

Analysis of Impediments to Fair Housing Choice

Clarksville, Tennessee

2006

Prepared by the City of Clarksville with assistance from



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Section I: Introduction and Executive Summary

What is an Analysis of Impediments to Fair Housing?

Fair housing is a term that describes the right of individuals to obtain housing of their choice, free from discrimination based on race, color, religion, sex, disability,¹ familial status,² or national origin. This right is assured by the federal Fair Housing Act, as amended, and other legislation which makes it unlawful to discriminate in the sale, rental, financing, and insuring of housing.³ HUD requires that all governing authorities that prepare a consolidated plan in order to receive HUD funds certify that they will “affirmatively further fair housing” within their jurisdictions.

It is not enough for a community to support the idea of fair housing for all people; the community must take special measures to afford all citizens the opportunity to live in housing of their choosing. An analysis of impediments to fair housing is a review of a community’s policies, procedures, laws, and allowances – both public and private – that might impact a person’s ability to choose housing of his or her choice without regard to their membership in any of the protected classes. Affirmatively furthering fair housing may be grouped into three categories:

- **Intent:** The obligation to avoid policies, customs, practices, or processes whose intent or purpose is to impede, infringe, or deny the exercise of fair housing rights by persons protected under the Act.
- **Effect:** The obligation to avoid policies, customs, practices, or processes whose effect or impact impedes, infringes upon, or denies the exercise of fair housing rights by persons protected under the Act.
- **Affirmative Duties:** The Act imposes a fiduciary responsibility upon public agencies to anticipate policies, customs, practices, or processes that previously, currently, or may potentially impede, infringe, or deny the exercise of fair housing rights by persons protected under the Act.

The first two obligations pertain to public agency operations and administration, including those of employees and agents, while the third obligation extends to private as well as public sector activity.

Under the Fair Housing Act an aggrieved person may file (though not later than one year after an alleged discriminatory housing practice has occurred) a complaint directly with the U.S. Department of Housing and Urban Development (HUD) or with a state or local agency enforcing laws that are “substantially equivalent” to the Fair Housing Act. Upon the filing of such a complaint, HUD has the responsibility to serve notice of the complaint and conduct an investigation into the alleged discriminatory housing practice. The Fair Housing Act also enables aggrieved parties to pursue redress through the courts, without limit on the recovery of damages and attorney’s fees.

Participants in this Analysis of Impediments to Fair Housing Choice

Training & Development Associates, Inc. (TDA) conducted this analysis in early 2006 to help officials at the city of Clarksville, Tennessee to evaluate the state of fair housing in their city and to update the previous analysis of impediments (“AI”), dated 1995. TDA interviewed and worked with Clarksville’s Office of Community Planning and Development and other municipal agencies to gather information and data specific to Clarksville.

¹ Under the Fair Housing Act, a person with a disability has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. This does not include current, illegal use of, or addiction to, a controlled substance.

² The protected class of “familial status” protects households with children under age 18. These protections also apply to any person who is or plans to become pregnant. Note, familial status is defined in terms of the presence or expected presence of children, and does not include marital status or sexual orientation.

³ This requirement is codified for local jurisdictions in the consolidated plan requirements under 24 CFR 91.225.

Methodology

In addition to baseline information from the 1995 study, TDA reviewed data from a variety of sources, including:

- Demographic data available through the U.S. Census Bureau, as well as descriptive data pertaining to the housing market and trends in real estate over the past 10 years.
- Mortgage lending trends through the analysis of data available through the Home Mortgage Disclosure Act (HMDA). Enacted by Congress in 1975 and implemented by the Federal Reserve Board's Regulation C, HMDA requires lending institutions to report public loan data. Using the loan data submitted by these financial institutions, the Federal Financial Institutions Examination Council (FFIEC) creates aggregate and disclosure reports for each metropolitan area (MA) that are available to the public at central data depositories located in each MA.
- Source documents, including analyses of impediments conducted in 1995 by the Legal Aid Society of Middle Tennessee and the Cumberlands ("Legal Aid").
- Anecdotal information collected from research and/or discussions with local and regional stakeholders (Tennessee Fair Housing Council, Tennessee Human Rights Commission, Clarksville NAACP, Legal Aid Society of Middle Tennessee, Clarksville–Montgomery County Planning Commission, Clarksville Board of Realtors®, the Housing Fund, and the Clarksville Bank Consortium in the fair housing, real estate, and lending sectors between March and May, 2006.
- Locally-generated reports and other relevant data pertaining to the city's housing market, patterns, and local economy.
- To analyze municipal policies, procedures, and practices, TDA analyzed the building code for the city of Clarksville; the zoning ordinance for the city of Clarksville; and the City of Clarksville's 2000 consolidated plan.
- In order to review Clarksville's compliance with all fair housing requirements, TDA evaluated the city of Clarksville Housing Program Manual; the Owner-Occupied Housing Rehab Program Policy Guidelines; the Residential Anti-displacement and Relocation Assistance Plan, Section 104(d) of the Housing and Community Development Act of 1974, as amended; and the Land Use Study Update, Clarksville-Montgomery County, Tennessee.

Conclusions

While TDA identified some concerns during its evaluation of the state of fair housing in Clarksville, many of them did not qualify as impediments. The impediments that do exist and should be removed are as follows:

Impediment #1: Lack of Public Awareness

Impediment #2: Lack of Public Outreach

Impediment #3: Lack of Knowledge by Local Government Employees

Impediment #4: Level of Enforcement

Section II: Demographic and Economic Overview

This section profiles Clarksville's demographic and housing trends by examining and mapping Census 2000 and other relevant data. After analyzing demographic characteristics and trends, the section provides an analysis of the area's housing market and a household's ability to purchase a home. The section concludes with a synopsis of housing problems experienced by residents, such as cost burden, physical defects and overcrowding.

The following chart provides an overview of Clarksville's demographic and housing profile in both 1990 and 2000. Clarksville grew 37.4 percent between 1990 and 2000 to reach 103,766. Since the last decennial census, Clarksville continued to grow, reaching a population of 121,224 in 2005⁴. The recent average annual growth rate of 3.4 percent is slightly slower than the 3.7 percent annual rate of the preceding decade. Growth throughout Montgomery County was slower (at 34.1 percent), reaching 134,768 in 2000. The population in Clarksville grew at a slower pace than did the number of households (45.3 percent), indicating a general decline in household size. During the same time, the percent of persons 65 and older in Clarksville remained the same, while the overall median age of the population increased slightly from 27.8 to 28.7 years.

Overall Profile: 1990 and 2000

	1990		2000	
	Clarksville	Montgomery County	Clarksville	Montgomery County
Population	75,494	100,498	103,766	134,768
Percent 65 or Older	7.1%	7.9%	7.1%	7.7%
Households	25,464	34,388	36,987	48,365
Housing Units	27,642	37,233	40,042	52,167
Percent of Vacant Units	8.0%	7.8%	7.6%	7.4%
Homeownership Rate	54.7%	61.1%	57.7%	63.5%
Source: Census 1990 and 2000, calculated from data extracted from Summary File 3, Tables H6 and H7				

⁴ Information from the Economic Development Council, Clarksville, TN, population count as of 2/28/06.

Demographic Profile

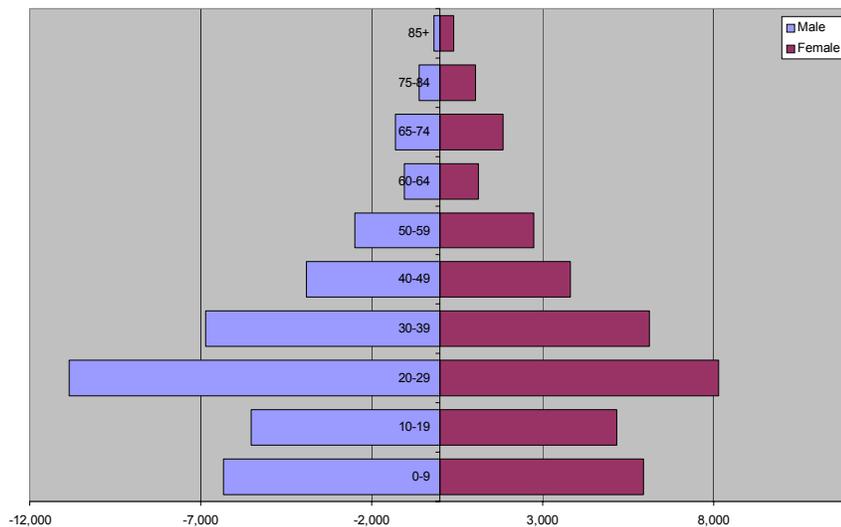
Population Growth

Between 1990 and 2000, the population of Clarksville increased by 37.4 percent. While all age groups increased in number from 1990 to 2000, the following population pyramids display how the individual cohorts changed during this time period.

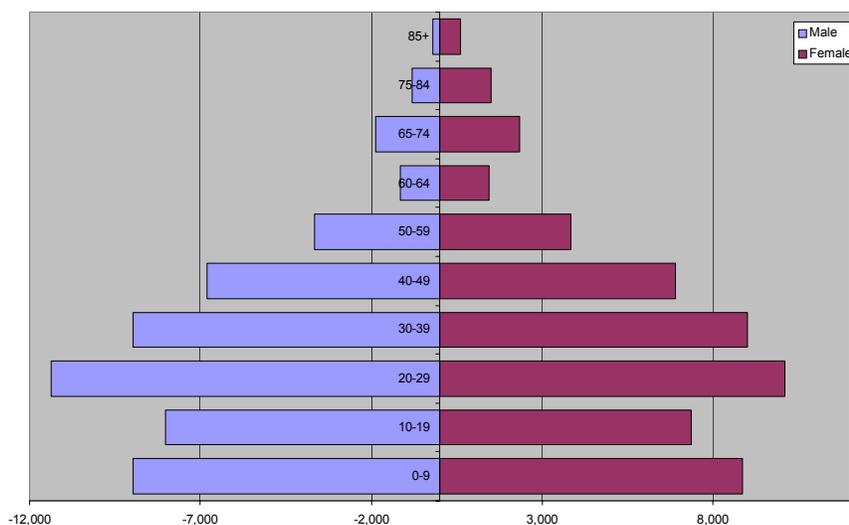
Population by Age

As illustrated by the first pyramid, the most populated cohort in 1990 was those aged 20-29 (25.2 percent), followed by those aged 30-39 (17.2 percent), together comprising 42.4 percent of the population. These two groups were followed closely by the under-19 age cohort which makes up 30.5 percent of the population. The second illustration shows the age distribution 10 years later, in 2000. While the 20-29 cohort was still the largest, in 2000 it represented 20.7 percent of the overall population—a loss of nearly 4.5 percent over 10 years. Combined with an insignificant change in the 30-39 aged cohort (a .1 percent increase), these groups together comprised 38 percent of the population in 2000. Between 1990 and 2000, the 40-49 age cohort increased almost 3 percent, comprising 13.2 percent of the population in 2000. All other groups changed less than one percent; the 60-74 age cohort was the only other group to experience a loss in percentage of the overall population.

Population 1990



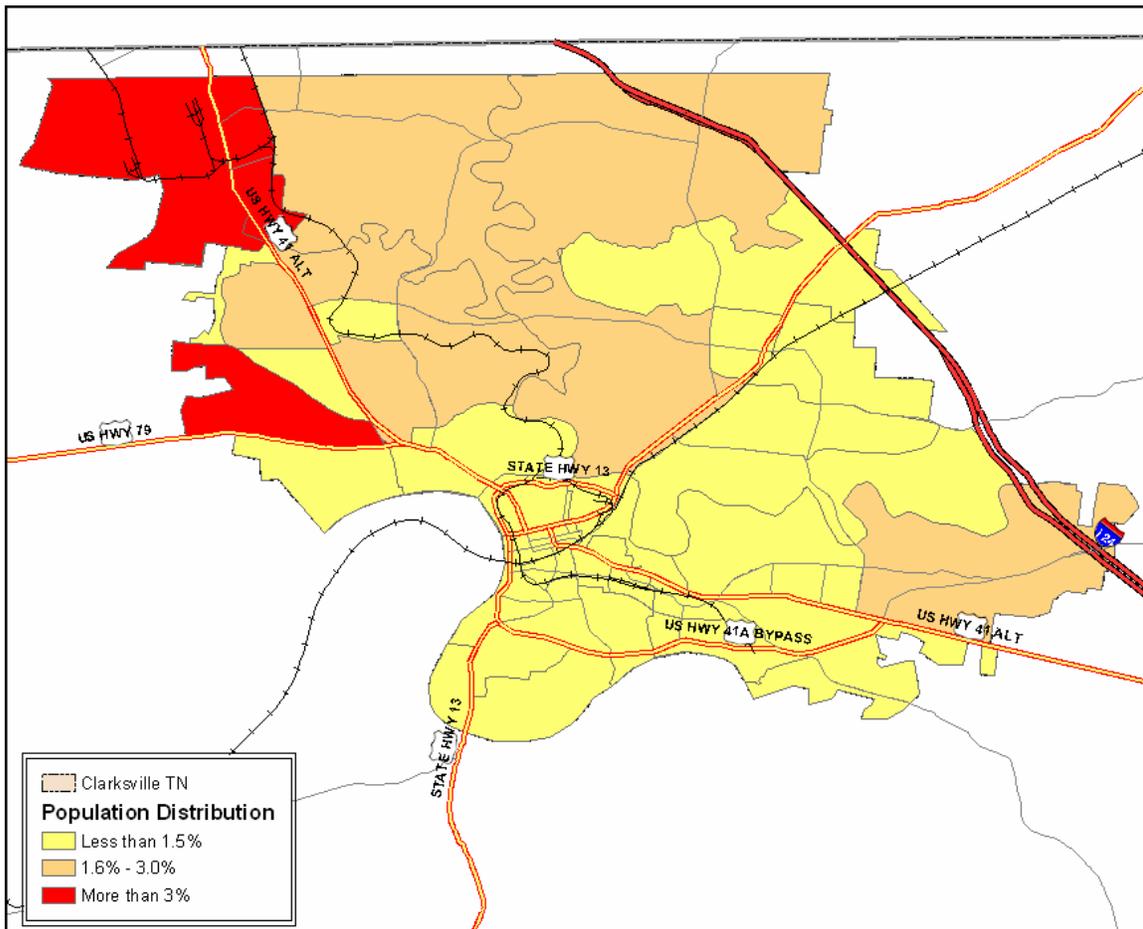
Population 2000



Population by Geography

The yellow areas in the map below show the least populated block groups in Clarksville. Less than 1.5 percent of the population lives each block group in the area from the City's center toward the northeast. From 1.5 to 3 percent of the population primarily resides north of Highway 79, with a similar concentration at the southeast (block group 1018.01-1). The population is most concentrated at the northwest in block groups (1011.02-

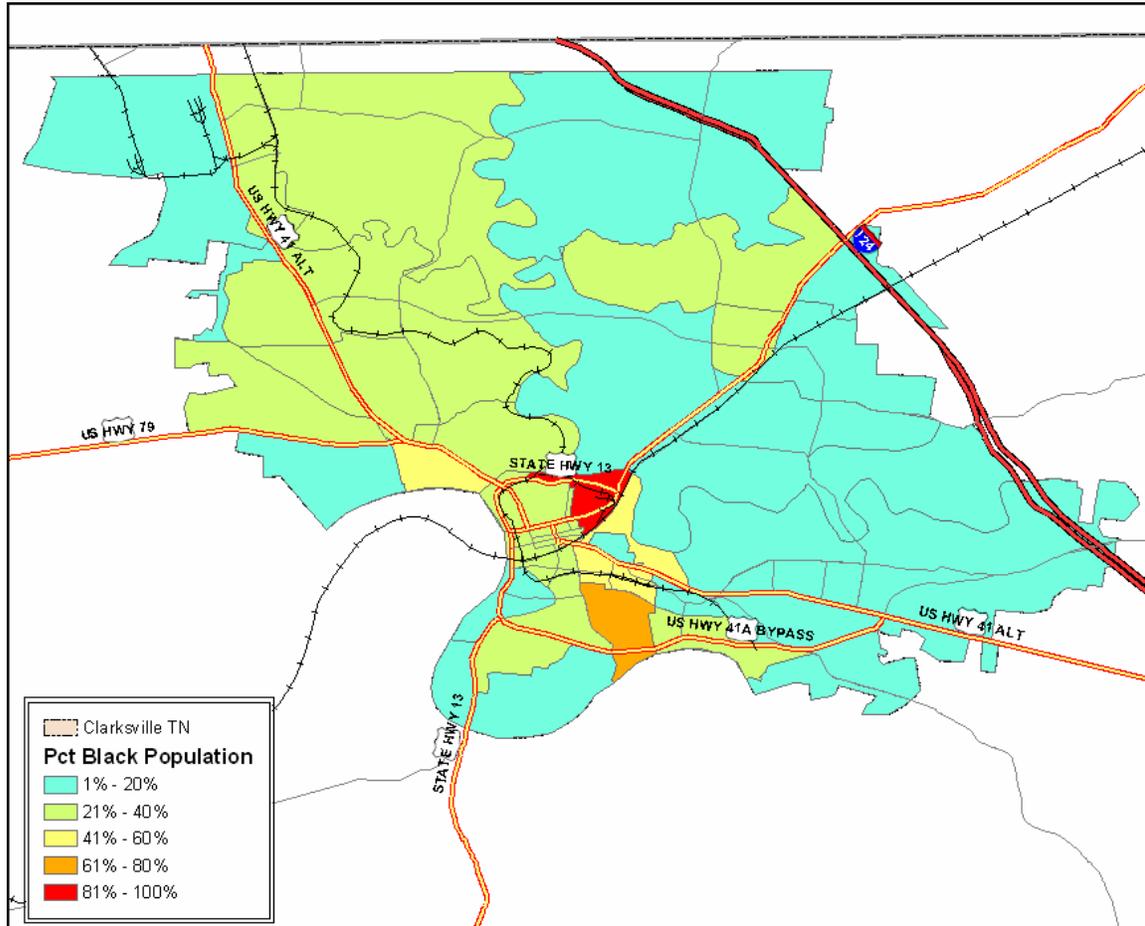
1, 1013.01-2, and 1014.00-1), with more than 3 percent of the population in each. Understandably, this area is in close proximity to Fort Campbell, where nearly one-third of Clarksville's workforce is employed.



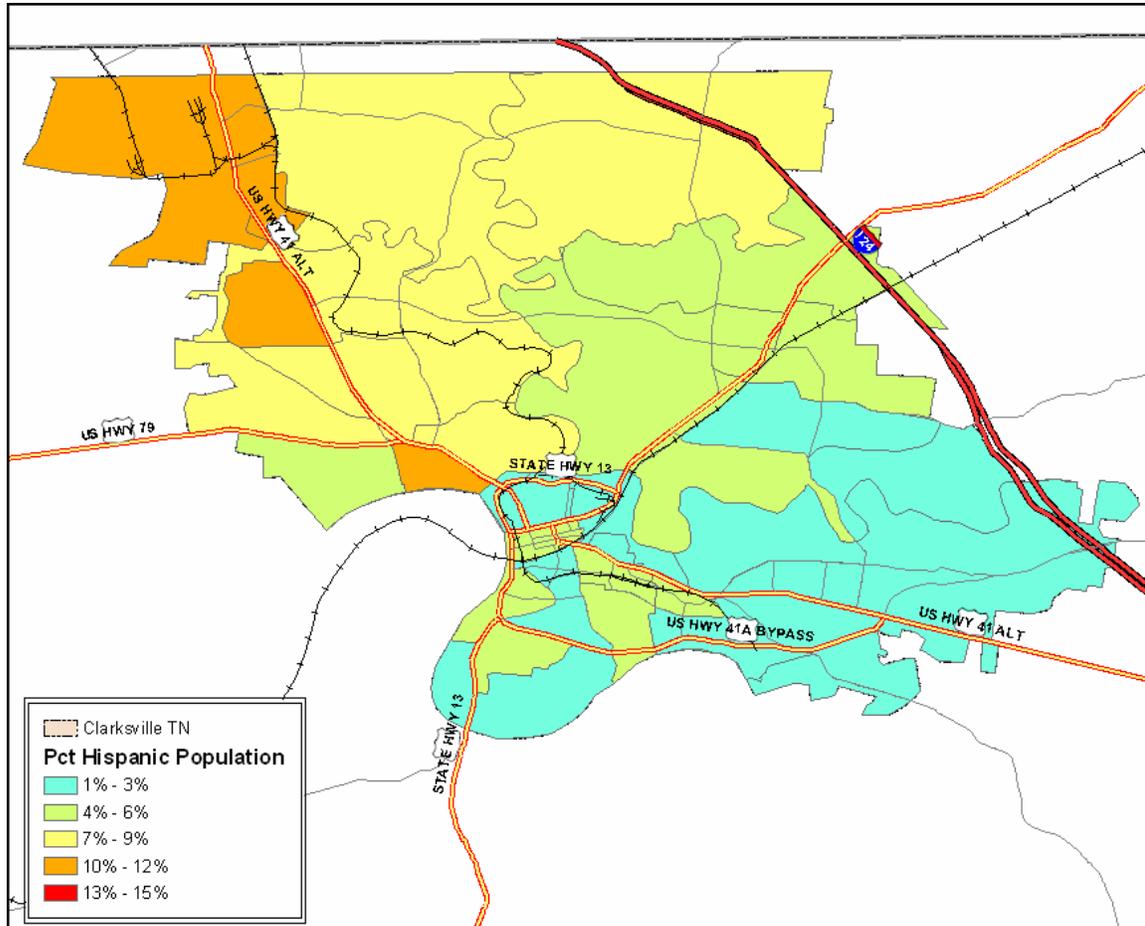
Population by Race/Ethnicity

In 2000 Clarksville's population was 68 percent Caucasian, 22.8 percent African-American, 0.5 percent American Indian/Alaska Native, 2.2 percent Asian, 0.3 percent Pacific Islander, 2.6 percent some other race, and 3.7 percent two or more races. The Hispanic population comprised 6.2 percent of the city's total population.

