

IF YOU FEEL THAT YOUR RIGHT TO FAIR HOUSING HAS BEEN VIOLATED

Persons who believe they have been discriminated against should contact the Virginia Fair Housing Office at the following:

By calling 804-367-8530 or 888-551-3247, with the TDD number 804-367-9753.

By sending a fax to 804-367-0047.

By writing to The Virginia Fair Housing Office
3600 West Broad Street, Fifth Floor
Richmond, Virginia 23230.

Or by sending an email to fairhousing@dpor.virginia.gov.

Analysis of Impediments To Fair Housing Choice

Prepared in Support of
The Northern Shenandoah Valley
Five-Year Consolidated Plan
For
Housing and Community Development

Volume I

DRAFT FOR PUBLIC REVIEW

Prepared for the
**City of Winchester, Virginia
and the
Northern Shenandoah Valley Regional Commission**

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EXECUTIVE SUMMARY

OVERVIEW

The Federal Fair Housing Act of 1968 made it illegal to discriminate in the area of housing because of a person's race, color, religion, or national origin. Sex was added as a protected class in the 1970s. In 1988, the Fair Housing Amendments Act added familial status and disability to the list, making a total of seven federally protected classes. Effective December 1, 1991, the State of Virginia enacted its own fair housing law, adding elderliness as an additional protected class.

Provisions to affirmatively further fair housing are long-standing components of the United States Department of Housing and Urban Development's (HUD) housing and community development programs. As part of the Consolidated Planning process, entitlement jurisdictions are required to submit to HUD certification that they are Affirmatively Furthering Fair Housing, which requires the jurisdiction to undertake fair housing planning, in part through the completion of an Analysis of Impediments to Fair Housing Choice. This is the purpose of this study.

SOCIOECONOMIC BACKGROUND

Population growth in the Northern Shenandoah Valley has been increasing rapidly over the last several years, significantly faster than the State of Virginia, with consequent increases in the Region's demand for housing. However, growth throughout the Region is not uniform. Page County grew less than 4 percent between 2000 and 2006, while Frederick County expanded by more than 20 percent. Furthermore, the distribution of the Region's racial and ethnic minorities appears imbalanced, with some areas having a disproportionately high number of minorities as well as the disabled and lower-income households.

The economic health and vitality of the Region contains both promising and unsettling trends. Full and part-time employment has continued its long expansion trend, rising by over 3,200 jobs between 2003 and 2004. The entire labor force in the Region exceeded 110,000 people in 2005, with a very solid unemployment rate below three percent. Unfortunately, average earnings per job, while slowly rising, is increasing more slowly than the State, falling to more than \$13,000 less than the state average, \$34,354 versus \$47,666.

On the other hand, the level of income spent on housing, also known as the housing cost burden, in the Northern Shenandoah Valley is less than seen in the State of Virginia and in the nation. Still, some housing problems are disconcerting. While overcrowding is not a particularly severe issue, inadequate housing quality, defined herein as incomplete plumbing and kitchen facilities, appears to pose a problem for selected areas in the Region.

FAIR HOUSING PROFILE AND COMPLIANCE ACTIVITIES

While the Northern Shenandoah Valley has selected legal aid offices, these services are somewhat limited and cannot serve the entire population in terms of fair housing. Furthermore, the Region does not have any Fair Housing Initiatives Program recipients, agencies funded by HUD that conduct outreach, education, testing or enforcement of fair housing considerations.

While HUD has the capacity to serve the fair housing community in the Northern Shenandoah Valley through either its Richmond or Philadelphia offices, little is provided. Further, while the State of Virginia has several consumer and civil rights agencies at work for its citizens, such as the Virginia Office of Consumer Affairs or the Human Rights Council, only the Virginia Fair Housing Office (VFHO) has been charged with outreach, education, and enforcement responsibilities in the Northern Shenandoah Valley. In addition, the VFHO, as the State's HUD-designated "substantially equivalent agency," is responsible for processing and pursuit of fair housing complaints and violations of state and federal fair housing law.

In terms of housing complaint data, neither HUD nor the Virginia Fair Housing Office have many complaints. In fact, while nearly all complaints received pertained to the rental housing markets, so few exist that the underlying issue implies a lack of knowledge of the fair housing system, a lack of access to the system, or both.

The 2007 Fair Housing Survey solicited knowledge from the housing stakeholder community throughout the Region. In general, the stakeholder community appears to lack a basic understanding of fair housing law and where to turn for fair housing guidance. The community is unable to clearly distinguish between the notion of affirmatively furthering fair housing, promoting equitable supply options, and addressing landlord/tenant disputes. However, the community acknowledges the need for enhanced fair housing outreach and education efforts, as well as a more structured process for fair housing planning.

A six-year evaluation of mortgage lending in the Region uncovered the fact that blacks and Hispanics tend to have higher denial rates than other racial groups, such as whites or Asians. Furthermore, subprime lenders tend to have significantly higher denial rates across the board. Reasons for these denials tend to relate primarily to credit history. Hence, enhancing education of prospective mortgage consumers as to the value of good credit, and the importance of making good credit choices, may help increase householders' ability to secure mortgage financing.

IMPEDIMENTS TO FAIR HOUSING CHOICE

The 2007 Analysis of Impediments to Fair Housing Choice for the City of Winchester and the Northern Shenandoah Valley uncovered several issues that can be considered to be barriers to fair housing and impediments to fair housing choice. These are as follows:

- There is a lack of understanding of state and federal fair housing law, who is protected, and the types of actions that constitute unlawful actions.
 - A lack of access to fair housing education and training contributes to this problem.
 - Fair housing law appears to be difficult to understand.
 - This includes knowledge of ADA and fair housing design and construction standards for the disabled.
 - Clearly distinguishing between affirmatively furthering fair housing, equitable housing supply planning, and landlord/tenant disputes is often lacking.
- There appears to be discrimination in the rental markets, generally in discriminatory terms and conditions, refusal to rent, and refusal to make reasonable accommodation.
- Access to the fair housing complaint system is constrained.
 - Many housing representatives and housing consumers have no idea where to turn in the event of an alleged fair housing violation.
 - While persons knowledgeable about the housing industry occasionally cite the Virginia Fair Housing Office as a key referral agency, most others provide incorrect or misleading referrals or express a desire to explore the validity of the complaint themselves, thereby inhibiting full expression by the complainant.
- There is an insufficient delivery system in place for fair housing outreach and education.
- There appears to be a lack of testing and enforcement mechanisms in place in the Region.

PROSPECTIVE ACTIONS TO CONSIDER

In so finding these impediments, the City of Winchester and the Northern Shenandoah Valley HOME Consortium should consider taking the following actions:

- Enhance outreach and education efforts:
 - Request that the Virginia Fair Housing Office bring a series of formalized training sessions to the Northern Shenandoah Valley.
 - ✓ The first should be to institute staff training so that City and Consortium staff can attain certification as Fair Housing Specialists.
 - ✓ The secondary effort would be to organize additional training opportunities for other housing professionals and interested parties in the Region.
 - ✓ The third outreach and education effort would be to organize training for the general public, including specific components directed to the Hispanic community and presented in Spanish.
 - Distribute information more broadly so that more rental housing providers understand current fair housing laws and what constitutes discriminatory actions.
 - ✓ Create and distribute a policy statement committing the City or the HOME Consortium to affirmatively furthering fair housing.

- ✓ Create and distribute a policy statement concerning the City's or the HOME Consortium's commitment to promoting affordable housing stock, thereby aiding understanding of this concept as different from affirmatively furthering fair housing.
- ✓ Also include copies of the Landlord/tenant Manual, so that people can more clearly distinguish between landlord/tenant issues and fair housing.
- Assist in promoting a uniform and widespread housing complaint referral system.
- Conduct outreach to the black and Hispanic communities in regard to the following:
 - ✓ Obtaining and maintaining good credit, including making good credit choices.
 - ✓ Accessing the fair housing complaint system.
 - ✓ Addressing the prospective needs for de-concentrating housing location choice.
- More formally address fair housing planning:
 - Add an element to the Consolidated Plan, such as a chapter or section that explains the fair housing planning activities that the City or HOME Consortium will be undertaking.
 - Have this element clearly distinguish between fair housing, affordable housing opportunities, and landlord/tenant issues.
- Expand homebuyer education classes to include more information about:
 - Fair housing and affirmatively furthering fair housing.
 - Obtaining and maintaining good credit, as well as making wise credit choices.

SECTION I. INTRODUCTION

The Federal Fair Housing Act of 1968 made it illegal to discriminate in the area of housing because of a person's race, color, religion, or national origin. Sex was added as a protected class in the 1970s. In 1988, the Fair Housing Amendments Act added familial status and disability to the list, making a total of seven federally protected classes. Familial status includes parents or legal guardians of minors under the age of 18. Disability covers physical and mental disabilities as well as people with AIDS or alcoholism. Federal fair housing statutes are largely covered by the following three pieces of legislation:

- The United States Fair Housing Act
- The United States Housing Amendments Act
- The United States Americans with Disabilities Act

Effective December 1, 1991, the State of Virginia enacted its own fair housing law. The law indicates that *no person shall be subject to discriminatory housing practices because of race, color, religion, sex, handicap, elderliness, familial status, or national origin in the sale, rental, advertising of dwellings, inspection of dwellings or entry into a neighborhood, in the provision of brokerage services, financing or the availability of residential real-estate related transactions.*¹

Furthermore, provisions to affirmatively further fair housing are long-standing components of the United States Department of Housing and Urban Development's (HUD) housing and community development programs. These provisions flow from Section 808(e)(5) of the Federal Fair Housing Act, which requires the Secretary of HUD to administer HUD's housing and urban development programs in a manner which affirmatively furthers fair housing.

In 1994, the United States Department of Housing and Urban Development (HUD) published a rule consolidating the Comprehensive Housing Affordability Strategy (CHAS), the Community Development Plan (required for the Community Development Block Grant program, CDBG), and submission and reporting requirements for four community development formula grant programs into a single planning process called the Consolidated Plan. The four formula grant programs are: Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). The American Dream Downpayment Initiative was added a few years ago. The Northern Shenandoah Valley, along with the City of Winchester, have formed a regional HOME Consortium, and therefore uses this Analysis of Impediments in its HOME planning. The City of Winchester also uses this AI for its CDBG planning.

¹ <http://leg1.state.va.us/cgi-bin/legp504.exe?000+reg+18VAC135-50-50>

Nevertheless, as part of the Consolidated Planning process, entitlement jurisdictions are required to submit to HUD certification that they are Affirmatively Furthering Fair Housing, which requires the City of Winchester, as well as the Northern Shenandoah Valley Regional HOME Consortium, to undertake fair housing planning through:

- The completion of an Analysis of Impediments to Fair Housing Choice;
- Taking actions to overcome the effects of any impediments identified in the analysis; and
- Maintenance of records reflecting the analysis and actions taken.

IMPEDIMENTS TO FAIR HOUSING CHOICE

Under federal and State of Virginia fair housing law, HUD defines impediments to fair housing as:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability (handicap), familial status, elderliness, or national origin, which restrict housing choices or the availability of housing choice; or
- Any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choice on the basis of race, color, religion, sex, disability (handicap), familial status, elderliness, or national origin.

HUD interprets these broad objectives to mean:

- Analyzing and working to eliminate housing discrimination in the jurisdiction;
- Promoting fair housing choice for all persons;
- Providing opportunities for racially and ethnically inclusive patterns of housing occupancy;
- Promoting housing that is physically accessible to, and usable by, all persons, particularly persons with disabilities; and
- Fostering compliance with the nondiscrimination provisions of the Fair Housing Act.²

Consequently, the purpose of this report is to document findings of the Analysis of Impediments to Fair Housing Choice and suggest actions that both Winchester and the Northern Shenandoah Valley Regional HOME Consortium can consider in working toward overcoming the identified impediments in both HOME and CDBG activities.

LEAD AGENCY AND FUNDING OF THE STUDY

This study was funded by the City of Winchester, as the lead agency for preparing the Northern Shenandoah Valley Regional HOME Consortium Consolidated Plan, as well as the agency responsible for the City's CDBG portion of the Consolidated Plan. The report was prepared by Western Economic Services, LLC, a Portland, Ore. consulting firm

² *Fair Housing Planning Guide*. U.S. Department of Housing and Urban Development. March 1996, pg.1-3.

specializing in analysis and research in support of housing and community development planning.

COMMITMENT TO FAIR HOUSING

In accordance with the applicable statutes and the regulations governing the Consolidated Plan regulations, the City of Winchester and the Northern Shenandoah Valley Regional HOME Consortium certify that they will ***affirmatively further fair housing***. This means that the jurisdictions have conducted an analysis of impediments to fair housing choice within the Region, will take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

RESEARCH METHODOLOGY

The Analysis of Impediments is a thorough examination of a variety of sources related to housing and the protected classes. It involves primary research, which is the collection and analysis of raw data, and secondary research, which entails the review of existing data and studies. This approach, combining both qualitative and quantitative research components, provided a rich data set for analyzing impediments to fair housing choice.

Much of the baseline secondary data and quantitative information providing a picture of the City of Winchester and the entire Northern Shenandoah Valley for this AI was drawn from the 2000 Census, the Bureau of Labor Statistics, and the Bureau of Economic Analysis. These data included Census information, labor force data, personal income, poverty estimates, housing units by tenure, cost burdens, housing conditions, and a variety of other data depicting the current socio-economic context in which housing choices are made by consumers.

Additionally, mortgage application information was analyzed to determine if problems exist in the Region's lending markets. Mortgage information was gathered under the Home Mortgage Disclosure Act (HMDA) over a six-year period, from 2000 through 2005.

Housing discrimination complaint records from the Department of Housing and Urban Development were also collected and evaluated over several years, from federal fiscal years 2001 through 2006. The Virginia Fair Housing Office also provided similar data over the period from 1996 through 2006. Furthermore, newspaper and mass media accounts of housing discrimination were researched.

To further enhance the depth and breadth of the AI evaluation, a series of telephone interviews was conducted, enlisting the participation of stakeholders in the Northern Shenandoah Valley, including disability advocates, bankers, real estate professionals, property managers, developers, emergency housing providers, housing advocates, and other government officials and staff. Each of the above three key methodological steps is summarized below.

HOME MORTGAGE DISCLOSURE ACT DATA

The Home Mortgage Disclosure Act was enacted by Congress in 1975 and amended from 1988 to 1991. It is intended to provide the public with loan data that can be used to determine whether financial institutions are servicing the housing credit needs of their communities and to assist in identifying possible discriminatory lending patterns. Financial institutions are required to report data regarding loan applications along with information concerning their loan originations and purchases. HMDA requires many lenders to report the race and sex of mortgage applicants. For this analysis, HMDA data covering the period from 2000 through 2005 was analyzed, with denial rates by race and ethnicity of applicants the key research objective. Furthermore, the types of lending institutions were separated by the primary type of lending activities in which they engaged, such as subprime mortgages or manufactured home lending.

FAIR HOUSING COMPLAINT DATA

Fair housing complaint data for the Northern Shenandoah Valley covering the period from fiscal 2000 through 2006 was received from HUD. The information included basis of complaint, issue pursuant to the complaint, and closure codes of the alleged fair housing infraction. This allowed inspection of the tone and relative degree and frequency of certain types of unfair housing practices being seen in the Region. These data were also compared with similar data received from the Virginia Fair Housing Office over the period from 1996 through 2006.

THE 2007 FAIR HOUSING SURVEY

One of the methods HUD recommends to gather public input about perceived impediments to fair housing is to conduct telephone interviews. A series of telephone interviews with representatives from key agencies and interest groups was conducted. The City of Winchester prepared a list of about 150 prospective respondents for the telephone interviews. Participants in the survey were drawn from a broad array of housing-related professions throughout the Northern Shenandoah Valley, representatives familiar with a variety of housing and housing related topics. Reaching such an experienced group allows for qualitative analysis of general views and trends experienced throughout the area, as well as gaining expert knowledge of fair housing issues in the Region. Exhibit A.1, in Appendix A of Volume II, *Technical Appendix*, displays the individuals and organizations appearing on the survey list.

Lastly, the Analysis of Impediments to Fair Housing Choice, Draft for Public Review, will be presented in a public review forum in June of 2007. Final documents, both this volume and Volume II, *Technical Appendix*, will be available on the City of Winchester Web site, located at <http://www.winchester.va.gov>.

SECTION II. SOCIOECONOMIC CONTEXT

The following narrative provides general background information from the 2000 Decennial Census. A broad range of socioeconomic characteristics were evaluated, including population, race and ethnicity, disability, household income, poverty, and housing statistics. Additional data from the U.S. Bureau of Labor Statistics and the U.S. Bureau of Economic Analysis were used to further highlight the Northern Shenandoah Valley's current employment, income, and housing statistics. These data provide context to the Region's housing market and choices that have been made.

DEMOGRAPHIC DATA

On March 22, 2007, the U.S. Census Bureau released new estimates of the nation's population, by county and city, for the period ending July 1, 2006. The rate of change in the Region's population is quite high, with the population growing nearly 14 percent in the 2000 through 2006 time period, significantly faster than seen in the remainder of Virginia, which rose less than 8 percent over the same period, as seen in Table II.1, below.

