

2015

Analysis of Impediments to Fair Housing Choice



County of Muskegon, Michigan

City of Muskegon, Michigan

City of Muskegon Heights, Michigan

City of Norton Shores, Michigan

Prepared By:

Intellectual Business Solutions, LLC

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I. Introduction

Analysis of Impediments (AI) Background

The federal Fair Housing Act, 42 U.S.C. § 3608(e)(5), requires the Secretary of the United States Department of Housing and Urban Development (HUD) to administer its housing and urban development programs in a manner to *affirmatively further fair housing* (AFFH). All jurisdictions that are direct HUD-funded recipients of Community Development Program funds are required to conduct an assessment of its barriers to housing choice and develop a plan for overcoming the impediments identified.

Although the AFFH obligation of the jurisdiction arises in connection with the receipt of federal funding, its AFFH obligation is not restricted to the design and operation of HUD-funded programs at the State or local level. The AFFH obligation extends to all housing and housing

related activities in the jurisdictional area whether publicly or privately funded.¹ As HUD set forth in its recent proposed rule on AFFH: The Fair Housing Act only prohibits discrimination but, in conjunction with other statutes, directs HUD's program participants to take steps proactively to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities for all.²

The regulations governing the jurisdiction's Consolidated Plan at 24 C.F.R. § 91.225(a)(1) require a certification by each jurisdiction that it will affirmatively further fair housing (AFFH), which requires: 1) conducting an analysis of impediments to fair housing choice; 2) taking appropriate action to overcome the effects of any identified impediments; and, 3) maintaining AFFH records reflecting the analysis and the actions in this regard.

The Analysis of Impediments to Fair Housing Choice (AI) is a HUD-mandated review of impediments to fair housing choice in the public and private sector. Its submission is a required component of any required Consolidated Plan as implemented every three to five years. See 24 C.F.R. §§ 91.235 (c) (4) (PHAs/Nonprofits), 91.255 (a)(1)(local jurisdictions), 91.325 (a)(1)(state jurisdictions), and 91.425(a)(1)(I)(consortiums).

The AI involves:

- A review of a jurisdiction's laws, regulations, and administrative policies, procedures and practices

¹ 24 C.F.R. §§ 1,4,6.4, 91.225, and 570.601. See also, U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, Fair Housing Planning Guide, vol. 1, chapter 1, section 1.2, 1-3 (March 1996).

² 78 Fed. Reg. 43710 (July 19, 2013)

- An assessment of how those laws, policies, and practices affect the location availability and accessibility of housing
- An assessment of conditions, both public and private, affecting fair housing choices for all protected classes
- An assessment of the availability of affordable and accessible housing

The HUD Fair Housing Planning Guide (March, 1996) states that impediments to fair housing choice are:

- Any actions, omissions or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices
- Any actions, omission, or decision which have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin

According to HUD, the purposes of the AI are to:

- Serve as the substantive, logical basis for the Fair Housing Plan
- Provide essential and detailed information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates
- ***Assist in building public support for fair housing efforts both within an entitlement jurisdiction's boundaries and beyond***

An analysis of impediments to fair housing choice is more than a catalog of prohibitive policies or illegal acts. The study must identify those systemic and structural issues that limit the ability of people to take advantage of the full range of housing which should be available to them. To ensure an accurate evaluation of current fair housing condition, the AI includes a review of demographic and housing market data, relevant legislation, policies and practices affecting fair housing, public education and outreach efforts, and a community fair housing survey. The AI provides the participating municipalities with a viable tool that identifies any existing barriers to fair housing choice and develops an action plan with realistic strategies for mitigating them. The 2015 AI also includes an assessment of the previous impediments found in the 2009 AI and the status of actions taken since 2009 to address those impediments.

Title VIII of the Civil Rights Act of 1968, as amended, 1988, 42 U.S.C. §§ 3601-3619, sets forth the federal Fair Housing Act, which prohibits discrimination in housing on the basis of seven protected characteristics: race, color, national origin, religion, gender, familial status, and disability. The federal Fair Housing Act covers most types of housing including rental housing, home sales, mortgage and home improvement lending, land use and zoning, and insuring and advertising of housing. In *some* circumstances, the Act exempts owner occupied buildings with

no more than four units, single family housing sold or rented without the use of a real estate agent or broker, housing operated/owned by organizations and private clubs that limit occupancy to members, and housing for older persons.

The State of Michigan has a fair housing law that parallels the federal Fair Housing Act and extends the protections against discrimination in fair housing to weight, and marital status. The Elliot Larsen Civil Rights Act of 1976, MCL Chapter 37, Act 453 of 1976, Section 37.2102 dictates that “The opportunity to obtain employment, housing and other real estate, and the full and equal utilization of public accommodations, public service, and educational facilities without discrimination because of religion, race, color, national origin, age, sex, height, weight, familial status, or marital status as prohibited by this act, is recognized and declared to be a civil right.”¹

Who Conducted the AI

Intellectual Business Solutions, LLC (IBS) is a business counseling and community consulting company established in 2014. Our team has combined experience spanning 35 years of dedication to communities across the Country. We offer a wide range of products and services, including Studies and Assessments, Data Analysis, Consolidated and Comprehensive Planning, Document Consulting, Expert Stakeholder Engagement, Education and Outreach, and Citizen Participation Activities.

The IBS team involved in this project includes:

Regina M. Davis. Regina is a career Community Activist/Consultant and an Entrepreneur with extensive experience in developing strategies directly linking community groups and initiatives with organizational goals by promoting visibility, recognition, research, and development, and recommending resources to support growth and expansion and bridge community partnerships.

Lyonel Lagrone Jr., M.B.A. Lyonel is a Civil Rights Research Analyst who specializes in collecting and synthesizing data and research findings from a variety of disciplines and applying knowledge to complex and rapidly changing public policy issues. He has decades of experience analyzing human rights issues, violations and trends national and global in scope and forecasting and mitigating the impact locally while reporting research findings, conclusions and making policy recommendations.

Gustavo A. Rotondaro. Gustavo is an experienced Director of Information Services and Community Data Initiatives and served as the lead consultant on GIS/Mapping and Community Data Management for this project.

¹ www.legislature.mi.gov/mcl-37-2102

Participants in the AI

The AI for the County of Muskegon, City of Muskegon, City of Muskegon Heights, and City of Norton Shores includes input from city officials, residents, stakeholder groups, and key persons involved in the housing and community development industry, and particularly, fair housing. Surveys were utilized to gather information from consumers and various sectors of the housing industry about their experiences and perceptions of housing discrimination and their knowledge of fair housing laws and services. Intellectual Business Solutions extends its gratitude to the persons previously listed in the acknowledgements.

Methodology

IBS's methodology in undertaking this 2015 AI was based on the recommended research and tasks identified by HUD in its Fair Housing Planning Guide Vol. 1; recommendations based on HUD's proposed rule on Affirmatively Furthering Fair Housing, 78 C.F.R. 43710; experience in conducting AIs; and, the documentation furnished by the municipality's internal and external stakeholders.

Summary of Previously Identified Impediments, Recommendations

The 2009 Analysis of Impediments to Fair Housing Choice² identified the following recommendations across the three participating jurisdictions (City of Muskegon, City of Muskegon Heights, City of Norton Shores):

- That all three jurisdictions take on a serious review of policies and ordinances to ensure the protection of civil rights
- That all three jurisdictions find ways to strengthen and enforce fair housing law, disability/accessibility law, and building codes
- That all three jurisdictions utilize their power as investors, to encourage community investment, and adherence to fair housing law, by banking institutions
- That all three jurisdictions begin both systemic and complaint-driven fair housing "testing"

The study also cited further recommendations for the three municipalities as follows:

² Analysis of Impediments to Fair Housing Choice for the Cities of Muskegon, Muskegon Heights, and Norton Shores, 2009 (Fair Housing Center of Southeastern Michigan, Ann Arbor, MI 2009)

- We recommend that the three jurisdictions invest time, energy, and financial resources to ensure that fair housing investigation—through taking of complaints, testing and investigating complaints, and referring complaints to attorneys and state/federal agencies—be made a priority
- Fair Housing Testing Recommendation: This is a repeat of the recommendation made in 1993, 1994, and 2002 (in the Norton Shores (1993) and Muskegon Heights (1994) Analyses of Impediment), and again in 2002 for the combined Analysis of Impediments). We recommend that all three jurisdictions fund and implement complaint-driven fair housing testing, for all kinds of home seekers. In addition to complaint-driven testing, we recommend that all three jurisdictions contract with an organization to provide survey testing of subsidized housing in particular. We recommend that Norton Shores, Muskegon, and particularly Muskegon Heights, do survey testing of the appraisal process

- **Protected Classes Recommendation:** We recommend that in all references to protected classes (i.e. race, national origin), that each jurisdiction review its lists to include—minimally—all statuses protected by the Michigan Elliott-Larsen Civil Rights Act and the Federal Fair Housing Act
- **Collaboration Recommendation:** We recommend that all three jurisdictions work on extending their collaborations relating to community development. Muskegon, Heights, and Norton Shores should consider creating an "Urban County" consortium for CDBG matters
- **Cultural Competency Recommendation:** We recommend that all three jurisdictions institute regular cultural competency training, and make it possible for both elected officials and government employees to attend these training's

Banking, Mortgage and Investment recommendations from the 2009 study include the following:

- **Mortgage Data and Policy Recommendation:** We recommend that a full-scale analysis of HMDA data --and disparities based on race, ethnicity, and poverty--be completed, and used to identify policies and other areas that need improvement
- **Banking Investments Recommendation:** We recommend that all three jurisdictions analyze the investment practices of the banking institutions with whom their jurisdictions have investments or banking accounts. They should screen them for local investment; accessible banking locations in the community; and a desire to work to improve the jurisdiction. If the banking institutions in question do not meet their criteria and are not true community partners, they should seek more community-minded institutions and bring their business to them
- **Foreclosure Prevention Recommendation:** We recommend that all three jurisdictions invest resources in foreclosure prevention. Other counties in Michigan--for instance, Washtenaw County, Oakland County, and Ottawa County--are devoting resources to foreclosure prevention. Various models are being used. Working together or with Muskegon County, the three jurisdictions should work to establish a foreclosure prevention program

In addition to the area wide analysis, the 2009 AI included the following jurisdiction specific recommendations for the participating communities:

City of Norton Shores

- **Norton Shores Housing Inspection Recommendation:** We recommend that Norton Shores begin routine rental housing inspections as a way to ensure a safe and regulated housing stock

- Norton Shores Ordinances: We recommend that the Norton Shores adopt a fair housing ordinance.
- We recommend that Norton Shores revise its zoning ordinance to refer to the building code for all questions regarding occupancy standards
- We recommend that Norton Shores amend its ordinances that refer to employment, to include non-citizens who are authorized to work in the United States
- We recommend that Norton Shores adopt a functional family definition, such as the one used by Muskegon Heights
- Transportation Recommendation: We recommend that Norton Shores work with Muskegon County and MATS to identify a way to expand MATS bus service, and/or the Go Bus, to people of all ages and abilities. This will increase housing choice and accessibility
- Web Page Recommendation: We recommend that Norton Shores and Muskegon Heights add web-page translation capacity to their web sites, in order to help make their governments accessible to people of limited English proficiency

City of Muskegon Heights

- The City of Muskegon Heights faces many challenges. Many of these challenges relate to a combination of poor housing stock, low-income residents, and segregation. Although none of these issues are directly related to fair housing, they are all potential impediments to fair housing. The City of Muskegon Heights' own assessment is that 2/3 of the properties in the city are not up to building codes
- Code Enforcement Recommendation: The City of Muskegon Heights needs to set forth an aggressive code enforcement movement designed to stop blight and deterioration. We note that this is a repeat recommendation from the 2002 Analysis of Impediments
- Web Page Recommendation: We recommend that Norton Shores and Muskegon Heights add web-page translation capacity to their web sites, in order to help make their governments accessible to people of limited English proficiency
- Banking Locations Recommendation: We recommend that Muskegon Heights use its own investments as a way to attract more banking locations into Muskegon Heights

City of Muskegon

- Muskegon Ordinance Recommendations: We recommend that the City of Muskegon remove the last sentence from their functional family definition
- We recommend that the City add to the protected categories—minimally—those categories protected by the State of Michigan's Elliot-Larsen Civil Rights Act, and may want to add the protections covering height and weight that are found in the Muskegon Heights ordinance

- We recommend that the City of Muskegon amend Section 42-34 of the City Code to comply with the Federal Civil Rights Act of 1866, removing the illegal exemption based on race

We will visit the status of some of these recommendations in Section VIII of this report.

II. Jurisdictional & Community Profile

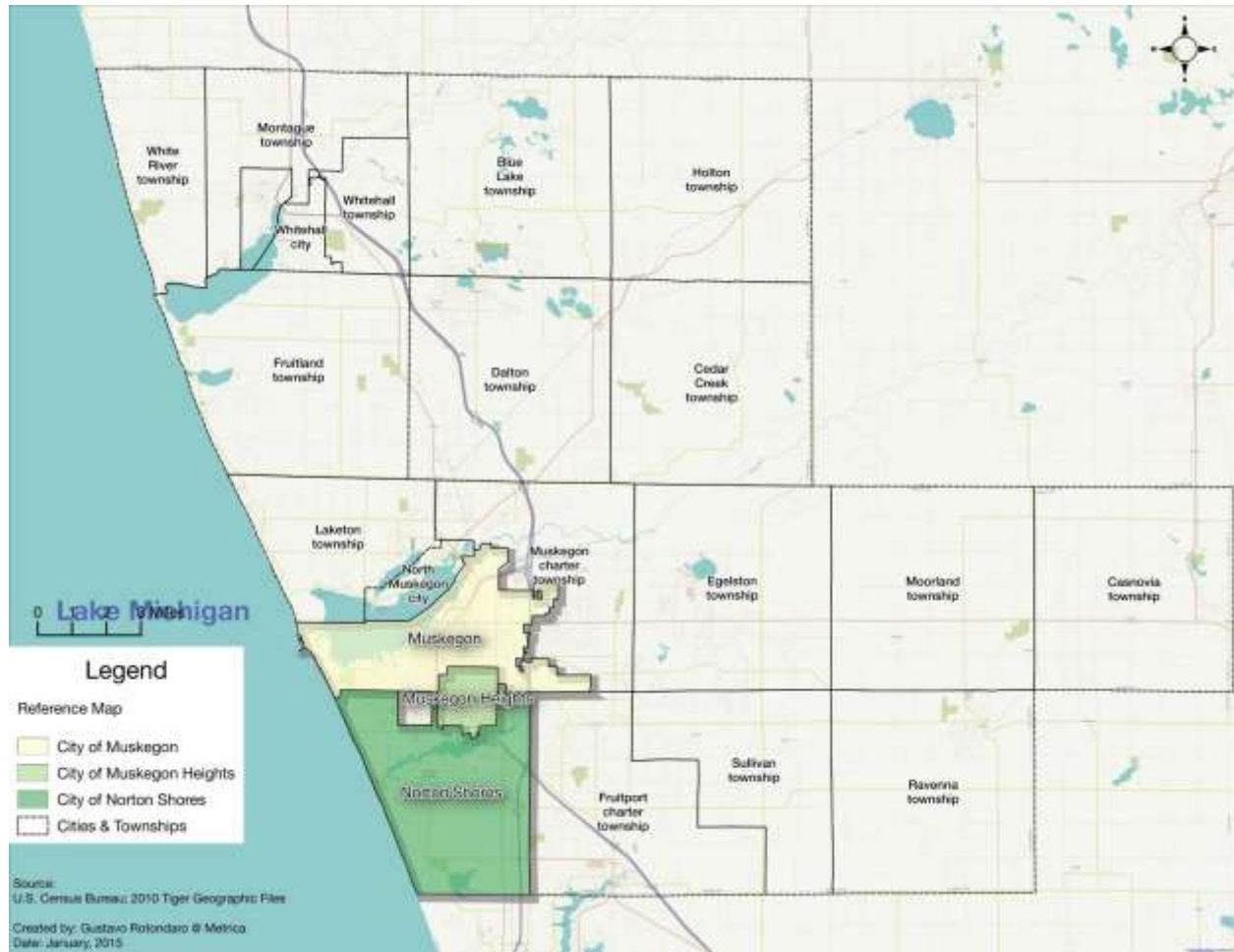
Jurisdictional & Community Profile

Muskegon County, incorporated in 1859, is located in Western Michigan and borders the shores of Lake Michigan. The name "Muskegon" is derived from the Ottawa Indian term "Masquigon" meaning "marshy river" or "swamp." At the time of incorporation, the county was divided into six (6) townships: Muskegon, Norton, Ravenna, White River, Dalton, and Oceana. The total population was 3,947.³ Presently, the County of Muskegon is comprised of seven (7) cities, sixteen (16) townships, and four (4) villages, as detailed in the map below. In 2013, the United States Census bureau found the County population to be approximately 171,008.⁶

Muskegon County Municipalities

³ Daniel J. Yakes, Ph. D., Muskegon Community College, retired (written in December, 2013)

⁶ <http://quickfacts.census.gov/qfd/states/26/26121.html>



Demographics

The demographic and housing data presented in the following section uses the most recent American Community Survey (ACS) data released by the U.S. Bureau of the Census and data from the 2010 and 2013 Home Mortgage Disclosure Act (HMDA). The section offers an overview of population, housing, income and other characteristics that may have relevance to identifying impediments to fair housing.

