

ANALYSIS OF IMPEDIMENTS

The purpose of this section is to review whether any impediments to fair housing exist. This section examines the housing market, mortgage lending, subprime lending, lenders, brokers, apartment owners/landlords, home insurance, persons with disabilities, large families and regulatory barriers to affordable housing.

Housing Market

Countywide, 73% of all households are homeowners, while in Lakeland only 60% are (59% in Winter Haven). The statewide average is 70%. Eleven percent of the County's housing is held for seasonal (snow bird) use, slightly above the statewide average of 8%. The County's median price for a single-family detached house is \$83,300. The median gross rent is \$501/month. Both are well below the statewide medians.

With its high retiree population and large number of mobile homes (28%), the County has a relatively affordable housing stock in comparison to surrounding regions. Both the median rent and median priced home are affordable to a household making the median income. With its lower than average housing prices and rents, Polk County is the center for affordable housing in the I-4 corridor between Tampa and Orlando.

Despite this, in 2000, one third (34%) of all renters paid over 30% of their income and 16% paid over 50% of their income in rent. Naturally, the lower the household's income the more likely they were to pay over 30% of their income for rent. Fourteen percent of all owners (mostly low-income) paid over 35% a month for housing.

In addition to federal funds, Polk County receives affordable housing funds through the State of Florida's SHIP program. Florida is one of only two states in the country to fund affordable housing. The City utilizes these funds to support a number of affordable housing programs. These include homeowner downpayment assistance, housing rehabilitation and construction of rental apartments. All these programs are conducted on a countywide basis.

Section 8 Vouchers/Public/Assisted Rental Housing

Within Polk County, the cities of Bartow, Haines City, Lakeland and Winter Haven have housing authorities with a total of 1,301 public housing units. Collectively, they and the County also oversee 1,287 Section 8 Housing Choice rental vouchers.

In addition, there are 5,872 rental units (including farmworker units) subsidized through various federal/state housing programs. Most are located in and around Lakeland or Winter Haven. Collectively, 8,460 rental units or 17% of the rental units in the County are subsidized.

All units meet minimum housing quality standards. Each authority has handicapped units and all ground floor units are handicapped accessible. Posters and housing information are displayed in locations throughout the

authority offices in such a manner that they are easily readable by a person in a wheelchair. Fair Housing laws are part of each authority's family briefing sessions and Fair Housing Information and Discrimination Complaint forms are part of each voucher holder's briefing packet. Each authority has policies and practices to assist persons with disabilities find accommodations to suit their needs.

Lenders

All of the major banks within the County participate in the County's Affordable Housing Consortium and provide first-time homebuyers programs for low-income households. The lenders routinely provide fair housing training to all their mortgage program personnel. The County/City also works closely with its lenders in its own affordable housing programs.

Branch Banks

Much like other retail facilities, the location of branch banks in an area is often driven by the amount of money flowing into a community. As a result, high income areas tend to have more branch banks than low-income areas. Low-income areas also have a higher percentage of households who do not have checking or savings accounts and deal in the cash economy.

Home Mortgages

Under the Home Mortgage Disclosure Act (HMDA), local banks are required to report on their home mortgage loan activity on a yearly basis to the Federal Reserve. This information provides important clues on whether there is any bias on discrimination in local banking practices.

The following tables look at the disposition of applicants for home purchase loans by race in 2003. As Table 1C displays there were 18,850 applications received within Polk County in 2003. Of these 12,715 or 67% were approved. A further 7% were approved but not accepted.

The following Table 2 examines the disposition of mortgage applications by income level, by type of mortgage.

