2.7%
$150,000 to $199,999	218	0.7%
$200,000 or more	323	1.0%
Total	31,058	100.0%

Source: American Community Survey (ACS), 2014 1-Year Estimates, DP03, Selected Economic Characteristics, Income and Benefits (in 2014 Inflation-Adjusted Dollars)
Table construction by Castañeda & Associates

4. Labor Force/Employment Characteristics

Hemet has fewer workers (about 13,000) located within the city limits than jobs (about 15,700) (Table V-5). Several shifts have occurred in the employment of Hemet residents as the City has felt the effects of the economic recession. The community has developed an extensive network of medical and adult care facilities. According to the 2007-2011 ACS, Hemet residents employed in Education and Health Care Services is now the largest employment sector with 18% of its workers and 27% of the City's jobs. Until very recently, Hemet's economy was oriented toward providing goods and services to its large base of middle-class retirees. The City's retail and consumer service sectors have thus represented a significant share of its jobs and payroll. Based on Table V-5, the 2007-2011 ACS identifies retail trade as Hemet's second largest industry with 17% of the workforce and 24% of the local jobs. A close third is

Arts/Entertainment/Accommodations with 15% of Hemet's workforce and 17% of its jobs. Major employers include Hemet Valley Medical Center, Manor Care Health Services, Hemet Valley Mall and Hemet Unified School District.

According to data included in the City's FY 2015-2019 Consolidated Plan, Hemet's unemployment rate is estimated to be 16.6%. This unemployment rate is based on a labor force of 28,645, 23,900 employed workers and 4,745 unemployed workers.

Housing choice for all racial and ethnic groups is diminished by high unemployment rates because they depress household income and an increase the number of poverty income families. The City's unemployment rate, though, has been gradually decreasing in recent years.

Table V-5
City of Hemet
Business Activity: Resident Workers and Local Jobs by Business/Industry Sector: 2007-2011

Business/Industry Sector	Number of Workers	Number of Jobs	Share of Workers %	Share of Jobs %	Jobs less workers %
Agriculture, Mining, Oil & Gas Extraction	241	95	2	1	-1
Arts, Entertainment, Accommodations	1,899	2,603	15	17	2
Construction	918	268	7	2	-5
Education and Health Care Services	2,361	4,230	18	27	9
Finance, Insurance, and Real Estate	653	708	5	5	0
Information	187	343	1	2	1
Manufacturing	1,508	1,370	12	9	-3
Other Services	1,152	1,509	9	10	1
Professional, Scientific, Management Services	694	482	5	3	-2
Public Administration	0	0	0	0	0
Retail Trade	2,278	3,744	17	24	7
Transportation and Warehousing	453	101	3	1	-2
Wholesale Trade	683	222	5	1	-4
Total	13,027	15,675	--	--	--

Source: 2007-2011 American Community Survey (workers), 2011 Longitudinal Employer-Household Dynamics (jobs) and City of Hemet 2015-2020 Consolidated Plan

D. PROFILE OF HEMET'S FAIR HOUSING PROTECTED CLASSES

1. Introduction

The Federal Fair Housing Act prohibits discriminatory practices which make housing unavailable because of a persons':

- ❒ Race
- ❒ Color
- ❒ Religion
- ❒ Sex
- ❒ National Origin
- ❒ Familial Status
- ❒ Handicap/Disability

In addition, California law prohibits discriminatory housing practices because of:

- ❒ Marital Status
- ❒ Ancestry
- ❒ Source of Income
- ❒ Age
- ❒ Arbitrary Characteristic

Definitions of the fair housing protected groups are found in Attachment C.

2. Race/Color

a. Race and Ethnic Categories

The Fair Housing Act does not define race. The racial categories included in the census form generally reflect a *social definition* of race recognized in this country, and are not an attempt to define race biologically, anthropologically or genetically. In addition, the U.S. Census Bureau recognizes that the race categories include both racial and national origin or socio-cultural groups. Census 2010 and the *American Community Survey* provide for six race categories:

- ❒ White Alone
- ❒ Black, African American or Negro Alone
- ❒ American Indian or Alaska Native Alone
- ❒ Asian Alone
- ❒ Native Hawaiian or Other Pacific Islander Alone
- ❒ Some Other Race Alone

Individuals who chose more than one of the six race categories are referred to as the *two or more races* population. All respondents who indicated more than one race can be collapsed into the *two or more races* category, which combined with the six *alone* categories, yields seven mutually exclusive and exhaustive categories. Thus, the six race *alone* categories and the *two or more races* category sum to the total population.

The 2000 and 2010 Census race and ethnic categories follow the Office of Management and Budget (OMB) Policy Directive No. 15 (May 12, 1977) and the 1997 revisions. The OMB's efforts are to standardize the racial and ethnic categories so that federal government agencies

can monitor discrimination, as required by the Civil Rights Act of 1964, the Voting Rights Act of 1965, the Fair Housing Act of 1968, the Equal Credit Opportunity Act of 1974, and the Home Mortgage Disclosure Act of 1975.

Source: Victoria Hattam, "Ethnicity & the American Boundaries of Race: Rereading Directive 15," *Daedalus* – Journal of the American Academy of the Arts & Sciences, Winter 2005, pgs. 61-62

Ethnicity means being of Hispanic or Latino Origin or not being of such origin.

b. Definitions of Minority Populations

The populations comprising "minority" groups are defined in the same way by the OMB, Federal Department of Transportation (DOT), Federal Financial Institutions Examination Council (FFIEC), and Council on Environmental Quality (CEQ - environmental justice guidelines). The OMB and DOT both define the minority populations as Black, Hispanic (regardless of race), Asians (including Pacific Islanders) and American Indian and Alaskan Native. The FFIEC, for purposes of Home Mortgage Disclosure Act (HMDA) data collection, states that:

> …the percentage minority population means, for a particular census tract, the percentage of persons of minority races and whites of Hispanic or Latino Origin, in relation to the census tract's total population.

The CEQ environmental justice guidelines provide the following definition:

> Minority individuals – Individuals who are members of the following population groups: Hispanic or Latino, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, multiracial minority (two or more races, at least one of which is a minority race).

The non-minority population is White, Non-Hispanic or Latino.

c. Hemet's Population by Race and Ethnicity

Table V-6 shows the 2014 population by Hispanic/Latino ethnicity and six race categories for both Hemet and the remainder of Riverside County. The census population counts are based on *self-identification*. Hemet and the balance of Riverside County (excluding the City) have different population compositions. Hemet's Hispanics or Latino population is 10.5% less than the balance of Riverside County (37.3% versus 47.8%). In contrast, the City's White alone, non-Hispanic population is 7 percentage points higher than the balance of the County. In both Hemet and the County, there is no majority (50%+) population group.

Table V-6
City of Hemet and Riverside County
Population by Race and Ethnicity: 2014

Category	Hemet		Riverside County	
	# of Persons	% of Total	# of Persons	% of Total
Not Hispanic or Latino				
White	36,392	43.8%	827,637	36.8%
Black or African American	10,016	12.1%	126,733	5.6%
American Indian/Alaska Native	766	0.9%	8,690	0.4%
Asian	3,051	3.7%	140,754	6.3%
Native Hawaiian/Pacific Islander	0	0.0%	4,841	0.2%
Other Races or 2+ Races	1,831	2.2%	63,590	2.8%
Hispanic or Latino (any race)	30,984	37.3%	1,073,986	47.8%
Total	83,040	100.0%	2,246,231	100.0%

Source: American FactFinder, American Community Survey 2014 1-Year Estimates, Table DP05: ACS Demographic and Housing Estimates.
Table construction by Castañeda & Associates

Table V-7 shows Hemet's future population composition by race and ethnic group. The 2035 projection was made by applying Riverside County's 2010-2035 growth rates to Hemet's 2010 population by race and ethnic group. In 2035, the Hispanic population almost will comprise a majority group (49.1%). The White alone share of the Hemet's population would decrease from 44% to 40%.

Table V-7
City of Hemet
Population by Race and Ethnicity: 2035

Race/Ethnicity	Number	Percent of Total
Not Hispanic or Latino		
White	44,000	40.0%
Black	5,500	5.0%
Asian	3,000	2.7%
Other	3,500	3.2%
Hispanic	54,000	49.1%
Total	110,000	100.0%

Source: Riverside population growth rates by race/ethnicity between 2010 and 2035 applied to Hemet's population by race/ethnicity (Table V-6)

According to the FHCRC, race or color are the bases of almost 12% of housing discrimination complaints filed by Hemet residents. Even though Hispanics comprise 42% of the population, only 10% of the housing discrimination complaints filed with the FHCRC were made by this population group. By comparison, the White Alone population filed almost 63% and the Black population 25% of the housing discrimination complaints, respectively.

d. Race of Hispanic or Latino and Not Hispanic or Latino Populations

Table V-8 shows that in 2013 almost 34,600 persons identified as being of Hispanic or Latino Origin. With respect to race –

- ❒ Almost 59% of the Hispanic population said that their race was White Alone
- ❒ 33% said they belonged to Some Other Race
- ❒ Almost 6% identified themselves as having Two or More Races

Thus, many Hispanic or Latino people do not identify with the White Alone Race Category but rather consider themselves as belonging to Some Other Race. Indeed, 99.7% (11,514/11,554) of the Some Other Race population is Hispanic or Latino. Hemet is not unusual in terms of the racial identification of the Hispanic or Latino population.

A research study of the 2000 Census found:

> Almost 6 million Californians departed from the federal government's racial categories by selecting "some other race." Of these respondents, 99 percent were Latinos. In effect, this pattern of response converted the residual "some other race" category into a de facto Latino racial category. This conversion occurred not because of administrative need; indeed, the Hispanic ethnicity question satisfies all legal mandates. Nor did it take place because Latinos petitioned the government for change. Rather, it emerged spontaneously from a subset of Americans whose racial perceptions differed from those codified by the federal government. In the long run, this pattern of response may lead to changes in the federal government's racial and ethnic classification system.
>
> Source: Sonya M. Tafoya, *Latinos and Racial Identification in California*, Public Policy Institute of California. Volume 4, Number 4, May 2003, May 2003, page 12

Table V-8
City of Hemet
Race of Hispanic or Latino and Non Hispanic or Latino Populations: 2013

Race	Hispanic or Latino	Percent Distribution	Not Hispanic or Latino	Percent Distribution	Total	Percent Distribution
White Alone	20,328	58.8%	38,535	81.7%	58,863	72.0%
Black or African American Alone	565	1.6%	4,585	9.7%	5,150	6.3%
Asian Alone	77	0.2%	448	1.0%	525	0.6%
American Indian or Alaska Native Alone	115	0.3%	1,676	3.6%	1,791	2.2%
Hawaiian or Other Pacific Islander Alone	0	0.0%	0	0.0%	0	0.0%
Some Other Race Alone	11,514	33.3%	40	0.1%	11,554	14.1%
Two or More Races	1,987	5.7%	1,864	4.0%	3,851	4.7%
Total	34,586	100.0%	47,148	100.0%	81,734	100.0%

Source: American FactFinder, American Community Survey 2013 1-Year Estimates, Table B03002: Hispanic or Latino Origin by Race.
Table construction by Castañeda & Associates

e. Origins of the Hispanic or Latino Population

There are nearly 34,600 Hispanic or Latino persons residing in Hemet, according to the 2013 American Community Survey. Table V-9 shows that almost 90% of the Hispanic or Latino population is of Mexican origin.

Table V-9
City of Hemet
Persons of Hispanic Origin: 2000 and 2013

Hispanic Origin	2000		2013	
	Number	Percent	Number	Percent
Mexican	10,963	80.7%	30,907	89.4%
Puerto Rican	272	2.0%	1,475	4.3%
Cuban	68	0.5%	250	0.7%
Other Spanish/Hispanic*	2,282	16.8%	1,954	5.6%
Total	13,585	100.0%	34,586	100.0%

*The Census 2000 category is "Other Hispanic or Latino"
Source: Census 2000, Table DP-1, Profile of General Demographic Characteristics, Hispanic or Latino and Race
American FactFinder, American Community Survey 2013 1-Year Estimates, Table DP05: ACS Demographic and Housing Estimates.
Table construction by Castañeda & Associates

3. Sex (of Householder)

In the sale and rental of housing, fair housing laws protect several "classes" from discrimination. Federal and State fair housing laws prohibit discrimination based on a person's sex. The United States Department of Justice (DOJ) has stated:

> The Fair Housing Act makes it unlawful to discriminate in housing on the basis of sex. In recent years, the Department's focus in this area has been to challenge *sexual harassment* in housing. Women, particularly those who are *poor*, and with limited housing options, often have little recourse but to tolerate the humiliation and degradation of sexual harassment or risk having their families and themselves removed from their homes.
>
> In addition, *pricing discrimination* in mortgage lending may also adversely affect women, particularly minority women. This type of discrimination is unlawful under both the Fair Housing Act and the Equal Credit Opportunity Act. [Emphasis added]
>
> Source: United States Department of Justice, Civil Rights Division, Housing and Civil Enforcement Section, *The Fair Housing Act*, July 25, 2008, pages 2 and 3

According to the FHCRC, sex/gender is the bases of almost 2% of housing discrimination complaints filed by Hemet residents.

Table V-10 presents data on the number of male and female householders. The counts *exclude* married couple families as homes are typically owned or rented in both spouses' names.

Excluding married couples, there are almost 17,000 householders of whom about 65% (11,033) are female and 35% (5,885) are male. Almost 6,000 female householders live alone.

Table V-10
City of Hemet
Sex of Householder: 2010

Sex of Householder	Owner	Renter	Total	Percentage
Male Householder, No Wife Present	740	883	1,623	9.6%
Male Householder Living Alone	1,982	1,298	3,280	19.4%
Male Householder Living with Others	474	508	982	5.8%
Subtotal	3,196	2,689	5,885	34.8%
Female Householder, No Husband Present	1,791	2,558	4,349	25.7%
Female Householder Living Alone	3,722	2,117	5,839	34.5%
Female Householder Living with Others	462	383	845	5.0%
Subtotal	5,975	5,058	11,033	65.2%
Total	9,171	7,747	16,918	100.0%

Source: Census 2010, Summary File 1 (SF1) Table QT-H3: Tenure, Household Size and Age of Householder
Table construction by Castañeda & Associates

Poor women, as noted above by the DOJ, are often the victims of sexual harassment. Almost 59% of female householders with children have poverty incomes.

4. National Origin/Ancestry

The Fair Housing Act and California Fair Employment and Housing Act prohibit discrimination based upon national origin. According to the United States Department of Justice, such discrimination can be based either upon the country of an individual's birth or where his or her ancestors originated.

According to the FHCRC, national origin is the bases of almost 1% of housing discrimination complaints filed by Hemet residents.

According to 2009-2013 ACS 5-Year estimates, the foreign born population consisted of approximately 11,700 persons or 14.6% of the City's total population. Table V-11 shows the place of birth of the foreign born population. Of the foreign born population –

- 68.6% were born in Latin America
- 16.2% were born in Asia
- 8.5% were born in Europe

Table V-11
City of Hemet
Place of Birth of the
Foreign Born Population: 2013

Place of Birth	Number	Percent
Europe	996	8.5%
Asia	1,898	16.2%
Africa	105	0.9%
Oceania	82	0.7%
Latin America	8,035	68.6%
North America	597	5.1%
Total	11,713	100.0%

Source: American FactFinder, American Community Survey 2009-2013 5-Year Estimates. Table S0502: Selected Characteristics of the Foreign-Born Population by Period of Entry into the United States
Table construction by Castañeda & Associates

Table V-12 shows that the race and ethnicity of the foreign born population reflects the place of birth or country of origin: 67.6%% Hispanic or Latino; 14.6% Asian, and 15.6% White, not Hispanic or Latino.

Table V-12
City of Hemet
Race of the Foreign-Born Population: 2013

Race	Number	Percent
One Race		
White	6,489	55.4%
Black or African American	164	1.4%
American Indian and Alaska Native	94	0.8%
Asian	1,710	14.6%
Native Hawaiian and Other Pacific Islander	12	0.1%
Some Other Race	2,893	24.7%
Two or More Races	351	3.0%
Total	11,713	100.0%
Hispanic or Latino of Any Race	7,918	67.6%
White Alone, Not Hispanic or Latino	1,827	15.6%

Source: American Fact Finder, American Community Survey 2009-2013 5-Year Estimates. Table S0501: Selected Characteristics of the Native and Foreign-Born Populations
Table construction by Castañeda & Associates

5. Familial Status

The Fair Housing Amendments Act of 1988 prohibits discriminatory housing practices based on familial status. In most instances, according to the United States Department of Justice, the Act prohibits a housing provider from refusing to rent or sell to families with children. However, housing may be designated as housing for older persons (55 years + of age). This type of housing, which meets the standards set forth in the Housing for Older Persons Act of 1995, may operate as "senior housing" and exclude families with children.

The Act protects families with children less than 18 years of age, pregnant women, or families in the process of securing custody of a child under 18 years of age. The Department of Justice has stated:

> In addition to prohibiting the outright denial of housing to families with children, the Act also prevents housing providers from imposing any special requirements or conditions on tenants with children. For example, landlords may not locate families with children in any single portion of a complex, place an unreasonable restriction on the number of persons who may reside in a dwelling, or limit their access to recreational services provided to other tenants.
>
> Source: United States Department of Justice, Civil Rights Division, Housing and Civil Enforcement Section, *The Fair Housing Act*, July 25, 2008, page 3

The DOJ points out that would be renters can be denied access to housing because of prohibited discriminatory practices while in-place renters can face housing discrimination due to the practices of housing providers.

According to the FHCRC, familial status is the bases of almost 7% of housing discrimination complaints filed by Hemet residents.

Table V-13 shows there are an estimated 17,610 *family* households, which comprise about 57% of all households. Almost 7,150 family households have children; therefore, approximately 23% of all households have children less than 18 years of age (7,140/31,058). Although most families with children are husband-wife, two parent families, only about 33% of all husband-wife families have children. In contrast, 58% of female householders with no husband have children less than 18 years of age.

Table V-13
City of Hemet
Families With and Without Children: 2014

Type of Family	With Children <18 Years	Percent	Without Children <18 Years	Percent	Total	Percent
Husband-Wife Families	3,359	32.7%	6,918	67.3%	10,277	58.4%
Female Householder No Husband Present	2,962	58.1%	2,136	41.9%	5,098	28.9%
Male Householder No Wife Present	819	36.6%	1,416	63.4%	2,235	12.7%
Total	7,140	40.5%	10,470	59.5%	17,610	100.0%

American FactFinder, American Community Survey 2014 1-Year Estimates, Table B11003: Family Type by Presence and Age of Own Children Under 18 Years. Table construction by Castañeda & Associates

6. Handicap/Disability

a. Background

The Fair Housing Amendments Act of 1988 prohibits discriminatory housing practices based on handicap/disability status in all types of housing transactions. Among other prohibitions, the Act is intended to prohibit the application of special restrictive covenants and conditional or special use permits that have the effect of limiting the ability of such individuals to live in the residence of their choice. Fair housing laws, therefore, make it illegal to deny a housing opportunity on the basis of disabilities.

In addition, the law prohibits applying one standard to one class of individuals while applying a different standard to another class of individuals. For example, it would be illegal to ask a disabled individual applying for an apartment to provide a credit report if non-disabled applicants do not have to provide one.

Housing discrimination complaint data made on the bases of handicap/disability are noted
Housing opportunities for disabled persons are impeded by practices in both the private and public sectors. For instance, "denied reasonable modification/accommodation" is often cited as an alleged act in housing discrimination complaints. Additionally, apartment rental ads often state "no pets allowed," even though disabled persons may have service or companion animals. In the public sector, housing opportunities can be impeded because a community has not adopted a reasonable accommodation procedure, or if adopted has not made the procedure widely known in the community.

The United States Department of Justice has indicated a major focus of its efforts is on public sector impediments that may restrict housing opportunities for disabled persons. The Department has stated:

> The Division's enforcement of the Fair Housing Act's protections for persons with disabilities has concentrated on two major areas. One is insuring that zoning and other regulations concerning land use are not employed to hinder the residential choices of these individuals, including unnecessarily restricting communal, or congregate, residential arrangements, such as group homes. The second area is insuring that newly constructed multifamily housing is built in accordance with the Fair Housing Act's accessibility requirements so that it is accessible to and usable by people with disabilities, and, in particular, those who use wheelchairs.
>
> Source: United States Department of Justice, Civil Rights Division, Housing and Civil Enforcement Section, *The Fair Housing Act*, July 25, 2008, page 4

According to the FHCRC, disability is the bases of almost 70% of all housing discrimination complaints filed by Hemet residents.

b. Estimates of People with Disabilities

Approximately 16,900 residents have one or more disabilities, according to data from the 2014 American Community Survey. Table V-14 shows the number of disabled persons by age group. The elderly experience the highest disability prevalence rates.

Table V-14
City of Hemet
Disability Status of Civilian Non-institutionalized
Population by Age Group: 2014

Age Group	Total Population	Disabled Population	Percent Disabled
< 5 years	4,036	0	0.0%
5-17 years	16,050	213	1.3%
18-64 years	43,080	7,775	18.0%
65-74 years	9,356	2,825	30.2%
75 years +	9,830	6,077	61.8%
Total	82,352	16,890	20.5%

Source: American FactFinder, American Community Survey 2014 1-Year Estimates, Table B18101: Sex by Age by Disability Status for Civilian Noninstitutionalized Population
Table construction by Castañeda & Associates

c. Disabled Elderly Households

Table V-15 indicates that almost 6,200 elderly households are disabled. About 73% of the disabled elderly households are homeowners. Elderly disabled owners may need home modifications as they age in place and permission from the City to make exterior modifications such as constructing ramps in the side yard. Elderly disabled renters may need permission for reasonable physical modifications and reasonable accommodations from their apartment manager.

Table V-15
City of Hemet
Estimated Number of Elderly Households
By Tenure with a Disabled Person: 2014

Tenure	Number of Householders 65-74	Percent Disabled	Number Disabled	Number of Householders 75+	Percent Disabled	Number Disabled	Total Disabled
Owners	4,429	30.2%	1,338	4,890	61.8%	3,022	4,410
Renters	2,689	30.2%	812	1,280	61.8%	791	1,603
Total	7,118	30.2%	2,150	6,170	61.8%	3,813	6,013

Source: Table V-14
Note: Estimate assumes there is only one disabled person living in the household. The number of elderly households with a disabled member would be fewer if there is more than one disabled person in a household.

d. Developmentally Disabled

SB 812, which took effect January 2011, amended State Housing Element law to require the analysis of the disabled to include an evaluation of the special housing needs of persons with developmental disabilities. A "developmental disability" is defined as a disability that originates before an individual becomes 18 years old, continues, or can be expected to continue,

indefinitely, and constitutes a substantial disability for that individual. This includes Mental Retardation, Cerebral Palsy, Epilepsy, and Autism. The US Census does not have specific information regarding persons with developmental disabilities. However, each nonprofit regional center contracted with the California Department of Developmental Services maintains an accounting of the number of persons served. The Inland Regional Center serves persons in the City of Hemet, as well as other cities in the Inland Empire. The Inland Regional Center currently serves 837 persons with developmental disabilities in Hemet.

e. Persons Living with HIV/AIDS

The Inland Empire HIV Planning Council (IEHPC) reports that, as of January 18, 2013, there were 100 people living with HIV or AIDS within the three ZIP code areas comprising Hemet and the adjacent unincorporated area (92543, 92544, and 92545).

Federal funding for HIV/AIDS care providers is disbursed through the Ryan White CARE Act (RWCA), and allotted according to local need. There are currently no RWCA providers in Hemet. The Inland AIDS Project (IAP) office in Riverside offers a wide variety of services, including case management, home health care, food services, transportation, SAFE-T Net, legal services, mental health, and substance abuse counseling. A smaller IAP office closer to Hemet in Sun City offers case management only.

RWCA care providers surveyed by the IEHPC were asked to describe existing barriers to services for their clients. The largest barriers were, in order, transportation, lack of providers and resources, and homelessness and poverty. These barriers are certainly relevant to Hemet's residents with HIV or AIDS, since there is no RWCA provider within the area.

7. Marital Status

The California Fair Employment and Housing Act prohibits discrimination based on marital status. The applicable state regulation defines marital status as –

> (a)n individual's state of marriage, non-marriage, divorce or dissolution, separation, widowhood, annulment, or other marital status.

Essentially, this means that all persons in a household or establishing a household fall within the meaning of this fair housing protect group. People are covered regardless of marital status or the state of marriage or non-marriage.

According to the FHCRC, a housing discrimination complaint on the basis of marital status has not been filed in the past three years. (FY 2011-2013 to FY 2013-2014).

The 2014 *American Community Survey* has five "marital status" categories:

- ❒ Never married
- ❒ Now married
- ❒ Separated
- ❒ Widowed
- ❒ Divorced

These terms refer to the marital status at the time of the survey. A married couple includes a family in which the householder and his or her spouse are enumerated as members of the same

household. Table V-16 shows that almost 36% of the population 15 years of age or older are married and almost 32% have never married. The "now married" category includes all married people except those who are legally married but separated

Table V-16
City of Hemet
Marital Status of the Population 15 Years and Over: 2014

Marital Status	Females	Percent	Males	Percent	Total	Percent
Never Married	12,316	33.0%	8,761	30.2%	21,077	31.8%
Now Married	11,907	31.9%	11,816	40.7%	23,723	35.8%
Separated	987	2.6%	1,066	3.7%	2,053	3.1%
Widowed	5,893	15.8%	2,646	9.1%	8,539	12.9%
Divorced	6,173	16.6%	4,717	16.3%	10,890	16.4%
Total	37,276	100.0%	29,006	100.0%	66,282	100.0%

Sources: American FactFinder, American Community Survey 2014 1-Year Estimates, Table DP02, Selected Social Characteristics, Marital Status.
Table construction by Castañeda & Associates

E. COMPARISON OF THE STATUS AND WELL-BEING OF FAIR HOUSING PROTECTED GROUPS

Part E compares the relative well-being of the fair housing protected groups in terms of poverty status and homeownership.

1. Poverty Income by Race and Ethnicity

Just over 23% of the population has incomes below the poverty level. Table V-17 shows the poverty rates by race and ethnicity. Most poverty rates are quite high except for the Asian (8.1%) and White Alone (16.3%) populations. Although poverty rates differ, any household with such low incomes – regardless of race or ethnicity – would be unable to afford market rate housing. Their freedom to attain their housing of choice is severely restricted.

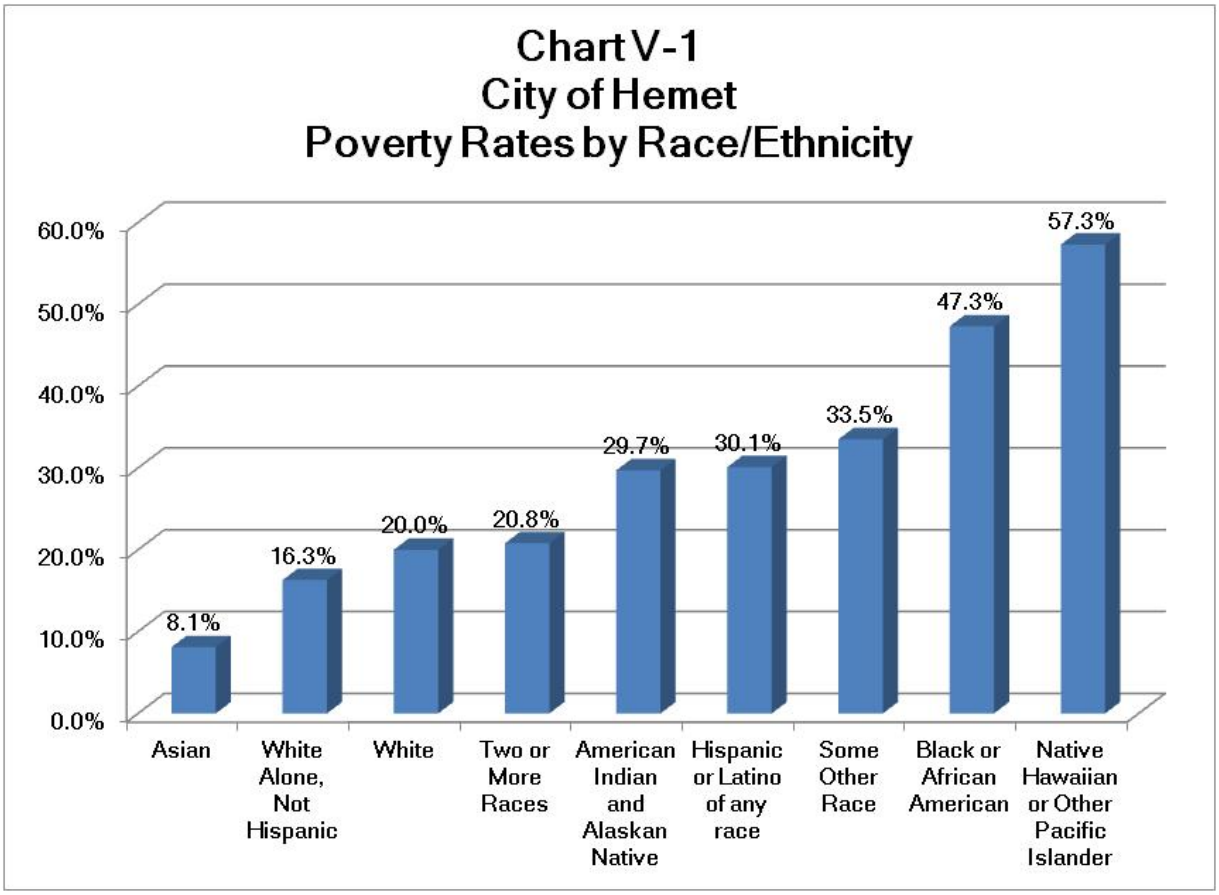
As noted in the table footnote, the margin of error for several of the populations is quite high.

Chart V-1 on page V-18 shows graphically the differences in poverty rates by race and ethnicity.

Table V-17
City of Hemet
Poverty Status by Race and Ethnicity – 2013

Race/Ethnicity	Population	Number Below Poverty Level	Percent Below Poverty Level[1]
One Race			
White	56,925	11,407	20.0%
Black or African American	5,062	2,394	47.3%
American Indian and Alaskan Native	676	201	29.7%
Asian	2,421	197	8.1%
Native Hawaiian or Other Pacific Islander	89	51	57.3%
Some Other Race	10,137	3,399	33.5%
Two or More Races	3,895	811	20.8%
Total	79,205	18,460	23.3%
Hispanic or Latino of any race	29,392	8,857	30.1%
White Alone, Not Hispanic	40,218	6,549	16.3%

Source: 2009-2013 American Community Survey (ACS) 5-Year Estimates, Table S1701 Poverty Status in the Past 12 Months.
Note:
[1]Margin of error for White is +/- 2.5%; Black or African American is +/-8.3%; American Indian/Alaska Native is +/- 19.8%; Asian is +/- 6.2%; Native Hawaiian or Other Pacific Islander is +/-48.0%; Some Other Race is +/-7.2% and Two or More Races is +/-8.3%. For Hispanic or Latino the margin for error is +/-4.6% and for White Alone is +/- 2.1%.
Table construction by Castañeda & Associates



2. Poverty Income by Familial Status and Presence of Children

Poverty by family type offers another indicator of the well-being of the fair housing protected groups. Female householders with children often confront bias in the rental housing market. Their access to decent housing also is made more difficult by poverty. Table V-18 shows that female heads of households with children under 18 years of age experience the highest poverty income rates.