Please note that there can be challenges when comparing data across time because the Census changed its methodology since 2000. The 2009 studies used multiple census products to produce percent changes. The use of different census products (surveys) allows for the possibility that methodologies may have changed. For instance, data from the 2000 Decennial Census may be derived from the short form (which tries to count everyone in the country) vs. numbers from the long form (which uses just a sample of the population). These numbers will differ for smaller cities/geographies (e.g., Muskegon Heights).

Population

Over the 2009-2013 period, the estimated total population in Muskegon County was 171,153 86,431 (± 97) or 50.5 ($\pm 0.1\%$) percent females and 84,722 (± 97) or 49.5 ($\pm 0.1\%$) percent males. The median age was 38.8 years. The percent of the population under 18 years old was estimated at 24.5 percent and 14 ($\pm 0.1\%$) percent for those 65 years and older.

When comparing the current population estimates (2009-2013) to population estimates in 2000, Muskegon County grew by less than 1% adding less than 1,000 people. Population for the cities of Muskegon and Muskegon Heights declined 6.2% and 9.6% respectively and Norton Shores grew by 6.2% for the same two periods.

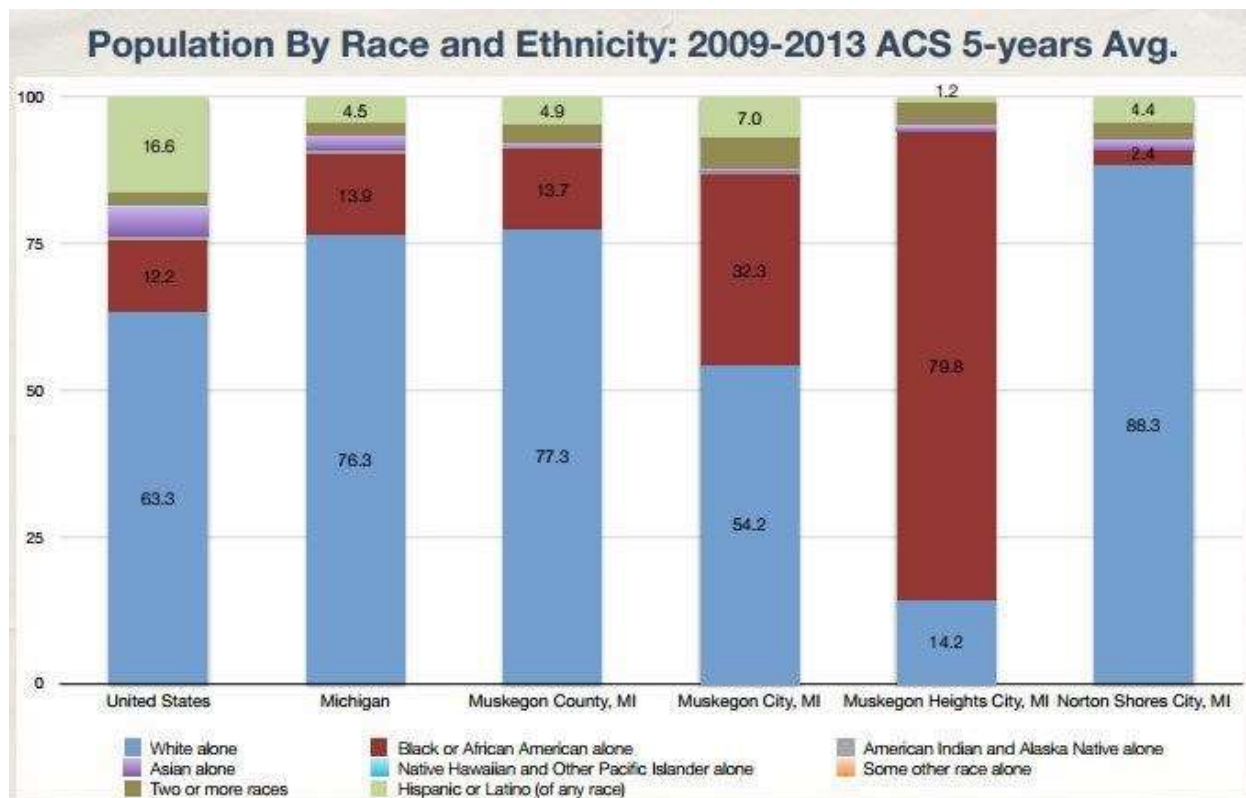
Table 1.1
Muskegon County Population Estimates

| Municipality | 2009-2013 Population Estimates | % Change Since 2000 Estimate |
|--------------------|--------------------------------|------------------------------|
| County of Muskegon | 171,153 | >1% |
| City of Muskegon | 37,666 | -6.2% |
| Muskegon Heights | 10,848 | -9.6% |
| Norton Shores | 23,926 | +6.2% |

For people reporting one race alone over the 2009-2013 period, 77.3 ($\pm 0.1\%$) percent or 132,249 (± 93) were White and 13.7 ($\pm 0.2\%$) percent or 23,367 (± 422) were Black or African American. Less than 2% of the population identified themselves as American Indian and Alaska Native alone (905 ± 185), Asian alone (1,061 ± 122), Native Hawaiian and Other Pacific Islander alone (51 ± 31) and some other race alone (56 ± 51). The number of people that identified themselves as having two or more races was 5,009 (± 469) or 2.9 ($\pm 0.3\%$) percent. The percent of Hispanics was 4.9 ($\pm 0.1\%$) percent or 8,455 people. The minority⁴ population in Muskegon County was estimated at 38,904 (± 1) or 22.7 ($\pm 0.4\%$) percent. Please see Graph 1.1 for illustration.

Graph 1.1
Race & Ethnicity Distribution 2009-2013

⁴ For this report, "minority" refers to people who reported their ethnicity and race as something other than nonHispanic White alone in 2009-2013 5 years American Community Survey.



Following national and state trends, Muskegon County became more diverse in its population from 2000 to 2009-2013. The total minority population for the county grew by 12% (4,181). The Asian population grew by 42.4%, Hispanics or Latinos by 46.4% and people identifying themselves as two or more faces by 67.4%.

Household and Families

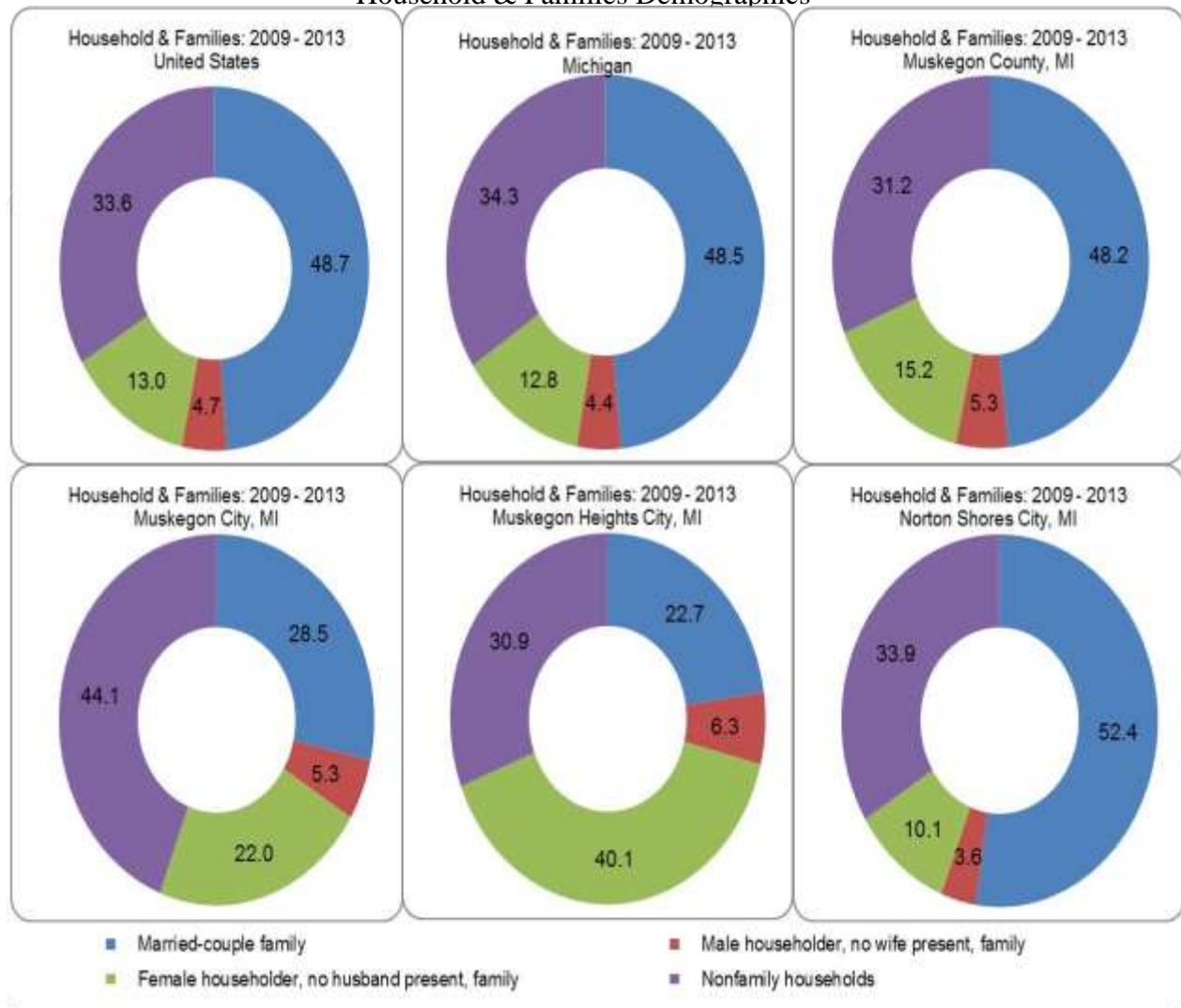
Over the 2009-2013 period, the estimated number of households in Muskegon County was 65,008 (± 599) with an average household size of 2.5 ($\pm 0.02\%$) people each. Families⁵ made up 68.8 ($\pm 1\%$) percent of the households in Muskegon County. This figure includes both married couple families (48.2 percent) and other families⁶ (20.5 percent). There were 6,182 female householder families with no husband present and own children under 18 years. This represents 32.1 percent of all families with own children under 18 years in Muskegon County. Nonfamily households¹⁰ made up 31.2 ($\pm 1\%$) percent of all households in Muskegon County and most of the nonfamily households were people living alone (26.3 percent). In Muskegon County, 33.1 ($\pm 0.9\%$) percent of all households have one or more people under the age of 18; 25.9 ($\pm 0.5\%$)

⁵ A family consists of a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as member of his or her family.

⁶ Other families include male householder, no wife present and female householder, no husband present.

percent of all households have one or more people 65 years and over. The following graph illustrates household makeup across the jurisdictions.

Graph 1.2
Household & Families Demographics¹¹



¹⁰ A householder living alone or with non relatives only. Unmarried couples households, whether opposite-sex or same-sex, with no relatives of the householder present are tabulated in nonfamily households.

¹¹ U.S. Census Bureau; American Community Survey, 2009-2013 American Community Survey 5-Year Estimates, Table DP02: ACS Selected Social Characteristics Estimates; generated by Gustavo Rotondaro; using American Fact Finder; <<http://factfinder2.census.gov>>; (28 December 2014).

Language Barriers

Over the 2009-2013 period, the estimated number of people at least five years old living in Muskegon County was 160,192 with an estimated of 4.2 ($\pm 0.4\%$) percent speaking a language

other than English at home. Of those speaking a language other than English at home, 2.4 ($\pm 0.3\%$) percent spoke Spanish and 1.8 percent spoke some other language; 2.7 of 4.2 percent reported that they spoke English less than "very well", as illustrated by Table 1.2 below.

Table 1.2
2009-2013 Muskegon County Language Demographics

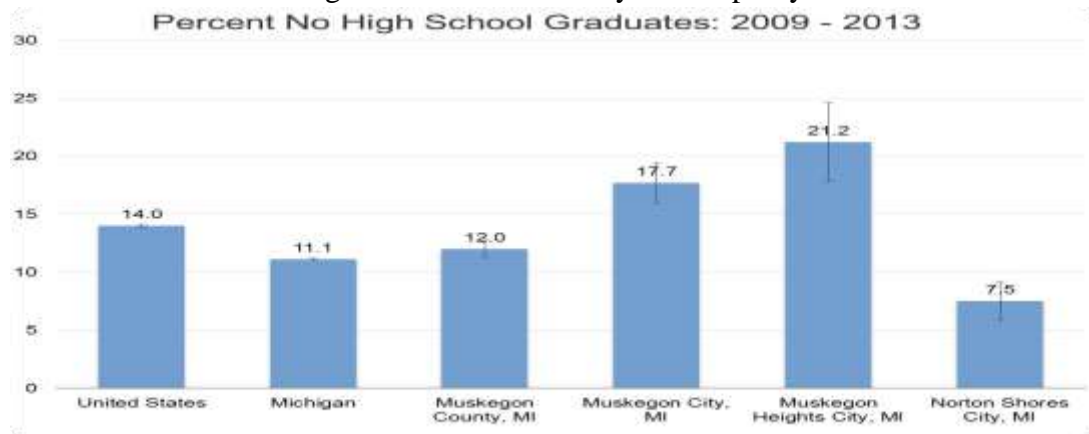
| Speaks Language Other Than English in Home | Speaks Language Other Than English | Speaks English Less Than "Very Well" |
|--|------------------------------------|--------------------------------------|
| 95.8% | 4.2% | 2.7% |

School Enrollment and Education Attainment

Over the 2009-2013 period, the estimated number of people 25 years and over living in Muskegon County was 113,632 with an estimated 35 ($\pm 0.9\%$) percent with a high school diploma or equivalency and 17.2 ($\pm 0.7\%$) percent with a bachelor's degree or higher.