The following map illustrates the distribution of the African-American population in Clarksville. Comprising nearly one quarter of the city's population, African-Americans are highly concentrated in block group 1008.00-1 near the city's center, where they make up from 81 to 100 percent of the population. When compared to the population distribution illustration above, it would appear that the African-American population is slightly underrepresented in one of the most densely populated block groups (less than 20 percent of the population in 1014.00-1 at the far northwest), and somewhat overrepresented in the other two (more than 25 percent in 1013.01-2 and 1011.02-1). Northward from the city center and adjoining these areas, the African-American population comprises from 20 to 40 percent of the population. Eastward, they comprise less than 40 percent of the total population.



The blue and green areas in the map below indicate the distribution of the Hispanic population over a large area. Despite this wide distribution, Hispanic households are rather highly concentrated to the north and northwest of the city's center. While Hispanics make up just 6.2 percent of the total population, the yellow and orange areas in the map below indicate much higher concentrations than might be expected, while the blue and green areas illustrate low rates of Hispanic population distribution.



Population by Household Type

Families are the most prevalent type of household and comprise 73.4 percent of all households. Of these, 75.6 percent are small (two to four persons) family households. The table below shows the total number of households by type in Clarksville. Households with persons 65 years or older account for 18.7 percent of all households.

Households by Type

Household Type	Number	% of Total
Total Households	36,987	100.0%
Family Households	27,130	73.4%
Non-Family Households	9,857	26.7%
Large Families (5 or More)	3,895	14.4%
Small Families (2 to 4)	20,513	75.6%
65 and older (families & non-families)	5,061	18.7%

U.S. Census Bureau, 2000, calculated from data extracted from Summary File 3 and CHAS data.

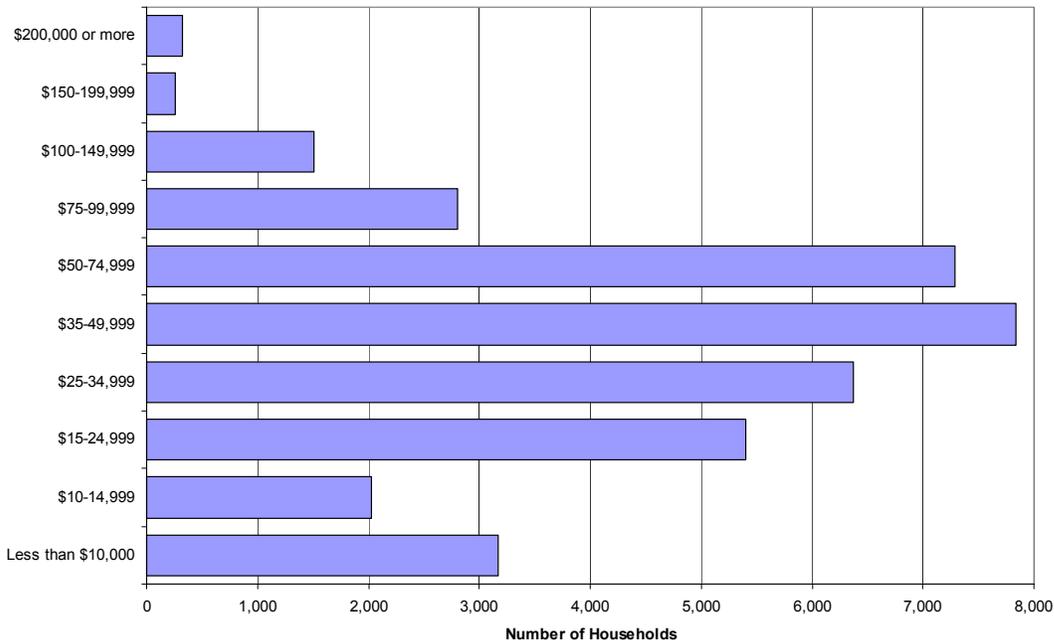
Economic Profile

Income

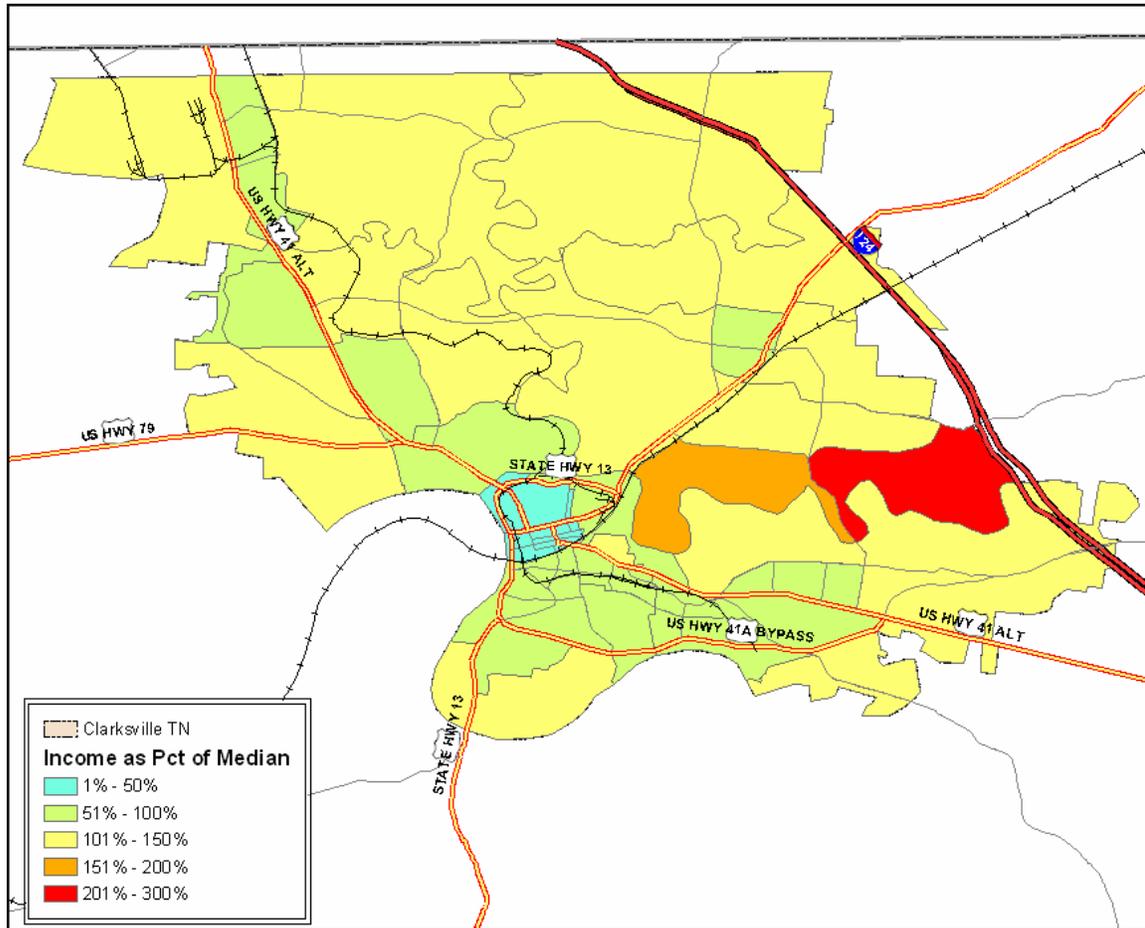
Clarksville's median income in 2000 was \$37,548, which is 3.7 percent lower than the countywide median income of \$38,981. The income bracket with the highest number of households in Clarksville was \$35,000 to \$49,999. The graph below shows the income distribution of households in Clarksville in 2000.

The map below geographically displays economic stratification in Clarksville, comparing each block group's median

Income Distribution 2000



income to that of the entire city. Block groups with median incomes below the city median are located along the major thoroughfares that pass through the city center (state highway 12 to the north, highway 48 to the south, and highway 112 to the southeast). The block groups at the city center whose incomes are less than 50 percent of the city's median are 1008.00-2 and 1001.00-1, with median incomes of 42 and 48 percent, respectively. The block group with the highest median income is 1019.01-3 (located at the east of the city, adjacent to Interstate 24) with a median income of 224 percent of the city's median.



According to HUD, the current median income for a family of four in Clarksville is \$47,800. The table below provides current (2006) median incomes by family size.

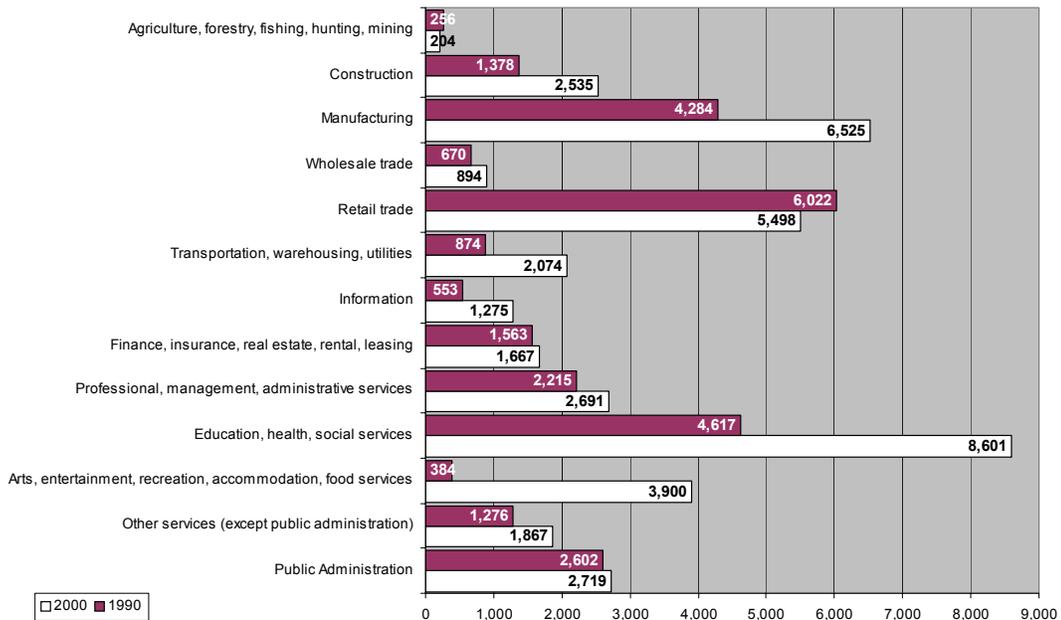
Median Income 2006

Family Size	1	2	3	4	5	6
Median Income \$	\$ 33,500	\$ 38,200	\$ 43,000	\$ 47,800	\$ 51,600	\$ 55,400

Employment

In 1990, 29.6 percent of Clarksville’s total labor force was employed in the Armed Forces (12,310). In 2000, this figure dropped to 11,084, representing 20.3 percent of the total labor force. The 2000 census reported a civilian labor force of 43,596 persons in Clarksville with a 7.2 percent unemployment rate. More recent data show the 2004 unemployment rate for the Clarksville TN/Hopkinsville KY MSA to be 5.5 percent.⁵ The 2000 census showed that the most residents are employed in the educational, health, and social services industries, followed distantly by manufacturing and retail trade nearly equally. The graph below shows the distribution of Clarksville employed residents by industry. This represents a significant change from 1990, when retail trade employed more than one-fifth of Clarksville residents, followed nearly equally by the education, health and social services, and manufacturing industries.

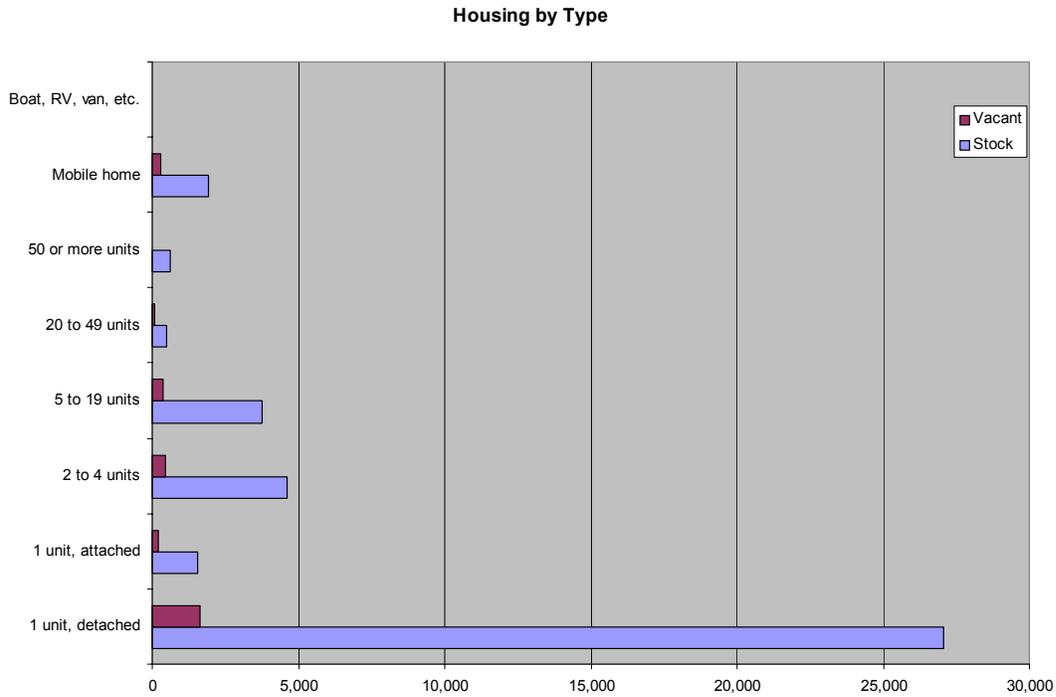
Employed Residents by Industry, 1990-2000



⁵ Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas, accessed 2/24/06.

Housing Profile

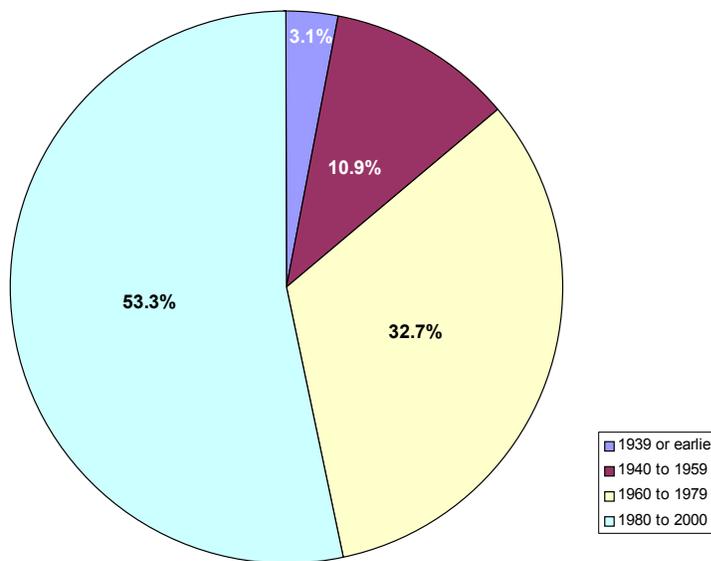
Clarksville’s housing stock was comprised of 40,042 housing units in 2000. The City’s 28,598 single-family detached housing units comprised 71.4 percent of the entire inventory of housing units. The following graph shows the inventory of all housing units. Of all types of units, mobile homes have the highest rates of vacancy (15.4 percent), where nearly 300 are available from a stock of over 1,900. While boats, RVs and vans have the lowest rate of vacancy (0 percent), there were only 34 such housing units in 2000.



Age and Condition

Based on the 2000 census, 14 percent of the total housing stock in Clarksville was built in 1949 or earlier. Nearly 47 percent of the stock was built in 1979 or earlier, making lead-based paint a potential hazard. While lower than the national average of 56 percent, these statistics have implications for the future housing supply since most older units need substantial financial investments in major structural systems to remain sound and livable. For low-income owners these repairs are frequently unaffordable, and deferred maintenance hastens the deterioration of their units. Often low-income rental housing does not generate enough revenue to make improvements without the owner raising the rent to pay for the repairs.

Age of Housing Stock

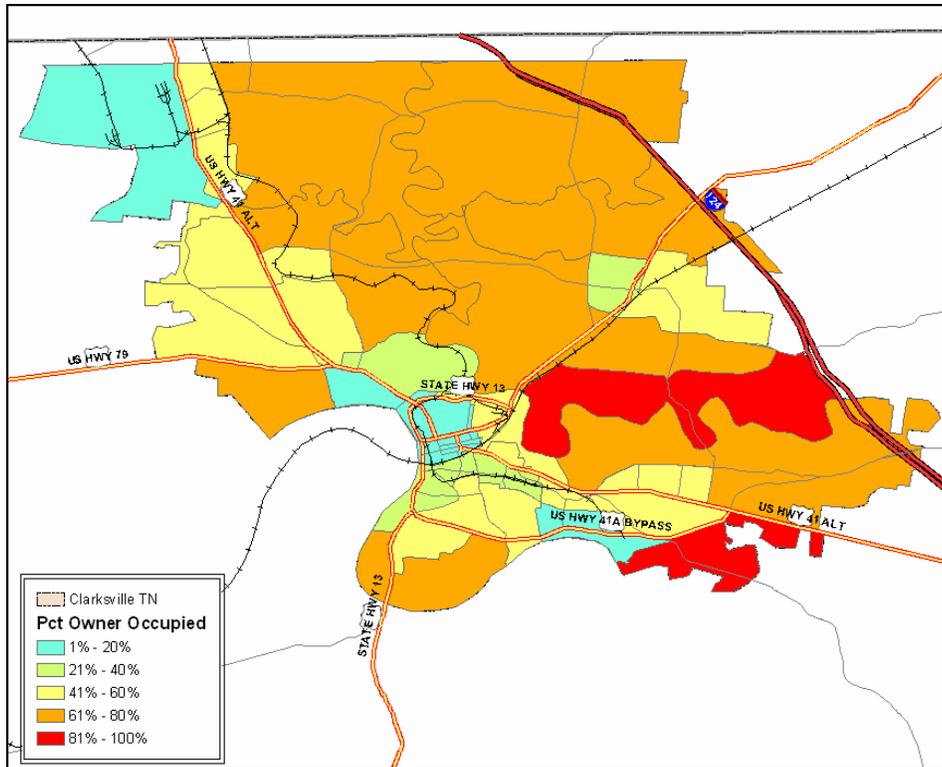


Tenure

The 2000 homeownership rate for Clarksville was 57.7 percent, which was lower than both the county average of 63.5 percent and the nationwide rate of 66.2 percent.

