

## **I. Introduction**

### **A. Regulatory Requirements for the Analysis of Impediments<sup>1</sup>**

When Congress passed the Housing and Community Development Act in 1974, the U.S. Department of Housing and Urban Development (HUD) instructed recipients of Community Development Block Grant (CDBG) funds to “affirmatively further fair housing.” This requirement flows from the mandate of Section 808(e)(5) of the Fair Housing Act which requires the Secretary of HUD to administer the department’s housing and urban development programs in a manner that affirmatively furthers fair housing. The CDBG program contains a regulatory requirement to affirmatively further fair housing based on HUD’s obligation under Section 808. The CDBG regulation also reflects the CDBG statutory requirement that grantees certify that they will affirmatively further fair housing. The department also requires Community Development grantees (those state and entitlement jurisdictions that administer the Community Planning and Development programs) to document activities affirmatively furthering fair housing in the Consolidated Annual Performance and Evaluation Reports (CAPER) that are submitted to HUD.

The extent of the Affirmatively Furthering Fair Housing (AFFH) obligation has never been defined statutorily. However, HUD defines the obligation as requiring a grantee to:

- Conduct an Analysis of Impediments to fair housing choice within the jurisdiction
- Take appropriate actions to overcome the effects of and impediments identified through the analysis
- Maintain records reflecting the analysis and action taken

HUD interprets these broad objectives to mean:

- Analyze and eliminate housing discrimination in the jurisdiction
- Promote fair housing choice for all persons
- Provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, national origin, sex, familial status, and disability
- Promote housing that is structurally accessible to and usable by all persons, particularly persons with disabilities
- Foster compliance with the non discrimination provisions of the Fair Housing Act

Legislative changes in HUD programs and subsequent HUD program regulations require grantees to certify that they will affirmatively further fair housing as part of the obligation assumed when they accept HUD program funds.

---

<sup>1</sup> Fair Housing Planning Guide, U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity.

In 1995, HUD published a rule consolidating the Comprehensive Housing Affordability Strategy, the community development plan (required for the CDBG program), and the submission and reporting requirements for the four community development grant programs (CDBG, Home Investment Partnerships, Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS) into a single plan—the Consolidated Plan.

As part of the Consolidated Plan, grantees will submit an AFFH certification that requires them to undertake Fair Housing Planning through:

- The completion of an Analysis of Impediments to fair housing choice
- Actions to reduce and/or eliminate any identified impediments
- Maintenance of AFFH records

The scope of the Analysis of Impediments is broad. It covers the full array of public and private policies, practices, and procedures affecting housing choice.

The Analysis of Impediments:

- Serves as the substantive, logical basis for fair housing planning
- Provides essential and detailed information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates
- Assists in building public support for fair housing efforts both within a state or entitlement jurisdiction's boundaries and beyond

## **B. Who Conducted**

Founded in 1956, the Fair Housing Council of Suburban Philadelphia (FHCSF) is the oldest fair housing council in the nation and serves Bucks, Chester, Delaware and Montgomery Counties in Pennsylvania. FHCSF has been serving Chester County since 1989 and is the only Qualified Fair Housing Enforcement Organization (QFHO), as designated by HUD that serves Chester County. FHCSF has earned a solid reputation and recognition for its efforts to combat discrimination and assure equal access to housing for members of protected classes as well as the homeless in a suburban region of over 2 million residents. As an essential complement to testing and enforcement, FHCSF's education programs have disseminated information to consumers, housing counselors, advocates, government employees and housing providers to promote compliance with the Fair Housing Act. FHCSF has a long, successful history of sponsoring and participating in educational workshops and forums, and developing educational materials that enable consumers to recognize housing discrimination when they encounter it, housing counselors to recognize when their clients encounter it, government employees to understand the ramifications of housing discrimination for their constituents, and housing providers to understand their responsibilities under Fair Housing law.

FHCSP received a “Simply the Best” award, for outstanding achievement in maximizing the effective use of fair housing education and outreach, from Secretary Andrew Cuomo at the HUD Best Practices and Technical Assistance Symposium 2000. In May 2003, FHCSP was one of 14 agencies in the nation selected to receive HUD’s Fair Housing “Best Practices” award for innovative fair housing programs. FHCSP was the only Mid-Atlantic agency, public or private, selected to receive this award in this field.