In the same period, the estimated number of people 3 years and over enrolled in school was 43,792 in Muskegon County. Nursery school, preschool and kindergarten enrollment was 5,282 (\pm) or 12.1% and elementary and high school enrollment was 28,979 (\pm) or 66.2% children. College or graduate school enrollment was 9,531 (± 603) or 21.8% ($\pm 1.1\%$).

Graph 1.3
High School Graduates by Municipality⁷



⁷ U.S. Census Bureau; American Community Survey, 2005-2009 American Community Survey 5-Year Estimates, Table DP02: ACS Selected Social Characteristics Estimates; generated by Gustavo Rotondaro; using American Fact Finder; <<http://factfinder2.census.gov>>; (28 December 2014).

Disability Status

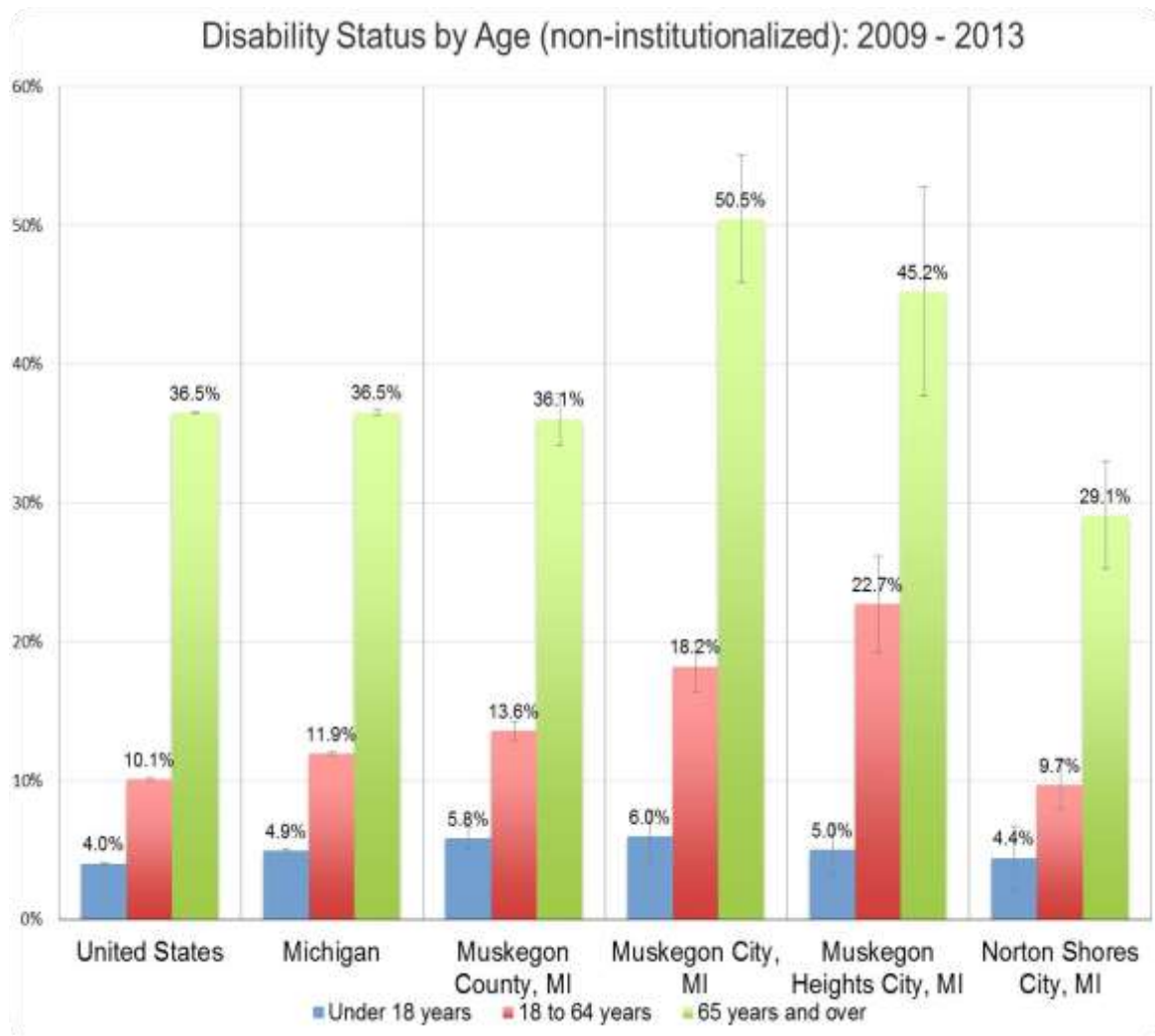
In Muskegon County, the civilian noninstitutionalized⁸ population was estimated at 166,397 for the 2009-2013 period. Of those, 24,560 (± 888) or ⁹8% ($\pm 0.5\%$) reported a disability. The likelihood of having a disability varied by age - from 5.8% ($\pm 0.8\%$) percent of people under 18 years old, to 13.6 ($\pm 0.7\%$) percent of people 18 to 64 years old, and to 36.1 ($\pm 1.9\%$) percent of those 65 and over.

Graph 1.4

⁸ All U.S. Civilians not residing in institutional group quarters facilities such as correctional institutions, juvenile facilities, skilled nursing facilities, and other long term care living arrangements.

⁹ U.S. Census Bureau; American Community Survey, 2009-2013 American Community Survey 5-Year Estimates, Table DP02: ACS Selected Social Characteristics Estimates; generated by Gustavo Rotondaro; using American Fact Finder; <<http://factfinder2.census.gov>>; (28 December 2014).

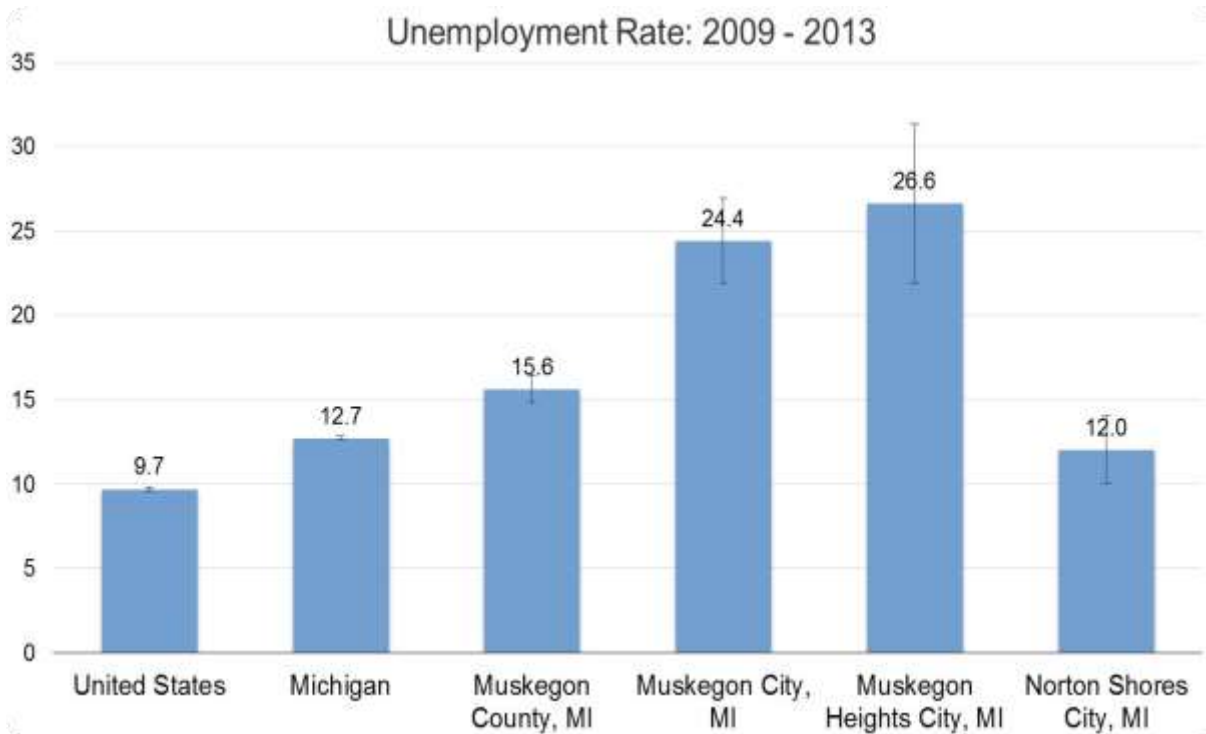
Muskegon County Disability Status by Age¹⁴



Employment Status

Over the 2009-2013 period, the estimated number of civilians in the labor force¹⁰ was 80,152 ($\pm 1,023$) or 59.7% ($\pm 0.8\%$) of people 16 years and over; the percent unemployed¹¹ in that same period averaged 15.6% ($\pm 0.8\%$). This represents an estimate of 12,513 (± 711) in the number of unemployed civilians in the labor force 16 years and over.

Graph 1.5
Muskegon County Employment Demographics¹⁷



Commuting to Work

In Muskegon County, an estimated 93.6% of its workers 16 years and over commuted to work using a car, truck or van and 84.1% ($\pm 1.0\%$) percent or 55,640 ($\pm 1,183$) did so alone. Only 9.5%

¹⁰ The labor force includes all people classified in the civilian labor force, plus members of the U.S. Armed Forces (people on active duty with the United States Army, Air Force, Navy, Marine Corps, or Coast Guard). The Civilian Labor Force consists of people classified as employed or unemployed

¹¹ All civilians 16 years old and over are classified as unemployed if they (1) were neither "at work" nor "with a job but not at work" during the reference week, and (2) were actively looking for work during the last 4 weeks, and (3) were available to accept a job. Also included as unemployed are civilians who did not work at all during the reference week, were waiting to be called back to a job from which they had been laid off, and were available for work except for temporary illness. ¹⁷ 2009-2013

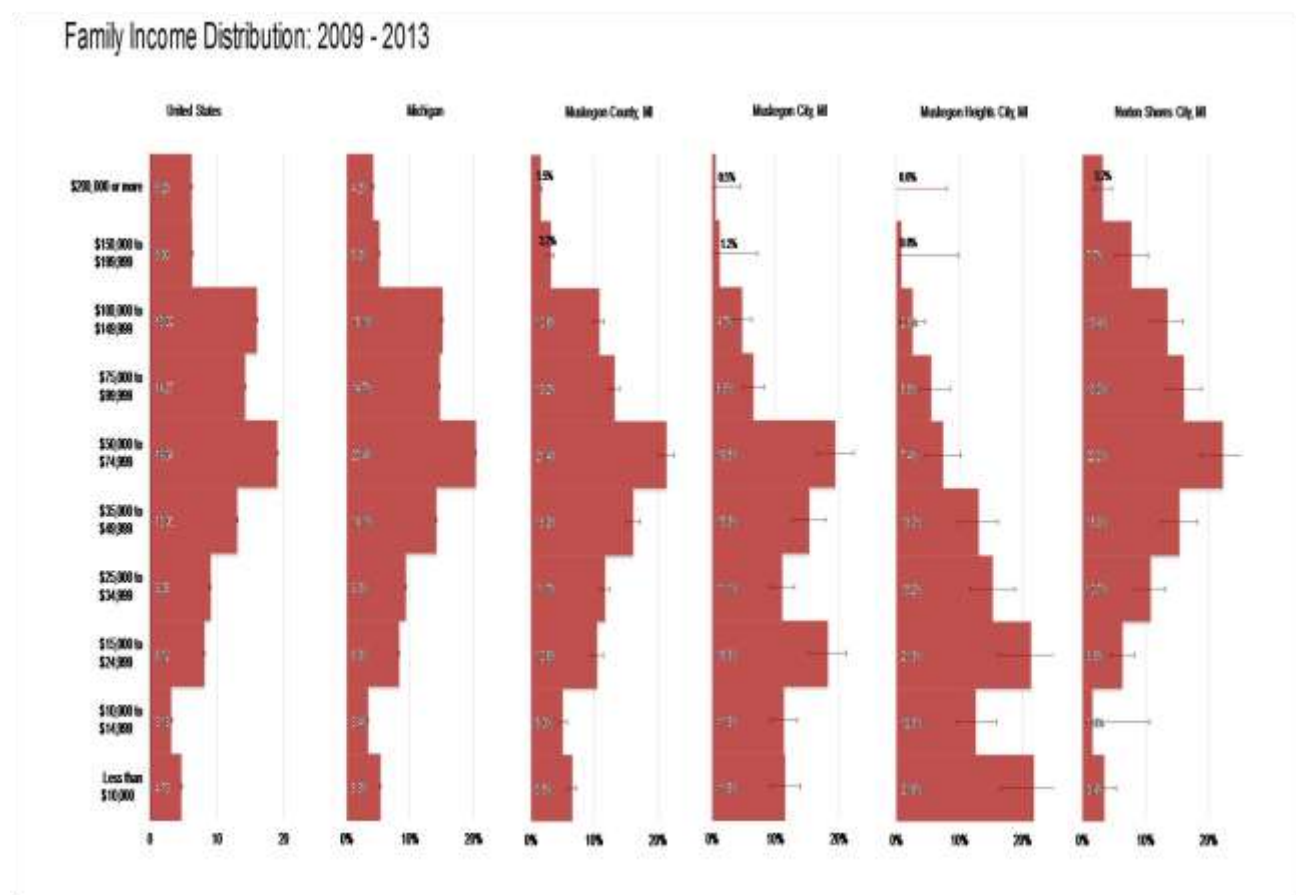
U.S. Census Bureau; American Community Survey, American Community Survey 5-Year Estimates, Table DP03: ACS Selected Economic Characteristics Estimates; generated by Gustavo Rotondaro; using American FactFinder; <<http://factfinder2.census.gov>>; (28 December 2014).

($\pm 0.8\%$) or 6,276 (± 531) carpooled. Among those who commuted to work, it took them on average 21 minutes to get to work.

Income and Benefits (in 2013 inflation-adjusted dollars)

Over the 2009-2013 period, the estimated number of families in Muskegon County was 44,699 (± 759) with a median income of \$50,092 ($\pm 1,161$). Twenty two percent of families had incomes below \$25,000 a year; 27.9% percent of families had incomes between \$25,000 and \$50,000 a year; 34.6% of families had incomes between \$50,000 and \$100,000 a year and 15.5% of families had incomes over \$100,000 or more.

