

CITY OF TEXARKANA, ARKANSAS ASSESSMENT OF FAIR HOUSING



City of Texarkana

Community Development Division

Public Works Department

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- ✚ Residents of Texarkana
- ✚ Non-Profit Housing Providers
- ✚ City of Texarkana Departments and Agencies
- ✚ Texarkana Chamber of Commerce
- ✚ Homeless Providers and Continuum of Care

I. Executive Summary

The preparation of the Assessment of Fair Housing (AFH) serves as a component of the City of Texarkana's fulfillment of the requirements of the Housing and Community Development Act of 1974. The 1974 Act requires that any community receiving U.S. Department of Housing and Urban Development Federal Entitlement funding under the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG) and funding provided under the Public Housing Authorities' public and assisted housing programs must certify that their jurisdiction is "affirmatively furthering fair housing choice."

The 1974 requirement is based on the Federal Fair Housing Act adopted by the U.S. Congress and signed into law by President Lyndon B. Johnson in 1968. The Federal Fair Housing Act prohibits discrimination in housing based on a person's race, color, religion, gender, disability, familial status, or national origin. Persons protected from discrimination by fair housing laws are referred to as "members of the protected classes." Protected class members under the Federal Fair Housing Act are protected "on the basis of race/ethnicity, color, religion, sex, disability, familial status, and national origin." In addition, the U.S. Department of Housing and Urban Development (HUD) issued a Final Rule on February 3, 2012 that prohibits entitlement communities, public housing authorities, and other recipients of federal housing resources from discriminating based on actual or perceived sexual orientation, gender identity, or marital status.

This Assessment of Fair Housing is a review of demographic data, metrics of discrimination and disparity, local regulations and administrative policies, procedures, and practices that affect the location, availability, and accessibility of housing. The AI also assesses the conditions where housing is located, both public and private, along with public policies and regulations that affect fair housing choice.

A city-wide analysis and discussion on the trends and issues relating to housing supported the development of the AFH. The community engagement process sought

multiple perspectives including those of government agencies and departments, City of Texarkana elected and appointed boards and commissions, fair housing advocates, social service agencies, housing developers, apartment owners, non-profit organizations, business, industry, civic and neighborhood associations, educational institutions, public and assisted housing residents, and the public.

Strategic planning sessions were held with staff appointed representatives of the City of Texarkana Community Development Division and other city department representatives with policy, regulatory, and program responsibilities that potentially impact housing, fair housing and neighborhood sustainability. The strategic planning sessions helped refine the AI work plan and to identify key issues and data for the analysis. Citizens, individuals, agencies, and groups were invited to attend a virtual public meeting on April 26, 2022. Supplemental input was encouraged from city departments, public officials, nonprofit and for-profit developers, continuum of care organizations, community, professionals and industry representatives to obtain information from those unable to attend the community engagement and focus group sessions.

The combination of quantitative data analysis and qualitative research identified a series of factors that significantly contribute to fair housing issues in Texarkana. These contributing factors were assigned one of three priority levels: high, medium, or low based on the strength of supporting evidence that initially identified the factor:

- High – factors that limit or deny fair housing choice or access to opportunity, as well as, other factors that are urgent or establish a foundation for future actions
- Medium – moderately urgent or building on prior actions
- Low – limited impact on fair housing issues

The contributing factors are organized into groups that align with the issues discussed in the AFH: (B) (i) Segregation/Integration; (B) (ii) Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs); (B) (iii) Disparities in Access to Opportunity; (B)(iv) Disproportionate Housing Needs; (C) Publicly Supported Housing; (D) Disability and

Access; and (E) Fair Housing Enforcement, Outreach Capacity, and Resources. The City of Texarkana programs, policies, procedures, waiting list, and regional influences have been reviewed and impediments identified are outlined in Section VI of this report. Section VI also includes recommendations and best practices to address identified impediments.

City of Texarkana AI Conclusions

Assessment of characteristics affecting housing production, availability, and affordability were conducted, including the adequacy and effectiveness of housing programs designed, implemented, and operated by City of Texarkana Community Development Division (CDD). The AFH assessed the extent to which the CDD is currently utilizing programs and funding to address impediments identified in the FY 2016 AI and previous Analysis of Impediments. The analysis also included a review of CDD programs, operating procedures, waiting list, tenant composition, and any regional impacts to fair housing. The CDD's programs policies and procedures were deemed consistent and in compliance with HUD requirements. There were no impediments identified in the review of CDD programs, policies and procedures. Conclusions of the review of these areas and recommendations of remedial actions are presented in Section VI of this report.

The Assessment of Fair Housing in Texarkana revealed that the cost of new housing development and replacement housing is resulting in higher rental rates for Low-Moderate Income (LMI) persons. Other impediments include high cost of land, appraisal value after development that does not support financing, and de-concentration of race/ethnicity, poverty and lower income persons. Currently, some privately owned – federally subsidized housing developments need repair and replacement of marginal and obsolete units. Current market values for existing developments versus the land and development cost to build new replacement units makes the sale of existing units and development of comparable replacement units infeasible. The cost to modernize and update existing units are difficult due to limited federal funding and the cost for renovation being equivalent to the cost of new construction on current and alternative sites.

An important impediment for the City of Texarkana's consideration enacting a local Fair Housing Ordinance that is substantially equivalent to the Federal Fair Housing Act. The City of Texarkana has not enacted substantially equivalent legislation to the Federal Fair Housing Act and does not provide substantially equivalent local enforcement, judicial or city review, and adjudication or penalties for those who violate Fair Housing Law. The City of Texarkana provides for a designated Fair Housing Officer who receives complaints refers fair housing complaints to the HUD FHEO Regional Office in Fort Worth, Texas and Arkansas Fair Housing Commission for investigation and enforcement. The City Fair Housing Officer is responsible for providing public education, training, and outreach of fair housing rights and remedies in Texarkana. A federal "substantially equivalent" fair housing ordinance is required to qualify for federal funding to support local enforcement, outreach, and education.

Also reviewed was private sector and industry support for fair housing law and compliance in real estate-related publications advertising the sale or rental of housing and advertising home improvements and remodeling opportunities directed toward persons in the greater Texarkana area. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertiser included FHEO statements and/or logos. Including these statements and logos can be a means of educating the home seeking public that the purchase of property and financing for housing is available to all persons.

Analysis of the City of Texarkana's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation submitted by the City of Texarkana to HUD were reviewed. The City of Texarkana Zoning Ordinance and public policies were examined to reveal any current ordinances or policies that impede fair housing. No concerns were noted. There were no impediments identified in the review of the City of Texarkana programs, policies and procedures.

Remedial Actions for Identified Impediments - The major focus of the recommended remedial actions and goals are centered on creating partnerships, identifying new federal resources and leveraging private funding needed to enhance the City of Texarkana's ability to increase the supply of affordable housing and its ability to better meet the needs

of low-income and moderate-income households in the city. Other remedial actions are recommended as a means of reversing the negative and sometimes disparate impacts of market conditions and mortgage lending that adversely and disproportionately impact minorities and members of the protected classes under the Fair Housing Act. These include sub-prime lending, credit and collateral deficiencies impacting loan origination rates, poverty, unemployment, living wages and limited income.

Recommended remedial actions and goals were identified and prioritized with input from the public. The details of the identified goals and remedial actions are presented in Section VI of the report. Best practice examples are presented to demonstrate alternative ways other jurisdictions have successfully responded to similar impediments identified in their communities. However, the City of Texarkana will need to evaluate the fiscal impact of implementing recommendations and the best practice program examples' potential for addressing impediments in Texarkana. Some programs and approaches will need to be customized for use in Texarkana.

II. Community Profile

Introduction

The Community Profile is a review of demographic, income, employment, and housing data of Texarkana, Arkansas gathered from the 2020 Census estimates, 2016 - 2020 American Community Survey (ACS) 5 - Year estimates, 2020 ACS 1 - Year estimate, and 2010 U.S. Census, City of Texarkana, and other sources. ESRI GIS mapping data has been incorporated in maps and other graphics. The following sections provide data and analysis summarizing the status of Texarkana:

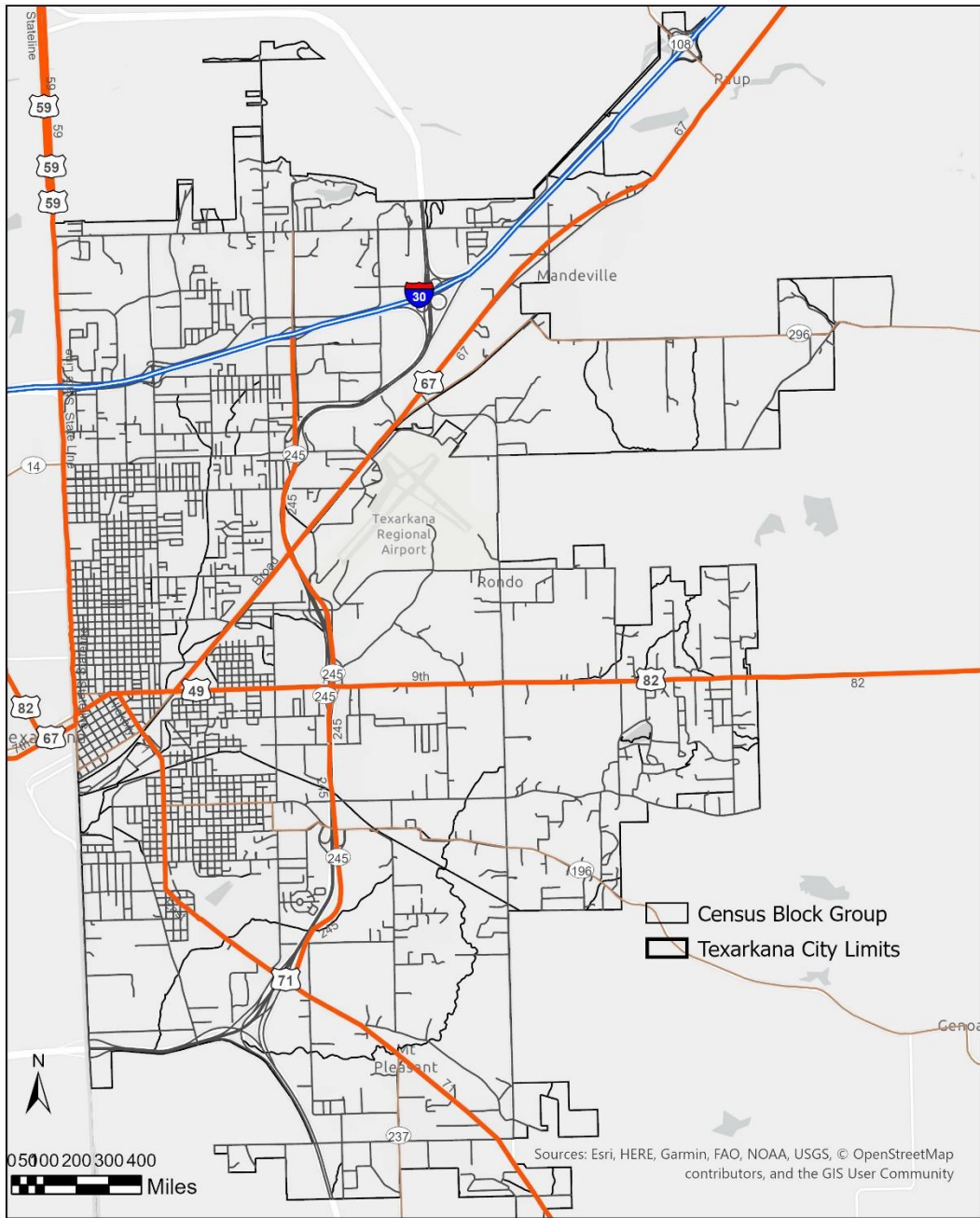
- Demographics - details the basic structure of the community in terms of racial diversity, population growth, and family structure.
- Income - analyzes income sources, the distribution of income across income class, and poverty.
- Employment - examines unemployment rates, occupation trends, and major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

Detailed analyses concentrate on the three major ethnic groups in Texarkana: White, African American, and Hispanics. All other ethnic groups are smaller in number and percentage and, therefore, data are not presented in as much detail in this report. The profiles include tables and maps as reference materials. Most data presented in the tables and maps are summarized in the text. There may be some cases where additional information was included in the maps and graphics for the reader's benefit, though not explicitly noted in the text.

2.1. Demographics

The demographic analysis of Texarkana concentrates on the magnitude and composition of the population and changes that occurred between 2010 and 2020. Map 2.1, on the following page, provides a visual representation of Texarkana.

Map 2.1 Texarkana, Arkansas



Map 2.1: Source: ESRI, USA Minor Highways

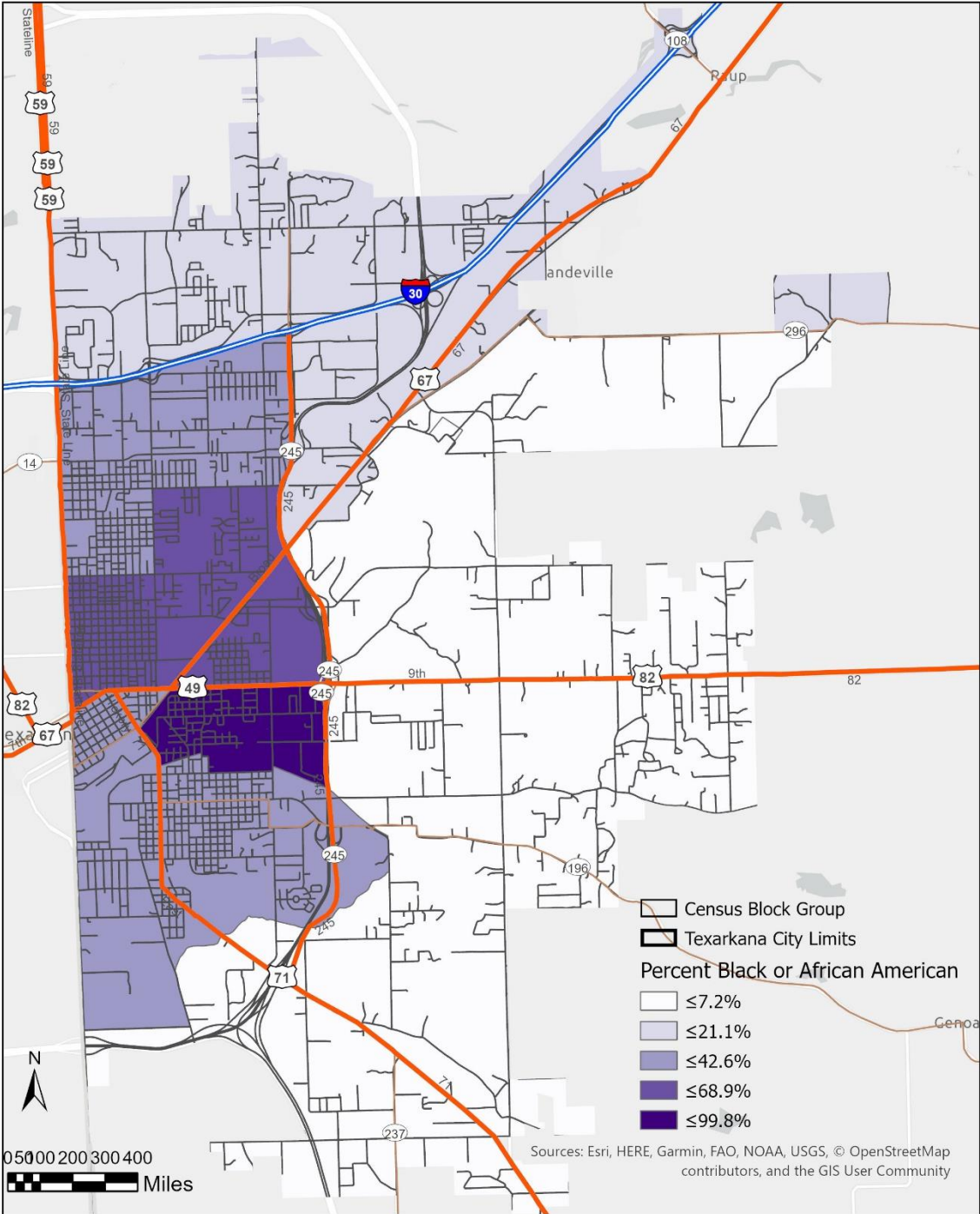
According to the 2020 Census estimates, the total population of Texarkana was 28,485. Table 2.1, below, shows that the total population of Texarkana increased between 2010 and 2020. Texarkana experienced an increase in the Black or African American population, increasing by 5.2 percent between 2010 and 2020. The White population decreased by 7.4 percent, and Hispanic population increased 60.2 percent between 2010 and 2020. It should be noted that Census Bureau does not recognize Hispanic as a race, but as an ethnicity. It is a common misidentification for ethnic Hispanics to choose the ‘other’ category on the Census for a race rather than White or African American. The Asian population decreased by 91 percent between 2010 and 2020. On the following pages are a series of Maps 2.2 through 2.5 illustrating spatial concentrations of the various racial and ethnic groups within Texarkana.

Table 2.1
Total population by race and ethnicity for Texarkana, 2010 and 2019

	2010 Population	2020 Population	% Change
Total population	29,787	28,485	-4.4%
White alone	18,199	16,851	-7.4%
Black or African American alone	9,928	10,448	5.2%
American Indian and Alaska Native alone	153	342	123.5%
Asian alone	239	21	-91.2%
Native Hawaiian and Other Pacific Islander alone	0	42	0.0%
Some other race alone	29	159	448.3%
Two or more races	378	622	64.6%
Hispanic or Latino (of any race)	861	1,379	60.2%

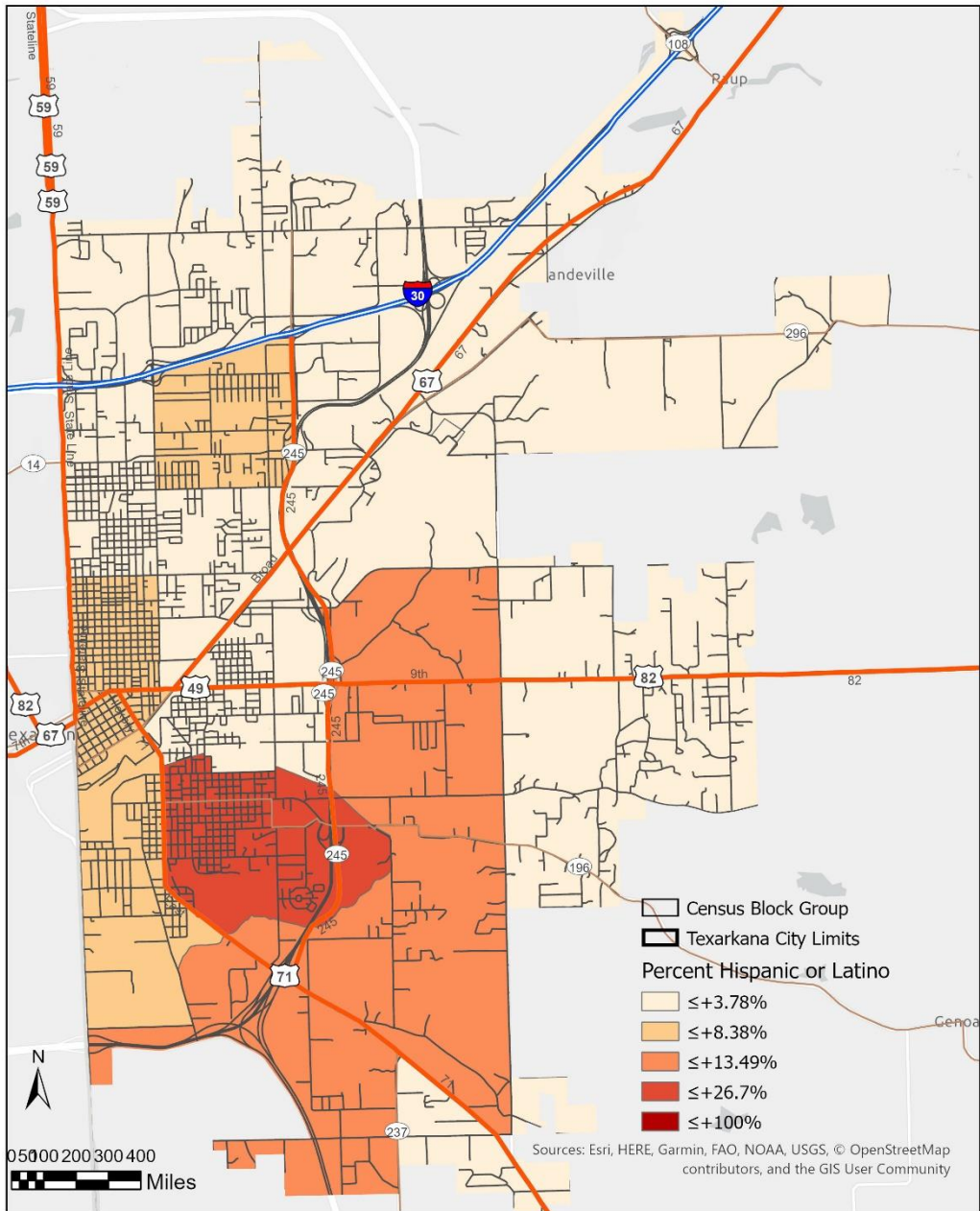
Table 2.1 Source: 2010 - 2020 American Community Survey (ACS) – U.S. Census