### **C. Methodology Used**

The format of this report was based on recommendations contained in the U.S. Department of Housing and Urban Development’s Fair Housing Planning Guide, Volume 1. As the first step in developing this Analysis of Impediments, FHCSP organized focus groups to gather information about impediments to fair housing choice in Chester County. Two of these meetings were held to gather and discuss this information. Appendix #1 contains notes of these meetings and a list of participants.

In addition, two mailings were sent. The first mailing was a survey to determine the major concerns regarding fair housing in the County. The second mailing was an invitation to attend a meeting of the findings of the Analysis of Impediments and to give opportunity for final comments and input.

Home Mortgage Disclosure Act data and year 2000 census data were analyzed by FHCSP. Both FHCSP and the Reinvestment Fund’s Philadelphia Indicators Project prepared maps of the jurisdiction.

This analysis also included other data and reports from the U.S Department of Housing and Urban Development, the Pennsylvania Human Relations Commission, the Chester County Planning Commission, the Southern Poverty Law Center, The Reinvestment Fund, the National Fair Housing Alliance, and others.

### **D. How Funded**

The Chester County Department of Community Development requested that FHCSP prepare this Analysis of Impediments. Funding for this project was made possible through a Housing Trust Program grant for 2003-2004.

### **E. Fair Housing Laws**

The Civil Rights Act of 1866 (42 U.S.C. § 1981 and 42 U.S.C. § 1982).

Provides that all citizens of the United States have equal rights in the making, performance, modification, and termination of contracts, the enjoyment of all benefits, privileges, terms, and conditions of the contractual relationship, and

equal rights to inherit, purchase, lease, sell, hold, and convey real and personal property regardless of race.

Pennsylvania Human Relations Act (1955 P.L. 744, as amended)

Prohibits discrimination in housing accommodations and commercial property based on race, color, religion, creed, age (40+), ancestry, sex, national origin, handicap, disability, or the use of guide or support animals because of blindness, deafness, or physical handicap or because the user is a handler or trainer of guide or support animals.

Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act)

*§ 3601. Declaration of policy: It is the policy of the United States to provide, within constitutional limitations, for Fair Housing throughout the United States.*

Title VIII of the Civil Rights Act of 1968, as amended, is known as the Fair Housing Act. The Fair Housing Act makes it illegal to discriminate in the sale, rental, financing, or insurance of a dwelling, or in any other type of housing related transaction on the basis of race, sex, religion, national origin, color, disability, or familial status (the presence of children under the age of 18 in the household). In addition, certain multifamily dwellings, constructed after 1991, are required to be accessible to persons with disabilities.

Several exemptions exist in the Fair Housing Act, including:

Rental of units where the building contains four or fewer units and the owner resides on the property are exempt from the Fair Housing Act when the services of real estate brokers or rental agents are not used, and the housing is not advertised in a discriminatory way (including verbal discriminatory statements).

Housing for older persons is exempt from the familial status provisions of the Fair Housing Act. To qualify for this exemption, either 100% of the units must be occupied by persons 62 years of age or older or 80% of the units must be occupied by at least one person 55 years of age or older.

Rental of single family homes are exempt when the owner owns or benefits from three or fewer single family dwellings, the services of real estate brokers or rental agents are not used, and the housing is not advertised in a discriminatory way (including verbal discriminatory statements).

Religious organizations that own and rent dwellings for non-commercial purposes to persons of the same religion are exempt, provided that membership in that religion is not restricted by race, color, or national origin.

### The Equal Credit Opportunity Act (1974)

Prohibits discrimination in credit transactions on the basis of race, color, national origin, religion, sex, age, marital status, and receipt of public assistance. The Equal Credit Opportunity Act imposes an affirmative duty on creditors to notify rejected applicants of the reasons they were denied credit. In addition, it requires every mortgage lender to furnish upon request a copy of the appraisal report.

### The Home Mortgage Disclosure Act (1975)

Requires certain lending institutions to make available to the government and general public reports showing dollar volumes and locations of residential mortgage loans and home improvement loans.

### The Community Reinvestment Act (1977)

Requires federally regulated financial institutions to affirmatively work to meet the credit needs of the local community in which they are chartered.