Graph 1.6
Income Distribution By Jurisdiction¹⁸



18

2005-2009

U.S. Census Bureau; American Community Survey, American Community Survey 5-Year Estimates, Table DP03: ACS Selected Economic Characteristics Estimates; generated by Gustavo Rotondaro; using American FactFinder; <<http://factfinder2.census.gov>>; (28 December 2014).

In the same period, 71.2 ($\pm 1.0\%$) percent of households received earnings¹² averaging \$54,433 ($\pm 1,383$); 35.5 ($\pm 0.8\%$) percent of households collected Social Security income averaging \$17,561 (± 314) and 22.2 ($\pm 0.8\%$) percent received retirement income averaging \$15,916 (± 781). These income sources are not mutually exclusive; that is, some households received income from more than one source.

Households could also have access to other sources of income or public assistance. In Muskegon County, 6.5 ($\pm 0.6\%$) percent of households received supplemental security income averaging \$8,739 (± 461); 5.8 ($\pm 0.5\%$) percent of households received cash public assistance Income averaging \$3,399 (± 276) and 23.6 ($\pm 1.0\%$) percent of households received Food Stamp/SNAP benefits.

Poverty

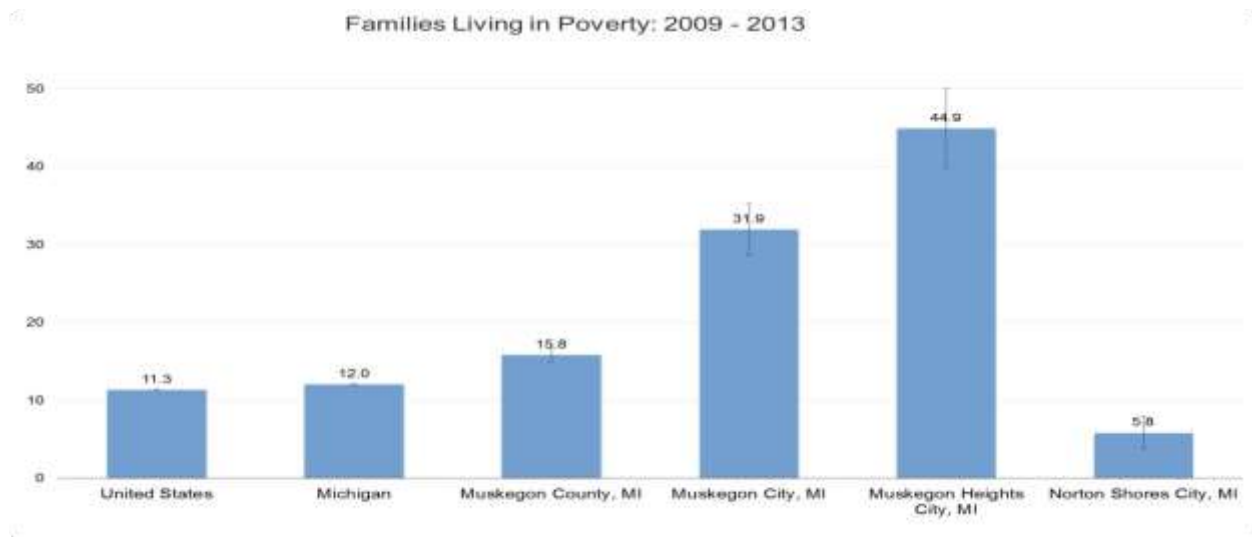
In Muskegon County, the estimated number of people living in poverty was 19.9% ($\pm 0.9\%$) for the 2009-2013 period. Poverty among related children¹³ deepens, 28.5 ($\pm 1.8\%$) percent of all related children under 18 were below the poverty level and 39.4 ($\pm 3.3\%$) percent for all related children under 5 years were below the poverty level. In contrast, 8.7% ($\pm 1.1\%$) percent of people 65 years old and over were below the poverty level.

Graph 1.7
Muskegon County Poverty Statistics by Jurisdiction²¹

¹² Earnings is defined as the algebraic sum of wage or salary income and net income from self-employment. Earnings represent the amount of income received regularly before deductions for personal income taxes, Social Security, bond purchases, union dues, Medicare deductions, etc.

¹³ Includes all people in a household under the age of 18, regardless of marital status, who are related to the householder. Does not include householder's spouse or foster children, regardless of age. ²¹ 2009-2013

U.S. Census Bureau; American Community Survey, American Community Survey 5-Year Estimates, Table DP03: ACS Selected Economic Characteristics Estimates; generated by Gustavo Rotondaro; using American FactFinder; <<http://factfinder2.census.gov>>; (28 December 2014).



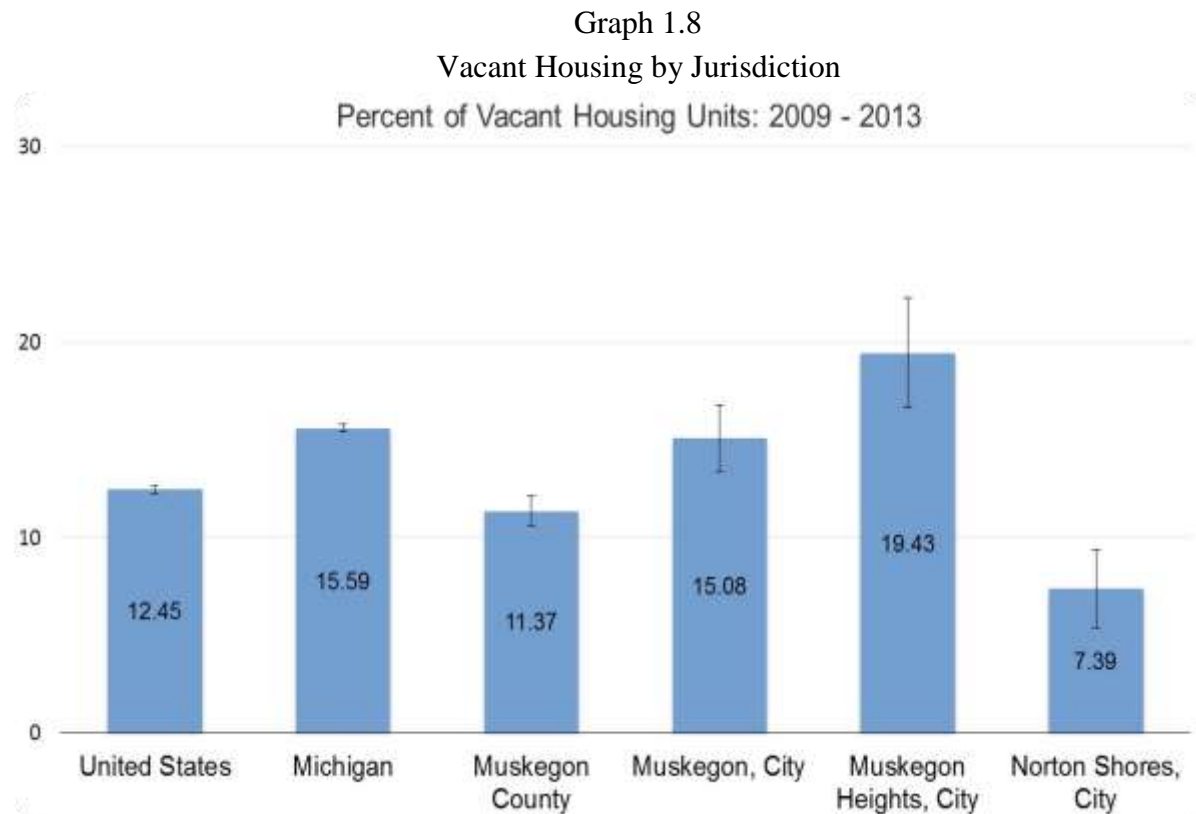
U.S. Census Bureau; American Community Survey, American Community Survey 5-Year Estimates, Table DP03: ACS Selected Economic Characteristics Estimates; generated by Gustavo Rotondaro; using American FactFinder; <<http://factfinder2.census.gov>>; (28 December 2014).

The percent of families living below poverty level in Muskegon County was estimated at 15.8 ($\pm 1.0\%$) percent. Poverty in married-couple families averaged an estimated 6.3 ($\pm 0.8\%$) percent whereas families with a female households and no husband present averaged 44.6 ($\pm 3.2\%$) percent. The percent of families with related children under 18 and living below poverty levels increases for married-couple families and female householder and no husband present families. Of significance, 70.3 ($\pm 7.9\%$) percent of families with a female household and no husband present had incomes below the poverty level.

III. Housing Profile

Housing Characteristics:

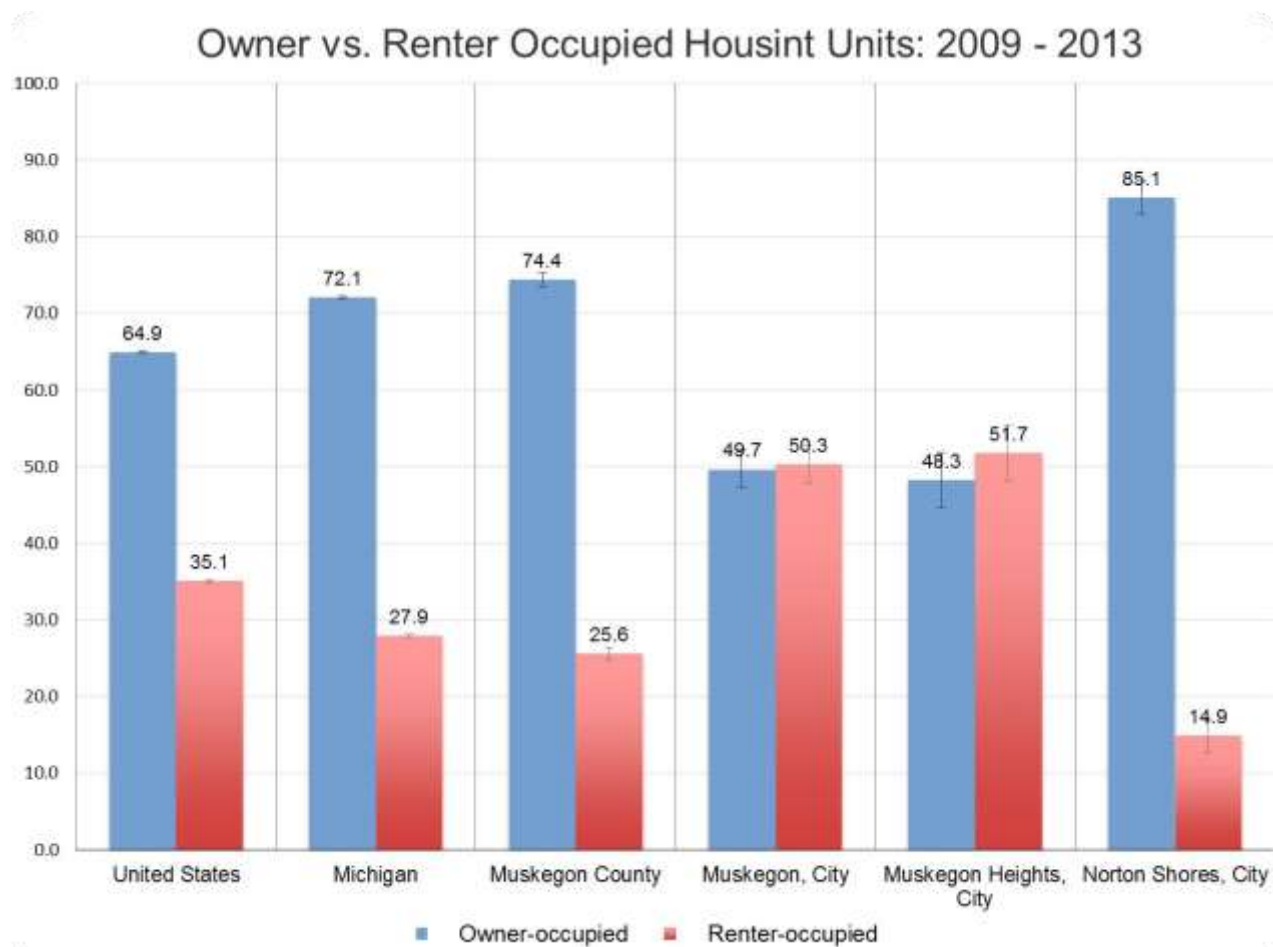
According to the 2009-2013 ACS, there were 73,345 housing units in Muskegon County. The number of occupied housing units was 65,008 (± 599) or 88.6 ($\pm 0.8\%$) percent and 8,337 (± 559) or 11.4 ($\pm 0.8\%$) percent were vacant. The jurisdictional breakdown is illustrated in the chart below.



Almost 80 percent of the total housing units were single-unit structures, 14.3 percent were in multi-unit structures, and 6.6 percent were mobile homes.

Among occupied housing units, 48,390 (± 656) or 74.4 ($\pm 0.9\%$) percent were owner occupied and 16,618 (± 664) or 25.6 ($\pm 0.9\%$) percent were renter occupied. The homeownership rate in Muskegon County declined by -3.3 percent from 77.8 ($\pm 0.9\%$) in 2005-2009 to 74.4 ($\pm 0.9\%$) in 2009-2013. These statistics are detailed in the graph below.

Graph 1.9
Occupied Housing Demographics by Jurisdiction

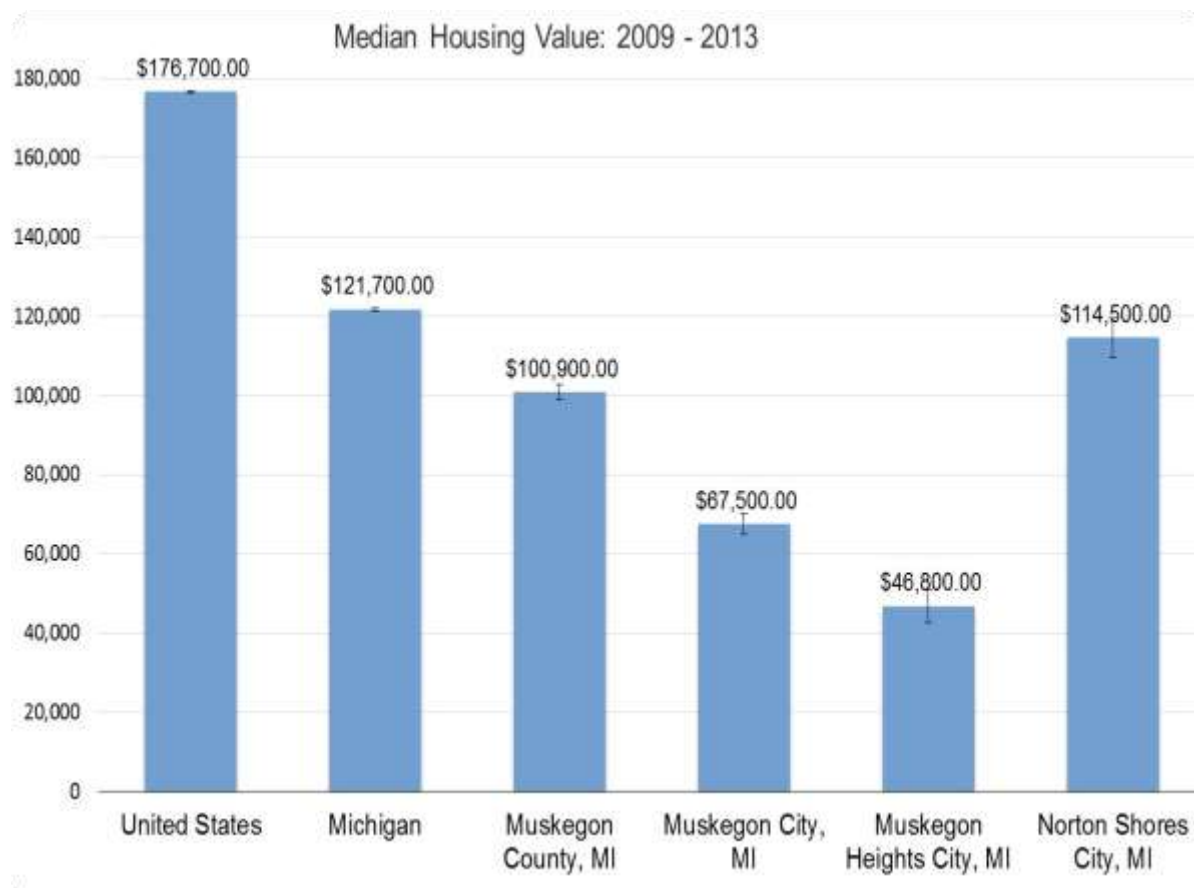


Home Values or Cost of Housing?