Map 2.2 Percent Black African American



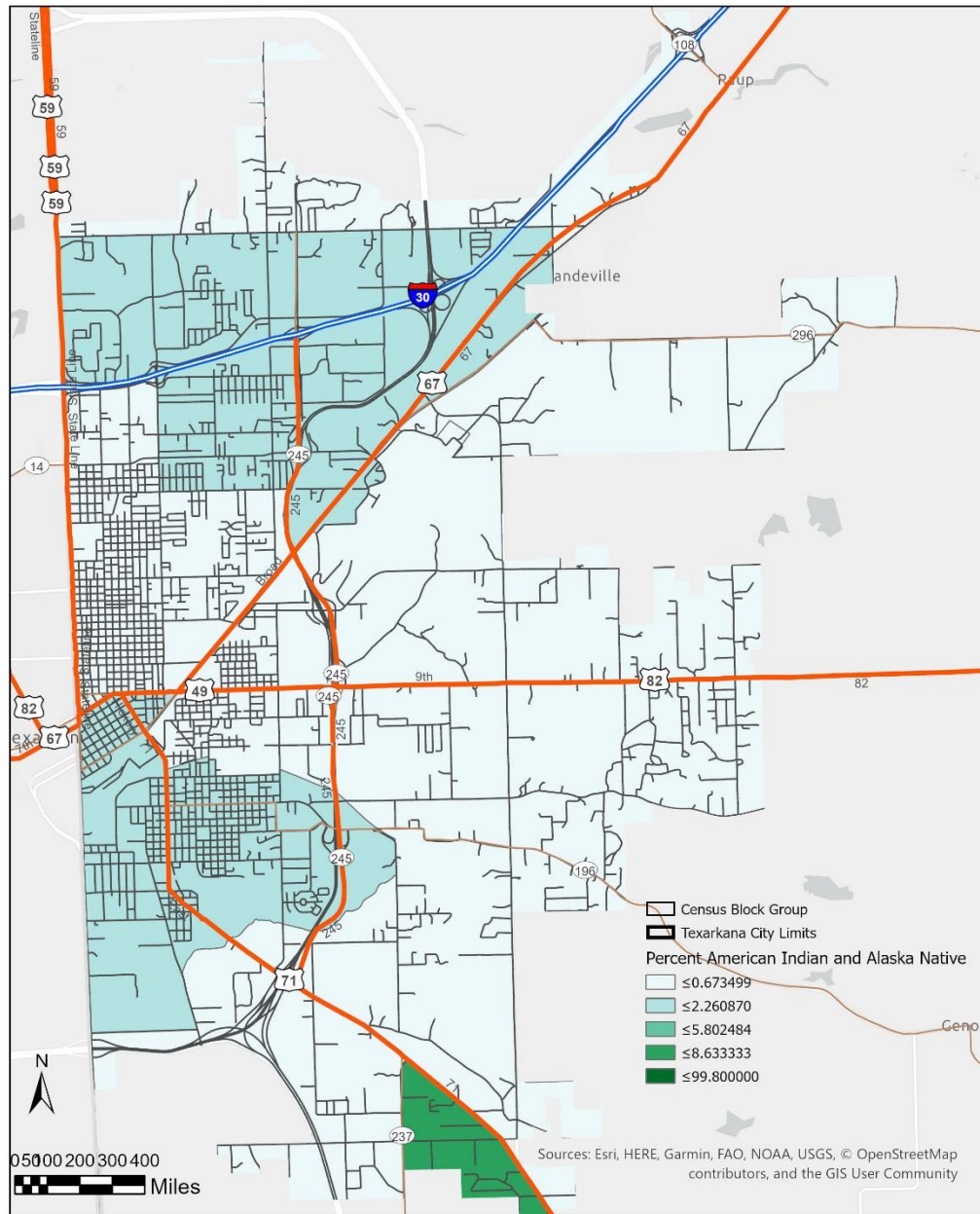
Map 2.2: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

Map 2.3 Percent Hispanic or Latino



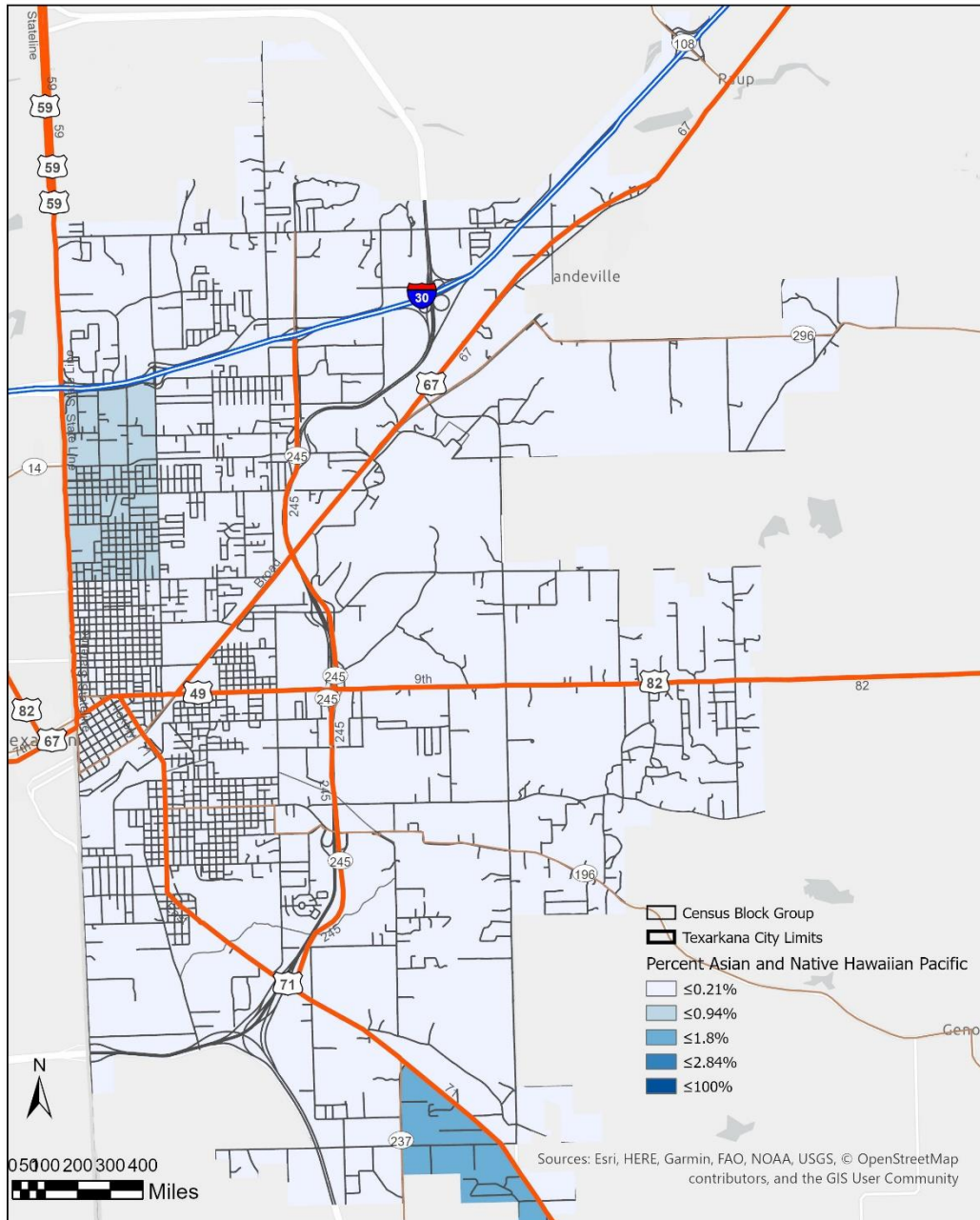
Map 2.3: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

Map 2.4 Percent American Indian and Alaska Native



Map 2.4: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

Map 2.5 Percent Asian and Native Hawaiian Pacific



Map 2.5: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

Texarkana's population increased between 2010 and 2020 and the City's population has increasing become more racially and ethnically diverse. There are areas of the city with concentrations of minority populations and concentrated poverty, as represented in our analysis of Racial and Ethnic Concentrated Areas of Poverty (R/E CAP) .

Female-headed households - In Texarkana, like many other communities, female-headed households and female-headed households with children face a high rate of housing discrimination. Higher percentages of female-headed households with children under the age of eighteen, sometimes correlate to increased incidents of reported rental property owners' refusal to rent to tenants with children. This factor is evidenced when comparing the demographics to fair housing complaint data. There are also higher incidents of female-headed households among African American households in Texarkana. As shown in Table 2.2, on the following page, the percentage of female-headed households among White households in Texarkana was 13 percent, compared to 31 percent among African American households, and 49 percent among Hispanic households. Only 23 percent of African American households were husband/wife family households, compared to 50 percent of White households and 26 percent of Hispanic households. The absence of two wage earners in a family can significantly impact housing choice and housing affordability.

Non-family households as a percentage of total households for all three of the major races/ethnicities were comparable, with Hispanic households lowest of the three. White non-family households made up 34 percent of all White households in Texarkana. Non-Family households among African Americans accounted for 41 percent of all African American households. Hispanics accounted for 21 percent of all Hispanic households. Table 2.2, on the following page, shows the family structure of White, African American, and Hispanic households in 2020.

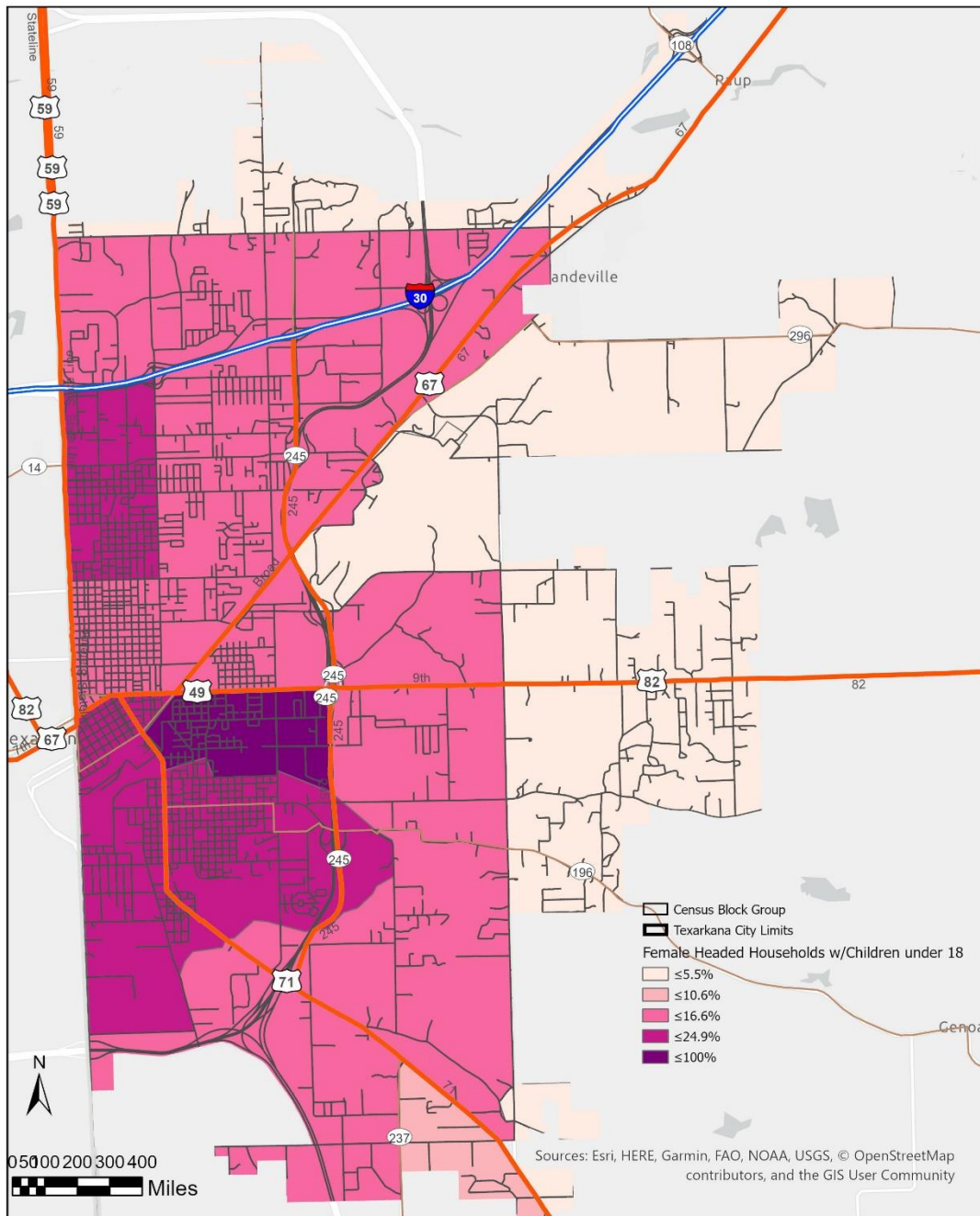
Table 2.2
Household Structure by Race for Texarkana, 2016-2020 (5-Year Average)

Household Type	White		African American		Hispanic	
	# of HH	% of HH	# of HH	% of HH	# of HH	% of HH
Family households:	4,356	66%	2,430	59%	281	79%
Married-couple family	3,288	50%	947	23%	94	26%
Other family:	1,068	16%	1,483	36%	187	53%
Male householder, no wife present	191	3%	220	5%	13	4%
Female householder, no husband	877	13%	1,263	31%	174	49%
Nonfamily households:	2,217	34%	1,672	41%	75	21%
Householder living alone	1,786	27%	1,527	37%	66	19%
Householder not living alone	431	7%	145	4%	9	3%
Total Households	6,573	100%	4,102	100%	356	100%

Table 2.2: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

The spatial distribution of female-headed households with children is shown in Map 2.6, on the following page.

Map 2.6 Percent Female Headed Households with Children Under 18



Map 2.6: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

2.2. Income

Low-income households are statistically and historically more likely to be housed in less desirable housing stock and less desirable areas of Texarkana than higher income households. Income plays an essential part in securing and maintaining housing that is safe, decent, and affordable. Lack of income for housing often prevents those LMI households from moving to areas where local amenities raise the value of the housing.

The data in Table 2.3 on the following page show the distribution of income-by-income classes among Whites, African American, and Hispanics. Overall, the income distribution data show a higher proportion of low-income households within the African American and Hispanic communities. In general, limitations on fair housing choices are more commonly found to affect housing decisions among low-income persons.

The data in Table 2.3 shows that the modal income classes (the income classes with the highest number of households) for Whites was the \$75,000 to \$99,999 modal income class, with 11 percent of Whites in this income range. The most frequently reported income for African American households was the less than \$10,000 range with 19 percent of households and \$10,000 to 14,999 range, with 11 percent of African Americans households in this range. The most frequent income for Hispanic households reported in the 2020 ACS data was the \$40,000 to \$44,000 range, with 19 percent of Hispanics households in this range.

According to the 2020 ACS estimates, the median household income was reported as \$56,560 for White households, \$26,526 for African American households, and \$27,250 for Hispanic households, compared to \$41,873 for Texarkana households overall. Therefore, based on median income and household affordability based on paying no more than 30% of household income for housing means White households on average can afford to pay no more than \$1,425 monthly for housing compared to \$650 for African American and Hispanic Households, and \$1,425 for all households in Texarkana. Comparatively, the median rent for Texarkana in 2021 was \$656 for a one-bedroom unit, barely affordable for many minority, senior and family households.

Map 2.7, on page 21, shows the median household income by census tract in 2020. Again, there were disparities in median income among African Americans and Hispanics compared to the reported White Non-Hispanic household income.

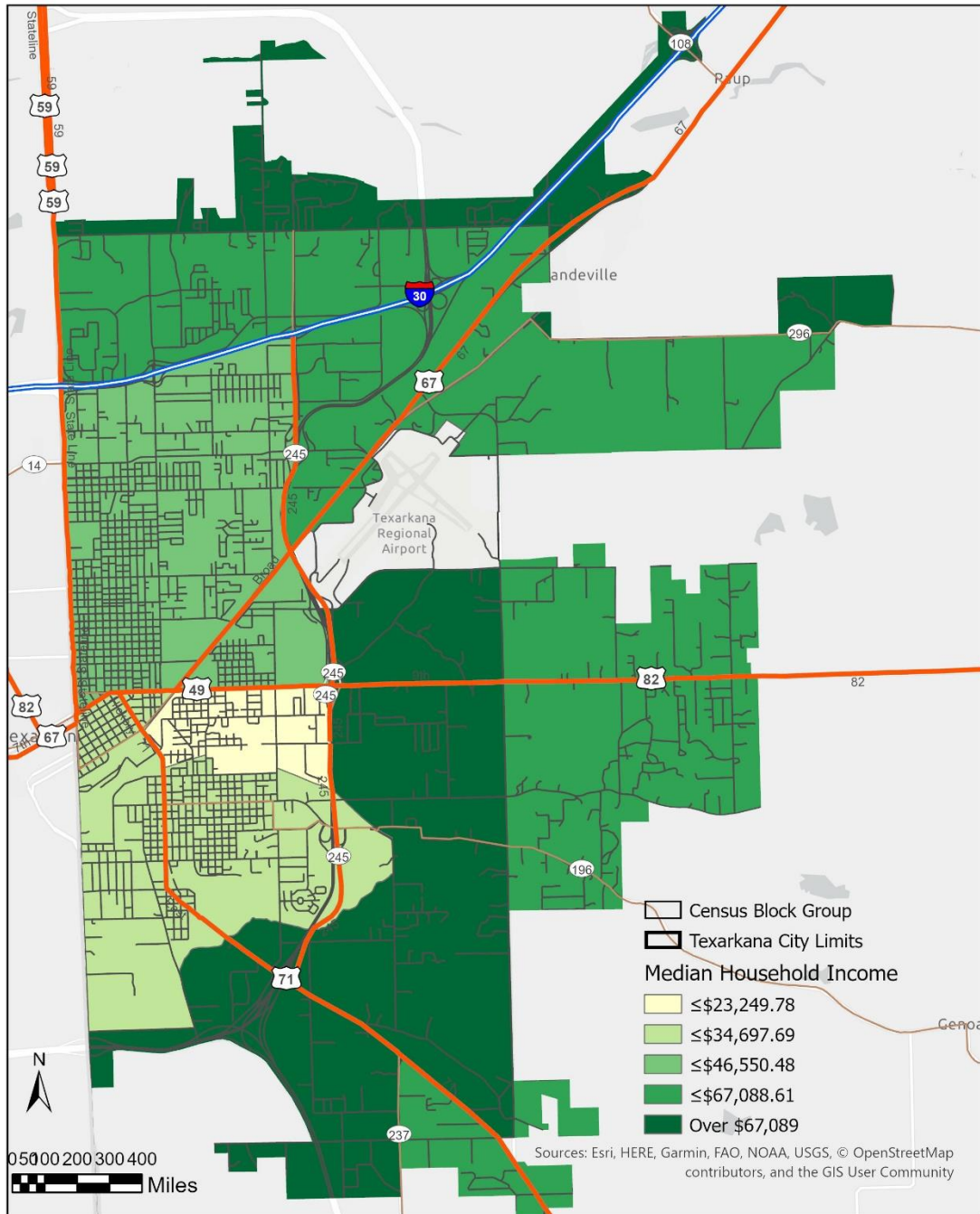
Household income levels among African Americans were disproportionately lower compared to Whites and citywide income levels.

The median household income for Whites was \$56,560 compared to \$26,562 for African American households and \$27,250 for Hispanic households.

Table 2.3
Households by race by income for Texarkana, 2016-2020 (5-Year Average)

Household Type	White		African American		Hispanic		City Total	
	# of HH	% of HH	# of HH	% of HH	# of HH	% of HH	# of HH	% of HH
Less than \$10,000	388	6%	787	19%	27	8%	3,192	9%
\$10,000 - \$14,999	380	6%	445	11%	47	13%	2,088	6%
\$15,000 - \$19,999	270	4%	408	10%	61	17%	2,278	6%
\$20,000 - \$24,999	420	6%	295	7%	34	10%	2,454	7%
\$25,000 - \$29,999	252	4%	283	7%	26	7%	2,937	8%
\$30,000 - \$34,999	431	7%	192	5%	1	0%	2,562	7%
\$35,000 - \$39,999	290	4%	304	7%	10	3%	1,939	5%
\$40,000 - \$44,999	320	5%	179	4%	68	19%	1,522	4%
\$45,000 - \$49,999	269	4%	212	5%	7	2%	1,610	4%
\$50,000 - \$59,999	394	6%	210	5%	23	6%	3,621	10%
\$60,000 - \$74,999	544	8%	341	8%	32	9%	2,810	8%
\$75,000 - \$99,999	709	11%	215	5%	20	6%	3,510	10%
\$100,000 - \$124,999	733	11%	79	2%	0	0%	2,076	6%
\$125,000 - \$149,999	498	8%	74	2%	0	0%	1,433	4%
\$150,000 - \$199,999	379	6%	75	2%	0	0%	807	2%
\$200,000 or more	296	5%	3	0%	0	0%	1,069	3%
Total	6,573	100%	4,102	100%	356	100%	35,908	100%

Map 2.7 Median Household Income



Map 2.7: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

The poverty data in Table 2.4, below, shows significant effects on the African American and Hispanic communities. The incidence of poverty among African Americans was 29.7 percent of the population in 2020, and Hispanics were reported to be 27.2 percent for that same period. Among White persons, the data reported that 14.8 percent lived in poverty. In comparison, the poverty rate for the city was 19 percent during the period.

Table 2.4

Poverty Status by Race Texarkana, 2016-2020 (5-Year Average)

	White Non-Hispanic		African American		Hispanic	
	# in Poverty	% in Poverty	# in Poverty	% in Poverty	# in Poverty	% in Poverty
Under 6 years	291	1.8%	250	2.5%	0	0.0%
6 to 11 years	119	0.7%	541	5.4%	73	5.6%
12 to 17 years	131	0.8%	175	1.7%	94	7.2%
18 to 59 years	1,401	8.7%	1,585	15.7%	163	12.5%
60 to 74 years	250	1.6%	279	2.8%	24	1.8%
75 to 84 years	128	0.8%	167	1.7%	0	0.0%
85 years and over	60	0.4%	0	0.0%	0	0.0%
Total in Poverty	2,380	14.8%	2,997	29.7%	354	27.2%
Population	16,044		10,082		1,302	
MSA Poverty %	23.5%					

Table 2.4: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

Higher percentages of African Americans and Hispanics lived in poverty, compared to Whites.