### The Americans with Disabilities Act (1990)

Guarantees equal opportunity for individuals with disabilities in employment, public accommodations, transportation, state and local government services, and telecommunications. Title III of the Act covers all private establishments and facilities considered “public accommodations”, including restaurants, hotels, retail establishments, doctors’ offices, and theaters.<sup>2</sup> People with disabilities must have equal opportunity to access these establishments, both in terms of physical access and in the enjoyment of services. Title II of the ADA applies to all programs, services, and entities. With respect to housing, this includes public housing and housing provided by state colleges and universities.

---

<sup>2</sup> Strictly residential facilities are not considered places of public accommodation and therefore are not subject to Title III of the ADA, nor would amenities provided for the exclusive use of residents and their guests. However, common areas that are open to persons other than residents and their guests are considered places of public accommodation. Rental and sales offices for residential housing, for example, are by their nature open to the public and must comply with the ADA requirements in addition to all applicable requirements of the Fair Housing Act.

## **II. Jurisdictional Background Data**

### **A. General County Profile<sup>3</sup>**

#### **Regional Setting**

Chester County is located west of the city of Philadelphia in the Delaware Valley Region of southeastern Pennsylvania. The Delaware Valley includes Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania and several counties in New Jersey. Chester County is bordered on the northwest by Berks County, on the west by Lancaster County, and by the states of Maryland and Delaware on the south.

Located midway between New York City and Washington, D.C., Chester County has direct access to the largest concentration of people and jobs in the nation. Reflecting this situation, Chester County continues to experience steady growth. The population in 2000 was 433,501, an increase of 57,105 people (15.2%) since 1990.

#### **History and Current Status**

Chester County was organized by William Penn in 1682 as one of the three original counties of Pennsylvania. It was named for Cheshire, England. In 1789, the present boundary of Chester was formed with the establishment of Lancaster, Berks, Montgomery, and Delaware Counties. The county seat was moved to Turk's Head, later renamed West Chester.

Early on, the predominant sector of the economy was agriculture because the soils were very fertile. Manufacturing developed in the 1700s because of the rich mineral deposits that were suitable for iron works. Today, the economy is one of the strongest and most diversified in the State. Services, especially health care and professional, scientific, and technical services, are the leading component of the economy. Retail trade has become another leading sector, responding to the increasing population and income in Chester County. Despite these newer aspects of the economy, manufacturing and agriculture continue to be important. Manufacturing has expanded to include concentrations of high tech industries. Agricultural land remains extremely productive, and agricultural preservation efforts have protected over 15,000 acres of farmland.

Chester County has a high quality of life, with an extensive system of public parks, several universities, highly regarded public schools, museums, and vast historical resources. Chester County is the wealthiest county in the State with a

---

<sup>3</sup> The following overview of Chester County was taken directly from the Chester County Pennsylvania Profile 2002, prepared by the Chester County Planning Commission.

median household income of \$65,295 (Census 2000). The median house value in 2000 was \$182,500. In 2003, the median sales price for a home was \$245,000. Approximately 90% of the adult residents are high school graduates, and more than 40% have college degrees.

## Government

Pennsylvania mandates the classification of counties according to population size. Chester County is a third class county as its population is within the 225,000 to 500,000 range. Third class counties are administered by three county commissioners elected for four-year terms. The number of terms is unlimited. One commissioner must be elected from a minority party.

The county is made up of 73 incorporated municipalities: 57 townships, 15 boroughs, and one city. An elected body, supervisors, commissioners, or councils, depending on the municipal designation, governs each of the 73 municipalities in Chester County. Each is responsible for establishing and administering municipal financial budgets and tax rates, and providing general services and road maintenance. Municipalities are responsible for land use controls, such as zoning and subdivision regulations and building permits. Public schools are overseen by elected school boards, which are separate from the municipalities.

## B. Demographic Data

(Please see [Appendix #2](#) for maps showing some of the demographic characteristics for the County.)

According to the 2000 Census, Chester County has 433,501 residents. This is a 15.17% increase from the 1990 Census. Chester County has 11.26% of the total population of the 5-county region (Bucks, Chester, Delaware, Montgomery, and Philadelphia). The total population of the 5-county region in 2000 was 3,849,647, which is a 3.24% increase from the 1990 Census.