3. High Poverty Neighborhoods

Table V-19 shows the White and minority population characteristics in the two high poverty neighborhoods - those with poverty rates exceeding 40%. Census Tract 434.05 has 48% of its population with incomes below the poverty level. The neighborhood is not racially/ethnically concentrated as 49% of its population belongs to a minority group compared to a citywide minority population of 53%. In contrast, Census Tract 434.01 has a poverty rate of 40.5% and almost two-thirds of its population belongs to a minority population group.

Table V-18
City of Hemet
Poverty Status by Familial Status and Presence of Children-2014

Family Type	Total Number of Families	Number Below Poverty Level	Percent Below Poverty Level
Married Couple Families	10,277	1,809	17.6%
With related children under 18 years	3,922	1,192	30.4%
Female Householder, no husband present	5,098	1,545	30.3%
With related children under 18 years	3,924	1,385	35.3%
All Families	17,610	4,367	24.8%
With related children under 18 years	8,890	3,120	35.1%

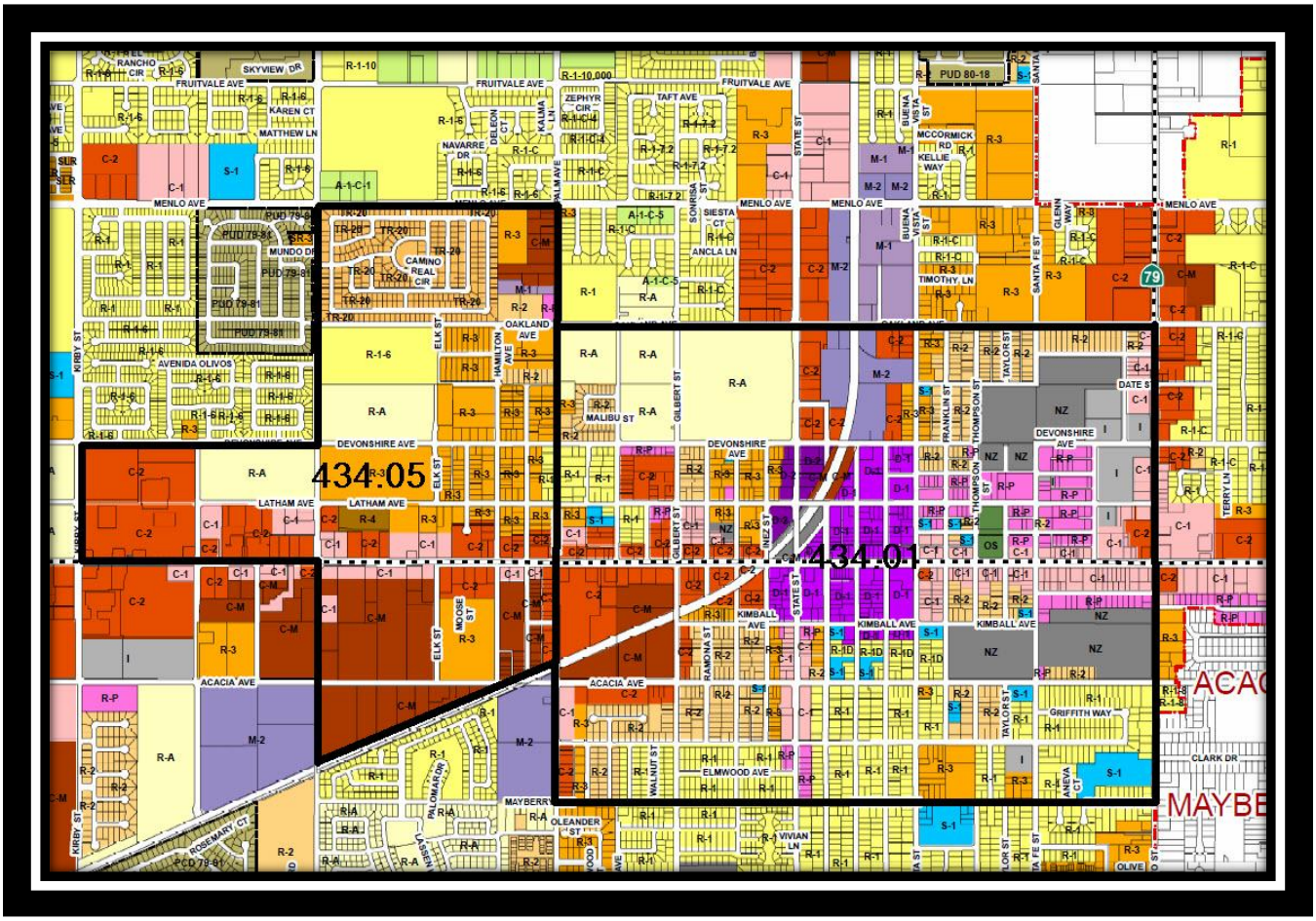
Note: Table does not include Male Householder, No Wife Present (2,235) With Own Children (819).
Source: American FactFinder, American Community Survey (ACS) 2014 1-Year Estimates, Table S1702 Poverty Status in the Past 12 Months of Families
Table construction by Castañeda & Associates

Table V-19
City of Hemet
White and Minority Populations in High Poverty Census Tracts: 2010

Census Tract/ Block Group	White Non-Hispanic Population	Minority Population	Total Population	Percent Minority
Census Tract 434.05				
Block Group 1	646	803	1,449	55.4%
Block Group 2	551	591	1,142	51.8%
Block Group 3	956	670	1,626	41.2%
Census Tract Total	2,153	2,064	4,217	48.9%
Census Tract 434.01				
Block Group 1	771	1,440	2,211	65.1%
Block Group 2	663	1,128	1,791	63.0%
Block Group 3	637	1,152	1,789	64.4%
Census Tract Total	2,071	3,720	5,791	64.2%

Source: American FactFinder, American Community Survey, Census 2010 Summary File 1, Table P9: Hispanic or Latino and Not Hispanic or Latino by Race

Exhibit V-1
City of Hemet: Zoning in High Poverty Census Tracts



4. Tenure by Race and Ethnicity

Existing and would be home owners may experience housing discrimination during the process of buying a home. For instance, discriminatory behavior could be made by real estate agents, appraisers, lenders, and home insurance agents. Renters, on the other hand, could be denied access to housing while in-place tenants could be discriminated against by landlords. Most housing discrimination complaints are made be renters.

According to the 2008-2013 ACS data almost 58% of all householders owned a home. Table V-20 shows the home ownership rates by race and ethnicity. Chart V-2 shows the differences in homeownership rates among the householders of differences races and ethnicities.

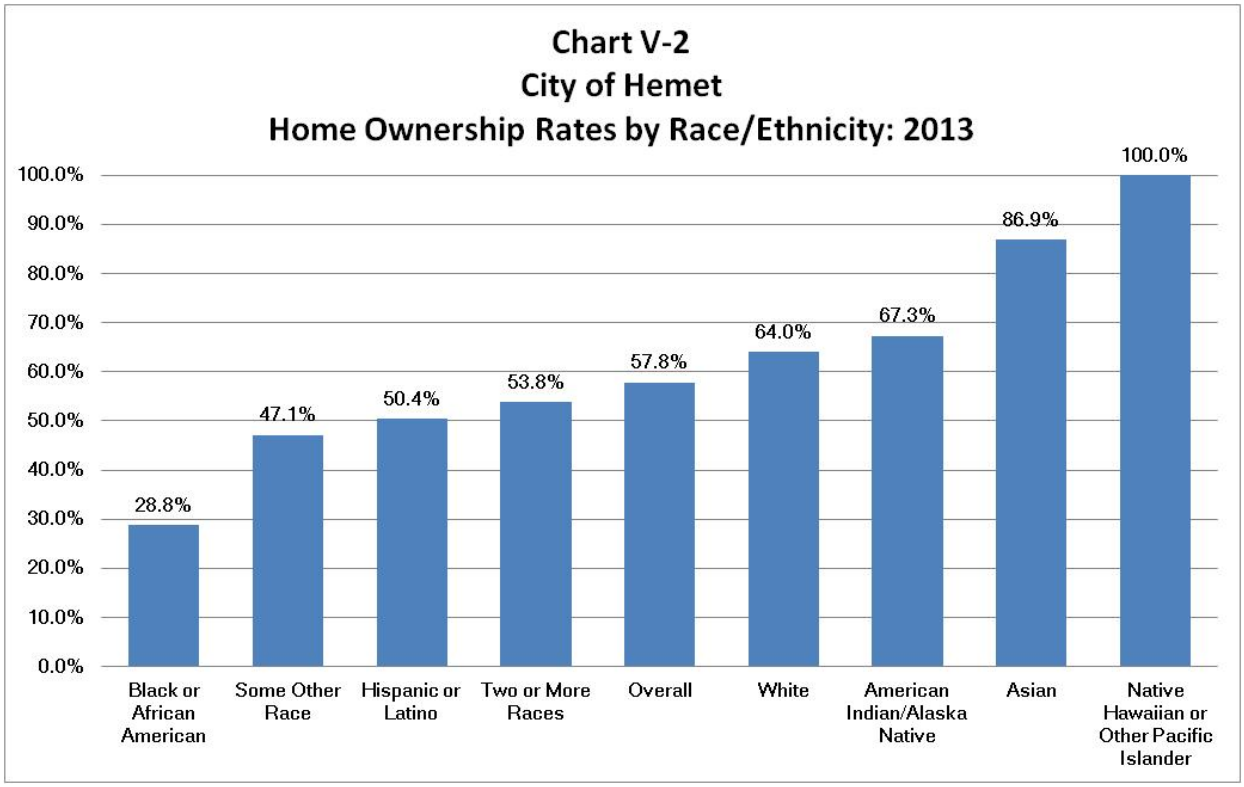
Table V-20 shows that the City has about 19,600 owner and 14,300 renter households. Two population groups have a homeownership rate of less than 50% - Black and Some Other Race.

There is a high correlation between the number and percentage of renter households and the need for fair housing services. The overwhelming majority of the alleged housing discriminatory acts reported to HUD and the Fair Housing Council of Riverside County, Inc. were made by renter householders.

Table V-20
City of Hemet
Homeownership Rates by Race and Ethnicity: 2013

Race/Ethnicity	Owners	Percent	Renters	Percent	Total Households	Percent*
White	12,660	64.0%	7,130	36.0%	19,790	58.5%
Black or African American	538	28.8%	1,332	71.2%	1,870	5.5%
American Indian/Alaska Native	142	67.3%	69	32.7%	211	0.6%
Asian	623	86.9%	94	13.1%	717	2.1%
Native Hawaiian or Other Pacific Islander	13	100.0%	0	0.0%	13	0.0%
Some Other Race	1,375	47.1%	1,543	52.9%	2,918	8.6%
Two or More Races	429	53.8%	368	46.2%	797	2.4%
Hispanic or Latino	3,784	50.4%	3,719	49.6%	7,503	22.2%
Total	19,564	57.8%	14,255	42.2%	33,819	100.0%

*Refers to % of all households
Sources: 2009-2013 American Community Survey (ACS) 5-Year Estimates, Table B25003B-I Tenure by Race/Ethnicity
Table construction by Castañeda & Associates



5. Homeownership by Familial Status

The need for fair housing services is directly correlated to size of the fair housing protected groups against whom housing discrimination is practiced. More than three-fourths (77%) of all Hemet's households have no children 18 years of age or younger. The City has almost 7,150 households with children. The majority of households with children live in renter-occupied housing (4,331/7,140). Table V-21 shows the number of families with and without children by tenure.

Table V-21
City of Hemet
Tenure by Presence of Children – 2014

Presence of Children	Owner	Percent	Renter	Percent	Total	Percent
With Own Children Under 18 Years	2,809	16.8%	4,331	30.3%	7,140	23.0%
No Own Children Under 18 Years	13,937	83.2%	9,981	69.7%	23,918	77.0%
Total	16,746	100.0%	14,312	100.0%	31,058	100.0%

Source: American FactFinder, American Community Survey (ACS) 2013 1-Year Estimates, Table B25115: Tenure by Household Type and Presence and Age of Own Children.
Table construction by Castañeda & Associates

6. Homeownership by Household Type and Sex of Householder

Table V-22 provides information on the fair housing protected groups of sex and familial status. Hemet has approximately 31,000 households of which approximately 54% are owners and 46% are renters. One-third of all households are husband-wife families. However, an even larger number and percentage (almost 37%) of householders live alone.

Table V-22
City of Hemet
Tenure by Household Type-2014

Household Type	Owner	Percent	Renter	Percent	Total	Percent
Husband-Wife Families	7,307	71.1%	2,970	28.9%	10,277	33.1%
Male Householder, No Wife Present	550	24.6%	1,685	75.4%	2,235	7.2%
Female Householder, No Husband Present	1,744	34.2%	3,354	65.8%	5,098	16.4%
Householder Living Alone	6,358	55.8%	5,037	44.2%	11,395	36.7%
Householder Living With Others	787	38.3%	1266	61.7%	2,053	6.6%
Total	16,746	53.9%	14,312	46.1%	31,058	100.0%

Source: 2014 American Community Survey (ACS) 1-Year Estimates, Table B25011: Tenure by Household Type (Including Living Alone) and Age of Householder.
Table construction by Castañeda & Associates

Attachment A
2010 Census Definitions of Race

The data on race were derived from answers to the question on race that was asked of all people. The U.S. Census Bureau collects race data in accordance with guidelines provided by the U.S. Office of Management and Budget (OMB), and these data are based on self-identification. The racial categories included in the census questionnaire generally reflect a social definition of race recognized in this country and not an attempt to define race biologically, anthropologically, or genetically. In addition, it is recognized that the categories of the race item include racial and national origin or sociocultural groups. People may choose to report more than one race to indicate their racial mixture, such as "American Indian" *and* "White." People who identify their origin as Hispanic, Latino, or Spanish may be of any race.

The racial classifications used by the Census Bureau adhere to the October 30, 1997, *Federal Register* notice entitled, "Revisions to the Standards for the Classification of Federal Data on Race and Ethnicity" issued by OMB. These standards govern the categories used to collect and present federal data on race and ethnicity. OMB requires five minimum categories (White, Black or African American, American Indian or Alaska Native, Asian, and Native Hawaiian or Other Pacific Islander) for race. The race categories are described below with a sixth category, "Some Other Race," added with OMB approval. In addition to the five race groups, OMB also states that respondents should be offered the option of selecting one or more races.

If an individual did not provide a race response, the race or races of the householder or other household members were allocated using specific rules of precedence of household relationship. For example, if race was missing for a natural-born child in the household, then either the race or races of the householder, another natural-born child, or spouse of the householder were allocated.

If race was not reported for anyone in the household, then their race was assigned based on their prior Census record (either from Census 2000 or the American Community Survey), if available. If not, then the race or races of a householder in a previously processed household were allocated.

Definitions from OMB guide the Census Bureau in classifying written responses to the race question:

White. A person having origins in any of the original peoples of Europe, the Middle East, or North Africa. It includes people who indicate their race as "White" or report entries such as Irish, German, Italian, Lebanese, Arab, Moroccan, or Caucasian.

Black or African American. A person having origins in any of the Black racial groups of Africa. It includes people who indicate their race as "Black, African Am., or Negro" or report entries such as African American, Kenyan, Nigerian, or Haitian.

American Indian or Alaska Native. A person having origins in any of the original peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment. This category includes people who indicate their race as "American Indian or Alaska Native" or report entries such as Navajo, Blackfeet, Inupiat, Yup'ik, or Central American Indian groups or South American Indian groups.

Respondents who identified themselves as "American Indian or Alaska Native" were asked to report their enrolled or principal tribe. Therefore, tribal data in tabulations reflect the written entries reported on the questionnaires. Some of the entries (for example, Metlakatla Indian Community and Umatilla) represent reservations or a confederation of tribes on a reservation.

The information on tribe is based on self-identification and therefore does not reflect any designation of federally or state-recognized tribe. The information for the 2010 Census was derived from the American Indian and Alaska Native Tribal Classification List for Census 2000 and updated from 2002 to 2009 based on the annual *Federal Register* notice entitled "Indian Entities Recognized and Eligible to Receive Services From the United States Bureau of Indian Affairs," Department of the Interior, Bureau of Indian Affairs, issued by OMB, and through consultation with American Indian and Alaska Native communities and leaders.

Asian. A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam. It includes people who indicate their race as "Asian Indian," "Chinese," "Filipino," "Korean," "Japanese," "Vietnamese," and "Other Asian" or provide other detailed Asian responses.

Native Hawaiian or Other Pacific Islander. A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands. It includes people who indicate their race as "Native Hawaiian," "Guamanian or Chamorro," "Samoan," and "Other Pacific Islander" or provide other detailed Pacific Islander responses.

Some Other Race. Includes all other responses not included in the "White," "Black or African American," "American Indian or Alaska Native," "Asian," and "Native Hawaiian or Other Pacific Islander" race categories described above. Respondents reporting entries such as multiracial, mixed, interracial, or a Hispanic, Latino, or Spanish group (for example, Mexican, Puerto Rican, Cuban, or Spanish) in response to the race question are included in this category.

Two or More Races. People may choose to provide two or more races either by checking two or more race response check boxes, by providing multiple responses, or by some combination of check boxes and other responses. The race response categories shown on the questionnaire are collapsed into the five minimum race groups identified by OMB and the Census Bureau's "Some Other Race" category. For data product purposes, "Two or More Races" refers to combinations of two or more of the following race categories:

1. White
2. Black or African American
3. American Indian or Alaska Native
4. Asian
5. Native Hawaiian or Other Pacific Islander
6. Some Other Race

There are 57 possible combinations involving the race categories shown above. Thus, according to this approach, a response of "White" and "Asian" was tallied as Two or More Races, while a response of "Japanese" and "Chinese" was not because "Japanese" and "Chinese" are both Asian responses.

Attachment B
2010 Census Definitions of Hispanic or Latino Origin

The data on the Hispanic or Latino population were derived from answers to a question that was asked of all people. The terms "Hispanic," "Latino," and "Spanish" are used interchangeably. Some respondents identify with all three terms, while others may identify with only one of these three specific terms. People who identify with the terms "Hispanic," "Latino," or "Spanish" are those who classify themselves in one of the specific Hispanic, Latino, or Spanish categories listed on the questionnaire ("Mexican," "Puerto Rican," or "Cuban") as well as those who indicate that they are "another Hispanic, Latino, or Spanish origin." People who do not identify with one of the specific origins listed on the questionnaire but indicate that they are "another Hispanic, Latino, or Spanish origin" are those whose origins are from Spain, the Spanish-speaking countries of Central or South America, or the Dominican Republic. Up to two write-in responses to the "another Hispanic, Latino, or Spanish origin" category are coded.

Origin can be viewed as the heritage, nationality group, lineage, or country of birth of the person or the person's parents or ancestors before their arrival in the United States. People who identify their origin as Hispanic, Latino, or Spanish may be of any race.

Some tabulations are shown by the origin of the householder. In all cases where the origin of households, families, or occupied housing units is classified as Hispanic, Latino, or Spanish, the origin of the householder is used. If an individual did not provide a Hispanic origin response, their origin was allocated using specific rules of precedence of household relationship. For example, if origin was missing for a natural-born child in the household, then either the origin of the householder, another natural-born child, or spouse of the householder was allocated.

If Hispanic origin was not reported for anyone in the household and origin could not be obtained from a response to the race question, then their origin was assigned based on their prior census record (either from Census 2000 or the American Community Survey), if available. If not, then the Hispanic origin of a householder in a previously processed household with the same race was allocated. As in Census 2000, surnames (Spanish and non-Spanish) were used to assist in allocating an origin or race.

Comparability. There are four changes to the Hispanic origin question for the 2010 Census. First, the wording of the question differs from that in 2000. In 2000, the question asked if the person was "Spanish/Hispanic/Latino." In 2010, the question asks if the person is "of Hispanic, Latino, or Spanish origin." Second, in 2000, the question provided an instruction, "Mark ☐ the '**No**' box if **not** Spanish/Hispanic/ Latino." The 2010 Census question provided no specific instruction for non-Hispanics. Third, in 2010, the "Yes, another Hispanic, Latino, or Spanish origin" category provided examples of six Hispanic origin groups (Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on) and instructed respondents to "print origin." In 2000, no Hispanic origin examples were given. Finally, the fourth change was the addition of a new instruction in the 2010 Census that was not used in Census 2000. The instruction is stated as follows: "NOTE: Please answer BOTH Question 8 about Hispanic origin and Question 9 about race. For this census, Hispanic origins are not races."

There were two changes to the Hispanic origin question for Census 2000. First, the sequence of the race and Hispanic origin questions for Census 2000 differed from that in 1990; in 1990, the race question preceded the Hispanic origin question. Testing prior to Census 2000 indicated that response to the Hispanic origin question could be improved by placing it before the race question without affecting the response to the race question. Second, there was an instruction

preceding the Hispanic origin question indicating that respondents should answer both the Hispanic origin and the race questions. This instruction was added to give emphasis to the distinct concepts of the Hispanic origin and race questions, and emphasized the need for both pieces of information.

Furthermore, there was a change in the processing of the Hispanic origin and race responses. In the 1990 census, respondents provided Hispanic origin responses in the race question and race responses in the Hispanic origin question. In 1990, the Hispanic origin question and the race question had separate edits; therefore, although information may have been present on the questionnaire, it was not fully utilized due to the discrete nature of the edits. However, for Census 2000, there was a joint race and Hispanic origin edit that utilized Hispanic origin and race information, regardless of the location.

Source: 2010 Census Redistricting Data (Public Law 94-171) *Summary File: Technical Documentation, Appendix B - Definitions of Subject Characteristics*, January 2011

Attachment C
Fair Housing Protected Classes

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability). These categories of persons are "protected classes" under the provisions of the Fair Housing Act.

Race: The Fair Housing Act does not define race. Data on race is required for many federal programs and the Census Bureau collects race data in accordance with guidelines provided by the U.S. Office of Management and Budget (OMB) and these data are based on self-identification. The racial categories included in the census form generally reflect a *social definition* of race recognized in this country, and are not an attempt to define race biologically, anthropologically or genetically. In addition, the Census Bureau recognizes that the categories of the race item include both racial and national origin or socio-cultural groups. Census 2010 and the American Community Survey provide for six race categories: White; Black, African American or Negro; American Indian or Alaska Native; Asian; Native Hawaiian or Other Pacific Islander; and Some Other Race.

Color: The Fair Housing Act does not define color. However, it must refer to the complexion of a person's skin color or pigmentation. The 2010 racial categories can be traced to Statistical Policy Directive No.15, promulgated by the OMB on May 12, 1977. "The four racial categories stipulated in the (1977) directive parallel the classic nineteenth-century color designations of black, white, red (American Indian or Alaska native), and yellow (Asian or Pacific Islander); there is no brown race in the American ethnoracial taxonomy." [Victoria Hattam, "Ethnicity & the Boundaries of Race: Re-reading Directive 15," *Daedalus*, Winter 2005, page 63]

Sex: This basis refers to gender identity. California's Fair Employment and Housing Act defines "sex" as including, but not limited to, pregnancy, childbirth, medical conditions related to pregnancy or childbirth and a person's gender, as defined in Section 422.56 of the Penal Code. Government Code Section 12926(p)

National Origin: This basis refers to the real or perceived country of an individual's birth, ancestry, language and/or customs.

Familial Status: According to Section 802(k) of the Fair Housing Act, as amended, means one or more individuals (who have not attained the age of 18 years) being domiciled with--

(1) a parent or another person having legal custody of such individual or individuals; or
(2) the designee of such parent or other person having such custody, with the written permission of such parent or other person.

The protections afforded against discrimination on the basis of familial status shall apply to any person who is pregnant or is in the process of securing legal custody of any individual who has not attained the age of 18 years.

Religion: According to the United States Department of Justice, this prohibition covers instances of overt discrimination against members of a particular religion as well as less direct actions, such as zoning ordinances designed to limit the use of private homes as places of worship.

Handicap (Disability): According to Section 802(h) of the Fair Housing Act, as amended, handicap/disability means -

(1) a physical or mental impairment which substantially limits one or more of such person's major life activities,
(2) a record of having such an impairment, or
(3) being regarded as having such an impairment, but such term does not include current, illegal use of or addiction to a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)).

California's Fair Employment and Housing Act (FEHA) is the primary state law which prohibits discrimination in the sale, rental, lease negotiation, or financing of housing. The FEHA has five additional protected classes: sexual orientation, marital status, ancestry, source of income and age.

Sexual Orientation: The FEHA defines this basis as heterosexuality, homosexuality, and bisexuality. Government Code Section 12926(q)

Marital Status: The applicable state regulation defines marital status as "(a)n individual's state of marriage, non-marriage, divorce or dissolution, separation, widowhood, annulment, or other marital status."

Source of Income: Source of income means lawful, verifiable income paid directly to tenant or paid to a representative of a tenant. A landlord is not considered a representative of a tenant. For purposes of the FEHA, it shall not constitute discrimination based on source of income to make a written or oral inquiry concerning the level or source of income.

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SECTION VI: PUBLIC SECTOR IMPEDIMENTS ANALYSIS

A. INTRODUCTION

HUD's *Fair Housing Planning Guide* suggests that the analysis of potential public sector impediments include a discussion of the following:

- ❒ Zoning and Site Selection (zoning is discussed in Part C below)
- ❒ Neighborhood Revitalization Policies
- ❒ Municipal and Other Services
- ❒ Employment-Housing-Transportation Linkage
- ❒ Housing Authority Tenant Selection Criteria
- ❒ Sale of Subsidized Housing and Possible Displacement
- ❒ Property Tax Policies (discussed on page VI-39)
- ❒ Planning and Zoning Board
- ❒ Building Codes (accessibility) (discussed in Part C below)

In addition, HUD-LA requested that the City include an analysis of the following:

- ❒ Housing Improvement and Rehabilitation Programs
- ❒ Policies and Programs on the Location of Affordable Housing (same as site selection)

B. REVIEW OF POTENTIAL PUBLIC SECTOR IMPEDIMENTS

1. Neighborhood Revitalization

a. Background

HUD's *Fair Housing Planning Guide* suggests (page 2-31) that an AI include an analysis of "Neighborhood Revitalization."

b. Related Goals, Policies and Program

A major goal of the City, according to the *2014-2021 Housing Element* is to –

> Preserve existing neighborhoods and rehabilitate the existing housing stock.

The policies of the Housing Element include:

- ❒ Encourage the maintenance and repair of existing housing to prevent deterioration within the City.
- ❒ Strive to abate substandard housing conditions.

Additionally, the *2014-2021 Housing Element* includes the following program:

> The City will continue comprehensive neighborhood improvement and preservation efforts that combine community policing, social and supportive services, infrastructure and other public improvements, and code enforcement activities in targeting neighborhoods with high concentrations of substandard property conditions, crime, and other problems.

c. Conclusion

The City has adopted a goal, policies and a program to promote the revitalization of existing neighborhoods.

With regard to neighborhood preservation, no impediment to fair housing choice is created by the City's efforts to achieve neighborhood improvement, preservation and revitalization.

2. Municipal and Other Services

a. Background

HUD's *Fair Housing Planning Guide* suggests (page 2-31) that an AI include an analysis of "Municipal and Other Services."

b. Policies Promoting Adequate Municipal Services for All Neighborhoods

One of the most fundamental functions of government is providing its citizens with functioning infrastructure. The City of Hemet provides some of this infrastructure directly, while other components are provided by other public agencies, special districts, private companies, or a combination of sources.

Hemet's General Plan includes a *Community Services and Infrastructure Element* which addresses the support systems and resources that provide both the utility infrastructure and the public services that are available within the City. Although this element is an optional element under California planning law, it is included in the General Plan to demonstrate the importance the City places on providing adequate services to its residents, businesses, and visitors. The *Community Services and Infrastructure Element* also demonstrates compliance with Measure C, a ballot measure adopted by Hemet residents in 1988 that established minimum service standards for circulation, drainage, water storage and distribution, park and recreation facilities, police and fire services, and sanitary sewer services.

The General Plan also contains policies promoting adequate municipal services for all neighborhoods:

- ❒ Provide and maintain an adequate level of community facilities and municipal services in all community areas.
- ❒ Improve and upgrade community facilities and municipal services where necessary and feasible.

Pursuant to State law, the City also has identified sites to accommodate the housing needs of all economic segments. The City has determined that all properties identified within the site inventory are available and feasible for development. All of the properties are located within suburban or urban areas of the City that are presently served by utilities/water/sewer facilities and future capacity is available through will-serve letters, water supply analyses and communications with utility companies.

c. Conclusion

With regard to municipal services, no impediment to fair housing choice is created by the City's efforts to provide and maintain adequate municipal services in all neighborhoods.

3. Employment-Housing-Transportation Linkage

a. Background

HUD's *Fair Housing Planning Guide* suggests (page 2-31) that an AI include an analysis of the employment-housing-transportation linkage. The City recognizes the importance of this issue as, according to the American Community Survey, *62%* of the City's workers have a job located *outside* the City limits.

b. Existing and Future Conditions

Hemet is currently served by an older highway system developed for an agricultural community. Newer and faster systems have been developed to the west and north of the City but as of 2015, there is a deficit of regional transportation facilities directly serving the City and integrating Hemet with the greater Riverside County area. This connection to regional transportation systems, both vehicular and rail, is critical to Hemet's economic future and its ability to provide an expanded employment base for its citizens. Both City officials and regional agencies have recognized this issue and have focused on bringing regional transportation facilities to Hemet, which will include:

- ❒ **Realigned State Route 79:** The City of Hemet is an active partner with the Project Design Team (PDT) for the realignment of State Route (SR) 79. The PDT includes partners from the Riverside County Transportation Commission (RCTC), California Department of Transportation (Caltrans), the Federal Highway Administration, and Riverside County. As of 2016, the PDT has reviewed a series of alternative alignments, selected a Preferred Alignment, and completed a Draft EIR/EIS for the project. It is anticipated that the project will receive final approval in 2016-2017.

- ❒ **Mid-County Parkway:** The Mid-County Parkway (MCP) is a proposed 16-mile transportation corridor that will relieve traffic congestion for east-west travel in western Riverside County between the San Jacinto Valley and Perris areas and help address future transportation needs through 2035. While not directly within City limits, the MCP will provide critical east-west circulation capacity and serves as an integral link to SR 79, Sanderson Avenue, and Ramona Expressway. The construction of the MCP will also serve to off-load some of the existing congestion on Florida Avenue (Hwy 74), which is the primary east-west corridor in Hemet.