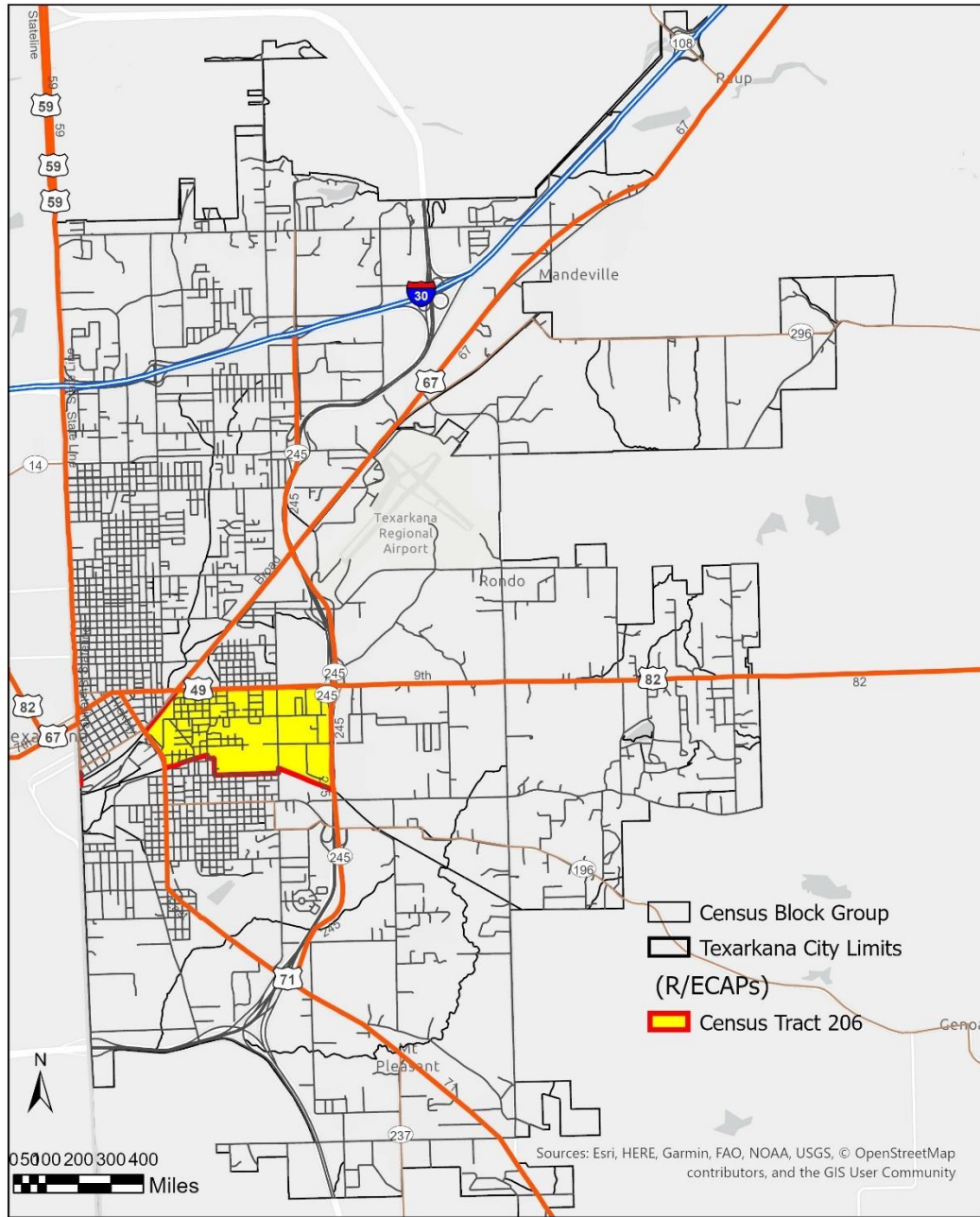
The poverty rate among African Americans was 29.7 percent and 27.2 percent for Hispanics, compared to 14.8 percent for Whites in 2020.

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

The U. S. Department of HUD has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation (R/ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or higher minority population, three times or more the poverty level of the MSA, concentrated public and assisted housing, and areas generally lacking the necessary amenities and failing to provide a quality of life expected and desired for any area within the MSA. The goal of de-concentration would be to achieve minority concentrations and poverty levels less than defined above by R/ECAP and to transform these areas of concentration into “Opportunity Areas.” Opportunity Areas – areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. Map 2.8 on the following page depicts the census tracts with high concentrations of poverty and minorities.

The MSA poverty rate was 23.5 percent. Three times the poverty rate is 70 percent, thus making any census track with a poverty rate over 40 percent the threshold for the RCAP/ECAP criteria for Texarkana. The map on 2.8 identifies census tract 206 as meeting the RCAP/ECAP criteria in Texarkana.

Map 2.8 Racially or Ethnically Concentrated Areas of Poverty (R\ECAPs)



Map 2.8 Source: American Community Survey (ACS), 2020; Decennial Census (2010); Brown Longitudinal Tract Database (LTDB) based on decennial census data, 1990, 2000 & 2010.

2.3. Employment

Employment opportunities in the area and educational levels of employees in the workforce significantly impact a resident’s housing choices based on affordability and location. Limited educational attainment and job skills have severe impacts on a wage earner’s ability to qualify for jobs paying living wages that are comparable to the growing cost of suitable and affordable housing. Table 2.5, below, provides occupation data, which indicates that there has been some shift in the distribution of occupations in 2010 and 2020. Finance and insurance, and real estate and rental and leasing had the most significant increase during the period, up 48 percent. Professional, scientific, and management, and administrative and waste management services had an increase of eighteen percentage points. Educational services, and health care and social assistance had an increase of nine percentage points. Arts, entertainment, and recreation, and accommodation and food services experienced an increase of 3 percent. While the occupation growth in the occupations mentioned above is trending upward, many are occupations that fail to pay wages that keep pace with the cost of housing in the marketplace. More wage earners are cost-burdened or restricted to less desirable or substandard housing choices in Texarkana.

Table 2.5

Occupation of employed persons for Texarkana, 2010 and 2020

Industry	2010	2020	% Change
Agriculture, forestry, fishing and hunting, and mining	91	66	-27%
Construction	815	531	-35%
Manufacturing	1,824	1,805	-1%
Wholesale trade	557	435	-22%
Retail trade	1,849	1,769	-4%
Transportation and warehousing, and utilities	637	324	-49%
Information	257	259	1%
Finance and insurance, and real estate and rental and leasing	519	769	48%
Professional, scientific, and management, and administrative and waste management services	731	859	18%
Educational services, and health care and social assistance	2,597	2,823	9%
Arts, entertainment, and recreation, and accommodation and food services	945	975	3%
Other services, except public administration	789	481	-39%
Public administration	972	904	-7%

Table 2.5: Source: 2020 American Community Survey (ACS) – U.S. Census

The data presented in Table 2.6 provide a portrait of the distribution of the unemployed. A closer look at the make-up of employment indicates that higher levels of unemployment are disproportionately impacting African Americans and Hispanics. In 2020, 3.9 percent of White persons age sixteen and over reported being unemployed. African Americans persons in the same age group reported a 15.8 percent unemployment rate, and Hispanics reported a 28.4 percent rate. As a comparison, the citywide unemployment rate was 9.2 percent during the period.

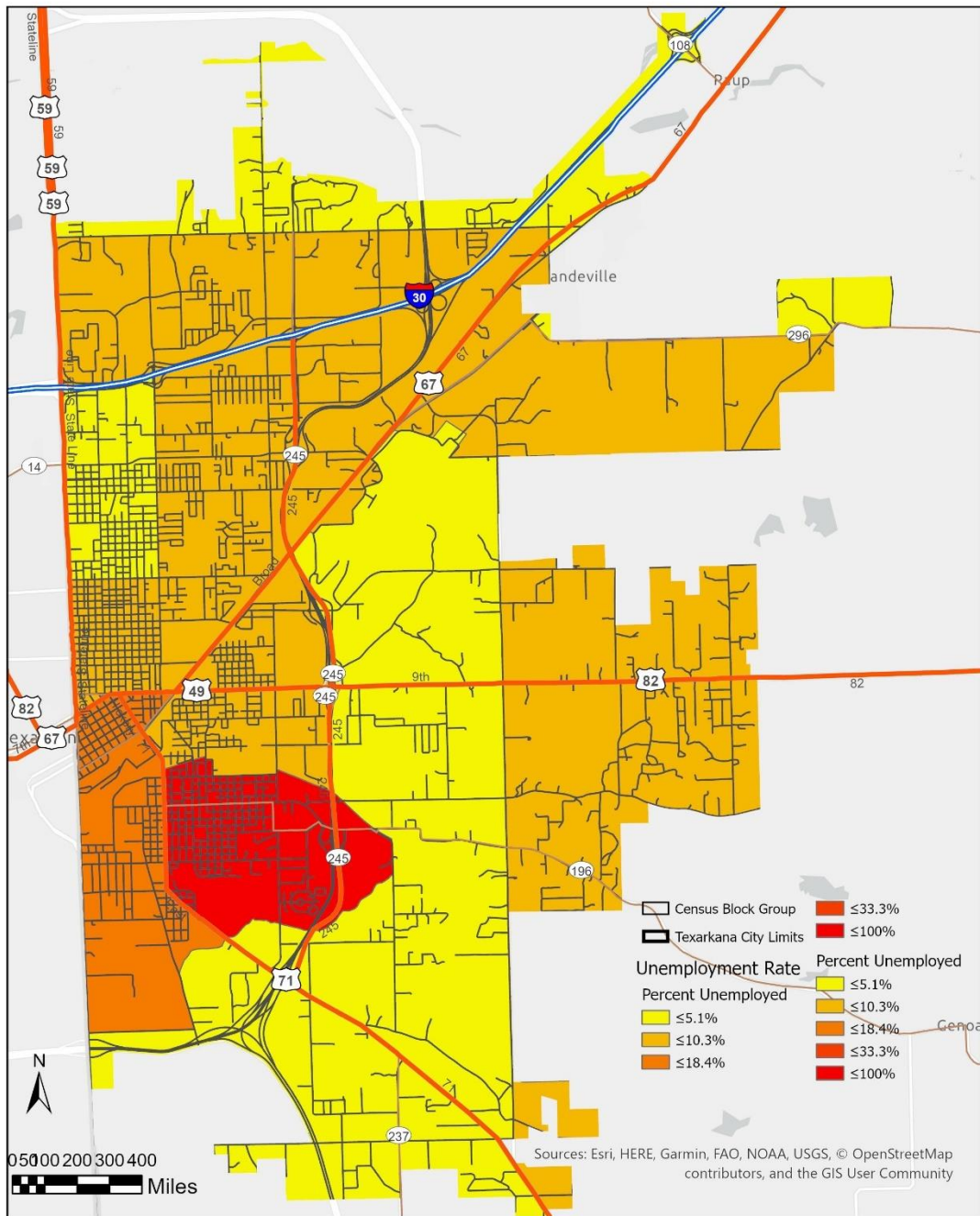
Table 2.6

Employment Status by race for Texarkana, 2016-2020 (5-Year Average)

Employment Status	White Non-Hispanic		African American		Hispanic		Total Employment	
	#	%	#	%	#	%		
In Labor Force:	7,146	66.5%	4,330	64.3%	588	70.6%	13,242	55.0%
In Armed Forces	0	0.0%	26	0.6%	0	0.0%	0	0.0%
Civilian	7,146	100.0%	4,304	99.4%	588	100.0%	13,216	99.8%
Employed	6,866	96.1%	3,622	84.2%	421	71.6%	12,000	90.8%
Unemployed	280	3.9%	682	15.8%	167	28.4%	1,216	9.2%
Not in Labor Force	3,607	33.5%	2,406	35.7%	245	29.4%	10,821	45.0%
Total	10,753	100%	6,736	100%	833	100%	24,063	100%

Table 2.6: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

Map 2.9 Unemployment Rate



Map 2.9: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

According to the Texarkana Chamber of Commerce, the major employers in the area include Red River Army Depot & Tenants with 3,797 employees, Christus St. Michael Health System with 1,902 employees, and Cooper Tire and Rubber with 1,750 employees. Texarkana (AR) School District employs 1,200, Southern Refrigerated Transport employs 1,115 workers and Wal-Mart/Sam's Club has 1,091 employees

In Texarkana, the difference in income and unemployment rate between the three groups may be attributable to limitations due to educational attainment. According to the 2020 ACS estimates, 16.8 percent of African Americans age twenty-five and above reported less than a high school education compared to 11.1 percent of Whites and 45.3 percent of Hispanics in the same age group. As a comparison, the percentage of the population with less than a high school education in Texarkana was 13.9 percent during the period. This disparity of lower high school education attainment among African Americans and Hispanics compared to the Citywide and Whites, may equate to Hispanics populations, African Americans having the highest unemployment rate among the three major groups. The analysis was inconclusive as to the probability that the percent of African Americans and Hispanics compared to total population is reflected in higher unemployment percentage of African Americans and Hispanics as a percent of total population. To further examine the impact of employment proximity relative to housing choice for low- and moderate-income persons, we analyzed the use and availability of public transportation. The availability of jobs to low-income persons is mostly dependent on the geographic location of the jobs. If jobs are concentrated in mostly upper-income areas, far removed from lower-income persons, their ability to get to and from work may be difficult, sometimes causing hardships on employees or potential employees.

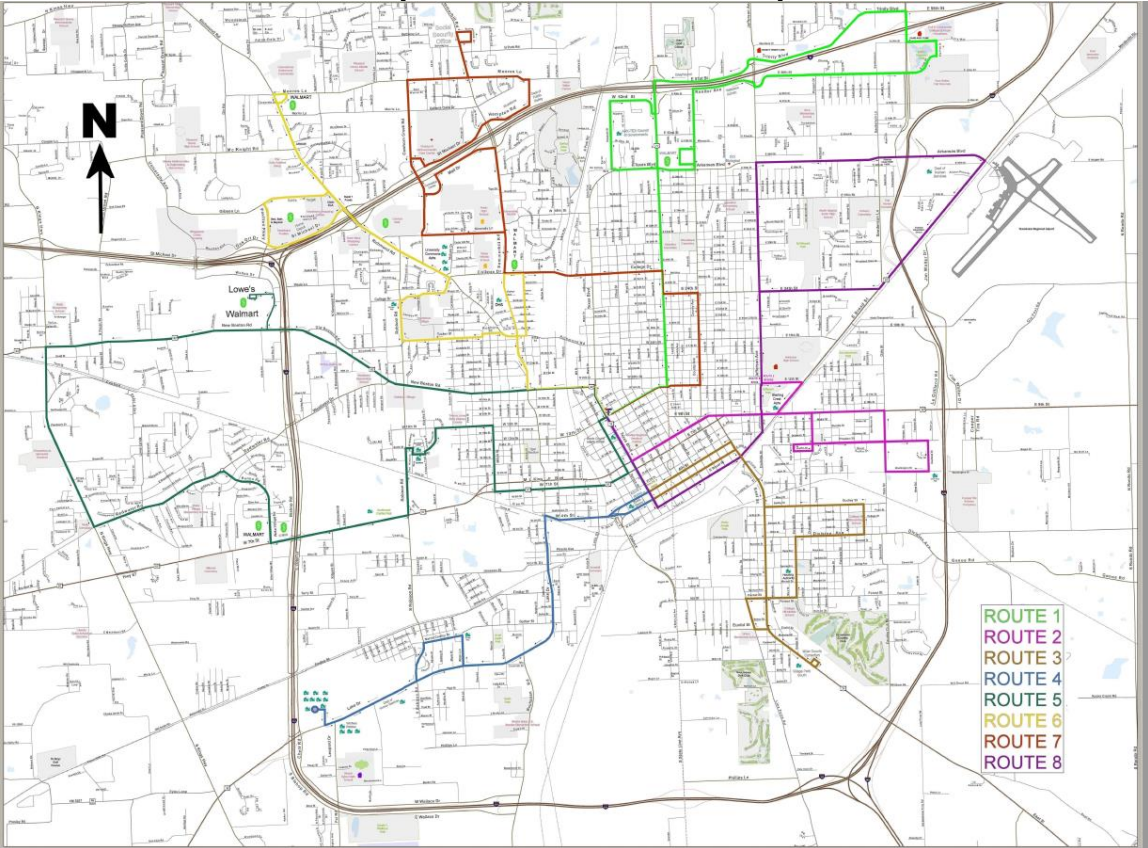
African Americans and Hispanics had significantly higher unemployment rates, compared to unemployment rates citywide and compared to Whites. The unemployment rate among African Americans was 16.6 percent, compared to Hispanics at 45.3 percent and Whites at 11.1 percent in 2020.

2.4. Public Transportation

Ark-Tex Council of Governments Rural Transit District TRAX provides low-cost transportation for residents of Bowie, Cass, Delta, Franklin, Hopkins, Lamar, Morris, Red River and Titus counties from their homes or other designated pick-up points to meet transportation needs. This rural transportation network does not provide intercity transportation within Nash, Texarkana, or Wake Village. Riders should contact the TRAX providers to schedule a trip at least two working days before the trip. TRAX provides accommodations for the special needs of passengers and has ADA (Americans with Disabilities Act) accessible vehicles.

T-Line (Texarkana Urban Transit District) provides seven routes from 5:35 a.m. to 6:19 p.m., Monday to Saturday. T-Line provides para-transit service, a curb-to-curb transit service for persons with disabilities who are unable to use the regular fixed-route transit service. Service is provided Monday through Saturday (excluding holidays) from 5:45 a.m. to 6:45 p.m. Map 2.10, on the following page illustrates fixed routes provided by the Texarkana Transit.

Map 2.10: T-Line Routes Map



Map 2.10: Texarkana Urban Transit District

2.5. Housing

According to the 2020 American Community Survey, the total number of housing units in Texarkana was 13,564 with 16

percent vacant units. As shown in Table 2.7, to the right, there were 13,349 housing units in Texarkana in 2010, increasing slightly between 2010 and 2020. Comparing tenure, homeowners occupied 48 percent of housing units, and renters occupied 36 percent. The remaining 16 percent or 2,194 housing units were vacant. The median housing value in Texarkana was \$119,700, and the median contract rent was \$565 in 2020.

Table 2.7
Tenure for housing in Texarkana, 2010 and 2020

Tenure	2010		2020	
	#	%	#	%
Owner-occupied	6,858	51%	6,449	48%
Renter-occupied	4,703	35%	4,921	36%
Vacant	1,788	13%	2,194	16%
Total:	13,349	100%	13,564	100%

Table 2.7: Source: 2010 Community Survey (ACS)

Table 2.8, to the right, shows that of all housing units, 67.4 percent were categorized as single-family detached, 1.1 percent as single-family attached, 8.5 percent contained two to four units, 19.2 percent classified as multifamily, and 3.8 percent as a mobile home or other.

Table 2.8
Housing type for Texarkana, 2016-2020 (5-Year Average)

Units in Structure	Number	Percent
Single-Family Detached	9,141	67.4%
Single-Family Attached	152	1.1%
2-4 units	1,155	8.5%
Multifamily	2,598	19.2%
Mobile Home or Other	518	3.8%
Total	13,564	100%

Table 2.8: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

Most of the housing stock in Texarkana was single-family housing and more than half of housing stock in the city was owner-occupied in 2020.

Approximately sixty eight percent of housing units in the city were single-family, and 48 percent were owner-occupied during that same period.

Approximately 66 percent of the housing stock in Texarkana was built prior to 1990 and therefore more than 40 years old. These units may contain lead-based paint or need repairs and maintenance to remain viable housing options.

As shown on Table 2.9, over 66 percent of all housing units were built prior to 1990. These units may contain lead-based paint or need repairs and maintenance. About 13 percent were built between 1980 and 1989, and only 34 percent were built after 1990. The housing stock in Texarkana is older when compared to other surrounding cities and cities of comparable size.

According to the 2020 ACS data shown in Table 2.10, the homeownership rate among Whites was 72 percent, compared to 32 percent among African Americans, and 42 percent among Hispanics.

Maps 2.11, and Map 2.12, indicate the distribution of single-family and multifamily housing across the city. Map 2.13 provides a geographic representation of the distribution of

the oldest housing stock in the city. Maps 2.14 and 2.15, provide a geographic depiction of the distribution of housing values and rents across the city.

Homeownership rates were disproportionately lower among African American and Hispanic households, compared to Whites and Hispanics.

The homeownership rate among Whites was 72 percent, African Americans 32 percent, and Hispanics 42 percent in 2020.