The following tables show the populations of the 5 counties in 1990 and 2000 and the change in population for each county.

County	Total 2000	% of region
Bucks County	597,635	15.52%
Chester County	433,501	11.26%
Delaware County	550,864	14.31%
Montgomery County	750,097	19.48%
Philadelphia County	1,517,550	39.42%
5 County Region	3,849,647	100.00%

County	Total 1990	% of region
Bucks County	541,174	14.51%
Chester County	376,396	10.09%
Delaware County	547,651	14.69%
Montgomery County	678,111	18.19%
Philadelphia County	1,585,577	42.52%
5 County Region	3,728,909	100.00%

County	Total 1990	Total 2000	% Change
Bucks County	541,174	597,635	10.43%
Chester County	376,396	433,501	15.17%
Delaware County	547,651	550,864	0.59%
Montgomery County	678,111	750,097	10.62%
Philadelphia County	1,585,577	1,517,550	-4.29%
5 County Region	3,728,909	3,849,647	3.24%

The following tables show the racial makeup of the 5 counties, both in total numbers and percentages.

County	Total 2000	White alone	% White alone	Black or African American alone	% Black or African American alone	Asian alone	% Asian alone
Bucks County	597,635	552,588	92.46%	19,495	3.26%	13,627	2.28%
Chester County	433,501	386,745	89.21%	27,040	6.24%	8,468	1.95%
Delaware County	550,864	442,449	80.32%	79,981	14.52%	18,103	3.29%
Montgomery County	750,097	648,510	86.46%	55,969	7.46%	30,191	4.02%
Philadelphia County	1,517,550	683,267	45.02%	655,824	43.22%	67,654	4.46%
5 County Region	3,849,647	2,713,559	70.49%	838,309	21.78%	138,043	3.59%

County	American Indian and Alaska Native alone	% American Indian or Alaska Native alone	Native Hawaiian and Other Pacific Islander alone	% Native Hawaiian and Other Pacific Islander alone	Some other race alone	% Some other race alone	Two or more races	% Two or more races
Bucks County	765	0.13%	164	0.03%	4,932	0.83%	6,064	1.01%
Chester County	645	0.15%	140	0.03%	5,852	1.35%	4,611	1.06%
Delaware County	609	0.11%	100	0.02%	3,066	0.56%	6,556	1.19%
Montgomery County	848	0.11%	255	0.03%	5,598	0.75%	8,726	1.16%
Philadelphia County	4,073	0.27%	729	0.05%	72,429	4.77%	33,574	2.21%
5 County Region	6,940	0.18%	1,388	0.04%	91,877	2.39%	59,531	1.55%

Although Chester County has a low overall percentage of African Americans, several municipalities have a greater concentration of African American residents than the county as a whole. Municipalities with a percentage of African Americans over 10% include Avondale Borough, Caln Township, City of Coatesville, Downingtown Borough, Kennett Square Borough, Lower Oxford Township<sup>4</sup>, Modena Borough, Oxford Borough, Pocopson Township, South Coatesville Borough, Valley Township, and West Chester Borough. (See Appendix #3, Table #1 which shows the white and African American populations by municipality)

Chester County's African American population grew at a slower rate between 1990 and 2000 (12.69%) than that of the county as a whole (15.17%). Only the City of Coatesville gained a significant total number of African American residents. At the same time several older municipalities, most notably the City of Coatesville, lost white residents<sup>5</sup>. (See Appendix #3, Table 2 which shows the change in white and African American populations between 1990 and 2000 by municipality)

According to the 2000 Census, Chester County has a Hispanic or Latino<sup>6</sup> population of 3.72%.

The following table shows the Hispanic/Latino population of the 5 counties, both in total numbers and percentages.

<b>County</b>	<b>Total 2000</b>	<b>Hispanic or Latino</b>	<b>% Hispanic or Latino</b>
Bucks County	597,635	14,005	2.34%
Chester County	433,501	16,126	3.72%
Delaware County	550,864	8,368	1.52%
Montgomery County	750,097	15,300	2.04%
Philadelphia County	1,517,550	128,928	8.50%
5 County Region	3,849,647	182,727	4.75%

The concentration of Hispanic/Latino residents also varies by municipality. Municipalities with percentages of Hispanic/Latino residents greater than 10% include Avondale Borough, City of Coatesville, Kennett Square Borough, London Grove Township, Modena Borough, New Garden Township, Oxford Borough,

<sup>4</sup> The black population of Lower Oxford Township is 34.5% due to the presence of Lincoln University, a historically black college.