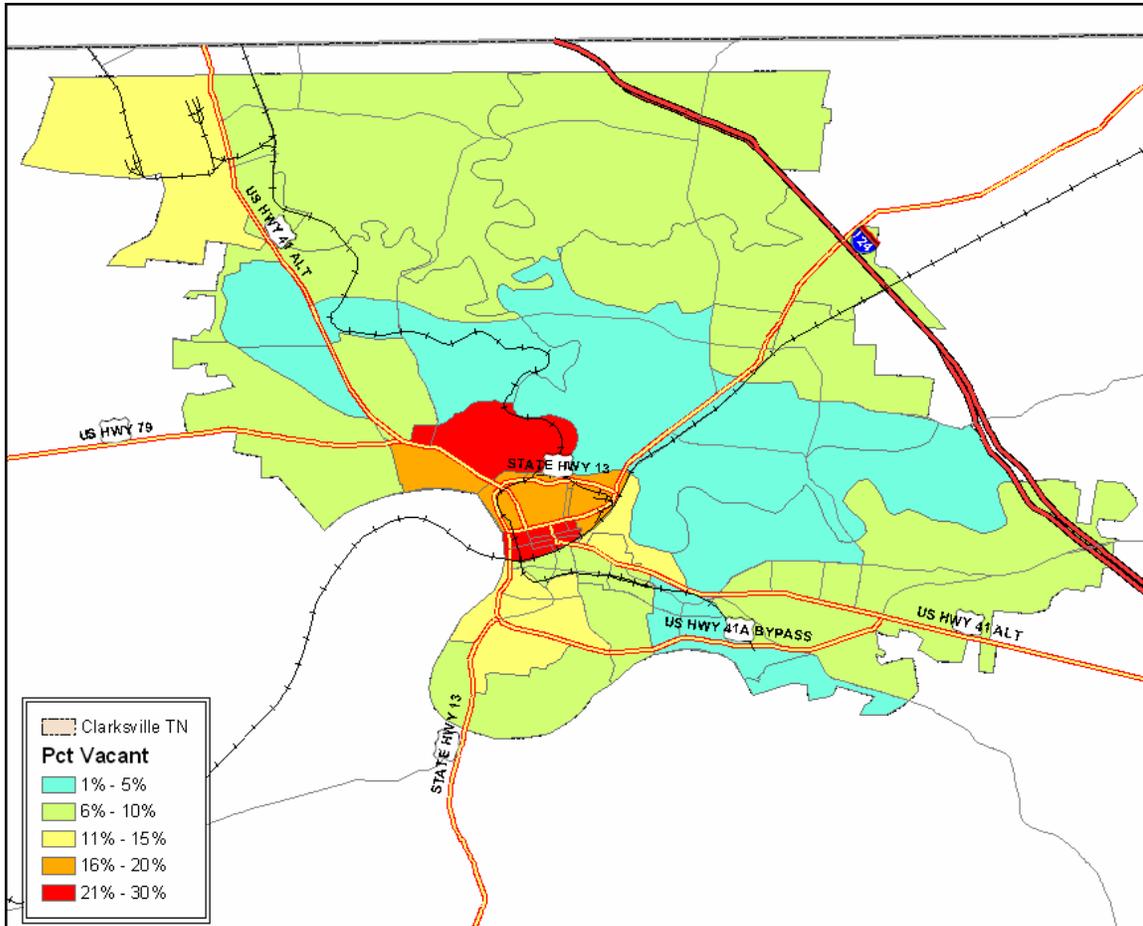
The map below shows the distribution of the 21,340 homeowners throughout Clarksville. While it is not surprising that the block group with the highest income also appears as one of those with the highest homeownership rate, block groups 1019.02-1, 1018.02-2 and 1018.02-3 also appear among those with very high rates of homeownership. While incomes in these block groups are above the city's median, that of 1018.02-2 and 1018.02-3 are just slightly so (from 100 to 150 percent).

Block group 1014.00-1 (far northwest) is one of those with the lowest homeownership rates. However, since 81 percent of the labor force in this block group is in the armed forces, the very low rate of homeownership is likely a function of its proximity to Fort Campbell and the frequent transfers associated with military employment. Not surprisingly, the block groups in the city center with the lowest income levels also experience the lowest levels of homeownership. The southernmost block group (1005.00-3) with a low rate of homeownership has an income of 50 to 100 percent of the median, and has a population comprised of 1 to 3 percent Hispanic and 21 to 40 percent African-American. While none of these factors individually appears to contribute to low homeownership citywide, the combination in this block group, along with the area's proximity to state highway 12 cannot be overlooked.



Vacant Units

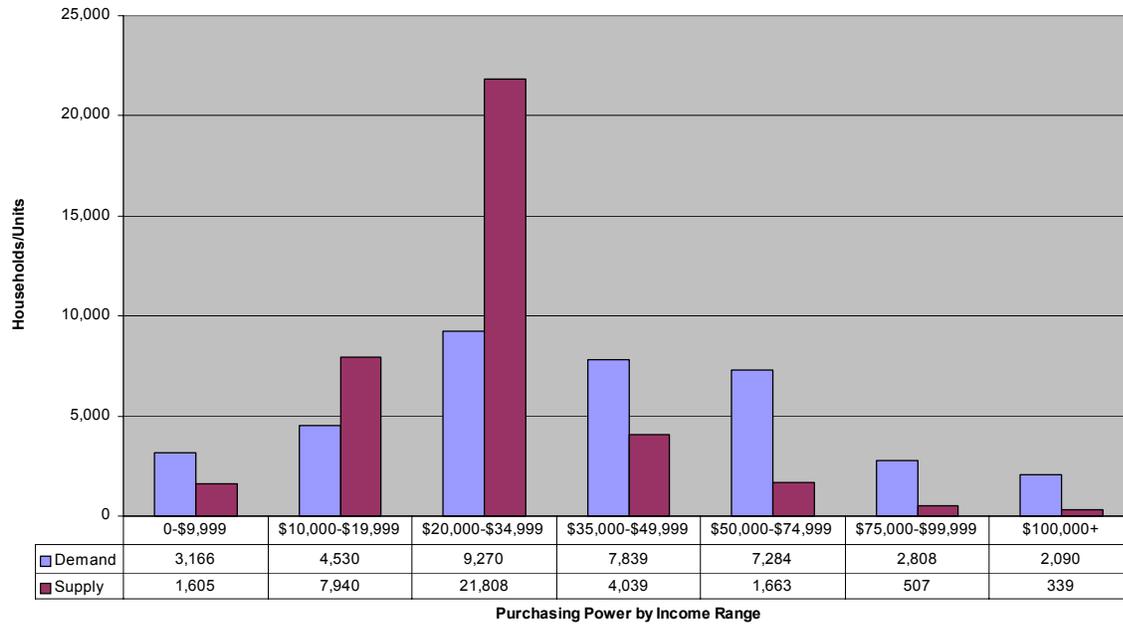
The map below shows the distribution of vacant properties throughout Clarksville. The highest vacancy rates occur in block groups 1001.00-1 and 1001.00-1, both above 21 percent. The first (1001.00-1, south of US 79) is characterized by the lowest ownership rates (less than 20 percent) and lowest median income (less than 50 percent of the area’s median), and the population is comprised of 4 to 6 percent Hispanic and 21 to 40 percent African-American. In this block group, income would appear to be the most significant factor contributing to the high vacancy rate. The second block group with a very high vacancy rate (1009.00-1) is characterized by an ownership rate that is lower than the city’s overall rate (21 to 40 percent), an income of 51 to 100 percent of the area’s median, and a population comprised of 7 to 9 percent Hispanic and 21 to 40 percent African-American. When compared to other block groups throughout the city, the significant difference appears to be the high Hispanic population in this block group.



Housing Demand versus Supply

The following two graphs compare the housing demand versus the housing supply in Clarksville. The first displays the total number of households distributed among their affordable home ranges (both rental and owned units). For example, there are 3,166 households that earn less than \$10,000. Assuming that an affordable home value is roughly three times a household’s annual income, this income group can afford a home valued at no more than \$29,999. In 2000 in Clarksville, there were only 1,605 homes valued in this range.

**Households by Purchasing Power Range versus
All Units by Income Range***



* for all households

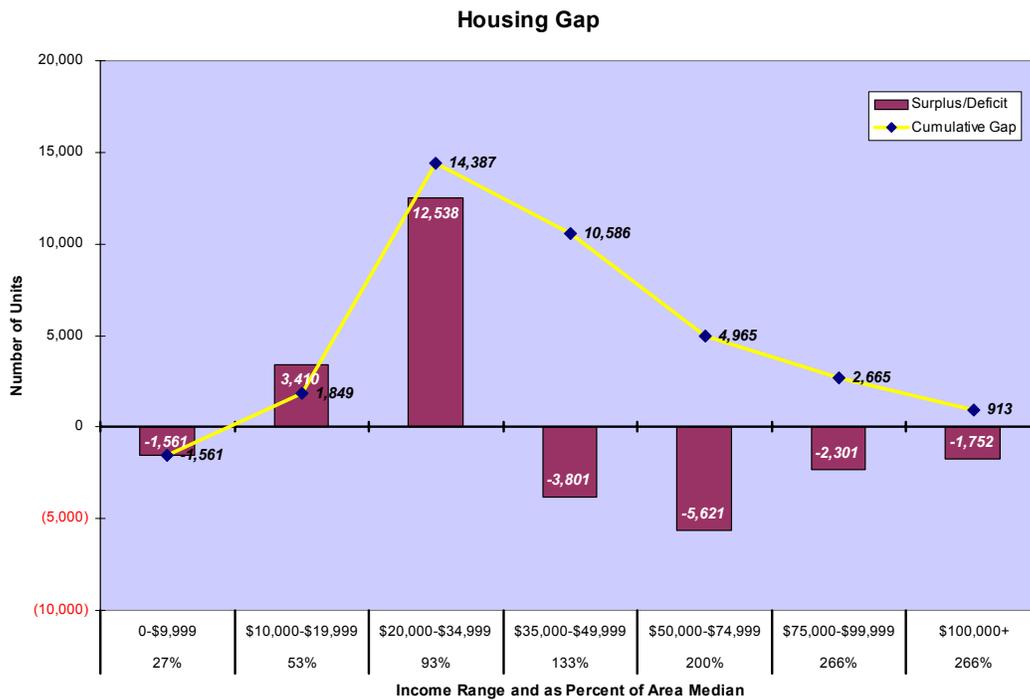
The very high demand for units affordable to those at the lowest income is not surprising. The similarly lower supply than demand at the highest income levels does not necessarily indicate that these households are seeking higher-cost housing, just that their incomes allow them to afford higher-priced housing. At high income levels, households often enjoy financial comfort by purchasing homes below their affordability levels. What this does indicate, however, is that higher-income households occupy units that are affordable for lower- and middle-income households, thereby creating a shortage for those at lower income levels.

The graph below shows the gap between the supply and demand of housing units at each income level. For example, a demand of 3,166 units and supply of 1,605 creates a gap of -1,561 units (see table below and previous graph). In other words, there were 1,561 fewer units available to households earning up to \$9,999 annually than there were households in this income category.

At the next level, the demand of 4,530 units and supply of 7,940 creates a gap of +3,410 units; however, this surplus is offset by the 1,561 units sought from the previous income level. This overabundance of housing units at the \$10,000-\$19,999 income level provides relief at a rather low income level with a cumulative surplus of 1,849 housing units.

A review of the cumulative housing supply and demand (yellow line) shows that there is ample housing for those who earn more than 50 percent of the area median income, and an ultimate surplus of 913 units. This ultimate surplus indicates that there are sufficient units for those households whose earnings fall at 50 percent of the median or above who wish to live in housing below their affordability levels. In sum, housing options in Clarksville exist for all but the lowest earners.

Housing Affordability



Housing affordability is calculated as 30 percent of income for rent, and 28 percent of income for homeownership. The difference is to allow for additional costs, such as utilities, that are customarily included in a tenant household’s rent, but are borne by the household’s income as homeowners.

In Clarksville, the median cost for a home in 2005 was \$129,730⁶. Presuming a down payment of 5 percent (\$6,487) and an interest rate of 5.5 percent, an estimated monthly payment (PITI) of \$700 makes the home affordable to a household earning \$30,000 (or 63 percent of the area’s median income).

According to the National Low-Income Housing Coalition’s “Out of Reach” database, in 2005, Clarksville’s median gross rent for a two-bedroom unit was \$563. As 30 percent of annual income, this rent would be affordable to a household earning \$22,520—60.0 percent of the area’s median income. Three-bedroom rental housing was reported to cost \$814. Affording this rent requires an annual income of \$32,560, making it affordable to households earning 86.7 percent or more of the area’s median income. In general, rental housing in Clarksville is reasonably affordable for those who earn an income above half the median.

The first table on the following page illustrates the income needed to afford a home of the 2005 median home value in Clarksville, based on interest rates of 6 and 6.5 percent with a 5 percent down payment. The second table illustrates the price of a home that households paying the 2005 fair market rent (FMR) for two- and three-bedroom units can afford, if they were to own rather than to rent. This chart assumes an affordable rental housing cost to be 30 percent of a household’s monthly income and an affordable ownership cost to be 28 percent.

Assuming a 28 percent affordability index, the results of the analysis show that the median value of a home in 2005 is affordable to a household earning between \$31,691 and \$33,434 (or from 84.4 to 89.0 percent of the AMI). This assumes that the household can provide a down payment of 5 percent.

⁶ Clarksville Association of Realtors®

This analysis further examines the affordability of rental housing in Clarksville in comparison to the cost of homeownership. A household paying the 2005 fair market rent for a 2-bedroom rental unit with no funds available for a down payment can afford a home between 64 and 68 percent of the 2005 median home value in Clarksville; that is, a home priced between \$83,012 and \$87,578. A household paying the 2005 fair market rent (FMR) for a 3-bedroom rental unit with no funds available for a down payment can afford a home between 93 and 98 percent of the 2005 median home value in Clarksville; that is, a home priced between \$120,021 and \$126,622.

Homeowner and Rental Housing Affordability

Area Median Income (Clarksville)	\$37,548
Affordable Monthly Housing Cost	28% monthly income

Homeowner Housing

Annual Wage (and % AMI) and Down Payment Needed to Buy Various Priced Homes (at 6% interest rate)

	Sales Price	Down Payment	Mortgage Amount	Monthly Mortgage at 6% interest	Total Monthly Cost**	Required Annual Income	Percent of AMI
Median Value of Owner-Occupied Unit, 2005	\$129,730	\$6,487	\$123,244	\$739	\$769	\$31,691	84.4%

Annual Wage (and % AMI) and Down Payment Needed to Buy Various Priced Homes (at 6.5% interest rate)

	Sales Price	Down Payment	Mortgage Amount	Monthly Mortgage at 6.5% interest	Total Monthly Cost**	Required Annual Income	Percent of AMI
Median Value of Owner-Occupied Unit, 2005	\$129,730	\$6,487	\$123,244	\$780	\$811	\$33,434	89.0%

* Median Home Value source: Marianne Jewel, President, Clarksville Board of Realtors ®

** Includes property taxes, homeowner & mortgage insurance (if required)

Rental Housing

Comparable Monthly Rent and Mortgage/Tax/Insurance Payments

	Monthly Housing Expense	Comparable Monthly Mortgage	Affordable Purchase Price 6% interest rate	Affordable Purchase Price 6.5% interest rate	Required Annual Income	Percent of AMI
2005 FMR (2-bedroom)	\$563	\$525	\$87,578	\$83,012	\$22,520	60.0%
2005 FMR (3-bedroom)	\$814	\$760	\$126,622	\$120,021	\$32,560	86.7%

Housing Problems

By Department of Housing and Urban Development (HUD) standards, there are three criteria by which a household is determined to have a housing problem:

- If a household pays more than 30 percent of its gross monthly income for housing, it is considered *cost burdened*. HUD considers households that pay more than 50 percent of their income on housing costs to be *severely cost burdened*.
- If a household occupies a unit that lacks a complete kitchen or bathroom, the unit has a *physical defect*.
- If a household contains more members than the unit has rooms, the unit is *overcrowded*.

Based on HUD's definition, 30 percent of Clarksville renters (4,681) were cost burdened in 2000, and 10.9 percent (1,701) were severely cost burdened. Slightly fewer homeowners with a mortgage experience this housing problem: 21.4 percent (4,558) were cost burdened and 6.6 percent (1,405) were severely cost burdened.

According to the 2000 census, 218 households, or 0.5 percent of all households, lack adequate plumbing facilities. Similarly, 0.8 percent of all households—totaling 309 households—lack complete kitchen facilities.

In 2000, 1,452 (3.9 percent) of Clarksville households were overcrowded. These were comprised of 440 owner-occupied households, or 2.1 percent of all owner-occupied households. Considerably more tenant-occupied households were overcrowded: 1,012 or 6.5 percent of all renting households.

Section III: Fair Housing Status

Unlawful discrimination is one of the most blatant impediments to fair housing, and it is therefore important to make efforts to measure the extent to which unlawful discrimination occurs in the housing market. Analyzing complaints brought by those who believe they have been illegally discriminated against can shed light on the barriers to housing choice and accessibility. Though the number of complaints cannot provide a complete picture of the level of discrimination, it can provide a snapshot of some of the barriers that may exist.

Status of Fair Housing at the National Level

One of HUD's annual reports, *The State of Fair Housing*,⁷ indicates that "in FY 2005, the Fair Housing Assistance Program (FHAP) agencies, nationally received roughly the same number of complaints as they did in FY 2004, for a combined 9,254 complaints, with FHAP agencies investigating over 70 percent of those." Together HUD and FHAP agencies had witnessed a 13 percent increase in housing discrimination complaints in FY 2004, ending that fiscal year with 9,187 complaints. HUD and FHAP agencies most often received complaints alleging disability discrimination, which for the first time surpassed race discrimination as the most common allegation in complaints. Disability discrimination complaints accounted for about 41 percent of the complaints filed with HUD and FHAP agencies.

Disability was the most common basis for discrimination in complaints filed with HUD and FHAP agencies in FY 2005, but a recent HUD study suggests that there were probably far more incidents of disability discrimination that never reached the complaint stage. HUD's July 2005 issuance of Phase 4 of its housing discrimination study, *Discrimination Against Persons with Disabilities: Barriers At Every Step* examined the Chicago area rental market and found that people with obvious disabilities received unfair treatment in their search for housing. For example, hearing-impaired persons, using a telephone-operator relay to search for rental housing, experienced consistent adverse treatment 49.5 percent of the time. The study also found that mobility-impaired persons using wheelchairs experienced consistent adverse treatment 32.3 percent of the time when they visited rental properties.

HUD's housing discrimination study also looked into other kinds of discrimination. The results of the study suggest that, once again, the number of complaints alleging racial or ethnic discrimination in the housing market account for far less than the actual number of discriminatory acts. In fact, a series of national studies on the experiences of African Americans, Hispanics, Asians, and Pacific Islanders in the housing market has found evidence of consistent adverse treatment in roughly one of every five interactions with a sales or rental agent. A study on the experience of Native Americans in the rental market in three states found that, on average, they experience consistent adverse treatment in 28.5 percent of their interactions with a rental agent.

In addition to presenting information on the amount of racial, ethnic, or disability discrimination, HUD's study explored the subtleties of unfair treatment in housing choice. The understated ways in which housing discrimination reveals itself require special testing techniques used by HUD's new Office of Systemic Investigations (OSI) which investigates housing providers or other entities that it suspects of engaging in unlawful discrimination. The OSI uses a technique called paired testing, a method by which two persons, differing only on a single characteristic that is being tested (e.g., race), independently inquire about an advertised housing unit. This approach requires that each of the testers independently records his or her experience. Interestingly, the difference in treatment is often only apparent when an analyst compares the resulting information. Thus, the disparity between the number of complaints filed with HUD and FHAP agencies and the frequency of discrimination found in OSI's housing discrimination studies indicate that the victims themselves are often unaware that they have been discriminated against, further indication that discrimination is greatly underreported.

⁷ This document is available at www.huduser.org.

HUD's study of the housing discrimination of disabled people resulted in the guidebook *Discrimination Against Persons with Disabilities: Testing Guidance for Practitioners*⁸ as an aid for fair housing and disability-rights advocates, civil rights enforcement agencies, and others interested in testing for disability-based discrimination.