- ❒ **Future Metrolink Stations:** Currently, the RCTC owns the right-of-way along the railroad spur coming into Hemet from Perris and Riverside for a future Metrolink route. The City's General Plan shows two Metrolink stations, one for the future West Hemet Business Park/Mixed Use area and one in downtown Hemet. The City has recognized the critical role Metrolink plays for the region and has incorporated numerous goals and policies throughout the General Plan encouraging development of the stations and development of transit oriented design near the future stations. The City will need to aggressively pursue funding for these facilities in conjunction with RCTC, recognizing that funding resources will become increasingly competitive in the future.

- ❒ **Completion of Regional Roads to and through Hemet:** Two major east-west roads run to and through Hemet (Domenigoni Parkway and Florida Avenue). Major north-south streets include Warren Road, Sanderson Avenue, State Street, and San

Jacinto Street. These roads are only partially completed and/or require additional rights-of-way. This General Plan anticipates completion of the major roads to and through Hemet and recognizes that interagency coordination with Riverside County and the City of San Jacinto will be critical to ensure timely completion of the regional road network.

c. Conclusion

As the City is working diligently to improve transportation linkages to housing and jobs, no impediment to fair housing choice exists.

4. Housing Authority Tenant Selection Criteria

a. Background

HUD's *Fair Housing Planning Guide*, Volume 1 (March 1996) suggests that an AI examine a housing authority's tenant selection criteria or procedures for selecting tenants.

b. Tenant Selection Criteria

The Section 8 Housing Choice Voucher Program is administered by the Housing Authority of the County of Riverside (HA). The HA has adopted an Administrative Plan for the Housing Choice Voucher Program, effective July 1, 2015. According to the Administrative Plan, the Housing Authority implements HUD and HA eligibility admission criteria.

The Housing Authority also implements preferences for drawing names from the Section 8 Waiting List. These preferences include veteran status, residency, age (75+), rent burdened, homelessness and other factors.

c. Conclusion

The HA is not under the administrative control of the City of Hemet. As the tenant selection criteria meet HUD's regulations, the City believes that the criteria pose no impediment to fair housing choice.

5. Sale of Subsidized Housing and Possible Displacement

a. Background

HUD's *Fair Housing Planning Guide* (page 2-31) suggests that an AI include an analysis of the "Sale of subsidized housing and possible displacement." California law requires the City's Housing Element to:

- ❒ Estimate the existing stock of affordable housing that is at risk of conversion to market rate housing and
- ❒ If housing is at risk of conversion within the next 10 years to adopt policies to encourage its preservation as affordable housing

b. Inventory of Assisted Housing at Risk of Conversion to Market Rate Housing

According to HUD, a rental unit is considered affordable if gross rent, including utilities, is no more than 30% of the household income. An owner unit is considered affordable if monthly housing costs, including principal and interest, taxes, and insurance is no more than 30% of the household income.

Based on these standards, a large proportion of Hemet's housing stock is affordable to low and moderate income households. Table VI-1 shows there is a surplus of housing units affordable to low and moderate income *owner*s and to moderate income *renters*. The major deficit is in rental housing units affordable to extremely low income *renters*.

Table VI-1
City of Hemet: Housing Affordability Analysis: 2012

Income Group	Number of Owner Households	Number of Affordable Owner Units	Shortfall/ Surplus	Number of Renter Households	Number of Affordable Renter Units	Shortfall/ Surplus
Extremely Low (0-30%)	2,335	No data[1]	No data[1]	3,650	475	-3,175
Low (>30-50%)	3,390	3,820	+430	3,085	2,120	-965
Moderate (>50-80%)	4,125	7,740	+3,579	2,280	7,545	+5,265

[1]HUD has no data on owner units affordable to the extremely low income households
Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy, ("CHAS") Data, 2008-2012 American Community Survey and City of Hemet, FY 2015-2019 Consolidated Plan, Table 32 Housing Affordability

Existing housing that receives governmental assistance represents one of the largest supplies of affordable housing in Hemet and other communities. Because of the importance of these assisted units in maintaining affordable housing, each Housing Element must include an analysis of existing multi-family rental units at risk of conversion to market-rate housing through the next 10 years. This risk of conversion might be due to termination of subsidy contract, mortgage prepayment or expiring use restrictions.

Assisted units include projects which received funding under federal, State or local programs, including HUD, State and local bond programs, density bonuses, and local redevelopment or direct assistance programs. Table VI-2 provides an inventory of publicly assisted multi-family rental housing in Hemet. There are no units at-risk during the next 10 years (through 2023).

Although no affordable housing is anticipated to be lost from the inventory, the *2014-2021 Housing Element* includes the following policy:

> Preserve the affordability of existing assisted housing units through rehabilitation and/or acquisition and management by entities dedicated to maintaining the affordability of these units.

Table VI-2
City of Hemet
Publicly Assisted Multi-Family Rental Housing

Property Name	Address	Number of Assisted Units	Expiration Date	Financing	Owner Type
Ability First	1360 Acacia	17	2059	Section 811	Non-Profit
Hemet Estates	1101 E. Menlo Ave.	80	2033	Section 8 RDA	Profit-Motivated
Oasis Senior	1015 N. Oakland Ave.	64	2050	Section 202	Non-Profit
Sahara Senior	465 N. Palm	74	2048	Section 202	Non-Profit
Village Meadows	700 Arbor Pkwy.	68	2068	Section 8 RDA	Limited Dividend

Source: City of Hemet, *2014-2021 Housing Element of the General Plan*, page C-34

Hemet's Housing Element also includes a program to monitor and coordinate with the owners and management of affordable housing developments to ensure preservation of the rental housing units as affordable housing for low income households

c. Conclusion

As noted above, no impediment to fair housing choice exists because the City has no affordable housing at risk of conversion to market rate housing.

6. Planning and Zoning Board

a. Background

HUD's *Fair Housing Planning Guide* suggests (page 4-6) that an AI include an analysis of -

> Policies and practices affecting the representation of all racial, ethnic, religious, and disabled segments of the community on planning and zoning boards and commissions.

b. Hemet Planning Commission

The Hemet Planning Commission was created in accordance with the provisions of the State Planning Act. Among the duties of the Planning Commission are administration of the General Plan and Zoning Ordinance. It meets on the first and third Tuesday of each month.

The Planning Commission consists of five members appointed by the City Council to serve terms of two years:

- ❒ John Gifford, Chairman
- ❒ Michael Perciful, Vice Chairman
- ❒ Greg Vasquez, Commissioner
- ❒ Vince Overmyer, Commissioner
- ❒ Tami Wilhelm, Commissioner

c. Conclusion

No impediment to fair housing choice exists because the City has not established policies and practices limiting representation on the Planning Commission according to race, ethnicity, religion, and/or disability.

7. Housing Improvement and Rehabilitation Programs

a. Background

HUD-LA's review of the Draft AI resulted in a suggestion to include in the AI a discussion of the City's housing rehabilitation programs.

b. City Programs

The City provides grants and loans to assist in housing rehabilitation and home repairs. The City implements these programs according to guidelines that are reviewed and amended periodically to assure effective implementation. Forms of assistance may include:

- ❒ Loans to low-income homeowners for housing rehabilitation.
- ❒ Home repair grants for very-low income elderly and/or disabled homeowners (including mobile home owners).
- ❒ Mobile home repair loans.

The City's objective is support the rehabilitation of approximately 75 single family dwellings per year through loans/grants, 5 senior homes per year through handicap ramp grants, 20 CalHOME loans for owner-occupied units, and the 44 units at the Mobley Lane Apartments. Funding sources include CDBG funds, HOME funds, CalHOME funds, other State and federal funds as appropriate.

c. Conclusion

No impediments to fair housing choice are created by the City's housing improvement and rehabilitation programs. Programs assist fair housing protected groups such as the elderly (age) and disabled.

8. Policies and Programs on the Location of Affordable Housing (same as site selection)

a. Background

HUD-LA's review of the Draft AI resulted in a suggestion to include in the AI a discussion of the location/site selection criteria for new affordable housing. HUD's policies are to encourage the construction of new affordable housing outside of neighborhoods that have concentrations of minority and poverty income households.

b. Housing Element Policies and Programs

The City Council adopted the *2014-2021 Housing Element* on January 14, 2014. The State Department of Housing and Community (HCD) determined that the City's Housing Element was in substantial compliance with the law.

The Southern California Association of Governments (SCAG) allocates to each city and county in the region its fair share of the regional need for lower income housing. SCAG allocated a lower income housing need of 230 housing units to the City of Hemet.

Pursuant to State law, a housing element must identify sites to accommodate a city's share of the regional housing need for lower income housing. To accommodate the lower income housing need, the City identified 21 sites zoned for 30 or more housing units per acre; a density that HCD believes facilitates the development of affordable housing. The 21 sites, which are dispersed throughout the City, range in size from 0.6 to 20 acres in size. The total capacity of the 21 sites is 3,322 housing units.

Affordable housing also may be integrated into market rate housing developments at residential densities other than 30 dwelling units per acre. For example, the *2014-2021 Housing Element* includes the following policy as a means of proving adequate sites for housing:

- ❒ Promote the inclusion of a percentage of affordable units in market-rate development projects.

The *2014-2021 Housing Element* also includes a program to "Encourage the Use of Density Bonuses," as follows:

> To provide greater affordability in new housing development, the City shall encourage the use of density in accordance with the State Density Bonus Law and the City's density bonus ordinance….

Density bonuses provide a means to integrate affordable housing units into market-rate developments.

c. Conclusion

The *2014-2021 Housing Element* has identified numerous sites, large and small, that provide opportunities for the development of affordable housing. Additionally, the City has policies in place to integrate affordable housing into market-rate developments. The City's site selection policies do not create an impediment to fair housing choice.

C. PLANNING, ZONING AND BUILDING POLICIES AND PRACTICES

1. Introduction

The United States Department of Justice has indicated that a major focus of its efforts is on public sector impediments that may restrict housing opportunities for disabled persons. The Department has stated:

> The Division's enforcement of the Fair Housing Act's protections for persons with disabilities has concentrated on two major areas. One is insuring that zoning and other regulations concerning land use are not employed to hinder the residential choices of these individuals, including unnecessarily restricting communal, or congregate, residential arrangements, such as group homes. The second area is insuring that newly constructed multifamily housing is built in accordance with the Fair Housing Act's accessibility requirements so that it is accessible to and usable by people with disabilities, and, in particular, those who use wheelchairs.

> Source: United States Department of Justice, Civil Rights Division, Housing and Civil Enforcement Section, *The Fair Housing Act*, July 25, 2008, page 4

California's Fair Employment and Housing Act states that it is unlawful:

> To discriminate through *public* or private *land use practices*, *decisions*, and *authorizations* because of race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income, or ancestry. Discrimination includes, but is not limited to, restrictive covenants*, zoning laws*, *denials of use permits*, and *other actions authorized under the Planning and Zoning Law* (Title 7 (commencing with Section 65000)), that make housing opportunities unavailable. [Emphasis added]

For purposes of identifying potential public sector impediments, the City of Hemet responded to a *Survey of Planning Policies and Practices, Zoning Regulations and Building Code Standards That May Pose an Impediment to Fair Housing Choice.*. HUD-LA has approved its use as a means of identifying public sector fair housing impediments caused by a jurisdiction's planning policies and practices, zoning regulations and building code.

The Survey has a particular focus on land use and zoning regulations, practices and procedures that can act as barriers to the situating, development, or use of housing for individuals with disabilities. However, it also touches on areas that may affect fair housing choice for families with children or otherwise serve as impediments to full fair housing choice. In identifying impediments to fair housing choice, the survey looks to distinguish between regulatory impediments based on specific code provisions and practice impediments, which arise from practices or implementing policies used by the City. The 24 questions comprising the Survey are organized into five categories:

- ❒ Housing for Disabled People
- ❒ Housing for Special Needs Populations
- ❒ Affordable Housing Policies
- ❒ Accessible Housing and Parking
- ❒ Other Fair Housing Policies

2. Summary of AI Recommended Actions

The responses to the Survey questions are presented on pages VI-11 through VI-39. The responses to the Survey questions clearly indicate that Hemet's practices are consistent with fair housing laws and affirmatively further fair housing. During the course of completing the AI, the City took actions to amend the Zoning Ordinance in order to eliminate potential impediments such as the following:

- ❒ **Transitional and Supportive Housing**: Program H-1e of the adopted and state-certified *2014-2021 Housing Element* states that the Zoning Ordinance will be revised to comply with State law regarding supportive housing and transitional housing. On April 14, 2015 the City Council approved amendments to Article X, Division 1, Section 90–292 - Definitions - of the Zoning Ordinance to include definitions of "supportive housing" and "transitional housing" which comply with Government Code Section 65582. In addition, on April 14, 2015 the City Council amended various uses permitted sections of the Zoning Ordinance to permit by right supportive housing and transitional housing in the residential zones.

- ❒ **Senior Housing Designation**: On April 14, 2015, the City Council approved and adopted an amendment to Section 90-183 of the Zoning Ordinance to incorporate the senior age threshold of 62+ as stated in the federal Housing for Older Persons Act (HOPA).

The one potential impediment to fair housing choice pertains to making the community aware of the City's Reasonable Accommodation Procedure. The HUD-Department of Justice joint statement on reasonable accommodations recommends that:

> The local government should also make efforts to insure that the availability of such mechanisms is well known within the community.

Based on the HUD-DOJ recommendation, the Community Development Department will consider including the application for a Reasonable Accommodation in the CDD Applications and Forms page. Also, it will consider a preparing a brochure or flyer describing the Reasonable Accommodation Procedure such as the "Service Animals at Your Place of Business – Commonly Asked Questions" brochure and the "City of Hemet ADA Public Notice." (pages VI-20 and VI-21)

Attachment A
City of Hemet
Survey of Planning Policies and Practices, Zoning Regulations
And Building Code Standards That May Pose an
Impediment to Fair Housing Choice

Housing for Disabled People

1. **Does the Zoning Ordinance definition of "family" have the effect of discriminating against unrelated individuals with disabilities who reside together in a congregate or group living arrangement?**

   Yes ☐ **No** ☒

a. Background

The legislative history of the Federal Fair Housing Act specifically recognizes that Zoning Ordinance provisions have discriminated against people with disabilities by limiting opportunities to live in the community and in group home residences:

> While state and local governments have authority to protect safety and health and to regulate use of land, that authority has sometimes been used to restrict the ability of individuals to live in communities. This has been accomplished by such means as the enactment or imposition of . . . land use requirements on congregate living arrangements among non-related persons with disabilities. Since these requirements are not imposed on families and groups of similar size or other unrelated people, these requirements have the effect of discriminating against people with disabilities.
> Source: H.R. Rep. No 711, 100th Cong., 2d Sess. 24 (1988), reprinted in 1988 U.S.C.C.A.N. 2173, 2185.

The State of California, in enacting it own fair housing protections, specifically recognized that land use practices have discriminated against group housing for people with disabilities. In a statement of legislative intent that accompanied amendments to California's Fair Housing and Employment Act, the following findings were made:

- ❒ That public and private land use practices, decisions, and authorizations have restricted, in residentially zoned areas, the establishment and operation of group housing, and other uses.

- ❒ That people with disabilities...are significantly more likely than other people to live with unrelated people in group housing.
- ❒ That this act covers unlawful discriminatory restrictions against group housing for these people.

The California Land Use and Zoning Campaign found two zoning provisions that have the effect of discriminating against the development, siting and use of group homes for individuals with disabilities: (1) definitions of "family" that have numerical limits on unrelated persons and (2) occupancy standards based on familial status.

Traditionally, many cities and counties in their Zoning Ordinance have defined "family" as " . . . persons related by blood, marriage or adoption of not more than five unrelated persons, excluding servants."

Historically, for land use and zoning purposes, this definition has been used to limit single family low density zones (hereafter "R1 zones") to "traditional" family households to maintain the residential character of a neighborhood. However, this restrictive definition, which limits the number of unrelated persons who may live together, has effectively prohibited the siting and development of congregate or group homes for individuals with disabilities in R1 zones. A restrictive definition coupled with a conditional use permit requirement has also been used to strictly control the location of group homes for individuals with disabilities in multi-family zones.

Under the foregoing typical definition, a group home for individuals with disabilities that functions like a family would be excluded from an R1 zone solely because the residents are unrelated by blood, marriage or adoption. Instead of distinguishing between related and unrelated persons, a definition of family should look to whether the household functions as a cohesive unit and the use of the residence is compatible with other dwellings in an R1 zone. The characteristics of the residents of the dwelling, that they are individuals with disabilities, are not relevant to an inquiry of compatibility.

In 1980, the California Supreme Court in City of Santa Barbara v. Adamson struck down a municipal code that permitted any number of related people to live in a house in a R1 zone but limited the number of unrelated people who were allowed to do so to five. The Court held that the residents of the Adamson household were a single housekeeping unit that could be termed an alternative family because they shared expenses, rotated chores, ate evening meals together, participated in recreational activities together, and became a close group with social, economic, and psychological commitments to each other. As a single housekeeping unit or, alternative family, the Adamson household could not be excluded from the single family zone nor made to apply for a conditional use permit.

Both state and federal fair housing laws also prohibit restrictive definitions of family that either intentionally discriminate against people with disabilities or have the effect of excluding such individuals from housing. Restrictive definitions of family illegally limit the development and siting of group homes for individuals with disabilities, not families similarly sized and situated, and effectively deny housing opportunities to those who because of their disability live in a group home setting.

A restrictive definition of family not only discriminates against people with disabilities in violation of the Act, but the failure to modify the definition of family or make an exception for group homes for people with disabilities may also constitute a refusal to make a reasonable accommodation under the Act.

To comply with fair housing laws, a definition of "family" must emphasize the functioning of the members as a cohesive household:

- ❒ A definition should not distinguish between related and unrelated persons.
- ❒ A definition should not impose numerical limitations on the number of persons that may constitute a family.

Source: Kim Savage, Mental Health Advocacy Services, Inc., *Fair Housing Law Issues in Land Use and Zoning - Definition of Family and Occupancy Standards*, September 1998, pages 1-5

b. Zoning Ordinance Regulations

The Hemet Zoning Ordinance defines a family as follows:

> *Family* means a group of individuals, not necessarily related by blood or marriage, or adoption, or guardianship living together in a dwelling unit as a single housekeeping unit.

c. Conclusion

The Zoning Ordinance family definition neither restricts the members to related persons nor sets forth a maximum number of persons who can comprise a family. Therefore, the definition is consistent with fair housing laws and no impediment to fair housing is created by the zoning regulations. The definition mentions a group of individuals living together as a single housekeeping unit. Section 90-262 of the Zoning Ordinance does define single housekeeping unit as follows:

> *Single housekeeping unit* means an interactive group of persons jointly residing in a single dwelling unit exercising joint responsibility for and use of the dwelling's common areas, jointly sharing household expenses, jointly sharing household activities and responsibilities such as meals, chores, and household maintenance. A boarding house shall not be considered a single housekeeping unit. If a dwelling is leased or rented under a single written or oral lease or rental agreement, the makeup of the group of persons occupying the unit must be determined by the residents of the dwelling, not the landlord or property manager, to be a single housekeeping unit.

2. Does the Zoning Ordinance definition of "dwelling unit" or "residential unit" have the effect of discriminating against unrelated individuals with disabilities who reside together in a congregate or group living arrangement?

Yes ☐ No ☒

a. Background

Both State and Federal fair housing laws prohibit definitions of dwelling that either intentionally discriminate against people with disabilities or have the effect of excluding such individuals from housing. Generally, all dwellings are covered by fair housing laws, with a "dwelling" being defined as "a temporary or permanent dwelling place, abode or habitation to which one intends to return as distinguished from the place of temporary sojourn or transient visit."

b. Zoning Ordinance Regulations

The Zoning Ordinance defines "dwelling unit" but not "residential unit." A dwelling unit is defined as -

> *Dwelling unit* means one or more rooms, including bathroom(s) and a kitchen, designed, occupied or intended for use as a separate living quarter for one family, but shall not include motels, hotels, boardinghouses, bed and breakfasts, and lodging houses.

The Zoning Ordinance does not define "room." However, the California Building Code defines a room as follows:

> Dwelling units … shall have at least one room which is at least 120 square feet in area. Other habitable rooms, except kitchens, must have a minimum area of at least 70 square feet.

c. Conclusion

The "dwelling unit" definition references "one family." The definition also excludes "rooms" within motels, hotels, boardinghouses, bed and breakfasts, and lodging houses. Therefore, the definition is consistent with fair housing law and is not an impediment to fair housing choice.

3. Does the Zoning Ordinance or any policy document define "disability", if at all; at least as broadly as the Fair Housing Act?

Yes ☒ **No** ☐

a. Background

The Fair Housing Act prohibits discrimination on the basis of handicap. "Handicap" has the same legal meaning as the term "disability." Federal laws define a person with a disability as:

> Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment.

The term "physical or mental impairments" may include conditions such as blindness, hearing impairment, mobility impairment, HIV infections, AIDS, AIDS Related Complex, mental retardation, chronic alcoholism, drug addiction, chronic fatigue, learning disability, head injury, and mental illness.

The term "major life activities" may include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.

b. Zoning Ordinance Regulations

The Zoning Ordinance disability definition is as follows:

> *Disabled* or *individual with a disability* means an individual with a qualifying disability under federal and state fair housing laws. Generally, any person with any mental or physical impairment, disorder or condition, which substantially limits one or more major life activities, including physical, mental and social activities and working. Disabled or

individual with a disability does not include impairments, disorders or conditions resulting from the current, illegal use of or addiction to a controlled substance, sexual behavior disorders, compulsive gambling, kleptomania, or pyromania.

c. Conclusion

The Zoning Ordnance defines "disability" at least as broadly as the federal Fair Housing Act. Thus, no impediment to fair housing choice is created by the City's disability definition.

4. Are the personal characteristics of the occupants of housing, including but not necessarily limited to, disability, considered in land use decisions?

Yes ☐ **No** ☒

a. Background

Under the Fair Housing Act, cities may have reasonable restrictions on the maximum number of occupants permitted to occupy a dwelling; however, the restrictions cannot be based on the *characteristics* of the occupants; the restrictions must apply to all households, and are based upon health and safety standards. Similarly, a conditional use permit or variance requirement triggered by the number of people with certain *characteristics* (such as a disability) who will be living in a particular dwelling is prohibited. Because licensed residential care facilities serve people with disabilities, imposing a conditional use permit requirement on family-like facilities of a certain size and not similarly sized housing for people without disabilities, violates fair housing laws.

According to the Department of Justice (DOJ) and Department of Housing and Urban Development (HUD), "group home" does not have a specific legal meaning. In the DOJ/HUD Joint Statement –

> …the term 'group home' refers to housing occupied by groups of unrelated individuals with disabilities. Sometimes, but not always, housing is provided by organizations that also offer services for individuals with disabilities living in the group home. Sometimes it is this group home operator, rather than the individuals who live in the home, that interacts with local government in seeking permits and making requests for reasonable accommodations on behalf of those individuals.
>
> The term 'group home' is also sometimes applied to any group of unrelated persons who live together in a dwelling – such as a group of students who voluntarily agree to share the rent on a house. The Act does not generally affect the ability of local governments to regulate housing of this kind, as long as they do not discriminate against residents on the basis of race, color, national origin, religion, sex, handicap (disability) or familial status (families with minor children).
>
> Local zoning and land use laws that treat groups of unrelated persons with disabilities less favorably than similar groups of unrelated persons without disabilities violate the Fair Housing Act.

Under the provisions of California law, the use of property for the care of six or fewer disabled persons is a residential use for the purpose of zoning. The land use protection applies to uses such as the following:

- ❒ Intermediate care facilities for individuals who have developmental disabilities (Health and Safety Code Section 1267.8)
- ❒ Residential facilities for persons with disabilities and for abused children (Health and Safety Code Section 1566.3, and Welfare and Institution Code Section 5116)
- ❒ Residential care facility for the elderly (Health and Safety Code Section 1569.87)
- ❒ Alcoholism and drug treatment facilities (Health and Safety Code Section 11834.23)
- ❒ Residential facilities for persons with chronic life threatening illness (Health and Safety Code Section 1568.0831)

Source: Law Offices of Goldfarb & Lipman, *Between the Lines: A Question and Answer Guide on Legal Issues in Supportive Housing*, 1999, pg. 110.

Health and Safety Code Section 1566.3 states:

> No conditional use permit, zoning variance, or other zoning clearance shall be required of a residential facility which serves six or fewer persons which is not required of a family dwelling of the same type in the same zone.

b. Zoning Ordinance Regulations

Section 90-262 of the Zoning Ordinance provides for licensed residential facility uses as follows:

> *Small licensed residential care facility* means a group home in which six or fewer individuals with a disability or children reside that provides onsite care, treatment or other services to its residents and that is required to be and is licensed by the State of California. Small licensed residential care facilities are exempt from the provisions of this division and shall be treated for purposes of applying the requirements of chapter 90 **as a residential use of property** occupied by a single housekeeping unit. Small licensed residential care facilities include without limitation the following, provided the number of residents does not exceed six: Intermediate care facilities for the developmentally disabled (Health and Safety Code § 1267.8(c)); congregate living health facilities (Health and Safety Code §§ 1267.8(c), 1267.16(a)); residential community care facilities, including foster family homes, small family homes, social rehabilitation facilities, community treatment facilities, alcohol and drug treatment facilities, and transitional shelter care facilities (Health and Safety Code §§ 1502, 1566.3); residential care facilities for persons with chronic life-threatening illnesses (Health and Safety Code § 1568.0831); residential care facilities for the elderly (Health and Safety Code § 1569.85); pediatric day health and respite care facilities (Health and Safety Code § 1761.4).

There are 11 licensed adult residential care facilities with a capacity of 49 beds located in Hemet zip codes 92543 and 92545. Additionally, two sober living homes have a Hemet address.

c. Conclusion

Licensed residential care facilities providing housing for six or fewer disabled persons are allowed by right in all residential zones that permit single family homes. The Zoning Ordinance provisions comply with State law and create no impediment to fair housing choice.

5. Does the Zoning Ordinance restrict housing opportunities for individuals with disabilities and mischaracterize such housing as "boarding or rooming house" or "hotel"?

Yes ☐ No ☒

a. Background

State law requires that licensed residential care facilities not be defined within the meaning of boarding house, rooming house, institution or home for the care of minors, the aged, or the mentally infirm, foster care home, guest home, rest home, sanitarium, mental hygiene home, or other similar term which implies that a residential facility is *a business run for profit*.

b. Planning and Zoning Ordinance Zoning Regulations

The Zoning Ordinance contains the following definitions:

> *Boarding house* and *lodging house* shall mean a residence or dwelling, other than a hotel, wherein a room or rooms, with or without individual or group cooking facilities, are rented, leased or subleased under two or more separate written or oral rental agreements, leases or subleases, whether or not the owner, agent or rental manager resides within the dwelling unit.
>
> *Roominghouse* means the same as the term "boardinghouse."

c. Conclusion

The Zoning Ordinance defines "boarding house" and "rooming house." Licensed group homes housing six or fewer disabled persons are not included within the meaning of either term. Group Home also is also defined in the Zoning Ordinance and excluded from the definition of a boarding house. Therefore, the City's regulations comply with the federal and the State fair housing laws.

6. Do the Zoning Ordinance regulations impede the development of housing with on-site supportive services for disabled persons?

Yes ☐ No ☒

a. Background

Housing for disabled persons often must incorporate on-site supportive services. Zoning provisions that limit on-site supportive services will, in effect, curtail the development of adequate housing for the disabled. As the joint statement by DOJ and HUD indicates:

> Sometimes, but not always, housing is provided by organizations that also offer services for individuals with disabilities living in the group home.

Government Code Section 65583 was amended in 2007 to require local zoning to be updated to include provisions for transitional and supportive housing. HCD guidance states that a city:

> … must demonstrate that transitional housing and supportive housing are permitted as a residential use and only subject to those restrictions that apply to other residential dwellings of the same type in the same zone (Government Code Section 65583(a)(5)). In other words, transitional housing and supportive housing are permitted in all zones

allowing residential uses and are not subject to any restrictions (e.g., occupancy limit) not imposed on similar dwellings (e.g., single family home, apartments) in the same zone in which the transitional housing and supportive housing is located. For example, transitional housing located in an apartment building in a multifamily zone is permitted in the same manner as an apartment building in the same zone and supportive housing located in a single family home in a single family zone is permitted in the same manner as a single family home in the same zone.

"Supportive housing" per Government Code Section 65582(f) means housing with no limit on length of stay, that is occupied by the target population, and that is linked to an onsite or offsite service that assists the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

Source: State of California, Department of Housing and Community Development, Division of Housing Policy Development, Memorandum: Transitional and Supportive Housing, Chapter 183, Statutes of 2013 (SB 745), page 2, April 24, 2014

"Transitional housing" per Government Code Section 65582(h) means buildings configured as rental housing developments, but operated under program requirements that require the termination of assistance and recirculating of the assisted unit to another eligible program recipient at some predetermined future point in time that shall be no less than six months from the beginning of the assistance.

Source: State of California, Department of Housing and Community Development, Division of Housing Policy Development, Memorandum: Transitional and Supportive Housing, Chapter 183, Statutes of 2013 (SB 745), page 2, April 24, 2014

b. Zoning Ordinance Regulations

Program H-1e of the adopted and state-certified *2014-2021 Housing Element* states that the Zoning Ordinance will be revised to comply with State law regarding supportive housing and transitional housing. On April 14, 2015 the City Council approved amendments to Article X, Division 1, Section 90–292 – Definitions - of the Zoning Ordinance to include definitions of "supportive housing" and "transitional housing" which comply with Government Code Section 65582. In addition, on April 14, 2015 the City Council amended various uses permitted sections of the Zoning Ordinance to permit by right supportive housing and transitional housing in the residential zones.

c. Conclusion

The Zoning Ordinance, as amended, defines supportive housing and transitional housing in compliance with State law. In addition, the Zoning Ordinance permits supportive housing and transitional housing by right in the residential zones. Therefore, the Zoning Ordinance provisions comply with State law and create no impediments to fair housing choice.

7. Does the Zoning Ordinance allow any number of unrelated persons to reside together, but restrict such occupancy, if the residents are disabled?

Yes ☐ **No** ☒

a. Background

The joint statement by DOJ and HUD describes this issue as follows:

> A local government may generally restrict the ability of groups of unrelated persons to live together as long as the restrictions are imposed on all such groups. Thus, in the case where a family is defined to include up to six unrelated people, an ordinance would not, on its face, violate the Act if a group home of seven unrelated people *with* disabilities was not allowed to locate in single-family zoned neighborhood, because a group of seven unrelated people *without* disabilities would also not be allowed. [Emphasis added]

Under California law, licensed group homes occupied by six or fewer disabled persons must be permitted in all zones that permit single-family homes. State law -- as the summary below explains -- allows cities to require a conditional use permit for residential care facilities for seven or more persons.