<sup>5</sup> Between 1990 and 2000 the census added a racial category for people of two or more races. Therefore the 2000 numbers for race do not include people who may have categorized themselves as either white or black in 1990, but as two or more races in 2000 when that option was offered.

<sup>6</sup> The U.S. Census counts Hispanic/Latino as an ethnicity rather than a racial category. Therefore, an individual can be of any race and also Hispanic/Latino.

and West Grove Borough. (See Appendix #3, Table 3 that shows the Hispanic/Latino population by municipality in 2000)

Chester County's Hispanic/Latino population almost doubled (from 8,565 to 16,126) from 1990 to 2000. This was a change of 88.28% compared to the total population growth of 15.17%. (See Appendix #3, Table 4 which shows the change in Hispanic/Latino residents between 1990 and 2000 by municipality)

According to the 2000 Census, Chester County's population is 5.48% foreign born. In addition, 11.03% of households in the county speak a language other than English at home. Many households that speak a language other than English at home have one or more members that also speak English. However, this is an important statistic because national origin is a protected class under the Fair Housing Act, and speaking another language at home often identifies an individual as being vulnerable to national origin discrimination. (See Appendix #3, Tables 5 and 6 that show the percentage of native and foreign-born residents and the percentage of households that speak English, Spanish, and other languages at home by municipality)

Also of interest in the 2000 Census data is information about the age of Chester County residents, since familial status is protected under the Fair Housing Act, and age (over 40) is protected under the PA Human Relations Act. In addition, median household size indicated which municipalities have more families with children. (See Appendix #3, Table 7 which shows the median age, percent under the age of 18, percent over the age of 40, and average household size by municipality).

Finally, the following chart shows the 2000 census data regarding the disability status of the civilian, non-institutionalized population of Chester County.

	<b>Number</b>	<b>Percent</b>
<b>Population 5 to 20</b>	99,604	100.00%
No Disability	93,224	93.59%
With a Disability	6,380	6.41%
<b>Population 21 to 64</b>	251,875	100.00%
No Disability	220,749	87.64%
With a Disability	31,126	12.36%
<b>Population 65+</b>	47,114	100.00%
No Disability	31,597	67.06%
With a Disability	15,517	32.94%

### **C. Income Data**

In 1999, Chester County had the highest median household income of the 5 county region of Bucks, Chester, Delaware, Montgomery and Philadelphia Counties at \$65,295. The median income for the county varies among racial

categories. The following table shows median income for the 5 counties overall, and by race.

	Median household income in 1999	Households with a householder who is White alone	Households with a householder who is Black or African American alone	Households with a householder who is Asian alone	Households with a householder who is Hispanic or Latino
Bucks County	\$59,727	\$60,612	\$41,063	\$61,972	\$42,992
Chester County	\$65,295	\$67,624	\$37,667	\$75,576	\$44,668
Delaware County	\$50,092	\$52,899	\$33,027	\$50,722	\$38,849
Montgomery County	\$60,829	\$61,949	\$46,930	\$60,667	\$49,851
Philadelphia County	\$30,746	\$36,512	\$26,217	\$27,794	\$20,762

Median income for Chester County also varies by municipality. The municipality with the highest median income is Birmingham Township at \$130,096 followed by West Pikeland Township at \$105,322. The lowest income municipalities are City of Coatesville at \$29,912 and Oxford Borough at \$34,966. (See Appendix #3, Table 8 that shows median household income by municipality)

#### D. Employment Data

According to the 2000 census, there were 229,631 persons in the labor force in Chester County. The unemployment rate was 3.58%.

Population 16 Years and over	Total	Percent
In Labor Force	229,631	100.00%
In Labor Force; In Armed Forces	162	0.07%
In Labor Force; Civilian	229,469	99.93%
In Labor Force; Civilian; Employed	221,255	96.35%
In Labor Force; Civilian; Unemployed	8,214	3.58%

The following table shows the types of occupations held by employed persons within the county.