TABLE II.1
CENSUS AND INTERCENSAL POPULATION ESTIMATES
2000 CENSUS AND CENSUS BUREAU ESTIMATES

Geographic Area	2000	2001	2002	2003	2004	2005	2006	2000-06 % Chg.
Clarke	12,652	13,050	13,213	13,409	13,814	14,154	14,565	15.12
Frederick	59,209	61,216	62,919	64,750	66,644	68,984	71,187	20.23
Page	23,177	23,242	23,349	23,612	23,628	23,836	24,104	4.00
Shenandoah	35,075	35,728	36,409	37,138	38,045	39,045	40,051	14.19
Warren	31,584	32,225	33,038	33,803	34,429	35,407	36,102	14.30
Winchester	23,585	24,092	24,363	24,328	24,858	25,086	25,265	7.12
Total	185,282	189,553	193,291	197,040	201,418	206,512	211,274	14.03
Virginia	7,078,515	7,192,701	7,285,707	7,375,863	7,472,448	7,564,327	7,642,884	7.97

However, the distribution and rate of growth of the Region's population is not evenly distributed. While Frederick County expanded the greatest, some 20.23 percent, Clarke increased by 15 percent, and both Shenandoah and Warren counties increased by more than 14 percent, Page County rose only 4 percent and the City of Winchester expanded a modest 7.12 percent from 2000 through 2006.

Along with significantly differing rates of population growth around the Region, the racial and ethnic make-up of the Northern Shenandoah Valley continues to change. While aggregate estimates of the July 1, 2006 population are currently available, age, race and sex cohort data is available only through the period ending July 1, 2005. Hence, in 2005, the largest racial or ethnic minority was blacks, having some 9,042 persons scattered throughout the Region.³ This particular population expanded nearly 22 percent between

³ The Census Bureau's Population Estimates Program modified the Census 2000 race data for use in the production of post-2000 population estimates and projections. Over 90 percent of the respondents in 2000 that indicated "some other race" category were of Hispanic origin. Non-specified race responses of "Some other race" alone were modified by blanking the non-specified race response and allocating a specified race alone or in combination.

2000 and 2005, at the same time that the white population grew more slowly than the average population growth, some 11.1 percent. Furthermore, Asians increased by some 43.4 percent over the same period, even though the size of the Asian population is much smaller, comprising just 1,682 as of the July 1, 2005 Census Bureau population estimate. These data are presented in Table II.2, below.

TABLE II.2
POPULATION CHANGE BY RACE: NORTHERN SHENANDOAH VALLEY
2000 CENSUS AND CENSUS BUREAU ESTIMATES

Race	2000	2001	2002	2003	2004	2005	2000-2005 % Change
White	174,563	178,518	181,951	185,386	189,252	193,881	11.07
Black	7,424	7,933	8,073	8,314	8,596	9,042	21.79
American Indian and Alaskan Native	384	316	370	396	390	424	10.42
Asian	1,173	1,253	1,314	1,414	1,549	1,682	43.39
Native Hawaiian and Pacific Islander	48	25	17	19	23	32	-33.33
Two or more races	1,690	1,493	1,588	1,691	1,801	1,957	15.80
Total	185,282	189,538	193,313	197,220	201,611	207,018	11.73
Hispanic ethnicity	4,655	5,301	5,902	6,670	7,511	8,866	90.46

Consequently, it can be seen that the size of various racial and ethnic populations is not uniformly distributed around the Northern Shenandoah Valley. To better view the degree to which minority populations are distributed around the Region, the concentration of minority racial and ethnic populations from the 2000 Decennial Census has been analyzed for each Census Block Group in the entire Region.

DISPROPORTIONATE SHARE

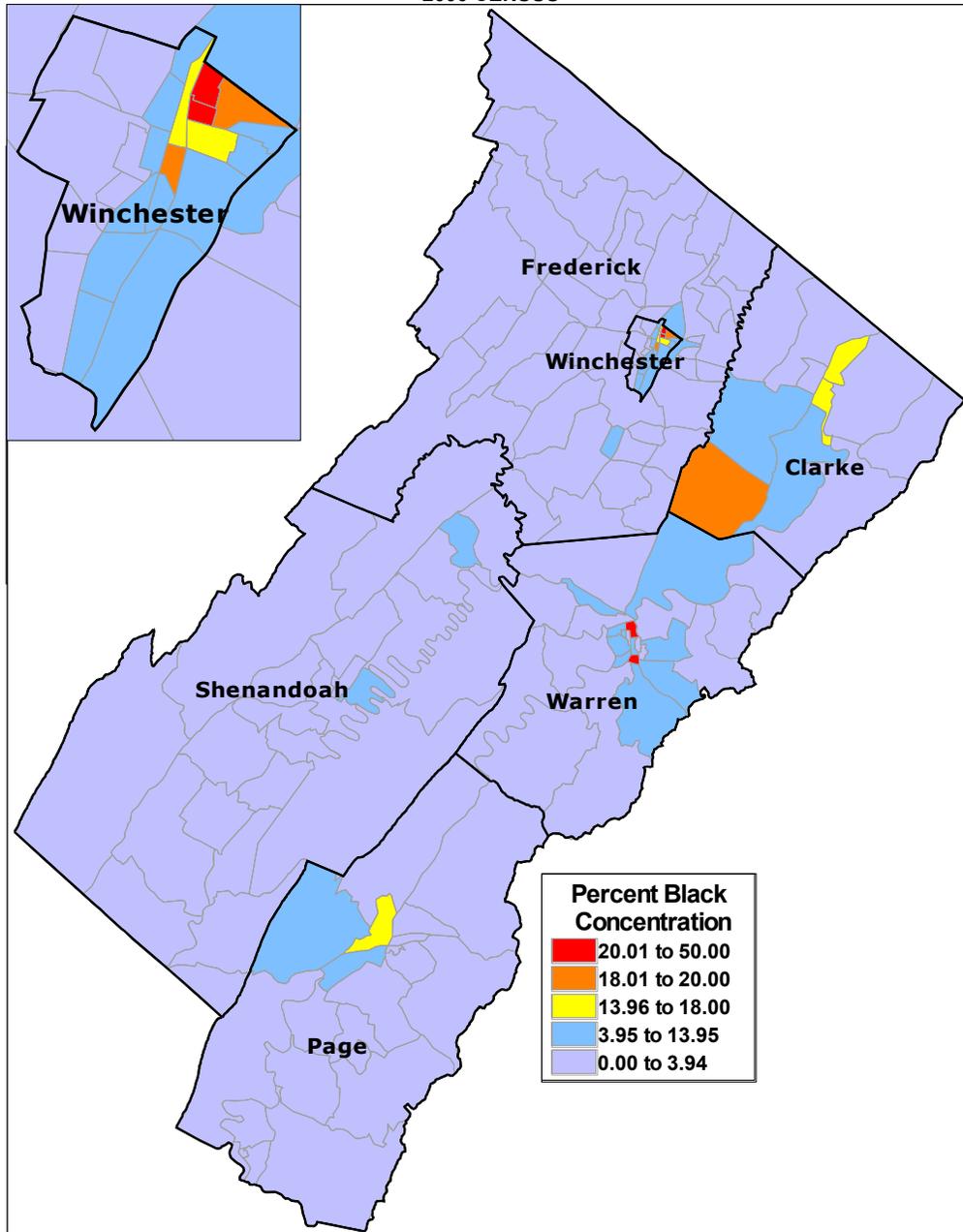
HUD defines areas having an high concentration of any particular racial or ethnic minority as having a disproportionate share if the share exceeds 10 percentage points more than the jurisdiction average. Areas of such concentrations may give rise to the potential for discriminatory actions, either unwitting or deliberate. For example, for blacks, representing about 4 percent of the population in the Region, a geographic area would have a disproportionate share if more than 14 percent of the population of a particular area were black.

When viewed from this perspective, several areas within the Region have unusually high concentrations of minority populations. For blacks, the City of Winchester has the two areas with the highest concentrations; Census Block Groups 2 and 3 in the City have black concentrations of 49.1 percent and 38.9 percent, respectively. In fact, there are 12 Census Block Groups throughout the Region that have more than a 14 percent concentration of blacks, with three in Clarke County, two in Warren County, one in Page County, and four more in the City of Winchester. This distribution of disproportionate shares is presented in a geographic map on the following page and tabulated in Table B.1, located in Appendix B of Volume II, *Technical Appendix*.

While blacks have traditionally been the largest minority, the Hispanic population rose very strongly over the five-year period, jumping over 90 percent and reaching 8,866 persons. This particular group has been expanding at a rate of some 13.4 percent per year

and, if it has not already done so, is certainly poised to surpass blacks as the largest racial or ethnic minority in the Region. If this population continues to rise at that same rate, the July 1, 2006 estimate will surpass 10,000 persons, compared to the growth of the black population of about 4 percent per year, resulting in a black population level of about 9,400 in 2006.

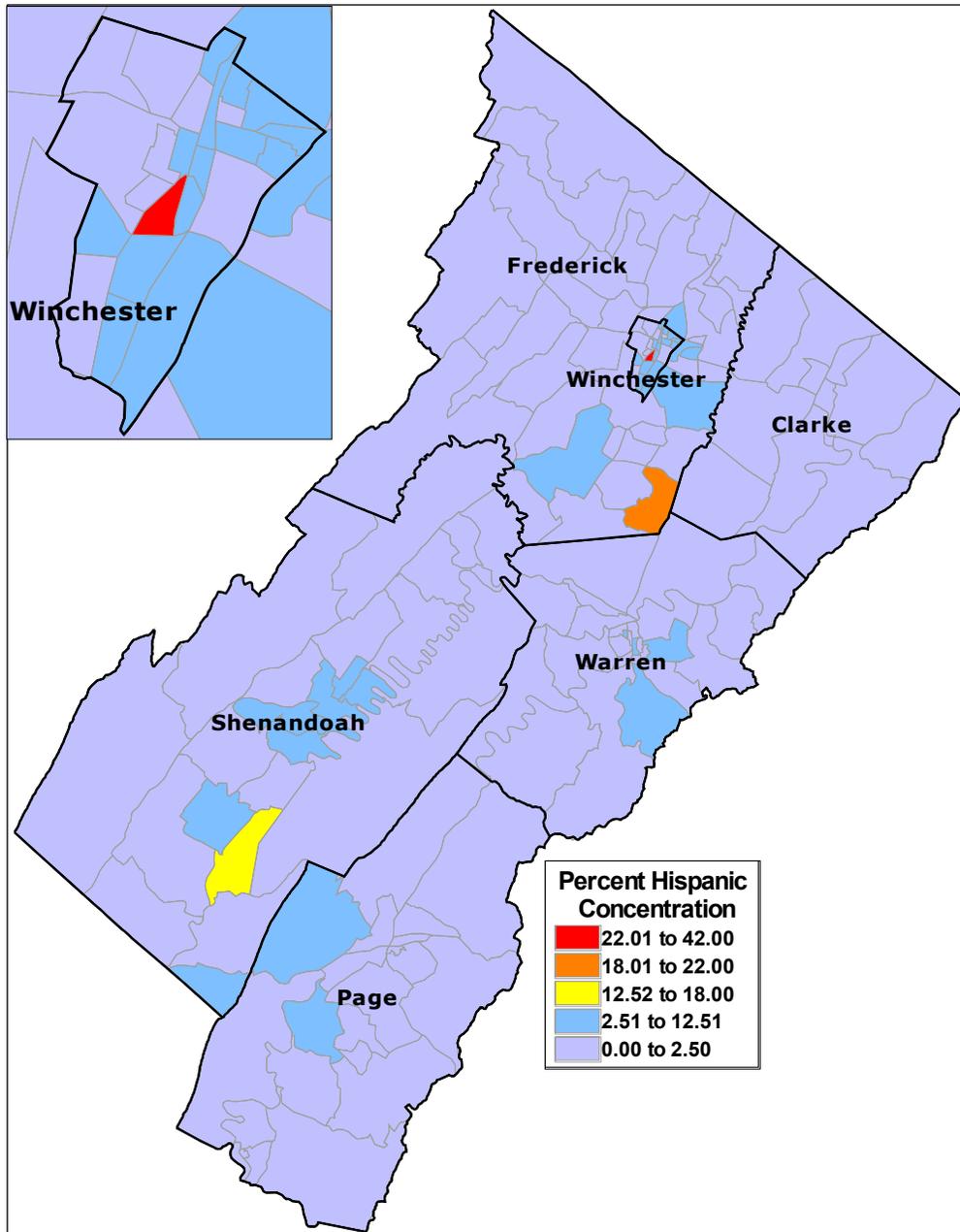
MAP II.1
PERCENT BLACK MINORITY CONCENTRATION BY CENSUS BLOCK GROUP
2000 CENSUS



Similar to the distribution of the black population, the Hispanic population is not evenly distributed throughout the Region. In 2000, the Region had about 2.5 percent of its

population as Hispanic, but several geographic areas had very high concentrations of this population. In fact, three Block Groups have more than 12.5 percent concentrations, one in Winchester, and one each in Frederick and Shenandoah counties, having some 41.2, 21.6, and 17.6 percent concentration, respectively. These data are presented in Map II.2, below, and are tabulated in Table B.1 in Appendix B of Volume II, *Technical Appendix*.

MAP II.2
PERCENT HISPANIC ETHNICITY CONCENTRATION BY CENSUS BLOCK GROUP
2000 CENSUS



In 2000, the largest concentration of Hispanics was in the City of Winchester, having some 1,527 persons. However, the rate of growth in the Hispanic population is twice as fast as the regional average in Frederick County, swelling some 188 percent in five years,

reaching in excess of 2,893 people. Thus, while there were areas of disproportionate share, as seen in Map 2 and in the 2000 Decennial Census data, circumstances are rapidly changing for this population subgroup, as seen in Table II.3, below.

TABLE II.3
POPULATION CHANGE BY HISPANIC ETHNICITY
2000 CENSUS AND CENSUS BUREAU ESTIMATES

Geographic Area	2000	2001	2002	2003	2004	2005	2000-2005 % Change
Clarke	185	211	225	265	272	369	99.46
Frederick	1,004	1,254	1,496	1,829	2,200	2,893	188.15
Page	251	257	294	292	314	312	24.30
Shenandoah	1,194	1,312	1,368	1,477	1,590	1,754	46.90
Warren	494	515	621	693	788	948	91.90
Winchester	1,527	1,752	1,898	2,114	2,347	2,590	69.61
Total	4,655	5,301	5,902	6,670	7,511	8,866	90.46
Virginia	329,502	355,718	379,454	404,615	428,863	452,511	37.33

In terms of the age composition of the Northern Shenandoah Valley population, while the total population is growing relatively quickly, some age groups are growing more slowly or much more quickly than the regional average. In fact, those in the prime wage earning years of 35 to 54, as well as those younger than 20, the largest age groups, are growing the slowest, both rising just 7.1 percent over the last five years. Smaller age cohorts are growing much more quickly; those aged from 20 to 24 rose some 31.7 percent, and those aged 55 to 64 increased by some 21.3 percent over the five-year period. These data are presented for the entire Region in Table II.4, below. For specific information by geographic area, refer to Table B.14 in Appendix B of Volume II, *Technical Appendix*.

TABLE II.4
POPULATION CHANGE BY AGE: NORTHERN SHENANDOAH VALLEY
2000 CENSUS AND CENSUS BUREAU ESTIMATES

Age Cohort	2000	2001	2002	2003	2004	2005	2000-2005 % Change
Under 20	49,520	49,890	50,562	51,103	51,981	53,016	7.06
20-24	9,869	11,242	12,212	12,774	12,988	12,996	31.69
25-34	24,126	24,042	24,310	25,114	26,234	27,859	15.47
35-54	57,567	58,991	59,382	59,801	60,532	61,634	7.06
55-64	19,000	19,646	20,554	21,397	22,146	23,048	21.31
65 or older	25,200	25,727	26,293	27,031	27,730	28,465	12.96
Total	185,282	189,538	193,313	197,220	201,611	207,018	11.73

DISABILITY STATUS

Disability is defined by the Census Bureau as a lasting physical, mental, or emotional condition that makes it difficult for a person to do activities or impedes them from being able to go outside alone or to work. The Northern Shenandoah Valley's disabled population comprised some 18.66 percent of the Region's population aged 5 or older during the last Decennial Census.

While this is lower than the national norm of some 19 percent, yet slightly higher than the State of Virginia, there are indeed areas of the Region that tend to have a higher concentration of the disabled. Sometimes this can be due to relative location to available services, a positive outcome of the location choice, and other times it may be related to a

lack of adequate housing supply for disabled citizens. For example, Frederick, Clarke, and Shenandoah counties all have disability rates below 18 percent. On the other hand, Warren County's disability rate is 19.5 percent, Winchester exceeds 20 percent, and Page County exceeds 21 percent. Table II.5, below, presents the number of persons with a disability, by age, for each of the five counties and the City of Winchester.⁴

TABLE II.5
DISABLED POPULATION: AGES 5 YEARS AND OLDER
2000 CENSUS: SF3

Geographic Area	5 to 15	16 to 20	21 to 64	65 or older	Total	Disability Rate
Clarke	89	73	1,296	625	2,083	17.78
Frederick	528	367	5,993	2,462	9,350	17.11
Page	209	152	2,686	1,508	4,555	21.02
Shenandoah	228	181	3,265	2,155	5,829	17.86
Warren	240	187	3,588	1,664	5,679	19.45
Winchester	198	316	2,727	1,331	4,572	20.79
Total	1,492	1,276	19,555	9,745	32,068	18.66
Virginia	67,398	58,270	712,330	317,085	1,155,083	18.11

Similar to the analysis presented above, the 2000 Decennial Census data was analyzed by Block Group to determine the degree to which the disabled population was found to be highly concentrated in specific areas in the Region. In this particular case, six Block Groups were found to have a disproportionate share of the disabled. Two were located in Winchester, two more in Warren County, and one each in Frederick and Clarke counties. The geographic locations of these areas are presented in Map II.3, on the following page, and are tabulated in Table B.5, located in Appendix B of Volume II, *Technical Appendix*.