In Muskegon County, the median value of an owner-occupied housing unit was \$100,900 ($\pm 1,923$) for the 2009-2013 period. This represents a decline of \$13,200 from 2005-2009 to 2009-2013. Forty-one percent or 23,943 of all owner occupied units were valued at less than \$100,000. The number of homeowners with a mortgage was 29,544 (± 658) or 61.1 ($\pm 1.0\%$) percent with a median on selected monthly homeowner costs¹⁴ of \$1,106 (± 16) as compared to \$405 (± 10) for homeowners without a mortgage expense. More than half (58.9%) of all homeowners with a mortgage had monthly housing expenses of \$1,000 or more in the 2009-

¹⁴ Selected monthly owner costs are the sum of payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property (including payments for the first mortgage, second mortgages, home equity loans, and other junior mortgages); real estate taxes; fire, hazard, and flood insurance on the property; utilities (electricity, gas, and water and sewer); and fuels (oil, coal, kerosene, wood, etc.). It also includes, where appropriate, the monthly condominium fee for condominiums and mobile home costs (installment loan payments, personal property taxes, site rent, registration fees, and license fees).

2013 period. Fifty one percent of homeowners without a mortgage had monthly housing expenses of \$400 or more.



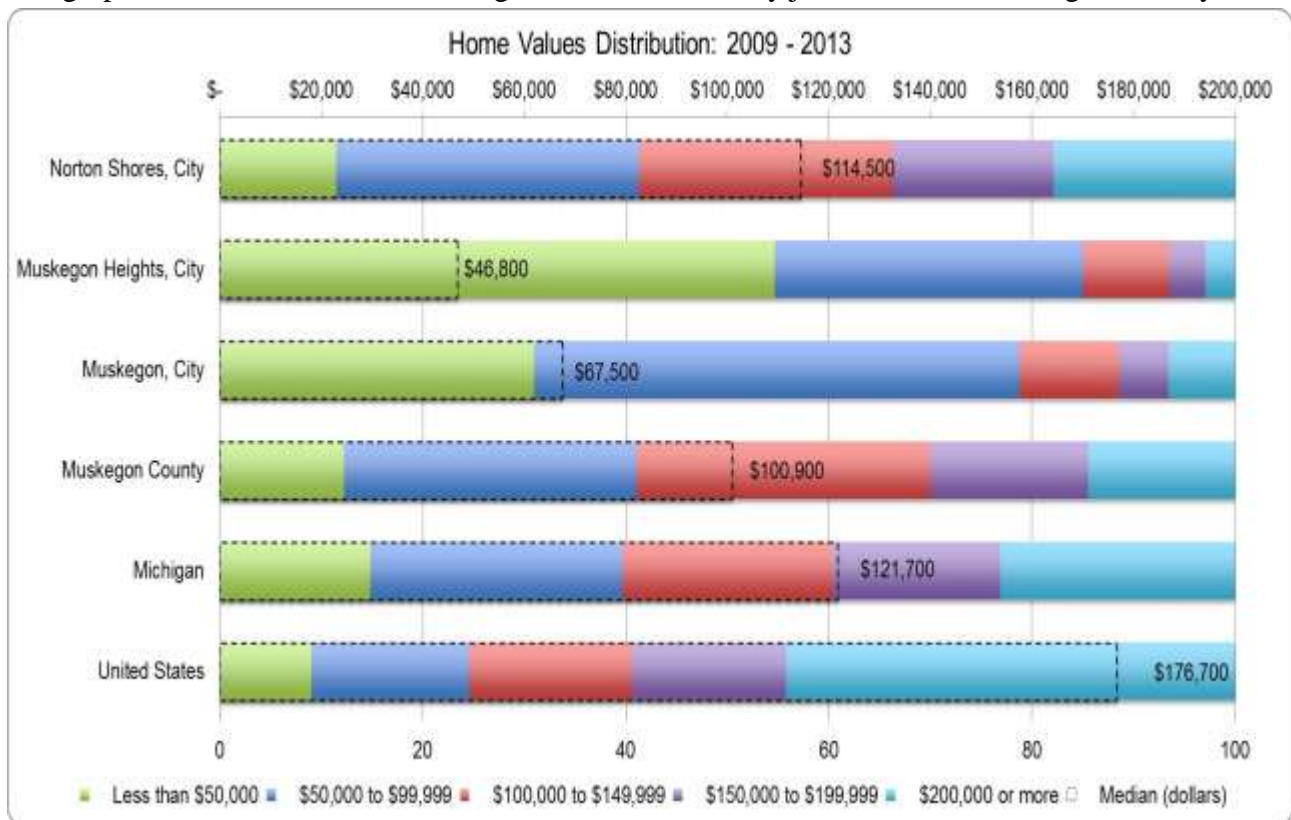
When considering housing affordability for homeowners, one can look at the ratio between income and housing costs for homeowners. The ACS produces this ratio by comparing selected monthly owner costs to monthly household income. In Muskegon County, 25.1 ($\pm 1.5\%$) percent of homeowners with a mortgage spent 35% or more of their income towards housing costs as compared to only 11.4 ($\pm 1.5\%$) percent of homeowners without a mortgage.

The median gross rent¹⁵ was \$663 (± 20) for all occupied units paying rent in Muskegon County. Similar to housing affordability for homeowners, the ACS provides information on gross rent as a percentage of household income¹⁶. In Muskegon County, 51.4 ($\pm 2.7\%$) percent of renters spent 35% or more of their income towards housing costs (rent plus utilities).

¹⁵ Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter (or paid for the renter by someone else).

¹⁶ Gross rent as a percentage of household income is a computed ratio of monthly gross rent to monthly household income (total household income divided by 12).

The graph below illustrates the housing value distribution by jurisdiction in Muskegon County.



IV. Jurisdiction's Policy Analysis

Muskegon Land Bank Authority

According to its website, www.muskegonlandbank.org, "The Muskegon Land Bank Authority (MLBA) was formed in 2007 to transform vacant, tax delinquent and abandoned property for the benefit of the surrounding property, to improve the community, stabilize the area, give low income families the opportunity to be home owners and return the property to the tax rolls."

The mission of the Muskegon County Land Bank Authority is to transform vacant, tax delinquent and abandoned property for the benefit of the surrounding property to improve the entire community. However, on the website there is no mention of fair housing. As a county governmental authority undertaking housing activities, the MLBA has an ethical as well as legal imperative to work aggressively to ensure that Muskegon Land Bank Authority housing programs comply fully with all local, state and federal fair housing laws.

Fair Housing Policy

The Muskegon Land Bank Authority should establish a fair housing policy that clearly states its firm commitment to the principle of equal opportunity in housing and the provision of equal

professional services without discrimination on race, color, religion, sex, disability, familial status or national origin.

In addition, Muskegon Land Bank Authority should establish, and make all employees aware of an organizational policy concerning showing properties, negotiating offers and serving the needs of buyers and prospective tenants without discriminatory effect.

Fair Housing Officer

Muskegon Land Bank Authority should appoint a fair housing officer who is responsible for training and will facilitate fair housing issues and concerns. Cooperation with the fair housing officer would be required during investigations of alleged discrimination or in the review of equal service records.

Public Commitment

Muskegon Land Bank Authority should establish firm procedures and requirements that display a clear public commitment to ensuring equal access to housing such as: (1) Displaying HUD Fair Housing posters; (2) Displaying Michigan Department of Civil Rights posters.

Advertising and Marketing

All advertising for the sale of housing should indicate to the public that the housing is open to all persons and is designated to attract buyers without regard to race, color, religion, sex, disability, familial status or national origin. All brochures, circular, billboards and direct-mail advertising will include the official equal housing opportunity slogan or logotype. All forms of advertising, including business cards, will contain the official equal housing opportunity slogan or logotype. All advertising paid for by employees should comply with equal housing guidelines and be approved by the fair housing officer.

Training

The Muskegon Land Bank Authority should provide ongoing training in fair housing law obligations and the organization's fair housing procedures.

Prohibited Actions

Muskegon Land Bank Authority should establish firm prohibitions with regard to employees making statements or performing any acts that could:

1. Imply that the presence or anticipated presence in a neighborhood of persons of any race, color, religion, sex, disability, familial status or national origin will, or may, result in lowering of property values, changing the composition of the block or neighborhood, make the area less safe or contribute to the decline in the quality of schools
2. Imply that persons of a particular race, color, religion, sex, disability, familial status or national origin will be less likely to obtain financing on a property

3. Imply that Muskegon Land Bank Authority adheres to any racial, color, sexual, family, religious, national origin, or disability stereotypes that might result in different treatment of minority groups in the sale or purchase of housing. This telling jokes, making derogatory remarks to other employees or employees to agents or employees of another organization, to a buyer or seller or anyone who might become a buyer or seller or who might be in a position to report remarks to others

In addition, MLBA should establish a policy that no employee should make any representation, either directly, or by innuendo, that a neighborhood will be difficult/easy to sell because of the presence or absence of persons of a particular race, color, religion, sex, disability, familial status, or national origin – that it is more or less safe, that schools are better or not as good, or that property values are increasing or decreasing.

Furthermore, in its fair housing policy, MLBA should clearly state that no employee shall refuse to list or show a property in a market area served by the organization because of the presence/absence of persons of any particular race, color, religion, sex, disability, familial status or national origin.

Working with Prospective Buyers

A policy should be established that articulates consistent interviewing and qualifying techniques to be used with all buyers. In addition, consistent procedures regarding an established protocol and record keeping for dealing with all prospective buyers.

Financial Qualifications

MLBA should establish a policy regarding the financial qualifying of prospective buyers. Specifically, MLBA should establish and follow consistent methods to qualify all applicants. This includes establishing a policy that no prospective buyer will be steered to, or away from, any specific type of financing, including FHA because of race, color, religion, sex, disability, familial status or national origin.

Properties Recommended and/or Inspected

All prospects should be informed that any available property in the market area, within the buyer's price range and objective criteria, is available for showing, and employees will offer to show any such properties

Working with Cooperating Agents

All employees should be equally cooperative with agents who are working with minority buyers, or with agents who are working with minority buyers, as they are with all other agents in terms of setting up showings, making keys available, and setting appointments to present offers or conducting negotiations.

Recordkeeping

Employees should keep records for all properties and all prospects. These records should be completed after the first contact with a prospect in which such identifying information as name, phone number, or address are obtained or after the first in-person contact. Employee's prospect records must be kept on file for an established time frame (possibly 6 months to 2 years). These files should be marked with a prospect's name and dates of service (first and last).

Hiring and Recruitment Policies

Each salaried employee and independent contractor, as a condition of employment or contract with the firm, should sign a fair housing agreement.

Community Participation

The MLBA is part of the community and should participate in fair housing and community outreach activities. The fair housing officer should coordinate such organization participation and should be informed of all community fair housing concerns.

Responses to Possible Discrimination

Alleged acts of discrimination, whether by employees of this or another firm or by members of the public should be immediately brought to the attention of the fair housing officer. When working with prospects or clients who may be victims of discrimination, the fair housing officer will determine how best to assist them in the protection of their fair housing rights.

Report Incidents of Harassment

Any harassment incident of buyers, or sales agents in violation of fair housing laws will promptly be reported to the fair housing officer and appropriate authorities, which may include local or state police, local or state human rights agencies, the U. S. Department of Justice, HUD and the FBI.

Quality Control

The management of MLBA should review compliance with these procedures on a regular basis. All employees should cooperate with that review.

Corrective Action and Discipline

The fair housing officer and MLBA should review any apparent act or statement in violation of these procedures or fair housing laws and will decide on further action. Depending on the severity of the act or statement and the relationship between the

employee and the organization, actions may include further training and education or termination of the independent contractor agreement.

V. Jurisdictions Fair Housing Profile

Fair Housing Laws, Agencies and Enforcement

□ Federal Law

The federal Fair Housing Act prohibits discrimination on the basis of race, color, national origin, religion, sex, familial status, and disability. The U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, is charged with enforcing the federal Fair Housing Act. The Act contains administrative enforcement mechanisms, with HUD attorneys bringing actions before administrative law judges on behalf of victims of housing discrimination, and gives the Justice Department jurisdiction to bring suit on behalf of victims in federal district courts.

In connection with prohibitions on discrimination against individuals with disabilities, the Act contains design and construction accessibility provisions for certain new multifamily dwellings developed for first occupancy on or after March 13, 1991.

HUD has had a lead role in administering the Fair Housing Act since its adoption in 1968. The 1988 amendments, however, greatly increased the Department's enforcement role. First, the newly protected classes have proven significant sources of new complaints. Second, HUD's expanded enforcement role took the Department beyond investigation and conciliation into the mandatory enforcement area.

Complaints filed with HUD are investigated by the Office of Fair Housing and Equal Opportunity. If the complaint is not successfully conciliated, then FHEO determines whether reasonable cause exists to believe that a discriminatory housing practice has occurred. Where reasonable cause is found, the parties to the complaint are notified by HUD'S issuance office a Notice of Determination, as well as a Charge of Discrimination, and a hearing is scheduled before a HUD administrative law judge. Either party- complainant or respondent may cause the HUD-scheduled administrative proceeding to: be terminated, electing instead to have the matter litigated in federal court. Whenever a party has so elected, the Department of Justice takes over HUD'S role“ as counsel seeking resolution of the charge on behalf of aggrieved persons, and the matter proceeds as a civil judicial action. Either form of action- Administrative Proceeding or the judicial action is subject to review in the U.S. Court of Appeals.