> Because California law only protects facilities serving six or fewer residents, many cities and counties restrict the location of facilities housing seven or more clients. They may do this by requiring use permits, adopting special parking and other standards for these homes, or prohibiting these large facilities outright in certain zoning districts. While this practice may raise fair housing issues, no published California decision prohibits the practice, and analyses of recent State legislation appear to assume that localities can restrict facilities with seven or more clients. Some cases in other federal circuits have found that requiring a conditional use permit for large group homes violates the federal Fair Housing Act. However, the federal Ninth Circuit, whose decisions are binding in California, found that *requiring a conditional use permit for a building atypical in size and bulk for a single-family residence* does not violate the Fair Housing Act. [Emphasis added]
>
> Barbara Kautz, Goldfarb & Lipman LLP, *Select California Laws Relating to Residential Recovery Facilities and Group Homes*, pg. 3, presented at the Residential Recovery Facilities Conference, Newport Beach, March 2, 2007.

b. Zoning Ordinance Regulations

The Zoning Ordinance family definition does not establish a limit on the number of persons who comprise a family. In addition, the Zoning Ordinance considers licensed group homes housing six or fewer disabled persons a residential use of property. These zoning provisions are consistent with state fair housing laws.

A group home that houses seven or more disabled persons is considered by the Zoning Ordinance as a “large group home” and has different regulations, as follows”

> Large group homes are prohibited in all single-family residential zones. Subject to an administrative use permit, large group homes of ten or fewer residents are permitted in the multiple-family residential zones. Subject to a conditional use permit, large group homes of ten or fewer residents are permitted in the R-P and O-P commercial zones.

Subject to a conditional use permit, large group homes of 11 or more residents are permitted in the multiple-family residential zones and in the R-P and O-P commercial zones.

c. Conclusion

Group homes housing six or fewer persons and licensed by the State under the provisions of the Health and Safety Code are permitted in all residential zones allowing single-family homes. Therefore, the City's zoning regulations are consistent with Federal and State fair housing laws.

Under the provisions of California law, a city may require a conditional use permit (CUP) for group housing occupied by seven or more disabled persons.

8. Does the Zoning Ordinance require a public hearing to obtain public input for specific exceptions to zoning and land-use rules for disabled applicants and is the hearing only for disabled applicants rather than all applicants?

Yes ☐ No ☒

If 'Yes', is the process the same as for other applications for variances, or does it impose added requirements?

a. Background

Persons with disabilities cannot be treated differently from non-disabled persons in the application, interpretation and enforcement of a community's land use and zoning policies.

b. Planning and Zoning Ordinance Regulations

Disabled persons or their representatives as well as developers may apply for exceptions to zoning and land use policies through a reasonable accommodation procedure. The Zoning Ordinance establishes two levels of reasonable accommodation:

> *Major reasonable accommodation* means a request to allow a use in a zone where it is otherwise not permitted or a request for a modification or exception to the substantive land use, zoning and development standards and regulations.
>
> *Minor reasonable accommodation* means a modification or exception to the procedural requirements contained in this chapter, including, but not limited to, fee adjustments or deferrals, modification of application filing requirements, and modification of appeal filing requirements.

The Zoning Ordinance provides for different levels of review and approval, as follows:

> The planning commission is designated to approve, conditionally approve, or deny all applications for a major reasonable accommodation, except that the *director* is hereby vested with authority to *review and approve major reasonable accommodation* applications that solely request a modification of *development standards* for uses requiring a small group home permit or an administrative use permit.
>
> The director, or his or her designee, is designated to approve, conditionally approve, or deny all applications for a minor reasonable accommodation, provided that the director may decide to allow the planning commission to determine whether to approve,

> conditionally approve, or deny an application for a minor reasonable accommodation if the director finds that the minor reasonable accommodation involves significant controversy or extraordinary circumstances.

Thus, the Community Development Director is authorized to take action on reasonable accommodation requests without a public hearing when they involve a major reasonable accommodation requesting a modification of development standards and all applications for a minor reasonable accommodation.

c. Conclusion

The Reasonable Accommodation Procedure requires a public hearing only when the applicant is requesting a Major Reasonable Accommodation that involves a modification other than development standards. The City's Reasonable Accommodation Procedure has met with the approval of the HUD-LA office and does not pose an impediment to fair housing choice.

9. Does the City have, either by ordinance or policy, a process by which persons with disabilities can request reasonable accommodations (modifications or exceptions) to adopted ordinances and to rules, policies, practices, or services, necessary to afford persons with disabilities an equal opportunity to use or enjoy a dwelling?

Yes ☒ **No** ☐

a. Background

A joint statement by DOJ and HUD explains this issue as follows:

> As a general rule, the Fair Housing Act makes it unlawful to refuse to make 'reasonable accommodations' (modifications or exceptions) to rules, policies, practices, or services, when such accommodations may be necessary to afford persons with disabilities an equal opportunity to use or enjoy a dwelling.
>
> Even though a zoning ordinance imposes on group homes the same restrictions it imposes on other groups of unrelated people, a local government may be required, in individual cases and when requested to do so, to grant a reasonable accommodation to a group home for persons with disabilities. For example, it may be a reasonable accommodation to waive a setback required so that a paved path of travel can be provided to residents who have mobility impairments. A similar waiver might not be required for a different type of group home where residents do not have difficulty negotiating steps and do not need a setback in order to have an equal opportunity to use and enjoy a dwelling.
>
> Where a local zoning scheme specifies procedures for seeking a departure from the general rule, courts have decided, and the Department of Justice and HUD agree, that these procedures must ordinarily be followed. If no procedure is specified, persons with disabilities may, nevertheless, request a reasonable accommodation in some other way, and a local government is obligated to grant it if it meets the criteria discussed above. A local government's failure to respond to a request for reasonable accommodation or an inordinate delay in responding could also violate the Act.
>
> Local governments are encouraged to provide mechanisms for requesting reasonable accommodations that operate promptly and efficiently, without imposing significant costs

> or delays. The local government should also make efforts to insure that the availability of such mechanisms is well known within the community.
>
> Joint Statement of the Department of Justice and the Department of Housing and Urban Development, *Group Homes, Local Land Use, and the Fair Housing Act*, August 18, 1999, pages 3 and 4.

On May 15, 2001 the State Attorney General transmitted a letter to all local governments advising the localities to consider adoption of a reasonable accommodation procedure. In that letter, the Attorney General stated:

> Both the federal Fair Housing Act ('FHA') and the California Fair Employment and Housing Act ('FEHA') impose an affirmative duty on local governments to make reasonable accommodations (i.e., modifications or exceptions) in their zoning laws and other land use regulations and practices when such accommodations 'may be necessary to afford' disabled persons 'an equal opportunity to use and enjoy a dwelling.

The Office of Attorney General pointed out that while a city may deny a disabled applicant's request from relief under variance or conditional use permit procedures, the procedures may be insufficient to justify the denial when judged in light of the fair housing laws' reasonable accommodations mandate.

b. Zoning Ordinance Regulations

The response to Question #8 describes the Reasonable Accommodation Procedure. It is consistent with the recommendations of the California Attorney General, HUD, DOJ and the Mental Health Advisory Services, Inc. The latter agency has published guidelines for the development of reasonable accommodation procedures.

c. Conclusion

As noted above, the HUD-DOJ statement recommends that:

> The local government should also make efforts to insure that the availability of such mechanisms is well known within the community.

Based on the HUD-DOJ recommendation, the Community Development Department will consider including the application for a Reasonable Accommodation in the CDD Applications and Forms page. Also, it will consider a preparing a brochure or flyer describing the Reasonable Accommodation Procedure such as the "Service Animals at Your Place of Business – Commonly Asked Questions" brochure and the "City of Hemet ADA Public Notice."

10. If the City supplies or manages housing, is there a clear policy to allow disabled persons residing in or seeking to reside in the housing to make or request reasonable physical modifications or to request reasonable accommodations?

Yes ☐ No ☐ Not applicable ☒

If 'Yes', is the policy communicated to applicants or residents?

Yes ☐ No ☐ Not applicable ☒

a. Background

The Fair Housing Act includes in its definition of discrimination against disabled people:

- ❒ The refusal by a housing provider covered under the Act to permit a disabled person, at his or her own expense, "reasonable modifications of existing premises occupied or to be occupied by such person if such modification may be necessary to afford such person full enjoyment of the premises. . . ." 42 U.S.C. §3604(f)(3)(A).

- ❒ The refusal by a housing provider covered under the Act "to make reasonable accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford such person equal opportunity to use and enjoy a dwelling. . . ." 42 U.S.C. §3604(f)(3)(B).

A request for a reasonable modification is appropriate where a tenant or applicant for housing faces an actual physical barrier to the use and enjoyment of a dwelling. A reasonable modification is a structural change made to existing premises, occupied or to be occupied by a person with a disability, in order to afford such person full enjoyment of the premises. Upon approval by the housing provider, the modification usually must be completed at the tenant's expense.

A request for a reasonable accommodation is appropriate where a handicapped person needs a housing provider to alter its rules, policies, practices, or services in order to afford the tenant the opportunity to use and enjoy a dwelling. Federal fair housing regulations set forth examples of what would constitute a reasonable accommodation. A housing provider may not insist on compliance with a "no pets" policy by a blind tenant with a Seeing Eye dog, for example. Likewise, a housing provider must, upon request, provide a designated parking space to a mobility impaired tenant in order to reduce the distance the tenant must travel from the vehicle to the apartment unit. 24 C.F.R. §100.204(b).

The City of Hemet does not own or manage affordable housing. The Housing Authority of the County of Riverside administers 1,037 Section 8 rental assistance vouchers in Hemet. The Section 8 program assists 409 elderly families and 612 disabled families. The application for Section 8 rental assistance includes the following two questions:

- ❒ Is the head of the household/souse/co-head disabled?
- ❒ Does your household require a handicapped accessible unit?

The Housing Authority has adopted a reasonable accommodation procedure, which is described below:

> In order to grant equal access and/or an equal opportunity to participate in the HCVP, the PHA will consider requests for reasonable accommodation (reasonable adjustments to

the rules, policies, practices, procedures which do not reduce or waive the essential requirements of the program) by persons with disabilities.

Accommodations are not reasonable if they require fundamental alterations in the nature of the program, or impose undue financial burdens on the PHA. Requests for reasonable accommodation will be considered on a case-by-case basis.

The Housing Authority Administrative Plan also includes a plan to affirmatively further fair housing. The plan objectives are:

- ❒ Overcome the effects of impediments to fair housing choice;
- ❒ Remedy discrimination in housing; and
- ❒ Promote fair housing rights and fair housing choice.

In October/November 2014 a survey was completed of the managers of five affordable apartment communities located in Hemet. All five on-site apartment managers stated they have written policies for physical modifications, reasonable accommodations, service animals and companion animals. Two of the five on-site managers stated that they were authorized to approve a request for a reasonable accommodation. In one case, approval of service and companion animals required doctor and legal approval. In another corporate approval was required.

Housing for Special Needs Populations

11. Does the Zoning Ordinance or other planning policy document address housing for "special needs" populations?

Yes ☒ **No** ☐

a. Background

Special needs populations typically are considered to be homeless people, victims of domestic violence, people with disabilities (including those recovering from substance abuse), youth in crisis, people living with HIV/AIDS and the frail elderly. Of these groups, homeless people, victims of domestic violence, people with disabilities, and people living with HIV/AIDS have direct fair housing implications. There is a high incidence of disability in the homeless population; domestic violence overwhelming impacts women; and people living with HIV/AIDS are considered disabled under fair housing laws. While age is not a characteristic protected under federal fair housing law, it is covered under state law, and the higher incidence of disability in the frail elderly introduces possible fair housing implications for that population as well.

These populations often rely on group homes or service-enriched multi-family settings for housing opportunities. To the extent that zoning and other planning policy documents fail to provide for, or impose barriers to, these types of housing an impediment to fair housing choice might exist.

As previously noted, according to the DOJ and HUD, the term 'group home' does not have a specific legal meaning. While it often implies a living situation for people with disabilities, it also applies to any group of unrelated persons, often sharing common characteristics, who live together in a dwelling. This broader use of the term encompasses 'special needs' individuals.

b. Zoning Ordinance Regulations and Planning Policies

1) Zoning Ordinance Regulations: The Zoning Ordinance allows for a variety of special needs housing. Special needs housing is allowed as a permitted use, conditionally permitted use, or by administrative permit in certain residential and commercial zones. The special needs housing types include:

- ❒ Small licensed residential care facilities (6 or fewer persons)
- ❒ Small and large group homes
- ❒ Emergency shelters
- ❒ Assisted living facility
- ❒ Transitional housing (will be permitted in all residential zones)
- ❒ Supportive housing (will be permitted in all residential zones)

2) Planning Policies: The City addresses "special needs" housing through two planning policy documents – the Consolidated Plan and the Housing Element. The Consolidated Plan establishes policies for addressing the needs of the following special needs populations:

- ❒ Elderly
- ❒ Frail Elderly
- ❒ Persons with disabilities (mental, physical, developmental)
- ❒ Persons with HIV/AIDS and their families
- ❒ Persons with alcohol or other drug addiction
- ❒ Victims of domestic violence
- ❒ Mentally ill adults

The adopted *2014-2021 Housing Element* also contains policies and programs addressing the needs of special populations including seniors; persons with physical, mental and developmental disabilities; female householders; large families (who may face discrimination in the private housing market); and homeless persons (many of whom have physical or mental disabilities or are the victims of domestic violence).

c. Conclusion

The City addresses special needs populations through the provisions of the Zoning Ordinance and policies of the Consolidated Plan and Housing Element. These provisions and policies affirmatively further fair housing for special needs populations.

12. How does the Zoning Ordinance define "special group residential housing"?

The term group home does not have a specific legal meaning. According to the DOJ/HUD Joint Statement the term 'group home' is sometimes applied to any group of unrelated persons who live together in a dwelling – such as a group of students who voluntarily agree to share the rent on a house. Group housing, therefore, infers housing that accommodates unrelated persons. "Special group" infers housing occupied by special needs populations such as those described in response to Question #11.

b. Zoning Ordinance Regulations

The Zoning Ordinance does not define the term "special group residential housing." However, as noted in the response to Question #11, the Zoning Ordinance permits various types of special group housing.

Hemet's housing inventory houses special needs populations in a variety of housing types:

- ❒ Market rate and affordable apartments
- ❒ Market rate and affordable senior apartments
- ❒ Senior mobile home parks
- ❒ Adult residential care facilities (11 with a capacity of 49 beds)
- ❒ Residential care facilities for the elderly (37 licensed facilities with a capacity of 720 beds and seven facilities with a license pending with a capacity of 246 beds)
- ❒ Housing for the disabled (Ability First)
- ❒ Skilled nursing facilities (six with a capacity of 598 beds)

Most residential care facilities for the elderly are located in single-family homes and have a capacity of six beds. Other facilities are large and include assisted living facilities and Alzheimer's memory care housing.

c. Conclusion

The Zoning Ordinance provides for special needs housing and contains specific definitions of a variety of special group housing types.

13. Does the Zoning Ordinance distinguish senior citizen housing from other single- family residential and multifamily residential uses by the application of a conditional use permit (CUP)?

Yes ☐ No ☒

a. Background

Senior housing is an important component of a community's housing stock. As a population ages, seniors need a variety of housing opportunities.

b. Zoning Ordinance Regulations

Senior-only housing is permitted in the R-2 two-family zone and the R-3 and R-4 multiple-family zones. The Zoning Ordinance does not require a conditional use permit.

c. Conclusion

The Zoning Ordinance does not impede the development of senior housing by requiring the approval of a conditional use permit.

14. Does the Zoning Ordinance contain standards for senior housing?

Yes ☐ No ☒

If 'Yes', do the standards comply with federal law on housing for older persons (i.e., solely occupied by persons 62 years of age or older, or at least one person 55 years of age, or other qualified permanent resident pursuant to Civil Code Section 51.3)?

Yes ☐ No ☒

Is the location of senior housing treated differently than other rental or for-sale housing?

Yes ☐ No ☒

If 'Yes', explain.

a. Background

The 1988 amendments to the federal Fair Housing Act exempt "housing for older persons" from the prohibitions against familial discrimination. All residents in the senior housing must be 62 years of age or at least 80% of the occupied units must have at least one person who is 55 years of age or older.

California law states that a housing provider using the lower age limitation of 55 years in Riverside County must have at least 20 units to use the familial status discrimination exemption. Also, California law, with narrow exceptions, requires all residents to be “senior citizens” or “qualified permanent residents”, pursuant to Civil Code §51.3.

Senior housing meeting the criteria of California law and the federal Housing for Older Persons Act (HOPA) may legally exclude families with children. Such housing is still bound by all other aspects of fair housing law (such as prohibition of discrimination based on race, national origin or disability).

Section 3607(b)(2) of HOPA defines "housing for older persons" as housing:

(A) provided under any State or Federal program that the Secretary determines is specifically designed and operated to assist elderly persons (as defined in the State of Federal program); or

(B) intended for, and solely occupied by, persons 62 years of age or older; or
(C) intended and operated for occupancy by persons 55 years of age or older and –

(i) at least 80 percent of the occupied units are occupied by at least one person who is 55 years of age or older;

(ii) the housing facility or community publishes and adheres to policies and procedures that demonstrate the intent required under this subparagraph; and

(iii) the housing facility or community complies with rules issued by the Secretary for verification of occupancy, which shall –

(I) provide for verification by reliable surveys and affidavits, and

(II) include examples of the types of policies and procedures relevant to a determination of compliance with the requirement of clause (ii). Such surveys and affidavits shall be admissible in administrative and judicial proceedings for the purposes of such verification.

Subsection (C) was changed by the Housing for Older Persons Act of 1995 (HOPA) to remove some of the uncertainties created by a provision in the 1988 Amendments that required the "existence of significant facilities and services specifically designed to meet the physical and social needs of older persons." The HOPA also provides for a good faith defense in an action for monetary damages under this subsection.

b. Zoning Ordinance Regulations

California Civil Code Section 51.3(b)(1) establishes the age threshold for the occupants of senior housing - 62 years of age or older or 55 years of age or older if residing in a senior citizen

housing development. The latter – per 51.3(b)(3)(B)ii(4) - means "a residential development developed, substantially rehabilitated, or substantially renovated for, senior citizens that has at least 35 dwelling units." As noted above, California law states that a housing provider in Riverside County using the lower age limitation of 55 years must have at least 20 units to use the familial status discrimination exemption.

Article XXXI – Senior Housing Designation – of the Zoning Ordinance provides a means of designating existing and future senior housing developments for people 55 years and older. Senior housing is a permitted and conditionally permitted use per the underlying zone. Section 90-1083 describes the minimum requirements for senior developments:

> In order for a development to be designated for seniors 55 years of age and older, it shall meet the minimum requirements of The Fair Housing Act (Title VIII of the Civil Rights Act of 1968, as amended 42) U.S.C. 3601 -3169), and the Housing for Older Persons Act of 1995 (Pub. L. 104-76) and/or the California Civil Code Sections 51.11 and 51.12.

The Zoning Ordinance secures compliance with the state and federal fair housing laws through the following provision:

> *Occupancy.* The occupancy of all dwelling units within an approved senior-only housing development shall be secured by appropriate conditions, covenants, and restrictions (CC&Rs) recorded against the property and provided to the city prior to the issuance of building permits.

With regard to location, senior housing is not treated differently than other housing as it is a permitted use in the R-2, R-3 and R-4 zones.

Many senior housing developments are located in Hemet such as Hillside Park, Kirby Terrace, Oak Terrace, Park Yale, Sahara Senior Villa, San Jacinto Manor, and Villa Hemet.

Many mobile home parks are located in Hemet. Of the 34 mobile home parks, the City's data indicates that 25 are senior-only housing and nine are family parks. The housing market is increasing the number of families that are housed in what were once senior-only mobile home communities. The General Plan *Land Use Element* states:

> Many of the City's mobile home and recreational vehicle parks were originally designed for senior residents or vacationing "snow birds". As demand for affordable housing increased, larger numbers of family households are occupying mobile home and recreational vehicle parks throughout the City that were originally designed for seniors.

c. Conclusion

The Zoning Ordinance contains provisions which enable the City to ensure that senior housing complies with the state and federal fair housing laws. The Zoning Ordinance provisions have not impeded the development of senior housing. On April 14, 2015, the City Council approved and adopted an amendment to Section 90-183 of the Zoning Ordinance to incorporate the senior age threshold of 62+ as stated in the federal Housing for Older Persons Act (HOPA).

Affordable Housing Policies

15. Do the Zoning Ordinance or other development policy encourage or require the inclusion of housing units affordable to low- and/or moderate- income households ('inclusionary housing')?

Yes ☒ **No** ☐

a. Background

An analysis of impediments to fair housing choice must be careful to not substitute or conflate housing affordability policy with policies intended to affirmatively further fair housing. While household income is not a characteristic addressed by fair housing laws, it is appropriate to recognize that a lack of affordable housing can have a disparate impact on housing choice, on the basis of characteristics protected by fair housing laws.

As demonstrated by the outcome in *U.S. ex rel. Anti-Discrimination Center v. Westchester County*, which involved failures to affirmatively further fair housing by Westchester County, New York, in appropriate circumstances the provision and situation of affordable housing can be a tool to address a lack of fair housing choice in highly segregated communities.

b. Zoning Ordinance Regulations

The City has adopted neither an inclusionary housing policy nor ordinance. The City does encourage and facilitate the production of affordable housing through density bonuses and Housing Element programs. Chapter 90, Article VI of the Municipal Code provides for density bonuses consistent with the requirements of Government Code 65915.

Program H-3d of the *2014-2021 Housing Element* encourages the use of density bonuses. According to this program, the City will disseminate information to the development community about the density bonus provisions and encourage use of density bonuses for affordable housing.

In addition, Program H-2a of the Housing Element commits the City to facilitate development of affordable ownership and rental housing through regulatory incentives.

c. Conclusion

The City provides density bonus incentives for the inclusion of affordable housing in otherwise market rate housing developments. The City's affordable housing policies and programs do not create an impediment to fair housing choice.

16. Does the City encourage or require affordable housing developments to give an admission preference to individuals already residing within the jurisdiction?

Yes ☐ No ☒

If 'Yes', is it a requirement?

Yes ☐ No ☒

a. Background

This practice may have fair housing implications if the population of the jurisdiction lacks diversity or does not reflect the demographic makeup of the larger region in which it is located. There may be a barrier to fair housing choice, in that the policy can have a discriminatory affect on the basis of characteristics considered by fair housing laws.

For example if a jurisdiction already lacks housing suitable to people with mobility-related disabilities, the local population may have an under representation of such individuals, when compared to the population generally. Newly developed accessible housing that could meet the needs of such individuals, but which has a local resident admission preference, would be less likely to improve the ability of people with mobility-related disabilities to live in the jurisdiction. Likewise, a jurisdiction with an under representation of minority residents is likely to perpetuate that situation if a local resident admission preference is implemented for new affordable housing development.

According to a newspaper article in the Desert Sun, Indian Wells leaders are reviewing their affordable housing guidelines after two attorneys warned the policy 'likely' meant the city was 'excluding minorities." The City's selection process for Indian Wells Villas and Mountain View Villas, the two income-restricted housing units, gives first preference to city residents, family of residents and city staff. Residents of the Coachella Valley and then other parts of Riverside County are considered after that.

The City Attorneys state that it is likely the residency preference has a disparate impact on minorities, excluding minorities from the affordable housing offered by the city in far greater percentages than non-minorities.

b. City Policies

The City does not own or manage housing. Hemet's affordable housing is owned by non-profit organizations, for-profit sponsors and limited dividend corporations.

c. Conclusion

No admission preferences for City residents have been established. Thus, there is no impediment to fair housing choice.

Accessible Housing and Parking

17. Do the Zoning Ordinance and Building Code make a specific reference to the accessibility requirements contained in the 1988 amendments to the Fair Housing Act?

Yes ☒ No ☐

Is there any provision for monitoring compliance?

Yes ☒ No ☐

a. Background

The Fair Housing Act establishes accessibility requirements for new and rehabilitated housing. The *Final Fair Housing Accessibility Guidelines* (March 6, 1991) list seven requirements:

- ❒ Requirement 1: Accessible building entrances on an accessible route.
- ❒ Requirement 2: Accessible and usable public and common use areas.
- ❒ Requirement 3: Usable doors.
- ❒ Requirement 4: Accessible route into and through the covered dwelling.
- ❒ Requirement 5: Light switches, electrical outlets, thermostats and other environmental controls in accessible locations.
- ❒ Requirement 6: Reinforced walls for grab bars.
- ❒ Requirement 7: Usable kitchens and bathrooms.

The HUD/DOJ Joint Statement makes the observation that housing could be subject to other accessibility requirements that exceed those contained in the Fair Housing Act:

> However, any housing (including single family detached homes) constructed by federal, state, or local government entities or constructed using any federal, state, or local funds may be subject to accessibility requirements under laws other than the Fair Housing Act. These laws -- particularly Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act, and the Architectural Barriers Act -- have requirements for accessibility that **exceed** those contained in the Fair Housing Act. In addition, state and local building codes may contain accessibility requirements for detached single family homes and/or other housing. Housing subject to the requirements of more than one federal, state, or local law must comply with the requirements of each such law. Where federal, state, or local laws differ, the more stringent requirements apply. *See* Preamble to the Guidelines, 56 Fed. Reg. at 9,477. In other words, state or local laws may increase accessibility beyond what is required by federal law but may not decrease the accessibility required by federal law. [Emphasis added]
>
> Source: U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity and U.S. Department of Justice, Civil Rights Division, *Joint Statement on Accessibility (Design and Construction) Requirements for Covered Multifamily Dwellings Under the Fair Housing Act*, April 30, 2013

b. Zoning Ordinance and Building Code Regulations

The *2014-2021 Housing Element* includes Program H-1c to ensure that accessibility requirements are met by both the public and private sector. The Program states:

> The City will continue to enforce State requirements to include accessibility in housing and public facilities for persons with disabilities. The City will undertake the following actions: Encourage housing developers to include accessibility for individuals in their project designs and ensure compliance with the accessibility requirements in the California Building Standards Code (Title 24) and periodically evaluate City regulations and procedures to ensure that they do not exclude participation by persons with disabilities.

The Zoning Ordinance does not make a specific reference to the accessibility requirements of the Fair Housing Act as amended in 1988. As noted in the preceding paragraph, new and rehabilitated housing can be subject to accessibility requirements under laws other than the Fair Housing Act.

California's accessibility regulations must meet or exceed the requirements of the Americans with Disabilities Act (ADA). They may also contain additional requirements to assure access and usability for persons with disabilities. Beginning March 15, 2012, the 2010 ADA Standards are required nationwide; the California regulations must be updated for consistency and to maintain existing provisions that provide greater accessibility. Based upon its staff review and input from stakeholders, the California Department of General Services (DSA) selected the 2010 ADA Standards as the model code for the 2013 accessibility regulations.

Title 24 of the California Code of Regulations, known as the California Building Standards Code or just 'Title 24,' contains the regulations that govern the construction of buildings in California. Chapter 11A contains the regulations governing housing accessibility.

The Building and Safety Department is responsible for the administration and enforcement of the uniform codes pertaining to federal, state, and city adopted laws and ordinances. This responsibility includes meeting state mandates to assure all structures meet or exceed the minimum life safety standards of the codes, laws, and ordinances.

The Department assures that these standards are achieved by providing organized procedures and processes for reviewing and approving plans and specifications, issuing permits, and making field inspections.

c. Conclusion

Although the Zoning Ordinance does not reference the Fair Housing Act accessibility requirements, the City enforces the Title 24 housing accessibility requirements. Additionally, the *2014-2021 Housing Element* includes Program H-1c to ensure that accessibility requirements are met by both the public and private sector. Consequently, no impediment to fair housing choice is created by the lack of a reference to accessibility requirements in the Zoning Ordinance.

18. Do the Zoning Ordinance or Building Code contain any special provisions for making housing accessible to persons with disabilities?

Yes ☒ **No** ☐

a. Background

As previously mentioned housing accessibility requirements must meet the minimum standards established by several laws and regulations such as the Fair Housing Act as amended in 1988, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act, and the Architectural Barriers Act. California's accessibility regulations must meet or exceed the requirements of the Americans with Disabilities Act (ADA).

The Fair Housing Act requirement for accessible units applies to "covered multifamily dwellings" constructed for first occupancy after March 13, 1991. First occupancy is defined as a "building that has never been used for any purpose." Both privately owned and publicly assisted housing – including rental and for sale units – must meet the accessibility requirements of the Fair Housing Act when they are located in 1) buildings of four or more dwellings if such buildings have one or more elevators, and 2) all ground floor dwellings in other buildings containing four or more units.

b. Zoning Ordinance Regulations

The Zoning Ordinance regulations comply with State and Federal requirements. The *2014-2021 Housing Element* adds special provisions through Program H-1c.

c. Conclusion

The City has enacted special provisions to ensure accessibility for persons with disabilities and, thus, potential impediments to fair housing choice have been removed.

19. Describe the minimum standards and amenities required by the Zoning Ordinance for a multiple family project with respect to handicap parking?

a. Background

Federal and State laws require handicap parking. To further fair housing for disabled persons, the City's requirements should equal or exceed the minimum standards of Federal and State laws.

b. Zoning Ordinance Regulations

Section 1424 of the Zoning Ordinance states:

> Handicapped parking spaces shall be provided as required by state and federal law and shall comply with the Uniform Building code as adopted by the city. C

Therefore, the City abides by the Title 24 requirements which incorporate the parking space standards of the Americans with Disabilities Act. The minimum number of required accessible parking spaces varies by the total number of parking spaces provided in the parking facility. For example, if the total number of parking spaces provided range between 76 and 100, then the four accessible parking spaces are required.

Source: U.S. Department of Justice, *2010 ADA Standards for Accessible Design*, September 15, 2010.

c. Conclusion

The City's accessible and handicap parking requirements comply with the standards imposed by State and Federal laws. Therefore, the parking requirements do not pose an impediment to fair housing choice.

Other Fair Housing Policies

20. Does the Zoning Ordinance include a discussion of fair housing?

Yes ☐ **No** ☒

If no, how does the jurisdiction propose to further fair housing?

a. Background

Affirmatively furthering fair housing is an important responsibility of local government. Although a city may have numerous plans, policies, and standards, fair housing is rarely discussed in a zoning ordinance. Other documents of a city may discuss fair housing.

b. 2014-2021 Housing Element Policies and Programs

The *2014-2021 Housing Element* includes the following fair housing policies:

- ❒ Promote fair housing practices throughout the City.
- ❒ Promote a variety of housing types to meet the special needs of persons with disabilities, elderly households, and others who may need assisted living, group home, institutional care, and other alternative residential environments.
- ❒ Ensure that families with children have equal access to housing through enforcement of anti-discrimination policies and by facilitating the construction of housing to meet the needs of such families.