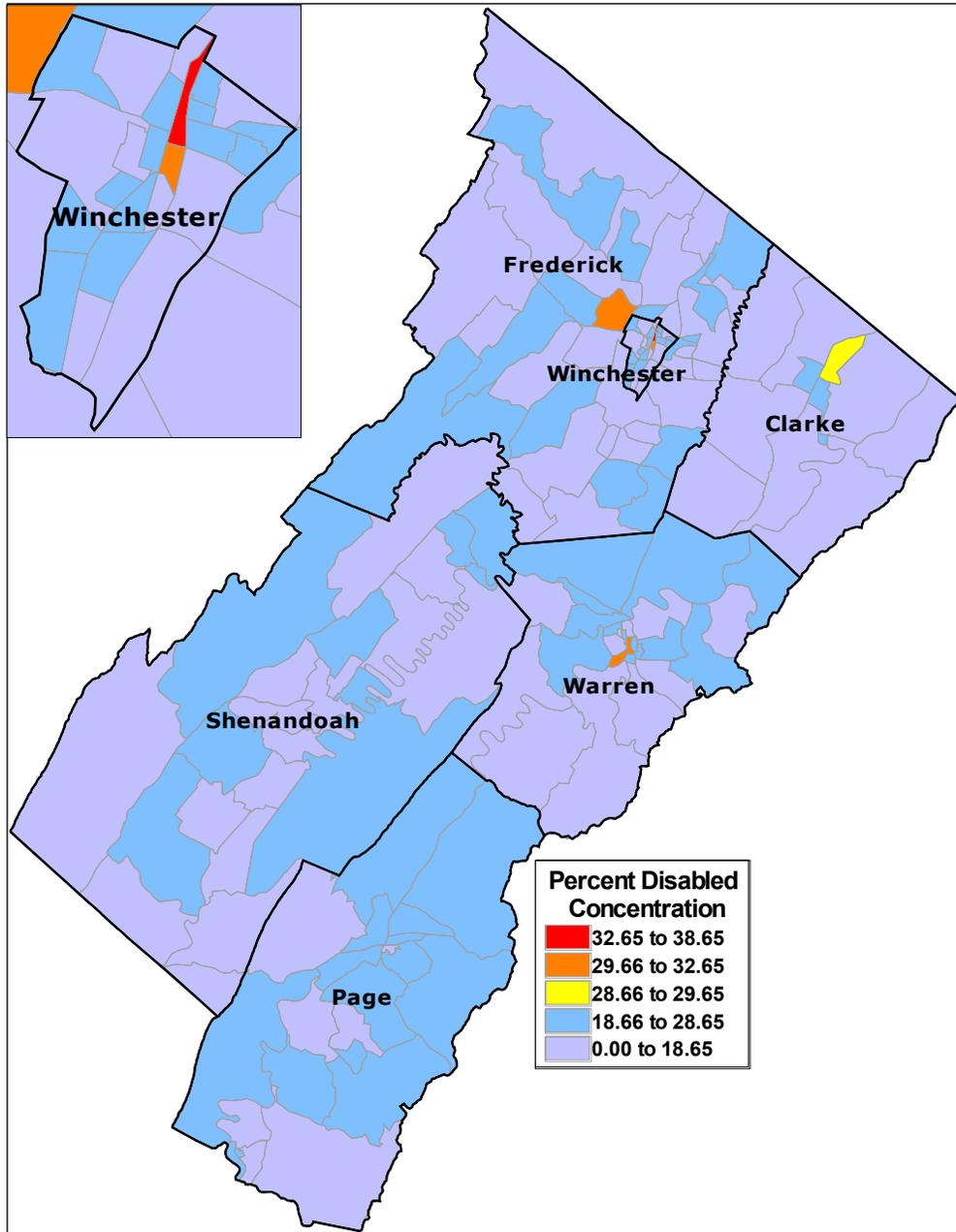
ECONOMIC DATA

During 2001, government agencies, including the Bureau of Economic Analysis (BEA) switched from the Standard Industrial Classification (SIC) system to the North American Industrial Classification System (NAICS). The NAICS groups economic activities into 21 sectors (up from the 10 major divisions in the SIC system). These BEA employment statistics represent a count of full and part-time jobs, including sole proprietors, domestic, and farm employment. Consequently, they are very comprehensive; however, being drawn from administrative records, there is some lag in releasing these data. While the BEA released

⁴ The data on disability status were derived from answers to long-form questionnaire items 16 and 17. Item 16 was a two-part question that asked about the existence of the following long-lasting conditions: (a) blindness, deafness, or a severe vision or hearing impairment, (sensory disability) and (b) a condition that substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting, or carrying (physical disability). Item 16 was asked of a sample of the population five years old and over. Item 17 was a four-part question that asked if the individual had a physical, mental, or emotional condition lasting 6 months or more that made it difficult to perform certain activities. The four activity categories were: (a) learning, remembering, or concentrating (mental disability); (b) dressing, bathing, or getting around inside the home (self-care disability); (c) going outside the home alone to shop or visit a doctor's office (going outside the home disability); and (d) working at a job or business (employment disability). Categories 17a and 17b were asked of a sample of the population five years old and over; 17c and 17d were asked of a sample of the population 16 years old and over. For data products which use the items individually, the following terms are used: sensory disability for 16a, physical disability for 16b, mental disability for 17a, self-care disability for 17b, going outside the home disability for 17c, and employment disability for 17d. For data products which use a disability status indicator, individuals were classified as having a disability if any of the following three conditions was true: (1) they were five years old and over and had a response of "yes" to a sensory, physical, mental or self-care disability; (2) they were 16 years old and over and had a response of "yes" to going outside the home disability; or (3) they were 16 to 64 years old and had a response of "yes" to employment disability.

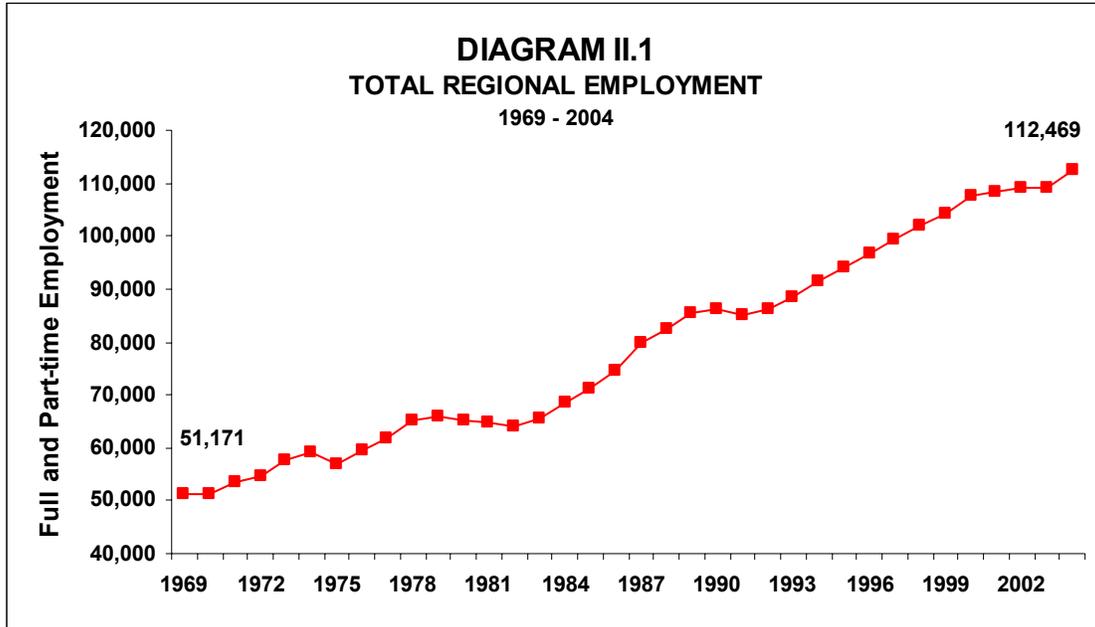
state-level estimates of employment for 2005 in September of 2006, these data are not yet available for counties and, consequently, the most recent BEA data available for the Northern Shenandoah Valley only run through 2004.

MAP II.3
PERCENT DISABLED CONCENTRATION BY CENSUS BLOCK GROUP
2000 CENSUS

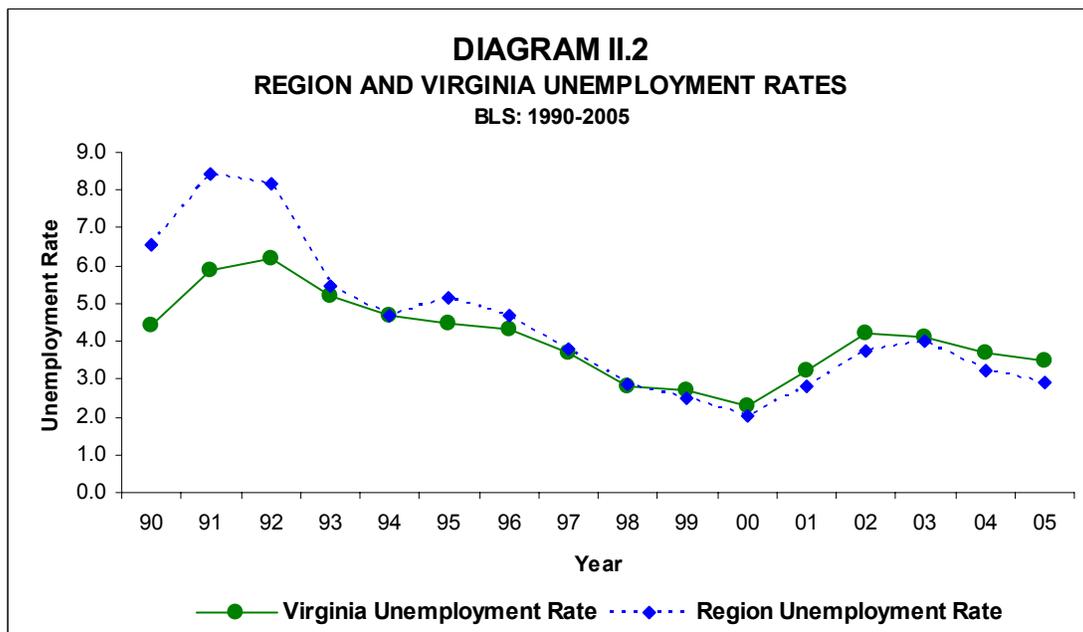


Nevertheless, the BEA data over the last 35 years, comprising full and part-time employment in the Northern Shenandoah Valley, show that employment has been expanding at a respectable 2.3 percent per year, rising from about 51,000 jobs in 1969 to over 112,000 jobs in 2004. Some sensitivity can be seen in the data that corresponds with

periodic national recessions, such as in 1975, 1981-82, or 1991. Still, between 2003 and 2004, total regional employment actually swelled some 3,200 jobs, almost three percent in one year. These data are presented in Diagram II.1, below. Tabulated data are presented in Appendix C of Volume II, *Technical Appendix*, Tables C.1 through C.6.

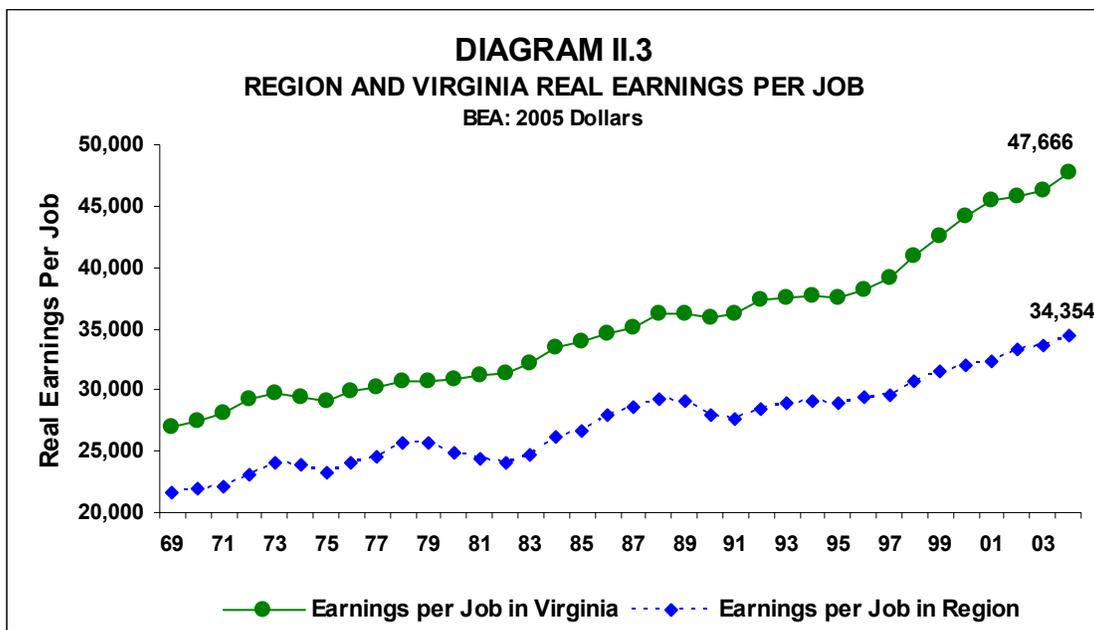


The Region's labor force, comprised of an employment count focusing on people either working or seeking work, also has had a good run in the last few years. The number of unemployed persons has declined from 7,523 in 1991 to a much smaller 3,246 in 2005. This occurred at the same time that the entire labor force expanded from about 89,000 people in 1990 to over 110,000 in 2005. This represents a high utilization of the labor force and causes unemployment rates to decline, as seen in Diagram II.2, below.



In fact, the level of unemployment in both Virginia, at 3.5 percent, and the Northern Shenandoah Valley, at a stunning 2.9 percent, are both substantially less than the national rate, which was 5.1 percent in 2005.

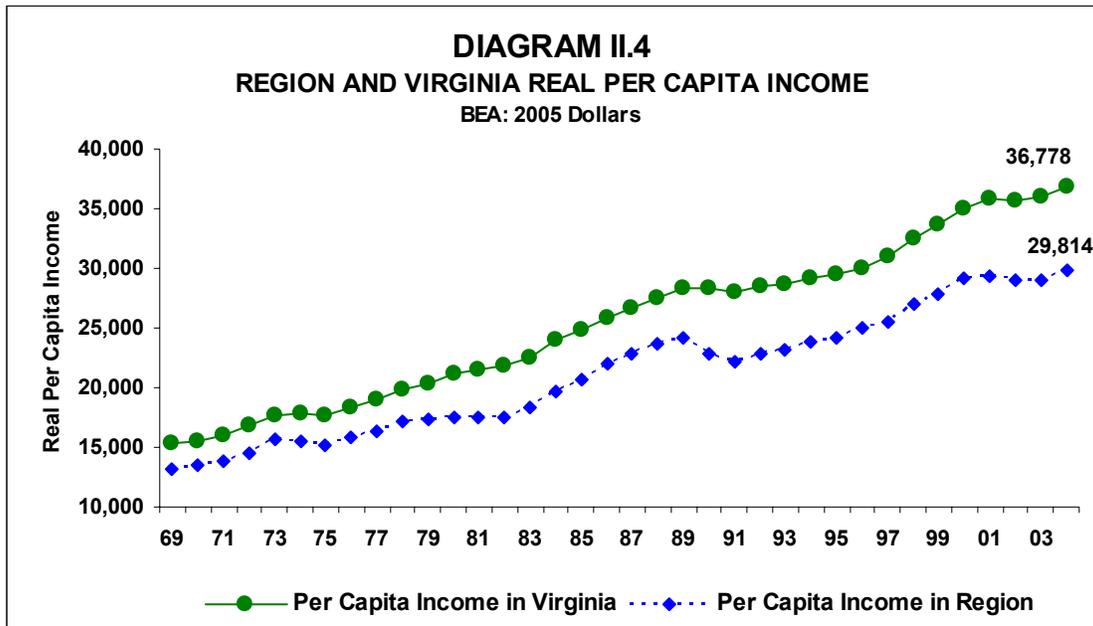
Together these statistics seem to indicate that the Region is experiencing an economic upturn. With such strong growth in jobs and high utilization rates of the labor force, economic theory would suggest that there is upward pressure on wage rates. Unfortunately, this is not the case in the Northern Shenandoah Valley. Wage rates remain far lower than seen in the State of Virginia or nationally. In fact, the average earnings per job seen in the Region continues to fall behind that of the State of Virginia, with the 2004 average earnings per job over \$13,000 less, as seen in Diagram II.3, below.



The City of Winchester and Frederick County had the highest average earnings per job in 2004, only about \$10,000 less than the statewide average. However, several counties had substantially less than the regional average, such as Warren County, with an average earnings per job of some \$30,831 in 2004, or Page County, the lowest, with an average earnings per job of \$26,279. For individuals promoting economic development activities in the Region, it may behoove such persons to focus on opportunities that can raise the average earnings per job in the Region, jobs that pay in excess of \$17 per hour.