Table 2A Polk County - 2003											
Disposition Of Applicants for FHA, FSA/RHS and VA Home Purchase Loans, by INCOME											
Income	Applications Received	Loans Originated		Approved But Not Accepted		Denied		Withdrawn		Closed/ Incomplete	
Less than 50% of MSA Median	330	175	53%	15	5%	72	22%	60	18%	8	2%
50% to 80% of MSA Median	1,215	899	74%	58	5%	141	12%	76	6%	41	3%
80% to 100% of MSA Median	655	521	80%	21	3%	55	8%	40	6%	18	3%
100% to 120% of MSA Median	482	377	78%	17	4%	46	10%	28	6%	14	3%
Over 120% of MSA Median	797	596	75%	32	4%	90	11%	67	8%	12	2%
Income Unavailable	73	15	21%	7	10%	23	32%	25	34%	3	4%
TOTAL:	3,552	2,583	73%	150	4%	427	12%	296	8%	96	3%

Source: Home Mortgage Disclosure Act - 2004

Table 2B Polk County - 2003											
Disposition Of Applicants for Conventional Home Purchase Loans, by INCOME											
Income	Applications Received	Loans Originated		Approved But Not Accepted		Denied		Withdrawn		Closed/ Incomplete	
Less than 50% of MSA Median	935	469	50%	90	10%	276	30%	74	8%	26	3%
50% to 80% of MSA Median	2,779	1,672	60%	246	9%	592	21%	206	7%	63	7%
80% to 100% of MSA Median	1,837	1,217	66%	150	8%	295	16%	126	7%	49	5%
100% to 120% of MSA Median	1,732	1,136	66%	139	8%	272	16%	144	8%	41	4%
Over 120% of MSA Median	6,981	4,951	71%	542	8%	824	12%	515	7%	149	16%
Income Unavailable	1,034	687	66%	53	5%	129	12%	25	2%	26	3%
TOTAL:	15,298	10,132	66%	1,220	8%	2,388	16%	1,090	7%	354	38%

Source: Home Mortgage Disclosure Act - 2004

Table 2C Polk County - 2003											
Disposition Of Applicants for Home Purchase Loans, by INCOME - TOTAL											
Income	Applications Received	Loans Originated		Approved But Not Accepted		Denied		Withdrawn		Closed/ Incomplete	
Less than 50% of MSA Median	1,265	644	51%	105	8%	348	28%	134	11%	34	3%
50% to 80% of MSA Median	3,994	2,571	64%	304	8%	733	18%	282	7%	104	3%
80% to 100% of MSA Median	2,492	1,738	70%	171	7%	350	14%	166	7%	67	3%
100% to 120% of MSA Median	2,214	1,513	68%	156	7%	318	14%	172	8%	55	2%
Over 120% of MSA Median	7,778	5,547	71%	574	7%	914	12%	582	7%	161	2%
Income Unavailable	1,107	702	63%	60	5%	152	14%	50	5%	29	3%
TOTAL:	18,850	12,715	67%	1,370	7%	2,815	15%	1,386	7%	450	2%

Source: Home Mortgage Disclosure Act - 2004

As Table 2C displays, the higher the income level of the applicant, the more likely the mortgage application will be approved. The approval rate for low-income applicants is only 51% and this rises to 71% for upper income households. This is even true for those mortgages backed by federal programs. (Table 2A)

Clearly, income is a major factor in obtaining a mortgage.

As the following table displays, much like the State and the nation, African-American and Hispanic households tend to have lower incomes than the countywide median.

Polk County Median Incomes

	All	African-American	%	Hispanic	%	Florida	US
Household	\$ 36,036	\$ 25,289	70%	\$ 31,101	86%	\$ 38,819	\$ 41,994
Family	\$ 41,442	\$ 28,045	68%	\$ 31,578	76%	\$ 46,625	\$ 50,046

Source: 2000 Census.

As this table displays, in 2000 the median income for African-American households was \$25,289, only 70% of the countywide median. African-American median family income was \$28,045, 68% of the countywide median.

In 2000, the median household income for Hispanics of \$31,101 was 86% of the countywide median, and their median family income of \$31,578 was 76% of the countywide median.

This information clearly displays that the generally lower incomes within the County, especially for minorities are a factor in obtaining home mortgages.

This is further supported by the HMDA data's examination of the reasons why households were not approved. A poor credit history was the major reason.