The fair housing program states:

> The City of Hemet actively furthers fair housing in the community. Specifically, the City will continue to contract with an appropriate agency to promote fair housing. The City will continue to refer complaints regarding fair housing discrimination issues to the appropriate agency.

c. Conclusion

Fair housing is discussed in the AI and the *2014-2021 Housing Element*. No impediment to fair housing choice is created by the lack of a more detailed fair housing discussion in the Zoning Ordinance.

21. Does the Zoning Ordinance or Building Code establish occupancy standards or maximum occupancy limits that are more restrictive than state law, which incorporates the Uniform Housing Code (UHC)?

Yes ☐ No ☒

a. Background

Occupancy standards sometimes can impede housing choice for families with children or for disabled persons. For example, some jurisdiction's zoning regulations have attempted to limit occupancy to five related persons occupying a single family home, or to strictly establish an occupancy standard of no more than two persons per bedroom. Such regulations can limit housing availability for some families with children, or prevent the development of housing for disabled persons.

The federal Fair Housing Act (FHA) also provides that nothing in the Act "limits the applicability of any reasonable local, State or Federal restrictions regarding the maximum number of occupants permitted to occupy a dwelling." [Section 807(b)(1)]

HUD implements section 589 of the Quality Housing and Work Responsibility Act (QHWRA) of 1988 by adopting as its policy on occupancy standards for purposes of enforcement actions under the FHA, the standards provided in the Memorandum of General Counsel Frank Keating to Regional Counsel dated March 20, 1991. The purpose of that Memorandum was "to articulate more fully the Department's position on reasonable occupancy policies and to describe the approach that the Department takes on its review of occupancy cases." The Memorandum states the following:

> Specifically, the Department believes that an occupancy policy of two persons in a bedroom, as a general rule, is reasonable under the Fair Housing Act. [. . .] However, the reasonableness of any occupancy policy is rebuttable, and neither the February 21 [1991] memorandum nor this memorandum implies that Department will determine compliance with the Fair Housing Act based solely on the number of people permitted in each bedroom. [Emphasis added]

The memorandum goes on to reiterate statements taken from the final rule implementing the Fair Housing Amendments Act of 1988 as follows:

- ❒ [T]here is nothing in the legislative history that indicates any intent on the part of Congress to provide for the development of a national occupancy code . . . ."
- ❒ Thus, the Department believes that in appropriate circumstances, owners and managers may develop and implement reasonable occupancy requirements based on factors such as the number and size of sleeping areas or bedrooms and the overall size of the dwelling unit. In this regard, it must be noted that, in connection with a complaint alleging discrimination on the basis of familial status, the Department will carefully examine any such nongovernmental restriction to determine whether it operates unreasonably to limit or exclude families with children.
  Source: U.S. Department of Housing and Urban Development, Memorandum to All Regional Counsel from Frank Keating on the subject of *Fair Housing Enforcement Policy: Occupancy Cases*, March 20, 1991.

Essentially, HUD has established a starting point for assessing the reasonableness of occupancy restrictions, but has stated that the specific facts of each living situation must inform

the final determination of reasonableness. While the above discussion relates to matters of discrimination affecting families with children, a similar analysis applies to standards that may limit housing choice for persons with disabilities.

b. Building Code Regulations

The City's zoning regulations do not establish occupancy limits. The Uniform Housing Code -- on the basis of square footage -- establishes minimum occupancy limits for all housing.

California's occupancy standard for residential dwellings is an example of a permissible neutral standard:

> Room dimensions (b) Floor Area: Dwelling units and congregate residences shall have at least one room which shall have not less than 120 square feet of floor area. Other habitable rooms, except kitchens, shall have an area of not less than 70 square feet. Where more than two persons occupy a room used for sleeping purposes, the required floor area shall be increased at the rate of 50 square feet for each occupant in excess of two.

According to an analysis of occupancy standards:

> The Legislature, by adopting this Uniform Housing Code standard, intends to pre-empt local occupancy standards generally. Municipalities may deviate from the uniform occupancy standard only if, pursuant to specific state provisions, they make express findings that a deviation is reasonably necessary due to "climatic, geological or topographical conditions." Local governments should adopt the foregoing Uniform Housing Code standard for compliance with fair housing laws and to address health and safety concerns in the community.
>
> Source: Mental Health Advocacy Services, Inc., *Fair Housing Issues in Land Use and Zoning: Definitions of Family and Occupancy Standards*, September 1998, page 7

c. Conclusion

The City follows the standards of the Uniform Housing Code. Consequently, the City's regulations do not impede housing opportunities as occupancy standards different from the State requirements have not been established.

22. Does the Zoning Ordinance allow for mixed uses?

Yes ☒ No ☐

If 'Yes', does the ordinance or other planning policy document consider the ability of mixed-use development to enhance housing affordability?

Yes ☒ No ☐

Also, do development standards for mixed-uses take into consideration the challenges of providing housing accessible to persons with disabilities in such mixed uses?

Yes ☒ No ☐

a. Background

Housing for disabled persons in a mixed-use development that includes commercial and residential land uses in a multi-story building could be a challenge. In such a development, it is especially important to correctly interpret the Federal and State accessibility requirements.

b. Zoning Ordinance and General Plan Regulations

Certain zones accommodate mixed-use development. The *General Plan Land Use Element* describes the zones permitting mixed-uses as follows:

> Residential development may be permitted in the Planned Community (PCD), Neighborhood Commercial (C-1) and General Commercial (C-2), Downtown (D1 and D2), Scenic Highway Setback Overlay (S) and Parking (P) districts with a conditional use permit, provided that the residential uses are a component of a larger mixed-use development. Residential uses are encouraged to be located on the second floor above commercial uses.

The General Plan Land Use Element also provides for mixed-use development in six areas as follows:

> The Mixed Use designation facilitates the creation of mixed-use higher intensity environments that offer opportunities for people to live, work, and shop within a compact area. Mixed-use development integrates residential, commercial, and/or office uses into one building or project area. Mixed use in one building is typically referred to as vertical mixed use. For example, a mixed-use building of several floors could have a lower floor dedicated to retail space and upper floor space reserved for offices, apartments, and/or condominiums. Horizontal mixed use refers to a project where retail and residential uses are located in different buildings connected by pedestrian passageways and common design elements. The Land Use Element contains general guidelines for development for each of the six mixed-use areas, and allows for flexibility over time. However, it is anticipated that each district will have a corresponding Specific Plan, Community Plan or Design Guidelines to establish a cohesive identity and land use distribution.

The densities in three of the mixed areas can facilitate the development of affordable housing: Mixed Use 3, 12.1-25 du/ac; Mixed Use 5, 10.1-22 dus/ac; and Mixed Use Downtown, 5-45 dus/ac.

c. Conclusion

Mixed use areas can facilitate the development of affordable housing. The City can ensure that the needs of disabled persons and accessibility requirements are met through review, evaluation and approval of Specific Plans, Community Plans and individual projects.

23. Does the Zoning Ordinance describe any areas in of Hemet as exclusive?

Yes ☐ No ☒

Are there exclusions or discussions of limiting housing to any of the following groups?

Yes ☐ No ☒

If yes, check any of the following that apply:

☐ Race
☐ Color
☐ Sex
☐ Religion
☐ Age
☐ Disability
☐ Marital or Familial Status
☐ Creed of National Origin

a. Background

Fair housing choice means the ability of persons of *similar* income levels to have available to them the *same* housing choices. The City's land use and zoning policies cannot exclude persons from living in the neighborhoods in which they want to reside.

b. Zoning Ordinance Regulations

The Zoning Ordinance establishes base residential zones and overlay districts and provides for a variety of housing types in compliance with State law. The Zoning Ordinance does not describe any area of Hemet as exclusive. With respect to "age," the Zoning Ordinance permits senior-only housing in the R-2, R-3 and R-4 Zones. With regard to "disability," the Zoning Ordinance establishes a Reasonable Accommodation Procedure.

c. Conclusion

The Zoning Ordinance provisions comply with State and Federal fair housing laws. The Zoning Ordinance does not create an impediment to fair housing choice.

24. Do real estate property tax assessments adversely impact one or more of the protected groups?

Yes ☐ **No** ☒

a. Background

HUD's *Fair Housing Planning Guide*, Volume 1 (March 1996) indicates that a potential public sector impediment is "real estate property tax assessment." Entitlement jurisdictions should analyze property tax policies in the AI. Apparently, this analysis is suggested because of the potential for differential assessments that may adversely impact one or more of the protected classes. In California, however, property tax policies are established by State laws and localities wishing to enact additional taxes must seek the approval of the electorate.

b. Real Estate Property Tax Assessment Regulations

State law mandates that all property is subject to taxation unless otherwise exempted. Property taxes are based on a property's assessed value. Property tax bills show land and improvement values. *Improvements* include all assessable buildings and structures on the land. *It does not necessarily mean recently "improved" property*. In general, properties that are owned and used by educational, charitable, religious or government organizations may be exempt from certain property taxes.

In 1978, California voters passed Proposition 13, which substantially reduced property tax rates. As a result, the *maximum levy* cannot exceed 1% of a property's assessed value (plus bonded indebtedness and direct assessment taxes). This levy is applied to the City's residential properties as it is to all other properties in Riverside County and the State. Increases in assessed value are limited to 2% annually. Four events can cause a reappraisal: a change in ownership; completed new construction; new construction partially completed on the lien date (January 1); or a decline-in-value

According to the Riverside County Assessor the City of Hemet has a 2014/2015 assessed value of $4,868,308,944, which is an increase of 8.39% from the prior year.

c. Conclusion

City practices do not affect real estate property tax assessments.

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IDENTIFICATION OF PRIVATE SECTOR IMPEDIMENTS TO FAIR HOUSING CHOICE

SECTION VII: PRIVATE SECTOR IMPEDIMENTS ANALYSIS

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SECTION VII: PRIVATE SECTOR IMPEDIMENTS ANALYSIS

A. INTRODUCTION

Section VII of the AI presents a discussion of 10 private sector practices that can create impediments to fair housing choice. Table VII-1 lists the pages which discuss each prohibited practice and the actual or potential impediments to fair housing choice.

Table VII-1
City of Hemet
Analysis of Impediments to Fair Housing Choice
Page References for Discussion of Private Sector Fair Housing Impediments

Fair Housing Impediment	Page References
B. Housing Discrimination	VII-1 to VII-6
C. Brokerage Services	VII-6 to VII-8
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The private sector impediments are practices prohibited by the 1968 Federal Fair Housing Act, as amended, and the California Fair Employment and Housing Act. The format for presenting the information on each potential impediment includes:

- ❒ Background – an explanation of why a specific practice is prohibited and how it creates an impediment to fair housing choice.
- ❒ Analysis – a discussion of data, to the extent it is available, on the prohibited practice
- ❒ Conclusions and Recommendations – based on the available data, a brief explanation of whether an impediment to fair housing choice exists and, if appropriate, recommended actions that could be implemented by the Fair Housing Council of Riverside County, Inc., the City's fair housing provider, during the five-year period from FY 2015-2016 through FY 2019-2020.

B. HOUSING DISCRIMINATION

1. Background - Prohibited Housing Discriminatory Practices

Sections 804 (a), (b), and (d) of the 1968 Fair Housing Act, as amended, describes several prohibited housing discriminatory practices such as the following:

(a) To refuse to *sell or rent* after the making of a bona fide offer, or to refuse 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, familial status, or national origin. [Emphasis added]
(b) To discriminate against any person in the *terms, conditions, or privileges* of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, religion, sex, familial status, or national origin. [Emphasis added]
(d) To represent to any person because of race, color, religion, sex, handicap, familial status, or national origin that any dwelling is not available for inspection, sale, or rental when such dwelling is in fact so available.

The California Fair Employment and Housing Act (FEHA) prohibits unlawful practices similar to those that are described in the 1968 Federal Fair Housing Act, as amended. The State law expands the description of prohibited practices to "harassment," and to "harass, evict, or otherwise discriminate" for the purpose of "retaliation" against a protected class. Moreover, the State law expands the protected classes to include sexual orientation, marital status, ancestry, age, and source of income.

2. Housing Discrimination Complaints

a. Hemet Housing Discrimination Complaints

Housing discrimination complaint data was compiled by the Fair Housing Council of Riverside County, Inc. (FHCRC) for the period from FY 2011-2012 through FY 2013-2014. During this three-year period, 118 housing discrimination complaint cases were filed with the FHCRC by Hemet residents. Table VII-2 shows that almost 70% of all housing discrimination complaints were based on disability. Other frequent bases involved race and familial status biases.

During the period four year period from 2010-2013, 18 housing discrimination cases were filed with the California Department of Fair Employment and Housing (DFEH). These cases were filed on 20 bases of which disability (5); national origin (5); and race/color were the most frequent.

The San Francisco Regional Office of HUD provided the City with housing discrimination complaint data for calendar years 2001 through 2013. During the 13 year period, 64 cases were filed with HUD which involved 90 bases

The number of bases (90) exceeds the number of cases (64) because a case can have more than one basis.

The FHCRC, DFEH and HUD data indicate that the most frequent basis for a housing discrimination complaint is disability.

Table VII-2
City of Hemet
Housing Discrimination Complaints by Case Category
FY 2011-2012 to FY 2013-2014
(Filed with Fair Housing Council of Riverside County, Inc.)

Protected Class	Number of Bases	Percentage Distribution
Disability	82	69.5%
Race	13	11.0%
Familial Status	8	6.8%
Arbitrary	4	3.4%
Age	3	2.5%
Sex/Gender	2	1.7%
Sexual Orientation	2	1.7%
National Origin	1	0.8%
Color	1	0.8%
Source of Income	1	0.8%
Religion	1	0.8%
Marital Status	0	0.0%
Total	118	100.0%

Note: total does not add exactly to 100% due to rounding
Source: Housing discrimination complaint records of the Fair Housing Council of Riverside County
Table construction by Castañeda & Associates

Table VII-3
City of Hemet
Number of Housing Discrimination Bases by Protected Class
Calendar Years 2001-2013
(Filed with U.S. Department of Housing and Urban Development)

Protected Class	Number of Bases	Percentage Distribution
Disability	34	37.8%
Familial Status	13	14.4%
National Origin	13	14.4%
Race	12	13.3%
Retaliation	12	13.3%
Sex	5	5.6%
Religion	1	1.1%
Total	90	100.0%

Note: total does not add exactly to 100% due to rounding; 5 of 13 national origin bases were an anti-Hispanic bias
Source: Housing discrimination complaint records of the U.S. Department of Housing and Urban Development, San Francisco Regional Office
Table construction by Castañeda & Associates

Table VII-4 shows the race and ethnicity of the persons filing a housing discrimination complaint with the FHCRC during the three-year period from FY 2011-2012 through FY 2013-2014. Of the 118 complaints filed with the FHCRC during this period, 74 were made by White Non-Hispanic persons, 30 by Black persons, and 12 by Hispanic persons. The percentage of cases (almost 63%) filed by White Non Hispanic persons is lower than this population's share (47%) of Hemet's total population. The percentage of cases (25%) filed by Black persons exceed their share (almost 6%) of the City's total population.

Table VII-4
City of Hemet
Housing Discrimination Complaints by Race and Ethnicity
FY 2011-2012 to FY 2013-2014

Race/Ethnicity	Number	Percentage Distribution
White	74	62.7%
Black	30	25.4%
Hispanic	12	10.2%
Asian	1	0.8%
Other	1	0.8%
Total	118	100.0%

Note: total does not add exactly to 100% due to rounding
Source: Housing discrimination complaint records of the Fair Housing Council of Riverside County
Table construction by Castañeda & Associates

With respect to the cases filed with the DFEH, the most frequently cited alleged acts pertained to:

- ❒ Eviction
- ❒ Denial of reasonable modifications/accommodation
- ❒ Denied equal terms and conditions
- ❒ Discriminatory statements/advertisements
- ❒ Harassment

It must be noted that most housing discrimination complaints – upon investigation – are dismissed because of insufficient evidence or there is no probable cause to prove a violation of fair housing laws. Because of this fact, neither the number of complaints nor the number of proven complaints is an accurate indicator of the incidence of discrimination in the housing market.

b. Riverside County Rental, Sales and Lending Audit

In 2013, FHCRC completed a comprehensive rental, sales and lending audit based on the following protected classes: race, disability, familial status and national origin. FHCRC explains auditing as follows:

> The primary focus of an audit is to detect possible discriminatory practices of rental housing providers. This is accomplished by having auditors pose as renters and then note the treatment given to them during the auditing procedure. The audits are intended

to reveal differential treatment based on the protected class under both Federal and California law.

A paired audit consists of two individuals who are matched on personal, financial, and home-seeking characteristics so that the primary difference will only be race, disability, familial status, or national origin.

Four basic categories are analyzed to determine any marked area of difference:

- ❒ Availability
- ❒ Terms and Conditions
- ❒ Tenant Qualifications
- ❒ Courtesy/Overall Contribution

The audit sites were selected randomly within designated areas. This random method of selection was chosen as the method to duplicate, as closely as possible, the typical renter seeking residence within Riverside County.

Source: Fair Housing Council of Riverside County, Inc., *Riverside County: 2013 Rental, Sales and Lending Audit Analysis*. 39 pages

FHCRC conducted 24 validated tests: 12 for rental housing, eight for the sale of housing, and four for housing finance. In sum, there could be a total of 96 possible instances of discriminatory behavior – 24 validated tests times the four basic categories listed above. The 2013 audit found that:

- ❒ 41% of the possible cases resulted in differential treatment in favor of the control auditor (39/96). The control auditor did not belong to a protected class.
- ❒ 5% of the possible cases resulted in differential treatment in favor of the protected auditor (5/96). The protected auditor is minority or belongs to another of the fair housing protected classes.

In the 12 rental audits, there were 23 instances of differential treatment, which occurred on the following basis:

- ❒ Race 6 times
- ❒ Disability 6 times
- ❒ Familial Status 5 times
- ❒ National Origin 6 times

The most common form of differential treatment was when the control auditor was given more information than the protected auditor on rental housing availability.

For the six sales audits, there were nine instances of differential treatment, which occurred on the following basis:

- ❒ Race 6 times
- ❒ National Origin 3 times

The most common issue in the sales audits is the practice of sales agents providing more listings to the control auditor than the protected auditor. Another issue was the control auditor

was given more information on higher priced homes even though protected auditor and control auditor had identical income. This result demonstrated bias in favor of the control auditor.

For the six lending audits, there were 12 instances of differential treatment, which occurred on the following basis:

- ❒ Race 6 times
- ❒ National Origin 3 times

The major issue in the lending audit is the practice of the agent providing more information to the control auditor regarding the loan process that was provided to the protected auditor.

3. Conclusions and Recommendations

Based on past trends, 200 housing discrimination cases may be filed by Hemet residents with the FHCRC during the five year period between FY 2015-2016 and FY 2019-2020. During the same period, it is estimated that 20 housing discrimination cases may be filed with DFEH and 30 with HUD.

Housing discrimination in the sales and rental markets is an impediment to fair housing choice. The following actions will be taken:

- ❒ The City will continue to offer to its residents fair housing services which will include the processing of housing discrimination complaints and landlord/tenant counseling services. Often a landlord/tenant issue has as its basis a housing discrimination concern.
- ❒ Efforts also will be made to increase community awareness of the Fair Housing Council of Riverside County, Inc. (FHCRC) services through, for example, postings on the City's web pages and publication of newspaper display ads. A greater community awareness of the FHCRC may result in more residents becoming aware that there is a local agency to who they can report possible housing discrimination.
- ❒ Support the efforts of the FHCRC to develop and expand an education program for housing providers, community organizations, and the general public regarding housing discrimination, fair housing laws, and options available for individuals who have been victims of discrimination.

C. BROKERAGE SERVICES

1. Background – Denial of Access to Real Estate Organizations

Section 3606 of the 1968 Federal Fair Housing Act prohibits discrimination in the provision of brokerage services:

> After December 31, 1968, it shall be unlawful to *deny* any person access to or *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 him in the terms or conditions of such *access, membership, or participation*, on account of race, color, religion, sex, handicap, familial status, or national origin. [Emphasis added]

2. Multiple Listing Service and Association of REALTORS

Real estate professionals whose business is located in Hemet belong to the Southwest Riverside County Association of REALTORS (SRCAR). The SRCAR is located on Jefferson Avenue in the City of Murrieta. The local Hemet office is located on South Harvard Street.

Like all associations, SRCAR has a Multiple Listing Service (MLS). The MLS is a data base which includes homes for sale and for rent. The data base provides information on a home such as the asking price, number of bedrooms, and year built. It is a tool to help listing brokers representing the seller find cooperative brokers working with buyers to sell or lease their client's home. SRCAR describes the MLS as follows:

> A Multiple Listing Service is a means by which authorized MLS Broker participants establish legal relationships with other participants by making a blanket unilateral contractual offer of compensation and cooperation to other Broker participants; by which information is accumulated and disseminated to enable authorized participants to prepare appraisals, analyses and other valuations of real property for bonafide clients and customers; by which participants engaging in real estate appraisal contribute to common databases; and is a facility for the orderly correlation and dissemination of listing information among the participants so that they may better serve their clients, customers, and the public. Entitlement to compensation is determined by the cooperating broker's performance as a procuring cause of the sale or lease

The online SRCAR membership application consists of 24 entries and/or questions none of which inquire about the race, color, religion, sex, handicap, familial status, or national origin of the applicant. One question asks if the applicant can certify that no court records exist that shows the applicant has violated civil rights laws within the last three years. If the applicant cannot certify, then additional information is requested from the applicant.

According to a membership profile, the race and ethnicity of California REALTORS is as follows:

- ❒ White 77%
- ❒ Asian/Pacific Islander 11%
- ❒ Hispanic/Latino 9%
- ❒ Black/African American 3%
- ❒ Other/American Indian/Eskimo/Aleut 4%

Source: California Association of REALTORS, *2013 Member Profile – California Report.*

An overlap between the White and Hispanic/Latino groups results in the total exceeding 100%. There are no comparable figures on the race and ethnicity of Hemet's real estate professionals. Because of the demographic make-up of Riverside County and Hemet, it is assumed that more than 9% of the local real estate professionals identify with the Hispanic/Latino ethnicity group.

3. Conclusions and Recommendations

Brokerage services as defined by the 1968 Federal Fair Housing Act pertain to having equal access to membership and participation in an Association of REALTORS and the MLS. The SRCAR application process does not inquiry about the characteristics of the applicant other than license status and experience. Consequently, there are no overt actions to prevent membership by individuals who belong to one or more of the protected classes.

As no private sector impediment was found to exist, no recommendations are necessary concerning brokerage services. Moreover, the City has no authority to mandate revisions to SRCAR's application process for membership or its MLS, Bylaws, and Code of Ethics.

The City and FHCRC could offer the following services to the Southwest Riverside County Association of REALTORS:

- ❒ Teach the 3-hour Fair Housing course that REALTORS and sales persons must complete when they renew their license every four years.
- ❒ Provide noteworthy written material to the SRCAR if it adds a Fair Housing News button to its webpage.

D. STEERING

1. Background - Prohibited Steering Practices

According to HUD's *FY 2012 Annual Fair Housing Report*, steering is prohibited by Sections 804(a) and 804(f)(1) of the Federal 1968 Fair Housing Act:

> …it shall be unlawful--
>
> (a) To refuse to sell or rent after the making of a bona fide offer, or to refuse 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, familial status, or national origin.
>
> (f)(1) To discriminate in the sale or rental, or to *otherwise make unavailable or deny*, a dwelling to any buyer or renter because of a handicap of (A) that buyer or renter, (B) a person residing in that dwelling after it is sold, rented, or made available; or (C) any person associated with that person.

Examples of prohibited steering practices include:

- ❒ A REALTOR deliberately guiding potential purchasers toward or away from certain neighborhoods because of membership in a protected class.
- ❒ A lender who deliberately guides loan applicants toward or away from certain types of loans because of membership in a protected class.
- ❒ Limiting a renter's housing choices by guiding or encouraging the person to look elsewhere, based on a fair housing protected characteristic. This type of steering mostly affects apartment seekers as opposed in-place tenants.

2. Analysis of Steering

Nationally, between 2010 and 2013, 307 housing discrimination complaints filed with HUD and Fair Housing Assistance Program (FHAP) agencies alleged steering. This number represents 1% of all the complaints filed with HUD and FHAP agencies.

The FHCRC has stated:

> The practice of steering creates a major impediment to Fair Housing, as it deprives individuals of an opportunity to choose where to live.

The steering of home buyers, however, probably happens infrequently because the internet enables home buyers to be more active in the search process and less reliant on real estate agents. According to the California Association of REALTORS *2013 Home Buyer Survey*:

> Virtually all home buyers use the internet in the home buying process and seven out of 10 access the internet on their phones. Buyers use their smartphones to look for comparable house prices, search for properties, take photos and create videos of homes and amenities, research communities and real estate agents.
>
> While the majority of buyers (61 percent) found their home through an agent, the percentage who found their home online more than doubled from 16 percent in 2012 to a record high 37 percent in 2013. Furthermore, they are taking their time investigating homes and neighborhoods *before contacting an agent*, spending a little over seven months on this compared to about 1.5 months last year. [Emphasis added]

With regard to loan steering, the Center for Responsible Lending found that:

> …there is evidence that African American and Latinos were more likely to be steered into higher-priced loans that white borrowers.
>
> …African and Latino borrowers were about 30 percent more likely to receive higher-cost subprime loans than white borrowers.
>
> …higher-priced and subprime loans were more frequent in low-income and minority neighborhoods than in higher-income or predominantly non-Hispanic white neighborhoods.
>
> Source: Center for Responsible Lending, *Lost Ground, 2011: Disparities in Mortgage Lending and Foreclosures*, page 11

The average interest rate on a 30-year fixed rate home loan in 2004 was 5.84%. In contrast, the average higher-cost home loan in California carried an interest rate of 9.81%. It is very likely that during this period, many borrowers who bought homes in Hemet were steered to higher price loans and those higher-cost loans adversely impacted disproportionately borrowers of color. For example, the California Reinvestment Coalition estimated that in 2004, 16% and 14% of African American and Latino borrowers, respectively, had higher cost loans.

3. Conclusions and Recommendations

Steering may adversely impact homebuyers in their search process and when they apply for a loan. Steering also may adversely impact in-place renters and rental apartment seekers. Corrective actions have been taken by the Federal and State governments regarding loan steering so that abuse may not happen in the future as frequently as it occurred in the early to mid-2000s. However, the steering of apartment seekers is likely to continue, although it is not possible to measure its frequency.

The Fair Housing Council of Riverside County (FHCRC) has found that steering is an impediment to fair housing choice. The FHCRC will:

- ❒ Offer as part of its home buyer counseling services examples of how to detect "steering" during the home search process and how to detect "loan steering."
- ❒ Provide information to renters attending workshops on how to detect steering behavior by resident property managers.
- ❒ Add a "steering" category to the categories of alleged housing discriminatory acts.

E. APPRAISAL PRACTICES

1. Background – Prohibited Appraisal Practices

The 1968 Federal Fair Housing Act, as amended, makes it unlawful to discriminate against a protected class in appraising property. An appraisal is a written assessment of market value and is used by mortgage underwriters to determine whether there is sufficient collateral to lend money to a homebuyer. Unlawful discriminatory appraisal practices, for example, may include:

- ❒ Taking into account the race and ethnic make-up of a neighborhood
- ❒ Taking into the account the race and ethnicity of the seller and/or buyer

2. Analysis of Appraisal Practices

According to the Multiple Listing Service for the Pacific West Association of Realtors information, in the past five years (1/1/2010-12/18/2014), there were 8,278 transactions for single-family homes or condominiums/townhomes located in Hemet. Although a large percentage purchased their home "all-cash" a significant number would have had an opportunity to review an appraisal. It is unlikely that the borrowers requested a copy of the appraisal due to a lack of knowledge that they could request one.

The Uniform Residential Appraisal Report is a six page form used by appraisers to determine the value of a home. In bold letters, the form states:

> Note: Race and the racial composition of the neighborhood are not appraisal factors.

At the end of the report, there are "appraiser's certifications" which include certification #17:

> I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

Contained in the Standards section is Standard Rule 6-3 which deals with neighborhood trends when appraising a property and encourages appraisers to avoid stereotyped or biased assumptions relating to race, age, color, gender, or national origin or an assumption that race, ethnic, or religious *homogeneity* is necessary to maximize value in a neighborhood. [Emphasis added]

Under both federal law (the Equal Credit Opportunity Act of 1976 and its implementing regulations) and California law (Business & Professions Code Section 11423), a lender is generally obligated to inform a credit applicant of the right to receive a copy of the appraisal used in connection with an application, and to honor the applicant's written request for a copy of the appraisal report.

The California Association of REALTORS (CAR) explains that one of the reasons a buyer should obtain an appraisal is –

> To make sure the lender has not engaged in any discriminatory practices.

Consequently, a homebuyer/borrower is entitled to a copy of the appraisal. But a homebuyer and borrower during the purchase process has a bewildering array of documents to review and sign. Additionally, given an appraisal to review, they may not have the knowledge to review an appraisal report to determine if, for example, race or ethnicity were considered in making the appraisal.

3. Conclusions and Recommendations

Complaints regarding discriminatory appraisal practices are not routinely collected by the FHCRC, State or Federal agencies. Would-be homebuyers are in the best position to detect potentially discriminatory practices.

Although it cannot be quantified, illegal discriminatory appraisal practices are an impediment to fair housing choice. The FHCRC will:

- ❒ Add "how to read an appraisal report" to its homebuyer counseling services in order to 1) inform borrowers of their right to request the appraisal report and 2) provide information on the contents of the report and how to detect possible discriminatory practices.

F. MORTGAGE LENDING PRACTICES

1. Background - Fair Housing Act, Equal Credit Opportunity Act and Home Mortgage Disclosure Act

Equal access to credit so that borrowers can purchase a home is a fundamental goal of fair housing. Section 805 of the 1968 Federal Fair Housing Act, as amended, and the Equal Credit Opportunity Act of 1976 prohibit the denial of access to credit because of a loan applicant's race, color, religion, sex, handicap, familial status, or national origin.

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

- ❒ Determine whether financial institutions are serving the housing needs of their communities and treating their borrowers and loan applicants fairly.
- ❒ Provide information that could facilitate efforts of public entities to distribute funds to local communities for the purpose of attracting private investment.
- ❒ Help households decide where they may want to deposit their savings.

Source: Federal Reserve Board, *The 2013 Home Mortgage Disclosure Act Data*, page 1 [prepared by Neil Bhutta and Daniel R. Ringo of the Division of Research and Statistics]

For calendar year 2013, 7,190 institutions reported on their home lending activity under HMDA including 4,216 banking institutions; 2,015 credit unions; and 832 mortgage companies.