	Total	Percent
Total Employed civilian population 16 years and over	221,255	100.00%
Agriculture; forestry; fishing and hunting; and mining	4,453	2.01%
Construction	12,345	5.58%
Manufacturing	32,810	14.83%
Wholesale trade	8,811	3.98%
Retail trade	24,769	11.19%
Transportation and warehousing; and utilities	8,975	4.06%
Information	6,696	3.03%
Finance; insurance; real estate and rental and leasing	22,064	9.97%
Professional; scientific; management; administrative; and waste management services	30,589	13.83%
Educational; health and social services	43,715	19.76%

Arts; entertainment; recreation; accommodation and food services	12,025	5.43%
Other services (except public administration)	8,978	4.06%
Public administration	5,025	2.27%

## E. Housing Profile

According to the 2000 Census, Chester County had 163,773 housing units, for an increase of 17.32% since 1990. Although it had the fewest number of housing units in the 5-county region, Chester County showed the greatest increase in units as compared to the other counties.

The following table shows the total housing units and increase from 1990 to 2000 for Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties.

	Number of Housing Units 1990	Number of Housing Units 2000	% Change
Bucks County	199,934	225,498	12.79%
Chester County	139,597	163,773	17.32%
Delaware County	211,024	216,978	2.82%
Montgomery County	265,856	297,434	11.88%
Philadelphia County	674,899	661,958	-1.92%

Increase in housing units was not consistent throughout the county, with the older boroughs experiencing less development than the townships. The City of Coatesville and Kennett Square Borough are the only two municipalities that had a net loss in housing units. (See Appendix #3, Table 9 that shows the total housing units and increase from 1990 to 2000 by municipality).

According to the 2000 Census, Chester County had 5,868 vacant housing units, or 3.58% of the total housing stock. This vacancy rate was the second lowest of the 5-county region (with Bucks County having a vacancy rate of 3%).

The following tables show the number of vacant housing units and vacancy rates for the 5-county region and the status of the vacant housing units in Chester County.<sup>7</sup>

<sup>7</sup> The Census does not have a category for abandoned housing units, nor does it distinguish between vacant houses for sale in older communities and new construction that is not yet occupied. Vacant housing units according to the census include all units that are not occupied for whatever reason at the time the census is taken.

	<b>Total Housing Units</b>	<b>Vacant Housing Units</b>	<b>% Vacant</b>
Bucks County	225,498	6,773	3.00%
Chester County	163,773	5,868	3.58%
Delaware County	216,978	10,658	4.91%
Montgomery County	297,434	11,336	3.81%
Philadelphia County	661,958	71,887	10.86%

<b>Total Vacant Housing Units</b>	5,868
<b>For rent</b>	2,036
<b>For sale only</b>	1,521
<b>Rented or sold; not occupied</b>	708
<b>For seasonal; recreational; or occasional use</b>	667
<b>For migrant workers</b>	29
<b>Other vacant</b>	907

The vacancy rate varied greatly among municipalities. Municipalities with the highest vacancy rates include Elverson Borough at 10.43%<sup>8</sup>, South Coatesville Borough at 10.26%, and the City of Coatesville at 9.63%. (See Appendix #3, Table 10 which shows total number of vacant housing units and vacancy rates by municipality).

According to the 2000 Census, 76.31% of Chester County's occupied housing units were owner occupied, with the remaining 23.69% occupied by renters. This homeownership rate was the second highest of the 5-county region (with Bucks County having a homeownership rate of 77.35%).

The following table shows the rates of owner occupancy and renter occupancy for the 5-county region.

	<b>Total Occupied Housing Units</b>	<b>Owner Occupied Housing Units</b>	<b>% Owner Occupied</b>	<b>Renter Occupied Housing Units</b>	<b>% Renter Occupied</b>
Bucks County	218,725	169,177	77.35%	49,548	22.65%
Chester County	157,905	120,500	76.31%	37,405	23.69%
Delaware County	206,320	148,293	71.88%	58,027	28.12%
Montgomery County	286,098	210,237	73.48%	75,861	26.52%
Philadelphia County	590,071	349,651	59.26%	240,420	40.74%

<sup>8</sup> Note that Elverson Borough also had a 155.56% increase in the number of housing units, so it is probable that the high vacancy rate is due to newly constructed units that are not yet occupied.