In January HUD announced new regulations intended to ensure that HUD's core housing programs open to all eligible persons, regardless of sexual orientation or gender. The final rule published in the federal register as Equal Access to Programs - Regardless of Sexual Orientation or Gender Identity, makes the following general provisions: requires owners and operator of HUD-assisted housing or housing whose financing is insured by HUD, to make housing available without regard to the sexual orientation or gender identity of an applicant for, or occupant of, the dwelling, whether renter- or owner-occupied; prohibits lenders from using sexual orientation or

gender identity as a basis to determine a borrower's eligibility for FHA-insured mortgage financing; clarifies that all otherwise eligible families, regardless of marital status, sexual orientation, or gender identity, will have the opportunity to participate in HUD programs; and, prohibits owner and operators of HUD-assisted housing or housing insured by HUD from asking about an applicant or occupant's sexual orientation and gender identity for the purpose of determining eligibility otherwise making housing available.

In July 2013 HUD proposed regulations to help better implement the long-standing affirmatively furthering fair housing component of the Fair Housing Act. HUD proposes to provide HUD program participants with more effective means to affirmatively further the purpose and policies of the Fair Housing Act, which is Title VIII of the Civil Rights Act of 1968. The FHA not only prohibits discrimination but, in conjunction with other statutes, directs HUD's program participants to take steps proactively to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities for all.

Acknowledged by the US. Government Accountability Office (GAO) and many stakeholders, advocates, and program participants, the current practice of affirmatively furthering fair housing carried out by HUD grantees, which involves an analysis of impediments to fair housing choice (AI) and a certification that the grantee will affirmatively further fair housing, has not been as effective as had been envisioned. This rule accordingly proposes to refine existing requirements with a fair housing assessment and planning process that will better aid HUD program participants fulfill this statutory obligation and address specific comments the GAO raised.

To facilitate this approach, HUD Will provide states, local governments, insular areas, and public housing agencies (PHAs), as well as the communities they serve, with data and patterns of integration and segregation; racially and ethnically concentrated areas of poverty; access to education, employment, low-«poverty, transportation and environmental health, among other critical assets; disproportionate housing needs based on the classes protected under the Fair Housing Act; data on individuals with disabilities and families with children. From this data program participants will evaluate their present environment to assess fair housing issues, identify the primary determinants that account for those issues, and set forth fair housing priorities and goals.

With this new clarity through guidance, a template for the assessment, and a HUD-review process, program participants should achieve more meaningful outcomes that affirmatively further fair housing.

State Law

The State of Michigan's Elliott-Larsen Civil Rights Act (also known as Public Act 453 of 1976) prohibits discrimination on the basis of religion, race, color, national origin, age, sex, height,

weight, familial status, or marital status in employment, housing, education, and access to public accommodations.¹⁷

The law is named for its two primary sponsors, Daisy Elliott, a Democrat from Detroit, and Melvin Larsen, a Republican from Oxford, and passed in 1976 with 25 votes in the Michigan Senate and 79 votes in the Michigan House of Representatives.¹⁸ It was signed into law by Michigan Governor William Milliken on January 13, 1977¹⁹ and went into effect March 31, 1977.²⁰

Municipal Laws

Muskegon County

According to its website, ([co.muskegon.mi.us/board of commissioners/ordinances.htm](http://co.muskegon.mi.us/board%20of%20commissioners/ordinances.htm))

Muskegon County does not have a civil rights ordinance. The following ordinances are noted:

- Accommodation Tax Ordinance
- Check Violation Ordinance
- Farmland Development Rights Ordinance
- Hazardous Material ordinance
- No Smoking Ordinance
- Parking Lot Ordinance (Repealed)
- Phosphorus Ban – Phosphorus Resolution
- Prosecutor recovery Cost Ordinance
- Soil Erosion & Sedimentation Control Ordinance

No ordinance noted on the site is related to civil or human rights

City of Muskegon

The City of Muskegon has, by reference, adopted the Elliott-Larsen Civil Rights Act.²¹ Thereby prohibiting discrimination on the basis of religion, race, color, national origin, age, sex, height, weight, familial status, or marital status in employment, housing, education, and access to public

¹⁷ Elliot-Larsen Civil Rights Act: Public Act 453 of 1976. Legislative Council, State of Michigan

¹⁸ Gubbins, Roberta M. (September 17, 2012). "Legal Milestone Honors Elliott-Larson Civil Rights Act.

¹⁹ Bowron, Aaron K. (August 2012). "The Elliott-Larsen Civil Rights Act: Celebrating the Progress of Michigan's Civil Rights Laws" (PDF) Michigan Bar Journal 91 (8): 20-21.

²⁰ Ibid Public Act 453

²¹ Muskegon City Ordinance, Chapter 042 – Human Relations, Article II "Fair Housing" Sec. 42-31 :Adoption of the state law by reference, Sec 42-32 "Penalties" ³⁰ Ibid Chapter 42

accommodations in the City of Muskegon. Any person who violates any provision of this article has committed a civil infraction.³⁰

City of Muskegon Heights

In the City of Muskegon Heights it is illegal to discriminate on the basis of religion, race, color, national origin, age, sex, height, weight, familial status, or handicap of a person engaged in a housing related transaction.²²

City of Norton Shores

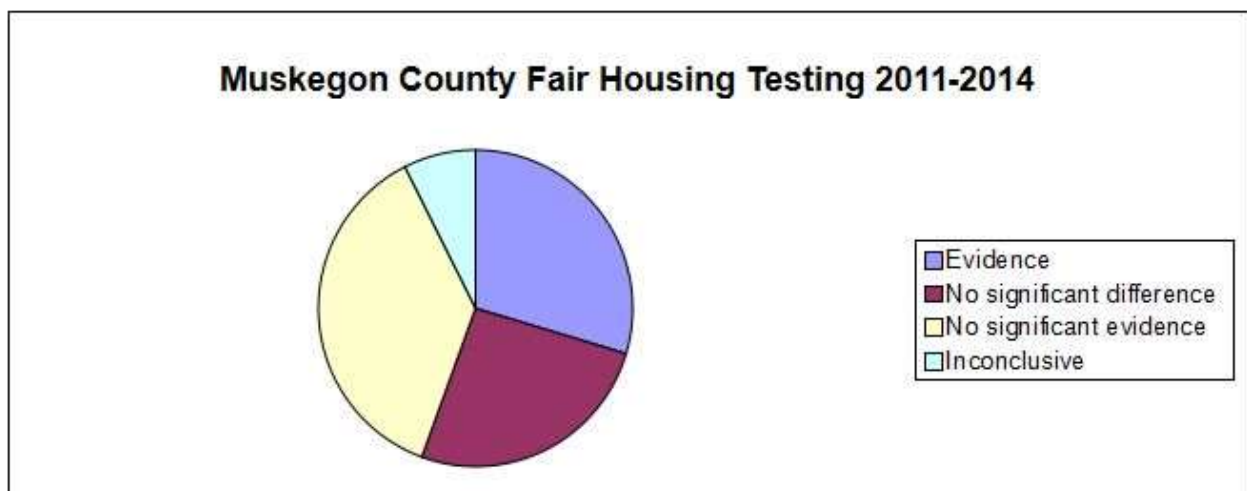
The City of Norton Shores does not have a fair housing ordinance.

Fair Housing Testing

Muskegon County has contracts with the Fair Housing Center of West Michigan to conduct fair housing testing on a survey (non-complaint driven basis).

A total of 57 (fifty-seven) rental tests were conducted in Muskegon County from 2011-2014. The tests were conducted on the basis of race and familial status. Of the 57 tests conducted, 21 tests or 37% yielded evidence of differential treatment. Thirty-one (31) tests or 54% yielded no significant difference in the treatment of testers. Five (5) tests or 9% were inconclusive.

No follow up testing was completed



VI. Lending Data & Analysis

HMDA Data Analysis

The availability of financing affects a person's ability to purchase or improve a home. The best source for determining the lending patterns in a community is to use the Home Mortgage

²² Muskegon Heights Code of Ordinances, Chapter 50 "Human Relations," Article II "Fair Housing"

Disclosure Act (HMDA) data. HMDA data is also used to determine if there is evidence of potential or existing discrimination in lending or community disinvestment. HMDA requires depository institutions and mortgage lenders to disclose each year information on the disposition of all residential mortgage loan applications including loans to purchase, rehabilitate or refinance a dwelling. Each loan application also provides information on applicant's race, sex and income and the census tract in which the property is located. Lenders must also report the number of loans and total loan amounts made in each census tract.

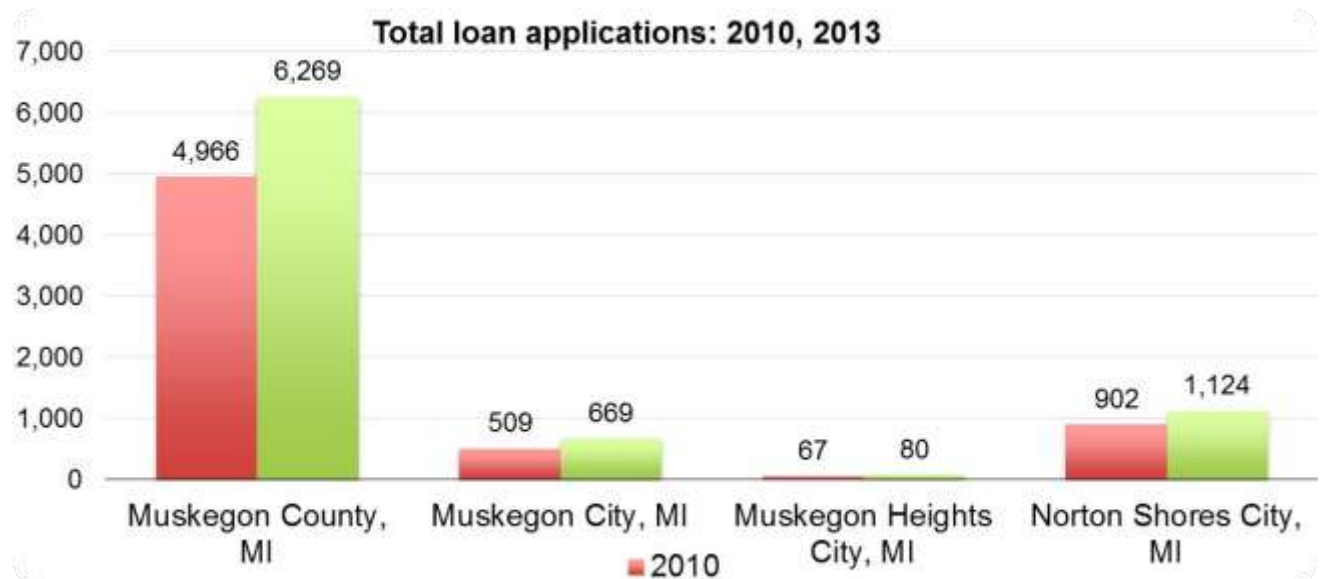
It is important to note that not all lending institutions are required to file under HMDA thus mortgage lending coverage for any one neighborhood may be incomplete. Coverage is particularly limited for nonmetropolitan, low-homeownership areas and subprime loans.

Although HMDA provides information for each loan, the smallest geographic identifier available is the census tract in which the property is located. Additionally, HMDA data for 2011 or earlier years is reported using 2000 census data and geographies. Any release of HMDA data after 2011 uses 2010 census data and geography. The following table lists the 2000 and 2010 census tracts and the corresponding city. Two census tract maps are also provided as an Appendix to this study for reference purposes.

| City | Census Year | # of Tracts | Census Tract Number |
|--------------------------|--------------------|--------------------|---|
| City of Muskegon | 2000 | 12 | 1, 2, 3, 4, 5, 6.01, 6.02, 7, 8, 9, 10, 21 |
| | 2010 | 11 | 1, 3, 4.01, 4.02, 5, 6.01, 8, 9, 10, 21, 42 |
| City of Muskegon Heights | 2000 | 5 | 11, 12, 13, 14.01, 14.02 |
| | 2010 | 4 | 12, 13, 14.02, 43 (4 tracts) |
| City of Norton Shores | 2000 | 5 | 23, 24, 25, 26.01, 26.02 |
| | 2010 | 5 | 23, 24, 25, 26.01, 26.02 |

Loan Applications:

In 2013, 6,269 loan applications²³ for home purchase, refinancing and home improvement were submitted to financial institutions by individuals in Muskegon County. This represents an increase of 26.2 percent or 1,303 more loan applications received than in 2010 (4,966). Financial institutions originated 64 percent of these applications, while 20.4 percent were applications denied by financial institutions. The remaining loan applications (15.6%) were subject to other actions, which includes applications approved but not accepted, applications withdraw by applications or file closed for incompleteness.



Loans Originated by Type and Purpose:

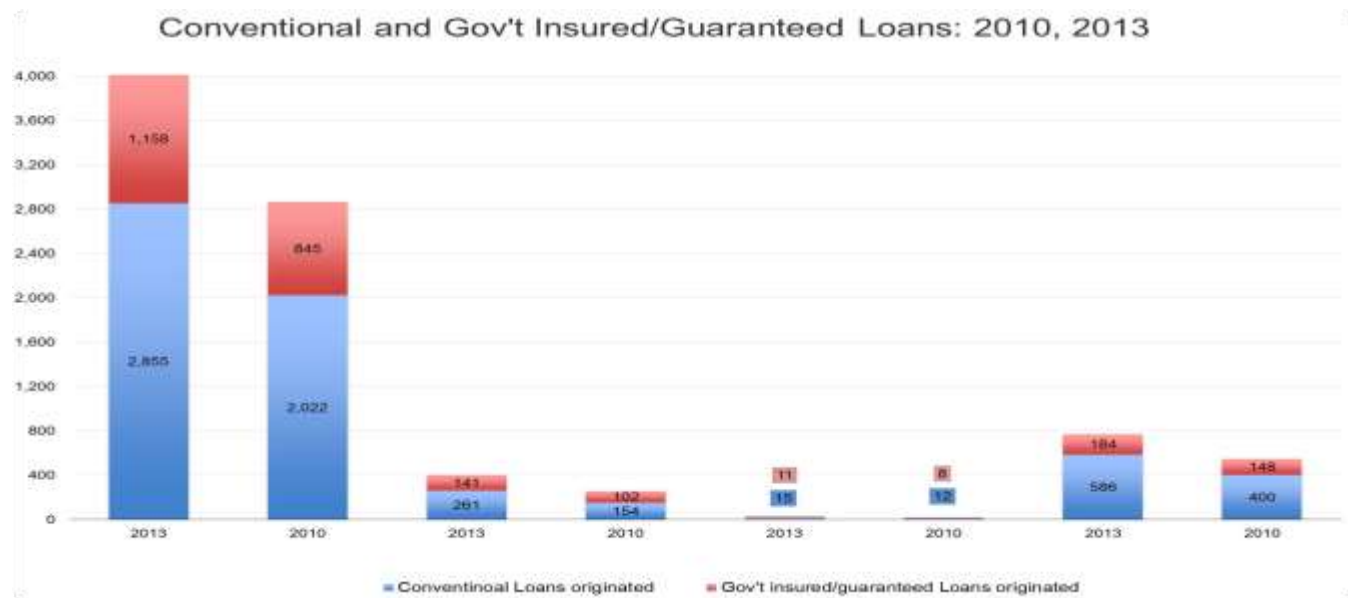
From 2010 to 2013, the number of loans originated²⁴ increased by 40% in Muskegon County. HMDA data also shows increases in conventional and government loans originated and purpose (home purchase, home improvement and refinancing) in Muskegon County. Conventional loans took 71.1 percent of all loans originated in Muskegon County while government loans²⁵ took the remaining 28.9%. From 2010 to 2013, both application rates and origination rates increased by 26.2 and 40 percentage points respectively. The graph that follows illustrates conventional and

²³ Includes all loan applications for one to four family dwellings and manufactured housing, secured by first lien and owner occupied as a principle dwelling.