Table 2.9

Age of Housing Stock in Texarkana, 2019

Total housing units		13,564
Built 2015 or later	355	3%
Built 2010 to 2013	351	3%
Built 2000 to 2009	1,593	12%
Built 1990 to 1999	2,304	16%
Built 1980 to 1989	1,755	13%
Built 1970 to 1979	2,335	16%
Built 1960 to 1969	1,726	13%
Built 1950 to 1959	1,587	12%
Built 1940 to 1949	804	6%
Built 1939 or earlier	754	6%

Table 2.9: Source: 2016 - 2020 American

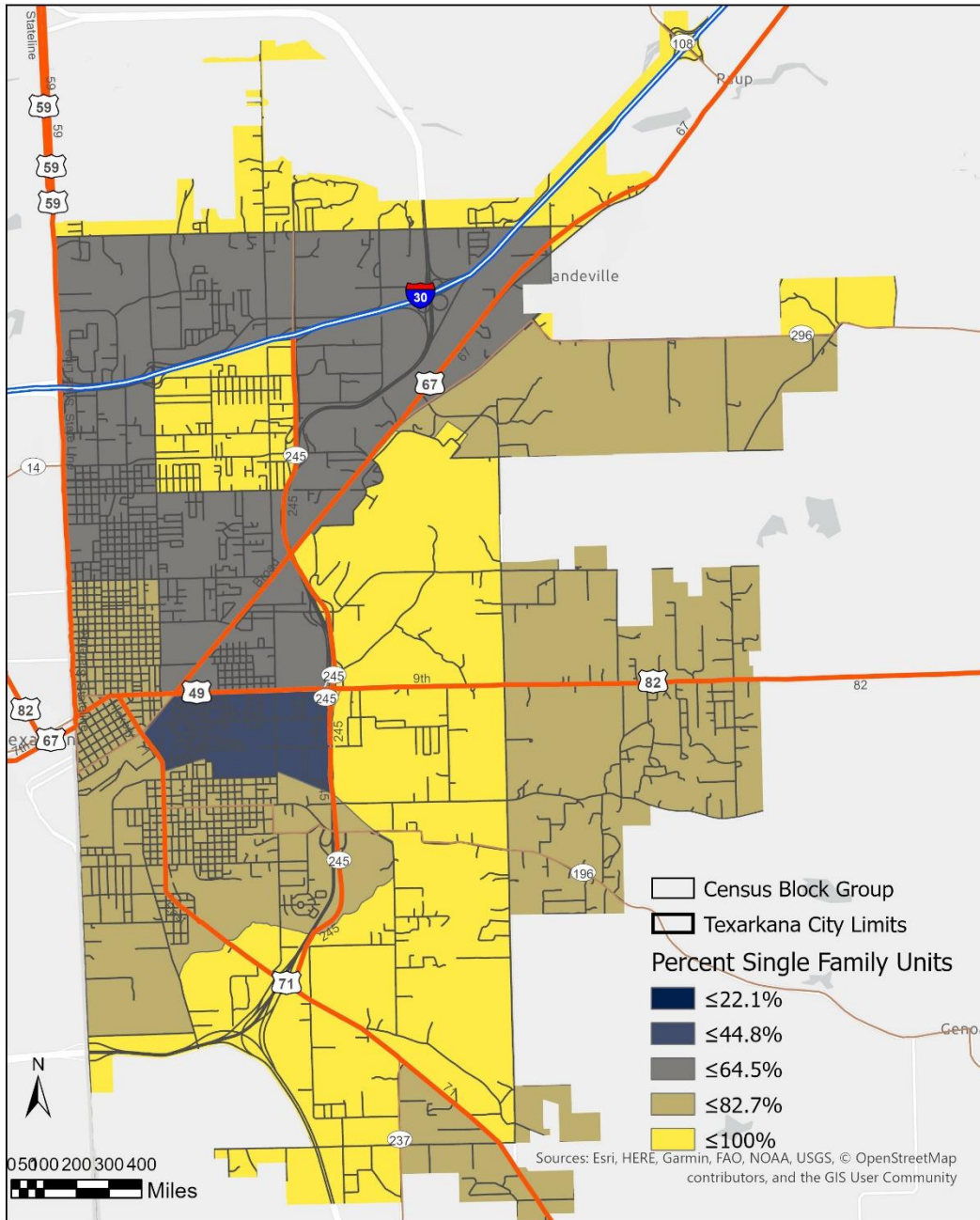
Table 2.10

Tenure by Race in Texarkana, 2016-2020 (5-Year Average)

Tenure by Race	Owner-Occupied		Renter-Occupied		Total
	#	%	#	%	
White	4,755	72%	1,818	28%	6,573
African American	1,331	32%	2,771	68%	4,102
Hispanic	149	42%	207	58%	356

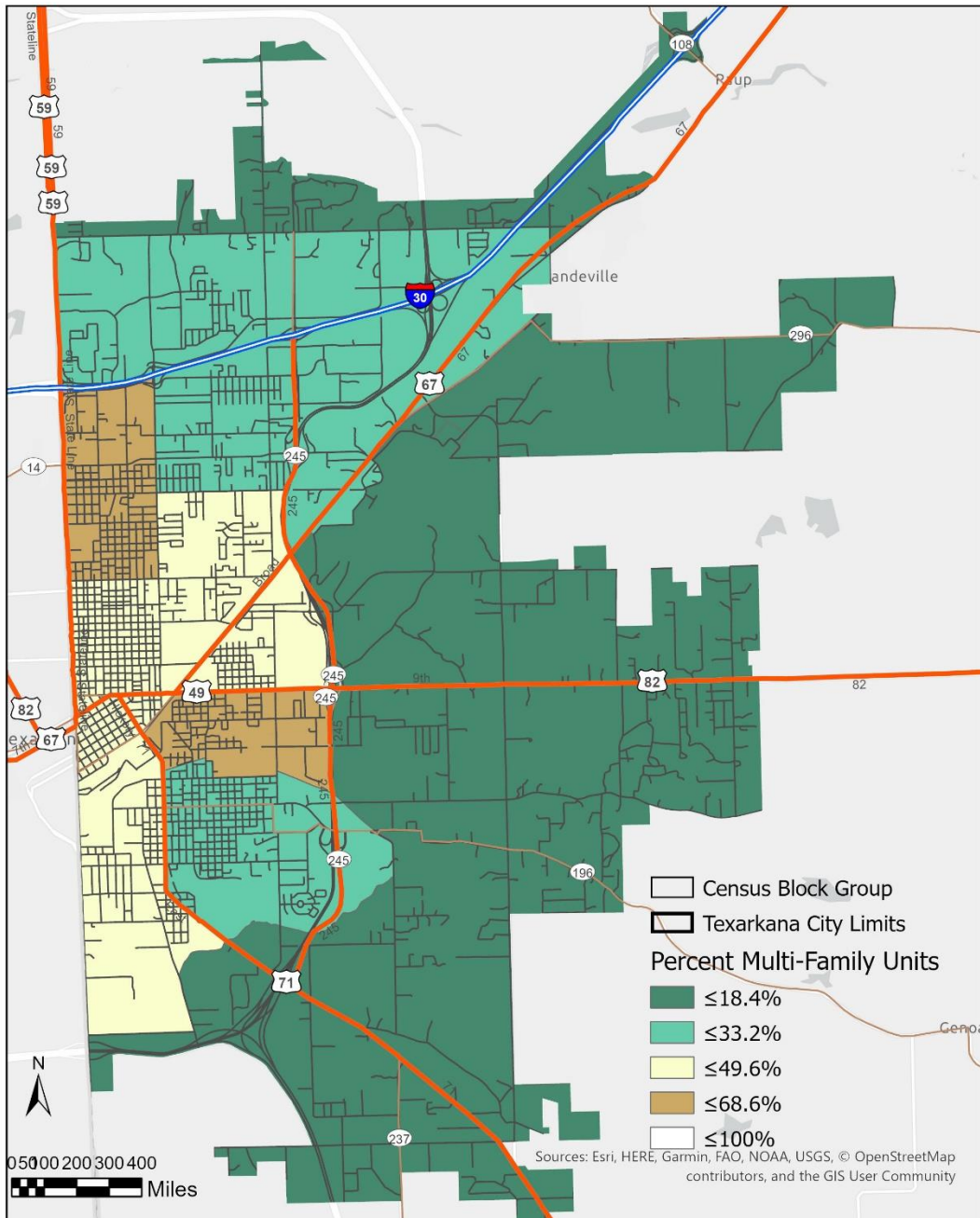
Table 2.10: Source: 2016 - 2020 American Community Survey (ACS) – U.S. Census

Map 2.11 Percent Single Family Units



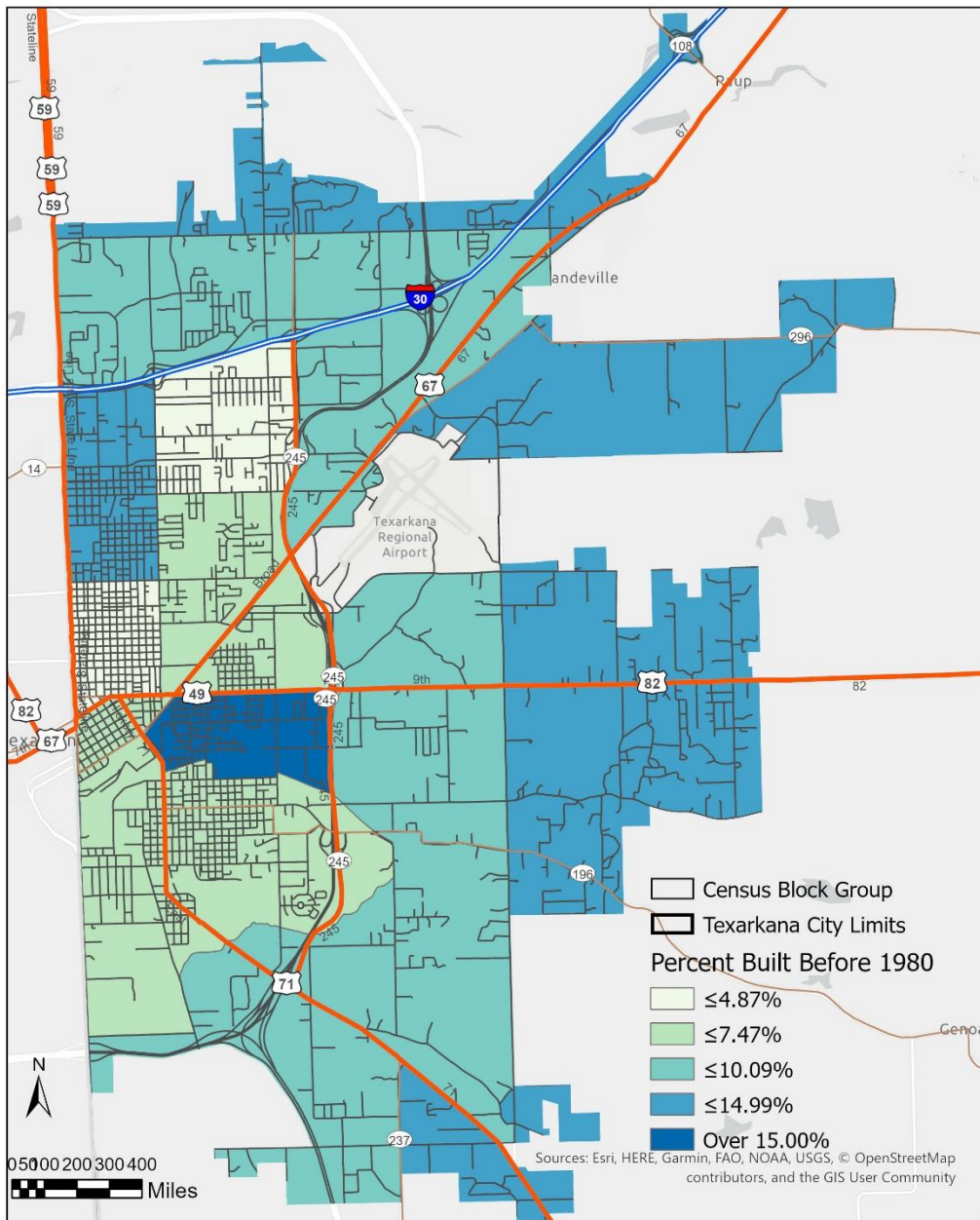
Map 2.11: Source: 2020 American Community Survey (ACS) – U.S. Census

Map 2.12 Percent Multi-Family Units



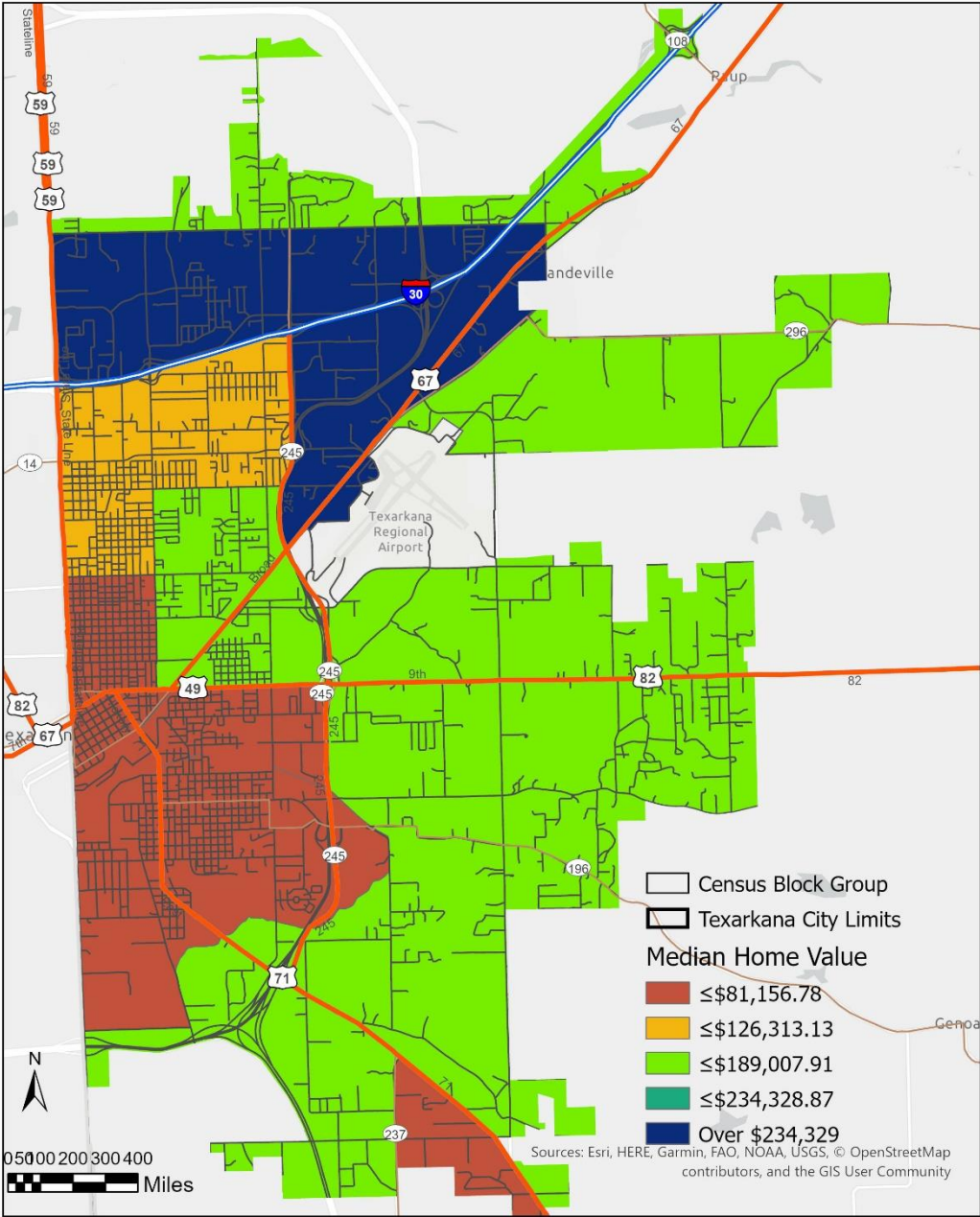
Map 2.12: Source: 2020 American Community Survey (ACS) – U.S. Census

Map 2.13 Percent Housing Built Prior to 1980



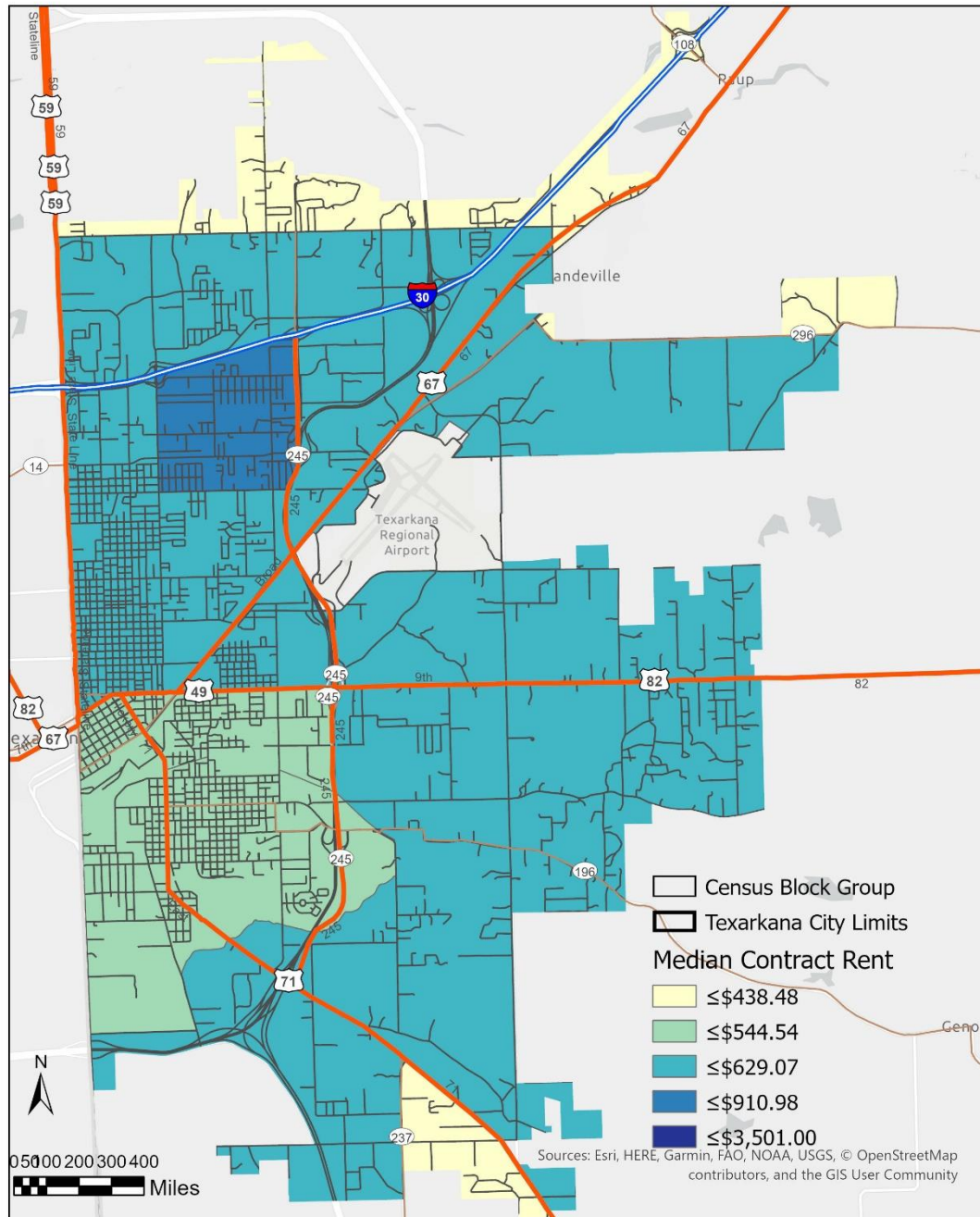
Map 2.13: Source: 2020 American Community Survey (ACS) – U.S. Census

Map 2.14 Median Home Value



Map 2.14: Source: 2020 American Community Survey (ACS) – U.S. Census

Map 2.15 Median Contract Rent



Map 2.15: Source: 2020 American Community Survey (ACS) – U.S. Census

Data contained in the Comprehensive Housing Affordability Strategy (CHAS) data compiled from American Communities Survey results from 2014 through 2018, duplicated in Table 2.11, indicates that the impact of housing costs on household incomes is very severe for low- and very low-income households in Texarkana. The table shows that 76 percent of all very low-income renters (those earning between 0 percent and 30 percent of the median family income) and 37 percent of very low-income homeowner households pay more than 50 percent of their income on housing expenses. Paying more than 30 percent on housing expenses is considered “Cost Burdened,” and paying more than 50 percent on housing expenses is considered “Severely Cost Burdened.” Looking at households earning between 31 percent and 50 percent of the median family income, 42 percent of low-income renters and 8 percent of low-income homeowners pay more than 50 percent on housing expenses.

Comprehensive Housing Affordability Strategy (CHAS) 2014-2018					
Income by Cost Burden (Renters only)	Cost burden > 30%		Cost burden > 50%		Total
Household Income <= 30% HAMFI	910	76%	800	67%	1,200
Household Income >30% to <=50% HAMFI	860	77%	470	42%	1,110
Household Income >50% to <=80% HAMFI	625	57%	35	3%	1,090
Household Income >80% to <=100% HAMFI	15	3%	0	0%	525
Household Income >100% HAMFI	0	0%	0	0%	1,280
Total	2,410	46%	1,305	25%	5,205
Income by Cost Burden (Owners only)	Cost burden >30%		Cost burden >50%		Total
Household Income <= 30% HAMFI	320	61%	195	37%	525
Household Income >30% to <=50% HAMFI	210	39%	45	8%	545
Household Income >50% to <=80% HAMFI	180	19%	35	4%	950
Household Income >80% to <=100% HAMFI	140	22%	0	0%	630
Household Income >100% HAMFI	130	3%	0	0%	3,770
Total	980	15%	275	4%	6,420

Table 2.11 Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Tables, 2014 - 2018

According to the 2020 ACS estimates, shown in Table 2.12 to the right, 50 percent of renter households with household incomes less than \$20,000 paid more than 50 percent of their household income towards rent, 62 percent of the renter households that earned between \$20,000 to \$34,999, and 2 percent of the renter households that earned between \$35,000 to \$49,999, spent more than 30 percent of their household’s income towards rent during 2020.