The homeownership rate varied greatly among municipalities. Municipalities with the highest homeownership rates include Birmingham Township at 97.99%, West Brandywine Township at 94.61% and West Bradford Township at 94.30%. Municipalities with the lowest homeownership rates include West Chester Borough at 37.27%, Oxford Borough at 45.21%, and City of Coatesville at 46.66%. (See Appendix #3, Table 11 which shows the rates of owner occupancy and renter occupancy by municipality).

According to the 2000 Census, 43.98% of Chester County's housing units were built before 1960, and 16.36% were built before 1939. Chester County has the highest percentage of new construction in the region, with 19.40% of housing units built between 1990 and 2000. The median year built of housing in the county is 1973. The municipalities with the oldest housing are the City of Coatesville, Avondale Borough, Spring City Borough, and West Chester Borough with a median year built of 1939. The municipalities with the newest housing are Elverson Borough and Thornbury Township with a median year built of 1995.

The following tables show the number and percentage of housing units that were built in various time periods in the county. (See Appendix #3, Table 12 that shows the median year built of housing units by municipality).

<b>Total Housing Units</b>	163,773	100.00%
<b>Built 1999 to March 2000</b>	4,617	2.82%
<b>Built 1995 to 1998</b>	13,250	8.09%
<b>Built 1990 to 1994</b>	13,899	8.49%
<b>Built 1980 to 1989</b>	31,267	19.09%
<b>Built 1970 to 1979</b>	28,716	17.53%
<b>Built 1960 to 1969</b>	20,979	12.81%
<b>Built 1950 to 1959</b>	17,461	10.66%
<b>Built 1940 to 1949</b>	6,789	4.15%
<b>Built 1939 or earlier</b>	26,795	16.36%

The following table shows the number and percentage of each type of housing units found in the county.

<b>Total Housing Units</b>	163,773	100.00%
<b>Single Family Detached</b>	101,669	62.08%
<b>Single Family Attached</b>	27,258	16.64%
<b>2 Units in Structure</b>	3,389	2.07%
<b>3 or 4 Units in Structure</b>	5,288	3.23%
<b>5 to 9 Units in Structure</b>	5,919	3.61%
<b>10 to 19 Units in Structure</b>	6,768	4.13%
<b>20 to 49 Units in Structure</b>	4,896	2.99%
<b>50 or More Units in Structure</b>	3,463	2.11%
<b>Mobile home</b>	5,030	3.07%
<b>Boat; RV; van; etc.</b>	93	0.06%

According to the 2000 Census, Chester County had the highest median home value of the 5-county region at \$182,500. This was an increase of \$27,600 from the 1990 Census. Median home value varied by municipality, ranging from \$77,500 in the City of Coatesville to \$335,900 in Birmingham Township.

The following tables show the median home values of owner occupied units by county. (See Appendix #3, Table 13 that shows median home values of owner occupied units by municipality).

	<b>Median Value for Owner Occupied Units</b>
Bucks County	\$161,900
Chester County	\$182,500
Delaware County	\$127,000
Montgomery County	\$158,900
Philadelphia County	\$61,000

According to the 2000 Census, Chester County had the second highest median rents of the 5-county region (after Montgomery County) at \$754. This is an increase of \$173 from the 1990 Census. Median rents varied by municipality, ranging from \$300 in East Vincent Township to \$1,896 in Pennsbury Township.

The following tables show the median rents for renter occupied units by county. (See Appendix #3, Table 14 that shows median rents for renter occupied units by municipality).

	<b>Median Gross Rent</b>
Bucks County	\$736
Chester County	\$754
Delaware County	\$662
Montgomery County	\$757
Philadelphia County	\$569

According to the 2000 Census, nearly one third of the county's renters and over one fifth of the county's homeowners are paying 30% or more of their incomes for housing costs. The rate of residents paying a large percentage of their incomes for housing varies among municipalities. However, both high income and low-income municipalities have high percentages of residents paying 30% or more of their incomes for housing. (See Appendix #3, Table 15 which shows the percentage of both renters and owners paying 30% or more of their income for housing costs by municipality)

Finally, using the lack of complete plumbing or kitchen facilities as a measure of housing condition, the 2000 Census shows that overall Chester County's housing stock is in good condition. As of 2000, only 435 of the county's 157,905 occupied housing units lack complete plumbing facilities and 484 of occupied units lacked complete kitchen facilities.