The guidebook describes the advantages and challenges of conducting telephone and in-person testing for discrimination against persons with disabilities. TTY testing was found to be an inexpensive effective testing strategy because it can be completed quickly, it does not require testers to travel, and it can span a wide geographic area. Moreover, relay operators provide customers with a verbatim report on each telephone call, providing an independent narrative of what occurred in the disabled portion of the test. However, because telephone calls are generally brief, these tests do not offer the opportunity to capture as much information about differential treatment as in-person tests.

The report also addresses two particular challenges faced by persons with disabilities when conducting in-person tests—transportation and access to the property and/or unit. Deaf or hard-of-hearing testers were not able to access housing that contained an intercom/buzzer entry system and blind testers sometimes had difficulty finding the front door or gaining access to rental properties or management offices. Therefore, the report concluded that it might make sense to send testers to their assignments with someone who could help them gain entrance, but who would not accompany them during tests.

Another significant challenge for disability testing is determining whether the property is accessible enough so that persons with mobility impairments can test it. Before using a property as a test site, *Barriers at Every Step* used a drive-by survey to determine whether it was accessible. The report also suggested that proxy testers be used to test properties that are not accessible.

With proper planning and support, persons with disabilities were able to effectively serve as testers. The most common types of assistance provided for testers with disabilities were transportation to and from the test site, training materials in other formats, such as Braille, and assistance from project staff in completing the test report forms. Cognitively disabled testers sometimes needed companions to accompany them during the test to help them remember and record the test experiences.

HUD intends for the study and report to serve as a guide for conducting disability discrimination testing. As such, they should be used in conjunction with other testing approaches that may be appropriate for the discriminatory practice being investigated.

HUD Fair Housing Enforcement Activity

HUD investigates complaints of housing discrimination based on race, color, religion, national origin, sex, disability, or familial status. At no cost, HUD will investigate the complaint and attempt to conciliate the matter with both parties. If conciliation fails, HUD will determine whether "reasonable cause" exists to believe that a discriminatory housing practice has occurred. If HUD finds "no reasonable cause," the department dismisses the complaint. If, on the other hand, HUD finds reasonable cause, the department issues a charge of discrimination and schedules a hearing before a HUD administrative law judge (ALJ). Either party may elect to proceed in federal court. In that case, the Department of Justice pursues the case on behalf of the complainant. The decisions of the ALJ and the federal district court are subject to review by the U.S. Court of Appeals. A complete list of cases under investigation or recently settled is available at HUD's web site.

⁸ This document is available at www.huduser.org.

Status of Fair Housing in Clarksville

There are four sources of information about the types of fair housing complaints that have been made in the Clarksville area: 1) the U.S. Department of Housing and Urban Development (HUD), 2) the U.S. Department of Justice (DOJ), 3) the Tennessee Human Rights Commission, which acts as the Fair Housing Assistance Program (FHAP) Agency), and 4) the Legal Aid Society of Middle Tennessee and the Cumberlands.

Each of these sources can provide information on cases of discrimination because each of them is a possible recipient of a fair housing complaint. For example, should an individual suspect he or she has been discriminated against, that person could file a complaint with 1) the local Legal Aid office, 2) the city of Clarksville, which documents and refers the person on to Legal Aid, to HUD, or to the Tennessee Human Rights Commission (THRC)). Furthermore, the complainant may approach THRC directly, which in turn notifies HUD. At this point, HUD opens a file as well. The individual may file directly with HUD or, finally, could file with any combination of these. And last, the Department of Justice becomes involved in some cases where reasonable cause is found.

Reports of Unlawful Discrimination

This section reviews the evidence of unlawful discrimination (in the form of an analysis of discrimination complaints) in Clarksville. In addition to the City government, there are at a minimum, four sources of information about the types of fair housing complaints that have been made in the Clarksville area: 1) the U.S. Department of Housing and Urban Development (HUD), 2) the U.S. Department of Justice (DOJ), 3) the Tennessee Human Rights Commission (THRC), which acts as the Fair Housing Assistance Program (FHAP) Agency), and 4) Legal Aid Society of Middle Tennessee and the Cumberlands.

Due to confidentiality, the individual disposition of each case has not been provided by HUD, although it is expected that some level of discriminatory behavior may have occurred in many cases that were not processed further. While we can't describe each of these cases individually, we can offer a wide view of claims of discrimination in housing opportunities.

It can be extremely difficult for an individual home-seeker to detect unlawful discrimination, and the resolution of these complaints is also important to consider. In preparation for the following paragraphs, note the following definitions:

Administrative Closure—is the term used when action is taken as a result of a judicial proceeding, when there is a lack of jurisdiction due to untimely filing, when there is an inability to identify a respondent or locate a complainant, or when the complainant fails to cooperate.

Conciliation—occurs when parties meet to work out a resolution. Meeting is generally initiated by the equivalent agency (state of Tennessee) or HUD.

Withdrawal/Relief—is the term given the situation where the complainant wishes to withdraw without relief or there is relief granted following a resolution between the parties.

No Reasonable Cause—describes the situation in which there may have been an action taken that appears to be discriminatory under the Fair Housing Law, but there is not sufficient evidence uncovered as a result of investigation to prove the action was in fact discrimination.

Reasonable Cause—describes a case that, as a result of investigation, will be considered in a conciliation or other attempted resolution action. As opposed to “no reasonable cause,” cases

described as having “reasonable cause” are transferred to the Department of Justice or the HUD administrative law judge for a judicial ruling.

Activity at HUD and the Tennessee Human Rights Commission

The Tennessee Human Rights Commission (THRC) is the state agency that ensures equal opportunity for all Tennesseans, including equal employment opportunity, equal access to public accommodations, and equal housing opportunity. One of its responsibilities as the protector of fair housing includes fielding housing discrimination complaints from the Clarksville area.

While the THRC receives more than 100 complaints from throughout Tennessee in one year’s time, since 2001, THRC (jointly with HUD) received only eight complaints of fair housing violations from the Clarksville area. Of these complaints, three cases were based on disability; one case regarded family status; one case was filed as race; one case dually filed as race and sex; and two cases dually filed as disability and sex. During that same period, the agencies closed seven cases – six as “no reasonable cause” and one being settled by a successful conciliation. Of the eight cases filed, seven were rental situations; one involved a loan. The remaining open case involves a rental property.

The Tennessee Human Rights Commission worked on 10 fair housing complaints from Clarksville between 2001 and 2005. (There were no complaints from Clarksville during 2003). Between 2001 and 2003, all seven complaints included disability as the reason for the action, and six of seven were rental cases. Sex and race were also cited in three instances. Of the four complaints filed during 2004 and 2005, two involved federal programs and were turned over the HUD. Race and sex were the reasons alleged, although all were found to have no reasonable cause.

Activity at Legal Aid Society of Middle Tennessee and the Cumberlands

During the period 2001 through 2005 the Legal Aid Society of Middle Tennessee and the Cumberlands, partially funded with HUD Fair Housing Initiative Funds (FHIP), reported 12 fair housing cases under the Fair Housing Act. Of the cases filed, five were settled, two were no cause determinations; and one (each) were unable to locate complainant, complainant withdrawn, unable to locate respondent, complainant failed to cooperate, or ready to file with HUD/THRC.

Fair Housing Discrimination Suits Filed by DOJ

The Housing and Civil Enforcement Section of the U.S. Department of Justice enforces the Fair Housing Act. While the Department of Justice has recently taken a case from Tennessee (involving an apartment complex in East Ridge, Tennessee), currently the DOJ is not investigating any fair housing complaints or claims of discrimination from the Clarksville area.

Reasons for Trends or Patterns

There is more than one possible reason for the trend toward discrimination against disabled people. One explanation may be that, as the Americans with Disabilities Act becomes more mainstream, disabled people know they have protection under the law and are pursuing complaints, rather than simply accepting discrimination as a routine part of their condition. A second possible reason that Clarksville may be seeing more than its share of disability-based discrimination cases may be the increased numbers of disabled people in Clarksville. Because Clarksville is home to Fort Campbell, many disabled veterans are returning home from the conflicts in Iraq and Afghanistan, potentially skewing the numbers of disability discrimination cases, simply because there are more disabled Americans pursuing housing there.

Fair Housing-Related Activities in Clarksville

Clarksville Staff

As reported in the Clarksville's most recent CAPER to HUD, the City has had a Fair Housing and Equal Opportunity Ordinance since 1986. However, the city does not currently have a local fair housing agency, local contact person, or investigative agency for potential victims of unfair housing practices. The Legal Aid Society of Middle Tennessee and the Cumberlands handles complaints filed in the city of Clarksville. During the 2004-05 reporting period, there were no reported cases of discrimination in Clarksville and no complaints at Fort Campbell Army Base. During the 2005-06 year, two rental cases were filed. One (based on race) is being successfully conciliated, and the other (based on race and sex) is still under consideration.

Measuring Performance Results

The Clarksville 2005-10 consolidated plan strategy includes a fair housing goal to support fair housing initiatives designed to affirmatively further fair housing choice and to increase access to housing and housing programs and services.

Proposed Accomplishments:

- Update the Analysis of Impediments to Fair Housing during FY 2005-2006.
- Educate 500 elementary children through classroom outreach programs.
- Provide awareness education through sub-recipient initiatives.

Support of HUD Goals

The city of Clarksville recognizes the need for local enforcement of the Fair Housing Law by the City Human Relations Commission by way of equivalent status and is moving toward the enactment of an ordinance supporting fair housing. It is appropriate that the city recognize the 38th anniversary of the Fair Housing Act.

Section IV Fair Housing and Clarksville's Public Sector

Overview

The policies, procedures, and practices of City departments, the codes that govern those departments, and the decisions of city boards and councils impact fair housing goals – sometimes directly, but often indirectly. To affirmatively further fair housing, cities must address the reality that citizens of protected classes are particularly impacted by housing changes brought about by these public policies, procedures, and practices.

This section of the fair housing impediment analysis assesses how the City of Clarksville's building codes, zoning laws, and associated procedures may interfere with the furtherance of federal fair housing legislation. While an examination of Clarksville's most recent municipal building code and zoning ordinance do not present apparent barriers to fair housing choices for protected classes, such laws do impact the availability of affordable, accessible, adequate, and available housing for persons protected by fair housing legislation. When a community, like Clarksville, experiences a need for affordable housing and such housing is limited, it is very often members of the classes protected by fair housing law that are frequently affected. For example, the zoning designation of property directly affects the cost of housing by dictating what size and type of housing may be built on specific sites. There is a clear nexus between the affordability of housing and the issue of providing fair housing to all.

Although Clarksville has had a Fair Housing and Equal Opportunity Ordinance since 1986, the city does not currently have a local fair housing agency or personnel to represent the interests of potential victims of unfair housing practices or investigate claims of discrimination. Currently, the Legal Aid Society of Middle Tennessee and the Cumberlands handles complaints filed in the city of Clarksville.

The Fair Housing Act generally prohibits the application of special requirements through land-use regulations, restrictive covenants, and conditional or special use permits that, in effect, limit the ability of minorities or those with a disability to live in residence of their choice in the community. If local mandates make it unfeasible to build or rehabilitate affordable housing or impose significant obstacles to its occupancy, then a community must affirmatively work toward eliminating this impediment to fair housing choice.

While the affordability of housing within a city influences a community's attempt to further fair housing, the policies, procedures, and practices of a City departments and the codes that govern those departments, combined with the decisions of City boards and councils, impact fair housing goals, sometimes directly but often indirectly. City decisions directly influence the housing market within a specific community. To affirmatively further fair housing, cities must address the reality that citizens of protected classes are particularly impacted by housing changes brought about by public policies, procedures, and practices.

In order to minimize the potential negative impact of public policies and codes, elected officials, municipal staff, and citizens appointed to relevant public decision-making boards should receive fair housing training to recognize potential fair housing problems. A value-added result of such training is that participants become sensitized to the fair housing problems experienced by protected classes and those traditionally excluded from the decision-making processes that may affect their lives.

To analyze municipal policies, procedures, and practices, the following documents were analyzed:

- The Building Code for the City of Clarksville;
- The Zoning Ordinance for the City of Clarksville; and
- The City of Clarksville's 2005-2010 Consolidated Plan.

Clarksville has a significant history in the area of fair housing – from the adoption of an Analysis of Impediments to Fair Housing to the recent Mayor's Affordable Housing Summit in July, 2005. A description of local agencies and organizations presently engaged in fair housing issues and activities follow:

Building Codes and Their Impact on Fair Housing Choice

Human behavior is probably the biggest source of unfair housing practices; however, a community's building codes can impact fair housing, too – especially with regard to housing accessibility. The U.S. Department of Housing and Urban Development established *Fair Housing Accessibility Guidelines* to help communities comply with the Fair Housing Act. These guidelines refer to eight “safe harbors” documents that, if used as a municipal building code, will ensure that buildings comply with the Fair Housing Act. Some of these safe harbors include HUD's Fair Housing Accessibility Guidelines, HUD's Fair Housing Act Design Manual, ANSI A117.1 and ICC/ANSI A117.1 (when used with the Fair Housing Act's regulations and guidelines), the Code Requirements for Housing Accessibility 2000, and the International Building Codes of 2000 (as amended) and 2003 (with one condition).⁹

Clarksville's Building and Codes Department employs seven people including the Director of the Department. Six of the department's employees are responsible for assuring compliance with the City's building codes. The Building and Codes Department issues building permits, certificates of occupancy, and renewals of temporary use permits. Ultimately, a permit must be obtained from the Building and Codes Department to erect a building or alter an existent building. Any development must comply with the City of Clarksville's building code. In addition, the Department must approve the alteration of any building and guarantee that changes comply with the necessary zoning and building codes. Clarksville has recently adopted the 2003 International Building Code described in the previous paragraph.

In guaranteeing compliance with the specific building codes, Department staff must ascertain compliance with yard, space, and structural requirements. As the U.S. Department of Housing and Urban Development has discovered in its Regulatory Clearinghouse, increasing building code requirements, especially those that increase the size of new properties, have a direct effect on the cost of housing and thus, on the choice of affordable housing for traditionally impacted classes of citizens.

The Process for Obtaining Building Permits

When a citizen applies for a building permit, staff of the Building Codes Department investigates whether the requested development complies with the property's zoning designation. If the permit is denied, the applicant may appeal the decision to the Board of Zoning Appeals, a five member Board appointed by the Mayor and confirmed by a majority of the City Council. The Building Codes Department provides application information as well as separate forms for potential appeals. Appeals may be based upon a requested variance, use permitted by review, home occupation, and appeal of a decision by the Building Codes Department. A final appeal may be made to the City council if one disagrees with the decision of the Board of Zoning Appeals.

In 2005, 91 appeals out of 99 appeals requested were granted; therefore, the Building Codes Department does not appear to be an impediment to furthering fair housing. In fact, the Building Codes Department should be recognized for assuring compliance for residents with physical and mobility challenges, a class protected by fair housing legislation. The City of Clarksville utilizes the state of North Carolina's model legislation for buildings to guarantee accessibility for citizens with physical and mobility challenges. Further, the Commercial and Multi-Family Permit Application provides specific notice of the need to comply with federal requirements, such as the Americans with Disabilities Act and Section 504 of the Rehabilitation Act.

Zoning and Its Impact on Fair Housing Choice

Like a community's building codes, zoning laws impact fair housing, too. However, zoning laws can impact fair housing in different ways. For example, some zoning laws might require a certain sized lot, which lessens a home's affordability. In turn, this exclusive affordability limits the kinds of people who can purchase that housing. Although poor people are not one of the protected classes in the Fair Housing Act, a municipality's zoning requirements that increase the price of a home so much that it excludes all but only a few homebuyers could qualify as an impediment

⁹ *The State of Fair Housing: FY 2005 Annual Report on Fair Housing*. U.S. Department of Housing and Urban Development.

to fair housing. Ironically, a more subtle way that zoning laws impact fair housing is in the public hearing process. The public hearing system that allows a democracy to voice its opinions in matters of zoning often allows these same citizens the opportunity to exclude others¹⁰. Often this exclusion is based on income, race, disability, or a combination of these factors; although the opposing group may couch their NIMBYism (not In My Back Yard) as concern over increased traffic, overcrowding the existing schools, and other arguments.

The Clarksville Zoning Ordinance divides residential property into the following zoning districts:

- E-1: single family estate district
- R-1: single family residential district
- R-1A: single family residential district
- RM-1: single family mobile home residential district
- R-2D: one and two family residential districts
- R-3: two and three family residential district
- R-4: multi-family residential district
- PUD: planned unit development residential district

These district designations provide specific requirements for land use based upon minimum lot size, minimum yard size, and restricted land use. All proposed buildings must comply with these regulations or seek a change in zoning. To change a zoning designation, an individual must apply with the Clarksville-Montgomery Regional Planning Commission, a nine-member board, containing four members from Montgomery County and five members from the City of Clarksville. By ordinance, the Commission must include one County Commissioner and one member of City Council. The Board's decision may then be reviewed by the Zoning Board of Appeals. The day-to-day operation of the planning commission is conducted by ten staff members.

Obviously, the designation of zoning districts has a substantial impact on the availability of housing choice for all citizens, but particularly protected classes. Nationally, advocates for those with disabilities, homeless, or special needs populations have raised concerns about restrictive zoning codes that narrowly define "family" for the purpose of limiting the number of non-family related individuals occupying a single family dwelling unit. In addition, local zoning officials must be particularly sensitive to "group home" arrangements that provides many people, especially those in protected classes, their only affordable housing option for residential stability and more independent living. By limiting the definition of "family" and creating burdensome occupancy standards, people with disabilities may suffer discriminatory exclusion from prime residential neighborhoods.

Finally, zoning officials must be sensitive to increases in minimum lot size that might drive up the price of housing above the "affordability band" of low and moderate income residents. City staff and zoning officials must be made constantly aware of the implications that their decisions have for fair housing. It is incumbent on the City of Clarksville to ensure annual training for zoning-related staff and officials to keep those individuals sensitive to the needs of protected classes.

The Clarksville-Montgomery Regional Planning Commission is currently reviewing and revamping zoning ordinances. At least two new designations are proposed, 2d, which will allow a 6,000 square foot lot, and an alteration to the PUD designation that will allow townhouses, row houses, and condos. Both of these changes will further increase the ability of developers to create housing targeted at protected classes. The review is and resulting changes expected to be completed in late 2007.

Planning and Zoning Boards

All proposed buildings must comply with the city's regulations or seek a change in zoning. To change a zoning designation, an individual must apply with the Clarksville-Montgomery Regional Planning Commission, a nine member board, containing four members from Montgomery County and five members from the City of Clarksville. By

¹⁰ *The State of Fair Housing: FY 2005 Annual Report on Fair Housing*. U.S. Department of Housing and Urban Development

ordinance, the Commission must include one County Commissioner and one member of City Council. The Board's decision may then be reviewed by the Zoning Board of Appeals. The day-to-day operation of the planning commission is conducted by 10 staff members.

Clarksville's Building and Codes Department employs seven people including the Director of the Department. Six of the department's employees are responsible for assuring compliance with the City's building codes. The Building and Codes Department issues building permits, certificates of occupancy, and renewals of temporary use permits. Ultimately, a permit must be obtained from the Building and Codes Department to erect a building or alter an existent building. Any development must comply with the City of Clarksville's building code. In addition, the Department must approve the alteration of any building and guarantee that changes comply with the necessary zoning and building codes.

In guaranteeing compliance with the specific building codes, Department staff must ascertain compliance with yard, space, and structural requirements. As the U.S. Department of Housing and Urban Development has discovered in their Regulatory Clearinghouse, increasing building code requirements, especially those that increase the size of new properties, have a direct effect on the cost of housing and thus, on the choice of affordable housing for traditionally impacted classes of citizens.

Neighborhood Revitalization, Municipal and Other Services, Transportation

The Mayor's Affordable Housing Summit

On July 14, 2005, the City of Clarksville hosted the first ever Mayor's Affordable Housing Summit at Austin Peay State University. The day-long summit addressed such issues as: what is affordable housing, what is the housing challenge in the city of Clarksville, affordable housing funding strategies, the role of faith-based and community development organizations in the development of affordable housing, and a special session on fair housing issues. The Mayor of Clarksville, Don Trotter, is to be commended for taking this first step in elevating public awareness about the issue of affordable housing and how it impacts choice for special needs populations.