Subprime/Predatory Lending

The strong surge in home refinancing across the County, whether to achieve a better interest rate or remove equity for other purposes (such as paying off high-interest credit card debt or for family emergencies) has seen the rise of the subprime refinance market and the practice of predatory lending.

The subprime housing refinancing market provides loans to borrowers who do not meet the credit standards for the normal 'prime' lending market. However, HUD has documented a wave of foreclosures within this market.

Predatory lending can most easily be described as banks that seek out less-well educated homeowners, who are encouraged to refinance their homes with the intent to charge unusually higher than market interest; or even in some instances, to ultimately foreclose on the property.

In May 2002, the Center for Community Change prepared a report: *"Risk or Race? Disparities in the Subprime Refinance Market,"* that examined this issue on a national and Metropolitan Statistical Area basis.

The report found that African-Americans and Hispanics are disproportionately represented in the subprime home refinance market, regardless of income levels.

This report looked at two key issues:

1. The percentage of loans made to minorities versus White households; and
2. The geographic dispersal patterns for these loans.

Key national findings:

1. There are significant racial disparities in subprime lending. African-Americans receive three times and Hispanics 2.1 times as many subprime loans as Whites with comparable incomes.

2. Subprime loans are geographically concentrated in high minority concentration neighborhoods.

Some other causes for this discrepancy include:

- The absence of mainstream prime lenders in minority markets.
- A lack of understanding this market. Freddie Mac has estimated 10-30% of subprime borrowers could have qualified for conventional loans through “Prospector” – Freddie Mac’s automated underwriting system.
- Subprime refinancing lending tends to be ‘sold’ to customers rather than being sought by them.
- Minorities (who are often less educated) are more likely to use subprime lenders.

The following table shows Florida MSA’s overall rankings among the 331 MSA’s in America. As this table displays nine of Florida’s 20 MSAs are among the top 50 MSAs in subprime loans. Only four MSAs are below the national average.

National Ranking of Subprime Refinance Loans – by MSA			
#	Metropolitan Statistical Area	Total Refinance Loans	% Subprime Loans
Nation - 331 MSAs			25.31
6	Miami	10,701	42.67
16	Daytona Beach	3,477	38.77
22	Lakeland - Winter Haven	3,234	36.92
26	Orlando	10,275	36.18
31	Jacksonville	7,792	35.61
37	Tallahassee	1,630	34.85
44	Pensacola	2,867	33.97
48	Ocala	1,902	33.07
49	Tampa - St. Petersburg - Clearwater	17,833	33.59
51	Fort Lauderdale	8,804	33.41
53	Fort Myers - Cape Coral	3,070	33.09
70	Melbourne - Titusville - Palm Bay	2,725	31.34
85	Punta Gorda	1,122	30.04
92	Gainesville	1,002	29.44
96	Sarasota - Bradenton	3,854	29.11
112	West Palm Beach - Boca Raton	6,038	28.2
182	Naples	1,793	23.98
210	Fort Pierce - Port St. Lucie	2,211	21.85
240	Panama City	1,195	20.08
244	Fort Walton Beach	1,044	19.83

Source: "Risk or Race? Disparities in The Subprime Lending Market", Center For Community Change - 2002

The Lakeland-Winter Haven (Polk County) MSA was 22nd in the nation for subprime loans. Thirty-seven percent of the County’s home refinance loans were subprime, far above the national average of 25%.

As shown in the table below, 17 of Florida's MSAs were in the top 50 of 154 MSAs with high African-American concentrations. Only four MSAs in Florida were below the national average.

National Ranking of Subprime Refinance Loans for African-Americans – by MSA

#	Metropolitan Statistical Area	Total Refinance Loans	% Subprime Loans
Nation - 154 MSAs			49.28
4	Sarasota - Bradenton	123	67.48
8	Lakeland - Winter Haven	251	63.75
14	Pensacola	278	61.15
15	Tampa - St. Petersburg - Clearwater	1,196	60.95
21	Miami	1,819	59.26
22	Daytona Beach	206	59.22
23	Tallahassee	319	58.93
31	Jacksonville	1,057	56.76
32	Orlando	752	56.25
42	Gainesville	134	54.48
50	West Palm Beach - Boca Raton	476	53.36
78	Fort Lauderdale	1,249	48.68
90	Ocala	137	46.72
136	Fort Pierce - Port St. Lucie	121	38.84

Source: "Risk or Race? Disparities in The Subprime Lending Market", Center For Community Change - 2002

The Lakeland-Winter Haven (Polk County) MSA ranked 8th out of 153 MSAs in the percentage of subprime loans among African-American refinancing their homes. Almost two-thirds (64%) were subprime, versus the national average of 49%.