²⁴ Includes all loan applications for one to four family dwellings and manufactured housing, secured by first lien and owner occupied as a principle dwelling.

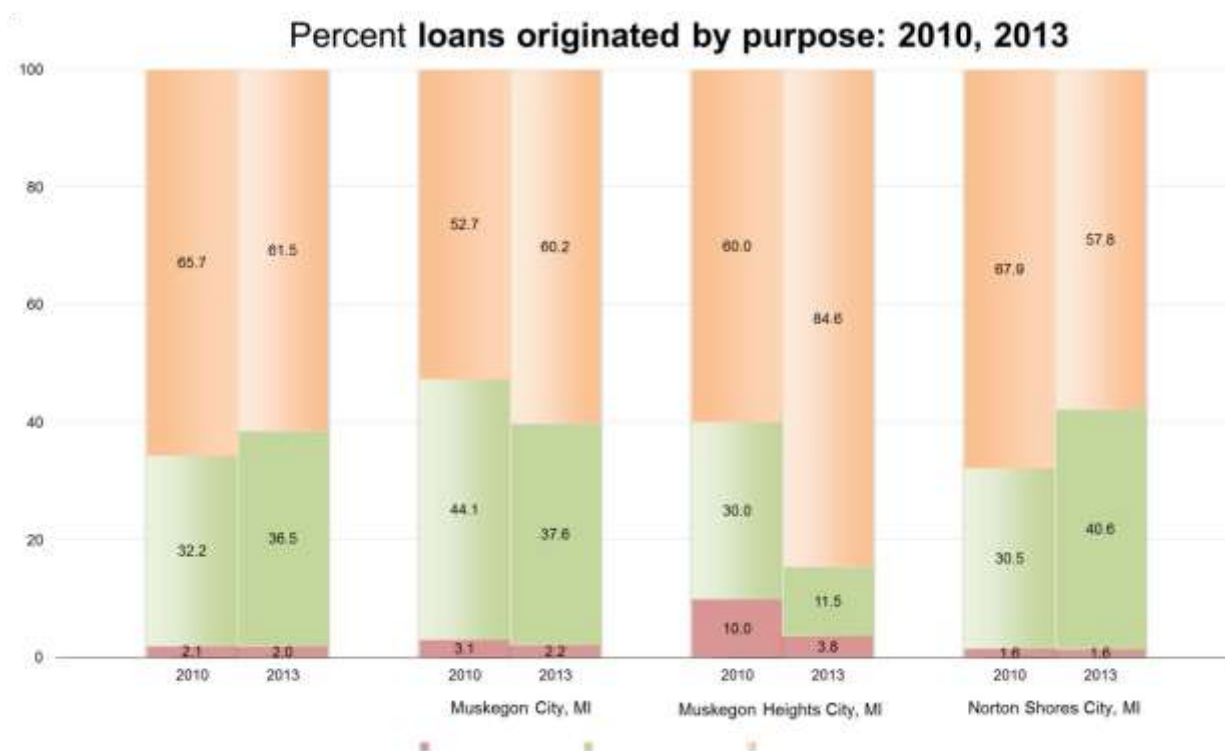
²⁵ Loans insured or guaranteed by government programs offered by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), or the Department of Agriculture's Rural Housing Service or Farm Service Agency (RHS/FSA). All other loans are classified as conventional.

government insured loans by municipality, for Muskegon County, the City of Muskegon, the City of Muskegon Heights, and the City of Norton Shores listed respectively.



HMDA data shows that most of the conventional loans originated were for refinancing purposes in Muskegon County. Eighty-three percent in 2010 and 71.9 percent in 2013. Home purchase came in second with 14% in 2010 and 25.3% in 2013. However, when looking at the total number of conventional loans originated in 2010 and 2013, the percent change of conventional loans originated for home purchase sharply increased by 154.6% or 723 loans in 2013 vs. 284 loans in 2010. Home improvement loans represented 2.9 and 2.8 of the conventional loan market for 2010 and 2013 respectively.

Government-backed lending is becoming a significant financing option for Muskegon County residents. While previously underutilized in the past, government-assisted home purchases and refinancing loans now represent a growing portion of the market. In 2013, 1,158 residents in Muskegon were approved for government backed loans, compared to only 845 in 2010. The highest share of government loans originated was for home purchase with 75.7% or 640 loans in 2010 and 64% or 741 loans in 2013. Although in second place, government loans originated for refinancing more than doubled between 2010 and 2013 with 205 and 416 respectively.

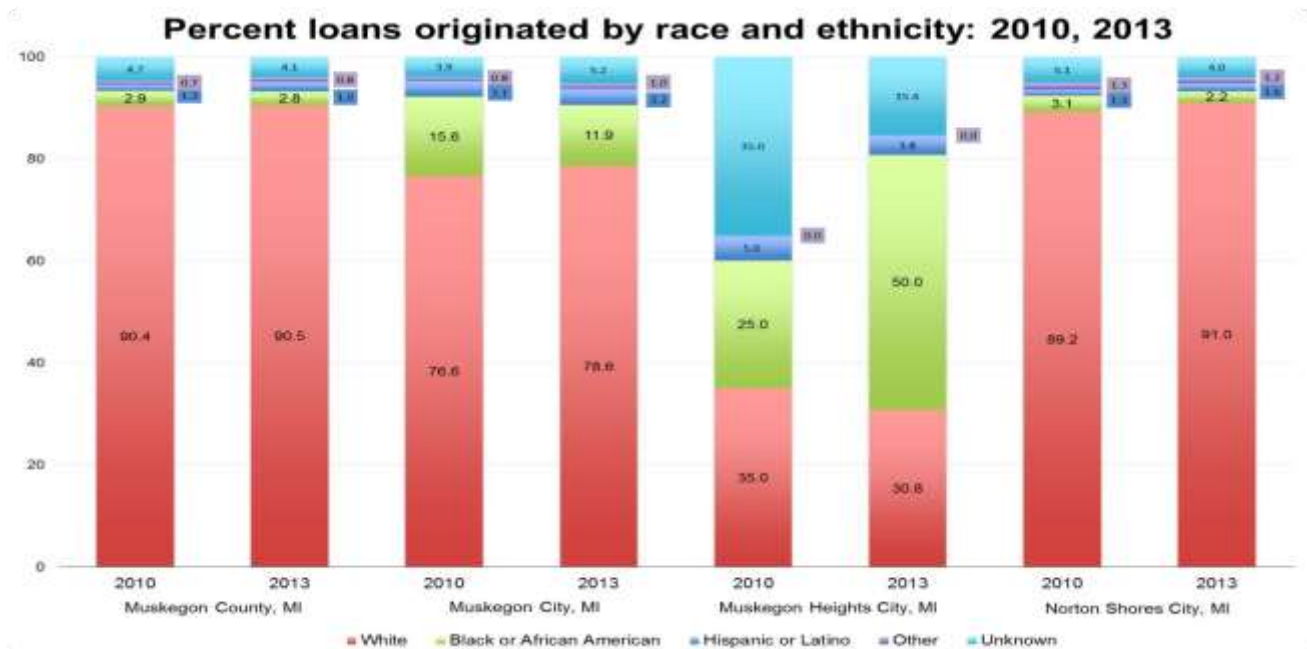


Loans Originated by Race and Ethnicity and Loan Type:

According to the 2013 HMDA data, most loans originated went to White borrowers. Of the 4,013 loans originated for Muskegon County, 90.5 percent (3,630) were loans originated to White borrowers, 2.8 percent (112) were loans originated to Black or African American borrowers, 1.9 percent (75) were loans originated to Hispanic or Latino borrowers and 0.8 percent (33) were borrowers from the remaining racial groups²⁶. Loans originated where the borrower's race and/or ethnicity could not be determined was 4.1 percent (163). Although the number of loans originated grew in each race and/or ethnic category from 2010 to 2013, the distribution of borrowers by race and/or ethnicity did not change significantly.

For minority borrowers, government-backed loan originations had a slightly higher portion of the loan market than conventional loans, 7.6 percent and 4.6 percent respectively. In 2010, these numbers did not vary significantly, 8.6 percent and 3.6 percent respectively, as illustrated by the graph below.

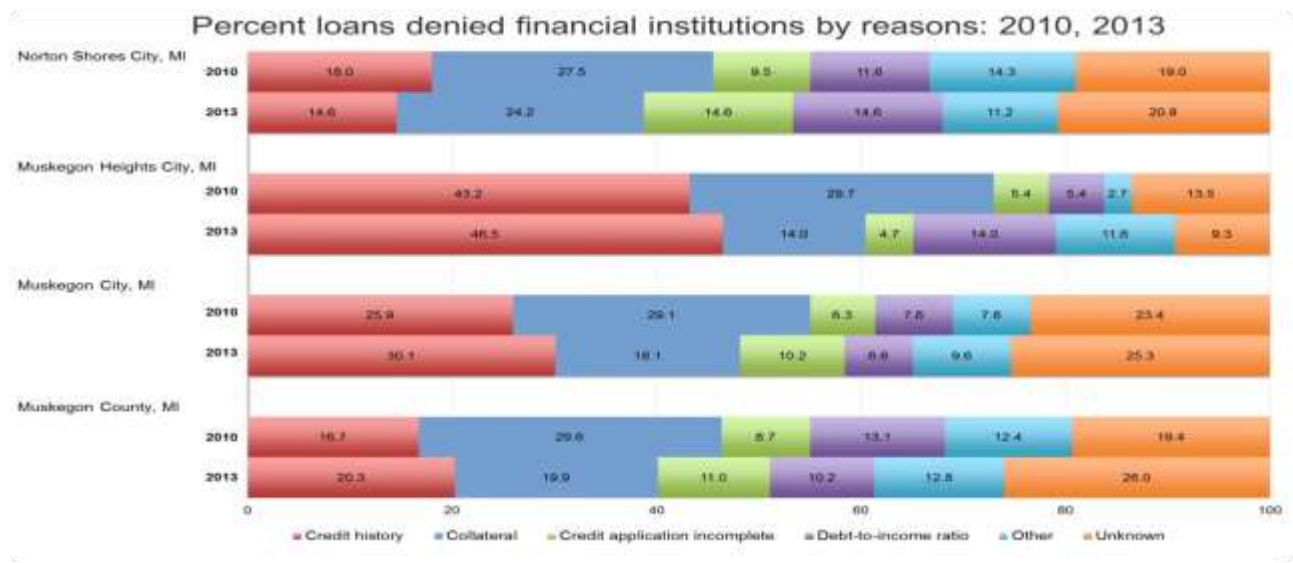
²⁶ Includes Asian, American Indian or Alaska Native and Native Hawaiian or Other Pacific Island borrowers



Reasons for Loan Denials:

The Consumer Financial Protection Bureau (CFPB) requires HMDA data to include reasons for loan denials²⁷ as part of financial institution reporting practices. The reasons for loan denials provide additional data for evaluating lending trends in Muskegon County. In 2013, the three most common reasons cited as justification for denial of a mortgage by a lender were credit history (20.3%), collateral (19.9%), credit application incomplete (11%). It is important to note that 26% of all loans in this category did not provide a reason for denial.

²⁷ Includes only conventional and government-backed loan applications denied by financial institutions for one to four family dwelling and manufactured housing secured by a first lien and owner occupied as a principal dwelling.



Mortgage and Tax Foreclosure

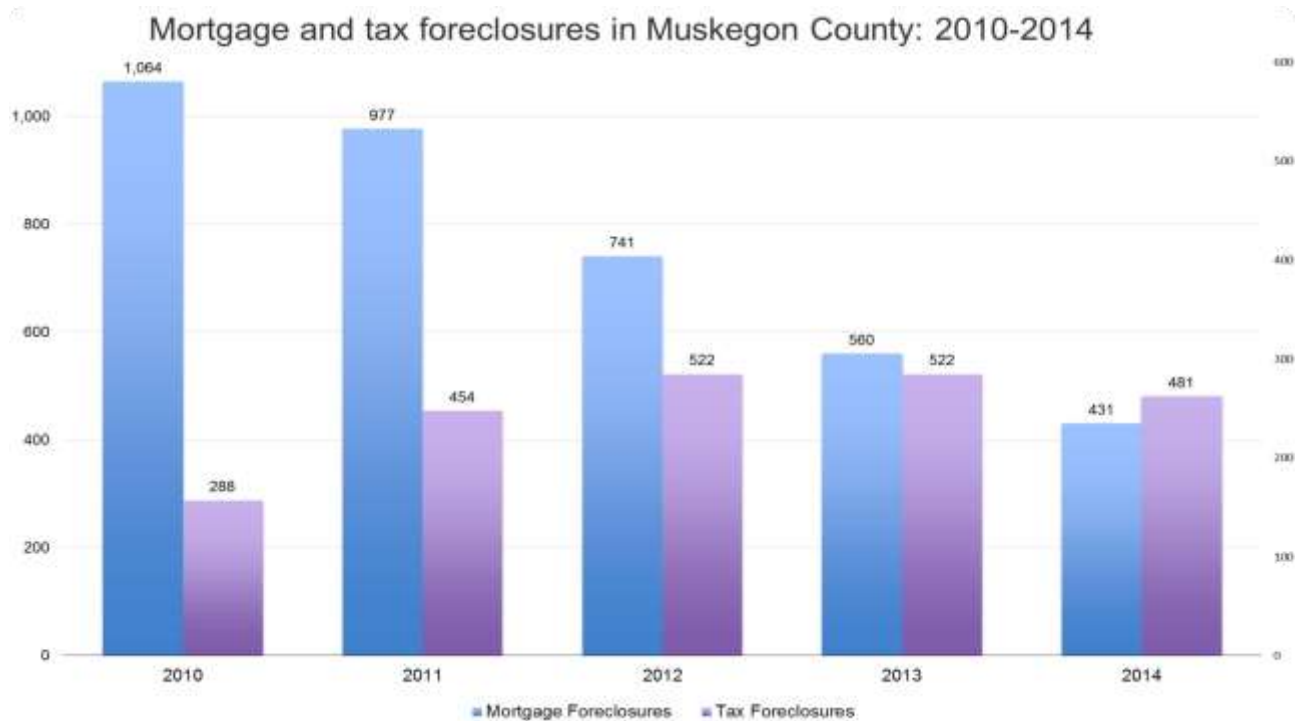
Tax foreclosures occur when an owner does not pay the property tax. Bank foreclosures occur when owners do not make mortgage payments.