The Mayor's Affordable Housing Summit was an outgrowth of the establishment of the Affordable Housing Task Force, a thirty member volunteer group, established to "provide the leadership and mobilize the community's resources to strengthen Clarksville's capacity to maintain, expand and create sufficient, safe and decent affordable housing". The Task Force created four committees to guide its work: Public Housing, Downtown Residential Development, Barriers to Home Ownership and Fair Housing, and Creating and Sustaining Affordable Rental Housing. The establishment of this Task Force will provide a long-term organization to address the housing issues of Clarksville. A second Affordable Housing Summit is scheduled for August 2006.

Subcommittee on "Barriers to Home Ownership and Fair Housing"

As a result of the Mayor's Housing Summit, a subcommittee on "Barriers to Home Ownership and Fair Housing" was created. The Subcommittee developed an Action Plan to address issues identified by the Housing Summit. Among the issues that the subcommittee has decided to address is to "determine if possible regulatory barriers exist which may make varying housing prices in subdivisions more exclusive than inclusive". To make this determination, the subcommittee plans to "organize a group of qualified individuals to study possible regulatory barriers and complete a comparison of the Analysis of Impediments to Fair Housing and the Land Use Plan along with the procedures of the Clarksville-Montgomery County Regional Planning Commission". With a City of Clarksville Housing Counselor, Dana Abee, as the chair of this subcommittee, there will be concerted City focus on this issue.

Clarksville's HOME Program

The following documents from the City of Clarksville were analyzed for compliance with all Fair Housing requirements:

- City of Clarksville Housing Program Manual
- Owner-Occupied Housing Rehab Program Policy Guidelines

- Residential Anti-displacement and Relocation Assistance Plan, Section 104(d) of the Housing and Community Development Act of 1974, as amended
- Land Use Study Update, Clarksville-Montgomery County, Tennessee

While an analysis of these documents shows no attempt to hinder fair housing, there are various areas where the City of Clarksville could further advance fair housing goals.

In addition, all HOME documents should be consistent in form and language. For instance, the language used in the HOME Homeowner Rehabilitation Program, the Fair Lending Notice and the “No Place Like HOME” program is different. All three documents should use the same designation of “protected classes” under the Fair Housing Act.

Employment-Housing-Transportation Linkage

Transportation links are essential components to successful fair housing. One of the four “A’s” of housing is “Accessibility”. Residents who do not have access to commercial areas are limited in where they can shop for goods and services, as well as seek employment. The converse is true as well. Inadequate transportation routes limit the selection of housing to neighborhoods within transportation service areas. Convenient roads in good repair are as important as those who rely on their own vehicles for transportation as they are for those who rely on public transportation.

Clarksville is served by the Clarksville Transit System (“CTS”). CTS serves Clarksville, Fort Campbell, and surrounding parts of Montgomery County with seven fixed routes and four peak service routes. Service hours are from 5:00 a.m. until 9:00 p.m. Monday through Friday. Saturday hours are from 7 a.m. until 9 p.m.

CTS also provides curb-to-curb wheelchair van transportation operating the same hours as regular bus service. The service is provided to disabled citizens who meet certain criteria and who schedule appointments with the Para-Transit office. The fare for this service is \$2.00 per trip¹¹.

CTS fixed routes radiate from a central city transit center and traverse both commercial and residential areas providing accessibility to approximately 60 percent of the City’s communities and commercial districts.

Other Municipal Services

The City of Clarksville offers an array of loan products for housing assistance, funded by Community Development Block Grants and HOME funds. The City has adopted a Consolidated Plan that encourages long-term economic and social development, as well as providing for a variety of housing activities throughout the city to maximize housing choice.

PHA and Other Assisted/Insured Housing

The Clarksville Housing Authority has announced its commitment to Fair Housing in their Five Year Plan, submitted to HUD in October, 2005. In that document, the Housing Authority announced their commitment by affirming their strategic goal to “ensure equal opportunity in housing” by:

- Undertaking affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, sex, familial status, and disability;
- Undertaking affirmative measures to provide a suitable living environment for families living in assisted housing, regardless of race, color, religion, national origin, sex, familial status, and disability; and
- Undertaking affirmative measures to ensure accessible housing to persons with all varieties of disabilities regardless of unit size.

The Clarksville Housing Authority has taken affirmative actions to decrease the concentration of low-income residents while targeting incomes to diversify the base served by the Authority. In the Public Housing Plan

¹¹ Clarksville Transit System website: <http://www.cityofclarksville.com/transportation/index.html>

(submitted by the Clarksville Housing Authority in October, 2005) outlined the following policies of the Housing Authority:

Deconcentration Policy for the Clarksville Housing Authority

1. Policy

a. The objective of the Deconcentration Policy for The Clarksville Housing Authority (CHA) is to achieve the goal that families are housed in a manner that will prevent a concentration of poverty families and/or a concentration of higher income families in any one development or census tract. The CHA will take actions as necessary to achieve the goal that no individual development has a concentration of higher income or lower income families. To ensure that the CHA does not concentrate families with higher or lower income levels in any one development, the CHA will track the status of family income, by development, on a monthly basis utilizing income reports generated by the CHA's computer system.

b. The CHA will periodically compare the relative incomes of its developments to the relative incomes of the census tracts in which they are located. Where significant differences are identified, income targeting will be applied.

2. Income Targeting

a. In an effort to accomplish the deconcentration goals, The Clarksville Housing Authority will take the following actions:

1. At the beginning of each fiscal year, The Clarksville Housing Authority will establish a numerical goal for admission of families whose incomes are at or below 30 percent of the area median income. The target annual goal will be calculated by taking 40 percent of the total number of move-ins from the previous CHA fiscal year.

2. The CHA will limit the number of admissions to ensure that not less than 40 percent of admissions are families with incomes at or below 30 percent of the area median income.

3. The CHA will skip families on the waiting list or skip developments to accomplish these goals.

b. The Clarksville Housing Authority will not hold units vacant to accomplish these goals.

The Clarksville Housing Authority does not administer a Section 8 program; therefore, the Housing Authority lacks a tool that could lead to tenant-based deconcentration as potential renters have portability with their Section 8 vouchers.

Section V: Fair Housing and Clarksville's Private Sector

Homeownership rates are important to a community's financial well-being. Prospective homebuyers expect to have access to mortgage credit; and home ownership programs must be available without regard to discrimination, income, or profession. To truly live up to fair housing laws, all persons must have the ability to live where they want and can afford.

Access to mortgage credit enables residents to own their homes, and access to home improvement loans allows them to keep older houses in good condition. Access to refinancing loans allows homeowners to make use of the equity in their home for other expenses. Mortgage credit, home improvement loans, and refinancing loans together keep neighborhoods attractive and keep residents vested in their communities.¹²

Lenders in Clarksville

Poor lending performance results in various long term and far ranging community problems. Of these, disinvestment is probably the most troubling. Disinvestment in Clarksville by its lenders would reduce housing finance options for borrowers and weaken competition in the mortgage market for low-moderate income neighborhoods. High mortgage costs, less favorable mortgage loan terms, deteriorating neighborhoods, reduced opportunities for home ownership, reduced opportunities for home improvement and the lack of affordable housing are only a few of the consequences of inadequate lending performance. Financial decay in the business sector as well as in the private sector is also a result of disinvestment in the form of business relocation, closure, and bankruptcy. Full service local lenders that have traditionally served residents and businesses are one of the main elements that keep neighborhoods stable.

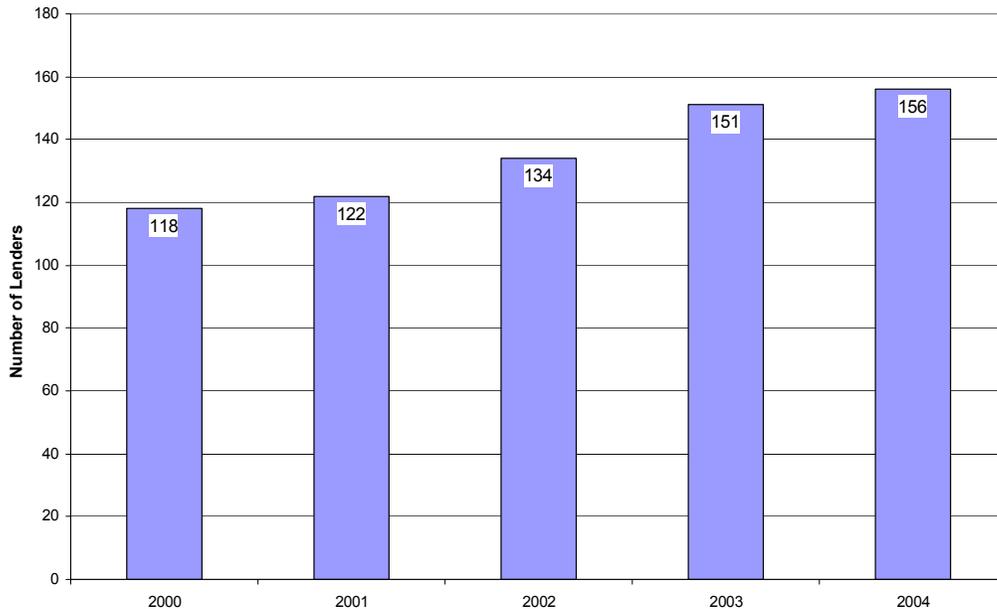
Significant changes are occurring in the lending market not only in Clarksville but throughout the United States. The number and type of lenders have changed over the last 10 years, and it is a common occurrence to read about national lenders buying local lenders. These national lending institutions are becoming increasingly more active locally, as the market share of national corporations is growing yearly. The newest issue to emerge from the changes in the market is the substantial growth of the sub-prime market and the impact these lenders have on communities and neighborhoods. More and more we see local commercial banks lose market share to lenders outside the city.

Like most communities that comprise a Metropolitan Statistical Area (MSA), Clarksville is highly influenced by lending activity throughout the Clarksville, TN/Hopkinsville, KY area. In this context, much of the information in this section refers to the MSA as a whole.

There were 156 financial institutions with a home or branch office in Clarksville/Hopkinsville, and whose data make up the 2004 aggregate report for the Clarksville/Hopkinsville MSA. The number of all mortgage lenders in Clarksville/Hopkinsville has increased steadily by an average of 9 percent each year since 2000. In 2004, there were 28 percent more lenders serving the area than in 2000.

¹² Profile of Lima, Ohio, Federal Reserve Bank of Cleveland, Fall 2000.

Fig. 1. Number of Lenders



Source: HMDA, 2000-2004

The physical presence of financial institutions in communities facilitates relationships with banks, and the location of these institutions is a primary concern for a community. Areas left without branches or with access to only ATM machines must find alternative sources for services (such as check cashing businesses or finance companies), which can be more expensive than traditional financial institutions or credit unions.

Number of Lenders Percent Change 2000 to 2004	
2000 to 2001	3.4%
2001 to 2002	9.8%
2002 to 2003	12.7%
2003 to 2004	3.3%

Of the top five lenders in Clarksville, only two have physical locations within the city. Franklin American Mortgage Company, Suntrust Mortgage, Inc., and Countrywide Home Loans are located elsewhere within the Metropolitan Statistical Area (MSA). Together, these three, along with First Federal Savings Bank and Bank of America wrote 27 percent of the lending business in Clarksville in 2004. Table 1 (below) shows the five largest lending institutions located within the City of Clarksville, the number of branches in 2004 and their 2004 market share for mortgage applications (all types and purposes). As lenders, these five local institutions have a combined market share of 13.7 percent, with other local lenders harnessing another 61.7 percent, realizing a local total of 75.4 percent of the city's mortgage business.

The remaining 24.6 percent of the market share went to lenders who have no offices or branches in the Clarksville/Hopkinsville MSA. This means that local lenders control the marketplace in the city of Clarksville.

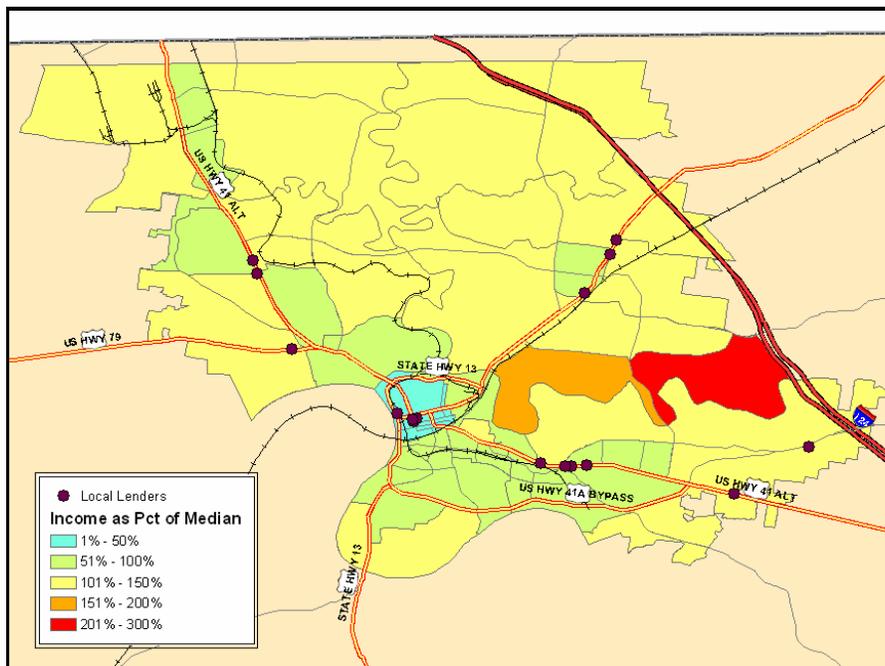
Table 1. Depository Institutions in Clarksville

Institution	Branches/ Offices	Percent Market Share 2000
First Federal Savings Bank	1	4.61%
Bank of America, N.A.	4	3.45%
Farmers and Merchants Bank	4	3.40%
Old National Bank	5	1.18%
Trane Federal Credit Union	3	1.01%
TOTAL		13.7%

Source: HMDA, 2004

The map below shows the locations of the five largest local lenders in Clarksville listed in the table above. Sited throughout the central city and along the path of several high-traffic routes, they are readily accessible by residents of even the poorest areas, where the median income is less than 50 percent of the area's median. Clarksville's highest-volume lenders are scarce in high-income tracts, and instead are located where greater ratios of the population earn less than the area median. Within the boundaries of Clarksville, residents of areas with higher income levels must travel farther to do business with high-volume local lenders. However, it is important to remember that high-income housing tracts are usually in less commercial areas in general. Nevertheless, one of the most significant findings is the predominance of top-tier lenders in the Clarksville market and the associated absence of sub-prime lenders.

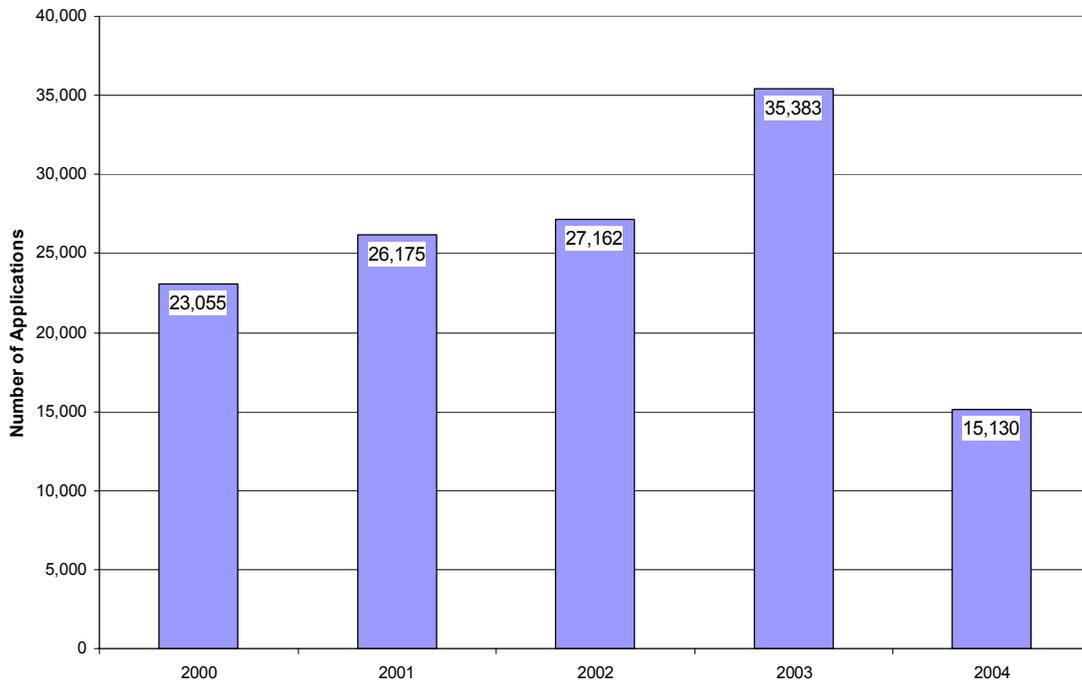
Map 1: Lenders in Neighborhoods



Lending Activity in Clarksville, 2000-2004

The statistical databases used for this analysis were 2000 decennial census data and the Home Mortgage Disclosure Act (HMDA) data for the years 2000 to 2004, inclusive. HMDA data on loan activity are reported to document home purchase, refinancing, and home improvement loans. The broadest measure of lending activity is total market activity, which covers all three categories of home loans (purchase, refinance, and home improvement). In this report, if the loan purpose is not specified in the text or figures, the reference is to total market activity.

Fig. 2. Home Mortgage Applications, All Types



Source: HMDA, 2000-2004

Loan Applications Percent Change 2000 to 2004	
2000 to 2001	13.5%
2001 to 2002	3.8%
2002 to 2003	30.3%
2003 to 2004	-57.2%

During the strong economic trends of a few years ago, there was a boost in income and employment, which generated a higher demand for homeownership and other mortgage related activities. Mortgage interest rates were quite low and there was a rush to refinance homes and to do home-improvement projects. Not surprisingly, mortgage loan activity in Clarksville showed strong growth over this same time period; and the total number of applications submitted to lenders in Clarksville increased by 30.3 percent from 2002 to 2003 (Figure 2). In 2004,

however, data indicate a 57.2 percent drop in loan application activity. The reason for this drop is not clear, but it may be attributed to a change in lending data reporting methods adopted in 2004. Alternatively, this timeframe roughly corresponds with the United States military involvement in Iraq. Since a large proportion of Clarksville's population is employed in the armed forces (over 20 percent in 2000), it is possible that the lower mortgage lending activity is a reflection of an increase in residents who prefer to rent or those who view commitment to a new mortgage a low priority.

The applications represented here are for all loans: conventional, government-backed, refinance, home improvement, those for multi-family (5 or more) dwellings, and non-owner occupied buildings.

From 2000 to 2003, approval rates¹³ steadily increased (Figure 3), likely in response to general economic conditions nationwide. In 2004, more than 57 percent of all loans were originated (not shown separately), while fewer than 7 percent of loans approved were declined by the applicants. The rates of denials ranged from a high of 34 percent in 2000 to just over 21 percent in 2003, while withdrawals and incomplete applications varied little.