Table 2.12
Gross Rent as a Percent of Household Income

Gross Rent as a Percent of Household Income	2020
Less than \$20,000	2,042
30.0 percent or more	18%
50.0 Percent or more	50%
\$20,000 to \$34,999	1,183
30.0 percent or more	62%
50.0 Percent or more	8%
\$35,000 to \$49,999	679
30.0 percent or more	2%
50.0 Percent or more	0%
\$50,000 to \$74,999	632
30.0 percent or more	2%
50.0 Percent or more	0%

Table 2.12: Source: 2020 American Community Survey (ACS) – U.S. Census

As shown in Table 2.13, to the right, 23 percent of owner households earning less than \$20,000 were 50 percent cost burden, and 14 percent of owner households earning between \$20,000 to \$34,999 were 30 percent cost burden during the same period. Owner households earning between \$35,000 to \$49,999, the household group earning around 80 percent of the area median income indicates 11 percent of homeowners paying more than 30 percent on owner cost.

Table 2.13
Owner Costs as a Percent of Household Income

Owner Cost as a Percent of Household Income	2020
Less than \$20,000	827
30.0 percent or more	16%
50.0 Percent or more	23%
\$20,000 to \$34,999	781
30.0 percent or more	14%
50.0 Percent or more	11%
\$35,000 to \$49,999	1,064
30.0 percent or more	11%
50.0 Percent or more	0%
\$50,000 to \$74,999	1,059
30.0 percent or more	14%
50.0 Percent or more	2%

Table 2.13: Source: 2020 American Community Survey (ACS) – U.S. Census

Renters were most cost burdened in the \$20,000 to \$34,999 household income range with 62 percent paying more than 30% on rent and 8 percent households paying more than 50% on rent.

One of the most revealing indicators that minorities are more likely to require rental housing and lag far behind Whites in obtaining housing of their choice is in the category of homeownership; the homeownership rate among Whites was 72 percent compared to 32 percent for African Americans and 42 percent for Hispanics.

Other limitations for minorities include lower incomes and a disproportionate number of minority households living in poverty. The incidence of poverty among African Americans was 29.7 percent of the population in 2020, and Hispanics were reported to be 27.2 percent. Among White persons, the data reported that 14.8 percent lived in poverty. In comparison, the poverty rate for the MSA was 23.5 percent during the period. The median household income was reported to be \$56,560 for White households, \$26,526 for African American households, and \$27,250 for Hispanic households, compared to \$35,908 for the Texarkana overall. All these factors combine the limited housing choice of Texarkana's minority populations.

III. Fair Housing Law, Court Cases, Policy, Regulatory and Complaint Analysis

Introduction

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

The first part of this section, Section 3.1, will address existing statutory and case law that resulted in interpretation of individual rights under the Federal Fair Housing Act, removal of impediments, and served to promote fair housing choice. Statutory and case law pertaining to interpretation and enforcement of the Federal Fair Housing Act can be effective in mitigating barriers to fair housing choice, depending upon enforcement efforts, judicial and administrative court rulings. Relevant landmark judicial court case decisions pertaining to fair housing were reviewed and are incorporated in the analysis. Other related regulations and case law that provide interpretation, understanding, and support to the Federal Act were also considered.

The City of Texarkana has not enacted local law that is substantially equivalent to the Federal Fair Housing Act. To make this determination, the City of Texarkana's local statutes were compared to the Federal Fair Housing Act to determine whether they offered similar rights, remedies, and enforcement to the federal law and based on that evaluation, whether any Texarkana enacted ordinance can be construed as substantially equivalent. The City of Texarkana has not enacted ordinances considered substantially equivalent to the Federal Fair Housing Act. Local ordinances do not provide substantially equivalent enforcement, judicial or city administrative review, and adjudication or penalties for those who violate local laws pertaining to fair housing. The State of Arkansas has enacted Fair

Housing Law that is substantially equivalent to Federal Law. Pertinent related laws, such as the Community Reinvestment Act and Home Mortgage Disclosure Act, were reviewed with respect to how they facilitate fair lending. Section 3.2 summarizes the level of federal fair housing enforcement activity in the City of Texarkana.

A more difficult, but intertwined, aspect of evaluating impediments and barriers to fair housing choice involves an analysis of public policy, programs and regulations that impact the availability of affordable housing. Our analysis centered on how governmental actions impact fair housing choice and the availability of adequate, decent, safe, and affordable housing for protected class members and people of all incomes. We examined government subsidies and public funding appropriations used to provide housing assistance for low- and moderate and very low-income households. This included an analysis of city operated housing programs provided in Section 3.3. Numerous documents were collected and analyzed to complete this section. The key documents are the City of Texarkana Consolidated Plan (CP), current and previous Annual Action Plans (AP), and Consolidated Annual Performance Evaluation Reports (CAPER). The analysis also included the Texarkana Housing Authority (THA) Five Year and Annual Plans, and documentation on various housing programs including public housing and Section 8 housing choice voucher program. City and THA staff also provided information on current and future initiatives to develop affordable housing and acquire additional funds.

Our analysis of development regulations, city advisory board actions and public policy documents are presented in Section 3.4. This section focuses on building codes, zoning ordinances, land use plans, local initiatives and governmental actions relative to development and incentives that stimulate development. The analysis of public policy includes decisions by elected and appointed advisory boards and commissions including the Texarkana Housing Authority Board, and City of Texarkana City Board, City Planning and Zoning Commission, Zoning Board of Adjustment, and other appointed boards and agencies responsible for housing and development policy and enforcement of codes.

Section 3.5 provides an analysis of fair housing complaints filed with HUD. Section 2.6 contains conclusions about fair housing barriers based on the existing law, enforcement efforts, complaint analysis, and the availability of affordable housing. The HUD Fort Worth, Texas Regional Fair Housing and Equal Opportunity (FHEO) Office has responsibility for enforcement of the Federal Fair Housing Act in Texarkana. Official compliant date was requested from the HUD Fort Worth Regional Office, Fair Housing Equal Opportunity Division.

3.1. Fair Housing Law

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

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

- Misrepresent that a house or apartment is unavailable by:
 - ✓ Providing false or misleading information about a housing opportunity,
 - ✓ Discouraging a protected class member from applying for a rental unit or making an offer of sale, or
 - ✓ Discouraging or refusing to allow a protected class member to inspect available units.
- Refuse to rent or sell or to negotiate for the rental or sale of a house or apartment or otherwise make unavailable by:
 - ✓ Failing to effectively communicate or process an offer for the sale or rental of a home,
 - ✓ Utilizing all non-minority persons to represent a tenant association in reviewing applications from protected class members, or

- ✓ Advising prospective renters or buyers that they would not meld with the existing residents.
- Discriminate in the terms, conditions, or facilities for the rental or sale of housing by:
 - ✓ Using different provisions in leases or contracts for sale,
 - ✓ Imposing slower or inferior quality maintenance and repair services,
 - ✓ Requiring a security deposit (or higher security deposit) of protected class members, but not for non-class members,
 - ✓ Assigning persons to a specific floor or section of a building, development, or neighborhood, or
 - ✓ Evicting minorities, but not whites, for overdue payments or poor credit.
- Make, print, publish, or post (direct or implied) statements or advertisements that indicate that housing is not available to members of a protected class.
- Persuade or attempt to persuade people, for profit owners or nonprofit organization, to rent or sell their housing due to minority groups moving into the neighborhood by:
 - ✓ Real estate agents mailing notices to homeowners in changing area with a listing of the homes recently sold along with a picture of a minority real estate agent as the successful seller, or
 - ✓ Mailed or telephonic notices that the "neighborhood is changing" and now is a suitable time to sell or noting the effect of the changing demographics on property values.
- Deny or make different loan terms for residential loans due to membership in a protected class by:
 - ✓ Using different procedures or criteria to evaluate credit worthiness,
 - ✓ Purchasing or pooling loans so that loans in minority areas are excluded,
 - ✓ Implementing a policy that has the effect of excluding a minority area, or
 - ✓ Applying different procedures (negative impact) for foreclosures on protected class members.
- Deny persons the use of real estate services.

- Intimidate, coerce or interfere; or
- Retaliation against a person for filing a fair housing complaint.

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

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

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

As a test to determine if advertising relative to housing and real estate in the local housing market have impediments to fair housing, a review of local advertisements in real estate publications was conducted. These types of advertisements cover an area larger than just the City of Texarkana, and the time-period is insufficient to conclusively establish a pattern of discrimination. The data does however provide an accurate snapshot of the advertising available, and a general overview of the state of compliance with fair housing law by advertisers. The advertising, especially those with images of prospective or current residents was reviewed, with a sensitivity toward whether ads included:

- Advertising included all or models of a single race, gender, or ethnic group.
- Families or children in ad campaigns depicting images of prospective residents.

- Racial groups in service roles (house cleaner, door attendant, servant, etc.).
- Racial groups in the background or obscured locations.
- Any symbol or photo with strong racial, religious, or ethnic associations.
- Advertising campaigns depicting one racial group.
- Campaigns run over a period, including several different ads, none or few of which include models of other races.
- Ads failing to contain Equal Housing Opportunity (EHO) statements or logos, or contains the statement or logo, but it is not readily visible; and
- Ad campaigns involving group shots or drawings depicting many people, all or almost all of whom are from one racial group.

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

Fair Housing Assistance Program (FHAP) Agencies

The U. S. Department of Housing and Urban Development (HUD) provides funding to state and local governmental agencies to enforce local fair housing laws that are substantially equivalent to the Fair Housing Act. Once a state, city or county enacts a substantially equivalent fair housing law, they can apply to become certified as a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints or a Fair Housing Initiatives Program (FHIP) Agency

and receive funds for education, promoting fair housing, and investigating allegations. It should be noted that a county or city must be in a state with a fair housing law that has been determined by HUD to be substantially equivalent. Then, the local jurisdiction must also adopt a law that HUD concludes is substantially equivalent to participate in the FHAP Program. The local law must at minimum contain the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have substantially equivalent fines for violations, remedies, investigative processes, and enforcement powers.

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

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

Court Decisions

The impact of “Landmark Cases” and recent significant court cases were reviewed to examine how court litigation, consent decrees and settlements might be impacting interpretation of Fair Housing Law. The following summarizes some of the key court decisions that provide precedence and interpretation of fair housing law.

Recent Cases

While much has changed, racial discrimination remains a predominant court interpretation issue in 2022. However, court decisions continue to set precedence interpreting the Act and needed to address” impediments” to fair housing choice that may or may not be legal violations of the 1968 Act. Impediments faced by protected class members include impacts of poverty and income, bias and access to finance and lending, sources of income, sexual orientation and gender identity, and arbitrary preferences based on character and appearance. While State and Local Fair Housing Legislation has expanded to include explicit protections for some of these impediments and classes not named in the 1968 Act, the federal Act has not expanded. Political discourse resulted in the 2019 Trump Administration suspension of the statutory requirement of “Affirmatively Furthering Fair Housing Choice” by government entities receiving federal funds and private entities involved in lending, housing and commercial enterprise, only to be reinstated in 2020 by the Biden Administration. The Covid-19 pandemic has further escalated fair housing impacts intended to be addressed by the 1968 legislation.

There are, however, significant gains in court case interpretation of violations to the Federal Act. In the 2021 in U.S./City of New York -v- Swiss Village recognized denial by a landlord to a person on the bases that they did not speak English was no different than denial based on race, ethnicity, or national origin under the Act. In the 2022 court case U.S. -v- Bacehus, the landlord was determined guilty of violations of the Act based on Familia Status, and Disability when prospective tenant was denied joint leasing with his child and mother of the child based on his previous medial history of alcohol addiction. In

2021, in U.S. -v- Centanni an Elizabeth, New Jersey case, the courts found that a male landlord's sexual harassment of female tenants was not only a criminal and civil violation but violated Fair Housing Law as well.

Landmark Cases

Texas Department of Housing and Community Affairs v. Inclusive Communities Project Inc. is the first case to affirm disparate impact must be considered in determining violations to the 1968 Federal Fair Housing Act. On June 25, 2015, the U.S. Supreme Court, in a 5-4 decision written by Justice Kennedy, upheld the disparate impact doctrine under the Fair Housing Act. This precedent-setting opinion affirmed both 40 years of legal jurisprudence and the decisions of 11 U.S. appellate courts in holding that disparate impact is cognizable under the Fair Housing Act.

The Court acknowledges the Fair Housing Act's continuing role in moving the Nation toward a more integrated society. The Court affirmed that disparate impact is an important protection for all of us. This also affirms that those protected under the 1968 Fair Housing Act, individuals and families, and their right to housing, cannot be restricted because they have children, women who experience domestic violence cannot suffer eviction just because they suffered abuse, or their previous address is a shelter. It also affirmed that communities of color can live with the security of knowing that predatory lending practices that dumped millions of subprime loans into their neighborhoods will not be allowed. Neighborhoods still trying to recover from the financial crisis, or neighborhood decline caused by concentrated poverty, race and ethnicity can have hope because disparate impact is an important tool in addressing unfair practices that contribute to economic and wealth disparities. The courts affirmed that where we live makes a difference in housing affordability and quality of life, but our zip code should not define us. The case centered on low-income tax credit selection criteria in Texas and unintended impacts on residents.

Walker v. HUD represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for ensuring the

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

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

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

- (a) approximately 9,900 new assisted units have been made available to **Walker** class members.
- (b) Approximately \$22 million was made available for the creation of housing opportunities in White areas of the Dallas metroplex.

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

(d) Hope VI funding for 950 units was provided by HUD in the West Dallas project.

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

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

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

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

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

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

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

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

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

In 2009, a landmark housing discrimination case was settled between the Connecticut Fair Housing Center and the New Horizons Village Apartments. In this case, the State of

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

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

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

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

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

In 2003, a settlement was ordered by the District Court in New Jersey for the owner of the internet website, www.sublet.com, who was found guilty of publishing discriminatory rental advertisements which is prohibited by the Fair Housing Act. It was the first of its kind to be brought by the Justice Department. It was thought to be imperative that the federal laws that prohibit discriminatory advertising should be enforced with the same vigor about internet advertising as it would for print and broadcast media. The court ordered the site to establish a \$10,000 victim fund to compensate individuals injured by

the discrimination. They were also ordered to pay a civil penalty of \$5,000, adopt a non-discrimination policy to be published on the website, and require all employees to undergo training on the new practices.

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

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

In 2007, the 9th Circuit Court of Appeals gave a decision in support of Fair Housing Council of San Fernando Valley that Roommates.com has violated the fair housing laws by matching roommates by gender, sexual orientation, and parenthood. By asking prospective roommates to put in their status on these criteria and allowing prospective roommates to judge them on that basis is a violation of Fair Housing Act. In 2005, the National Association for the Advancement of Colored People (NAACP), The National Association of Home Builders (NAHB), and the Home Builders Association (HBA) of Greater Austin, filed a federal lawsuit against the County of Kyle, Texas. The plaintiffs contended that ordinances passed by the Kyle County Council, imposing requirements such as all-masonry construction, expanded home size, and expanded garage size, drive

up the cost of starter homes by over \$38,000 per new unit. The allegation is that this increase has a disproportionate impact on minorities and this effect violates the Fair Housing Act. The County of Kyle filed a motion to dismiss, asserting that both NAACP and NAHB lack standing. The federal district court recognized the plaintiff's standing in 2006. Thereafter, the cities of Manor, Round Rock, Pflugerville, and Jonestown, all moved to join the litigation on the grounds that they each have ordinances like the one being challenged in Kyle and that any positive decision in this case would allow NAHB and NAACP to sue them at some later date. In May the court decided that the cities could participate as friends of the court but may not join in the litigation otherwise. This case was not resolved until 2011.

Homelessness and the Fair Housing Act

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

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

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

Unfair Lending Practices

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

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

3.2. Enforcement

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

The Department of Housing and Urban Development (HUD) enforce provisions under a local, state and federal fair housing laws which prohibit discrimination in the buying, selling, rental or enjoyment of housing because of race, color, national origin, religion, sex, disability or familial status.

The Regional HUD Office in Fort Worth conducts investigations of fair housing complaints that are reported directly to their office. Arkansas is part of HUD's Region IV that includes Arkansas, Louisiana, Oklahoma, New Mexico, and Texas. When HUD Regional Office investigates complaints of discrimination, an investigator spends time in the city, on-site, interviewing the complainant, respondents, and witnesses, reviewing records and documentation, while observing the environment. A detailed discussion of the complaints filled with HUD follows in Section 2.5.

When a complaint is filed with any of the jurisdictions, HUD is notified of the complaint. HUD will notify the violator of the complaint and permit all parties involved an opportunity to submit an answer. HUD will conduct investigations of the complaint to determine whether there is reasonable cause to believe the Federal Fair Housing Act has been violated. The complainant is then notified. A detailed discussion of the complaints filed with HUD follows in Section 2.5. A case is typically heard in an Administrative Hearing unless one party wants the case to be heard in the Federal District Court.

Education and Outreach

The City of Texarkana makes referrals to HUD for enforcement. HUD is responsible for fair housing enforcement of provisions under the Federal Fair Housing Act in Texarkana. The City of Texarkana provide outreach and education to the public, landlords and

tenants, housing and financial providers, as well as citizens, concerning fair housing. It is important that potential victims and violators of housing and/or lending discrimination law be aware of fair housing issues, know what may constitute a violation, and what they can do in the event they believe they have been discriminated against. Likewise, it is important for lenders, housing providers, and their agents to know their responsibilities and when they may be violating fair housing law.

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

3.3. Production and Availability of Affordable Units

An assessment of characteristics affecting housing production, availability, and affordability in Texarkana was conducted, including the adequacy and effectiveness of housing and housing related programs designed, implemented, and operated by the City of Texarkana and the Texarkana Housing Authority. The assessment included assessment of THA's Section 8 Voucher Programs and City formula entitlement funding from HUD. The assessment evaluated the programs' ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need. We also assessed the extent to which the programs administered by THA, and the City

of Texarkana are currently utilized to address impediments identified in their previous AI. Our analysis for this section is also based on the Texarkana Housing Authority Administrative Plan and Annual Contributions Contract (ACC) and Section 8 Management and Assistance Plans and a review of the City of Texarkana's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation provided by the city and housing authority.

3.4. Regulatory and Public Policy Review

The City of Texarkana has not enacted substantially equivalent fair housing law. Having a fair ordinance, especially one that is substantially equivalent to the federal Fair Housing Act, exemplifies a jurisdiction's local commitment to enforcing fair housing regulations and it provides public awareness of individuals' rights under the Fair Housing Act. A substantially equivalent law also qualifies the local jurisdiction to apply for federal funding for enforcement. The City of Texarkana zoning ordinance, development code and public policies were examined to reveal any current ordinances or policies that impede fair housing choice. Texarkana's land development codes and zoning regulations address affordable housing and the provision of making allowances through the code to allow the construction of a variety of types of housing including single family and multifamily housing. The regulations provide for the consideration of variances to development barriers that affect the feasibility of producing housing within the jurisdictions.

3.5. Analysis of Fair Housing Complaints

Fair housing complaint information was received and reviewed from the Fort Worth FHEO Division of the Regional Office of the U.S. Department of HUD. HUD identified very few complaints filed according to the seven bases, including National Origin, Religion, Familial Status, Handicap, Sex, Disability, and Race-Color in Texarkana. The analysis reveals limited complaints of discrimination, limited knowledge of the federal fair housing acts, and limited public understanding of the reporting process for complaints or how and where to file a complaint. Substantiation of impacts based on complaints filed and investigated by the HUD FHEO Regional Office in Fort Worth, Texas in conclusive due to limited data.

3.6. Conclusions and Implications for Fair Housing Barriers and Impediments

Texarkana Housing Authority AFH related conclusions: An assessment of characteristics affecting housing production, availability, and affordability was conducted, including the adequacy and effectiveness of housing designed, implemented, and operated by the Texarkana Housing Authority. The assessment evaluated Public Housing and Section 8 Housing Voucher programs' ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need.

The AFH assessed the extent to which the THA is currently utilizing programs and funding to address impediments identified in this FY 2021 - 2022 AFH. The analysis also included review of THA programs, operating procedures, waiting list, tenant composition, and any regional impacts to fair housing. Formal review of these areas and recommendations, if any, are presented in Section 06 of this report. Analysis including review of the following:

- Housing Authority Programs, Policies, and Procedures Analysis
- Public Housing Application, Admission and Continued Occupancy Policies
- Public Housing Waiting List Policies and Procedures
- Public Housing Tenant Composition and Waiting List Requirements
- Regional Impediments Impacting THA

THA programs policies and procedures were reviewed and deemed consistent and in compliance with HUD requirements. There were no impediments identified in the review of THA programs, policies and procedures. However, the cost of new housing and replacement housing, including higher rental rates, fair market rents that are less than market rates, cost of land, existing development value verses property values, and development cost for replacement sites and housing are major impediments to developing more efficient affordable housing and de-concentration of race/ethnicity and poverty and lower income persons. Current market values for existing developments versus the land and development cost to build comparable new and substantially renovated replacement units is not feasible. The cost to modernize and

update the existing units are also difficult due to limited federal funding to subsidize cost for renovation being like the cost for building new replacement units on other sites.

City of Texarkana AFH related conclusions: The City of Texarkana provides referral of fair housing complaints to HUD for investigation and enforcement and is responsible for conducting public education, training and outreach of fair housing rights and remedies in Texarkana. The City of Texarkana has not enacted fair housing law that is substantially equivalent to the Federal Fair Housing Act. The lack of a federal substantially equivalent fair housing ordinance limits enforcement actions by the local jurisdiction and federal government. Impediments are also impacted by limited funding for fair housing education. The community engagement process reveals limited knowledge of the city and federal fair housing acts, the public's understanding of the reporting process for complaints, or how and where to file a complaint. Substantiation of complaints and investigated by the HUD FHEO Regional Office in Fort Worth, Texas is often difficult.

Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling, directed toward persons in the greater Texarkana area were reviewed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertiser included EHO statements and/or logos. Including these logos can be a means of educating the home seeking public that the property is available to all persons.