In 2014, there were 7,062 reporting institutions. The total consisted of 4,118 banks and thrifts, of which 3,367 were small, defined as having assets of less than $1 billion; 1,984 credit unions; 139 mortgage companies affiliated with depositories (banks and credit unions); and 821 independent mortgage companies. Banks collectively accounted for about 45% of all reported mortgage originations; independent mortgage companies, about 40%; credit unions, over 9%; and affiliates, the remainder.

The HMDA Loan Application Register (LAR) data includes the disposition of *each* loan application (e.g. originated, denied). The race, ethnicity and income of the applicant also are noted by the lender as well as the census tract location of the home to be purchased. The HMDA data can be used to calculate loan denial rates by race, ethnicity, income and census tract.

2. Analysis of 2013 and 2014 Home Mortgage Disclosure Act Data

The HMDA data are available only at the census tract level. The calendar year 2013 HMDA data are reported by lenders according to the 2010 census tract boundaries.

For purpose of the analysis, data for the City of Hemet is in fact the sum of all census tracts located entirely with the City limits plus those where the vast majority (70%+) of the housing units are within its boundaries. In addition, the analysis is limited to only owner occupied dwellings with one to four units as well as manufactured dwellings.

According to HMDA data, lending institutions can take up to eight actions on a loan application. The actions are coded in to the Loan Application Registration System (LARS) as follows:

1. Loan Originated
2. Application Approved but not accepted (by applicant)
3. Application Denied by financial institution
4. Application Withdrawn by applicant
5. File Closed for incompleteness
6. Loan Purchased by the institution
7. Preapproval Denied by financial institution
8. Preapproval Approved but not accepted (by applicant)

In order to determine a "denial rate" for loan applications, only the first three actions are considered. The reason for limiting to the first three actions is because those actions represent applications that were completely processed and either were approved or denied.

a. <u>2013 FHA/VA and Conventional Loan Volumes and Loan Dispositions</u>

The 2013 HMDA LARS data reported a total of 746 FHA/VA and conventional loan applications to purchase homes located in Hemet:

❒ FHA/VA Loans	447	59.9%
❒ Conventional Loans	299	40.1%
Total	746	100.0%

The 2014 HMDA LARS data reported a total of 965 FHA/VA and conventional loan applications to purchase homes located in Hemet:

❒ FHA/VA Loans	630	65.3%
❒ Conventional Loans	335	34.7%
Total	965	100.0%

A conventional loan is secured by investors, but neither insured by the FHA nor guaranteed by VA. Both fixed rate and adjustable rate loans are available with conventional financing.

The final disposition of the 746 loan applications made in 2013 was as follows:

❒ Approved	636	85.3%
❒ Denied	110	14.7%
Total	746	100.0%

The final disposition of the 965 loan applications made in 2014 was as follows:

❒ Approved	834	86.4%
❒ Denied	131	13.6%
Total	965	100.0%

Approved loans include loans originated and loan applications approved by the lender but not accepted by the borrower.

b. Loan Denial Rates by Type of Financing

Table VII-5 also shows the FHA/VA and conventional loan denial rates. In 2013, the 447 FHA/VA loan applications comprised 59.9% of all 746 loan applications. Of the 447 applications, 13.0% were denied.

In 2013, the 299 conventional loan applications comprised 40.1% of all 746 loan applications. Of the 299 applications, 17.4% were denied.

In 2014, the 630 FHA/VA loan applications comprised 65.3% of all 965 loan applications. Of the 630 applications, 14.0% were denied.

In 2014, the 335 conventional loan applications comprised 34.7% of all 965 loan applications. Of the 335 applications, 12.8% were denied.

Table VII-5
City of Hemet
FHA/VA and Conventional
Loan Applications and Denial Rates: 2013 and 2014

Type of Application	2013	2014
FHA/VA/FSA		
Total Applications	447	630
Number Denied	58	88
Percent Denied	13.0%	14.0%
Conventional Loans		
Total Applications	299	335
Number Denied	52	43
Percent Denied	17.4%	12.8%
All Loans		
Total Applications	746	965
Number Denied	110	131
Percent Denied	14.7%	13.6%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2013 and 2014
Table construction by Castañeda & Associates

c. Loan Denial Rates by Household Income and Type of Financing

Table VII-6 shows the denial rates by nine income categories and type of financing. Household income can be a key determinant in whether a borrower has a loan application approved. Higher incomes, however, do not always correlate with low denial rates and vice versa.

In both 2013 and 2014, FHA loan applications were made predominantly by borrowers with annual household incomes of less than $80,000. The 2014 denial rates for borrowers with annual incomes of less $60,000 increased from those of 2013. The number of loan applications made in 2014 by borrowers with yearly incomes of $60,000 to $79,999 almost doubled that of 2013. However, even with a larger pool of borrowers the denial rate decreased from 18.9% to 9.9%.

In both 2013 and 2014, conventional loan applications also were made predominantly by borrowers with annual household incomes of less than $80,000. The 2014 denial rates for borrowers with annual incomes of less $60,000 *decreased* from those of 2013. The number of loan applications made in 2014 by borrowers with yearly incomes of $60,000 to $79,999 was almost the same as in 2013. However, the denial rate increased from 5.1% to 12.2%.

Table VII-6
City of Hemet
FHA/VA and Conventional Loan Denial Rates
by Household Income: 2013 and 2014

Loan Type and Income	2013			2014		
	Number of Applications	Number Denied	Percent Denied	Number of Applications	Number Denied	Percent Denied
FHA/VA/FSA Loans						
<$40,000	159	19	11.9%	176	32	18.2%
$40,000-$59,999	148	16	10.8%	225	31	13.8%
$60,000-$79,999	74	14	18.9%	141	14	9.9%
$80,000-$99,999	43	5	11.6%	51	6	11.8%
$100,000+	19	2	10.5%	30	3	10.0%
Income Not Available	4	2	50.0%	7	2	28.6%
Total	447	58	13.0%	630	88	14.0%
Conventional Loans						
<$40,000	113	29	25.7%	124	24	19.4%
$40,000-$59,999	101	18	17.8%	111	9	8.1%
$60,000-$79,999	39	2	5.1%	41	5	12.2%
$80,000-$99,999	16	1	6.3%	25	1	4.0%
$100,000+	28	2	7.1%	31	2	6.5%
Income Not Available	2	0	0.0%	3	2	66.7%
Total	299	52	17.4%	335	43	12.8%
All Loans						
<$40,000	272	48	17.6%	300	56	18.7%
$40,000-$59,999	249	34	13.7%	336	40	11.9%
$60,000-$79,999	113	16	14.2%	182	19	10.4%
$80,000-$99,999	59	6	10.2%	76	7	9.2%
$100,000+	47	4	8.5%	61	5	8.2%
Income Not Available	6	2	33.3%	10	4	40.0%
Total	746	110	14.7%	965	131	13.6%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2013 and 2014
Table construction by Castañeda & Associates

d. Loan Denial Rates by Race and Ethnicity

Table VII-7 reports on the 2013 and 2014 loan denial rates by race and ethnicity.

In 2013, White, Non-Hispanic (343) and Hispanic (265) borrowers comprised 82% of all borrowers. Among the borrowers for whom race is known, there were 31 Black and 22 Asian loan applicants, respectively.

In 2013, the one large disparity in loan denial rates by race and ethnicity is between White, Non-Hispanic and Hispanic *conventional loan* applicants. Overall, the Hispanic conventional loan denial rate is 50% higher than experienced by White Non, Hispanic borrowers (20.8%/13.7%=1.51).

Black loan applicants had the lowest loan denial rate (9.7%) while Asian borrowers experienced the highest loan denial rate (27.3%). The number of Black and Asian loan applicant is too few to draw meaningful conclusions from the one-year 2013 HMDA snapshot.

In 2014, White, Non-Hispanic (392) and Hispanic (412) borrowers comprised 83% of all borrowers. Among the borrowers for whom race is known, there were 58 Black and 35 Asian loan applicants, respectively.

In 2014 as was the case in 2013, the Hispanic conventional loan denial rate is 50% higher than experienced by White Non, Hispanic borrowers (15.7%/9.6 %=1.63). However, the 2014 Hispanic conventional loan denial rate of 15.7% was considerably lower than the 20.8% experienced in 2013.

Table VII-7
City of Hemet
FHA/VA and Conventional Loan Denial Rates
by Race and Ethnicity: 2013 and 2014

	2013			2014		
Race/Ethnicity	Number of Applications	Number Denied	Percent Denied	Number of Applications	Number Denied	Percent Denied
FHA/VA/FSA Loans						
Hispanic	188	28	14.9%	297	40	13.5%
White, Non-Hispanic	175	18	10.3%	225	28	12.4%
Black	27	3	11.1%	42	9	21.4%
Asian	8	0	0.0%	17	2	11.8%
All Other[1]	49	9	18.4%	49	9	18.4%
Total	447	58	13.0%	630	88	14.0%
Conventional Loans						
Hispanic	77	16	20.8%	115	18	15.7%
White, Non-Hispanic	168	23	13.7%	167	16	9.6%
Black	4	0	0.0%	16	3	18.8%
Asian	14	6	42.9%	18	4	22.2%
All Other[1]	36	7	19.4%	19	2	10.5%
Total	299	52	17.4%	335	43	12.8%
All Loans						
Hispanic	265	44	16.6%	412	58	14.1%
White, Non-Hispanic	343	41	12.0%	392	44	11.2%
Black	31	3	9.7%	58	12	20.7%
Asian	22	6	27.3%	35	6	17.1%
All Other[1]	85	16	18.8%	68	11	16.2%
Total	746	110	14.7%	965	131	13.6%

[1]Includes all other races and applications where race and/or ethnicity were not available
Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2013 and 2014
Table construction by Castañeda & Associates

e. Loan Denial Rates by Census Tract

High loan denial rates in a census tract could be an indicator of redlining, which is the practice of marking a red line on a map to delineate the area where lenders will not make a loan. However, the high or low numbers of applications in any given census tract can lead to volatility in the percentage of loans approved or denied.

Table VII-8 shows 2013 loan application activity for 15 census tracts. Fifty-two percent of the FHA/VA loan applications were made to purchase a home located in four of the 15 census tracts:

- ❒ 433.17 81 loan applications
- ❒ 435.04 61 loan applications
- ❒ 435.06 49 loan applications
- ❒ 433.16 41 loan applications

None of the above four census tracts had an unusually high loan denial rate. In contrast, almost one-fourth of the loan applications made to buy a home in census tract 435.05 were denied.

Fifty-one percent of the conventional loan applications were made in three census tracts:

- ❒ 433.17 76 loan applications
- ❒ 435.04 41 loan applications
- ❒ 435.06 34 loan applications

None of the three census tracts listed above had an unusually high loan denial rate compared to the citywide average. Five census tracts had very high denial rates: 435.05, 434.01, 434.03, 433.16 and 435.07. Because these tracts did not have a large loan volume it is not possible to draw meaningful conclusions from a HMDA data for one year.

Table VII-9 shows 2014 loan application activity for 15 census tracts. Fifty-eight percent of the FHA/VA loan applications were made to purchase a home located in five of the 15 census tracts:

- ❒ 433.17 110 loan applications
- ❒ 435.04 82 loan applications
- ❒ 433.06 67 loan applications
- ❒ 433.16 54 loan applications
- ❒ 435.06 51 loan applications

None of the above five census tracts had an unusually high loan denial rate. In both 2013 and 2014, almost one-fourth of the loan applications made to buy a home in census tract 435.05 were denied.

Sixty-one percent of the conventional loan applications were made in five census tracts:

- ❒ 433.17 78 loan applications
- ❒ 435.06 36 loan applications
- ❒ 435.04 33 loan applications
- ❒ 433.06 30 loan applications
- ❒ 433.16 28 loan applications

None of the five census tracts listed above had an unusually high loan denial rate compared to the citywide average.

Three census tracts had very high denial rates: 435.03, 434.05, and 435.07. In both 2013 and 2014, a high percentage of the loan applications to purchase homes in Census Tract 435.07 were denied.

Table VII-8
City of Hemet
FHA/VA and Conventional Loan Denial Rates by Census Tract: 2013

	FHA/VA Loans			Conventional Loans			All Loans		
Census Tract	Total Apps.	Number Denied	Percent Denied	Total Apps.	Number Denied	Percent Denied	Total Apps.	Number Denied	Percent Denied
433.06	29	5	17.2%	16	3	18.8%	45	8	17.8%
433.07	19	1	5.3%	12	2	16.7%	31	3	9.7%
433.09	16	2	12.5%	9	1	11.1%	25	3	12.0%
433.12	22	0	0.0%	11	1	9.1%	33	1	3.0%
433.16	41	2	4.9%	24	6	25.0%	65	8	12.3%
433.17	81	11	13.6%	76	8	10.5%	157	19	12.1%
434.01	17	3	17.6%	9	3	33.3%	26	6	23.1%
434.03	19	3	15.8%	7	2	28.6%	26	5	19.2%
434.04	25	2	8.0%	15	1	6.7%	40	3	7.5%
434.05	7	1	14.3%	10	2	20.0%	17	3	17.6%
435.03	8	0	0.0%	10	1	10.0%	18	1	5.6%
435.04	61	10	16.4%	41	8	19.5%	102	18	17.6%
435.05	25	6	24.0%	13	5	38.5%	38	11	28.9%
435.06	49	7	14.3%	34	6	17.6%	83	13	15.7%
435.07	28	5	17.9%	12	3	25.0%	40	8	20.0%
Total	447	58	13.0%	299	52	17.4%	746	110	14.7%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2013
Table construction by Castañeda & Associates

Table VII-9
City of Hemet
FHA/VA and Conventional Loan Denial Rates by Census Tract: 2014

	FHA/VA/FSA Loans			Conventional Loans			All Loans		
Census Tract	Total Apps.	Number Denied	Percent Denied	Total Apps.	Number Denied	Percent Denied	Total Apps.	Number Denied	Percent Denied
433.06	67	9	13.4%	30	0	0.0%	97	9	9.3%
433.07	32	2	6.3%	14	1	7.1%	46	3	6.5%
433.09	21	1	4.8%	12	1	8.3%	33	2	6.1%
433.12	49	9	18.4%	16	3	18.8%	65	12	18.5%
433.16	54	7	13.0%	28	5	17.9%	82	12	14.6%
433.17	110	19	17.3%	78	7	9.0%	188	26	13.8%
434.01	36	8	22.2%	9	1	11.1%	45	9	20.0%
434.03	20	4	20.0%	12	1	8.3%	32	5	15.6%
434.04	27	2	7.4%	15	2	13.3%	42	4	9.5%
434.05	16	6	37.5%	8	2	25.0%	24	8	33.3%
435.03	6	0	0.0%	7	3	42.9%	13	3	23.1%
435.04	82	8	9.8%	33	2	6.1%	115	10	8.7%
435.05	29	7	24.1%	18	3	16.7%	47	10	21.3%
435.06	51	2	3.9%	36	5	13.9%	87	7	8.0%
435.07	30	4	13.3%	19	7	36.8%	49	11	22.4%
Total	630	88	14.0%	335	43	12.8%	965	131	13.6%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2014
Table construction by Castañeda & Associates

f. Reasons for Denial of Loan Applications

In 2013, 58 FHA/VA and 52 conventional loan applications were denied, respectively. In 2014, 88 FHA/VA and 43 conventional loan applications were denied, respectively. Table VII-10 provides data on the reasons for loan denials the majority of which pertain to:

- ❒ Other - “length of residency, temporary residence and other reasons.”
- ❒ Debt-to-income ratio - “income insufficient for amount of credit requested and excessive obligations in relation to income.”
- ❒ Credit history - “insufficient number of credit references; unacceptable types of credit references; no credit files; and other similar reasons.”

Table VII-10
City of Hemet
Reasons for Loan Denials: 2013 and 2014

Reason for Denial	FHA/VA/FSA Loans		Conventional Loans		All Loans	
	Number	Percent	Number	Percent	Number	Percent
2013						
Other	15	25.9%	23	44.2%	38	34.5%
Debt-to-income ratio	14	24.1%	3	5.8%	17	15.5%
Credit History	12	20.7%	5	9.6%	17	15.5%
Collateral	8	13.8%	6	11.5%	14	12.7%
Insufficient Cash	6	10.3%	4	7.7%	10	9.1%
Credit App. Incomplete	3	5.2%	4	7.7%	7	6.4%
Unverifiable Information	0	0.0%	7	13.5%	7	6.4%
Employment History	0	0.0%	0	0.0%	0	0.0%
Mortgage Insurance Denied	0	0.0%	0	0.0%	0	0.0%
Total	58	100.0%	52	100.0%	110	100.0%
2014						
Other	36	40.9%	22	51.2%	58	44.3%
Debt-to-income ratio	18	20.5%	8	18.6%	26	19.8%
Credit History	16	18.2%	3	7.0%	19	14.5%
Collateral	7	8.0%	3	7.0%	10	7.6%
Credit App. Incomplete	5	5.7%	3	7.0%	8	6.1%
Unverifiable Information	4	4.5%	2	4.7%	6	4.6%
Insufficient Cash	0	0.0%	2	4.7%	2	1.5%
Employment History	2	2.3%	0	0.0%	2	1.5%
Mortgage Insurance Denied	0	0.0%	0	0.0%	0	0.0%
Total	88	100.0%	43	100.0%	131	119.1%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2013 and 2014
Table construction by Castañeda & Associates

g. Loan Denial Rates by Lender

In 2013, of the 746 loan applications, 214 or almost 30% were processed by five lenders. The balance of the loan applications (532) were processed by 110 lenders (processing between one and 29 applications) each of whom represented a small share of the market. Table VII-11 provides data on the major lender activity in 2013.

The 17.3% denial rate for the 214 loan applications processed by the major lenders was higher than the city-wide denial rate of 14.7%. However, the lender-specific loan denial rates varied widely, ranging from a low of 0.0% to a high of 36.4%.

Table VII-12 shows that in 2014 eight lenders processed almost 30% of all loan applications. The major lender denial rate was 14.8% which was slightly that citywide denial rate of 13.6%.

Table VII-11
City of Hemet
Major Lender Activity: 2013

Lender	Number of Loan Applications	Percent of All Loans	Denial Rate
Wells Fargo Bank, NA (SD)	59	7.9%	22.0%
Pulte Mortgage, LLC (CO)	53	7.1%	7.5%
Wholesale Capital Corporation (CA)	37	5.0%	0.0%
South Pacific Financial Corporation (CA)	33	4.4%	36.4%
21st. Mortgage (TN)	32	4.3%	25.0%
Total	214	28.7%	17.3%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2013
Table construction by Castañeda & Associates

Table VII-12
City of Hemet
Major Lender Activity: 2014

Lender	Number of Loan Applications	Percent of All Loans	Denial Rate
Pulte Mortgage, LLC (CO)	60	6.2%	5.0%
Wells Fargo Bank, NA (SD)	55	5.7%	30.9%
Wholesale Capital Corporation (CA)	34	3.5%	0.0%
Mountainwest Financial, Inc. (CA)	32	3.3%	25.0%
Primary Residential Mortgage (UT)	28	2.9%	3.6%
21st. Mortgage (TN)	26	2.7%	30.8%
Golden Empire Mortgage, Inc. (CA)	25	2.6%	0.0%
South Pacific Financial Corporation (CA)	24	2.5%	20.8%
Total	284	29.4%	14.8%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2014
Table construction by Castañeda & Associates

3. Conclusions and Recommendations

The 2013 and 2014 HMDA data provide a snapshot of loan denial rates by race, ethnicity, income and census tract. Although the denial rates do not support definitive conclusions regarding discrimination on the bases of race or ethnicity, they are a useful screen to identify disparities in loan approval rates by the race and ethnicity of applicants and in neighborhoods where differences in denial rates warrant further investigation.

The Federal Reserve Board made the following observations regarding denial rates based on the *national* 2014 HMDA data:

As in past years, black, Hispanic white, and "other minority" borrowers had notably higher denial rates in 2014 than non-Hispanic white borrowers, while denial rates for Asian borrowers were more similar to those for non-Hispanic white borrowers. For example, the denial rates for conventional home-purchase loans were about 25 percent for black borrowers, 19 percent for Hispanic white borrowers, 20 percent for other minority borrowers, 12 percent for Asian borrowers, and 10 percent for non-Hispanic white borrowers.

Previous research and experience gained in the fair lending enforcement process show that differences in denial rates and in the incidence of higher-priced lending … among racial or ethnic groups stem, at least in part, from factors related to credit risk that are not available in the HMDA data, such as credit history (including credit scores) and LTV ratios. Differential costs of loan origination and the competitive environment also may bear on the differences in pricing, as may differences across populations in credit-shopping activities.

Despite these limitations, the HMDA data play an important role in fair lending enforcement. The data are regularly used by bank examiners to facilitate the fair lending examination and enforcement processes. When examiners for the federal banking agencies evaluate an institution's fair lending risk, they analyze HMDA price data and loan application outcomes in conjunction with other information and risk factors that can be drawn directly from loan files or electronic records maintained by lenders, as directed by the Interagency Fair Lending Examination Procedures. The availability of broader information allows the examiners to draw stronger conclusions about institution compliance with the fair lending laws.

Lenders can, but are not required to, report up to three reasons for denying a mortgage application, selecting from nine potential denial reasons. Among denied first-lien applications for one- to four-family, owner-occupied, site-built properties in 2014, about 75 percent of denied home-purchase applications and about 63 percent of denied refinance applications had at least one reported denial reason. The two most frequently cited denial reasons for both home-purchase and refinance loans were the applicant's credit history and DTI ratio…. For both home-purchase and refinance applications, collateral is more likely to be cited as a denial reason on conventional than nonconventional applications. For refinance applications, the DTI ratio is more likely to be cited as a denial reason than nonconventional applications.

Denial reasons vary across racial and ethnic groups to some degree. For example, among denied home-purchase loan applications in 2014, credit history was cited as a denial reason for 28 percent of denied black applicants, 21 percent of denied Hispanic white applicants, 22 percent of denied non-Hispanic white applicants, and just 14 percent of denied Asian applicants. The DTI ratio was cited most often as a denial reason for Asian home-purchase applicants at 28 percent, compared with 22 percent for non-Hispanic white applicants at the lower end. Finally, collateral was cited most often as a denial reason on home-purchase applications for non-Hispanic white applicants at 14 percent, compared with 10 percent for black applicants.

Source: Federal Reserve Board, *The 2014 Home Mortgage Disclosure Act Data* [prepared by Neil Bhutta and Daniel R. Ringo of the Division of Research and Statistics] pages 13-14

The Mortgage Bankers Association has stated:

> …lenders should not lose sight of the importance of analyzing denial disparities – the difference in the rates at which minority customers are declined, compared with White customers. For example, a lender whose Black declination rate is 40% and whose White declination rate is 10% would have a denial disparity ratio of 4 to 1. And while there is no "safe harbor," regulators have historically focused their investigative efforts on lenders whose denial disparity ratios have exceeded 2 to 1.
>
> Source: Mortgage Bankers Association, MBA Handbook Series, *Handbook 2008-01: Fair Lending and Home Mortgage Disclosure Act Guide*, page 7

Neither HUD, the Comptroller of the Currency nor other Federal agencies have established a standard comparable to that of the Mortgage Bankers Association. The Interagency Fair Lending Examination Procedures identify "indicators of potential disparate treatment in underwriting." One of these indicators is "Substantial disparities among approval/denial rates for applicants by monitored prohibited basis characteristics (especially within income categories)." However, no quantitative measure of "substantial disparities" is stated in the examination procedures.

In 2013 and 2014, the Hispanic, Black, Asian and Other FHA loan applicants *did not* have loan denial rates twice as high as the White, Non-Hispanic loan applicants. In both 2013 and 2014 the Asian conventional loan applicants had loan denial rates twice as high as White, Non-Hispanic loan applicants. However, in these two years there was a total of only 32 loan applications made by Asian borrowers. *Because of this low number of Asian loan applicants, it is premature to state that an impediment to fair housing choice exists on the basis of race.*

An analysis of denial rates by census tract was completed. The Interagency Fair Lending Examination Procedures identify "indicators of potential discriminatory redlining." One of these indicators is "Significant differences between approval/denial rates for all applicants (minority and non-minority) in areas with relatively high concentrations of minority residents compared with areas with relatively low concentrations of minority residents." The Interagency Fair Lending Examination Procedures, however, do not establish a quantitative measure for "significant differences."

Approximately 48% of Hemet's population identify with a minority group. For purposes of this analysis, census tracts with a minority population 10% more than the city average were considered to fall within the meaning of "high concentrations of minority residents." Table VII-13 lists the four census tracts with a high concentration of minority residents.

Table VII-13
City of Hemet
Loan Denial Rates (2013 and 2014) in Census Tracts
with a High Minority Population Percentage

Census Tract	Percent Minority	FHA Denial Rate	Conventional Denial Rate	Total Denial Rate
433.12	60.6%	12.7%	14.8%	13.3%
434.01	64.2%	20.8%	22.2%	21.1%
435.03	62.5%	0.0%	23.5%	12.9%
435.07	60.8%	15.5%	32.3%	21.3%
City Average	48.2%	13.6%	15.0%	14.1%

Source: American FactFinder, American Community Survey, Census 2010 Summary File 1, Table P9: Hispanic or Latino and Not Hispanic or Latino by Race
Tables VII-8 and VII-9
Table construction by Castañeda & Associates

Two majority-minority census tracts – 434.01 and 435.07 – have denial rates higher and two census tracts - 433.12 and 435.03 - have denial rates lower than the City average, respectively.

Census Tracts 434.01 and 435.07 are located in Hemet's Greater Downtown District (refer to Exhibit VII-1). The Greater Downtown District developed primarily from the late 1890s into the early 1930s. Storefronts are located adjacent to the sidewalk and parking is to the rear. The district is recognized by a defined street grid system and homes in the area are generally one story or 12-15 feet tall.

Census Tracts 434.01 and 435.07 have denial rates 1.5 times greater than the city average denial rate of 14.1%. However, this ratio probably does not reach threshold of a "significant difference" as discussed by the Interagency Fair Lending Examination Procedures.

Redlining also is exhibited when lenders avoid lending or have very limited lending activities in neighborhoods of color. For example, banks can create a "trade area" map that excludes majority-minority neighborhoods.

The volume of loan applications made to purchase homes in Census Tracts 434.01 and 435.07 represented almost 10% of all loan applications made to buy a home in Hemet (160/1,711). Moreover, 126 of the 160 loan applications were approved.

Lenders are not avoiding making loans to borrowers wanting to buy a home in the two census tracts.

In Census Tract 434.01, 19 loans were originated by 12 different lenders in 2013. Two lenders (Wholesale Capital Corp. and Wallick and Volk, Inc.) originated three loans each and two other lenders (Broker Solutions, Inc. and Golden Empire Mortgage, Inc.) originated two loans each.

In 2014, Census Tract 434.01 had 35 loans originated by 23 different lenders. Both Golden Empire Mortgage, Inc. and Prospect Mortgage, LLC originated four loans. An additional six lenders originated two loans.

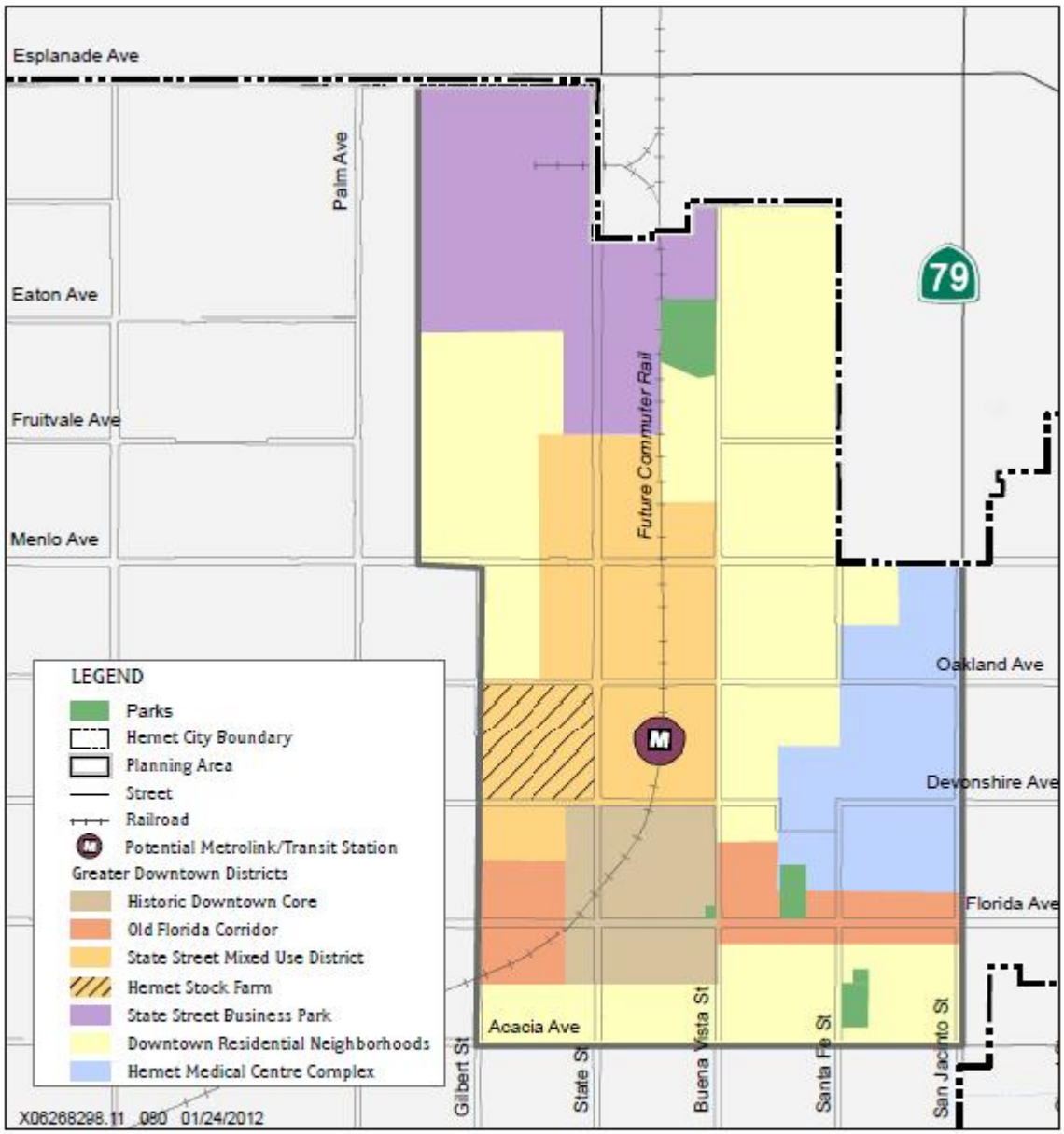
In Census Tract 435.07, 28 loans were originated in 2013 by 19 different lenders. Guild Mortgage Company and Wholesale Capital Corp. both originated four loans. Mountain West Financial and Primary Residential Mortgage both originated two loans.

