

Executive Summary

**Analysis of Impediments to
Fair Housing Choice**

City of Albuquerque, New Mexico

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Impediments to Fair Housing Choice**

Prepared for

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EXECUTIVE SUMMARY

In 2003, the City of Albuquerque (city) contracted with BBC Research & Consulting (BBC) to conduct an Analysis of Impediments to Fair Housing Choice (AI) for the city. The AI is a study required by the U.S. Department of Housing and Urban Development (HUD) in order for the city to receive federal housing and community development block grant funding. BBC is an economic research and consulting firm with a specialty in housing studies, including fair housing.

The objective of the study was to identify barriers to fair housing choice in the city and develop a plan to mitigate the impediments. According to HUD, impediments to fair housing choice are any actions, omissions, or decisions taken because of *or* that have the effect of restricting housing choices or the availability of housing because of race, color, religion, sex, disability, familial status or national origin. Impediments may also be violations of the Federal Fair Housing Act, which prohibits discrimination in housing.

The scope of the fair housing study included an overview of housing conditions in the city; a review of the city's housing policies; a review of mortgage lending data, complaint data and legal cases involving fair housing issues; four focus groups with targeted resident groups; and development of an action plan.

Fair Housing Act

The Federal Fair Housing Act, passed in 1968 and amended in 1988, prohibits discrimination in housing on the basis of race, color, national origin, religion, gender, familial status and disability. The Fair Housing Act covers most types of housing including rental housing, home sales, mortgage and home improvement lending, and land use and zoning. Excluded from the Act are owner occupied buildings with no more than four units, single family housing sold or rented without the use of a real estate agent or broker, housing operated by organizations and private clubs that limit occupancy to members, and housing for older persons. The State of New Mexico has a fair housing law that is similar to the Federal Fair Housing Act, with some enhanced protections.

Summary of Housing Conditions

- The City of Albuquerque has and continues to experience modest population growth. According to the Census, Albuquerque's population increased 16.6 percent during the past decade, from 384,736 in 1990 to 448,607 in 2000. The Census' American Community Survey (ACS), a nationwide survey that provides updated socioeconomic and housing data, estimates Albuquerque's 2002 population at 461,422. The strongest growth during the decade occurred in the West and Southwest portions of the city. Population declined in the central areas of the city.
- According to the U.S. Census, 72 percent of Albuquerque's population was White in 2000. Four percent of the city was American Indian or Alaskan Native and 3 percent was African American. In 2000, 40 percent of the city's population reported to be of Hispanic/Latino descent.

- Albuquerque's White residents primarily live in the North, Northeast and Eastern portions of the city. The Hispanic/Latino population is concentrated in the West, Southwest and Central portions of the city. The city's African American population is not heavily concentrated in any one area in the city.
- The city's very low-income households are mostly concentrated in the central portions of the city. The Central Albuquerque, Near Heights, and North Valley planning areas have housed a disproportionate share of the city's very low-income households, while the Foothills, North Albuquerque, and West Side areas house *less* than their proportionate share.
- American Indian or Alaskan Natives, African Americans, persons of Two or More Races and persons of Hispanic/Latino descent have a higher incidence rate of poverty than households of other races and ethnicities. For example, one in five White households were living in poverty in Albuquerque in 2000, compared to one in three Hispanic/Latino households. In addition, persons with disabilities are disproportionately represented in the city's population of persons living in poverty.
- In 2000, 58 percent of households in Albuquerque could afford to buy the median valued home in the city; 73 percent could afford the median rent. Very low-income households could afford to buy about 10 percent of the city's single family housing stock in 2000 and rent about 32 percent of the city's rental units.
- The North Valley, Southwest Mesa, and East Gateway areas contain the highest percentages of single family homes affordable to persons with very low-incomes. The Near Heights and Mid Heights areas contain the highest percentages of affordable rental units. Very low-income households could afford very few of the houses or rental units in the West Side and Foothills areas and portions of the North Albuquerque area.
- The city's home values have been on a slight upward trend since 2000. Of the homes on the market in 2003, 8 percent of *single family homes* and 20 percent of the *condominiums and townhomes* were affordable to very low-income households.
- According to the U.S. Census, about one-third of occupied housing units in Albuquerque had one of the following problems: lacked complete plumbing or kitchens, were overcrowded and had a household that was cost burdened. A study of housing conditions completed for the city's Consolidated Plan found that as much as 80 percent of the housing stock in the Central Albuquerque area had some type of deterioration. Almost half of the housing stock in the West Side/West Mesa area had some type of deterioration.