**Fig. 3. Actions Taken on Applications
All Applications, All Loan Categories**

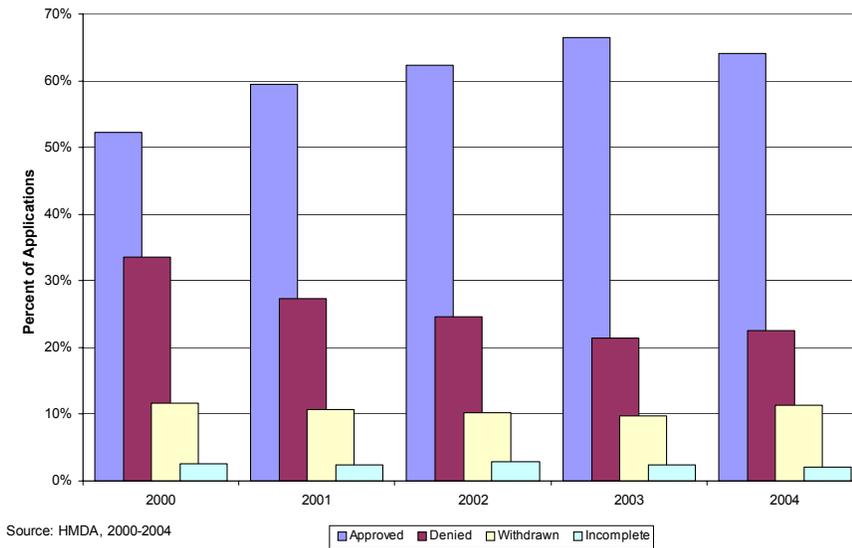


Fig. 4. Change in Applications Submitted, Originations and Denials

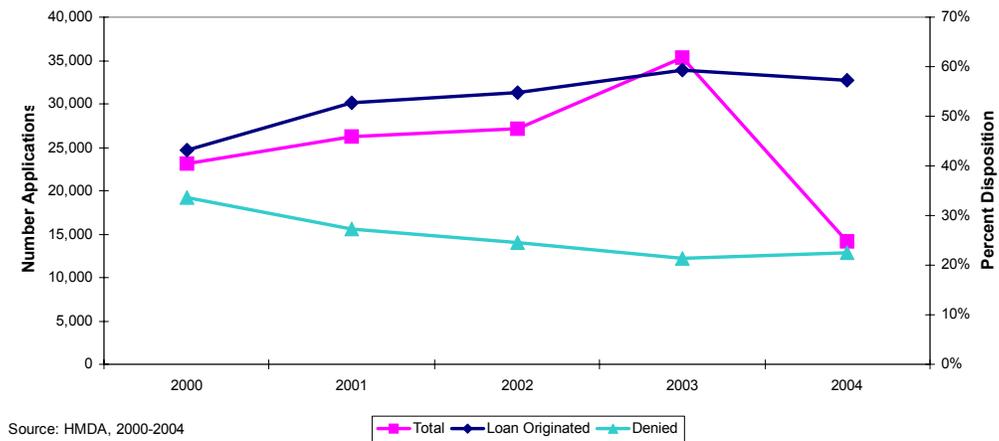


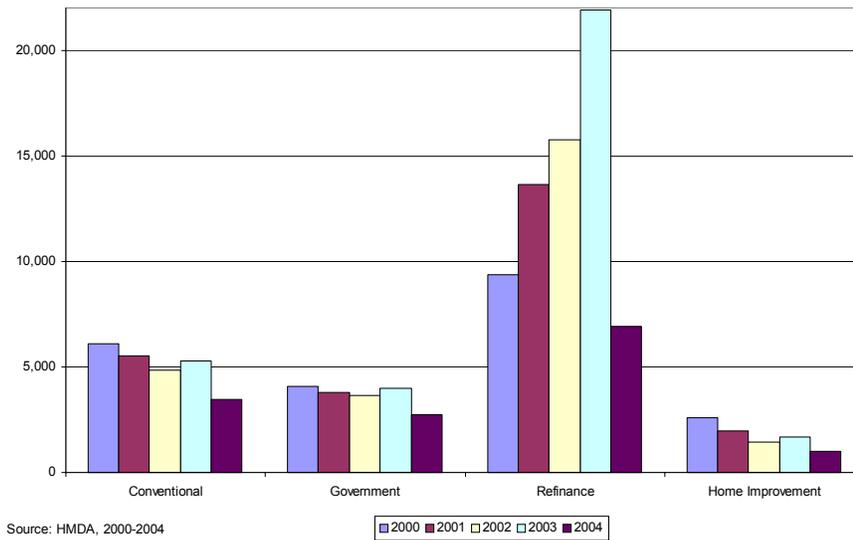
Figure 4 shows the relationship among percent of applications, originations, and denials for the five-year period in Clarksville. Despite the large drop in number of applications, rates of originations and denials remain similar to earlier

¹³ Approved loans are those that originated (culminated in a closing) as well as those approved by the lender but subsequently declined by the borrower.

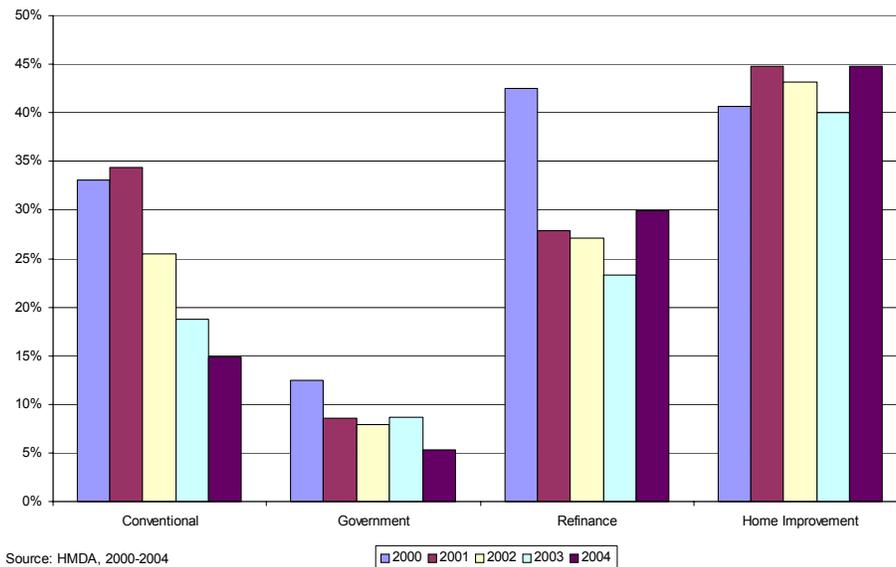
years. Originations (read as percent of applications on the right) climbed steadily since 2000 against a slow but steady decrease in denials. Both rates leveled off from 2003 to 2004.

One factor that might contribute to the change in the rate of loan originations is the difference in the types of loans applicants seek. A review of applications by type (Figure 5) reveals that refinancing is the most sought-after loan type. Refinancing is commonly thought of as a way for homeowners to access cash. Undoubtedly, the large increase in applications in 2003 is an indication of homeowners taking advantage of the low interest rates of the last few years. Apart from a small spike in 2003, conventional loan applications decreased steadily throughout the period, from 6,108 applications in 2000 to 3,459 in 2004. Home improvement loan applications are dropping off after a high of 2,586 in 2000 and appear to be the least sought after product.

Fig. 5. Applications by Type



Conventional home purchase loans are a strong indicator of how many families are able to purchase single-family housing in the city. The denial rate for these loans has consistently been over 14 percent, reaching its highest point in recent years with more than 34 percent of applications denied in 2001 (Figure 6). The 2004 denial rate of 14.8 percent is the lowest since 2000. Government loans maintain their position as lowest in rate of denials, peaking in 2000 at just below 13 percent.

Fig. 6. Denial Rates by Type of Loan—2000 to 2004

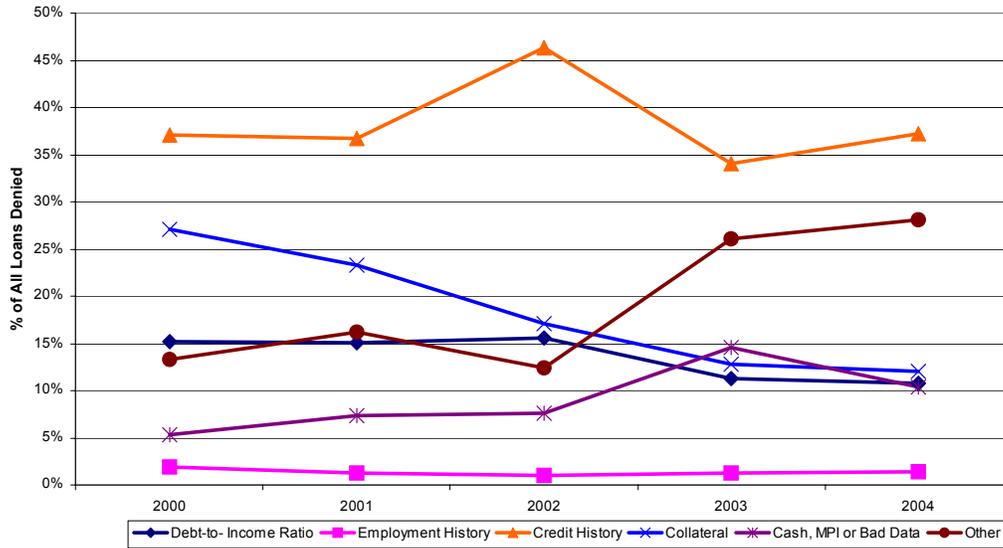
Applicants for both refinance and home improvement loans already have equity in their homes and have histories as borrowers. For these reasons, securing additional financing ought to be easier. In general, there are two reasons why homeowners apply for refinance loans. One involves borrowing funds in the amount of the existing mortgage at a lower interest rate so that the homeowner's monthly mortgage payment is lower. Certainly, this type of loan is favorable, since the homeowner will be spending less income on the home's mortgage and, theoretically at least, more money in the local economy. The second type is one in which the homeowner extracts accumulated equity in order to afford a large-ticket expense, such as a wedding or a new vehicle, or to consolidate accumulated smaller debts. This type of refinance can be viewed less favorably, since the owner is disinvesting in the property by withdrawing accumulated wealth. From a lender's point of view, this reduction in the owner's equity represents a higher risk for the lender. The rate of denials for refinance applications dropped significantly in 2001 from a 2000 rate of 42.5 percent; however, in 2004, the rate of denials for refinance loans rose again to nearly 30 percent.

Historically home improvement loan applications appear to have had the highest rate of denials, but this may be due to the fact that lenders use the home improvement category to report both second mortgages and equity-based lines of credit. Although home improvement loans may be a means for financially ailing homeowners to generate funds for needed repairs, in 2004 the denial rate of 44.8 percent matched the 2001 rate after a slight decline in the intervening years. An important consideration in this area is the fact that nearly one-half (47 percent) of Clarksville's housing stock is more than 30 years old. Reinvestment in the form of home improvement is crucial to maintaining the supply of comfortable – and ultimately sellable – homes. Without improvements, homeowners are unable to command a fair market value once they decide to sell. Rising denial rates on these types of loans may reflect changing policies in the lending industry, so this is an area that may warrant some attention in Clarksville. The associated disinvestment can have an undesirable effect on the community when it occurs in great numbers.

When loans are denied, lenders record the reasons for these decisions. Figure 7 shows the percent of denials by reason for the period from 2000 to 2004 for all loans of all types. Overall, the most common reason for denying loans continues to be the applicant's credit history. Although this rate has been gradually declining after a peak of 46.3 percent of all denials in 2000, it is still the most common reason, at 37.3 percent in 2004. Also declining as reasons for denial are debt-to-income ratio (10.8 percent in 2004) and inadequate collateral (12.1 percent in 2004). While rising to a recent high level of over 14.5 percent in 2003, the combined value of insufficient cash, unverifiable information, and an incomplete credit application dropped to 10.4 percent in 2004. The category "Other" combines those reasons and includes the very small percentage of those denied because the applicant was unable to secure mortgage insurance (ranging from 0.07 percent to 0.31 percent). While this combined rate began at 13.3 percent in

2000, it increased sharply in 2003 and again rose in 2004 to just over 28 percent. Employment history continues to be the least common reason for denials, and has been steadily declining since 2000 (only 1.4 percent in 2004).

Fig. 7. Reasons for Denial of Applications

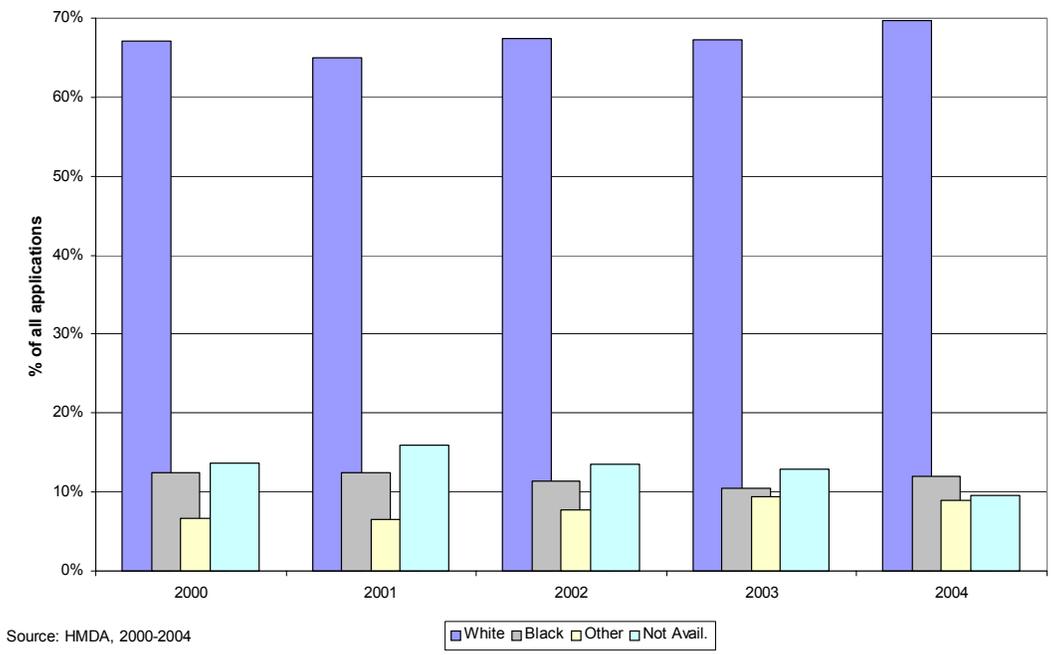


Source: HMDA, 2000-2004

Analysis by Race

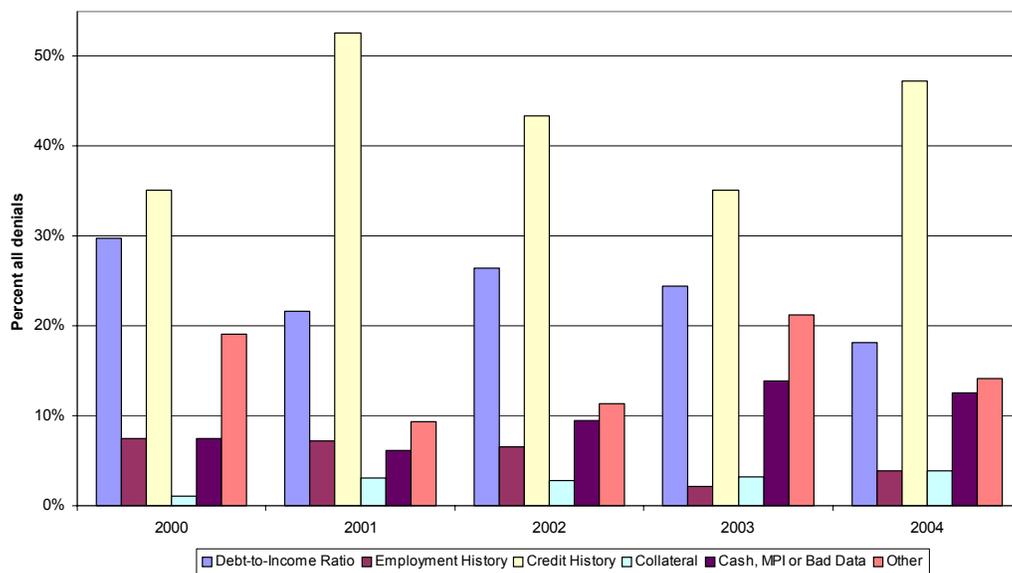
Ideally, the percentages of loan applications received would mirror the percent of population of each racial group. As described in the demographic section, the 2000 population of Clarksville is comprised of 68 percent Caucasian and 22.8 percent African-American residents. However, in Clarksville there is disparity between loan applications received from African-Americans and those received from Caucasians. In 2004 the percent of applications made by white consumers was 65.3 percent, down from 67.2 percent in 2000 (Figure 8). While this rate of change can often be accounted for in a related increase among applicants whose race was not reported (which fell from 13.7 percent in 2000 to 8.9 percent in 2004), such is not the case in Clarksville. The rate of applications from African-American consumers has held relatively steady, between 10.4 percent (2003) and 12.5 percent (2001). But in an area where they comprise nearly 23 percent of the population, these percentages show that black applicants are clearly underrepresented. This fact should be an area of concern for the city of Clarksville.

Fig. 8. Applications by Race



When examining reasons for denial among only white applicants, unacceptable credit history maintains its position as the most common (Figure 9). Interestingly, this percentage dropped significantly among white applicants in 2002 at a time when the overall rate dropped off (Figure 7). A clear increase is apparent from 2000 (35.1 percent) to 2001 (52.6 percent), with another from 2003 (35.1 percent) to 2004 (47.2 percent). Debt-to-income ratio is the second most common reason for denial, consistently over 20 percent until 2004 when it fell slightly to 18.1 percent of denial reasons. The rate for the combined category of insufficient cash, unverifiable information, and incomplete application fluctuated widely from a low of 9.3 percent in 2001 to a high level of 21.3 percent in 2003.

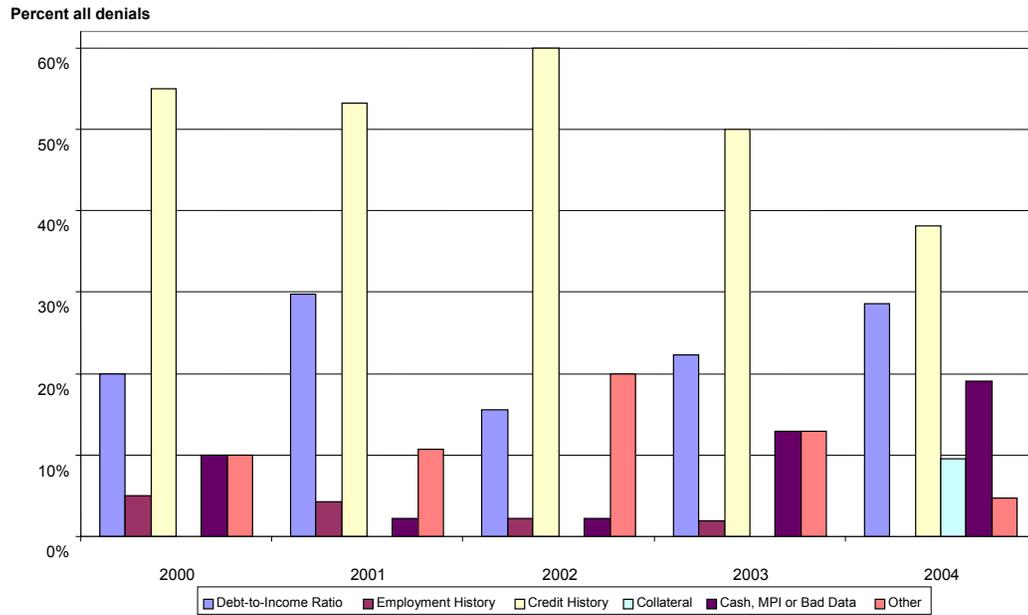
**Fig. 9. Reason for Denial of Application
White Applicants**



Source: HMDA, 2000-2004

As with Caucasian applicants, credit history was the most common reason for loan denials among African-American applicants (Figure 10). After a peak of 60 percent in 2004, it reached its lowest point of recent years in 2004 of 38.1 percent. Denial due to debt-to-income ratio varies considerably from year to year when comparing black applicants to white (Figure 9). Just 15.6 percent of applications from black consumers were denied on the basis of debt-to-income ratio in 2002, with the highest frequency in 2001 of 29.8 percent. The combined category of insufficient cash, unverifiable information and incomplete application varied widely, ranging from a low of 2.1 percent in 2002 to a high of 19.1 percent in 2004. While this appears to be a less frequent reason for denials among black applicants than white, no apparent pattern emerges from a comparison between the two graphs on this measure.