In 2014, 32 loans were originated in Census Tract 435.07 by 25 different lenders. Five different lenders originated two loans while Primary Residential Mortgage originated three loans.

Thus, it can be demonstrated that banks and other lenders are not avoiding making loans to borrowers interested in buying a home in Census Tracts 434.01 and 435.07.

The analysis of HMDA data does not reveal an impediment to fair housing choice based on the criteria and indicators described by the Mortgage Bankers Association and the Interagency Fair Lending Examination Procedures.

Exhibit VII-1
Greater Downtown District



Sources:
Census Tiger Line Data 2005
ESRI 2010

750 375 0 750 1,500 Feet

GREATER DOWNTOWN
DISTRICT PLAN
Hemet General Plan

G. HOMEOWNER'S INSURANCE

1. Background - Discriminatory Homeowner's Insurance Practices

On February 15, 2013, HUD issued a final rule regarding *Implementation of the Fair Housing Act's Discriminatory Effects Standard*. Under the final rule, a –

> 'discriminatory effect' occurs where a facially neutral housing practice actually or predictably results in a discriminatory effect on a group of persons (that is, disparate impact), or on the community as a whole (perpetuation of segregation).

An example of a housing policy or practice that may have a disparate impact on a class of persons delineated by characteristics protected by the 1968 Fair Housing Act, as amended, is the provision and pricing of homeowner's insurance. The final rule states:

> HUD has long interpreted the Fair Housing Act to prohibit discriminatory practices in connection with homeowners insurance.

HUD referred interested parties to:

> 24 CFR 100.70 (d)(4) [March 15, 1989] {defining "other prohibited sale and rental conduct" to include refusing to provide …property or hazard insurance for dwellings or providing such … insurance" differently because of a protected class.
>
> Source: Federal Register, Vol. 78, No. 32/Friday 15, 2013, page 11475

2. Availability and Cost of Homeowners Insurance

a. <u>Availability Based on CLUE (Comprehensive Loss Underwriting Exchange) Reports</u>

Homeowners insurance can be made unavailable due to the claims history of a property or of the buyer seeking coverage.

When faced with a prospective insured, insurance providers use the CLUE database to find out information not only about the customer, but also about the residence to be covered. Often this will cause problems for homeowners who have recently purchased a property. If they assume they will be able to get insurance easily because they always have had coverage and have never made any claims, they may be surprised when they are turned down based on claims made on their new property by the previous owners.
Source: Eric R. Jaworski, Esq. and Jonathan A. Goodman, Esq., Colorado REALTOR News, *CLUE Reports Comprehensive Loss Underwriting Exchange Reports*, page 2

CLUE is a claims-information report generated by LexisNexis®, a consumer-reporting agency. The report generally contains up to seven years of personal-auto and personal-property claims history.

An insurer may request a CLUE report when an application is made for coverage or request is made for a quote. The company uses the applicant's claims history or the history of claims at a specific property, to decide if it will offer coverage and the premium amount. Insurance company studies show a relationship between past and future claims.

When a home is sold in California, the seller is not obligated to provide the buyer with a CLUE report. According to the California Association of REALTORS (CAR), the standard residential purchase agreement -

> …simply requires the seller to disclose known material facts and defects including "known insurance claims within the past five years." In other words, if the seller had a fire in the kitchen 2 years ago and made an insurance claim, then the seller must disclose this fact to the buyer. *The C.A.R. purchase contract does not require purchase of a third-party report, such as C.L.U.E.* Sellers may make the disclosures of known insurance claims by using the C.A.R. Standard Form "Supplemental Statutory and Contractual Disclosures" (Form SSD), which allows a seller to disclose his or her awareness of insurance claims via a simple yes/no checkbox format. [Emphasis added]
>
> A seller must disclose only known insurance claims; C.A.R. purchase agreements *do not require sellers* to discover unknown claims, or *to purchase reports or other third-party information to make this disclosure*. Although sellers may choose to provide and pay for a third-party report to provide this optional third-party information to buyers, *neither the law nor C.A.R.'s purchase agreement require that they do so*. [Emphasis added]

CAR points out, however –

> Given the increased difficulty of obtaining affordable homeowners' insurance in recent years, buyers should obtain quotes as early as possible in the home buying process. In the process of obtaining insurance, the insurance agent or underwriter will most likely be checking the insurance database, as a matter of course, without charge. Buyers should seek insurance quotes during the inspection period so that there will be clear understanding of the cost of the insurance early in the transaction, and so that buyers will have an opportunity to evaluate this fact during the inspection period.

b. Analysis of Homeowner's Insurance Rates

Annually, the Statistical Analysis Division (SAD) of the California Department of Insurance conducts a survey of premiums of insurers offering homeowners insurance in California. Due to the great diversity of homes, limits, locations and coverages available, it is impossible to publish a comparison for every risk. Therefore, companies are asked to supply their annual premium, based on rates for new business, for specific hypothetical risks located in various zip codes throughout the state. Zip codes are selected from various regions within the state, based on census home density data. Hypothetical examples are developed in order to provide premiums for a wide variety of risk types.

The most recent statewide study of homeowners insurance was completed by the Department of Insurance in 2004; a summary is given below:

> This study attempted to identify the problems that homeowners and home buyers encounter in obtaining homeowners insurance, and the extent of these problems in the California market. This study was limited to California multi-peril (line 4 per NAIC reporting) homeowners insurance companies. Data was obtained from six primary sources: a survey of all homeowner insurance companies regarding their underwriting practices; a manual review of a large sample of insurers' actual underwriting guidelines; a review of the Department's complaint database; zip code summary data on exposure and claims from the top 13 companies; individual claims data from Fair Plan; and a

homeowner insurance roundtable meeting attended by prominent experts representing a variety of interests.

Among the important findings:

- ❒ The market has tightened, as evidenced by marked increases in written complaints, though complaints are still at a relatively low level.
- ❒ Refusal to insure complaints were justified (company not in compliance with the California Insurance Code) 38 percent of the time, cancellation complaints 25 percent of the time and non-renewal complaints 17 percent of the time.
- ❒ The large companies do not have a disproportionately high percentage of complaints.
- ❒ Two-thirds of the companies changed their underwriting guidelines in the last three years.
- ❒ There has been no significant exodus by consumers from the larger companies to smaller companies, FAIR Plan or fire insurance only policies.
- ❒ Many homeowners' insurance companies, especially the big companies, use CLUE and claims history in their underwriting. Thirty-five percent of the companies count non-chargeable claims and 16 percent count inquiries, such as a question about whether a loss is covered, as claims.
- ❒ As of April 29, 2004 three insurance groups continue to use some form of credit scoring for underwriting purposes. The department continues to investigate the basis for all use of credit scoring in underwriting.
- ❒ Many insurers (21 percent) use tiers or referrals to other companies in their group.
- ❒ In contrast to media reports in late 2002, little evidence was found to support the contention that residential escrows are being routinely delayed because buyers are unable to find homeowner's insurance.

The California Department of Insurance *2013 Homeowners Premium Survey* was consulted to estimate insurance rates. Hemet's low and high premiums were compared Moreno Valley, Murrieta, Perris and Riverside (zip codes 92503 and 92506). The high premium of $2,609 was the same for all the cities and two zip codes. Hemet had the lowest annual premium of $614. The low premiums in the other cities and zip codes ranged between $646 (Murrieta) and $808 (Perris). Thus, homeowners insurance is available at annual low cost in Hemet and does not create an impediment to fair housing choice.

According to a the California Department of Insurance Statistical Analysis Division report entitled 2011 Commissioner's Report on Underserved Communities, Hemet is not an underserved community. The underserved communities in Riverside County are Coachella (zip code 92236) and Mecca (zip code 92254).

3. Conclusions and Recommendations

The California Association of Realtors has found there is difficulty in obtaining affordable homeowners' insurance and thus an impediment to fair housing choice exists.

The FHCRC will take the following action:

- ❒ Add "homeowners insurance" and "CLUE Reports" to its homebuyer counseling services.

- ❒ Provide educational services to home buyers/borrowers so they understand the impact of CLUE Reports and can compare homeowner's premium rates.

H. BLOCKBUSTING/PANIC SELLING

1. Background - Inducing Sales by Misrepresentations

The Federal Fair Housing Act of 1968, as amended, declared it an illegal practice:

> …for profit, to induce or attempt to induce sales and rentals by representations regarding the entry or prospective entry into the neighborhood of [a] person or persons of a particular race, color, religion, etc.

Section 10177(l)(1) of the California Business and Professions Code states that the Real Estate Commissioner may revoke or suspend the license of a real estate licensee if he/she has done the following:

> Solicited or induced the sale, lease, or listing for sale or lease of residential property on the ground, wholly or in part, of loss of value, increase in crime, or decline of the quality of the schools due to the present or prospective entry into the neighborhood of a person or persons having a characteristic …. protected by fair housing laws (e.g., race, color, national origin, etc.)

2. Analysis of Blockbusting/Panic Selling

Data on housing discrimination complaints based on the alleged acts of blockbusting and/or panic selling are not routinely collected by FHCRC, DFEH or HUD. The California Department of Real Estate website was researched to obtain data on violations of Business and Professions Code 10177(l)(1). The DRE reported that violations cannot be filtered by this code. The City then contacted Thomas Poole of the DRE who stated there has been "no disciplinary action against a real estate licensee because of violation of 10177(l)(1)."

3. Conclusions and Recommendations

There is no evidence to indicate that blockbusting/panic selling has occurred in Hemet in recent years. Consequently, there are no actions recommended for future implementation.

I. PROPERTY MANAGEMENT PRACTICES

1. Background – Accessible Multifamily Dwellings, Occupancy Limits, Reasonable Physical Modifications, Reasonable Accommodations, Pet Policies and Leasing Terms

Property management policies and practices are of keen importance to Hemet residents. The vast majority of the 12,700 renter households reside in apartment communities. For the AI, a survey was conducted of the resident managers of 12 market rate apartments. The purpose of the survey was to find out if policies and practices adhere to fair housing laws.

a. Accessible Multifamily Dwellings

The Fair Housing Act establishes accessibility requirements which apply to the construction of multifamily dwellings containing four or more units and built for first occupancy after March 13, 1991. The list below summarizes the seven requirements.

- ❒ Requirement 1: Accessible building entrances on an accessible route.
- ❒ Requirement 2: Accessible and usable public and common use areas.
- ❒ Requirement 3: Usable doors.
- ❒ Requirement 4: Accessible route into and through the covered dwelling.
- ❒ Requirement 5: Light switches, electrical outlets, thermostats and other environmental controls in accessible locations.
- ❒ Requirement 6: Reinforced walls for grab bars.
- ❒ Requirement 7: Usable kitchens and bathrooms.

b. Occupancy Limits

Occupancy limits refer to the number of persons who can occupy an apartment unit. Often, strict occupancy limits have the intent of excluding families with children from renting an apartment. HUD has stated that Congress did not intend to provide for a national occupancy standard:

> The Department believes that in appropriate circumstances, owners and managers may develop and implement reasonable occupancy requirements based on factors such as the number and size of sleeping areas or bedrooms and the overall size of the dwelling unit. In this regard, it must be noted that, in connection with a complaint alleging discrimination on the basis of familial status, the Department will carefully examine any such nongovernmental restriction to determine whether it operates unreasonably to limit or exclude families with children.

Further, HUD believed that the occupancy standard it had set for HUD assisted housing (generally two persons per bedroom) would not be an appropriate basis for guiding private housing providers because –

> These guidelines are designed to apply to the types and sizes of dwellings in HUD programs and they may not be reasonable for dwellings with more available space and other dwelling configurations than those found in HUD-assisted housing.
>
> Source: 54 CFR 3232 – Implementation of the Fair Housing Amendments Act of 1988, Subpart A, Section 110.10 Exemptions, January 23, 1989,

The California Department of Fair Employment and Housing in 1988 established an "intake guideline" of accepting complaints for investigation of the potential of an "adverse impact" where the occupancy limitations per unit are *more* restrictive than two persons per bedroom plus one, or five persons in a two bedroom unit. The intake guideline had two results:

- ❒ DFEH was able to save resources for significant cases by not investigating cases where the landlord policy was consistent with the guideline.
- ❒ Landlords adopted the standard of 2+1 to protect themselves from DFEH investigations.

In 1993, the California legislature enacted legislation that essentially prohibits the application of "intake guidelines" and requires the DFEH to investigate all complaints unless the complainant withdraws it or "after a thorough investigation" DFEH determines the cases lack merit on the facts. Thus, the two per bedroom plus one standard lacks legal support by law or regulation.

An article on occupancy standards concludes:

> Two persons per bedroom is presumed to be a reasonable occupancy standard under federal law, subject to rebuttal by the facts of the case and the specific configuration of the rental unit. Since the California Legislature repudiated DFEH's "intake guideline" of two persons per bedroom plus one, the only official or semi-official policy on occupancy standards is the Keating Memorandum as now published by HUD.
>
> Source: Martin S. Snitnow, Attorney at Law, *Overcrowding and Occupancy Standards*, 2008, page 4

c. Reasonable Physical Modifications

According to HUD:

> A reasonable modification is a structural change made to existing premises, occupied or to be occupied by a person with a disability, in order to afford such person full enjoyment of the premises. Reasonable modifications can include structural changes to interiors and exteriors of dwellings and to common and public use areas. A request for a reasonable modification may be made at any time during the tenancy. The Act makes it unlawful for a housing provider or homeowners' association to refuse to allow a reasonable modification to the premises when such a modification may be necessary to afford persons with disabilities *full enjoyment* of the premises. [Emphasis added]
>
> Source: U.S. Department of Justice, Civil Rights Division and U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, *Joint Statement on Reasonable Modifications Under the Fair Housing Act*, March 5, 2008, page 3

d. Reasonable Accommodations

HUD and the DOJ describe a reasonable accommodation for purposes of the Act as follows:

> A "reasonable accommodation" is a change, exception, or adjustment to a rule, policy, practice, or service that may be necessary for a person with a disability to have an equal opportunity to use and enjoy a dwelling, including public and common use spaces. Since rules, policies, practices, and services may have a different effect on persons with disabilities than on other persons, treating persons with disabilities exactly the same as others will sometimes deny them an equal opportunity to use and enjoy a dwelling. The Act makes it unlawful to refuse to make reasonable accommodations to rules, policies, practices, or services when such accommodations may be necessary to afford persons with disabilities an equal opportunity to use and enjoy a dwelling.
>
> To show that a requested accommodation may be necessary, there must be an identifiable relationship, or nexus, between the requested accommodation and the individual's disability.

> **Example 1:** A housing provider has a policy of providing unassigned parking spaces to residents. A resident with mobility impairment, who is substantially limited in the ability to walk, requests an assigned accessible parking space close to the entrance to her unit as a reasonable accommodation. There are available parking spaces near the entrance to her unit that are accessible, but those spaces are available to all residents on a first come, first served basis. The provider must make an exception to its policy of not providing assigned parking spaces to accommodate this resident.
>
> **Example 2:** A housing provider has a policy of requiring tenants to come to the rental office in person to pay their rent. A tenant has a mental disability that makes her afraid to leave her unit. Because of her disability, she requests that she be permitted to have a friend mail her rent payment to the rental office as a reasonable accommodation. The provider must make an exception to its payment policy to accommodate this tenant.
>
> Source: U.S. Department of Justice, Civil Rights Division and U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, *Joint Statement on Reasonable Accommodations Under the Fair Housing Act*, May 17, 2004, page 6

e. Service and Companion Animals

Under Federal and State fair housing laws, individuals with disabilities may ask their housing provider to make reasonable accommodations in the "no pets" policy to allow for their use of a service and/or companion animal. Under the law, such animals are not considered pets. The housing provider may ask the disabled applicant/tenant to provide verification of the need for the animal from a qualified professional. Once that need is verified, the housing provider must generally allow the accommodation.

24 CFR 100.204(b)(1) provides an example that applies to all housing providers and concerns a guide dog:

> A blind applicant for rental housing wants to live in a dwelling unit with a seeing-eye dog. The building has a *no pets policy*. It is a violation of Section 100.204 for the owner or manager of the apartment complex to refuse to permit the applicant to live in the apartment with a Seeing Eye dog because, without the Seeing Eye dog, the blind person will not have an *equal opportunity* to use and enjoy a dwelling. [Emphasis added]

Another example is given below:

> A housing provider has a "no pets" policy. A tenant who is deaf requests that the provider allow him to keep a dog in his unit as a reasonable accommodation. The tenant explains that the dog is an assistance animal that will alert him to several sounds, including knocks at the door, sounding of the smoke detector, the telephone ringing, and cars coming into the driveway. The housing provider must make an exception to its “no pets” policy to accommodate this tenant.
>
> Source: U.S. Department of Justice, Civil Rights Division and U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, *Joint Statement on Reasonable Accommodations Under the Fair Housing Act*, May 17, 2004, pages 6-7

f. Written Policies and Procedures

Written policies and procedures for responding to disabled resident requests are important. The Fair Housing Institute (FHI) recommends that all apartment communities should have written policies and procedures to adequately respond to disabled resident's requests. The FHI explains:

> …all housing providers should have a written fair housing policy that describes the equal housing opportunity goals of management. In addition, because the number of fair housing complaints alleging failure to reasonably accommodate the needs of residents with disabilities continues to rise, we also recommend that all housing providers develop a reasonable accommodations policy. The purpose of a reasonable accommodations policy is to ensure that the provider succinctly states its policy and develops a procedure to address requests for reasonable accommodations by persons with disabilities
> A reasonable accommodations policy has two components. The first is the public statement of the company's priorities and intentions when working with applicants and residents with disabilities. For example:
>
> *All requests for reasonable accommodations should be submitted in writing to the property manager. Upon request the applicant/resident will also need to provide the name, address, and telephone number of a third party professional who will verify that the applicant/resident is disabled and needs the accommodation requested because of the disability. Management will respond to the request as quickly as possible.*
>
> The second component of a reasonable accommodations policy is a written list of steps describing each step to be taken by the applicant/resident and the staff when a request is made for a reasonable accommodation. Careful development and consistent use of this list will insure that each request is handled properly with adequate documentation.

g. Month-to-Month Compared to Leasing Terms

The Fair Housing Council of Riverside County, Inc. describes this impediment as follows:

> …one potential impediment to Fair Housing is that, in a lucrative housing market, some housing providers tend to offer shorter lease terms like month-to-month leases. This allows the housing provider to eliminate a waiting period to increase rents as opposed to long term leases, which may require a housing provider to wait until the end of the lease term. Housing providers sometimes use an increase in rent as a way to push out tenants that they deem undesirable. The issue with this practice is that the housing provider will sometimes base the decision of whether to increase rent or not on a tenant's protected class. This is plainly discriminatory and functions as an impediment to Fair Housing.
>
> In addition, month-to-month tenancies create other impediments to Fair Housing. For example, a month-to-month tenancy does not require a reason for termination and may be terminated with a proper 30 or 60-day notice. This often results in a tenant receiving differential treatment for some reason, often based on protected class.
>
> Another impediment to Fair Housing that is tied to leases is that the enforcement of the rules in the lease or rental agreement may not be uniform for all tenants. Housing providers may choose strict enforcement of the rules for certain tenants based on discriminatory factors, such as familial status, race or disability, as well as arbitrary

factors such as tattoos or body piercing. Since the recent escalation of housing prices throughout California, complaints regarding tenant harassment through strict enforcement of lease agreements as a means of evicting tenants have increased.

Lastly, the security deposit that is often required for a lease can also serve as an impediment to Fair Housing. To deter what a landlord may perceive as less than desirable tenants, the landlord may ask for a deposit higher than for others. This is often done on the basis of a protected characteristic. Housing providers also create an impediment to Fair Housing with the security deposit when the tenants vacate a unit. Some housing providers may treat the departing tenants differently, and return a smaller portion of the security deposit to some tenants, claiming excessive wear and tear. This is differential treatment and, if done on the basis of a protected class, is discriminatory under Fair Housing laws.

Source: Fair Housing Council of Riverside County, Inc., *Riverside County: 2013 Rental, Sales and Lending Audit Analysis*, page 20

2. Analysis of Market Rate Apartment Property Management Practices

The Property Owners and Managers Survey (POMS) was designed by the U.S. Census Bureau to learn more about rental housing and the providers of rental housing. The purpose was to gain a better understanding of the property owners and managers on whom the nation depends to provide affordable rental housing and what motivates their rental and maintenance policies. Because the Interviewing for the survey was done between November 1995 and June 1996, the data was the used in Hemet's AI.

Between October and December 2014, telephone surveys were completed of eight market-rate family and two senior market-rate apartment complexes, consisting of 1,917 apartment units (1,424 family and 493 senior). The apartment survey included questions pertaining to each complex such as:

- ❒ Numbers of units
- ❒ Year built
- ❒ Monthly rents
- ❒ Vacancies
- ❒ Accessible units
- ❒ Lease terms

The apartment survey also included questions concerning property management policies that impact fair housing such as:

- ❒ Occupancy limits
- ❒ Allowing reasonable physical modifications and reasonable accommodations
- ❒ Allowing service and/or companion animals
- ❒ Written policies pertaining to the above topics
- ❒ Extent of knowledge of fair housing laws

a. Accessible Apartment Units

The 10 apartment managers were asked about the number of units accessible for the disabled and the types of accessible features in those units such as wide doorways for wheelchair users and grab bars in the bathtub/shower.

Six of the 10 apartment managers stated there were ground floor units accessible for the disabled. Some managers just stated "all downstairs units" but did not have a breakdown. One manager stated "not specifically". Seven of the 10 managers stated that dwelling units with accessible features existed within the complexes they managed.

Only one complex was built after the accessibility requirements became law (March 1991). The information collected by the surveys reveals that it is unlikely that the apartment managers will know which specific units within a given complex have accessible features.

One way in which to affirmatively further fair housing for the disabled is to prepare an inventory of apartment units with accessible features. Such an inventory could be prepared by a review of the building plans of the apartment complexes built after March 1991. The inventory would help disabled persons in their search for accessible features. Also, to the extent it is known by managers, it also would be helpful for them to advertise the availability of accessible dwelling units.

b. Occupancy Limits

Eight out of the ten apartment complexes adhere to the "2+1 persons per bedroom" standard. That is, a policy consistent with the DFEH's former intake guideline. One apartment community has a "2+1" occupancy limits, stating "2 or 3" for its two bedroom units but stated "2 max" for its one bedroom units." Another manager stated that the policy is to limit occupancy for their one bedroom units to two persons and four for its two bedroom units.

The occupancy limits practices of the surveyed apartment communities are consistent with fair housing laws. Implementing a standard less than 2+1 is not necessarily inconsistent with fair housing law and must be examined in more detail to render a definite conclusion.

c. Reasonable Physical Modifications

Eight of the ten apartment managers responded to the question and stated they permitted physical modifications, subject to prior approval. However, one manager stated "not structural" modifications. The practices are consistent with fair housing laws.

d. Reasonable Accommodations

Nine of the 10 apartment managers responded to the question and all respondents stated they had written policies for reasonable accommodations. Thus, the practices comply with fair housing laws.

e. Service and/or Companion Animals

All 10 housing developments permit service and companion animals. However, three stated "with proper documents or doctor's prescription". Nonetheless, the practices are consistent with fair housing policies.

f. Written Policies

The survey results are noted below:

- ❒ Nine of the 10 apartment managers responded to the question with eight responding "yes" the complex has written policies regarding physical modifications, reasonable accommodations, service animals and companion animals.
- ❒ One manager stated "yes" to modification and reasonable accommodations and to pets in general but not specifically for service or companion animals. One manager stated they did not have written policies for modifications to the unit.

The practices of apartment managers for the most part are consistent with fair housing laws.

g. Knowledge of Fair Housing Laws

Nine of the 10 apartment managers responded to the question with eight stating they are "very familiar" with fair housing laws and one stating they were "somewhat familiar." None stated they are "not familiar at all."

h. Month-to-Month Compared to Leasing Terms

The survey results are as follows:

- ❒ Eight of the 10 apartment complexes responded to the question
- ❒ Two stated month-to-month, 6 or 12 months
- ❒ Two offered lease terms of 6 or 12 months
- ❒ Two offered month-to-month leases with one stating an additional $50/month and one stating an additional $150/month (it is not uncommon for complexes to charge a higher rate for leases less than one year).
- ❒ One stated they offered 6 month leases for an additional $50/month
- ❒ Two stated that they offered only 12 month leases

Table VII-14 on the following page summarizes the market-rate apartment survey findings.

Table VII-14
City of Hemet
Summary of Market-Rate Apartment Complex Survey: October – December 2014

Property	Ground Floor Units	Accessibility Features	"2+1" Occupancy Standard	Reasonable Modifications	Reasonable Accommodations	Service/Companion Animal Policies	Written Policies[1]	Knowledge of Fair Housing Laws	Leasing Terms Available
Amberwood Villa Apartments	42	None	Yes	Yes case by case	Yes, case by case	Yes/Yes	All four	Very familiar	Month-to-Month 6 Month 1 Year
Devonshire Apartments	"Not Specifically"	None	Yes	No response	No response	Yes/Yes	No response	No response	No response
Palm Court Apartments	2	Yes	Yes	Yes	Yes	Yes/Yes	All four	Very familiar	Month-to-Month 6 Month 1 Year
Quail Ridge	"All Downstairs"	Yes	Yes	Yes with corporate approvals	Yes, Corporate	Yes/Yes	All four	Very familiar	6 Month 1 Year
Shadow Canyon Apartments	"All Downstairs but not Specifically"	Yes	Yes	Yes depends and then there is a process in place	Corporate written policies	Yes/Yes	All four	Very familiar	6 Month 1 Year
Hillside Park Apartments	2	Yes	2 for 1 bd. 2 or 3 for 2 bd	Yes	Yes	Yes/Yes	Two, not specifically for service or companion animals	Somewhat familiar	Month-to-Month (+$50) 1 Year
Oak Terrace	8	Yes	Yes	Yes, with approvals and the turn back to original	Yes, goes through Corporate	Yes/Yes	All four	Very familiar	1 Year
Park Columbia Apartments	All 2 story	None	Yes	Yes	Yes	Yes/Yes	All four	Very familiar	Month-to-Month

Table VII-14 continued
City of Hemet
Summary of Market-Rate Apartment Complex Survey: October – December 2014

Property	Ground Floor Units	Accessibility Features	"2+1" Occupancy Standard	Reasonable Modifications	Reasonable Accommodations	Service/Companion Animal Policies	Written Policies[1]	Knowledge of Fair Housing Laws	Leasing Terms Available
Vista Garden Apartments	All 2 story	Yes	Yes	No	Yes	Yes/Yes	Three, not for modifications	Very familiar	Month to month + $150 6 month +$50 1 Year
Kirby Terrace	All single story	Yes	1 Bd.-try to keep at 2 2 Bd.- try to keep at 4	Not structural	Yes	Yes/Yes	3 Yes, not structural	Very familiar	1 Year

[1]Includes: Modification (physical changes to the unit), Reasonable accommodations, Service Animals and Companion Animals

3. Analysis of Affordable Apartment Property Management Practices

Telephone surveys were completed of three family and two senior market-rate apartment complexes, consisting of 429 apartment units (291 family and 138 senior).

a. Accessible Apartment Units

Manager of two family apartments and one senior complex stated that they had units accessible for disabled persons. One manager at a senior complex stated "not sure". Four of of five managers stated that definitely dwelling units with accessible features were located with the apartment community.

As with the market rate apartments, it is unlikely that the apartment manager know which specific units have accessible features. Thus, an inventory of accessible units would be helpful as would advertising the availability of accessible units.

b. Occupancy Limits

Two of the three family apartment complexes adhere to the "2+1 persons per bedroom" standard. That is a policy consistent with the DFEH's former intake guideline. One apartment community stated "4 max" for two bedroom units and "6 max" for three bedroom units." Both senior complexes only have one-bedroom units and both stated two persons per unit.

The practices are generally consistent with fair housing laws.

c. Reasonable Physical Modifications

All apartment managers responded to the question and stated they permitted physical modifications, subject to prior approval. However, one manager stated "Depends and with approvals".

d. Reasonable Accommodations

All five apartment managers responded to the question and stated they had written policies for reasonable accommodations.

e. Service and/or Companion Animals

All five complexes permit service and companion animals. However one stated "with doctor and legal approval".

f. Written Policies

All five apartment managers stated that the apartment management has written policies regarding physical modifications, reasonable accommodations, service animals and companion animals.

g. Knowledge of Fair Housing Laws

Four of the five apartment managers responded to the question with all four stating they are "very familiar" with fair housing laws.

h. Month-to-Month Compared to Leasing Terms

All three family complexes stated that their lease terms started with a one-year lease then converted to month-to-month. Both senior complexes stated that they started with one-year lease terms and required annual recertification.

Table V-15 on the following page summarized the market-rate apartment survey findings.

Table VII-15
City of Hemet
Summary of Affordable Apartment Complex Survey: October – December 2014

Property	Accessible Units	Accessibility Features	"2+1" Occupancy Standard	Reasonable Modifications	Reasonable Accommodations	Service/Companion Animal Policies	Written Policies	Knowledge of Fair Housing Laws	Leasing Terms Available
Family Complexes									
Hemet Estates	Yes	Yes	Yes	With approval John Stewart Management Company	Yes	Yes/Yes	Yes	Very Familiar	1-Year then Month to Month
Village Meadows Townhomes	Yes	Yes	4 persons for 2 bdrm. 6 persons for 3 bdrm.	Yes	Yes	Yes/Yes	Yes	Very Familiar	1-Year then Month to Month
Hemet Vistas	No	No	Yes	If needed and with approval from legal department	Yes with written approval	Yes/Yes	Yes	Very Familiar	1-Year then Month to Month
Senior Complexes									
Oasis Senior	Yes	Yes	2 persons for 1 bdrm.	Depends and with approvals	Yes, in writing and with corporate approval	Yes/Yes	Yes	Very Familiar	1-Year annual recertification
Sahara Senior Villas	Not sure	Yes	2 persons for 1 bdrm.	Yes, in writing and approved by corporate office	Yes	Yes/Yes	Yes	No response	1-Year annual recertification

4. Mobile Home Park and Recreational Vehicle Park Property Management Practices

Management policies depend on type of park within which the mobile is located:

- ❒ Both the land and mobile home are owned
- ❒ The land/space is rented and the mobile home is owned
- ❒ Both the land/space and mobile home are rented

Three MHPs and one RVP were contacted by telephone in late November 2014. One MHP (The Californian) did not respond to the survey. Table V-16 demonstrates that the management policies are consistent with fair housing laws.

Table VII-16
City of Hemet
Summary of Mobile Home Park/RVP Survey: November 2014

Characteristics/ Management Practices	Desert Palms Americana	Sun Valley Estates	Desert Sky Americana
Park Type	Mobile Home	Mobile Home	Recreational Vehicle
Total Spaces	311	116	115
Percent Vacant	0.6%	1.7%	26.1%
Percent Owner Occupied	100.0%	100.0%	100.0%
"2+1" Occupancy Standard	Yes	Yes	Yes, however the most seen is 2 per RV
Allow Service/ Companion Animals	Yes/Yes	Yes/Yes	Yes/Yes
Written policies for: modification, accommodations, service animals and companion animals	Yes	Yes	Yes
Familiarity with Fair Housing Laws	Very Familiar	Somewhat Familiar	Somewhat Familiar

5. Conclusions and Recommendations

The results of the apartment and mobile home park/RVP surveys reveal a high degree of compliance with fair housing laws.