These earnings do not represent all personal income. Other forms of income flow to households, such as dividends, interest, rents, and transfer payments from government programs. Furthermore, earnings are computed by *place of work*; if an individual had earnings outside the Region, total personal income would be adjusted to account for this

“imported” income.⁵ The sum of earnings plus the unearned income sources, and adjustments to personal income, determine total personal income for an area. When divided by the total of population, per capita income results. This figure is another method to compare relative wellbeing. Unfortunately, the Northern Shenandoah Valley still is less than the statewide average, but only about \$7,000 less, as noted in Diagram II.4, below.



POVERTY IN THE NORTHERN SHENANDOAH VALLEY

The Census Bureau uses a set of income thresholds that vary by family size and composition to determine who is poor. If a family’s total income is less than that family’s threshold, then that family, and every individual in it, is considered poor. The poverty thresholds do not vary geographically, but they are updated annually for inflation using the Consumer Price Index (CPI-U). The official poverty definition counts money income before taxes and does not include capital gains and non-cash benefits (such as public housing, Medicaid, and food stamps). Poverty is not defined for people in military barracks, institutional group quarters, or for unrelated individuals under age 15 (such as foster children). These groups are excluded from the poverty universe; that is, they are considered neither as “poor” nor as “nonpoor.”

The poverty rate of the non-institutionalized population, age 5 or older, is about 8.7 percent in the Northern Shenandoah Valley. This is lower than the State of Virginia, which had a 2000 Decennial Census poverty rate of 9.6 percent, as well as lower than the national average of about 12.4 percent. This is a very positive development. However, the poverty rate throughout the area is not uniform; some areas are higher than others, or have a greater concentration of elderly in the ranks of those in poverty.

⁵ This is termed a residence adjustment, as noted in Tables C.1 through C.6 of Appendix C, located in Volume II, *Technical Appendix*. All areas in the Region had a positive residence adjustment in 2004.

For example, Clarke and Frederick counties have the lowest poverty rates in the Region, with rates under 7 percent, or 6.6 and 6.4 percent respectively. On the other hand, Page County and the City of Winchester have the highest rates of poverty, some 12.5 and 13.2 percent, respectively, as seen in Table II.6, below. However, in comparison to the overall size of the population, the City of Winchester tends to have a relatively higher incidence of poverty among children under 5 years of age. Shenandoah County tends to have the largest group of elderly aged 75 years and older that reside in poverty.⁶

TABLE II.6
INDIVIDUALS IN POVERTY BY AGE

2000 CENSUS: SF3

Geographic Area	Under 5 years	5 years	6 to 11 years	12 to 17 years	18 to 64 years	65 to 74 years	75 years and over	Total	Poverty Rate
Clarke	60	9	66	97	386	63	130	811	6.57
Frederick	292	75	405	407	2,129	205	214	3,727	6.39
Page	219	25	297	308	1,487	254	255	2,845	12.46
Shenandoah	214	38	382	334	1,360	217	292	2,837	8.21
Warren	179	36	205	314	1,509	183	205	2,631	8.52
Winchester	290	68	229	244	1,935	77	148	2,991	13.18
Total	1,254	251	1,584	1,704	8,806	999	1,244	15,842	8.72
Virginia	59,783	11,943	74,888	62,918	375,564	34,703	36,842	656,641	9.59

LOW-INCOME CONCENTRATIONS

Similar to the discussion of racial and ethnic concentrations, the distribution of low income households may provide some information on household location and housing choice. Regionwide, there were some 19.3 percent of all households having incomes less than \$20,000. As noted in Table II.7, below, both Page County and the City of Winchester tend to have a higher level of households with incomes less than \$20,000, with Page County having some 2,557 households, or about 27.5 percent of all its households, and Winchester having some 25.6 percent of its households in this income range.

TABLE II.7
HOUSEHOLDS BY INCOME RANGE

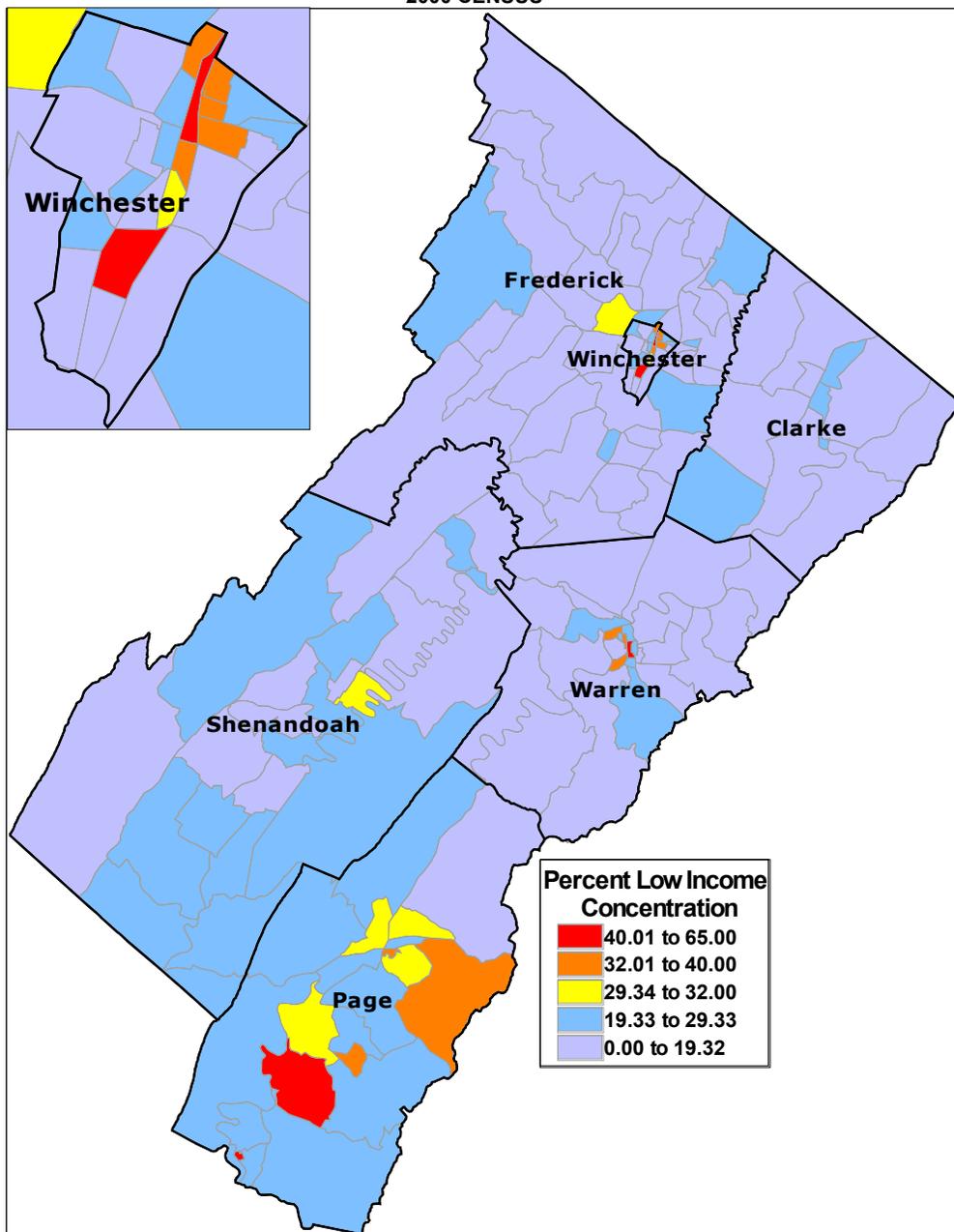
2000 CENSUS: SF3

Geographic Area	Less than \$10,000	\$10,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$24,999	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more	Total Households
Clarke	336	161	201	279	625	752	1,231	617	526	222	4,950
Frederick	1,106	955	997	1,399	3,108	4,269	5,556	2,651	1,504	579	22,124
Page	1,112	714	731	956	1,349	1,982	1,531	528	290	120	9,313
Shenandoah	1,107	936	929	989	2,209	3,041	3,011	1,119	631	312	14,284
Warren	993	620	620	727	1,786	2,256	2,735	1,419	741	228	12,125
Winchester	1,075	683	797	870	1,667	1,653	1,731	679	484	355	9,994
Total	5,729	4,069	4,275	5,220	10,744	13,953	15,795	7,013	4,176	1,816	72,790
Virginia	214,076	141,948	147,808	160,724	326,821	444,682	549,412	307,107	254,948	152,809	2,700,335

⁶ SF3 represents Summary File 3, the 2000 Census "1 in 6" sample, or long form, which is an estimate derived from the 1 in 6 sample. All SF3 data herein presented is so labeled. Summary File 1 data, or SF1 information, represents the 100 percent sample, or Census from the short form. Hence, data from the SF1 and SF3 series may differ because SF3 data are subject to sampling and non-sampling errors.

The concentration of low-income households was calculated from the 2000 Decennial Census, again by Census Block Group. This distribution of low-income households does not appear to be uniformly distributed around the Region; it tends to be concentrated in selected areas of the Northern Shenandoah Valley. In fact, more than 20 Block Groups have nearly 30 percent of all households having income less than \$20,000, with 9 in Page County, 8 in the City of Winchester, 3 in Warren County and one each in Shenandoah and Frederick counties. The geographic distribution of these low-income concentrations are presented in Map II.4, below. All Census Block Groups are tabulated in Table B.7 of Appendix B, located in Volume II, *Technical Appendix*.

MAP II.4
PERCENT LOW INCOME CONCENTRATION BY CENSUS BLOCK GROUP
(HOUSEHOLDS WITH INCOME LESS THAN \$20,000)
2000 CENSUS



HOUSING DATA

The 2000 Census reported that there were nearly 80,000 housing units in the Northern Shenandoah Valley, comprising some 52,357 owner occupied units, another 20,371 renter units, and another 7,131 vacant housing units. Together, this represents a homeownership rate of some 72 percent.⁷ As seen in Table II.8, this homeownership is four percentage points higher than the average for the State of Virginia.

TABLE II.8
HOUSING UNITS BY TENURE
2000 CENSUS: SF1

Geographic Area	Owner-occupied	Renter-occupied	Total Occupied	Vacant Housing Units	Total Housing Units	Homeownership Rates
Clarke	3,737	1,205	4,942	446	5,388	75.62
Frederick	17,752	4,345	22,097	1,222	23,319	80.34
Page	6,872	2,433	9,305	1,252	10,557	73.85
Shenandoah	10,462	3,834	14,296	2,413	16,709	73.18
Warren	8,967	3,120	12,087	1,212	13,299	74.19
Winchester	4,567	5,434	10,001	586	10,587	45.67
Total	52,357	20,371	72,728	7,131	79,859	71.99
Virginia	1,837,939	861,234	2,699,173	205,019	2,904,192	68.09

However, the homeownership rate throughout the Region is not uniformly distributed. While Frederick County has the highest, with some 80 percent, the City of Winchester has the lowest, just over 45 percent. The remaining county areas range from 73 to 75 percent homeownership.

HOUSING CONDITIONS

While the 2000 Census does not report significant details regarding the physical condition of housing units, some information is reported, as derived from the 1 in 6 sample, or SF3 data. This information pertains to the presence of overcrowding and the lack of complete plumbing and kitchen facilities.⁸

Overcrowding is defined as a residence having from one to 1.5 people per room, with severe overcrowding defined as having more than 1.5 people per room. As a percentage of occupied housing, the Northern Shenandoah Valley has some 1.2 percent of its housing units overcrowded, with another 0.7 percent severely overcrowded. This represents some 899 and 482 housing units, respectively. However, compared to statewide average statistics, overcrowding does not appear to be a substantive problem throughout the Region, as Virginia data indicate a statewide average of some 1.9 percent of the housing units overcrowded and another 1.3 percent severely overcrowded. These data are presented in Table II.9, on the following page.

⁷ Homeownership is defined from occupied housing statistics, with vacant housing not counted.

⁸ As per the Census Bureau, a housing unit is classified as lacking complete plumbing/kitchen facilities when any of the following plumbing facilities are not present in a housing unit: (1) hot and cold piped water, (2) a flush toilet, and (3) a bathtub or shower; and for kitchen facilities: (1) a sink with piped water, (2) a range, or cook top and oven; and (3) a refrigerator.

**TABLE II.9
INCIDENCE OF OVERCROWDING
2000 CENSUS: SF3**

Geographic Area	1.00 or less	1.01 to 1.50	1.51 or more	Occupied Housing Units
Clarke	4,913	21	8	4,942
Frederick	21,785	228	84	22,097
Page	9,133	147	25	9,305
Shenandoah	14,028	181	87	14,296
Warren	11,814	160	113	12,087
Winchester	9,674	162	165	10,001
Total	71,347	899	482	72,728
Virginia	2,612,717	52,319	34,137	2,699,173

However, the distribution of overcrowded households is not uniform throughout the Region. The City of Winchester tends to have a higher incidence of overcrowding, with 1.6 percent of its occupied units overcrowded and 1.65 percent of its occupied units severely overcrowded. Page County has 1.6 percent of its occupied units experiencing overcrowding. On the other hand, Frederick County is at the other extreme, with just 1 percent overcrowded and .4 percent severely overcrowded.

Another consideration pertaining to housing problems relates to whether the housing unit has complete plumbing and kitchen facilities. Overall, at the time of the 2000 Decennial Census, the Region had some 1,404 housing units that lacked complete plumbing facilities, some 1.8 percent of the entire housing stock, and some 1,115 units that lacked complete kitchen facilities, some 1.4 percent of the housing stock. These are substantively higher than the share of such units statewide, which have some 1.1 percent with incomplete plumbing and 1.0 percent lacking complete kitchen facilities. These data are noted in Table II.10, below.

**TABLE II.10
UNITS LACKING COMPLETE PLUMBING FACILITIES,
LACKING COMPLETE KITCHEN FACILITIES
2000 CENSUS: SF3**

Geographic Area	Lacking Complete Plumbing Facilities	Lacking Complete Kitchen Facilities
Clarke	45	29
Frederick	369	243
Page	311	244
Shenandoah	440	298
Warren	222	220
Winchester	17	81
Total	1,404	1,115
Virginia	33,265	30,412

Interestingly, two of the areas having the fewest units lacking such housing problems are the City of Winchester, with 17 and 81 units lacking complete plumbing and kitchen facilities, respectively, and Clarke County with 45 and 29 units lacking complete plumbing and kitchen facilities, respectively. Shenandoah and Frederick counties have a much higher incidence of such difficulties.

The third type of consideration pertaining to housing problems reported in the Decennial Census is cost burden. Cost burden is defined as households that spend from 30 to 50 percent of their household income on housing; severe cost burden is defined as households that spend more than 50 percent of their household income on housing. For renters, this represents the monthly rent, plus any energy expenses they may incur. For homeowners, this represents all property taxes, insurance, energy payments, as well as water and sewer service and refuse collection. If the homeowner has a mortgage it then also includes principal and interest payments (including fees and points) on the mortgage loan. Table II.11 presents the level of income spent on housing, including the cost burden data from the Summary File 3 information.

TABLE II.11
INCOME SPENT ON HOUSING
2000 CENSUS: SF3

Geographic Area	Less than 29.9 percent	30 to 49.9 percent	50 percent or more	Not computed	Total
Specified Renter-Occupied Units⁹					
Clarke	654	141	121	140	1,056
Frederick	2,484	773	523	331	4,111
Page	1,371	367	306	290	2,334
Shenandoah	2,327	569	366	342	3,604
Warren	1,861	529	459	212	3,061
Winchester	3,340	934	896	254	5,424
Total	12,037	3,313	2,671	1,569	19,590
Virginia	492,748	160,061	125,707	64,917	843,433
Specified Owner-Occupied Units with a Mortgage¹⁰					
Clarke	1,403	309	169	0	1,881
Frederick	8,448	1,564	755	47	10,814
Page	1,854	509	359	37	2,759
Shenandoah	3,610	731	311	16	4,668
Warren	4,192	980	400	28	5,600
Winchester	2,019	469	179	0	2,667
Total	21,526	4,562	2,173	128	28,389
Virginia	853,956	193,617	83,522	4,043	1,135,138
Specified Owner-Occupied Units without a Mortgage					
Clarke	791	61	12	9	873
Frederick	2,906	91	87	23	3,107
Page	2,193	114	59	45	2,411
Shenandoah	3,109	129	92	68	3,398
Warren	1,912	126	64	6	2,108
Winchester	1,543	53	16	8	1,620
Total	12,454	574	330	159	13,517
Virginia	340,319	18,643	11,476	5,222	375,660

Overall, some 3,313 renter households in the Region experienced a cost burden at the time the 2000 Decennial Census was taken. Another 2,671 renters experienced a severe cost burden. Furthermore, some 4,562 homeowners with a mortgage experienced a cost burden, with another 2,173 experiencing a severe cost burden. For those homeowners

⁹ Specified renter-occupied units include all renter-occupied units except 1-unit attached or detached houses on 10 acres or more.

¹⁰ Specified owner-occupied units are owner-occupied, one-family attached and detached houses on less than 10 acres without a business or medical office on the property.

who do not have a mortgage, some 574 experienced a cost burden and another 330 experienced a severe cost burden.