**Fig. 10. Reason for Denial of Application
African-American Applicants**

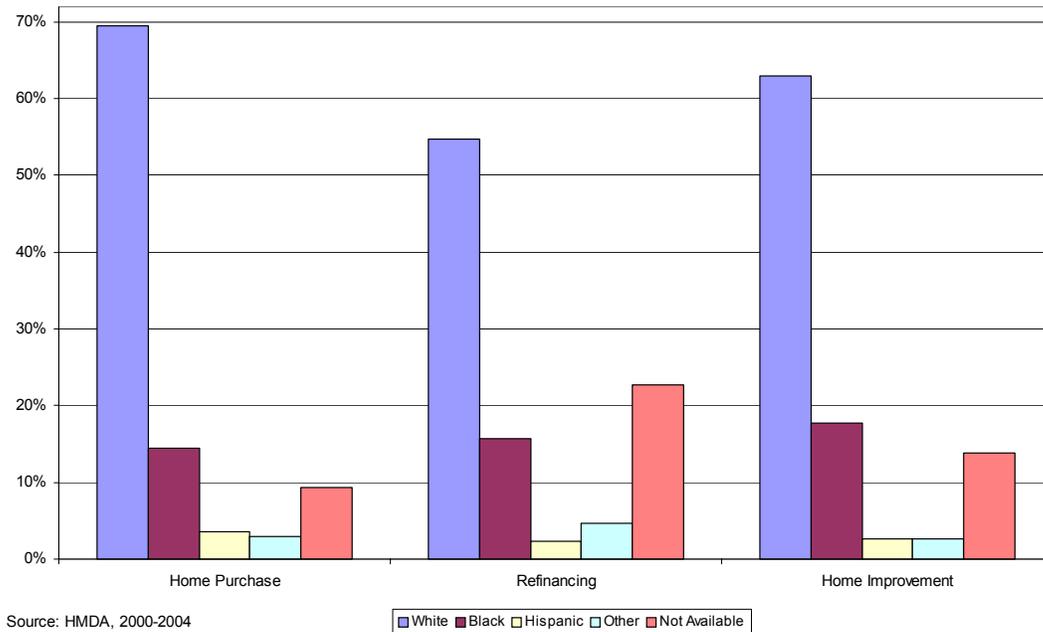


Source: HMDA, 2000-2004

There do not appear to be any consistencies with regards to reasons of denial for one race over the other. In general, rates of reasons for denial are consistent between races and somewhat mirror those for all races combined (Figure 7). While credit history, debt-to-income ratio, and incomplete applications are the three most cited reasons for denial, there do not appear to be any patterns to report that might suggest unfair practices in the lending industry with regards to the application process. While this signals good news for fair lending with respect to racial discrimination, these data show only a small piece of the lending picture.

When examining the denial rates by the loan type (purchase, refinance, or home improvement), whites' applications were denied consistently more often than were blacks' among applicants who reported their race (Figure 11). However, a crucial caveat in these data is the very large percentage of applicants whose race was not reported, particularly among those seeking loans to refinance. With over 20 percent of applicants for refinance loans and an additional near 14 percent of those seeking home improvement loans not reporting their race, any conclusions attempted from comparing data from African-American and Caucasian applicants in these areas will be critically flawed. Nonetheless, this is an area that merits additional attention.

Fig. 11. Denial Rates by Race and Purpose of Loan



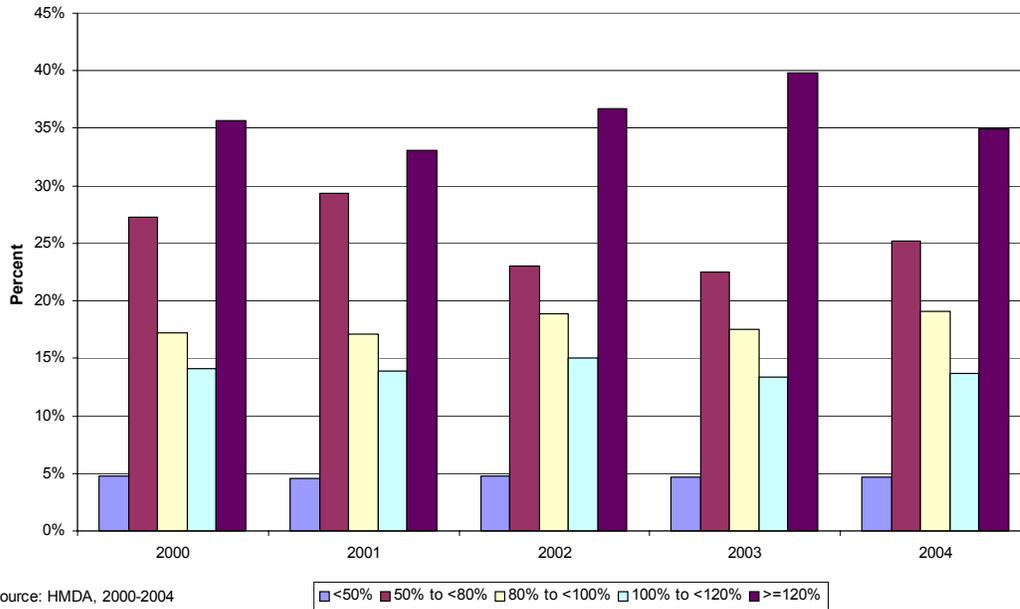
Analysis by Income

Low- and moderate-income households make up a substantial portion of Clarksville's total households. According to the description in the demographic section of this report, nearly 15 percent of Clarksville's residents earn under \$15,000 annually. A nearly equal number earn from \$15,000 to \$25,000, as compared to a median income of \$37,548 in 2000. Because home ownership is the primary way of increasing personal net worth and assets, for these households access to credit for home loans is essential.

In Clarksville in 2000, of the 43.1 percent of loans originated, nearly one-third (32.1 percent) went to low- and moderate-income borrowers combined, with households earning less than 50 percent of the city's median receiving 4.8 percent of all approvals and 27.3 percent going to those earning from 50 percent to 80 percent (Figure 12) of the area's median. By 2004, 57.4 percent of all loans originated. However, the low- and moderate- income borrowers received only 29.9 percent of all originated loans. The difference was felt primarily among moderate-income borrowers, whose origination rate fell more than 7 percent, while the rate among low-income applicants (earning less than 50 percent of the area's median) remained steady at near 4.7 percent. These two groups together experienced a net decrease of 9.6 percent from 2000 to 2004.

By comparison, households earning 80 percent to 100 percent of the city's median received just 17.2 percent of the loans originated in 2000. This figure remained relatively stable from 2000 to 2004, showing a 10.9 percent net increase overall to 19.1 percent in 2004. Just less than one-third (31.4 percent) of all loans originated went to those earning from 80 to 120 percent of the city's median in 2000, and this changed by just 4.5 percent to 32.8 percent in 2004. Upper income borrowers (earning 120 percent or more of the city's median) consistently received just over one-third of all loans, from a low rate of 33.1 percent in 2001, reaching 39.8 percent in 2003. The 2004 rate of 35 percent represents a net loss over the period of 1.9 percent.

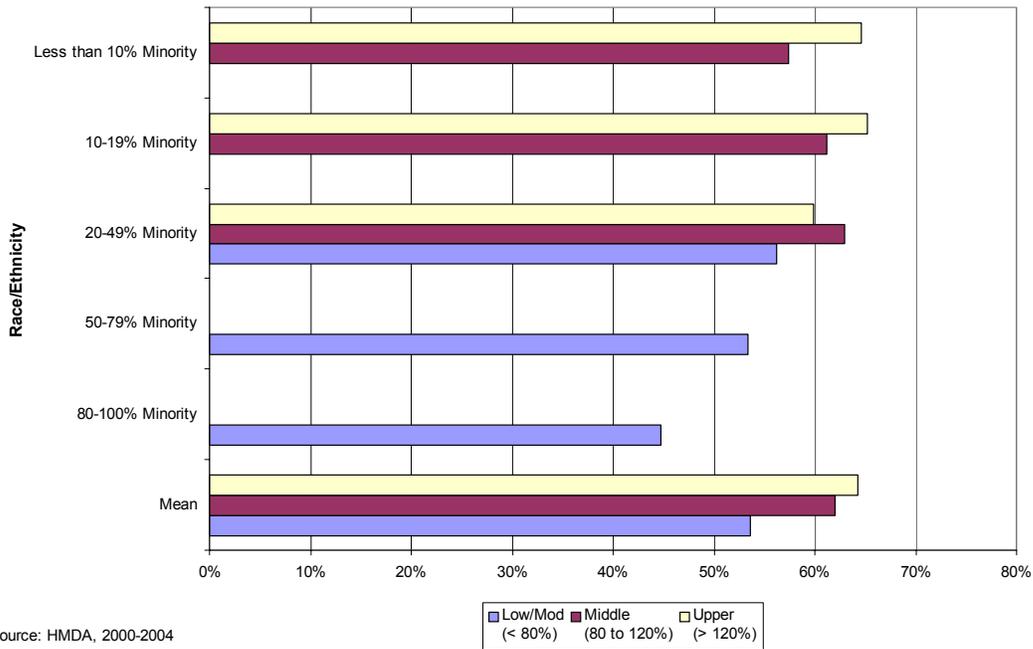
**Fig 12. Loans Originated by Median Income as % of Applications
2000 to 2004**



Due to the small population that makes up Montgomery County, specific race data are suppressed; so approval rates by income shown by race cannot be examined. However, data are presented in terms of percent of minority population by census tract. The bottom-most bars on the graph shown in Figure 13 represent the mean rate of approvals for each income group (Low/Mod, Middle and Upper).

While more loans are made to higher-income applicants in tracts with lower rates of minority populations, this is likely a function of income rather than race. The demographic maps presented in other sections of this report show that high incomes coincide with tracts that have low minority populations. When addressing loans granted to lower-income borrowers (blue bars), this graph reveals that these decline in frequency in areas with higher minority populations. While this may be a result of fewer opportunities for homeownership due to commercial or industrial nature of the areas represented by the populations in these census tracts, this may be an area that warrants further investigation.

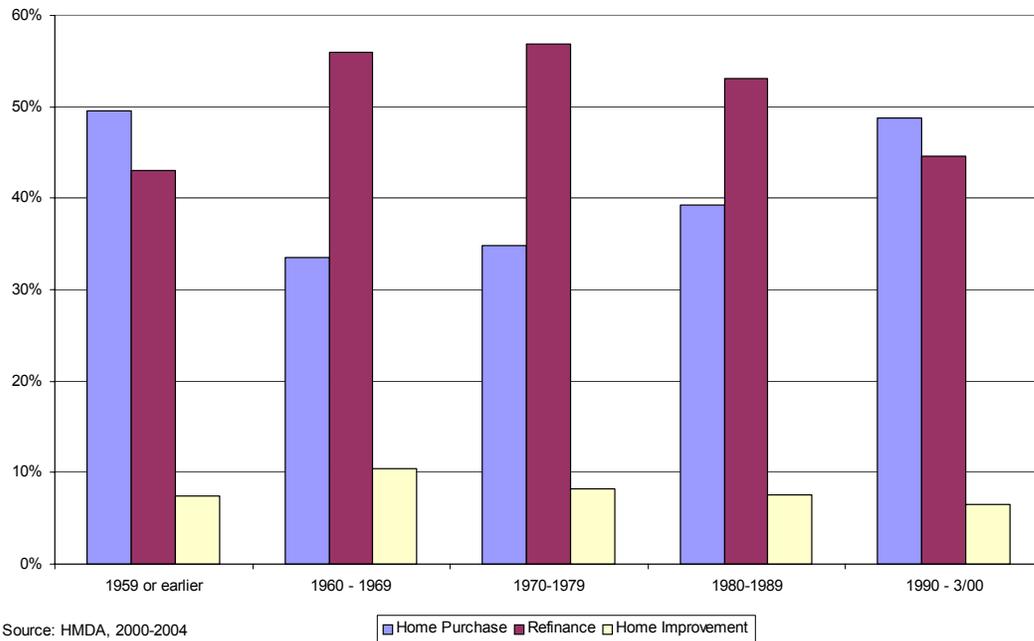
Fig. 13. Approval Rate by Race and Income



Analysis by Age of Structure

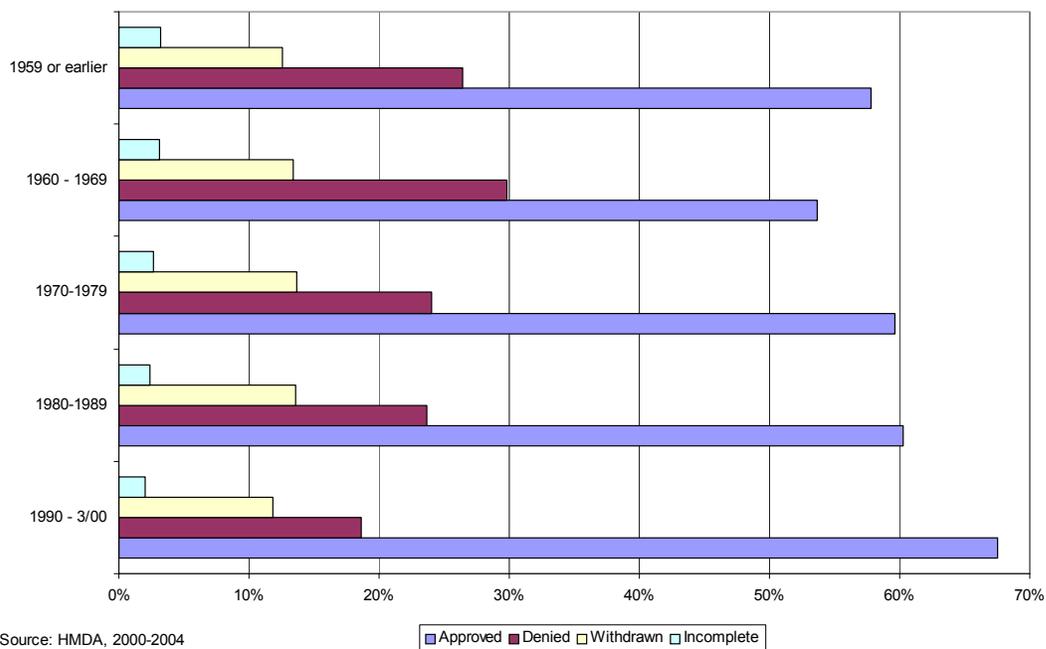
The age of the structure appears to have some influence on the type of loan sought (Figure 14). Home purchase loans represent nearly one-half of all loans for the newest homes and those built prior to 1959, with the remainder nearly equally divided for homes built in the intervening years. Refinancing is more popular with homes that are from 25 to 35 years old, with slightly less interest in refinancing at the extremes. Home improvement loans are most popular for those homes built between 1960 and 1969, with a slight decline for newer structures, as can be expected. Overall, slightly more than one-half of all loans over the five-year period were for refinancing, which is a reflection of the lower interest rates available in recent years. On average, about 10 percent of all loans were for home improvement, with the remaining 40 percent granted for home purchase.

Fig. 14. Loan Type by Age of Home—2004



Loan approval rates for all types of loans are higher among newer homes and denials increase with the age of the structure, with a slight increase in denials for homes built in the 1960s. There are two possibilities of why this may be the case. First, builders of the newest homes may provide incentives that reduce a borrower's mortgage costs—a feature that sellers of older homes may not be able to provide. Alternatively, this may be an illustration of income rather than the age of the home. The generally lower price of older homes is more affordable to those with incomes that prevent them from purchasing newly built homes. As such, the approval rate for older housing is a reflection of

Fig. 15. Disposition by Median Age of Home—2004



the borrower's income and ability to support a mortgage, and not the age of the home. The higher rate of approvals among the oldest housing stock suggests that higher-income borrowers may be purchasing older homes with the intent to renovate.

Alternative Lending Sources

Sub-Prime Lenders

While conventional lenders focus their marketing efforts on consumers with few or no credit blemishes (those with "A" credit), an alternative source of loan funds for consumers with lower credit scores ("B" or "C" credit) is sub-prime lending institutions. While sub-prime lenders simplify the application process and approve loan applications more quickly and more often, these lenders also charge higher interest rates to help mitigate the increased risk in lending to consumers with poorer credit histories. Interestingly, consumers who borrow from sub-prime lenders often do qualify for loans from conventional lenders, but succumb to marketing tactics that encourage them choose sub-prime institutions over conventional. Recent studies by Freddie Mac, the government-sponsored entity that purchases mortgages from lenders and packages them into securities that are sold to investors, show that between 25 percent and 35 percent of consumers receiving high cost loans in the sub-prime market qualify for conventional loans.¹⁴ This may be a result of the loss of conventional lenders in the community. Having fewer lenders from which to choose, consumers select those that are conveniently located, even at a higher price.

"Payday Lenders"

Another source of loans is check cashing or "payday" lenders. Check cashing outlets (such as currency exchanges) cash payroll, government, and personal checks for a fee. Their popularity increases as customers lose access to banks or cannot afford rising fees associated with the inability to maintain minimum balance requirements. Consumers use these outlets for their banking needs and are charged for the services they receive. These businesses offer temporary "payday loans" by accepting a postdated check from the customer, who receives the funds immediately, minus a fee. When used regularly, these fees can equate to double-digit interest rates.

Although these services tend to be located in areas of highest minority and low-income concentration, they are also found in very close proximity to local lenders. Customarily, however, they fill the void left by banks that have moved from the area.

Predatory Lenders

While most sub-prime lenders serve a need by targeting borrowers with sub-par credit histories, some go too far. Those that do are known as predatory lenders. Lending becomes predatory when lenders target specific populations (such as low-income, minority, or elderly homeowners), charge excessive fees, frequently refinance the loan, and often mislead the borrower. Since wealth is often tied to property ownership, this system threatens to deprive residents of their assets by overextending their home's equity and, in some cases, foreclosing on the homes of people who cannot afford the high interest rates and associated fees.

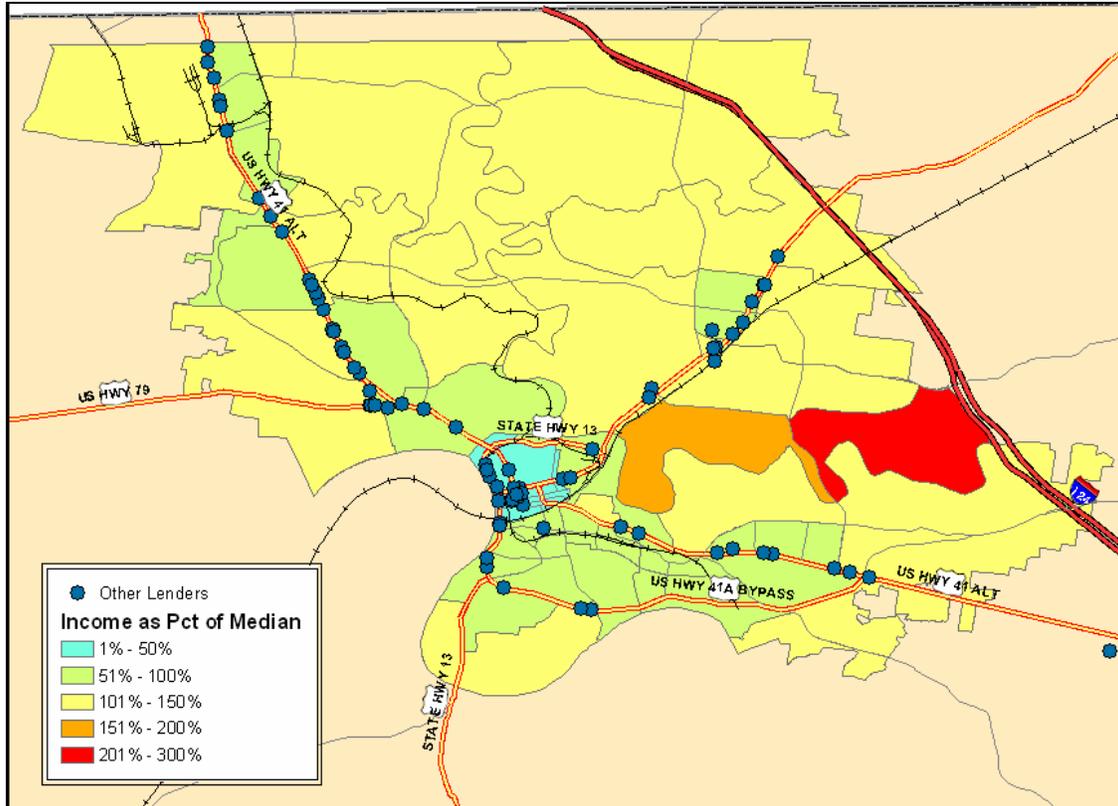
Mainstream financial institutions often unwittingly exclude the very groups targeted by predatory lenders when they market loan products. Additionally, unknowing consumers find themselves at a disadvantage due to a lack of financial savvy. The lending process can be complicated, and often consumers are ill prepared to deal with the large volume of paperwork required for the loan process. Most predatory lenders use their clients' inexperience to their advantage, however, and do not provide quality counseling for consumers seeking their products. They use the consumers' ignorance as their opportunity to reap profits. In the end, borrowers pay substantially higher interest rates and purchase unnecessary credit, life, and disability insurance products.