The lack of accurate information on accessible housing units poses an impediment to fair housing choice to households with one or more disabled member.

The City will take the following actions to address the above-noted impediment to fair housing choice:

- ❒ Explore with the FHCRC, Department of Building and Safety, and apartment managers the preparation of an inventory of apartment units with accessible features.
- ❒ Following completion of the inventory, encourage the apartment management to advertise the availability of accessible units.

Property management practices inconsistent with fair housing laws create an impediment to fair housing choice on the part of in-place renters and households seeking to rent an apartment.

The City will take the following actions to address the above-noted impediment to fair housing choice:

- ❒ Have the FHCRC follow-up with the surveyed apartment communities that implement practices which are not entirely consistent with the fair housing laws.
- ❒ Transmit to apartment managers a summary of the fair housing laws pertaining to reasonable physical modifications, reasonable accommodations, service animals, and companion animals.
- ❒ Distribute to apartment managers a model set of written policies and procedures regarding reasonable physical modifications, reasonable accommodations, service animals, and companion animals. Implementation of this action will contribute to the achievement of uniform policies and procedures throughout the Hemet apartment market.
- ❒ In order to increase knowledge of fair housing laws, annually conduct one or more workshops with the target audience being apartment managers.
- ❒ Continue to involve the FHCRC in the City's Crime-Free Rental Housing Program. During the 8-hur training class, the FHCRC is able to impart valuable fair housing information to rental property owners and managers.
- ❒ Provide renters information on the value of long-term leases rather than month-to-month tenancies at Fair Housing Workshops and other appropriate venues.

J. DISCRIMINATORY ADVERTISING

1. Background – Prohibitions Against Preferences and Limitations

Section 804(c) of the 1968 Federal Fair Housing Act, as amended, prohibits discriminatory advertising; it is unlawful:

> 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 based on race, color, religion, sex, handicap, familial status, or national origin, or an intention to make any such preference, limitation, or discrimination.

Section 12955(c) of the California Fair Employment and Housing Act contains similar language prohibiting discriminatory advertising. That Section, however, also includes the State's additionally protected classes of sexual orientation, marital status, ancestry, and source of income.

2. Analysis of Newspaper/Print Advertising

Ads printed in the Riverside Press Enterprise were reviewed to identify discriminatory terms and phrases. The process described above was used to identify problematic language.

The Press Enterprise is a daily newspaper. Ads for homes (new and re-sale) for-sale and rental units were reviewed for all four weekends in October 2014. The dates were as follows:

- ❒ Saturday October 4th and Sunday October 5th
- ❒ Saturday October 11th and Sunday October 12th
- ❒ Saturday October 18th and Sunday October 19th
- ❒ Saturday October 25th and Sunday October 26th

None of the "tombstone ads" for homes for-sale contained any questionable language. In the classified ads of the real estate section there were three ads with questionable language as described below.

Date	Questionable Language	# of occurrences
10/11	No pets	6
10/12	No Pets	2
10/25	No Smoke*	2

*While smokers are not a protected class, the ad does not focus on a description of the unit but rather a type of person.

While there were no ads pertaining to a landlord's willingness to accept Section 8 vouchers, when the rental market was tight many ads were published stating "No Section 8." As vacancies grew, the frequency of ads stating "Section 8 OK" grew. Either statement is not a violation of the California fair housing act because Section 8 is not deemed a source of income. According to the Fair Employment and Housing Act:

> "source of income" means lawful, verifiable income paid directly to a tenant or paid to a representative of a tenant. For the purposes of this section, a landlord is not considered a representative of a tenant."

Thus, Section 8 rental assistance is not considered a source of income for the tenant.

In the past, the classified section of the Press Enterprise newspaper for the listings of homes for sale, there was an equal housing disclaimer that stated:

> All real estate advertised herein is subject to the Federal Fair Housing Act, which makes it illegal to advertise any preference, limitation, or discrimination because of race, color, religion, sex, handicap, familial status, or national origin, or intention to make any such preference, limitation or discrimination. The Press-Enterprise will not knowingly accept any advertisements for real estate that is in violation of the law. All persons are hereby informed that all dwellings advertised are available on an equal opportunity basis.

However, in the editions reviewed, no such disclaimer was found. In addition, there was no readily visible disclaimer in the on-line edition or in the information about placing ads.

3. Analysis of On-line Rental Ads

a. Apartment Search Websites

On December 12, 2014, a review was made of five on-line apartment search sites to determine if there was any questionable language in the advertisements that may violate fair housing laws. The five sites included: Rent.com, Forrent.com, Apartments.com, Apartmentguide.com, and Apartmentfinder.com.

Thirty-five ads for apartments for rent and three ads for single-family homes for rent were reviewed. Many ads stated 'no pets" or described pet restrictions in terms of number, breed or weight. An estimated one in five ads that mentioned pets stated to "call for service animal policy." None of the ads referred to a companion animal policy.

Two ads stated "Section 8 welcomed." One ad for a single-family rental treated Section 8 applicants differently than other applicants – "move-in specials do not apply to Section 8." And one ad stated "a community perfect for families" inferring a preference this type of tenant.

Persons with a disability are one of the classes protected from discrimination in housing. Apartments must allow, under certain conditions, "service animals" and "companion animals". A service animal is one trained to do work or perform tasks for the benefit of a person with a disability. A service animal can be of varying species, breed or size. It might wear specialized equipment such as a backpack, harness, special collar or leash, but this is not a legal requirement. Companion animals, also referred to as assistive or therapeutic animals, can assist individuals with disabilities in their daily living and as with service animals, help disabled persons overcome the limitations of their disabilities and the barriers in their environment. They are typically for individuals with mental disabilities and can assist the person with depression, anxiety or provide emotional support.

Under Federal and State fair housing laws, individuals with disabilities may ask their housing provider to make reasonable accommodations in the "no pets" policy to allow for their use of a companion/service animal. The housing provider may ask the disabled applicant/tenant to provide verification of the need for the animal from a qualified professional. Once that need is verified, the housing provider must generally allow the accommodation.

Some disabled persons are unaware of their fair housing rights and, as a consequence, may not consider as available to them apartments with ads that state "no pets." Therefore, an action to affirmatively further fair housing is to persuade the Los Angeles Times and Whittier Daily News and on-line advertisers to publish a concise "no pets" notice that indicates rental housing owners must provide reasonable accommodations for "service animals" and "companion animals" for disabled persons.

b. Craigslist Ads

Craigslist states that all ads must adhere to fair housing law (Section 3604(c) of the Federal Fair Housing Act). Craigslist makes the advertiser aware that "Stating a discriminatory preference in a housing post is illegal." At the top of each ad links to file complaints and to fair housing information are provided.

On December 31, 2014 a review was made of rental ads for properties located in Hemet on the message board website Craigslist. There were a total of 149 ads with 27 ads duplicated. Two additional ads were for an eviction avoidance service and another was a scam alert. The ads were placed between November 19th and December 31st and had "Hemet" in the subject line. The ads included single-family homes, condominiums, vacant mobile/manufactured homes and spaces as well as both senior and family apartment complexes.

The vast majority of Craigslist ads made no statements negatively impacting a protected group. Several of the ads were placed by single-family homeowners, a group not subject to the prohibitions of the Fair Housing Act. Two ads stated "no Section 8" and one ad stated Section 8

approved. The ads that mentioned pets did not explain if service and/or companion policies were in place.

Craigslist provides a link at the bottom of each individual ad to allow readers to "flag" ads as discriminatory. The link takes the reader to Craigslist's fair housing information page. The page is entitled "Fair Housing is Everyone's Right!" The page provides questions and answers as well contact numbers and additional links to fair housing advocates.

4. Conclusions and Recommendations

Ads containing discriminatory words or phrases are infrequently published. However, ads with discriminatory words or phrases may be published in the future. Additionally, ads stating "no pets" may discourage disabled persons from applying for the apartment housing advertised in print publications.

Discriminatory advertising creates an impediment to fair housing choice on the part of households seeking to rent an apartment and disabled renters.

The FHCRC has encouraged the Press Enterprise to publish a Fair Housing Notice indicating that it does not knowingly publish an advertisement "that indicates any preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin." However, the Press Enterprise did not respond to the FHCRC request.

The FHCRC also has encouraged the Press Enterprise to publish a concise "no pets" notice that indicates rental housing owners must provide reasonable accommodations for "service animals" and "companion animals" for disabled persons. However, the Press Enterprise did not respond to the FHCRC request.

The City will take the following actions to address the above-noted impediment to fair housing choice:

- ❒ Have the FHCRC semi-annually review ads published in newspapers, on-line apartment search sites, and craigslist. Ads with discriminatory words or phrases should be investigated in more detail with follow-up enforcement actions, if necessary.

H. HATE CRIMES

1. Background – Hate Crimes at a Residential Location

According to HUD, the AI should analyze *housing* related hate crimes; that is; where an event takes place at a residence, home or driveway. When hate crimes occur at a home, the victims can feel unwelcomed and threatened. The victims may feel that they have no recourse other than to move from the home and neighborhood of their choice. Hate crime means –

> "a criminal act committed, in whole or in part, because of one or more of the following actual or perceived characteristics of the victim: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, (6) sexual orientation, (7) association with a person or group with one or more of these actual or perceived characteristics." [Source: California Penal Code section 422.55]

According to the California Department of Justice (DOJ), *hate crimes are not separate distinct crimes but rather traditional offenses motivated by the offender's bias*. A bias is –

> A preformed negative opinion or attitude toward a group of persons based on their race, ethnicity, national origin, religion, gender, sexual orientation and/or physical/mental disability.

Police and Sheriff Department's report hate crime events to the DOJ.

2. Analysis of Hate Crime Data

Table VII-17 shows that during the past 10 years, 41 hate crimes were reported to the Hemet Police Department of which 14 occurred at a residence. Anti-Hispanic was the bias motivation for seven of the 14 hate crimes that happened at a residence. The balance was anti-Black (7) and anti-White (2).

Table VII-17
City of Hemet
Hemet Crimes Reported to the Hemet Police Department

Year	Number Reported	Number Occurred at Residence	Bias Type for Residence
2004	5	1	Grafitti, damage to vehicle, Anti-hispanic
2005	5	3	1- Vandalism, Anti-hispanic 2- Vandalism, Anti-hispanic 3- Racial Slurs, Anti-black
2006	12	6	1. Vandalism, Anti-black 2. Vandalism, Anti-black 3. Vandalism, Anti-hispanic 4. Vandalism, Anti-white 5. Vandalism, Racial Slurs, Anti-hispanic 6. Intimidation/Threats, Anti-black
2007	8	0	None
2008	5	1	Intimidation/Threats, Anti-hispanic
2009	2	1	Intimidation/Threats, Anti-hispanic
2010	0	0	None
2011	2	1	Vandalism/Racial Slurs, Anti-black
2012	2	1	Assault/Racial Slurs, Anti-white
2013	0	0	None
Total	41	14	

Prepared by: Kriss Cole, Hemet Police Department, 12/09/14

3. Conclusions and Recommendations

Given the above data, it is estimated that during the five-year span of the *AI* – 2015 to 2020 – 20 hate crime events may occur in Hemet and that the location of seven may happen at residence/home/driveway.

The International Association of Chiefs of Police has explained that –

> Police officers and investigators have important roles to play in responding to hate incidents and hate crimes. By doing the job efficiently and carefully, police can reinforce the message that hate crimes will be investigated aggressively, thus enhancing the likelihood of a successful prosecution.

The Association has recommended that after taking immediate action, police officers should:

> Refer the victim to support services in the community and provide written resource lists when possible.
>
> Source: International Association of Chiefs of Police, *Responding to Hate Crimes: A Police Officer's Guide to Investigation and Prevention*, 2013, 9 pages

Hate crimes committed at residences create an impediment to fair housing choice.

To address this fair housing impediment, the CDBG Division will prepare a Hate Crime Victims Resource Directory. When that Directory is completed it will be transmitted the Police Department to use as a referral resource.

L. LOCATION OF AFFORDABLE HOUSING

1. Background

According to HUD, the location of affordable housing is a potential fair housing issue because it can perpetuate residential segregation. New affordable housing developments, according to HUD, should be located outside of neighborhoods with concentrations of low-income, poverty and minority populations.

2. Location Analysis

Table VII-18 lists the census tract/block group location of each affordable housing development. The block group low/mod income and minority population percentages also are listed for in Table VII-18.

Hemet's citywide low/mod income percentage is 61%. Two of the seven affordable developments are located in block groups with a low/mod income percentage less than the citywide average percentage.

Hemet's citywide minority percentage is 52.9%. Three of the seven affordable housing developments are located in block groups with a minority percentage less than the citywide average percentage.

Table VII-19 lists the driving distance between each affordable housing development. With one exception, the affordable housing developments are not located in close proximity to one another. The Oasis and Sahara senior housing developments are located .2 of mile from each other. The physical locations indicate a dispersal of affordable housing developments within the Hemet community.

Table VII-18
City of Hemet
Location of Affordable Housing Projects by
Census Tract and Location Characteristics

Project Name	Address	Affordable Units	Census Tract	% Low/Mod Income	% Minority
Ability First	1360 Acacia	17	433.08	67.9%	61.9%
Hemet Estates	1101 E. Menlo Ave.	80	435.08	41.8%	40.9%
Oasis Senior	1015 N. Oakland Ave.	64	434.05	77.8%	48.9%
Sahara Senior	465 N. Palm	74	434.05	77.8%	48.9%
Village Meadows	700 Arbor Parkway	68	433.06	45.9%	45.6%
Hemet Vista Apartments	225 W. Fruitvale Ave.	72	435.07	86.1%	60.8%
Hemet Vistas II	225 W. Fruitvale Ave.	71	435.07	86.1%	60.8%
City Average				60.5%	52.9%

Source: City of Hemet *2013-2021 Housing Element* and Table V-6

Table VII-19
City of Hemet
Driving Distance Between Each Affordable Housing Development

Project Name	Ability First	Hemet Estates	Oasis Senior	Sahara Senior	Village Meadows	Hemet Vista Apartments	Hemet Vistas II
Ability First	X	1.1	2.2	2.0	2.6	2.1	2.1
Hemet Estates	1.1	X	1.5	1.4	3.4	1.0	1.0
Oasis Senior	2.2	1.5	X	0.2	1.9	1.2	1.2
Sahara Senior	2.0	1.4	0.2	X	2.0	1.0	1.0
Village Meadows	2.6	3.4	1.0	2.0	X	3.0	3.0
Hemet Vista Apts.	2.1	1.0	1.2	1.0	3.0	X	X
Hemet Vistas II	2.1	1.0	1.2	1.0	3.0	X	X

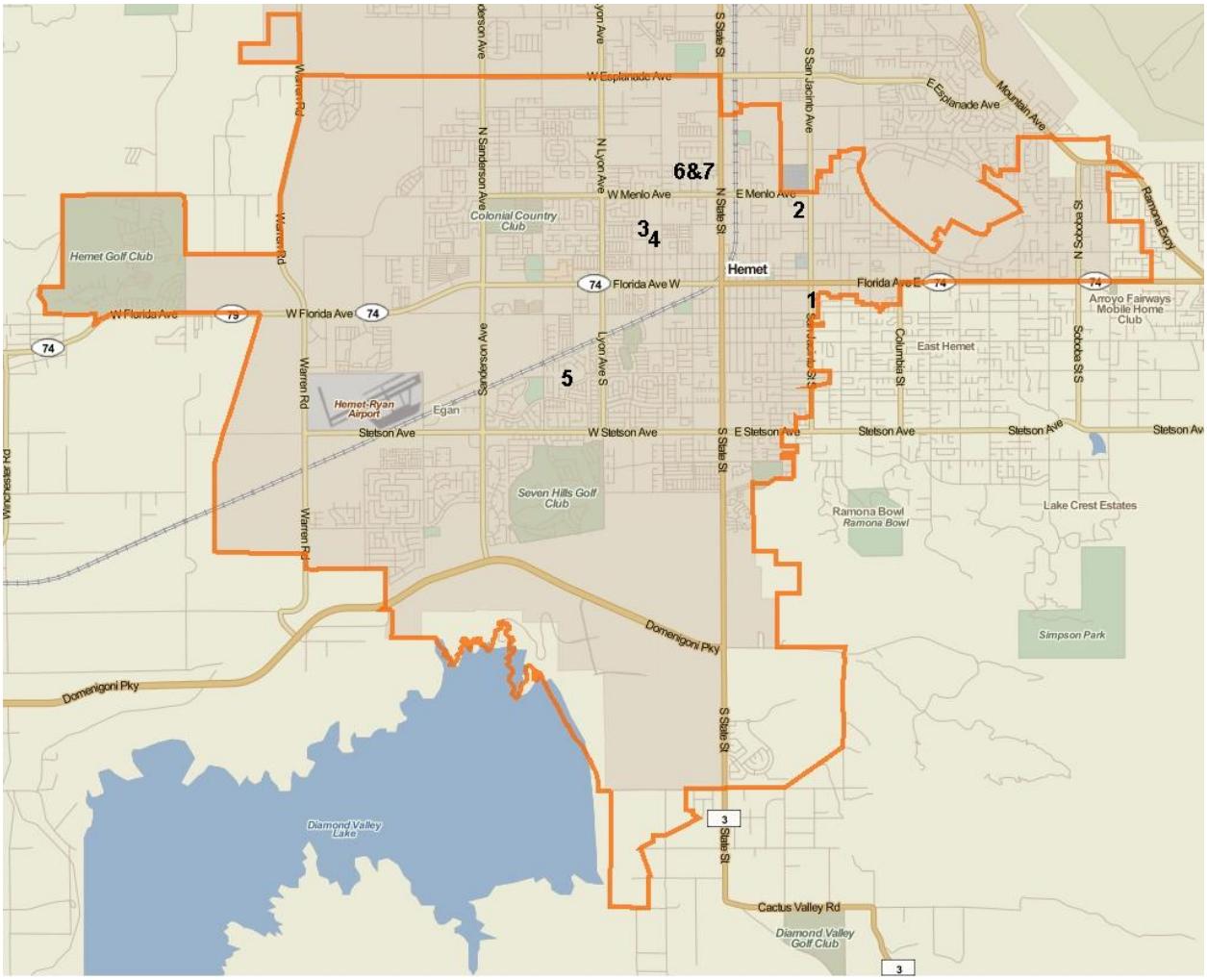
Note: Distances are in miles as driven by an automobile not “as the crow flies”.

Source: Addresses of each affordable development and Google Maps

Exhibit VII-2 shows the locations of the seven affordable housing projects:

1 Ability First
2 Hemet Estates
3 Oasis Senior
4 Sahara Senior
5 Village Meadows
6 Hemet Vista Apartments
7 Hemet Vista II

Exhibit VII-2
City of Hemet
Location of Affordable Housing Projects



3. Conclusions and Recommendations

The majority of affordable housing developments are located 1) in census tracts with a low/mod income population higher than the citywide average of 60.5% and 2) in census tracts with a minority population higher than the citywide average of 52.9%. This location pattern is inconsistent with HUD's goal to locate affordable housing in neighborhoods with low percentages of low/moderate income and minority populations.

To guide the locations of future affordable housing developments, the City – in the *2014-2021 Housing Element* – has established site selection policies. In summary:

- ❒ The City has identified 21 sites, which are dispersed throughout the City, which can accommodate the lower income housing need.
- ❒ The City promotes the inclusion of a percentage of affordable units in market-rate developments.
- ❒ The City encourages the use of density bonus to integrate affordable units in market-rate developments.

The City's criteria for the location of affordable housing are described in more detail in Section VI – Public Sector Impediments Analysis, pages VI-7 and VI-8.

Implementation of the site selection criteria will prevent an impediment to fair housing choice by providing numerous sites for affordable housing and the integration of affordable units in market-rate developments.

M.LOCATION OF TENANT BASED SECTION 8 ASSISTED HOUSEHOLDS

1. Background

Rental assistance to Hemet's residents is provided through the County of Riverside Housing Authority's Section 8 Housing Choice Voucher (HCV) Program. The Housing Authority encourages Section 8 voucher holders to find rental housing in neighborhoods with low poverty rates. The Housing Authority's *Administrative Plan* states:

> During briefing sessions the Housing Authority encourages families to move to low poverty areas by explaining the advantages of moving to an area that may offer high-quality housing, education and employment opportunities.

Source: Housing Authority of the County of Riverside, *Administrative Plan for the Housing Choice Voucher Program*, effective July 1, 2015, page 41

Neither the Housing Authority nor HUD regulations define "low" poverty areas.

2. Analysis of Section 8 Data

Table VII-20 shows that 651 households receive Section 8 rental assistance and that the city-wide poverty rate is 23.3%. The data in Table VII-20 show that:

- ❒ Sixty-five percent (426) of the assisted households live in census tracts with poverty rates *above* the city-wide average poverty rate of 23.3%.

- ❒ Thirty-five percent (225) of the assisted households live in census tracts with poverty rates *below* the city-wide average poverty rate of 23.3%.

The generally accepted threshold for a "high" poverty area is 40%. Under this definition only 12% of the City's Section 8 assisted households reside in "high" poverty areas.

Sources:

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Table VII-20
City of Hemet
Poverty Rates and Housing Vouchers by Census Tract
Rank Ordered by Poverty Rate

Census Tract	Poverty Rate	Number of Housing Vouchers	Percentage of Vouchers
434.05	47.10%	42	6.5%
434.01	43.50%	37	5.7%
434.03	33.40%	32	4.9%
435.07	30.20%	78	12.0%
435.03	28.30%	80	12.3%
433.07	27.30%	109	16.7%
433.09	27.30%	19	2.9%
434.04	26.40%	29	4.5%
433.17	19.20%	28	4.3%
433.06	16.90%	14	2.2%
435.05	16.70%	110	16.9%
433.12	16.40%	30	4.6%
435.06	13.30%	10	1.5%
435.04	12.40%	25	3.8%
433.16	8.80%	8	1.2%
Total Vouchers	---	651	100.0%
City-wide Poverty Rate	23.30%		
County-wide Poverty Rate	16.20%		

Source: American FactFinder, American Community Survey (ACS), 2009-2013 5-Year Estimates, Table S1701: Poverty Status in the Past 12 Months. Cindy Hoffman, Housing Choice Voucher Program, County of Riverside, September 24, 2014

3. Conclusions and Recommendations

Twelve percent of the Section 8 assisted households live in high poverty areas (40% plus poverty rate). Thus, the location of Section 8 assisted housing is inconsistent with the Housing Authority's location policy and HUD's goal to locate affordable housing outside of "high" and within "low" poverty areas. Thus, under HUD's and the Housing Authority's standards, an impediment to fair housing exists.

To increase the number of Section 8 assisted households residing in "low" poverty areas, the City will:

- ❒ Transmit the Section 8 location analysis to the Housing Authority of Riverside County
- ❒ Identify the location of apartments located within the low poverty neighborhoods
- ❒ Transmit the list of apartments to the County of Riverside Housing Authority
- ❒ Hold workshops in conjunction with the Housing Authority and Fair Housing Council of Riverside County, Inc. to encourage landlords in low poverty areas to participate in the Section 8 Housing Choice Voucher Program

M.GENTRIFICATION

1. Background

Gentrification refers to the upgrading and revitalization of older neighborhoods through a combination of private market forces and governmental programs. The "upgrading and revitalization" process attracts more affluent households which in turn drive up housing prices. The low income residents living in neighborhoods undergoing gentrification cannot afford the rising housing prices (or rents) and thus move out of the older neighborhood. Through gentrification, the older neighborhood is transformed from a predominantly lower income area to one comprised of more well-to-do households.

2. Gentrification Analysis

Whether or not gentrification is happening in Hemet can be measured by the increase in the moderate- and above moderate-income population residing in the City's 15 census tracts. Table VII-21 shows that between 2000 and 2010, 10 census tracts had an *increase* in the percentage of the lower income population. For example, the lower income population residing in census tract 433.07 increased by 14.6%, from 59.5% in 2000 to 74.1% in 2010.Thus, gentrification – that is, a low income neighborhood being transformed to a high income neighborhood – did not occur in these 10 census tracts.

Between 2000 and 2010, the percentage of lower income residents *decreased* in five census tracts. As the percentage decreases were modest - ranging from 2.2% to 8.1% - the census tracts were not transformed from low- to high-income neighborhoods during the decade.

3. Conclusions and Recommendations

None of Hemet's neighborhoods were adversely impact by gentrification during the 2000-2010 decade. Thus, no impediment to fair housing choice was created by gentrification.

Table VII-21
City of Hemet
Comparison of Lower Income Population by Census Tract; 2000 vs. 2010

Census Tract	Percent Lower Income 2000	Percent Lower Income 2010	Percent Change 2000 to 2010	Percent of Tract within Hemet-2010
433.05[1]	38.2%	39.9%	+1.7%	99%
433.06	48.8%	45.9%	-2.9%	100%
433.07	59.5%	74.1%	+14.6%	100%
433.09	59.8%	63.1%	+3.3%	100%
433.11	46.5%	38.4%	-8.1%	100%
433.12	61.6%	60.2%	-1.4%	74%
434.01	71.4%	63.7%	-7.7%	100%
434.03	68.7%	76.4%	+7.7%	100%
434.04	61.6%	70.8%	+9.2%	100%
434.05	71.4%	77.8%	+6.4%	100%
435.03	62.1%	63.0%	+0.9%	100%
435.04	46.3%	47.8%	+1.5%	99%
435.05	58.7%	68.9%	+10.2%	100%
435.06	45.8%	43.6%	-2.2%	61%
435.07	74.7%	86.1%	+11.4%	79%

Note: Lower income means incomes less than 80% of the Riverside County median household income.
[1]This Census Tract number is from the 2000 Census. It was split into Census Tracts 433.16 and 433.17 in the 2010 Census. The 2010 data was combined to compare to the 2000 Census Tract.

N. POPULATION DIVERSITY

1. Background

HUD-LA has indicated that cities completing an AI update should include an analysis of population diversity at the neighborhood or census tract level. To measure diversity in Hemet's census tracts, a diversity index was constructed. Scores range from 0 to 100, where 0 is homogeneous and 100 is heterogeneous. A score of 0 means that a tract has only one race/ethnic group; a score of 100 means that each of the racial/ethnic groups is of equal size in the tract.

2. Population Diversity Analysis

According to diversity analysis, a neighborhood (census tract) is deemed "least diverse" (a diversity index of 0-45) if one racial/ethnic group constitutes the overwhelming majority of the population, regardless of other socio-demographic neighborhood characteristics such as income. In southern California the "least diverse" or segregated neighborhoods are primarily minority-majority neighborhoods comprised predominantly of Hispanic persons.

The 2010 Census data was analyzed to calculate the diversity index for each of the City's 15 census tracts according to four categories:

- ❒ Diverse 75 or greater
- ❒ Somewhat Diverse 60 to 75
- ❒ Modestly Diverse 45 to 60
- ❒ Least Diverse 0 to 45

Table VII-22 shows the diversity index for each of Hemet's 15 census tracts. The diversity index reveals that Hemet's census tracts were Diverse (1); Somewhat Diverse (11), or Modestly Diverse (3). The three Modestly Diverse census tracts had diversity indices very close to the Somewhat Diverse threshold score of 60. Two of the three census tracts are located entirely within Hemet. Parts of one of these three census tracts - 435.06 – are located in Hemet and San Jacinto.

Table VII-22
City of Hemet
Diversity Index for Census Tracts with 61%+ of the Population within Hemet

Census Tract	Percent of Hemet Population in Census Tract	Total Population	Total Minority Population	Percent Minority	Diversity Index	Diversity Finding
433.17	99%	8,437	4,726	56.0%	76.23	Diverse
433.06	100%	4,538	2,071	45.6%	65.17	Somewhat Diverse
433.07	100%	5,872	2,640	45.0%	66.20	Somewhat Diverse
433.09	100%	2,890	1,600	55.4%	65.81	Somewhat Diverse
433.12	74%	2,866	1,738	60.6%	60.75	Somewhat Diverse
433.16	100%	3,713	1,200	32.3%	64.25	Somewhat Diverse
434.01	100%	5,791	3,720	64.2%	65.26	Somewhat Diverse
434.03	100%	2,847	1,780	62.5%	70.41	Somewhat Diverse
434.05	100%	4,217	2,064	48.9%	66.17	Somewhat Diverse
435.03	100%	4,112	1,699	41.3%	68.17	Somewhat Diverse
435.04	99%	7,646	3,569	46.7%	69.60	Somewhat Diverse
435.07	79%	5,287	3,217	60.8%	65.31	Somewhat Diverse
434.04	100%	2,544	856	33.6%	56.68	Modestly Diverse
435.05	100%	2,911	992	34.1%	59.07	Modestly Diverse
435.06	61%	3,897	1,515	38.9%	58.99	Modestly Diverse

Source: American FactFinder, Census 2010, Summary File 1, Table P9: Hispanic or Latino and Not Hispanic or Latino by Race.

3. Conclusions and Recommendations

No impediment to fair housing choice exists because none of Hemet's census tracts have a diversity index of 45 or less which would indicate a lack of diversity and, therefore, residential segregation.

APPENDIX A
DATA SOURCES AND PERSONS AND ORGANIZATIONS CONSULTED

APPENDIX A
DATA SOURCES AND PERSONS AND ORGANIZATIONS CONSULTED

Data Sources Section V Fair Housing Community Profile A-1

Data Sources Section VI Public Sector Fair Housing Impediments Analysis A-2

Data Sources Section VII Private Sector Impediments Analysis A-4

Persons and Organizations Consulted A-7

APPENDIX A: DATA SOURCES AND PERSONS AND ORGANIZATIONS CONSULTED

Data Sources
Section V Fair Housing Community Profile

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- ❒ California Department of Insurance Statistical Analysis Division
- ❒ California Department of Real Estate
  - ✓ Thomas Poole
- ❒ California Newspaper Publishers Association
  - ✓ Jim Ewert, Legal Counsel
- ❒ Fair Housing Council of Riverside County, Inc.
- ❒ International Association of Chiefs of Police
- ❒ Southwest Riverside County Association of REALTORS
- ❒ U.S. Department of Housing and Urban Development, San Francisco Regional Office

SIGNATURE PAGE

CITY OF HEMET
ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

I, Alexander Meyerhoff, hereby certify that the City of Hemet *Analysis of Impediments to Fair Housing Choice and Fair Housing Action Plan* represents the City of Hemet's conclusions about impediments to fair housing choice, as well as the actions necessary to address any identified impediments.

Alex Meyerhoff
Signature

City Manager
Title

4.20.16
Date