23. Number of Mortgage and Tax Foreclosures, 2010 - 2014

| Year | Mortgage Foreclosures | % Change | Tax Foreclosures | % Change |
|--------------------------|-----------------------|----------|------------------|----------|
| 2010 | 1064 | | 288 | |
| 2011 | 977 | -8.2 | 454 | 57.6 |
| 2012 | 741 | -24.2 | 522 | 15.0 |
| 2013 | 560 | -24.4 | 522 | 0.0 |
| 2014 | 431 | -23.0 | 481 | -7.9 |
| % Change (2010 and 2014) | | -59.5 | | 67.0 |

Sources:

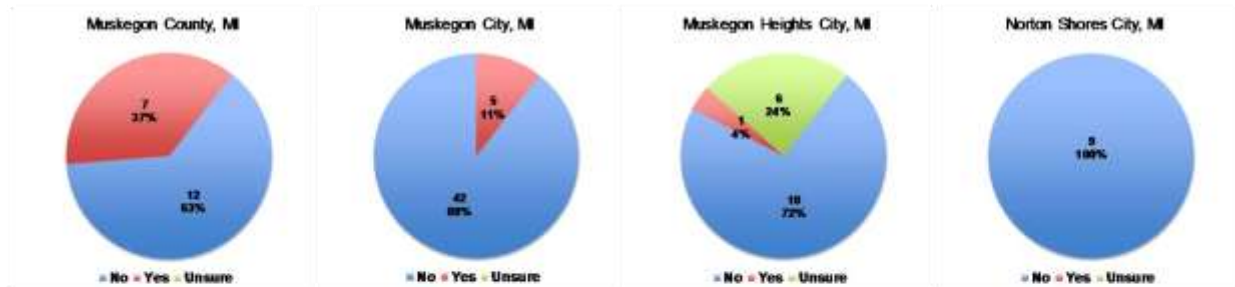
Muskegon County, 2010 - 2014 Mortgage and Tax Foreclosures; generated by Gustavo Rotondaro; (15 January 2015).



VII. Public Outreach

Resident Survey Results

1. Do you know about the fair housing laws and your rights as a renter or homeowner?



2. Have you or anyone you know ever experience housing discrimination?



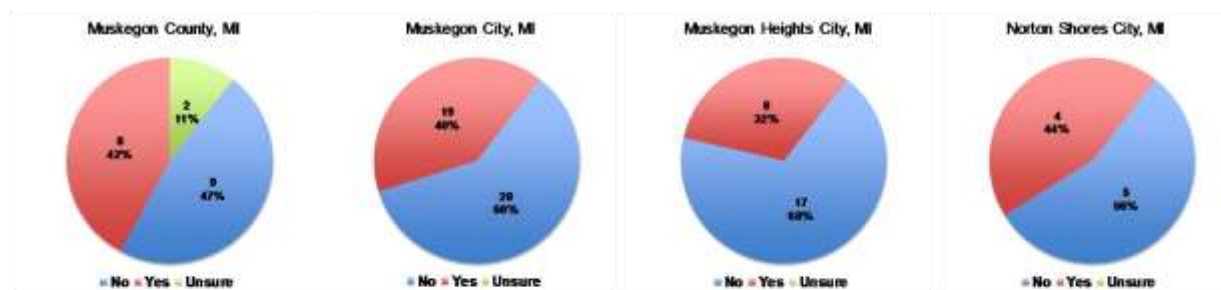
3. Do you know who to call for information on your fair housing rights or to get help in reporting housing discrimination?



4. I have filed a housing discrimination complaint with an agency or in court



5. Are neighborhoods separated or segregated by race and ethnic groups in the City you live in?



6. Are neighborhoods separated by race and ethnic groups in the housing development you live in?



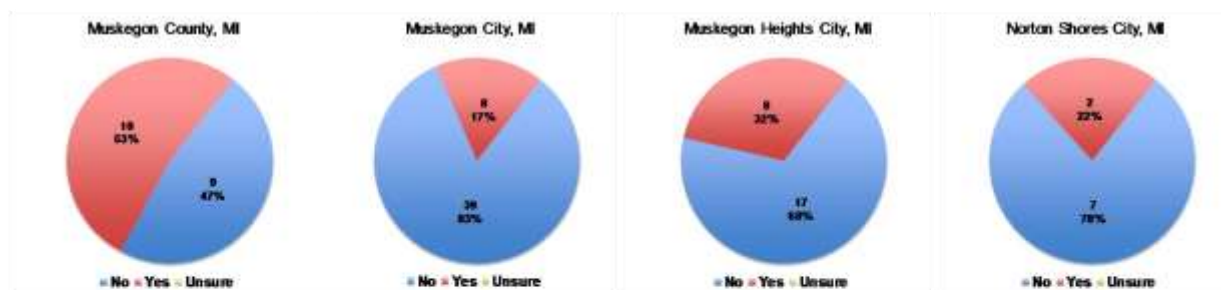
7. Have you experienced discrimination in finding a place to live, or getting a mortgage or property insurance?



8. Have you or anyone you know been denied the opportunity or steered away from buying or renting in a particular neighborhood?



9. Are you aware of problems faced by Blacks or Hispanics in getting a mortgage loan or buying a home in this area?



10. Can a private landlord put families with children on the first floor of an apartment building because of noise issues?



11. Can a private landlord charge families with children a larger deposit because they may damage the unit?



12. Can a private landlord charge people with disabilities a pet fee for their service animal?



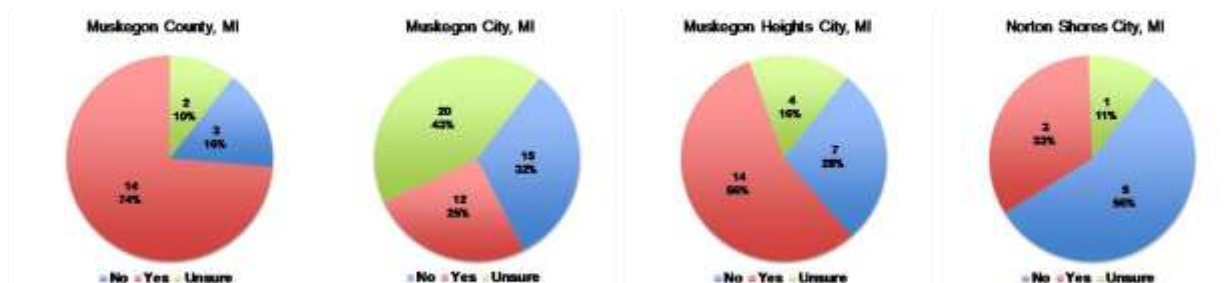
13. Can a private landlord advertise an apartment and say they want or prefer Christian families?



14. Can a private landlord deny your emotional support or therapeutic animal if they have a "No Pets" policy?



15. Can a private landlord deny your service animal if it is not certified or trained?



16. Can a private landlord deny same-sex couples who wish to rent a one-bedroom apartment?



17. Can a private landlord refuse to rent to a family just because they are using a Section 8 voucher?



VIII. Conclusions & Recommendations

The recommendations in the Analysis of Impediments seek to help Muskegon County fulfill its legal obligation to affirmatively further fair housing. Every jurisdiction that accepts Community Development Block Grants and other funds from the U.S. Department of Housing and Urban Development (HUD) agrees to affirmatively further fair housing. As HUD has acknowledged in the Fair Housing Planning Guide (FHPG), published in 1996,²⁸

“The Department believes that the principles embodied in the concept of “fair housing” are fundamental to healthy communities, and that communities must be encouraged and supported to include real, effective, fair housing strategies in their overall planning and development process, not only because it is the law, but because it is the right thing to do.”

“Although the grantee’s AFFH [affirmatively further fair housing] obligation arises in connection with the receipt of Federal funding, its AFFH obligation is not restricted to the design and operation of HUD-funded programs at the State or local level. The AFFH obligation extends to all housing and housing-related activities in the grantee’s jurisdictional area whether publicly or privately funded.”

A number of recommendations were offered throughout the 2009 Analysis of Impediments. We will revisit them below, and strongly advise that Muskegon County should accept and implement those recommendations as well as the recommendations provided in this 2015 Analysis of Impediments. The purpose of these recommendations is to provide a framework on which Muskegon County can build its efforts. They are not meant to constitute a complete menu of actions that can be taken, and as such, Muskegon County will likely find that there are additional actions and programs that might be appropriate to implement, not mentioned here.

Moreover, the recommendations are not intended to solve all of the Muskegon area’s challenges. The impediments identified and recommendations offered are tightly focused on affirmatively furthering fair housing choice. While Muskegon County itself might not participate in discriminatory housing practices, it should recognize that a passive approach results in segregated living patterns. Action on the 2009 recommendations, as well as the 2015 recommendations is needed to address any distortion of a free housing market as part of its legal obligation to affirmatively further fair housing.

²⁸ http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/promotingfh/fhpg

The following recommendations present many of the tools the Muskegon County can use to “affirmatively further fair housing” in the broadest sense of the term:

Previously Identified Impediments & Recommendations

□ Implementation of the 2009 AI

Muskegon County has taken the following noted steps to implement the recommendations of its 2009 Analysis of Impediments (AI): ²⁹

- **2009 Policy Recommendation #1** *Urban County Recommendation: Muskegon, Muskegon Heights, and Norton Shores should consider creating an “Urban County” consortium for CDBG matters*
STATUS - This recommendation cannot be implemented as the decision to form a consortium for CDBG is the decision of HUD, and not the municipalities.
- **2009 Policy Recommendation #2** *Building Codes Recommendation: Federal Fair Housing Act Accessibility Guidelines for new construction of multi-family dwellings should be made available from the building departments. It was recommended that building department staff place warnings on permits and applications that state, “This project may be subject to building accessibility requirements set out by the federal Fair Housing Amendments Act of 1988.” The Department of Justice concurs, suggesting that incorporation of fair housing and ADA requirements into building codes would improve compliance with these laws* **STATUS** – In progress
- **2009 Policy Recommendation #3** *Functional Family Recommendation: It was recommended that the City of Muskegon remove the last sentence from their functional family definition*
STATUS – In progress
- **2009 Policy Recommendation #4** *Conditional Use Permit Recommendation: Requiring conditional use permits for Adult Foster Care facilities is not legal and should be removed from Muskegon’s zoning ordinance*
STATUS – Municipal Legal Council did not agree with this recommendation and therefor the recommendation will not be implemented
- **2009 Policy Recommendation #5** *Norton Shores Functional Family Recommendation: Norton Shores should adopt a functional family definition, such as the one used by Muskegon Heights*

²⁹ Analysis of Impediments to Fair Housing Choice for the Cities of Muskegon, Muskegon Heights, and Norton Shores, 2009 (Fair Housing Center of Southeastern Michigan, Ann Arbor, MI 2009)

STATUS - This recommendation has been implemented

- **2009 Policy Recommendation #6** *Norton Shores Occupancy Recommendation: Norton Shores should revise its zoning ordinance to refer to the building code for all questions regarding occupancy standards*

STATUS - This recommendation has not been implemented

- **2009 Policy Recommendation #7** *Muskegon Heights Code Enforcement Recommendation: The City of Muskegon Heights needs to set forth an aggressive code enforcement movement designed to stop blight and deterioration. (Repeat recommendation from 2002 Analysis of Impediments)*

STATUS – In progress

- **2009 Policy Recommendation #8** *Norton Shores Housing Inspection Recommendation: Norton Shores should begin routine rental housing inspections as a way to ensure a safe and regulated housing stock*

STATUS - This recommendation has not been implemented

- **2009 Fair Housing and Other Anti-Discrimination Ordinances Recommendation #1:** *Muskegon Code Amendment: The City of Muskegon should amend Section 42-34 of the City Code to comply with the Federal Civil Rights Act of 1866, removing the exemption based on race*

STATUS – In progress

- **2009 Fair Housing and Other Anti-Discrimination Ordinances Recommendation #2:** *Muskegon Code Amendment: Add to the protected categories – minimally – those categories protected by the State of Michigan’s Elliot-Larsen Civil Rights Act, and may want to add the protections covering height and weight that are found in the Muskegon Heights Ordinance*

STATUS – In progress

- **2009 Fair Housing and Other Anti-Discrimination Ordinances Recommendation #3:** *Norton Shores Ordinance Recommendation: That Norton Shores adopt a fair housing ordinance*

STATUS - This recommendation has not been implemented

- **2009 Fair Housing and Other Anti-Discrimination Ordinances Recommendation #4:** *Norton Shores Ordinance Recommendation: That Norton Shored amend its ordinances to include non-citizens who are authorized to work in the Unites States*

STATUS - This recommendation has not been implemented

- **2009 Banking & Investment Recommendation #1: Mortgage Data and Policy:** *That a full scale analysis of HMDA data – and disparities based on race, ethnicity, and poverty be completed and used to identify policies and other areas that need improvement*
STATUS – A systemic full scale investigation will be launched late summer 2015
- **2009 Banking & Investment Recommendation #2: Banking and Investments:** *That all three jurisdictions analyze the investment practices of the banking institutions with whom their jurisdictions have investment banking accounts. They should screen them for local investment; accessible banking locations in the community; and a desire to work to improve the jurisdiction. If the banking institutions in question do not meet their criteria and are not true community partners, they should seek more community minded institutions and bring their business to them*
STATUS – A systemic full scale investigation will be launched late summer 2015
- **2009 Banking & Investment Recommendation #3: Foreclosure Prevention:** *That all three jurisdictions invest resources in foreclosure prevention. The three jurisdictions should work together to establish a foreclosure prevention program*
STATUS - This recommendation has been implemented

2015 Identified Impediments to Fair Housing Choice and Recommendations

□ 2015 PUBLIC SECTOR IMPEDIMENTS

○ Impediment #1: Incorporating Fair Housing into the Planning Process

Nothing in the Muskegon County planning process directly addresses any fair housing issues that the city can help resolve and fair housing violations that the city can help prevent. The only reference in Muskegon County’s comprehensive plan that even hints at achieving stable, racially–integrated neighborhoods is a fairly generic statement:

“Muskegon County is blessed with ethnic and social diversity. In order to embrace and achieve social equity within Muskegon County, it is necessary to provide fair growth outcomes and shared benefits for all people.”

The County’s plan has no goals, objectives, or policies that seek to achieve stable, racially–integrated neighborhoods. A document word search of the Muskegon County Comprehensive Plan 2013 for the words, “fair housing,” yielded 0 results.

Recommendation: *Muskegon County should amend its comprehensive plan to establish explicit goals, objectives, policies, and implementation approaches to achieve stable, racially–integrated neighborhoods throughout Muskegon County.*

- **Impediment #2: The Muskegon County Land Bank needs a Fair Housing Policy**

Recommendation: *The Muskegon County Land Bank Authority should adopt a fair housing policy that clearly articulates its public commitment to fair housing.*

□ 2015 PRIVATE SECTOR IMPEDIMENTS

- **Impediment #3: No Consistent Monitoring For Fair Housing Compliance**

It is possible that racial steering, a practice prohibited by the Fair Housing Act, may be a contributing factor to much of the racial segregation in Muskegon County. “Testing” the practices of real estate practitioners, in both sale and rental housing, has long been a valuable and reliable tool for uncovering discriminatory practices that are at the heart of racial segregation. Particularly racial steering where real estate and rental agents direct whites to predominantly white neighborhoods, while they direct African Americans to predominately Black neighborhoods and away from white and integrated neighborhoods. Testing can help determine the extent of racial steering, if any, by real estate professionals in Muskegon County.

Recommendation: *Muskegon County should contract with a qualified organization to conduct an ongoing, systematic, and thorough testing program to identify any discriminatory practices in rental and for sale housing, particularly racial steering. Tests should be conducted according to standards that would make their findings admissible in court proceedings.*