It is important to keep in mind that those experiencing a severe cost burden are at risk. For renters, with one financial setback, they are likely to have to choose between a variety of unsatisfactory choices, such as rent versus food or rent versus healthcare for their family. For a homeowner with a mortgage experiencing a severe cost burden, one unforeseen financial requirement, such as temporary illness, divorce, or the loss of employment, may force the homeowner to face foreclosure or bankruptcy. Both of these situations indicate that the householder is at risk of homelessness.

On the other hand, for those households that no longer have a mortgage, yet also experience a severe cost burden, these households are likely unable to conduct periodic maintenance and repair of their home. Hence, the housing unit is at-risk of dilapidation and contributing to blight. Both these situations should be of concern to HOME and CDBG policy makers and program managers.

However, it is important to note that the Region compares favorably with the State of Virginia as well as the entire United States. Table II.12 presents simply the percentage of households facing a cost burden or severe cost burden in each of the three geographic areas: the Northern Shenandoah Valley, Virginia, and the U.S.

TABLE II.12
COST BURDENS BY THREE GEOGRAPHIC REGIONS
 2000 CENSUS: SF3

Type of Burden	Northern Shenandoah Valley	State of Virginia	United States
Percent of Renters			
Cost Burden	16.9	20.0	20.8
Severe Cost Burden	13.6	14.9	19.1
Percent of Homeowners With A Mortgage			
Cost Burden	16.1	17.1	17.7
Severe Cost Burden	7.6	7.4	9.1
Percent of Homeowners Without A Mortgage			
Cost Burden	4.3	5.0	6.5
Severe Cost Burden	2.4	3.1	4.2

As noted therein, the Region does not appear to have as dire a problem as seen elsewhere. In fact, the Northern Shenandoah Valley tends to have a lower level of cost burdened households across all categories, compared with the State of Virginia or the United States. This is particularly true for renter households, with just 16.9 percent experiencing a cost burden, compared to 20 and 20.8 percent for Virginia and the U.S. The same is true for severely cost burdened renters: 13.6 percent for the Region, compared to 14.9 percent for Virginia and 19.1 percent for the nation. Hence, while cost burdens are a concern, at the time of the 2000 Decennial Census, they were not as severe as those seen elsewhere.

SUMMARY

Population growth in the Northern Shenandoah Valley has been increasing rapidly over the last several years, significantly faster than the State of Virginia, with consequent increases in the Region's demand for housing. However, growth throughout the Region is not uniform. Page County grew less than 4 percent between 2000 and 2006, while Frederick County expanded by more than 20 percent. Furthermore, the distribution of the Region's racial and ethnic minorities appears imbalanced, with some areas having a disproportionately high number of minorities as well as the disabled and lower-income households.

The economic health and vitality of the Region contains both promising and unsettling trends. Full and part-time employment has continued its long expansion trend, rising by over 3,200 jobs between 2003 and 2004. The entire labor force in the Region exceeded 110,000 people in 2005, with a very solid unemployment rate below three percent. Unfortunately, average earnings per job, while slowly rising, is increasing more slowly than the State, falling to more than \$13,000 less than the state average, \$34,354 versus \$47,666.

On the other hand, the level of income spent on housing in the Northern Shenandoah Valley is less than seen in the State of Virginia and in the nation. Still, some housing problems are disconcerting. While overcrowding is not a particularly severe issue, inadequate housing quality, defined herein as incomplete plumbing and kitchen facilities, appears to pose a problem for selected areas in the Region.

SECTION III. REGIONAL FAIR HOUSING PROGRAMS

The following narrative provides an enumeration of key agencies and organizations contributing to affirmatively furthering fair housing in the Northern Shenandoah Valley; it concludes with a succinct review of related national housing studies.

MAJOR FAIR HOUSING AGENCIES AND ORGANIZATIONS

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The United States Department of Housing and Urban Development (HUD) oversees, administers, and enforces the Fair Housing Act. HUD's Regional III office in Philadelphia oversees housing, community development, and fair housing enforcement in Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia. While HUD's District of Columbia Office serves the City of Alexandria, Fairfax County, Arlington County, Prince William County and Loudoun County in Virginia, HUD's Richmond office serves the remainder of the State, including the Northern Shenandoah Valley.

HUD's Richmond Office of Fair Housing and Equal Opportunity (FHEO) enforces the federal Fair Housing Act and other civil rights laws that prohibit discrimination in housing, mortgage lending, and other related transactions in the State of Virginia. HUD also provides education and outreach, monitors agencies that receive HUD funding for compliance with civil rights laws, and works with state and local agencies under the Fair Housing Assistance (FHAP) and Fair Housing Initiative (FHIP) programs.¹¹

Fair Housing Assistance Programs and Fair Housing Initiative Programs

Throughout the United States, many agencies receive funding directly from HUD as FHAPs or FHIPs. The fundamental difference between the two programs is that FHAP programs require an ordinance or law that empowers a governmental agency to enforce the Fair Housing Act; they are thus considered "substantially equivalent" to federal agency enforcement activities. HUD contracts with that agency to process fair housing complaints and reimburse the jurisdiction on a per case basis.

FHIPs, on the other hand, may be a government agency, a private non-profit or for-profit organization. This competitive grant program provides funds to organizations to carry out projects and activities designed to enforce and enhance compliance with the Fair Housing Act. Eligible activities include education and outreach to the public and the housing industry on fair housing rights and responsibilities, as well as enforcement of fair housing complaints, including testing and litigation.

¹¹ <http://www.hud.gov/local/va/working/fheo/index.cfm>

In 2005, the FHIP program awarded \$18.04 million in the following three types of grants across the nation:

Private Enforcement Initiative (PEI) grants: About \$13.6 million was awarded in grants of up to approximately \$275,000 to assist 61 private, tax-exempt fair housing enforcement organizations in the investigation and enforcement of alleged violations of the Fair Housing Act and substantially equivalent state and local fair housing laws. About \$3.4 million of the \$13.6 million was allocated for 13 groups that received funding for three years, based upon appropriations, that will allow them to implement strategic plans and develop long-term systemic investigations.

Education and Outreach Initiative (EOI) grants: About \$3.94 million was allocated for one-year grants of up to \$100,000 to inform and educate the public about their rights and obligations under federal, state and local fair housing laws. Within that total amount, about \$800,000 went to nine groups that focus on the needs of people with disabilities. Of the total EOI funding, HUD awarded \$400,000 to four groups that focus on education for Asians and Pacific Islanders.

Fair Housing Organizations Initiative (FHOI) grants: HUD awarded \$500,000 to one organization to develop a new fair housing organization that will serve rural and immigrant populations in underserved areas or where there currently is not an existing fair housing organization.

In 2006, the FHIP program awarded \$18.1 million for two types of grants across the nation:

Private Enforcement Initiative grants (PEI) - HUD awarded \$13.9 million to assist groups in the investigation and enforcement of alleged violations of the Fair Housing Act and substantially equivalent state and local fair housing laws.

Education and Outreach Initiative grants (EOI) - HUD awarded \$4.2 million to groups that educate the public and housing providers about their rights and obligations under federal, state, and local fair housing laws.

The 2007 FHIP Notice of Funds Availability has been released by HUD. It indicates that some \$18.1 million will be available for grant applications, to be received by May 3, 2007. Some \$14 million is devoted to PEI grants, with the remainder as EOI grants.¹²

Recent Virginia FHIP Grant Recipients

HUD awards these grants competitively to enable not-for-profit organizations to provide education and outreach activities to promote the Fair Housing Act. The following succinctly identifies the FHIP grants being awarded in the State of Virginia.

¹² <http://www.hud.gov/offices/ftheo/partners/FHIP>

In 2001, \$13,500 was awarded to the Prince William County Office of Housing for fair housing education and outreach, particularly among welfare-to-work families.

In 2002, \$100,000 was awarded to the Endependence Center of Norfolk for a statewide program to train staff at 16 centers for independent living in Fair Housing Act protections afforded to people with disabilities. Another \$66,665 was awarded to the Piedmont Housing Alliance of Charlottesville to provide fair housing assistance, particularly among low-income disabled persons and newly-arrived immigrants.

In 2003, \$67,567 was awarded to the Newport News Office of Human Affairs to improve the access to homeownership by racial and ethnic minorities by educating them about fair housing and how to recognize discriminatory housing practices in the sales and financing of housing. This same year, another \$62,559 was awarded to the Piedmont Housing Alliance in Charlottesville to provide fair housing assistance, particularly among the low-income disabled and newly-arrived immigrant groups.

In 2004, \$70,264 was awarded to the Piedmont Housing Alliance in Charlottesville to provide training seminars, outreach, accessibility education and advocacy services to low and moderate income families and individuals. Another \$34,769 was awarded to the Newport News Office of Human Affairs to promote awareness of Fair Housing and to improve first-time homeownership and rental opportunities through marketing, forums and seminars for residents of Newport News.

In 2005, four Virginia entities received EOI grants. As reported by HUD, the Office of Human Affairs received a grant of \$58,215.00; Piedmont Housing Alliance received a grant for \$72,363.00; Total Action Against Poverty in Roanoke received a grant for \$87,928.62 and the Virginia Office for Protection and Advocacy received a grant of \$100,000.00.

Just one organization in Virginia was awarded a FHIP grant in 2006. The Office of Human Affairs, Inc., (OHA) located in Newport News, received a 1-year grant. The OHA will seek to improve access to homeownership and rental opportunities for low and moderate-income persons in Newport News and increase homeownership opportunities in underserved neighborhoods of Planning District I. To accomplish this, OHA will provide monthly first-time homebuyer seminars; develop and implement a marketing plan for fair housing and homeownership classes; conduct two local fair housing forums during National Fair Housing Month; and provide fair housing seminars to housing providers, mortgage lenders, and the public.¹³

¹³ <http://www.hud.gov/local/va/news/recentvagrants.cfm>

Creating A FHAP - A Substantially Equivalent Agency

To create a substantially equivalent agency, a state or local jurisdiction must first enact a fair housing law that is substantially equivalent to the federal Fair Housing Act. In addition, the local jurisdiction must have both the administrative capability and fiscal ability to carry out the law. With these elements in place, the jurisdiction may apply to HUD in Washington D.C. for substantially equivalent status. The jurisdiction's law would then be examined, and the federal government would make a determination as to whether it was substantially equivalent to federal fair housing law.

When substantially equivalent status has been granted, complaints of housing discrimination are dually filed, with both the state (or local agency) and with HUD. The state or local agency investigates most complaints; however, when federally subsidized housing is involved, HUD will typically investigate the complaint. Still, the state or local agencies are reimbursed for complaint intake and investigation and are awarded funds for fair housing training and education.

FHIP – Activities in the Northern Shenandoah Valley

The Northern Shenandoah Valley does not have any particular FHIP entities or other similar agency dedicated to fair housing outreach, education, testing, or enforcement, and does not appear to be served by any of the entities receiving FHIP funds from HUD.

THE VIRGINIA FAIR HOUSING OFFICE

The Department of Professional and Occupational Regulation (DPOR) protects the health, safety and welfare of Virginians, while promoting a competent workforce, fair housing opportunities, and a productive economy. The DPOR regulates more than 30 occupations and professions through 19 boards composed of practitioners and citizens appointed by the governor of Virginia.

The Real Estate Board was established in 1924 to regulate businesses and individuals representing others in real property transactions, including condominiums, cooperatives, and time-shares. An adjunct responsibility allows the Board to investigate housing discrimination under the aegis of the Federal Fair Housing Act. This latter responsibility is handled by the Virginia Fair Housing Board.

The 11-member Virginia Fair Housing Board, established in 2003, administers and enforces both state and national fair housing laws. The laws prohibit housing discrimination based on race, color, religion, sex, national origin, elderliness, familial status, or disability. The Board also oversees an education-based certification program for individuals involved in selling or renting dwellings. Administrative, outreach, education, and enforcement activities of the Fair Housing Board are carried out by a staffed office, the Virginia Fair Housing Office (VFHO).

For the entire State of Virginia, including the Northern Shenandoah Valley, the relevant active fair housing agency is the VFHO. The VFHO, located in Richmond, is therefore the investigative arm of Virginia's Real Estate Board, and in addition to investigating complaints, the VFHO provides fair housing training and outreach.¹⁴

In fact, one of the major efforts associated with the Virginia Fair Housing Office is the agency's efforts to enhance the understanding of fair housing and state and federal fair housing law throughout the State. The VFHO offers such training so that professionals in a variety of roles in the housing industry can gain certification as a Fair Housing Specialist. Arrangements for these complimentary training sessions, in either English or Spanish, and for either industry professionals or for housing consumers, can be arranged by contacting the Department of Professional and Occupational Regulation. The contact person is:

Ms. Mahalia "Mally" Dryden-Mason
Consumer Education Coordinator and Fair Housing Training Specialist
2600 West Broad Street
Richmond, VA 23230
804-367-9053
mally.mason@dpor.virginia.gov

Furthermore, the VFHO has been designated as a substantially equivalent agency by HUD for investigation and enforcement of state and federal fair housing law, and may be contacted by calling 804-367-8530 or 888-551-3247, the TDD number 804-367-9753 and fax 804-367-0047. It may also be contacted by writing to the Virginia Fair Housing Office, 3600 West Broad Street, Fifth Floor, Richmond, Virginia 23230. The agency email address is fairhousing@dpor.virginia.gov.

REGIONAL FAIR HOUSING AGENCIES AND ORGANIZATIONS

BLUE RIDGE LEGAL SERVICES

Blue Ridge Legal Services, Inc. (BRLS) is a nonprofit charitable law firm providing free legal assistance in civil matters of critical importance to low-income residents of the Shenandoah Valley and Roanoke Valley. BRLS legal assistance ranges from advice or brief service to ongoing representation in negotiations and litigation in state and federal courts and administrative agencies, depending on the needs of the client, the type of case, and available resources. The most common legal problems handled by Blue Ridge Legal Services include: housing and landlord-tenant disputes, family disputes, problems dealing with debts and bankruptcy, eligibility for various government benefits, access to health care, consumer disputes, and issues affecting seniors.

¹⁴ <http://www.fairhousing.vipnet.org/overview.htm#Our%20Investigative%20Mandate>

Financial eligibility for BRLS services is based primarily on the number of persons in the applicant's household, the household's income and resources, as well as the type of case involved. The following types of legal problems are given a higher level of priority in the allocation of BRLS resources and the acceptance of cases: access to or retention of shelter, access to affordable health care, preservation of income and resources, access to additional sources of financial support and public entitlements, and oppressive or exploitative practices in familial, economic or governmental relationships.¹⁵

If an individual wishes to contact the Blue Ridge Legal Services for fair housing issues, the following are appropriate for the Northern Shenandoah Valley.¹⁶

**For the City of Winchester, and the
Counties of Clarke, Frederick, Warren,
and Northern Shenandoah County**

Blue Ridge Legal Services, Inc.
P.O. Box 436
119 South Kent Street
Winchester, VA 22604
540-662-5021 or
800-678-5021

**For Page County and Southern
Shenandoah County**

Blue Ridge Legal Services, Inc.
P.O. Box 551
204 N. High Street
Harrisonburg, VA 22803
(540) 433-1830
(800) 237-0141

OTHER INVOLVED AGENCIES IN VIRGINIA

THE VIRGINIA REAL ESTATE BOARD

As part of the Department of Professional and Occupational Regulation, the Virginia Real Estate Board regulates Real Estate brokers and salespersons, as well as agents hired by property owners to manage residential rental properties. This regulation is administered by the issuance of a Real Estate License. As of April 2, 2007, there were 57,168 persons licensed in such capacity by the Real Estate Board.

After application and payment of fees, a prospective Real Estate licensee must successfully pass a selection of educational classes. There are three tracks: commercial real estate, residential real estate, and property management. While there are both elective and mandatory educational requirements, the residential real estate track requires 3 hours of fair housing training and the property management track includes 4 hours of residential landlord/tenant act and fair housing training.

These licenses expire every two years. As a condition of renewal, licensees are required to satisfactorily complete a course, or series of courses, of not less than eight instruction hours. Four of the eight required hours must include training in fair housing law, state Real Estate laws and regulations, and ethics and standards of conduct. Therefore, through the licensing and renewal process, both Realtors and professional property managers have continuing education in fair housing law.

¹⁵ <http://www.brls.org/RTF1.cfm?pagename=Services>

¹⁶ Page County is not part of the service area for this agency.

THE VIRGINIA OFFICE OF CONSUMER AFFAIRS

The Office of Consumer Affairs (OCA) at the Virginia Department of Agriculture and Consumer Services promotes consumer education and regulates the practices of organizations and businesses. OCA serves as the central clearinghouse for the collection, evaluation, investigation or referral of consumer complaints. This includes landlord/tenant disputes.¹⁷ A landlord/tenant complaint form may be obtained at the following address:

<http://www.vdacs.virginia.gov/forms-pdf/cp/oca/complaint/oca1complaint.pdf>.

The Virginia Department of Housing and Community Development has available online the Residential Landlord and Tenant Act handbook, a guide explaining landlord/tenant law and the rights and obligations of both parties to landlord/tenant transactions. This document can be found at the following address:

http://www.dhcd.virginia.gov/homelessnessstohomeownership/pdfs/landlord_tenant_handbook.pdf.

THE VIRGINIA OFFICE OF THE ATTORNEY GENERAL

The Office of the Attorney General is the Commonwealth's law firm. The office is charged with providing advice to state agencies and the governor; serving as consumer counsel for the people of the Commonwealth; defending criminal convictions on appeal to ensure that justice is served; and defending the laws of the Commonwealth when they are challenged on constitutional grounds. The Attorney General enforces state and federal consumer protection laws, keeping Virginians safe from things like identity theft, consumer fraud and telemarketing scams, and enforces antitrust laws that protect businesses and consumers from behavior that defeats healthy competition.¹⁸ However, the Virginia Attorney General does not take an active role in the enforcement of Virginia Fair Housing Law.