Analysis of the City of Texarkana's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation submitted by the City of Texarkana to HUD were also included. The City of Texarkana should continue to address impediments relative to limited fair housing education and outreach. The city zoning ordinance and public policies were examined to reveal any current ordinances or policies that impede fair housing. No concerns were noted as a result.

There were no impediments identified in the review of City of Texarkana Entitlement Grant programs, policies and procedures. However, the cost of new housing and replacement housing, including higher rental rates, fair market rents that are less than market rates, cost of land, existing development value verses property values, and development cost for replacement sites and housing are major impediments to developing more efficient affordable housing.

De-concentration of race/ethnicity and poverty and lower income persons in the city are also difficult to overcome. In this instance, “concentration” is not simply defined as the number and proximity of units, race and ethnicity, poverty, and LMI populations in a specified geographical area such as the census tract. The basis for R-ECAP designation also includes the extent to which these factors eliminate housing choice and restrict protected class members and LMI populations to areas disproportionately lacking the neighborhood quality enjoyed by others due to these factors. The MSA poverty rate was 23.5 percent. Three times the poverty rate is 70 percent, thus making any census track with a poverty rate over 40 percent the threshold for the RCAP/ECAP criteria for Texarkana. Map 2.8 in Section 2: Community Profile identifies census tract 206 as meeting the RCAP/ECAP criteria in Texarkana.

Public and federally subsidized - privately owned housing developments are also contributing to neighborhood decline with housing in need of repair and replacement of marginal and obsolete units. Some private real estate is also exhibiting this same decline. Based on limited reinvestment and current market values for existing developments versus the land and development cost to build new replacement units, the sale of existing units and development of comparable replacement units is not feasible in some cases without increased subsidies to support development and renovation cost and affordability. The cost to modernize and update existing units are difficult due to limited federal and private funding and the cost for renovation is sometimes equivalent to the cost of building new replacement units on other sites.

IV. Community Engagement

4.1. Introduction

The City of Texarkana follows its established citizen participation process to inform the public of available grant funding and programs to address community development, housing, and fair housing. Based on the Community Participation Plan, outreach included a focus group / public hearing via zoom on Thursday, April 26, 2022 at 6:00p.m. The public hearing was supplemented with consultation with public and private agencies to capture input as to impediments to fair housing and suspected violations of fair housing law. Targeted participants and persons included public and private agencies, citizens, neighborhood organizations, nonprofit housing, Texarkana Housing Authority, Continuum of Care, Board of Realtors, Chamber of Commerce, public and social service agencies, colleges and universities, elected and appointed officials. Public Forums and Stakeholder Public engagement sessions are routinely conducted as part of the Annual Plan and Consolidated Plan processes as well. The zoom meeting format included discussions of the communities' identification of barriers and impediments to fair housing. The City of Texarkana takes whatever actions are appropriate to encourage its citizens to participate in the development of the Assessment of Fair Housing, but participation is often limited. Focused outreach was also dedicated to non-profit agencies, minorities, persons with disabilities, low-to-moderate-income individuals and families, residents living in slum and blighted areas, and person living in low-moderate census tracts where CDBG funds are proposed to be used.

The analysis therefore utilized data generated during the research phase to supplement and document current impacts on fair housing and access to affordable housing. Conclusions and assessments that follow are therefore largely based on research due to limited public input.

4.2. Fair Housing Concerns and Impacts

Social-Economic Conditions – The supply of affordable housing is inadequate and the cost to purchase homes or to rent housing continues to soar beyond the range affordable to local area residents. Poverty and the number of persons lacking sufficient income for housing is on the rise, severely impacting housing choice for the lowest income households. Poverty and limited incomes are also having an adverse impact on the condition and quality of neighborhoods and single-family owner-occupied housing. The impacts of unemployment, lack of job opportunities and insufficient incomes to afford decent and affordable housing are contributing factors to housing and neighborhood decline.

Greater emphasis should be placed on financial assistance to acquire housing suitable to meet the needs of the changing demographics in the city and to address specific problems faced by residents and the working poor. Increased housing counseling-both pre-purchase and post purchase support is needed to help applicants qualify for mortgage financing and rental units and to remain current with mortgage payments and home maintenance needs. Increased funding is needed to provide rental assistance for rent, utilities, and security deposits necessary to initiate a lease. There is increasing need for utility assistance and other essential housing related support to help people remain in the housing they currently reside and avoid eviction and homelessness. Homebuyers are faced with increasing down payments and equity investments needed to buy a home post COVID – 19. Housing programs funded with CDBG resources, while successful, are experiencing problems with affordability due to housing related cost such as taxes and insurance. Solutions are needed to insure that as values increase among houses benefiting from grants and loans.

Public Policy and Public Awareness of Fair Housing - Public awareness of fair housing rights is a concern. The public has limited awareness of their rights under fair housing law. The number of fair housing complaints and violations reported to HUD and cases substantiated may be much lower than the number of violations

occurring. Residents fear retaliation by those who violate fair housing laws. For example, people are reluctant to report fair housing complaints for fear of retaliation by property owners or if they report violations such as housing code, city enforcement actions will result in higher rents or evictions actions by their landlord.

Access to Banking and Financial Institutions Products, and Basic Goods and Services - Predatory lending practices is a major issue. Predatory lenders are absorbing much of the market formerly controlled by FDIC insured banks and other reputable financial institutions and fast becoming lenders of choice in low income and minority concentrated areas. For example, predatory businesses provide individuals with loans backed by the title to their car or house at high interest rates. Lenders are quick to foreclose in the event the borrower misses a payment.

Others expressed concerns that lower income residents are paying higher prices due to a lack of access to healthy foods, basic goods and services. Neighborhood markets and grocery stores in neighborhoods are sometime limited to convenience stores charging exorbitant prices, taking advantage of persons with limited mobility or lack of access to public transportation.

Special Needs Housing - Greater funding is needed for the elderly to age in place, and to provide housing for others in need of special needs housing. Growth among elderly populations over the next decade will elevate this problem. Housing for the homeless and those persons at risk of becoming homeless remains a priority need to be addressed. Housing for the homeless, victims of domestic violence and others is particularly needed due to the limited supply of shelter, transitional and permanent housing and housing services in Texarkana.

Public Transportation and Mobility - Limited mobility and a lack of transportation is an impediment to housing choice. Concerns including identifying alternatives to limited public transportation offered in Texarkana. These limitations also included a concern for elderly and disabled persons in need of public transportation to access supportive services.

V. Home Mortgage Disclosure Act Analysis

Introduction

The Consumer Financial Protection Bureau (CFPB) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry. This data is made publicly available by the Federal Financial Institutions Examination Council (FFIEC). The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose. The FFIEC provides the Home Mortgage Disclosure Act (HMDA) databases through their website for download and analysis. Data were input into a spreadsheet for analysis. As of 2018, the CFPB has modified, expanded, and removed specific data points under the revised HMDA rule adopted in October 2015.

The data reported in this section are summarized by a variety of methods. Tables 5.1 and Tables 5.2 provide information for Texarkana Tables 5.3, and the charts present the data by census tract income groups. The maps, provided at the end of this section, present data according to census tracts for Texarkana.

5.1. Analysis

Table 5.1 examines home loan activities in Texarkana. The data is presented by loan type, ethnicity, income, and loan purpose. White applicants represented the most significant number of loan applicants at 1,430. Origination rates, the percentage of applications that result in loans being made, for Whites were 55 percent. The next largest applicant group, persons stated their race was not available, submitted 387 applications with an origination rate of 28 percent. Black or African American submitted 247 applications with an origination rate of 59 percent, followed by Hispanics with fifty-six applications submitted with an

origination rate of 70 percent. High-income applicants showed the highest number of applications at 595 and the highest origination rate, about 64 percent. Both the number of applications and the origination rates drop significantly for all other income groups, with 276 applications from low-income applicants and an origination rate of over 10 percent. Conventional loans account for the largest number of applications for loan type at 1,524 and an origination rate of 49 percent. Home Purchase loans show the highest number of applications for loan purposes, at 1,068 and the origination rate of over 47 percent. Home improvement loans had an origination rate of about 30 percent with forty-seven loan applications. Refinance loans had a 58 percent origination rate with 674 applications. The newly added loan purpose categories "Cash-out Refinance" and "Other Purpose" had about a 48 percent origination rate with 244 applications submitted and a 33 percent origination rate with forty-nine submitted applications.

Table 5.2 displays the HMDA data for the same data categories (Loan Type, Ethnicity, Income, and Loan Purpose). On this table, however, percentages are taken within the category, rather than demonstrating the percentage of applications that result in loan originations. For example, the percentage in the "% of Originations" column indicates that 72 percent of originations in the metro area were for conventional loans compared to 49 percent origination rate from Table 5.1. For comparison, race and ethnic percentages were included under the "% Pop." column to compare the percentage of originations by ethnic group to their percentage in the population.

Within the "Loan Type" category, "Conventional" shows the highest percentage, about 72 percent of all originations in that category. FHA loans, which are government-insured and have more stringent lending criteria, were about 16 percent of all originations. Referring to Table 5.1, the origination rates were about 50 percent for FHA versus approximately 49 percent for conventional.

For Race and Ethnicity, "Whites" shows the highest percentage of origination at 54 percent of the total originations in the city. The percentage of Whites in the population was over 54 percent. Black or African American applicants represented over 9 percent of originations, with more than 35 percent of the total population. Hispanic applicants accounted for about 3 percent of all originations while comprising less than 5 percent of the total population.

The highest income group (>120% median) displays the highest percentage of originations, at about 36 percent of all originations. In contrast, the very low-income group accounts for 11 percent of all originations.

Table 5.3 examines the HMDA data more closely with respect to the possibility of redlining within census tracts in Texarkana. Redlining relates to the avoidance of certain locations by mortgage lenders in response to undesirable characteristics of the area. The table also compares origination rates between minorities and White applicants for the various loan purposes and income groups. Denials are higher for minorities, especially very low income compared to Whites. For all loan purposes shown, White origination rates are higher than minorities.

Looking at the income group comparison, minorities origination rates are around five percentage points lower than Whites in the very low-income group and three percentage points lower in the low-income group. With Moderate Income applicants (81-95% MFI), White origination rates are lower than minorities by twelve percentage points. In the High-Income group (>120% MFI), White origination rates are 9 percentage points higher. Within each income group, Whites and minorities are not entering the loan markets with equal incomes.

Chart 5.1 provides data on origination rates by census tract income for the loan types: Conventional, FHA, and VA. All loan types had higher origination rates within the higher income groups of tracts. FHA and VA loans alternate between the first and second highest origination rates in all income groups of tracts with the

exception to middle and high-income groups which show Conventional and FHA loans have the highest origination rate.

Chart 5.2 shows origination rates by ethnicity and income of the census tract. Whites and Hispanics are among the higher origination rates of all races in all income groups of tracts.

Map 5.1 and maps 5.3 through 5.6 detail loan activity by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest green indicate those areas where over seven applications are denied for every application originated. The next category indicates those areas where between 29 and 45 applications are denied for everyone hundred applications originated. The lighter green areas show 19 to 29 applications denied for everyone hundred applications originated. The lightest green areas show less than 13 applications denied for everyone hundred applications originated.

Map 2.7 in the Community Profiles section shows the median household income for Texarkana by census tract. Comparing Map 5.1 and Map 2.7, the areas that had higher denial to origination ratio for all types of home loans coincide with areas with lower incomes. This indicates that lower-income census tracts had lower home loan origination rates.

Map 5.2 shows the percentages of total loan applications by census tract. Most active areas are shown in the darker colors and the least active areas in lighter colors. The lighter areas are meant to indicate areas of concern, either for lack of loan activity or for their low rate of application originations in relation to denials.

5.2. Conclusions

In Texarkana, the highest success in loan originations by loan type was in the VA loans, and the least success was in USDA loans. Overall, the origination rates

among Whites were higher than minorities in a home purchase, home improvement, and refinance loans.

Home Purchase loans were the most frequent loan purpose in the city. Loan applications and originations were less when compared to their percentage in population for Black or African Americans in the city. The analysis reveals two issues, lower origination rates from minorities and the disproportionate loan denials rates between Whites and minority populations. One explanation for lower loan originations among minorities could be a lack of credit history, poor credit history, or higher debt-to-income ratio. During 2020, most loan denials for all applicants were related to the applicants' credit history.

While our analysis does not provide conclusive evidence of redlining, the data tend to suggest that characteristics of redlining may exist and therefore impacting lending decisions and higher denial rates in some of the very low-income census tracts in Texarkana. While it is expected that very-low-income applicants would not have a very high success rate in their loan applications, within the very low-income census tracts, even high-income applicants showed a poor success rate. Due to a very low number of applications in the lower-income census tracts, any conclusive determination of redlining is impossible for the city.

The higher denial rates for lower-income groups, coupled with the possibility that characteristics of redlining may be adversely impacting originations in lower-income concentrated census tracts, are indicative of impediments to fair housing. Overall, lending activity has decreased in recent years due to economic slowdown and issues relative to the mortgage industry nationwide. However, the outlook for lending in this community remains positive since lower interest rates still exist for borrowers to buy housing or refinance existing higher-interest loans.

Table 5.1
Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Originations Within Categories
Texarkana 2020

Loan Type:	Number of Apps	Loans Originated	Origination %
Conventional	1,524	745	49%
FHA	342	170	50%
VA	228	118	52%
USDA	19	7	37%
Total	2,113	1,040	49%
Loan Purpose			
Home purchase	1,068	504	47%
Home improvement	47	14	30%
Other purpose	49	16	33%
Not Applicable	31	0	0%
Refinancing	674	388	58%
Cash-Out Refinancing	244	118	48%
Total	2,113	1,040	49%
Race			
Two or more minority races	3	1	33%
American Indian or Alaska Native	8	3	38%
Asian	4	2	50%
Black or African American	247	125	51%
Joint	34	20	59%
Native Hawaiian or Other Pacific Islander	0	0	n/a
Race Not Available	387	108	28%
White	1,430	781	55%
Ethnicity			
Ethnicity Not Available	446	117	26%
Hispanic or Latino	56	39	70%
Joint	23	8	35%
Not Hispanic or Latino	1,587	876	55%
Income			
<51% median (very low)	276	110	40%
51-80% median (low)	410	226	55%
81-95% median (moderate)	196	114	58%
96-120% median (middle)	266	148	56%
>120% median (high)	595	378	64%
N/A	370	142	38%

Table 5.1: Source: Home Mortgage Disclosure Act (HMDA)

TABLE 5.2
Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Originations Within Categories Texarkana 2020

Loan Type:	Number of Apps	Loans Originated	Origination %	% Of Originations	
Conventional	1,524	745	49%	72%	
FHA	342	170	50%	16%	
VA	228	118	52%	11%	
USDA	19	7	37%	1%	
Total	2,113	1,040	49%	100%	
Loan Purpose					
Home purchase	1,068	504	47%	48%	
Home improvement	47	14	30%	1%	
Other purpose	49	16	33%	2%	
Not Applicable	31	0	0%	0%	
Refinancing	674	388	58%	37%	
Cash-Out Refinancing	244	118	48%	11%	
Total	2,113	1,040	49%	100%	
Race					
					% Of Population
Two or more minority races	3	1	33%	0%	2.1%
American Indian or Alaska Native	8	3	38%	0%	1.1%
Asian	4	2	50%	0%	0.1%
Black or African American	247	125	51%	12%	35.0%
Joint	34	20	59%	2%	-
Native Hawaiian or Other Pacific Islander	0	0	#DIV/0!	0%	0.1%
Race Not Available	387	108	28%	10%	-
White	1,430	781	55%	75%	54.0%
Ethnicity					
Ethnicity Not Available	446	117	26%	11%	
Hispanic or Latino	56	39	70%	4%	4.6%
Joint	23	8	35%	1%	
Not Hispanic or Latino	1,587	876	55%	84%	95.4%
Income					
<51% median (very low)	276	110	40%	11%	
51-80% median (low)	410	226	55%	22%	
81-95% median (moderate)	196	114	58%	11%	
96-120% median (middle)	266	148	56%	14%	
>120% median (high)	595	378	64%	36%	
N/A	370	142	38%	14%	

Table 5.2: Source: Home Mortgage Disclosure Act (HMDA)

Table 5.3
Analysis of Home Mortgage Disclosure Act Data
HMDA Activity for – Texarkana
Minority Origination Compared to White

Minority				
Income	Loans Originated	Origination %	Loans Denied	Loan Denial %
<51% median (very low)	27	34%	26	33%
51-80% median (low)	64	51%	25	20%
81-95% median (moderate)	35	64%	8	15%
96-120% median (middle)	32	55%	15	26%
>120% median (high)	65	54%	19	16%
White				
Income				
<51% median (very low)	77	39%	79	40%
51-80% median (low)	153	54%	60	21%
81-95% median (moderate)	73	52%	26	18%
96-120% median (middle)	112	54%	37	18%
>120% median (high)	301	63%	52	11%
N/A	65	52%	27	22%

Table 5.3: Source: Home Mortgage Disclosure Act (HMDA)

Chart 5.1: Origination Rates by Loan Types by Income of Census Tracts

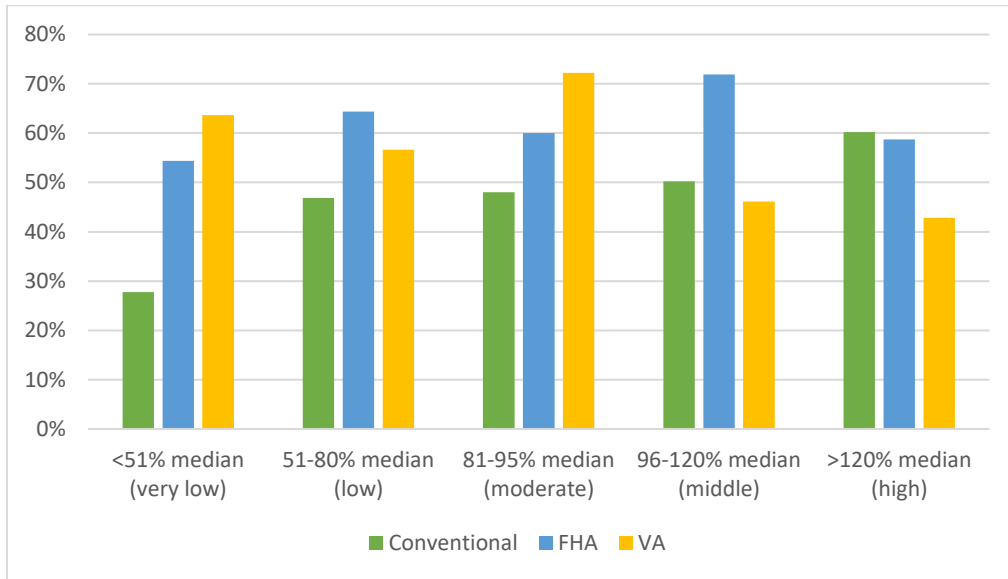


Chart 5.1: Source: Home Mortgage Disclosure Act (HMDA)