As the following table displays, in the 99 MSAs with high Hispanic concentrations, the Lakeland-Winter Haven (Polk County) MSA ranks 21st. Thirty-six percent of Hispanics had subprime refinance loans, above the 30% national rate.

National Ranking of Subprime Refinance Loans for Hispanics – by MSA

#	Metropolitan Statistical Area	Total Refinance Loans	% Subprime Loans
Nation - 99 MSAs			30.33
9	Fort Myers - Cape Coral	140	40
10	Daytona Beach	119	39.5
12	Naples	130	38.46
15	Jacksonville	104	37.5
17	Orlando	940	37.23
21	Lakeland - Winter Haven	156	35.9
25	Miami	4,484	34.95
28	Tampa - St. Petersburg - Clearwater	910	34.51
37	Fort Lauderdale	913	31.98
47	West Palm Beach - Boca Raton	351	29.63

Source: "Risk or Race? Disparities in The Subprime Lending Market", Center For Community Change - 2002

The following table displays the Lakeland-Winter Haven (Polk County) MSA ranks 128th among the MSAs with high African-American concentrations. The County's disparity ratio of 2.23 is below the national rate of 2.83.

Ranking by Disparity in the Percentage of Subprime Lending for African-Americans Compared to Whites

#	Metropolitan Statistical Area	Disparity Ratio
Nation - 154 MSAs		2.83
28	Sarasota - Bradenton	3.3
35	Gainesville	3.18
42	Tallahassee	3.06
65	Pensacola	2.85
90	Fort Pierce - Port St. Lucie	2.59
95	West Palm Beach - Boca Raton	2.51
111	Tampa - St. Petersburg - Clearwater	2.37
115	Miami	2.33
124	Melbourne - Titusville - Palm Bay	2.25
125	Orlando	2.25
128	Lakeland - Winter Haven	2.23
142	Ocala	2.03
144	Fort Lauderdale	1.99
146	Daytona Beach	1.96

Source: "Risk or Race? Disparities in The Subprime Lending Market", Center For Community Change - 2002

As the following table displays the Lakeland-Winter Haven (Polk County) MSA ranks 19th out of the 98 MSAs with high concentrations of Hispanics. The MSA's disparity ratio of 1.26 is below the national rate of 1.74.

Ranking by Disparity in the Percentage of Subprime Lending for Hispanics Compared to Whites

#	Metropolitan Statistical Area	Disparity Ratio
Nation - 98 MSAs		1.74
2	Naples	2.4
57	Fort Myers - Cape Coral	1.57
64	Jacksonville	1.52
67	Orlando	1.49
73	West Palm Beach - Boca Raton	1.39
77	Miami	1.38
83	Tampa - St. Petersburg - Clearwater	1.34
84	Fort Lauderdale	1.31
85	Daytona Beach	1.31
90	Lakeland - Winter Haven	1.26

Source: "Risk or Race? Disparities in The Subprime Lending Market", Center For Community Change - 2002

In conclusion, within Polk County a significantly high number of minority households who refinanced their homes used subprime lenders, which increased their risk of falling victim to predator lending. This issue is clearly a problem within the County.

Brokerage Services

The Polk County Association Board of Realtors (BOR) represents the County's professional real estate community. As part of the services the BOR provides to its membership is an orientation session for all new brokers/realtors. As part of this process the new members are briefed and tested on Fair Housing laws. In addition, yearly seminars and continuing education programs feature fair housing complaints.

A copy of the National Association of Realtors fair housing training brochure is included in the Appendix.