THE VIRGINIA HUMAN RIGHTS COUNCIL

The Virginia Human Rights Act, Chapter 39, empowers the Human Rights Council to receive and investigate complaints of unlawful discriminatory practices based on race, religion, sex, age, national origin, pregnancy, childbirth or related medical conditions in places of public accommodation, including educational institutions, and employment. This agency does not accept or review complaints associated with alleged violations of state or federal fair housing law.

RELATED NATIONAL FAIR HOUSING STUDIES

In 2000, The United States Department of Housing and Urban Development (HUD) released a publication entitled "Discrimination in Metropolitan Housing Markets"

¹⁷ <http://www.vdacs.virginia.gov/consumers/>

¹⁸ http://www.vaag.virginia.gov/OUR_OFFICE/Role.html

(HDS2000), measuring the prevalence of housing discrimination based on race or color in the United States. The third nationwide effort to measure discrimination against minority home seekers since 1977, HDS2000 measured discrimination in metropolitan areas with populations greater than 100,000 and with significant black, Hispanic, and/or Native American minorities. The study found that discrimination persists in both rental and sales markets of large metropolitan areas nationwide, but that its incidence has generally declined since 1989. The exception was for Hispanic renters, who faced essentially the same incidence of discrimination in 2000 as they did in 1989.

In April of 2002, HUD released another national study, "How Much Do We Know?" The study found that public knowledge of discriminatory activities was limited, with just one half of the general public able to identify six or more of the eight scenarios describing illegal conduct. In addition, 14 percent of the nationwide survey's adult participants believed that they had experienced some form of housing discrimination in their lifetime. The study also found that few people had reported this discrimination, with most "seeing little point in doing so."¹⁹

In its 2004 Fair Housing Trends Report, the National Fair Housing Alliance (NFHA) states that discrimination based on national origin is largely underreported, specifically by Hispanics, Asian-Americans, and Native Americans. This is due, they state, to "language barriers and other cultural issues which could include immigration status, hesitancy to challenge authority, and a general lack of faith in the justice system."²⁰

It is possible that the length of time necessary to reach complaint resolution also may deter complainants, as pointed out in the U.S. General Accounting Office's (GAO) 2004 report, titled "Fair Housing: Opportunities to Improve HUD's Oversight and Management of the Enforcement Process." The GAO report found that, although the process had improved in recent years, between 1996 and 2003 the median number of days required to complete fair housing complaint investigations was 259 days for HUD's Fair Housing and Equal Opportunity Offices and 195 days for FHAP agencies. The report did find a higher percentage of investigations completed within the Fair Housing Act's 100-day mandate.²¹

The GAO report also identified the following trends between 1996 and 2003:

- The number of fair housing complaints filed each year showed a steady increase since 1998. An increasing proportion of complaints alleged discrimination based on disability, and a declining proportion of complaints alleged discrimination based on race. Race was still the most cited basis of housing discrimination over the period.

¹⁹ *How Much Do We Know?*, United States Department of Housing and Urban Development, Office of Policy Development and Research, 2002. Document available at <http://www.huduser.org/Publications>.

²⁰ *2004 Fair Housing Trends Report*, National Fair Housing Alliance, Pg. 8. Available at www.nationalfairhousing.org.

²¹ *Fair Housing: Opportunities to Improve HUD's Oversight and Management of the Enforcement Process*, United States General Accounting Office, Report to Congressional Requesters, April 2004.

- FHAP agencies conducted more fair housing investigations than FHEO agencies over the period. The total number of investigations completed each year increased somewhat after declining in 1997 and 1998.
- Investigation outcomes changed over the period, with an increasing percentage closed without a finding of reasonable cause to believe discrimination occurred. A declining percentage of investigations were resolved by the parties themselves or with help from FHEO or FHAP agencies.

In January of 2005, the Center for Community Capitalism at The University of North Carolina at Chapel Hill (UNC) reported that predatory loan terms increase the risk of mortgage foreclosure in subprime home loans. The study examined recent home mortgages while holding terms the same such as credit scores, loan terms, and varying economic conditions. Conditions in the home mortgage industry have led to predatory lending practices in the home mortgage industry. Previous studies have found a correlation between subprime lending and foreclosures. This study specifically demonstrates that prepayment penalties and balloon payments lead to additional home losses.²² For example, in the prime lending market only 2 percent of home loans carry prepayment penalties of any length. Conversely, up to 80 percent of all subprime mortgages carry a prepayment penalty, a fee for paying off a loan early. An abusive prepayment penalty extends more than 3 years and/or costs more than six months' interest.²³

The article further explains that, according to Fannie Mae, 51 percent of refinance mortgages are in predominantly African-American neighborhoods compared to only 9 percent of refinances in predominantly Caucasian neighborhoods. Thus, targeting minorities seems to be an abusive practice in the lending industry. The study also found that consumers appear to be unaware of avoiding "mandatory arbitration." This clause in home mortgage contracts prevents consumers from seeking remedies in court when they find that their home is threatened by illegal and abusive terms.

Increases in foreclosures and evictions are extremely costly to both individual consumers and neighborhoods. Those who are experiencing a severe cost burden are only one step away from being at risk of homelessness. With one financial setback, such as an auto accident, a medical emergency, or a job layoff, homeowners are not able to conduct normal and periodic maintenance on their homes, thereby contributing to a blighting influence. Similarly, increased foreclosures lead to blight in neighborhoods. An increase in education and outreach regarding typical fees charged and consumers' rights in the home mortgage market would help prevent Northern Shenandoah Valley residents from becoming victims of predatory lending practices.

In May of 2005, HUD published "Discrimination Against Persons with Disabilities: Barriers at Every Step." The study documented findings about housing discrimination toward persons with disabilities, in particular persons with hearing and communication disabilities

²² <http://www.kenan-flagler.unc.edu/assets/documents/foreclosurerelease.pdf>

²³ <http://www.responsiblelending.org/pdfs/2b003-mortgage2005.pdf>

and physically disabled persons in wheelchairs, using paired tests in the Chicago Metropolitan Area. The report indicated that testers with hearing and communication disabilities “experienced consistently adverse treatment relative to their hearing [counterparts] in almost half of all tests.” Testers with physical disabilities were shown to have “experienced consistently adverse treatment relative to their nondisabled [counterparts] in 32.3 percent of all tests.”²⁴

In February of 2006, HUD released a follow-up study called “Do We Know More Now?” One aim of the study was to determine whether a nationwide media campaign had proven effective in increasing the public’s awareness of housing discrimination, and its desire to report such discrimination. Unfortunately, the study found that public knowledge of most discriminatory situations had not improved between 2000 and 2005. As before, just half of the public knew the law with respect to six or more illegal housing activities. In the 2006 report, 17 percent of the study’s adult participants claimed to have experienced discrimination when seeking housing; however, after reviewing descriptions of the perceived discrimination, it was determined that about eight percent of the situations might be covered by the Fair Housing Act. Again, few individuals who felt they had been discriminated against filed a fair housing complaint, again indicating that they felt it “wasn’t worth it” or that it “wouldn’t have helped.”²⁵

SUMMARY

While the Northern Shenandoah Valley has selected legal aid offices, these services are somewhat limited and cannot serve the entire population in terms of fair housing. Furthermore, the Region does not have any Fair Housing Initiatives Program recipients.

While HUD has the capacity to serve the fair housing community in the Northern Shenandoah Valley through either its Richmond or Philadelphia offices, little is provided. Further, while the State of Virginia has several consumer and civil rights agencies at work for its citizens, such as the Virginia Office of Consumer Affairs or the Human Rights Council, only the Virginia Fair Housing Office has been charged with outreach, education, and enforcement responsibilities in the Northern Shenandoah Valley. In addition, the VFHO, as the State’s designated substantially equivalent agency, is responsible for processing and pursuit of fair housing complaints and violations of state and federal fair housing law.

²⁴ *Discrimination Against Persons with Disabilities: Barriers at Every Step*, United States Department of Housing and Urban Development, May 2005. Document available at <http://www.huduser.org/Publications>.

²⁵ *Do We Know More Now?*, United States Department of Housing and Urban Development, Office of Policy Development and Research, 2006. Document available at <http://www.huduser.org/Publications>.

SECTION IV. EVALUATION OF THE FAIR HOUSING PROFILE

The following narratives present several perspectives about the status of the fair housing system in the Northern Shenandoah Valley, including a complaint and compliance review of the process of lodging housing complaints and fair housing complaint data arising from the complaint system. It also includes the 2007 Fair Housing Survey, a series of telephone interviews with a variety of community-based organizations and stakeholders throughout the Region. This allowed information to be collected on perceptions of both public and private policies, practices, and procedures affecting housing choice, as well as progress that may have been attained in fair housing. Furthermore, Home Mortgage Disclosure Act information is presented, providing insight into the operation of mortgage lending markets in the Northern Shenandoah Valley.

COMPLAINT AND COMPLIANCE REVIEW PROCESS

HUD HOUSING COMPLAINT PROCESS

Individuals who believe they have been discriminated against in a Virginia housing transaction may file a complaint with the HUD enforcement division in Philadelphia.

Philadelphia Regional Office of FHEO
U.S. Department of Housing and Urban Development
The Wanamaker Building
100 Penn Square East, 12th Floor
Philadelphia, Pennsylvania 19107-3380
(215) 861-7646
1-888-799-2085

Individuals can find additional information about Fair Housing and how to file a complaint from the Fair Housing and Equal Opportunity Internet site, located at:

<http://www.hud.gov/offices/fheo/index.cfm>

HUD Intake Interviews

The first step in filing a complaint with HUD is to submit a Housing Discrimination Complaint form pertaining to the alleged fair housing violation. Housing Discrimination Complaint forms, entitled HUD-903, are available on the Internet at:

<http://www.hud.gov/utilities/intercept.cfm?/offices/adm/hudclips/forms/files/903-1.pdf>

HUD may also be reached by calling the Fair Housing Complaint Hotline at 800-669-9777, or by writing to the following address:

Office of Fair Housing and Equal Opportunity
Department of Housing and Urban Development
Room 5204
451 Seventh St. SW
Washington, DC 20410-2000

After receiving the complaint, HUD notifies the alleged violator of the complaint, and that person must submit a response. HUD will investigate the complaint and determine whether reasonable cause exists to believe that the Fair Housing Act has been violated.

If reasonable cause has been determined, HUD will try to reach a conciliation agreement with the respondent. If an agreement is reached, HUD will take no further action on the complaint. If HUD finds reasonable cause to believe the discrimination occurred, and no conciliation is reached, the case will be heard in an administrative hearing within 120 days. The case may be handled by the Department of Justice (DOJ) and heard in U.S. District Court if one of the parties so desires.

In the administrative hearing, HUD lawyers will litigate that case for the complainant before an Administrative Law Judge (ALJ). If the ALJ decides that discrimination occurred, the respondent can be ordered:

- To compensate for actual damages, including humiliation, pain, and suffering.
- To provide injunctive or other equitable relief, for example, to make housing available.
- To pay the federal government a civil penalty to vindicate the public interest. The maximum penalties an ALJ may impose under Sec. 812 (g) (3) (A-C) of 42 U.S.C. 3612 are:
 - Up to \$11,000 for the first offense;
 - Up to \$27,500 for the second offense during a 5-year period; and
 - Up to \$55,000 for the third or more offenses during a 7-year period.
- The maximum penalties a U.S. District Court Judge may impose under Sec. 814 (d) (1) (C) (i-ii) of 42 U.S.C. 3614 are:
 - Up to \$55,000 for the first offense; and
 - Up to \$110,000 for subsequent offenses.
- To pay reasonable attorney's fees and costs.²⁶

VIRGINIA FAIR HOUSING OFFICE HOUSING COMPLAINT PROCESS

Individuals who believe they have been discriminated against in a Virginia housing transaction may also file a complaint with the Virginia Fair Housing Office. The mailing address for the Virginia Fair Housing Office is:

Virginia Fair Housing Office
3600 West Broad St., 5th floor, Room 554

²⁶ Source: <http://www.usdoj.gov/crt/housing/title8.htm>

Richmond, VA 23230
 (804) 367-8530
 Toll free (888) 551-3247
 TDD (804) 367-9753
 Or send an email to: fairhousing@dpor.virginia.gov

Individuals may also print a copy of HUD's Form 903 or the Virginia Real Estate Housing Discrimination Complaint Form from the internet address:

<http://www.fairhousing.vipnet.org/fileacomplaint.htm>

Contacting the VFHO in one of these fashions is the first step toward pursuing a housing discrimination complaint with the Office.

HOUSING COMPLAINTS FILED WITH HUD

The Department of Housing and Urban Development (HUD) maintains records of all complaints filed with the agency, either filed directly or those that are prospective violations of federal law that are dually filed by the Virginia Fair Housing Office.

Upon formal request, records of the housing discrimination complaints were made available by HUD. These records were examined over federal fiscal years 2001 through 2006, as illustrated in Table IV.1, below.

TABLE IV.1
HUD FAIR HOUSING COMPLAINT DATA BY BASIS
FEDERAL FISCAL YEARS 2001 - 2006

Basis	2001	2002	2003	2004	2005	2006	Total
Race							0
Disability	1		1		1	1	4
Familial Status						1	1
National Origin						2	2
Sex						1	1
Total	1	0	1	0	1	5	8

Over the six-year period, just eight complaints were received. The basis of the complaints, or protected class upon which the complaints were based, may be one or more per complaint. Still, the eight complaints were directed to just eight protected classes. Interestingly, while nationally race is a frequent basis for prospective violations of fair housing law, none have appeared in the HUD complaint database over the six-year period. Furthermore, five of the eight appeared in 2006 and four of these pertained to disability. As well, both 2002 and 2004 saw no complaint activity at all. While this may imply that there are few, if any, violations of fair housing law, it could also be true that access to the housing complaint system may be constrained.

After investigation into the alleged violation of fair housing law, it may be determined that there was no cause for the discrimination complaint, some form of conciliation or settlement might occur, the complaint may be withdrawn by the complainant, or the

complaint process may still be open. Table IV.2, below, presents the outcome of these HUD complaints. Of the eight complaints, three were found to be without cause and just two were found to be valid and some form of settlement was reached, with two remaining open. This level of complaint activity, particularly that which results in enhancing the fair housing experience of housing consumers, is very thin.

**TABLE IV.2
OUTCOME OF HUD COMPLAINTS
FEDERAL FISCAL YEARS 2001 - 2006**

Outcome	Complaints
No Cause Determination	3
Conciliation/settlement successful	2
Complaint withdrawn by complainant after resolution	1
Open	2
Total	8
Settlement reached only with disability	
Sex and disability open as of Sept 30, 2006	

Similar to the notion that more than one basis could potentially result in a single complaint, one or more alleged discriminatory actions that occurred in the marketplace may be associated with a single fair housing complaint. Table IV.3, below, presents the discriminatory actions, or issues, that resulted in the alleged violations of fair housing law for one or more of the protected classes.

**TABLE IV.3
ISSUES ASSOCIATED WITH HUD COMPLAINTS
FEDERAL FISCAL YEARS 2001 - 2006**

Issue	Instances
Discrimination in terms/conditions related to rental	4
Failure to make reasonable accommodation	3
Discriminatory refusal to rent	2
Discriminatory refusal to rent and negotiate for rental	1
Discriminatory financing	1
Discriminatory terms, conditions, privileges	1
Total	12

Issues that tend to be somewhat more frequent are discrimination in terms/conditions related to rental and refusal to rent. Also somewhat frequent, given the low number of complaints, is the failure to make reasonable accommodation. Consequently, of all these concerns, the rental markets tend to have the vast majority of complaint activity.

The geographic distribution of the HUD housing complaints indicates that Clarke County had one complaint over the past six years, and Page County had none, as noted in Table IV.4, at right. Warren County had three. This iterates a theme noted above; even though there are very few housing complaints in the Northern Shenandoah Valley, it cannot be directly concluded that there is no need to be concerned about fair housing and affirmatively furthering fair housing.

**TABLE IV.4
LOCATION OF HUD COMPLAINTS
FEDERAL FISCAL YEARS 2001 - 2006**

Location	Complaints
Clarke	1
Frederick, including Winchester	2
Page	0
Shenandoah	2
Warren	3
Total	8
Complaints settled in Linden and Strasburg	
Complaints open in Front Royal and Winchester	

HOUSING COMPLAINTS FILED WITH VIRGINIA FAIR HOUSING OFFICE

The Virginia Fair Housing Office also maintains records of all complaints filed with the agency. Upon request, records of the housing discrimination complaints were made available by the agency. The VFHO was able to provide these records over a much larger time period, slightly over ten years, from state fiscal year July 1, 1996 through February 6, 2006, as illustrated in Table IV.5, on the following page.