Chart 5.2: Origination Rates by Ethnicity by Income of Census Tracts

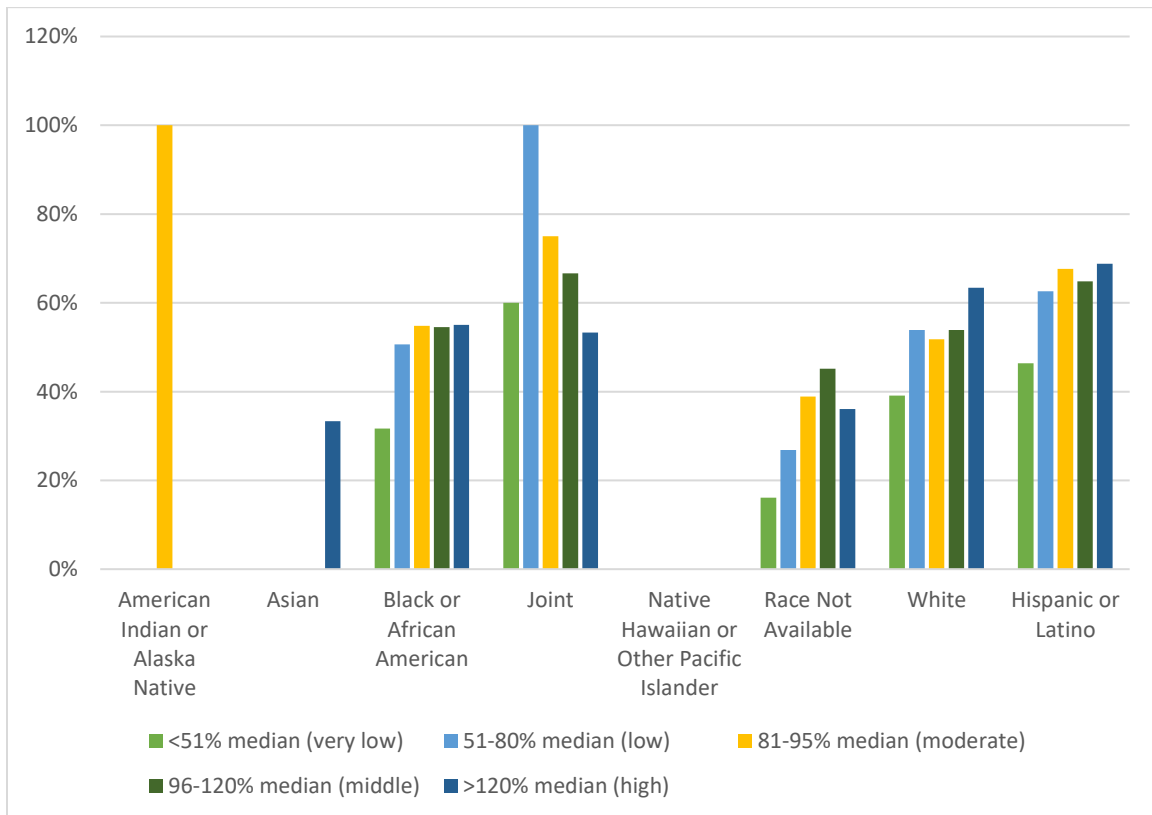
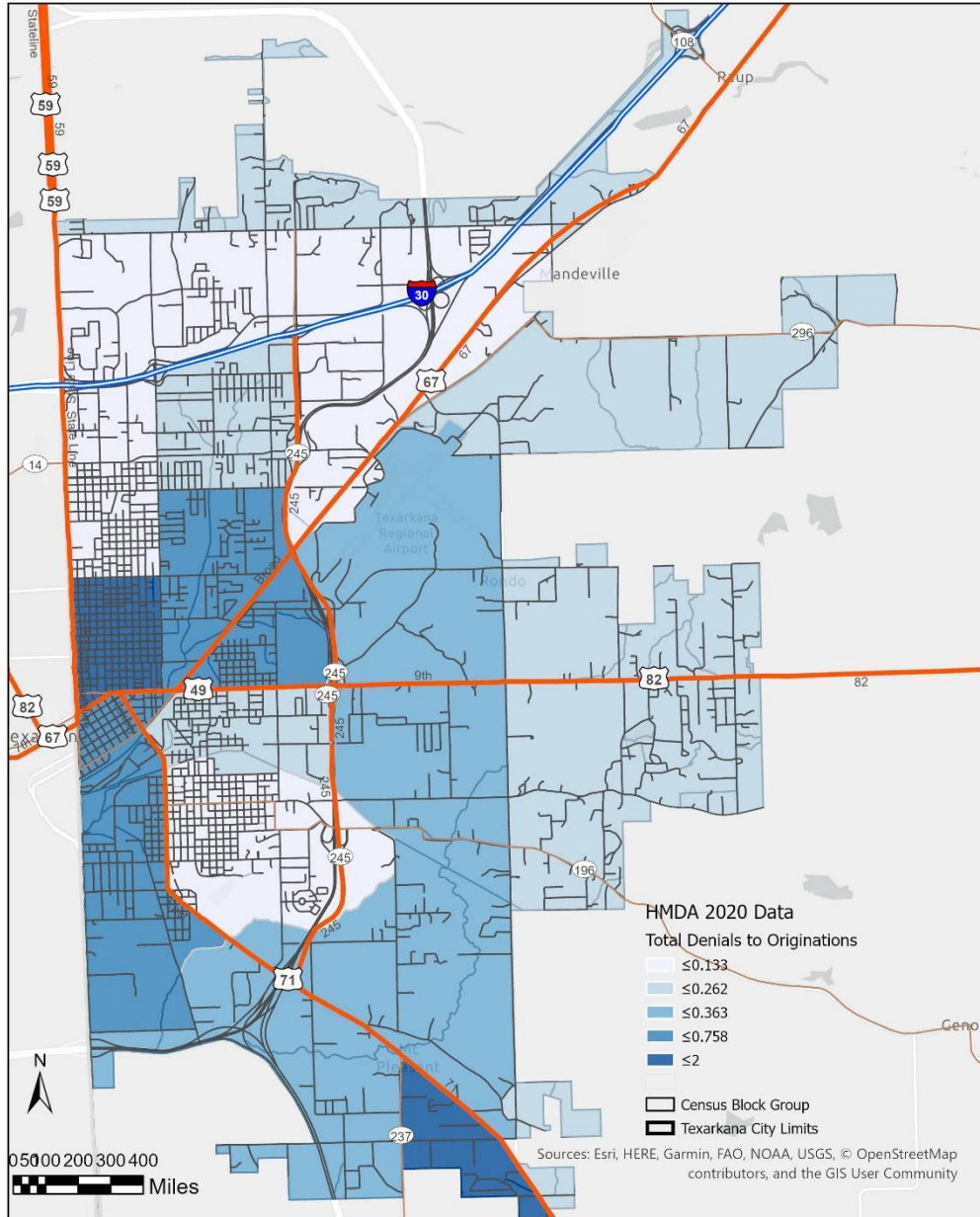


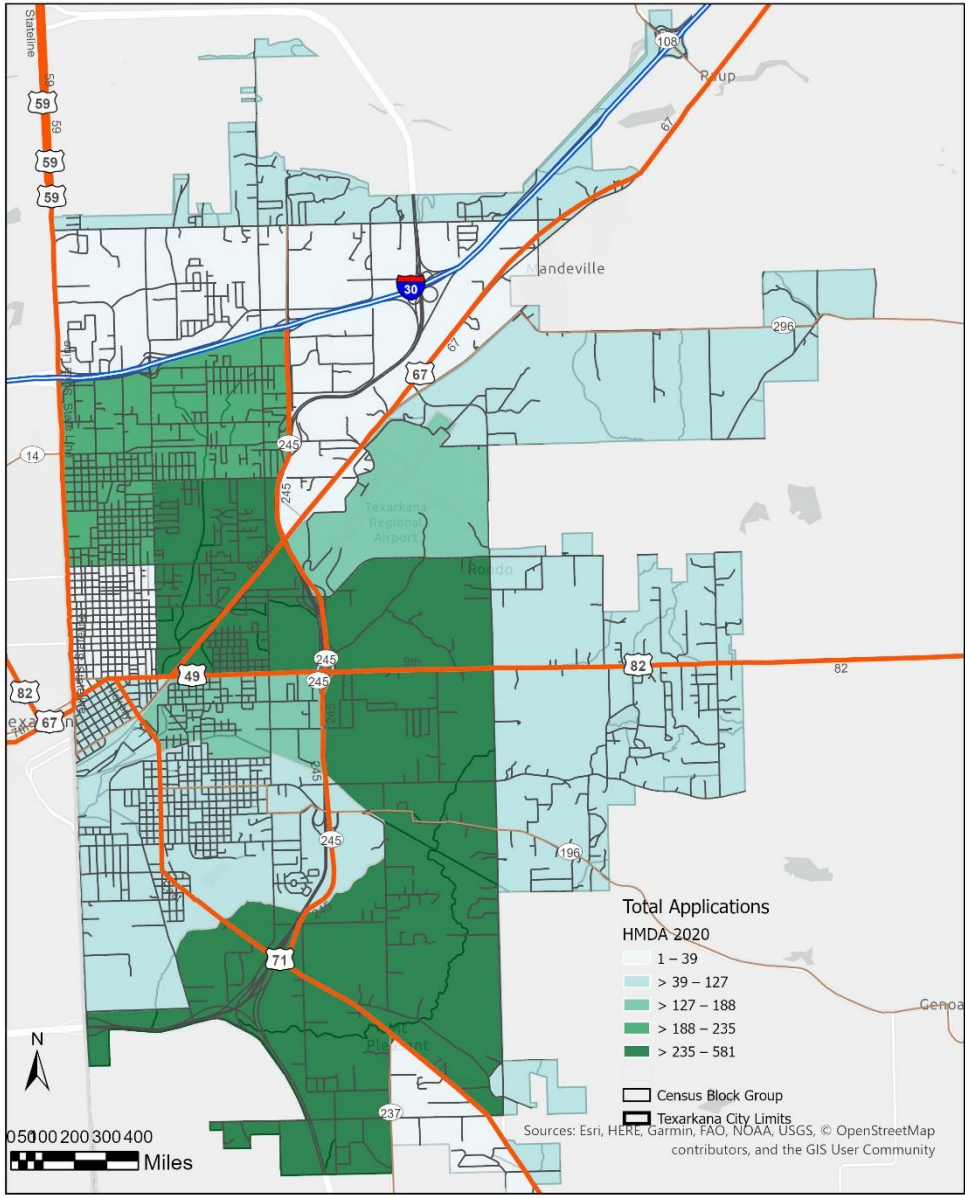
Chart 5.2: Source: Home Mortgage Disclosure Act (HMDA)

Map 5.1 Total Ratio Denials to Originations



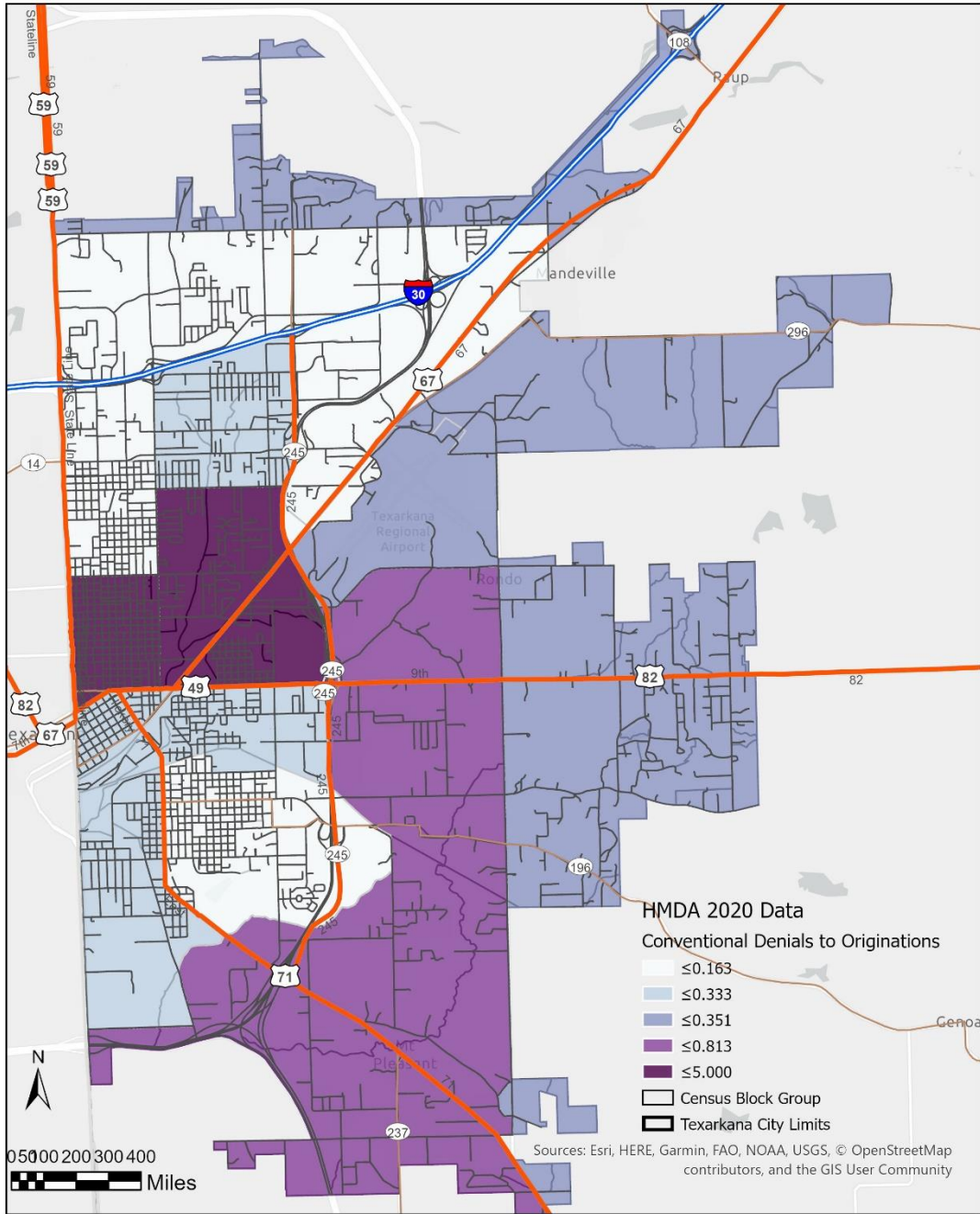
Map 5.1: Source: Home Mortgage Disclosure Act (HMDA)

Map 5.2 Total Applications



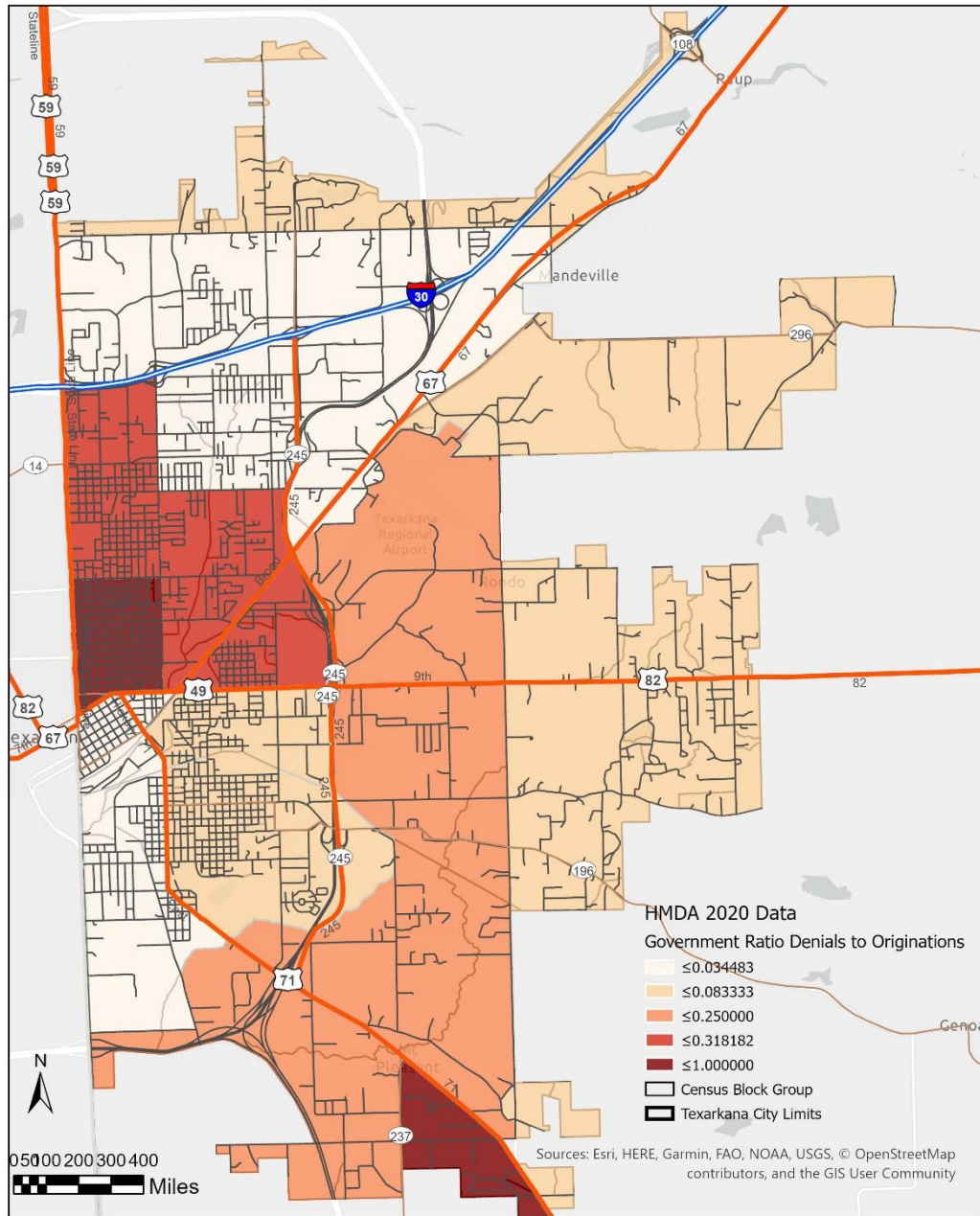
Map 5.2: Source: Home Mortgage Disclosure Act (HMDA)

Map 5.3 Conventional Denials to Originations



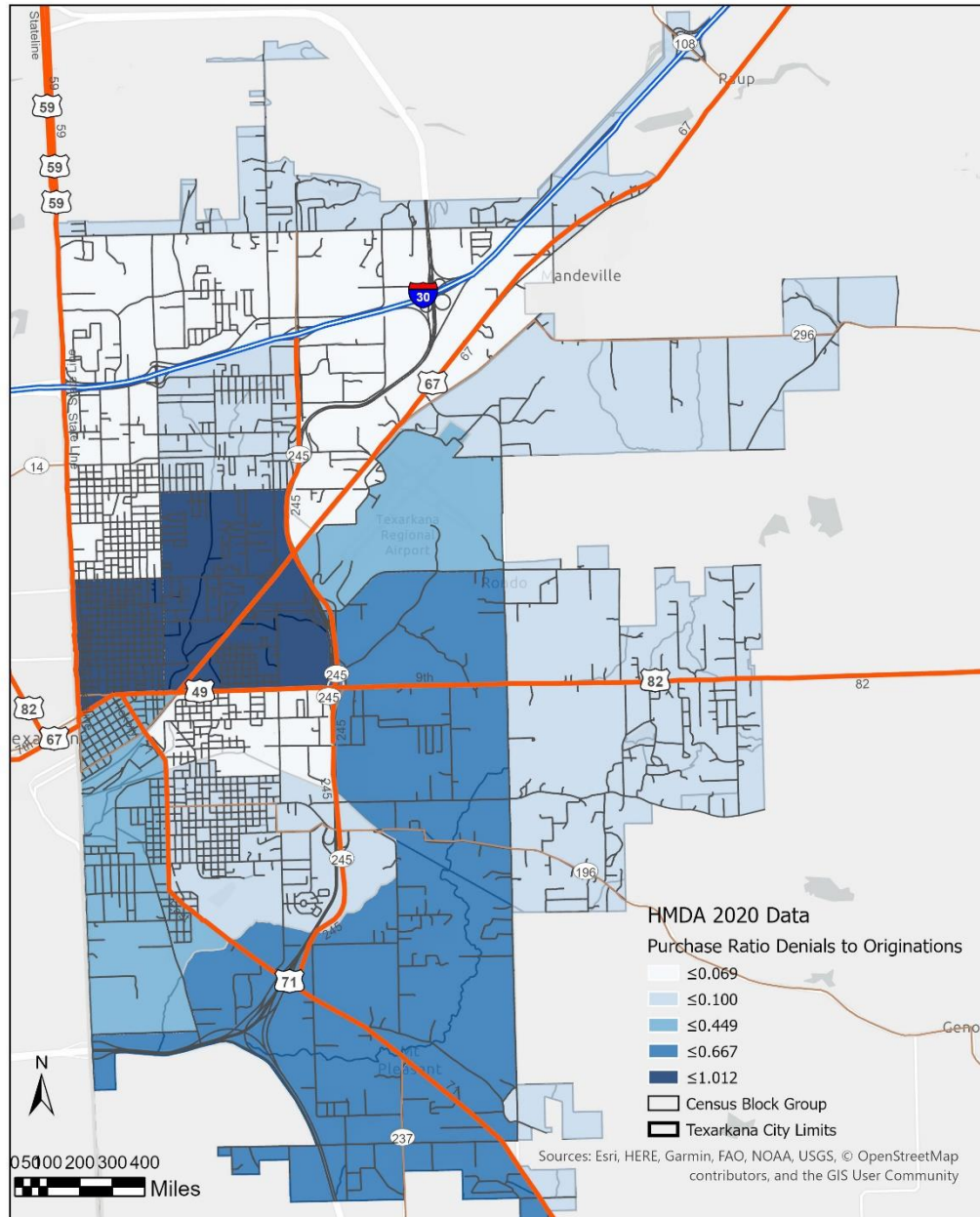
Map 5.3: Source: Home Mortgage Disclosure Act (HMDA)

Map 5.4 Government Ratio Denials to Originations



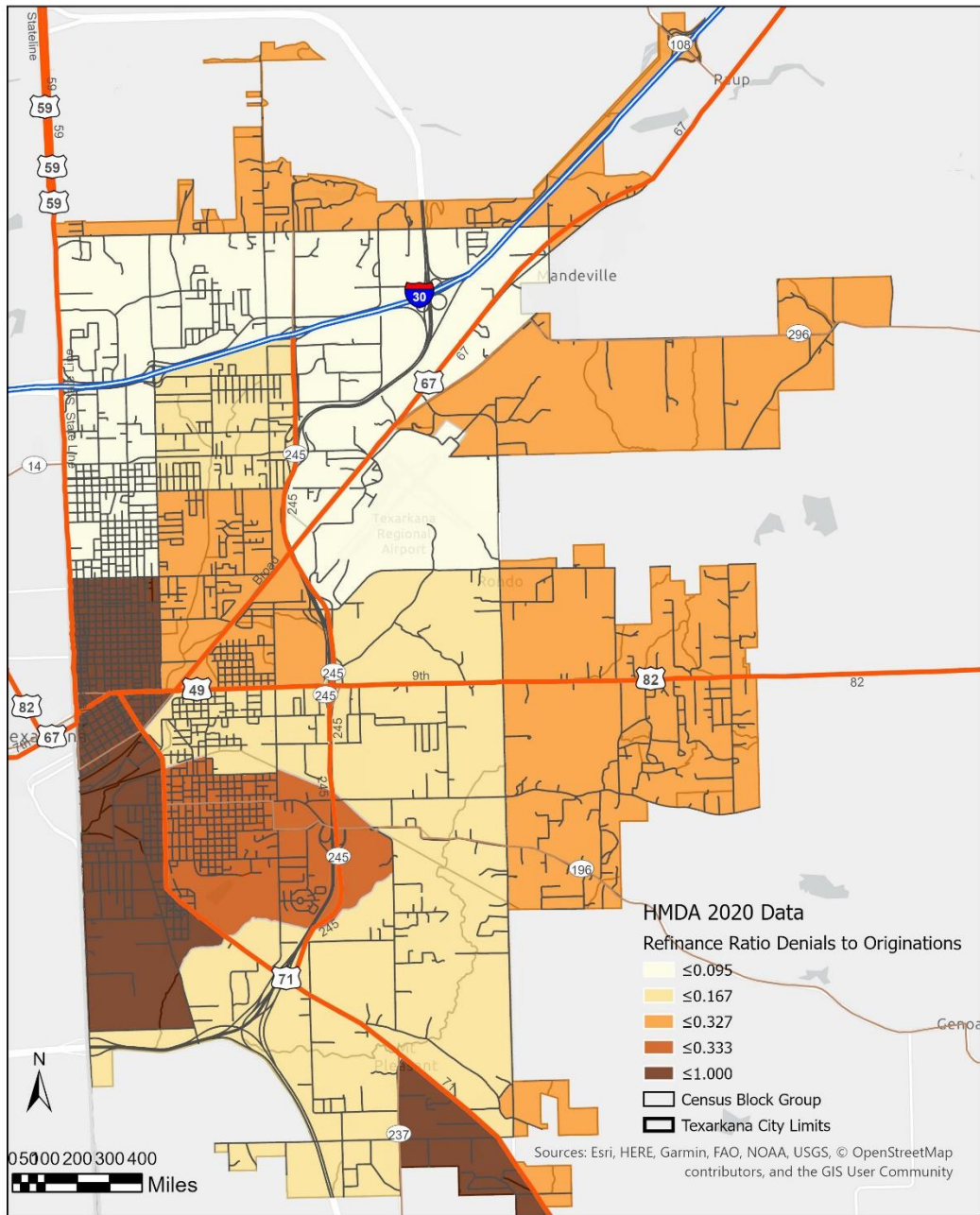
Map 5.4: Source: Home Mortgage Disclosure Act (HMDA)

Map 5.5 Purchase Ratio Denials to Originations



Map 5.5: Source: Home Mortgage Disclosure Act (HMDA)

Map 5.6 Refinance Ratio Denials to Originations



Map 5.6: Source: Home Mortgage Disclosure Act (HMDA)

VI. Fair Housing Impediments

Assessment of Fair Housing 2022

Assessment of Fair Housing May 2022

Impediments to fair housing choice are detailed in Section VI of the Assessment of Fair Housing report. The impediments identified draw on information collected and analyzed in other sections and provide a context for remedial actions intended to address those impediments. Impediments are divided into five major categories, Impediments to Fair Housing include: Real Estate Impediments; Public Policy Impediments; Neighborhood Conditions as Impediments; Banking, Finance, and Insurance Related Impediments; and Socioeconomic Impediments. For each impediment identified, issues and impacts are detailed in the report. Section Six includes remedial actions when appropriate, to address each impediment. Remedial actions may be conceptual frameworks for addressing the impediments. Conceptual actions and goals may require further research, analysis, and program design by the city prior to implementation.