Summary of Regulatory Analysis

- The analysis of mortgage loan data for the Albuquerque MSA that was completed for this section's consistency shows higher denial rates for persons of Hispanic/Latino origin compared to White, Non-Hispanics/Latinos. The data also show a much higher denial rate for applicants living in areas with high percentages of minorities relative to applicants living in low minority areas. High debt-to-income ratios and poor credit histories are the top reasons that credit is denied to citizens in the Albuquerque MSA – regardless of race, gender or income level. It appears that citizens in the Albuquerque MSA would benefit from education about personal credit management and the requirements for obtaining home loans.
- A recent study that evaluated the performance of mortgage home loan and refinance lenders in reaching traditionally underserved populations found that Albuquerque was one of five cities with the *greatest* disparity in lending to persons of Hispanic/Latino origin in 2001. The study also found that Hispanics/Latinos in Albuquerque were more likely to use subprime lenders than peer cities.
- A review of housing discrimination complaint data showed that recent complaints in Albuquerque have been most often related to alleged discrimination based on race and ethnicity, disability, gender and familial status. The majority of the recent legal cases that were reviewed for this section also involved discrimination based on race, ethnicity and familial status.
- A discussion with the Albuquerque Housing Services did not reveal any fair housing concerns.
- The City's Comprehensive Plan has established an excellent framework for implementing policies to address affordable and fair housing needs in the city.

Summary of Impediments to Fair Housing Choice

Sections II through IV presented the research and public outreach processes conducted as part of the City of Albuquerque's 2004 AI. This research identified the following impediments to fair housing choice in Albuquerque:

- **Lack of accessible, safe housing that is affordable.** The analysis of the city's housing market conducted for the AI showed that housing in the city is generally affordable. In 2000, 58 percent of households in Albuquerque could afford to buy the median valued home in the city; 73 percent could afford the median rent. Focus group attendees said that affordable housing is easy to find, but that much of it is located in the least desirable areas of the city. Persons with disabilities remarked on the difficulty finding affordable housing in areas where they felt safe and the lack of accessible housing in the city overall.

- **Housing discrimination.** Information on how often housing discrimination occurs in the city is not available. A review of housing discrimination complaint data and legal cases found that most complaints and legal cases were related to alleged discrimination based on race, disability, gender and familial status. According to the focus groups, persons who are disabled, African American or have children, are most likely to be discriminated against when trying to obtain housing. Key person interviewees said that discrimination was most common for the city's Indian population, mobile home residents and women.
- **Lack of resources.** Many focus group attendees and key person interviewees said that citizens would benefit from greater resources to serve tenants with fair housing concerns and persons who felt they had been discriminated against.
- **Lending to Non-White populations.** The analysis of HMDA data for the Albuquerque MSA consistency show higher denial rates for persons of Hispanic/Latino origin compared to White, Non-Hispanics/Latinos. The data also show a much higher denial rate for applicants living in areas with high percentages of minorities relative to applicants living in low minority areas. A review of the reasons for denial found that high debt-to-income ratios and poor credit histories are the major factors that Albuquerque citizens are denied loans.

Positive Actions

There is much good news about the state of fair housing in the City of Albuquerque. Section V, Fair Housing Activities, outlines the many ongoing city activities that are in place to reduce barriers to fair housing choice. In sum, the city's many efforts include:

- **Well-defined housing and community development goals.** The city, through its Consolidated Plan process, has developed a well-defined and targeted plan for using CDBG, HOME and ESG dollars to meet housing and community development needs. The city's funding priorities address the condition of housing, lack of affordable housing (including for persons with disabilities and elderly), and shelter and services for the city's special needs populations. The plan is summarized in Section V of this AI.
- **Human Rights Office.** The City's Office of Human Rights is dedicated to taking and resolving discrimination complaints and fair housing community outreach, technical assistance and education. The office received \$60,000 in city funding to carry out fair housing activities in 2003.
- **Comprehensive Plan addressing housing needs.** The City's Comprehensive Plan that was amended in 2002 contains a solid and comprehensive framework for addressing many of the fair housing impediments identified in this study. The Comprehensive Plan's overall housing goals are to provide affordable, quality housing; ameliorate the problems of homelessness, overcrowded housing and displacement of low-income households; and assure against discrimination in housing.

- **Engagement in housing and homeless policy.** City policymakers and staff have established a variety of working groups – e.g., the Homeless Advocacy Committee (HAC), the Affordable Housing Committee (AHC), and the Universal Design Subcommittee (of the AHC) – to address the city’s problems with affordable housing, accessible housing and homelessness. These groups are engaged in the issues and have expressed a commitment to addressing the city’s needs in these areas.

Action Plan

Based on our research for this AI, BBC recommends the City of Albuquerque consider the following Action Plan and activities for reducing fair housing impediments:

1. Continue efforts to improve housing and neighborhood conditions.

- Expand safe, decent and sanitary rental housing, and increase housing choices for the city’s extremely low-income citizens, including those displaced from “early entry units.”
- Target community development funding to those areas that have experienced the greatest disinvestment and have the largest reinvestment needs.

2. Improve housing conditions for persons with disabilities.

- Continue to work with individuals who have disabilities to examine the need for improvements to rental housing for persons with disabilities. Examine safety and substandard condition issues in apartment complexes that commonly provide housing to persons with disabilities.
- Continue and expand on programs that provide a deferred loan or grant program which provide low cost financing for accessibility improvements to persons with disabilities who are or would like to become homeowners.
- Implement an educational program targeted to persons with disabilities to help them better understand their fair housing rights, and educate and assist them about how to file complaints.

3. Continue funding fair housing activities. Continue funding the fair housing services related to investigation, complaint taking, community outreach, technical assistance and educational activities.

4. Fund homebuyer counseling activities. Consider establishing and/or funding a homebuyer counseling program that would help to inform citizens about credit issues and fair lending practices.