TABLE IV.5
VIRGINIA FAIR HOUSING OFFICE – FAIR HOUSING COMPLAINT DATA
JULY 1, 1996 – FEBRUARY 6, 2006

Basis	Winchester	Clarke	Frederick	Page	Shenandoah	Warren	Total
Disability		1	2		1	2	6
Race	1	1	1	1		2	6
Familial					2		2
Sex	2						2
Elderliness			1				1
Religion	1						1
Total	4	2	4	1	3	4	18

However, similar to the HUD data, there is scant housing complaint data over the 10-year period, with an average of less than 2 complaints filed per year, and summing to 18 over the 10-year period. Considering that the agency is substantially equivalent and that all alleged violations of federal fair housing law should be dually filed with the VFHO and HUD, there are interesting differences in the two housing complaint data sources. While there were zero bases of complaints associated with race in the HUD data, there are six in the VFHO data, tied with disability.

One can reasonably believe that this housing complaint system is not well understood nor well utilized in the Northern Shenandoah Valley.

SUITS FILED BY THE DEPARTMENT OF JUSTICE

Under the Fair Housing Act, the Department of Justice (DOJ) may bring lawsuits in the following instances:

- Where there is reason to believe that a person or entity is engaged in what is termed a “pattern or practice” of discrimination, or where a denial of rights to a group of people raises an issue of general public importance;
- Where force or threat of force is used to deny or interfere with fair housing rights, the DOJ may institute criminal proceedings; and,
- Where people who believe that they have been victims of an illegal housing practice file a complaint with HUD, or file their own lawsuit in federal or state court. The DOJ brings suits on behalf of individuals based on referrals from HUD.

If a complainant chooses to resolve a complaint in federal court rather than through an Administrative Law Judge with HUD or the VFHO, the U.S. Department of Justice (DOJ) files the case. DOJ records do not list any cases in the Northern Shenandoah Valley within the last five or six years.

However, in September 2005, the DOJ announced a settlement of *United States v. Edward Rose & Sons* (E.D. Mich.), a case alleging that a major housing developer and several architectural firms in Michigan, Indiana, Illinois, Ohio, Wisconsin, Virginia, and Nebraska engaged in a pattern or practice of discrimination against persons with disabilities by failing to include accessibility features required by the Fair Housing Act and the Americans with

Disabilities Act in apartment complexes. Under the agreement, the developer and architectural firms have agreed to retrofit 49 apartment complexes and pay \$1,060,000.²⁷

THE 2007 FAIR HOUSING SURVEY

Additional evaluation of the Northern Shenandoah Valley's fair housing profile was conducted by use of a scientific survey of housing experts throughout the Region. The purpose of conducting the 2007 Fair Housing Survey, a relatively more qualitative component to the analysis of impediments, was to elucidate the knowledge, opinions, and feelings stakeholders had regarding fair housing in the Northern Shenandoah Valley and the ability of housing stakeholders in the Region to understand and affirmatively further fair housing.

The City of Winchester developed a list of prospective participants for the 2007 Fair Housing Survey, and after final review of that list, about 147 individuals throughout the Region were solicited. Some 93 completed the interviews, a 63 percent response rate.

Table IV.6 enumerates the professional backgrounds or types of roles the stakeholders completing the survey have in the Region's housing sector. As noted therein, those persons who represented property management or in-need service providers comprised the largest share of survey respondents. This was followed by those who identified themselves as playing a role in homeless or emergency shelters, Realtors, and housing program managers. Respondents from both the public and non-profit sectors are included.

The initial lines of inquiry in the survey related to assessing the individuals' general perceptions of fair housing law, its usefulness, ease of use, and whether respondents had come into contact with fair housing law training in their lines of work. The responses to these questions are presented in Table IV.7, below.

TABLE IV.6
WHAT ROLE DO YOU PLAY IN THE HOUSING INDUSTRY?
2007 FAIR HOUSING SURVEY

Category	Completed
Property Manager	32
In-need Service Provider	19
Homeless Assistance/Emergency Shelters	9
Realtors	8
Housing Program Managers	8
County Planning Director/Government Administrator	5
Developer	3
Builder	3
Banker	2
HIV Service Provider	1
Building Official	1
Housing Provider	1
Community Organization	1
Total	93

TABLE IV.7
UNDERSTANDING OF FAIR HOUSING LAW
2007 FAIR HOUSING SURVEY

Question	Yes	No	Don't Know	No Answer	Total
Do they serve a useful purpose?	80	4	9	.	93
Are they difficult to work with, understand or follow?	25	50	17	1	93
Is there a specific training process to learn about fair housing laws?	42	48	3	.	93

²⁷ <http://www.usdoj.gov/crt/housing/fairhousing/whatnew.htm>

In regard to whether fair housing laws served a useful purpose, some 86 percent responded affirmatively; however, four said no and another nine were unsure or didn't know how to respond to the question.

Respondents also expressed an opinion on fair housing laws and whether they have difficulty understanding or following these laws. Some 50 respondents indicated that fair housing laws were not difficult to understand or follow. However, some 27 percent of the respondents revealed that they lacked a good understanding of the fair housing laws. Another 17 simply didn't know. This is of concern, as some 45 percent of the Region's housing experts seem to have some reluctance to express a good understanding of fair housing and fair housing law. Consequently, affirmatively furthering fair housing might be more difficult to attain, given this lack of understanding.

Respondents also revealed whether or not there was a fair housing training process offered through their work or professional affiliation. Fifty-two percent of the respondents indicated that no specific training process was available to them. It appears that the lack of access to a formal fair housing educational process may also impair the ability to affirmatively further fair housing within the stakeholder community.

Respondents were also asked to express their knowledge of those groups considered to be protected classes under the fair housing laws. One or more answers could be offered, with the eight protected classes of race, color, religion, sex, disability, national origin, familial status, and elderliness the correct classes.

Twenty-nine of the respondents noted race, 28 noted disability, 16 said familial status, and 14 indicated gender, as noted in Table IV.8, at right. It is of some concern that so few protected classes were cited correctly, that 17 indicated low income where income is not protected, and that 17 of the housing experts could not cite one protected class. These data further highlight the lack of fair housing knowledge. It is difficult to understand fair housing law without also understanding who is protected under the law and what actions are prohibited.

TABLE IV.8
WHO IS PROTECTED BY FAIR HOUSING LAW?
2007 FAIR HOUSING SURVEY

Category	Responses
Race	29
Color	7
Religion	7
National Origin	3
Gender	14
Family Status	16
Disability	28
Age	12
Elderly	7
Minority Groups	22
Other	
Everyone	26
Low Income	17
Don't Know	15
Other	10

Another of the questions in the interviews asked each respondent what they might say if a housing consumer came to them and expressed the notion that they had been a victim of an unfair housing practice. The responses to this question are telling, as noted in Table IV.9.

TABLE IV.9
WHERE WOULD YOU REFER
A VICTIM OF FAIR HOUSING DISCRIMINATION?
2007 FAIR HOUSING SURVEY

Agency/Organization	Responses
Attorney/Legal Counsel	30
City, County, State Fair Housing Office	25
Government Agency/Community Development/Commission	22
Don't Know	16
Other	14
Social Services/Welfare	3
Total	110

Very few people selected the correct route, which would actually be the Virginia Fair Housing Office; most simply suggested that people should find a lawyer. Others referred to the City or county government. Some, tabulated under the “other” category, expressed a desire to investigate and make a decision of discrimination on their own. This set of responses indicates that the current referral responses may not be correct, or appropriate. Furthermore, it appears questionable that any consistent referral system is in place. This indicates a constraint on access to the fair housing complaint system.

The next sequence of survey questions pertained to concerns or reservations about fair housing in the Region, if there are specific areas with substantive problems, if respondents know of specific instances, and whether they saw specific barriers or constraints to affirmatively furthering fair housing, including city, county, or state policies that adversely affect affirmatively furthering fair housing. In general, about half of the respondents expressed concerns, and about one third cited some specific geographic areas with problems, specific instances, barriers, or policies that get in the way of affirmatively furthering fair housing, as noted in Table IV.10, below.

TABLE IV.10
CONCERNS, ISSUES, AND POLICIES AFFECTING FAIR HOUSING
2007 FAIR HOUSING SURVEY

Question	Yes	No	Don't Know	No Answer	Total
Do you have concerns or reservations about fair housing laws?	47	43	3	.	93
Are there geographic areas that have fair housing problems?	35	41	13	4	93
Specific instances involving unfair housing or housing discrimination	33	57	3	.	93
Barriers or constraints to affirmatively further fair housing	38	43	8	4	93
City, county, state policies adversely affecting furthering fair housing	30	41	22	.	93

It is, however, important to inspect more closely the underlying reasons for these concerns and issues, and the implications of these perceptions and feelings expressed by the Region’s stakeholders and housing experts.

For those persons who expressed concerns or reservations, about half of all respondents, Table IV.11 enumerates the types of concerns expressed. One or more concerns could be expressed. Interestingly, the most frequent general category pertained to housing affordability and availability, with 25 cited for the former and 7 for the latter situation. Adequate

planning for the provision of available and affordable housing is certainly a valid concern, especially in terms of whether the marketplace is operating equitably. However, while it may appear “unfair” that insufficient quantities of such housing is available, clearly distinguishing between affirmatively furthering fair housing and the provision of affordable and available housing needs to be instilled in the regional community. Nevertheless, a number of respondents did cite fair housing considerations as particular concerns, chiefly the lack of sufficient levels of fair housing outreach and education. Others more directly cited discriminatory actions directed to specific protected classes, such as the disabled, Hispanics, or other racially motivated issues. Hence, these responses underscore a lack of understanding, or agreement, on the concept of what is fair housing. This lack of understanding represents a barrier to affirmatively furthering fair housing.

About one third of the respondents stated that they were aware of specific instances involving unfair housing or housing discrimination. Table IV.12 depicts these specific instances from the respondents. Here, instances were cited as to abuse of landlord/tenant relationships and landlord/tenant law. It is important to note that this was also a

concern expressed in Table IV.11. Here, there appears to be some confusion between landlord/tenant law and fair housing law. Generally speaking, the specific instances were explained as landlords unwilling to repair property after being notified of a needed repair, or that tenants were afraid to approach the landlord for a repair due to fear of reprisal. Enhancing understanding of the rights of both tenants and the obligations of landlords may aid communication between these two camps. Still, most of the other specific discriminatory instances cited were most certainly pertinent to fair housing. It is again surprising that so few housing complaints exist, given that about one third of the housing experts acknowledge that there are problems.

TABLE IV.11
EXPRESSED FAIR HOUSING CONCERNS
2007 FAIR HOUSING SURVEY

Expressed Concerns or Reservations	Responses
Housing affordability	25
Lack of fair housing outreach and education, etc.	10
Housing availability	7
Hispanic discrimination	7
Landlords taking advantage of people	6
Housing accessibility	5
Housing conditions	3
Racial discrimination	2
All other expressed concerns	8

TABLE IV.12
SPECIFIC DISCRIMINATORY INSTANCES
2007 FAIR HOUSING SURVEY

Expressed Discriminatory Instance	Responses
Abuse of landlord/tenant law	7
Racial discrimination	6
National origin	5
Familial status	5
Discriminatory advertising	2
Discrimination against disabled	2
Other	1

Just over 40 percent of the survey participants, when asked to provide their views of barriers or constraints to affirmatively furthering fair housing in the Northern Shenandoah Valley, indicated that there are barriers and constraints. They were then asked to further explore these issues. Again, respondents could cite one or more barriers or constraints. The most frequently cited issue was the acknowledgement that the community has not been receiving sufficient fair housing education or other fair housing activities. However, equally of concern was again the housing affordability issue. As noted above, these concerns pertaining to affordability and availability are certainly valid housing planning issues. However, disentangling these concerns from the notion of affirmatively furthering fair housing is an important task, as is clarifying landlord/tenant law, as noted again in Table IV.13.

**TABLE IV.13
BARRIERS AND CONSTRAINTS TO FAIR HOUSING
2007 FAIR HOUSING SURVEY**

Expressed Concerns or Reservations	Responses
Lack of fair housing education and testing	14
Housing affordability	14
Housing availability	7
Abuse of landlord/tenant law	6
Language and culture	3
NIMBYism	3
Local zoning	2
All other	7

Another question in the 2007 Fair Housing Survey directly addressed the respondents' perception of the adequacy of the current level of outreach and education. The question was posed with simple response options: too much, too little, just right, or don't know. It is important to note that nearly one third of the respondents indicated that they were completely unaware of any outreach and education at this time; they were therefore unable to gauge whether current levels were too much or too little. Still, none expressed the notion that there was too much and almost 45 percent said too little, as noted in Table IV.14, below. This indicates that there is local support for additional outreach and educational services.

**TABLE IV.14
NEED FOR EDUCATION AND OUTREACH
2007 FAIR HOUSING SURVEY**

Degree of Need	Responses
Too Much	.
Too Little	41
Just Right	22
Don't Know	30
Total	93

The 2007 Fair Housing Survey respondents were also asked whether they felt that a more formalized process for fair housing planning was needed in the Northern Shenandoah Valley. As noted in Table IV.15, below, some 65 percent of the surveyed housing stakeholders responded that such a process would be desirable, certainly more so than creating additional fair housing laws at this time.

**TABLE IV.15
NEED FOR FAIR HOUSING PLAN
2007 FAIR HOUSING SURVEY**

Needs for Fair Housing Planning	Yes	No	Don't Know	Total
Need for creating a Northern Shenandoah Valley Fair Housing Plan	60	22	11	93
Northern Shenandoah Valley needs to strengthen its fair housing law	16	42	35	93

MORTGAGE LENDING IN THE NORTHERN SHENANDOAH VALLEY

THE PROVISION OF FINANCIAL ASSISTANCE FOR HOMEOWNERSHIP

Since the 1970s, the federal government has enacted several laws aimed at promoting fair lending practices in the banking and financial services industries. Although the record is improving, discriminatory practices have not been entirely eliminated; education remains an important part of promoting fair treatment in lending. A brief description of selected federal laws aimed at promoting fair lending is presented below.

The 1968 **Fair Housing Act** prohibits discrimination in housing based on race, color, religion, or national origin. Under the FHA, it is illegal to discriminate against any of the protected classes in residential real estate transactions that include making loans to buy, build or repair a dwelling; selling, brokering or appraising residential real estate; or selling or renting a dwelling.

The **Equal Credit Opportunity Act (ECOA)** was passed in 1974 to prohibit discrimination in lending based on race, color, religion, national origin, sex, marital status, age, receipt of public assistance, or the exercise of any right under the Consumer Credit Protection Act.²⁸

The **Community Reinvestment Act (CRA)** was enacted in 1977 to require each federal financial supervisory agency to encourage financial institutions to help meet the credit needs of their entire community—including low- and moderate-income neighborhoods within those communities. New regulations went into effect at the beginning of 1996.

The **Americans with Disabilities Act (ADA)** of 1990 bans discrimination against people with disabilities in the provision of goods and services, including credit services.

Furthermore, HUD works with the lending industry to promote “**Fair Lending-Best Practices Agreements.**” The agreements represent voluntary efforts to improve individual banks’ performance in providing homeownership opportunities to minorities and low-income persons by eliminating discriminatory barriers.

Congress enacted the **Home Mortgage Disclosure Act (HMDA)** in 1975 and amended the act from 1988 through 1991. Under the act, financial institutions are required to report several characteristics of mortgage applicants and borrowers by Census Tract. Examination of HMDA data can reveal if loans are denied at higher rates for certain races or in certain areas.

²⁸ *Closing the Gap: A Guide to Equal Opportunity Lending*, The Federal Reserve Bank of Boston, April 1993.

HOME MORTGAGE DISCLOSURE ACT DATA ANALYSIS

The Home Mortgage Disclosure Act requires both depository and non-depository lenders to collect and publicly disclose information about housing-related loans and applications for such loans. Under the act, financial institutions are required to report the race, sex, loan amount, and income of mortgage applicants and borrowers by Census Tract. The data is considered “raw”, in that there are data entry errors occasionally evident as well as incomplete loan applications included in the data. Reporting institutions must meet a set of criteria for being required to report. For depository institutions these are:

1. The institution must be a bank, credit union, or savings association;
2. The total assets must exceed the coverage threshold;²⁹
3. The institution must have had a home or branch office in an MSA;
4. The institution must have originated at least one home purchase loan or refinancing of a home purchase loan secured by a first lien on a one-to-four-family dwelling;
5. The institution must be federally insured or regulated; and,
6. The mortgage loan must have been insured, guaranteed, or supplemented by a federal agency or intended for sale to Fannie Mae or Freddie Mac.

For other institutions, including non-depository institutions, the reporting criteria are:

1. The institution must be a for-profit organization;
2. The institution’s home purchase loan originations must equal or exceed 10 percent of the institution’s total loan originations, or more than \$25 million;
3. The institution must have had a home or branch office in an MSA or have received applications for, originated, or purchased five or more home purchase loans, home improvement loans, or refinancing mortgages on property located in an MSA in the preceding calendar year; and,
4. The institution must have assets exceeding \$10 million or have originated 100 or more home purchases in the preceding calendar year.

Hence, most mortgage lending activity is included in the HMDA data and this information represents the most comprehensive collection of information regarding home loan applications available. HMDA data for the Northern Shenandoah Valley was collected and analyzed for the years 2000 through 2005.

Table IV.16 offers the total number of home loan applications annually for home purchases, home improvements, refinancing activity, and multi-family dwellings seen in the HMDA database. Over this six-year period, some 146,501 loan applications were processed by financial institutions in the Region. However, some 49,494 were specifically for home purchases.

²⁹ Each December the Federal Reserve announces the threshold for the following year. The asset threshold may change from year to year, based on changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers.