Sub-prime lenders charge higher rates to compensate for higher risk. While these types of loans and lenders provide an important service to those without opportunities, these institutions have been associated with predatory lending nationally and are a source of potential concern locally. When compared to the list of sub-prime lenders provided by

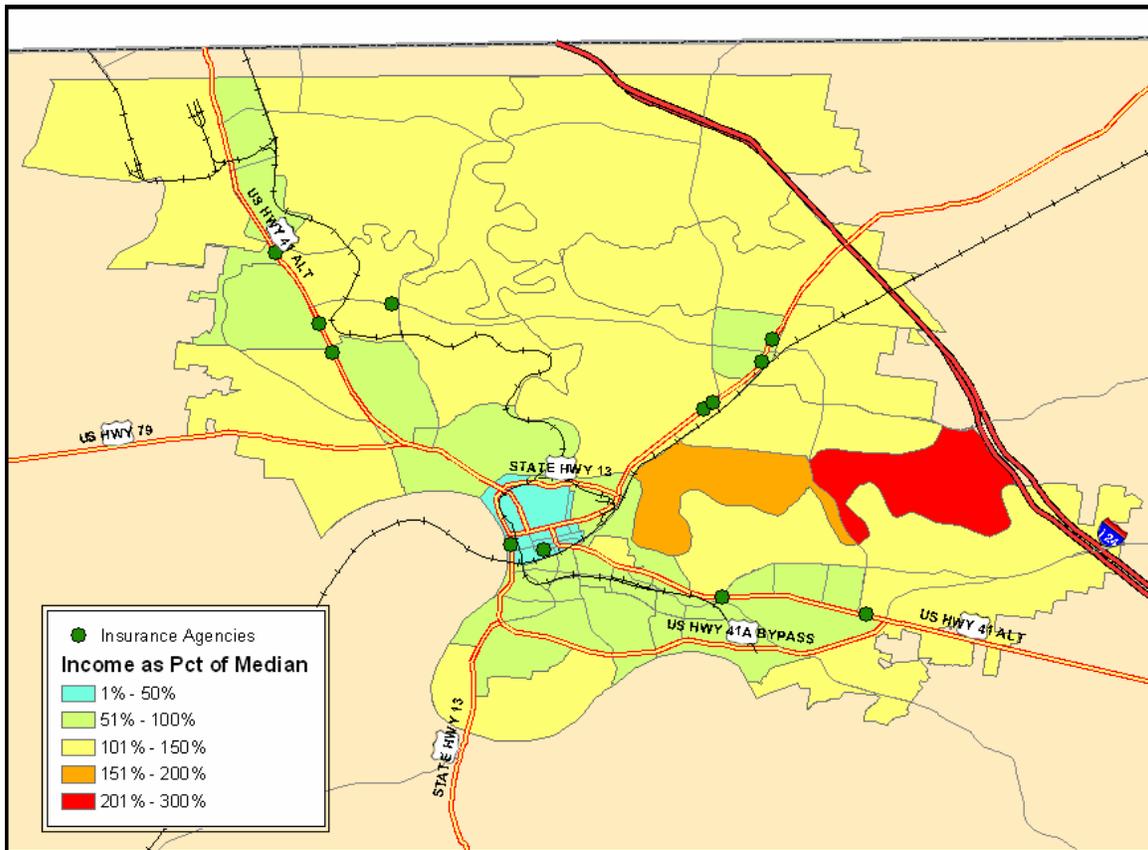
¹⁴ Information for this discussion provided by Miami Valley Fair Housing Center.

HUD, there were none identified within the city limits of Clarksville through this analysis. However, 97 personal lending sources were identified, including pawnshops, "payday" lenders, title loan establishments, and others. These are located along the primary traffic corridors throughout Clarksville, where they mainly serve low-income populations.

Locations of Other Lenders in Clarksville



Location of Insurance Agencies in Clarksville



Other Private Entities that Impact Fair Housing Choice

Real Estate and Housing Development Industry

The nation's economy continues to mount a sustained economic recovery. However, unless Clarksville removes impediments to future growth the city will have difficulty reaching its full economic potential. Foremost among these impediments is the absence of homes that young workers can afford. In the past few years, home prices have skyrocketed while household incomes have risen only moderately. This has put affordable homes out of reach of more and more Clarksville households.

Typically, these households consist of young workers and their families. Unless Clarksville can expand its stock of homes that young workers can afford, it will not be able to generate the labor supply needed by expanding businesses. This situation will lead to perpetual labor force shortages and sub par economic growth.

Rental and owner homes were considered unaffordable if rent or owner costs consumed 35% or more of household income. The census defines owner costs to include mortgage payments and associated costs of homeownership such as property taxes and insurance. The 35 percent yardstick for affordability was selected because it conforms closely to guidelines promulgated by the U.S. Department of Housing and Urban Development. HUD has determined that a place to live should consume no more than 30 percent of household's income.

Homeowners Insurance Industry

Fair housing is about expanding the housing choice for those restricted by economic, social, political, and other forces. The persistence of unfair housing underlies unequal education, unequal access to jobs, unequal income, and

redlining. Redlining is an exclusionary practice of real estate agents, insurance companies, and financial institutions that exists when 'there is a lack of activity by [an] institution to extend credit or coverage to certain urban neighborhoods because of their racial composition; or they are denied because of the year-to-year change in racial composition and the age of structure in a neighborhood regardless of the creditworthiness or insurability of the potential buyer and policy holder or the condition of the property.

Over 30 years ago, an observation was made that "insurance is essential to revitalize our [American] cities. It is the cornerstone of credit. Without insurance, banks and other financial institutions will not—and cannot—make loans. New housing cannot be repaired. New businesses cannot expand, or survive. Without insurance, buildings are left to deteriorate, and services, goods and jobs diminish."¹⁵ This statement can accurately describe many cities in 2006 as well as those in 1968. Investigations and statistical and applied research throughout the United States has shown that residents of minority communities have been discouraged in pursuit of homeownership, while many predominantly white neighborhoods have been successful in attracting those seeking the American dream of owning a home.

Discrimination in the provision of housing insurance has a lasting effect on the vitality of America's neighborhoods. Many traditional industry underwriting practices which may have some legitimate business purpose also adversely affect minorities and minority neighborhoods. While more recent studies have found little evidence of differential treatment of mortgage applications, evidence does suggest that lenders may favor applicants from Community Reinvestment Act (CRA)-protected neighborhoods if they obtain private mortgage insurance (PMI). The requirement of obtaining this additional type of insurance may actually mask lender redlining of low-income and minority neighborhoods. For loan applicants who are not covered by PMI, there is strong evidence that applications for units in low-income neighborhoods are less likely to be approved. Furthermore, these potential homeowners are more likely to be subject to policies that provide more limited coverage in case of a loss, and are likely to pay more for comparable policies.

Another critical factor in marketing of insurance is the location of agents. Most of the property insurance policies sold by most agents are to insure within neighborhoods in which the agent is located. Studies have shown that the distribution of agent locations was clearly related to the racial composition of neighborhoods. In Clarksville, however, a review of the local Yellow Pages shows that the insurance companies listed under Home Insurance have offices well distributed throughout the City. While these are mostly located on main roads, their services are accessible to households of all income levels. In addition, insurance companies interviewed indicated an awareness of the Fair Housing Act, the State Insurance and Banking Commission, and other laws governing fair housing.

Internet Advertising

Local real estate brokers indicated knowledge of the Fair Housing Act and other laws governing fair housing. The real estate industry depends largely on marketing through the Internet, and therefore much of the initial direct contact has been eliminated from the sales process. A review of 51 real estate sites on the Internet revealed no discriminatory advertising, and in all cases, the HUD fair housing logo was included on the web page.

Print Media Advertising

In the context of fair housing, discriminatory advertising is any advertising that indicates any preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status or national origin, or an intention to make any such preference, limitation, or discrimination. Overt or tacit discriminatory preferences or limitations are often conveyed through the use of particular words, phrases, or symbols.

¹⁵ National Advisory Panel on Insurance in Riot Affected Areas, 1968.

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In a general review of several local Clarksville publications, no systematic attempt to exclude particular demographic groups was observed. Still, there were several incidents found that suggest that there is a need for fair housing training review sessions for real estate agents, mortgage brokers, and significant players in the real estate market, including the local press. Inconsistency was noted in the display of equal opportunity logos within the housing advertisements analyzed in local Clarksville newspapers from five separate dates. For instance, while most real estate agents displayed consistently the HUD equal opportunity logo, not a single advertisement from one nationally known real estate firm showed the equal opportunity logo while all ads for a local real estate group displayed the logo.

On a positive note, the Board of Realtors® periodically publishes a notice concerning fair housing advertisements. The notice reads:

EQUAL HOUSING OPPORTUNITY – All real estate advertising in this newspaper is subject to the Federal Fair Housing Act which makes it illegal to advertise any preference, limitation or discrimination in the sale, rental and financing of housing on the basis of race, color, religion, sex, handicap, familial status or national origin, or an intention to make such preference limitation or discrimination. This newspaper will not knowingly accept any advertising for real estate which is in violation of the law. Our readers are hereby informed that all dwellings, advertised in this newspaper are available on an equal opportunity basis.

An analysis of the apartment listings in the local Clarksville Yellow Pages revealed that three apartment complexes had a “no pets” policy which could be a way to discourage potential citizens with handicaps who might need assistive animals, while two apartment complexes announced “pets welcome.” On a positive note, two complexes announced they were “military friendly” while one ad noted that it had rents from \$350 up allowing potential renters to determine the affordability of the particular property. However, in one ad for an apartment complex, there was no equal opportunity logo.

An analysis of the real estate listings in the local Clarksville Yellow Pages revealed that that most listings had an equal opportunity logo with a couple of exceptions: one prominent agent with a nationally known firm had no equal opportunity logo; and one ad for an agent with a local firm had no equal opportunity logo. Many of the listings included pictures of real estate agents; it is interesting that the most prominent ad in this section showed five Realtors, none a minority.

An analysis of the March 13, 2006 issue of “The Original HOMES: Nashville Real Estate Listing” (that covers the greater Nashville marketplace) revealed that: four Realtor ads carried no equal opportunity logo, yet, on a positive note, one firm had an ad entirely in Spanish. (some would say this is not fair)

An analysis of the March, 2006 *Real Estate Digest* (which covers the Clarksville marketplace) revealed that nine advertisements carried no equal opportunity logo. However, one ad listed square footage of potential sales properties and price so that a potential buyer could do a cost-benefit and affordability analysis. Furthermore, it is commendable that the Digest advertises the City of Clarksville’s down-payment assistance program, has one ad that shows an integrated staff, and has a realty ad that announces a monthly first-time homebuyer seminar.

An analysis of the March 23–29, 2006 issue of *The Peddler* (a free publication that advertises items for sale in the Clarksville marketplace) published two large announcements advertising homes for sale; neither showed an equal opportunity logo. In addition, *The Peddler* has no statements on “accepting housing ads” like those in the Realtor® publications.

An analysis of the classified real estate ads in selected Sunday editions of the *Clarksville Leaf-Chronicle* (February 12, February 19, March 5, and March 26, 2006 issues) revealed seven ads that had no equal opportunity logos; eight ads mentioned “schools nearby” or “family friendly” language positively affirming fair housing by reaching out to one

of the protected classes – familial status. One firm showed properties with “Section 8 availability,” therefore reaching out to low-income residents.

The General Public

During development of the 2005-10 Clarksville consolidated plan, public meeting attendees were interviewed by Legal Aide of Mid Tennessee regarding fair housing. The responses clearly indicated a need for public education and clear understanding of the Federal Fair Housing Law.

Section VI: Conclusions and Recommendations

This section presents the Fair Housing Analysis Update for the Clarksville 2005-2010 Consolidated Plan. It includes existing impediments to fair housing choice currently being addressed TDA's suggestions for removing them. This update centers on the following subjects based on Public/Private information regarding the real estate, insurance and banking industries, housing authority, Tennessee Human Rights Commission, and the Atlanta and Tennessee HUD Offices of Fair Housing and Equal Opportunity, Community Planning and Development, and Public Housing. As the plans are undertaken each year and progress reported in the City's CAPER, they should be tracked by the city's performance measurements system by reflecting resources, goals, output, and outcome for each recommendation/potential impediment.

Important Considerations

During its review of the Clarksville community, TDA discovered some situations that, while not qualifying as impediments, per se, indicate a certain amount of unfairness and have the potential to foster unfair housing practices. For example,

1. The great discrepancy between the racial composition of the city and that of loan applicants indicates that African-American applicants are clearly underrepresented in this market.
2. Loans granted to lower-income borrowers decline in frequency in areas with higher minority populations. While this may be a result of fewer opportunities for homeownership due to the commercial or industrial nature of the surrounding geographic area, this may be an area that warrants further investigation.

In response, TDA suggests the City of Clarksville consider the following improvements in the development of the city's fair housing plan.

1. Take measures to reduce racial and ethnic concentration by assuring that a variety of housing options are available throughout the city of the greatest extent practicable.
2. Ascertain that low homeownership rates are a reflection of a geographic area's function and not a reflection of the race, ethnicity, or income levels of its residents.
3. Remedy high vacancy rates in areas with high ethnic concentrations by ensuring availability of and access to services and amenities that will attract other residents.

Impediment #1: Lack of Public Awareness

The 2006 update indicates a measurable increase in the public's awareness of fair housing requirements as related to racial discrimination, but lesser awareness of fair housing as applied to persons with disabilities. Complaints of racial discrimination represented 20% of complaints in the 2006 analysis as opposed to 100% of complaints in 1995 analysis. Disability complaints represented 50% of complaints in the 2006 analysis, and none of the complaints filed in the 1995 analysis. The remaining complaints fell into the categories of sex (40%) and familial status (10%)¹⁶. The volume of complaints increased overall, suggesting an increase in overall awareness.

¹⁶ Complaints can be and are filed under more than one type, resulting in percentages in excess of 100% for the cumulative categories.

The 1995 analysis made a series of recommendations focused around the Fair Housing Board. The Fair Housing Board ended operations in 1996 after a HUD finding that the board was ineffective and non-compliant. For several years, the functions of the Fair Housing Board as a locus of fair housing complaints and education were transferred to Legal Aid through a contractual arrangement with the city government. Slowly, the funding necessary to maintain the arrangement was decreased, until the only current Legal Aid function is in outreach through brochures and advertising. The loss of the Fair Housing Board and the diminished role of Legal Aid resulted in diminished visibility for fair housing issues.

Suggested Steps to Remove this Impediment:

Increase public awareness of fair housing requirements, goals, and objectives

- 1) The City should seek to increase awareness of fair housing as applied to familial status, sex and persons with disabilities.
- 2) The 1995 analysis recommended a fair housing educational program in the schools. The recommendation remains valid in 2006.
- 3) The Mayor's Annual Housing Summit should be utilized to emphasize the City's strong commitment to fair housing overall by offering workshops on fair housing targeted at lenders, realtors, landlords, and City staff.
- 4) All applications and brochures emanating from the City and pertaining to housing should contain a fair housing Logo and descriptive line.

Impediment #2: Lack of Public Outreach

The stated objectives in the 1995 analysis included non-specific outreach programs and the development and distribution of brochures and pamphlets specific to fair housing as Public Outreach goals. Fully 80 percent of all fair housing complaints filed between January 2001 and March 2006 related to rental housing. Disability complaints represented 50% of fair housing complaints in the 2006 analysis, and none of the complaints filed in the 1995 analysis.

Suggested Steps to Remove this Impediment:

Increase Public Outreach

1. Legal Aid has developed brochures specific to fair housing, but distribution appears to be limited to the offices of Legal Aid and the City's Housing and Community Development Department. A fair housing brochure should be available at all City departments, the Planning Commission, and all other public facilities in the community, including schools, community centers, and libraries and through a link to the City's web site.
2. Fully 80 percent of all fair housing complaints filed between January 2001 and March 2006 related to rental housing. The City, in cooperation with the local utilities, should arrange for the direct mailing of a fair housing "insert" targeted at renters to all utility customers during fair housing month each year.
3. The Mayor's Annual Housing Summit should be utilized to emphasize the City's strong commitment to fair housing overall by offering workshops on fair housing targeted at lenders, realtors, landlords, and City staff. The opportunity provide by the Mayor's Housing Summit to gather relevant data on the awareness of fair

housing in the community should be taken advantage of. An annual survey of participants will help the City gauge awareness and potential problem areas in fair housing on an ongoing basis. (The Mayor's Housing Summit or Fair Housing month (April) are viable times for giving recognition or for running school poster and/or essay contests.)

4. The 1995 analysis proposed three "special" fair housing initiatives of which one was implemented. The City does in fact extend fair housing activity beyond the month of April. The remaining initiatives, poster and essay contests in public schools and giving recognition to lender, landlords, and realtors, who promote fair housing, remain viable strategies.
5. The City should consider a strategy of a Fair Housing Consortia consisting of Clarksville, Montgomery County, and the surrounding counties. Each jurisdiction would contribute to an annual contract with an entity to conduct outreach on an ongoing basis, spreading the relative cost of such an effort among the governmental entities.
6. The City should maintain active relationships with area disability advocacy groups, Legal Aid, the NAACP, and others interested in fair housing in the community. A fair housing committee, group, or other informal entity should meet at least quarterly to examine trends, discuss current efforts, and plan fair housing activities.

Impediment #3: Lack of Knowledge by Local Government Employees

Informally, ten City offices were called and asked how to get information on fair housing. Only one office provided the correct contact information. For those that didn't know, a simple fair housing question was asked¹⁷. None of the persons knew the answer.

Suggested Steps to Remove this Impediment:

Establish Fair Housing Training Requirements

1. Staff of the City and the Clarksville-Montgomery County Planning Commission should be required to attend at least one fair housing training every three years.
2. The Mayor's Housing Summit should include training in fair housing.
3. The City should arrange continuing education credit or certification with Austin-Peay or another institution for all participants in fair housing training who pass a basic written test on fair housing.

Impediment #4: Level of Enforcement

Currently, fair housing complaints brought to the City's attention are referred on to either Legal Aid and/or the Tennessee Human Rights Commission (THRC). THRC shares Fair housing complaints with HUD (and vice versa) and generally adjudicates the complaints within the required 180 period. The City does not currently have adequate documentation to show how these complaints are handled and to whom they are referred. Fair housing complaints can be investigated only after the complaint is made to the right agency and only in that agency has the means to look into the accusation. It is possible that often neither of these steps occurs in Clarksville.

¹⁷ The caller asked, "Can a landlord refuse to rent to me and my girlfriend?"

Therefore, it would be beneficial if the City of Clarksville and/or its agent (Legal Aid) would at least be kept informed of the complaint process so that follow up action may be initiated.

Suggested Steps to Remove this Impediment:

Strengthen Level of Fair Housing Tracking

1. The City should designate a staff person to track intake, documentation, referral, and follow-up with THRC and/or HUD.
2. The City should establish a process to track fair housing complaints of any type filed within the City.
3. Fully 80 percent of all fair housing complaints filed between January 2001 and March 2006 related to rental housing. The City should invite landlords to attend fair housing education and enforcement seminars.
4. The 1995 analysis proposed the City “*purge racially restrictive covenants from deeds or append statements that such covenants are invalid and unenforceable.*” The Planning Commission has implemented a policy of thoroughly reviewing restrictive covenants in each new subdivision application before making a recommendation. This practice should continue.
5. The City should work with the Planning Commission to insure that housing targeted at special needs populations is scattered throughout the City, rather than concentrated in low income neighborhoods.
6. Although the number of fair housing complaints filed in Clarksville is low, more than half of the complaints are related to persons with disabilities. Failure to adhere to ADA requirements limits or eliminates housing options for residents with disabilities, a protected group under fair housing laws. The City should train the City building department/code enforcement and others with inspection responsibilities to make sure they understand the accessibility guidelines and are aware of the issues