Goals and Remedial Activities designed to address impediments

The major focus of the recommended remedial actions and goals are to create public - private partnerships, identify new federal, state, and local resources and leverage private funding to enhance the City of Texarkana's ability to increase the supply of affordable housing. Additional focus is on policies and programs that assist in meeting the needs of low- and moderate-income households and protected class members under the Fair Housing Act. Remedial actions are intended to reverse disparate impacts of market conditions and mortgage lending trends that adversely and disproportionately impact minorities and members of the protected classes under the federal Fair Housing Act. These include sub-prime lending, credit and collateral deficiencies that impact loan origination rates, poverty, unemployment and income. Goals developed with input from the public, and remedial actions are in Section VI of the report.

The following component of Section VI describes the identified impediments, analysis of data relative to identified impediments, remedial actions needed, and goals for addressing identified impediments to fair housing. The following impediments and impacts relative to fair housing are high priorities.

Impediments

- ✚ Decreasing Concentrated Poverty, Income, Race, Ethnicity, Public and Assisted Housing (R-ECAP) Areas – High Priority
- ✚ Limited Development Subsidies and increasing Cost of Development – High Priority
- ✚ Housing Affordability, Insufficient Income, Cost Burden – High Priority
- ✚ Limited Housing Resources to assist lower income, elderly, and disabled homeowners maintain homes and enhance neighborhood stability – High Priority
- ✚ Expand the supply of Affordable Housing, Housing Choices and Access to Financing – High Priority
- ✚ Limited Special Needs housing and services – High Priority
- ✚ Increase Homeownership among protected Class Members, Increase Rehabilitation of existing housing, and sustainability – High Priority
- ✚ Increase Outreach to Developers, Real Estate Professionals, Landlords, and Citizens on Fair Housing and Development Opportunities – High Priority
- ✚ Improve Transportation and Mobility for LMI Populations, Seniors, and Disabled Persons – High Priority

Impediment No. 1: De-concentration of Poverty, Race/Ethnicity, Public and Assisted Housing (R-ECAP) - Neighborhood Conditions Impediment

High Priority – The U. S. Department of HUD has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation” as areas or census tracts within the city comprised of 50% or greater minority population, and three (3) times or more the poverty level of the Metropolitan Statistical Area (MSA). A lack of basic amenities, neighborhood improvements, poorly maintained privately owned and rental housing, concentrated public and assisted housing, have reduced the quality of life expected and desired for areas within the MSA. It is important to note that concentrated assisted housing units are not simply related to the number of housing units in a census tract and their proximity to other assisted units. Concentrations limit housing choices and limited geographical affordability that contribute to concentration of racial/ethnic populations, poverty, LMI population. These concentrations result in disinvestment, decline in neighborhood conditions, a disproportion of government subsidized affordable housing compared to privately owned affordable housing and market rate housing in census tracts. Map 2.8 on page 24 of Section II: Community Profile depicts the census tracts with high concentrations of poverty and minorities meeting the RCAP/ECAP criteria for Texarkana. The MSA poverty rate was 23.5 percent. Three times the poverty rate is 70 percent, thus making any census track with a poverty rate over 40 percent the threshold for the RCAP/ECAP criteria for Texarkana. The map on 2.8 identifies census tract 206 as meeting the RCAP/ECAP criteria in Texarkana.

R-ECAP areas have suffered decline over the past decades due to limited reinvestment. These areas have limited housing choice in rental and ownership housing. In most R-ECAP areas, there are limited resources to assist LMI renters and to assist LMI, elderly, and disabled homeowners maintain their homes and stability in neighborhoods. In R-ECAP areas, the housing stock can be in fair to good condition, but currently in the early stage of decline. In addition to the early decline in R-ECAP areas, other neighborhoods are in transition, showing advanced characteristic of declining conditions and likely to continue to decline if reinvestment, routine and preventive maintenance does not occur in a timely manner.

Housing stock 30 years and older have a longer period for the effects of deferred routine maintenance and disinvestment to negatively impact housing condition. While age does not always indicate diminished housing condition, correlations exist. Higher income areas with older but higher priced housing tend to have less correlation between age of housing and condition of housing than lower income areas. Neighborhood covenants and homeowner association regulations, which are associated with higher cost housing, also contribute to stability. The reverse occurs in housing, neighborhoods, and commercial corridors conditions that demonstrate the impact of disinvestment more than others. This supports the correlation between disinvestment, concentrated poverty, race, ethnicity, and assisted housing and areas of decline.

The goal of de-concentration is to achieve minority concentrations and poverty level less than defined as R-ECAP and to transform areas of concentration into “opportunity areas.” Opportunity areas offer access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation.

Alternative Solutions and Best Practices

Inclusionary / Incentivized zoning regulation (example) Charleston SC
(example) Charleston, SC MU - 2 District

LIHTC Regulation - changes supporting de-concentration including Section 8
Voucher increased FMR's and Landlord Incentives

Remedial Actions:

The City of Texarkana should consider **Inclusionary Zoning – Incentivized Zoning** as a source of funding for affordable housing and to reduce concentrations in R-ECAP impacted areas. Inclusionary Zoning (IZ) refers to a set of strategies that aim to create balanced housing development and mixed-income communities by ensuring that some portion of new housing development is affordable. This strategy may be appropriate to encourage a mix of incomes in the City of Texarkana where development may create

neighborhoods of homogenous home prices and residents of similar incomes. Mixed-income communities broaden access to services and jobs, as well as provide openings through which lower-wage earning families can buy homes in appreciating housing markets and accumulate wealth. Inclusionary Zoning policies can be voluntary or mandatory.

Low Income Tax Credit Policies and Regulations (LIHTC) – Currently there are concentrations of federally assisted housing and LIHTC developments in areas/census tracts where minority populations, poverty, lower incomes, and poor housing conditions exist as defined by HUD’s definition of concentrated Racial and Ethnic, Poverty and Low Income as R-ECAP. The fair market rents approved for the Section 8 Housing Choice Voucher Program, while in theory intended to support housing choice, are resulting in voucher holders being concentration in these same areas. The areas surrounding the federally assisted housing developments are concentrated areas based on race-ethnicity and lower income persons and exhibit advanced signs of disinvestment and poor housing and living conditions. The need for de-concentration makes revitalization essential to reversing these conditions, a high priority. Recommendations include the City of Texarkana taking the following actions:

- Lobby the Arkansas Legislature to amend LIHTC Funding Criteria to include a Location Criteria Policy that incentivizes developers’ applications that do not choose poverty and racial/ethnic concentrated census tracts to help reduce concentrated poverty, race and ethnicity

Impediment No. 2: Limited development subsidies, increasing cost of development, expanded housing types and locations - Neighborhood Condition, Banking and Finance, and Public Policy Impediment

High Priority – Resources to support expanding housing development and housing types in RCAP areas. The city must identify additional resources to reduce cost of development and address impediment which constrain new housing production and housing choice. In the central city, land available for affordable housing is further complicated by the number of vacant privately owned and tax foreclosure or adjudicated properties that cannot be

utilized for development due to various legal constraints and tax encumbrances. As a result, new residential production on infill lots are challenging and costly.

Renovations are not cost effective in some instances when developing and renovating affordable housing. Construction cost, which includes materials and labor, have increased due to market demand and natural disasters. Renovation constraints for existing multifamily development include cost benefit of renovation as opposed to replacement cost.

The Consolidated Plan, Needs Assessment and Market Analysis provided data supporting the existence of impediments and identified resources in the 1-year Annual Plan (AP) and 5-year Plan (SP) intended to address impacts relative to Impediment No. 2.

Impediments

- ✚ Expanded resources for housing development
- ✚ Expanded resources for housing assistance – rental and ownership
- ✚ Nonprofit housing developer assistance and incentives
- ✚ Recapture of vacant lots and obsolete building
- ✚ Infrastructure improvements to support housing development
- ✚ Developer incentives to build the type of housing needed

Alternative Solutions and Best Practices

General Obligation Bonds to finance housing and infrastructure
(example) Charleston, SC

New Market Tax Credits to generate subsidies for housing
(example) Houston, TX BBVA Compass Stadium

Impediment No. 3: Housing affordability and insufficient income, and cost burden - Neighborhood Condition, Banking and Finance, and Public Policy Impediment

High Priority - Households having inadequate income to acquire housing available in the market may be the most critical impediment faced by households in Texarkana. Cost burden is a major concern as the 2016 - 2020 ACS estimates revealed a significant percentage of the population at all income levels are paying more than 30 percent of their income for rent and home ownership. HUD defines affordability and housing cost burden as housing cost not exceeding 30 percent of household monthly income.

The report details the following impediments and impacts relative to Impediment No. 3.

Impediments

- ✚ Limited resources for housing assistance – rental and ownership
- ✚ Limited assistance and incentives for nonprofit housing developer
- ✚ Expanded funding for infrastructure improvements to support housing development and rehabilitation
- ✚ Need for expanded self-help, community and faith based and institution initiatives
- ✚ Housing assistance for cost burden persons for all populations, and disparate impact on protected class members
- ✚ Continue to expand job opportunities and industries paying living wages

Alternative Solutions and Best Practices

- Increased self-help initiatives - fix-up, "paint-up," or "clean-up" campaigns, corporate and volunteer repair projects, youth build, compliance store (example) Dallas, TX
- High school and community college financial literacy courses (example) Prince Williams County, Virginia

- Lease purchase subdivisions – Lease purchase housing finance (example) Shreveport, LA Shepard Place and Stoner Hill

Remedial Actions:

Financial Literacy - The first considerations when attempting to increase homeownership rates should include improving the financial literacy and home buying preparedness of potential buyers. Banks and credit agencies collaborate with buyers to educate them on home ownership responsibilities. Homebuyer education classes are a pre-requisite for homebuyer assistance programs providing down payment assistance. The 18 to 35-year-old demographic are most impacted by financial literacy. An early start in managing personal finances can prepare individuals for those major purchases. The City should consider collaborations with local school districts to increase courses that provide financial literacy education for high school juniors and seniors. This includes joint ventures with local lending institutions and real estate professionals to assist in curriculum development and to provide instructors for the classes. The city may consider participation with school districts to identify funding for pilot programs.

Opportunity Zones - The Federal Opportunity Zone Program is a community and economic development tool that aims to drive long-term private investment into low-income communities throughout the country. Legislation enacted by Congress in the Tax Cuts and Jobs Act of 2017 defines the program. It encourages investors with recently realized capital gains to invest in local businesses, real estate, or development projects in exchange for a reduction in their tax obligations. The legislation authorizes Opportunity Zones to be designated by the governor of each state. The program incentivizes investors to make equity investments in Opportunity Zone-based businesses and development projects by providing:

- A temporary tax deferral for any realized, but not recognized, capital gains reinvested through the program
- The potential for a 10% to 15% reduction in the amount of tax otherwise payable on the Original Gain

- If the investment in the Opportunity Zone is effective for ten years or more, a permanent exclusion of any capital gains derived from the eventual sale or exchange of the Opportunity Zone investment

The Opportunity Zones could provide a source of equity for housing and economic development initiatives like tax credit equity generated by LIHTC. This is important because Texarkana's older residential and commercial, and a shift toward diversification of mixed income and mixed housing types, will require unrestricted equity that does not require the concentration of person of low-moderated income in current R-ECAP Areas. It is essential that Texarkana develop alternative approaches for utilizing the Opportunity Zone designation to generate reinvestment dollars for neighborhoods suffering decline and areas such as downtown that appear most marketable to younger demographics and those seeking more affordable housing.

Impediment No. 4: Limited Housing Resources to assist lower income, elderly, and disabled homeowners maintain homes and enhance neighborhood stability - Neighborhood Condition, Socio-Economic Conditions, Public Policy Impediments.

High Priority – In general, limitations relative to fair housing choice affect housing decisions among low-income persons and special needs populations. Lower income, poverty and limited resources to make housing affordable for LMI, minority, and senior populations are impacting fair housing choice. Overall, the income distribution data show a higher proportion of low-income households within the African American and Hispanic communities. The analysis details the following impediments and impacts relative to Impediment No. 4.

Impediments

- ✚ Senior housing needs
- ✚ Younger demographics housing needs
- ✚ Affordable housing needs
- ✚ Employer and faith-based housing development assistance

- ✚ Green building and energy efficiency
- ✚ Special needs housing, homelessness, homeless prevention, and transitional housing

Alternative Solutions and Best Practices

- Cottage – Cluster Housing for Seniors
(example) Tigard, OR Cottage Housing Zoning District
(example) Old West Austin Cottage Housing
- Grand Parent Housing
(example) Kansas City, MO Pemberton Park
- Employer Assisted Housing
(example) Columbus, GA Aflac EAH
- Tiny Homes Subdivisions
(example) Austin, TX Village Farms

Remedial Actions:

Modular Housing as an alternative lower cost housing product – Cities now face a crisis of affordability in the housing industry with difficulty delivering high-performance and durable buildings at an affordable cost. Modular housing is fast becoming a cost-effective alternative to traditional on-site construction. The building components transported from the factory are assembled on the lot. These industrialized building offers two primary advantages: predictability and time required for construction. Unlike mobile homes, modular housing building must meet local and national building codes. In Shreveport, Louisiana non-profit development organizations have utilized modular housing as a means of lowering the purchase price of new housing, while replicating the architectural style of the existing neighborhood and meeting local building code requirements as well. These units feature siding as opposed to traditional brick construction and offer the residents porches like those on units in the neighborhood. These units could provide alternatives for affordable housing in areas throughout

Texarkana. Modular housing is regulated by the Texarkana's building codes if the construction meets building codes. Unlike mobile homes, modular housing is the same as a traditional single-family housing situated on a permanent foundation. The walls and other components are constructed in factories off site and then transported to the site for assembly. Local building officials are responsible for building permits and evaluating construction to ensure compliance with local codes.

Employer Assisted Housing - The City should collaborate with local employers to market Employer Assisted Housing (EAH) as a means of creating homeownership opportunities for the workforce. It is vital that major employers and financial institutions promote wage levels adequate for people to become homeownership, without down-payment and other assistance. City governments and school districts should also consider initiating programs to assisted qualified employees with becoming homeowners. The city should coordinate with major employers and lenders to design and aid firms in the implementation of Employer- Assisted Housing (EAH) programs, encouraging employers to support employees in their efforts to purchase housing in the Plan area.

Employer-Assisted housing programs benefit employers, employees, and the community. Employers benefit through greater employee retention. Employees receive aid to move into homeownership. Communities benefit through investment in the neighborhoods where the employers and employees are located. The most common benefits provided by employers are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education provided by an employer-funded counseling agency. Successful EAH programs use a combination of benefits listed above. Fannie Mae has developed a program which not only initiated their own EAH program, but also helps employers implement EAH programs. Fannie Mae's EAH program has made it possible for 2,200 of its employees to become homeowners. Seventy-six (76%) percent of all Fannie Mae employees own their own homes, compared to the national average of sixty-eight (68%) percent.

Cottage Housing - An option for addressing the needs of elderly homeowners may include finding them more appropriate housing rental or owner housing. Elderly homeowners are over-housed once their children have left home. While this is not always a problem, if a homeowner can no longer care for their larger home, something smaller and more easily cared for may be more appropriate. The major concern people in these circumstances face is separation from their familiar surroundings and social networks. Small neighborhood cottage housing developments built in existing neighborhoods can address these concerns. Instead of providing expensive repairs to a “over-sized” housing unit occupied by only one or two persons, buyers can sell and purchase smaller home allowing them to transition to a smaller unit, relieving them of the burden of the larger home. The program would then rehabilitate their home and sale it to a larger family through a new homebuyer program. Cottage housing, or cluster housing is an alternative to continuing ownership of a larger unit that over-houses them or has become too costly to maintain. It is a viable alternative to a grant-funded major rehabilitation when an elderly applicant is living in unsafe conditions and the rehabilitation costs exceed the projected value of the completed structure. There may also be applicants who, because of limited funding, will have to wait years for assistance because their application is on a long rehabilitation program waiting list.

5. Impediment: Expand Supply of Affordable Housing, Housing Choice, and Access to Financing

Neighborhood Condition, Banking, Finance, Regulatory – High Priority

High Priority - The housing market analysis revealed significant affordability gaps in both ownership and rental units. The housing supply and demand analysis for owner units in the city shows significant gaps in the supply within the price range of all household income categories except for moderate-income households. Affordability within the extremely low and very-low household income categories are limited as ownership opportunities within these lower income levels is cost prohibitive. However, the Home Mortgage disclosure Act shows large gap in the purchaser’s ability to qualify for existing supply of owner units, especially minority loan approval rates compared to Whites in LMI and Median income ranges applying for purchase of homes in the \$75,000 to \$150,000 and below range.

Impediments

- ✚ Lower number of loan applications for minorities and low origination rates for minority applicants.
- ✚ After rehabilitation or new construction infill appraisal does not support mortgage loan.
- ✚ Predatory lending practices.

Predatory lending practices are aggressively absorbing the market formerly controlled by FDIC insured banks and other reputable financial institutions. Persons facing economic hardships are being preyed upon due to their inability to qualify for traditional lending and banking services. Consumers face underwriting criteria used by lenders that fail to adjust ratios or provide funding with more favorable terms.

Alternative Solutions and Best Practices

- Lease Purchase Subdivisions – Lease Purchase Housing Finance
(example) Shreveport, LA Shepard Place and Stoner Hill
- Modular Housing Infill Housing
(example) Shreveport, LA Queensborough Neighborhood

6. Special Needs Housing and Services

Socio-Economic, Banking, Finance, Regulatory, Policy – High Priority

High Priority - According the 2016 - 2020 ACS, the population of seniors over sixty-five has significantly increased.

Impediments

- ✚ “Visitable” housing standards
- ✚ Transportation and mobility
- ✚ Accessibility for persons with disabilities

Alternative Solutions and Best Practices

- Visitable Housing
(example) Atlanta, GA Habitat for Humanities
- Transportation Assistance Program
(example) Desoto, TX

7. Increase homeownership, increase rehabilitation

Neighborhood Condition, Banking, Finance, Regulatory – High Priority

High Priority – Lack of housing affordability and households having inadequate income to acquire housing currently available in the market, may be the most critical impediment. The correlation between median home values and household income underscores this issue.

Impediments

- ✚ Restoring basic attributes to LMI Areas
- ✚ Improving housing and neighborhood conditions
- ✚ Lack of Affordable and Infill Housing
- ✚ Housing demand, cost, affordability, and access to financing
- ✚ Lower number of loan applications for minorities and low origination rates

Alternative Solutions and Best Practices

- Modular Housing
(example) Queensborough Infill Housing, Shreveport, LA
- Lease Purchase Subdivisions – Lease Purchase Housing Finance
(example) Shreveport, LA Shepard Place and Stoner Hill

**8. Improved Transportation and Mobility for LMI and Senior Populations, Entrepreneurial Opportunities, and Commercial Corridor Revitalization
Neighborhood Condition, Socio-Economic – High Priority**

High Priority – Efforts to address housing, transportation and access to essential services must be a coordinated effort. City planning includes future growth for commercial, and industrial uses, employment, and amenity development. Land use planning and transportation does not always include meeting the needs of existing and future residential.

Impediments

- ✚ Limited Demand Responsive Transportation
- ✚ Transportation Affordability for seniors and LMI populations

Alternative Solutions and Best Practices

- (example) Transportation Assistance Program
Desoto, TX