Apartment Owners

The Statewide Apartment Owners Association holds twice yearly seminars for its members at which time national experts on fair housing make training presentations.

Home Insurance

HUD has found that a number of insurance carriers have in effect 'red-lined' poorer neighborhoods, especially those whose property values are declining, or the area could be described as blighted. The nation's low-income households occupy low cost housing, which is also often aging housing with higher maintenance costs. Much of this older stock is reaching the end of its useful life, and unlike the larger, better constructed historic housing, these smaller, older units are not desirable in today's marketplace.

These obsolete areas often quickly become rental housing and over time property values decline. Areas slowly become blighted and units are abandoned, which further lowers property values. Insurance companies are naturally reluctant to provide insurance.

The insurance issue in Florida is further compounded by the state's location in a Hurricane zone, which after the huge damage claims from the recent Hurricanes prompted many major insurance companies to try to withdraw from the state or limit the number of policies.

Homeowners insurance does not appear to be an issue in the County. Vacancy rates are tight and property values are rising. There are over 100 independent insurance offices located in the County that represent all major insurance companies. It is anticipated that rates will rise as a result of the 2004 hurricane season, but it does not appear that any insurance carriers are 'red-lining' any areas of the County.

Persons with Disabilities

The County/City of Lakeland utilize the South Florida version of a national building code, which incorporates all of the requirements of the Americans with Disabilities Act (ADA). The County/City's Building and Zoning Departments are charged with enforcing these requirements.

Over half (56%) of the units in the County's housing stock are single-family units. These units are typically built at grade level, which would facilitate their conversion to handicapped-accessible. An additional 5,468 units (2%) are 50+, which are typically served by elevators.

Large Families and Families with Children

Only 3% of the County's units were found to be overcrowded (1.01 or more persons per room), half the statewide/national rate. This does not appear to be a problem. Families with children appear to be welcome in all (non-senior) neighborhoods and types of housing.

Public Policies

Relocation Policies – The County and City of Lakeland, as required by state and federal laws has long standing relocation policies in place. In addition the State of Florida has the most liberal condemnation law in the nation to ensure that any resident or business displaced by governmental action are more than amply compensated.

Both the County and City's adopted five-year Consolidated Plans did not anticipate nor propose any activities that would require relocation.

Appropriate Siting for Group Homes (single room occupancy) – In 1995, both the County and City amended their Land Development Codes to adopt locational siting criteria and to allow group homes as a conditional use in all residential areas as required by state law. The County currently has a wide-range of group homes.

Building Codes – Polk County and Lakeland utilize the Florida Building Code, which is an amended version of the Southern Building Code Congress International Building Code, the nation's standard building code. This code was adopted after Hurricane Andrew.

Regulatory Reduction – As a recipient of state housing funds under the State's Housing Initiative Partnership program (SHIP) both City and County were required to conduct a regulatory self review of its local ordinances in order to reduce the cost of providing housing. This self review was officially titled the Affordable Housing Incentive Plan (AHIP).

Barriers to Affordable Housing

In 1997, **Polk County** updated its 1993 Affordable Housing Incentive Program.

Summary:

- Sets the definition of affordable housing at 90% of median area purchase price as established by the US Treasury or a rental unit where the tenant pays no more than 30% of their income for housing. Affordable Housing Developments are those where at least 25% of the units are affordable housing.
- Expedited Permit Reviews – All affordable housing developments receive priority review and processing.

- The County’s Land Development Code was amended to allow:
 - Density bonuses for affordable housing
 - Accessory apartments, garage apartments, and guest houses in all residential districts
 - Zero lot line developments
 - Group homes with less than six beds are allowed in all residential districts as a conditional use (to avoid over-concentration).
- Maintains a list of any vacant County-owned property available for development as affordable housing.
- All new proposed regulations are reviewed (prior to adoption) by the Affordable Housing Advisory Committee for their impact on affordable housing.

In conclusion the County has conducted a rigorous regulatory review, adopted incentives and streamlined its development regulations for affordable housing.

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