TABLE IV.16
HOME MORTGAGE DISCLOSURE ACT DATA
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Year	Home Purchase	Home Improvement	Refinance	Multi-family	Missing Loan Purpose	Total Loan Applications
2000	5,355	1,348	4,190	13	.	10,906
2001	5,890	1,110	9,779	12	.	16,791
2002	6,716	1,278	13,417	11	.	21,422
2003	7,866	1,243	22,333	20	1	31,463
2004	10,793	2,270	17,248	.	.	30,311
2005	12,874	3,082	19,652	.	.	35,608
Total	49,494	10,331	86,619	56	1	146,501

As seen in Table IV.17, of the 49,494 home loan applications, about 88 percent, or nearly 43,415, were for owner occupied homes. Interestingly, the number of owner occupied loan applications was highest in 2005, at some 10,918. This was a 121 percent increase over the 2000 through 2005 period. These are the applications which are to be inspected.

Table IV.18, below, segments these owner occupied loans between conventional lenders and those handled through FHA, VA, and rural or farm service agencies. Some 84 percent of the loans were handled by conventional lenders, with these lenders handling some 96 percent in 2005. The share of FHA and VA loan applications have declined substantively.

TABLE IV.17
HOME MORTGAGE DISCLOSURE ACT DATA
HOME PURCHASE LOAN APPLICATIONS
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Year	Owner Occupied	Not Owner Occupied	Not Available	Total Loan Applications
2000	4,933	351	71	5,355
2001	5,354	462	74	5,890
2002	6,055	554	107	6,716
2003	6,837	867	162	7,866
2004	9,318	1,335	140	10,793
2005	10,918	1,787	169	12,874
Total	43,415	5,356	723	49,494

TABLE IV.18
HOME MORTGAGE DISCLOSURE ACT DATA
OWNER OCCUPIED HOME LOAN APPLICATIONS
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Year	Conventional	FHA Insured	VA Guaranteed	Rural Housing or Farm Service	Total
2000	3,546	1,005	328	54	4,933
2001	3,867	1,091	335	61	5,354
2002	4,701	940	325	89	6,055
2003	5,523	844	295	175	6,837
2004	8,451	527	225	115	9,318
2005	10,474	270	145	29	10,918
Total	36,562	4,677	1,653	523	43,415

Financing institutions can take one of several actions pertaining to the mortgage loan application. "Originated" indicates that the loan was made by the lending institution. "Approved but not accepted" represents loans approved by the lender, but not accepted by the applicant. This generally occurs if better terms are found at another lending institution. "Application denied by financial institution" defines a situation where the loan application failed. "Application withdrawn by applicant" means that the applicant closed the application process. "File closed for incompleteness" means that the loan application process was closed by the institution due to incomplete information. "Loan purchased by the institution" indicates that the previously originated loan was purchased on the

secondary market. The focus of this discussion represents just those loans either originated or denied. Table IV.19 offers the disposition of the owner occupied loan applications.

TABLE IV.19
HOME MORTGAGE DISCLOSURE ACT DATA
LOAN ACTION TAKEN ON OWNER OCCUPIED HOME LOAN APPLICATIONS
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Year	Loan Originated	Approved but Not Accepted	Loan Denied	Withdrawn by Applicant	Closed for Incompleteness	Loan Purchased by the Institution	Preapproval Request Denied by Institution	Total	Average Denial Rate
2000	2,970	294	671	232	38	728	.	4,933	18.4%
2001	3,416	309	552	234	33	810	.	5,354	13.9%
2002	3,658	380	575	305	57	1,080	.	6,055	13.6%
2003	3,836	378	556	371	90	1,606	.	6,837	12.7%
2004	5,146	548	791	554	143	2,136	.	9,318	13.3%
2005	5,829	556	992	676	160	2,683	22	10,918	14.5%
Total	24,855	2,465	4,137	2,372	521	9,043	22	43,415	14.3%

Over the 6-year period, the average denial rate was a low and consistent 14.3 percent. However, there is a slight difference between males and females, with males usually 3 to 3.5 percentage points less likely to face a loan denial, as seen in Table IV.20, below.

TABLE IV.20
HOME MORTGAGE DISCLOSURE ACT DATA
DENIAL RATES ON HOME LOAN APPLICATIONS: OWNER OCCUPIED HOMES BY GENDER
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Gender	2000	2001	2002	2003	2004	2005	Total
Male	13.6%	10.9%	11.0%	11.5%	12.0%	13.6%	12.2%
Female	21.3%	13.3%	16.1%	14.7%	14.9%	15.5%	15.7%
Total	18.4%	13.9%	13.6%	12.7%	13.3%	14.5%	14.3%

Table IV.21 presents denial rates by race and ethnicity.³⁰ Whites and Asians have tended to have much lower denial rates than any of the other races, with averages of 12.4 and 10.9 percent, respectively. Very few American Indian/Alaskan Natives made application in the Region, even though the percentages appear high; hence, further discussion of this group will not appear. On the other hand, sufficient numbers of blacks and Hispanics made application for mortgage loans over the period, and these groups tend to be somewhat high. In 2005, both experienced denial rates in excess of 22 percent.

TABLE IV.21
HOME MORTGAGE DISCLOSURE ACT DATA
DENIAL RATES ON HOME LOAN APPLICATIONS: OWNER OCCUPIED HOMES BY RACE
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Race	2000	2001	2002	2003	2004	2005	Total
American Indian/Alaskan Native	18.2%	16.7%	7.1%	37.5%	18.8%	20.7%	18.9%
Asian or Pacific Islander	33.3%	6.7%	11.8%	6.0%	11.4%	10.1%	10.9%
Black	24.4%	28.0%	17.8%	22.4%	11.4%	22.2%	20.2%
Hispanic race	12.2%	14.7%	15.9%	15.5%	.	.	15.1%
White	14.5%	10.9%	11.5%	11.5%	12.3%	13.4%	12.4%
Other	51.4%	11.5%	5.1%	11.5%	.	.	20.6%
Total	18.4%	13.9%	13.6%	12.7%	13.3%	14.5%	14.3%
Hispanic Ethnicity	.	.	.	.	13.4%	22.3%	19.6%

Part of the HMDA data includes information about the reason for the loan denial. Unfortunately, the financial institutions are not required to fill out this field, so there are missing data elements in this data

³⁰ Starting in 2004, HMDA discontinued reporting Hispanics as a race. Hispanics have since been categorized separately as an ethnicity and may include people of any race. Hence, there is a discontinuity in the numbers reported under the Hispanic race category.

field. Nevertheless, the category with the largest number of denials pertained to credit history, as seen in Table IV.22. Consumers are still stymied by this issue. Consequently, an enhanced understanding of the credit markets may lead to more success in loan applications by prospective housing consumers.

TABLE IV.22
HOME MORTGAGE DISCLOSURE ACT DATA
DENIED HOME LOAN APPLICATIONS: OWNER OCCUPIED HOMES BY DENIAL REASON
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Denial Reason	2000	2001	2002	2003	2004	2005	Total
Debt-to-income Ratio	67	65	75	81	126	123	537
Employment History	10	8	6	12	12	25	73
Credit History	165	133	156	144	188	226	1,012
Collateral	33	38	53	42	67	84	317
Insufficient Cash	15	7	10	16	21	14	83
Unverifiable Information	6	4	13	16	14	63	116
Credit Application Incomplete	17	19	16	44	48	68	212
Mortgage Insurance Denied	1	.	.	1	1	.	3
Other	53	32	77	74	109	170	515
Missing Reason	304	246	169	126	205	219	1,269
Total	671	552	575	556	791	992	4,137

A review of who is experiencing the greatest level of “missing denial reason” was undertaken in order to evaluate whether various races are being treated differently in the lending markets. The race with the lowest denial rate, Asians, also has the fewest share of missing reasons. Conversely, the group with the greatest share of missing reason codes tends to be Hispanics, as noted in Table IV.23, below.

TABLE IV.23
HOME MORTGAGE DISCLOSURE ACT DATA
DENIAL REASONS BY RACE: NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Denial Reason	Native American	Asian	Black	Hispanic Race	White	Other	Not Provided	Not Available	Total	Hispanic Ethnicity
Debt-to-income Ratio	2	7	17	8	441	3	56	3	537	29
Employment History	1	1	1	1	59	1	9	.	73	11
Credit History	6	15	50	21	733	4	181	2	1,012	35
Collateral	1	2	6	3	251	3	51	.	317	25
Insufficient Cash	.	.	.	1	65	.	17	.	83	5
Unverifiable Information	.	1	7	.	92	.	16	.	116	21
Credit App. Incomplete	2	6	9	2	157	.	34	2	212	23
Mortgage Ins. Denied	.	.	.	.	3	.	.	.	3	.
Other	1	5	20	3	384	1	99	2	515	51
Missing Reason	8	11	43	20	767	14	405	1	1,269	38
Total	21	48	153	59	2,952	26	868	10	4,137	238
% Missing Reason	38.1%	22.9%	28.1%	33.9%	26.0%	53.8%	46.7%	10.0%	30.7%	16.0%

The HMDA data also contains the household income of the loan applicant. Denial rates by race and ethnicity were then segmented by level of income over the six-year period. This was to determine whether, if normalized by level of income, it might be possible to address whether there were still differences between the denial rates for black and Hispanic householders. Table IV.24 presents this data. As seen therein, nearly all householders with lower incomes have high denial rates.³¹ On the other hand, for those

³¹ Those categories that indicate a 100% denial rate represent market segments with very few applicants, such as one that was denied.

two higher income categories, such as those with incomes from \$60,000 to \$75,000 or more than \$75,000, blacks and Hispanics still tend to have much higher denial rates.

TABLE IV.24
HOME MORTGAGE DISCLOSURE ACT DATA
DENIAL RATES ON HOME LOAN APPLICATIONS BY SELECTED INCOME CATEGORIES AND BY RACE
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Race	Data Missing	Less than \$15,000	\$15,000- \$30,000	\$30,000- \$45,000	\$45,000- \$60,000	\$60,000- \$75,000	More than \$75,000	Total
American Indian/Alaskan Native	.	33.3%	38.9%	23.5%	16.7%	11.1%	10.7%	18.9%
Asian or Pacific Islander	10.0%	100.0%	42.9%	14.3%	18.9%	5.4%	5.7%	10.9%
Black	13.8%	85.7%	35.3%	22.3%	25.5%	14.7%	11.8%	20.2%
Hispanic race	8.7%	50.0%	20.6%	13.9%	10.4%	25.0%	11.9%	15.1%
White	12.6%	47.6%	24.0%	15.6%	12.3%	9.3%	7.3%	12.4%
Other	44.4%	100.0%	38.9%	16.7%	5.6%	20.8%	12.5%	20.6%
Total All Lenders	15.9%	53.8%	28.4%	17.9%	14.2%	9.8%	8.3%	14.3%
Hispanic Ethnicity	12.5%	.	45.7%	24.2%	16.2%	19.2%	19.4%	19.6%

These owner occupied home loan applications have also been segmented by lender type. Lender types have been identified by their major type of lending activity: subprime, manufactured home, or "all other," herein termed prime lenders. Some lenders that are classified as prime may indeed have sub-prime or manufactured home lending products. Nevertheless, the intent is to see if there are differences in denial rates or loan amounts between these types of lenders, within discrete income groupings. Denial rates were then compared between these types of lenders in the Region.

Table IV.25, at right, presents the three types of lenders over the 6-year period. As seen at the bottom of the table, the size of the loan markets for manufactured homes has collapsed, falling from 360 applications in 2000 to 0 in 2004 and 2005. This is not a significant portion of the home loan market and will therefore not be considered further. On the other hand, subprime lending activity has expanded appreciably, jumping from 224 applications in 2000 to 1,093 in 2005. The prime lending market is still the largest, with some 5,728 loan applications occurring in 2005.

TABLE IV.25
HOME MORTGAGE DISCLOSURE ACT DATA
HOME LOAN APPLICATIONS: OWNER OCCUPIED HOMES BY LENDER TYPE
NORTHERN SHENANDOAH VALLEY: 2000 THROUGH 2005

Lender Action	2000	2001	2002	2003	2004	2005	Total
Prime Lenders							
Loan Originated	2,763	3,274	3,409	3,537	4,620	5,012	22,615
Application Denied	294	261	298	361	572	716	2,502
Denial Rate	9.6%	7.4%	8.0%	9.3%	11.0%	12.5%	10.0%
Subprime Lenders							
Loan Originated	145	95	204	266	526	817	2,053
Application Denied	79	68	147	141	219	276	930
Denial Rate	35.3%	41.7%	41.9%	34.6%	29.4%	25.3%	31.2%
Manufactured Home Lenders							
Loan Originated	62	47	45	33	.	.	187
Application Denied	298	223	130	54	.	.	705
Denial Rate	82.8%	82.6%	74.3%	62.1%	.	.	79.0%

As well, as seen above, denial rates for prime lenders are very low, an average that is at 10 percent, at the same time that subprime lenders tend to have a much higher denial rate, exceeding 31 percent over the last six years. Furthermore, the denial rates for the subprime lenders are higher for all race and ethnicity classifications.

SUMMARY

In terms of housing complaint data, neither HUD nor the Virginia Fair Housing Office have many complaints. In fact, while nearly all complaints received pertained to the rental housing markets, so few exist that the underlying issue implies a lack of knowledge of the fair housing system, a lack of access to the system, or both.

The 2007 Fair Housing Survey solicited knowledge from the housing stakeholder community throughout the Region. In general, the stakeholder community appears to lack a basic understanding of fair housing law and where to turn for fair housing guidance. The community is unable to clearly distinguish between the notion of affirmatively furthering fair housing, promoting equitable supply options, and addressing landlord/tenant disputes. However, the community acknowledges the need for enhanced outreach and education efforts, as well as a more structured process for fair housing planning.

A six-year evaluation of mortgage lending in the Region uncovered the fact that blacks and Hispanics tend to have higher denial rates than other racial groups, such as whites or Asians. Furthermore, subprime lenders tend to have significantly higher denial rates across the board. Reasons for these denials tend to relate primarily to credit history. Hence, enhancing education of prospective mortgage consumers as to the value of good credit, and the importance of making good credit choices, may help increase householders' ability to secure mortgage financing.

SECTION V. IMPEDIMENTS AND SUGGESTED ACTIONS

IMPEDIMENTS TO FAIR HOUSING CHOICE

The 2007 Analysis of Impediments to Fair Housing Choice for the City of Winchester and the Northern Shenandoah Valley uncovered several issues that can be considered to be barriers to fair housing and impediments to fair housing choice. These are as follows:

- There is a lack of understanding of state and federal fair housing law, who is protected, and the types of actions that constitute unlawful actions.
 - A lack of access to fair housing education and training contributes to this problem.
 - Fair housing law appears to be difficult to understand.
 - This includes knowledge of ADA and fair housing design and construction standards for the disabled.
 - Clearly distinguishing between affirmatively furthering fair housing, equitable housing supply planning, and landlord/tenant disputes is often lacking.
- There appears to be discrimination in the rental markets, generally in discriminatory terms and conditions, refusal to rent, and refusal to make reasonable accommodation.
- Access to the fair housing complaint system is constrained.
 - Many housing representatives and housing consumers have no idea where to turn in the event of an alleged fair housing violation.
 - While persons knowledgeable about the housing industry occasionally cite the Virginia Fair Housing Office as a key referral agency, most others provide incorrect or misleading referrals or express a desire to explore the validity of the complaint themselves, thereby inhibiting full expression by the complainant.
- There is an insufficient delivery system in place for fair housing outreach and education.
- There appears to be a lack of testing and enforcement mechanisms in place in the Region.

PROSPECTIVE ACTIONS TO CONSIDER

In so finding these impediments, the City of Winchester and the Northern Shenandoah Valley HOME Consortium should consider taking the following actions:

- Enhance outreach and education efforts:
 - Request that the Virginia Fair Housing Office bring a series of formalized training sessions to the Northern Shenandoah Valley.
 - ✓ The first should be to institute staff training so that City and Consortium staff can attain certification as Fair Housing Specialists.

- ✓ The secondary effort would be to organize additional training opportunities for other housing professionals and interested parties in the Region.
- ✓ The third outreach and education effort would be to organize training for the general public, including specific components directed to the Hispanic community and presented in Spanish.
- Distribute information more broadly so that more rental housing providers understand current fair housing laws and what constitutes discriminatory actions.
 - ✓ Create and distribute a policy statement committing the City or the HOME Consortium to affirmatively furthering fair housing.
 - ✓ Create and distribute a policy statement concerning the City's or the HOME Consortium's commitment to promoting affordable housing stock, thereby aiding understanding of this concept as different from affirmatively furthering fair housing.
 - ✓ Also include copies of the Landlord/tenant Manual, so that people can more clearly distinguish between landlord/tenant issues and fair housing.
- Assist in promoting a uniform and widespread housing complaint referral system.
- Conduct outreach to the black and Hispanic communities in regard to the following:
 - ✓ Obtaining and maintaining good credit, including making good credit choices.
 - ✓ Accessing the fair housing complaint system.
 - ✓ Addressing the prospective needs for de-concentrating housing location choice.
- More formally address fair housing planning:
 - Add an element to the Consolidated Plan, such as a chapter or section that explains the fair housing planning activities that the City or HOME Consortium will be undertaking.
 - Have this element clearly distinguish between fair housing, affordable housing opportunities, and landlord/tenant issues.
- Expand homebuyer education classes to include more information about:
 - Fair housing and affirmatively furthering fair housing.
 - Obtaining and maintaining good credit, as well as making wise credit choices.