## **F. Home Mortgage Disclosure Act (HMDA) Data**

The Home Mortgage Disclosure Act (HMDA) requires covered lending institutions to compile and make available for public inspection the number and total dollar amount of mortgage loans that were originated or purchased by that institution during each fiscal year. Covered institutions are required to maintain and report on HMDA data on forms prepared by the Federal Reserve Board.

Many statistical analyses of lending institutions' behavior have been performed using HMDA data. Almost all modern studies of lending patterns show a lack of conventional lending in urban minority neighborhoods, particularly in racially changing areas. Studies on access to credit conclude that race still plays a significant role in determining who gets conventional mortgage financing.<sup>9</sup>

In addition to concerns regarding the disparities observed by studying HMDA data, there are further concerns that the data itself may not be correct and/or complete. "The OCC continues to discover HMDA data submitted by reporters that contain significant errors, data that were not reported, and data that were submitted too late to be aggregated and disclosed to the public in a timely manner."<sup>10</sup> Furthermore, not all lending institutions are required to report HMDA data. Mortgage brokers, for instance, are not required to report. This is one of the principal hindrances to investigating potential target marketing practices of predatory lenders to minorities and the elderly.

Assuming HMDA data are correct, users must be aware of their limitations in both the analysis and conclusion phases of research. Users of aggregate HMDA benchmarks on evaluation banks must realize that such data merely show what

---

<sup>9</sup> For further information on this issue, please see the following well-known discussions of the problem of racial inequities in mortgage lending.

Brown, Jonathan and Charles Bennington. Racial Redlining: A Study of Racial Discrimination by Banks and Mortgage Companies in the United States. 1993. Online. Available: WWW (<http://public-gis.org/reports/redindex.html>)

Dedman, Bill. "Southside Treated Like Banks' Stepchild?" Atlanta Journal-Constitution. 2 May 1988, Sec. A: 1.

Massey, Douglas S. and Nancy A. Denton. American Apartheid: Segregation and the Making of the Underclass. Cambridge: Harvard University Press, 1993.

<sup>10</sup> Office of the Comptroller of the Currency, *Advisory Letter 97-1*, January 22, 1997

all covered institutions supply in the way of housing credit, and this may be significantly below demand.<sup>11</sup>

In Chester County, according to year 2000 HMDA data provided by The Reinvestment Fund, white applicants for conventional loans are denied 7.55% of the time, while black applicants are denied 18.30% of the time. For government insured (FHA) loans, white applicants are denied 7.52% of the time, and black applicants are denied 11.39% of the time. In addition, black residents of Chester County are more likely to apply for government insured loans than white residents. Of the total conventional loans, only 1.39% of applications come from blacks, while 9.31% of total government insured loan applications come from blacks. Overall, Hispanics also are more likely to be denied for mortgages and apply for government insured loans than whites. Asians have the best rate of loan approval of all the racial categories.

The following tables show the number of conventional and government insured home purchase loans approved and denied in Chester County by race.<sup>12</sup>

<b>Conventional Home Purchase Loans</b>	<b>Number</b>	<b>% of Group</b>	<b>% of Total</b>
<b>Total Applications</b>	7,947	N/A	100.00%
<b>Total Approved</b>	6,718	N/A	84.54%
<b>Total Denied</b>	719	N/A	9.05%
<b>White Applications</b>	6,279	100.00%	79.01%
<b>White Approved</b>	5,452	86.83%	68.60%
<b>White Denied</b>	474	7.55%	5.96%
<b>Black Applications</b>	153	100.00%	1.93%
<b>Black Approved</b>	109	71.24%	1.37%
<b>Black Denied</b>	28	18.30%	0.35%
<b>Hispanic Applications</b>	101	100.00%	1.27%
<b>Hispanic Approved</b>	78	77.23%	0.98%
<b>Hispanic Denied</b>	12	11.88%	0.15%
<b>Asian Applications</b>	195	100.00%	2.45%
<b>Asian Approved</b>	172	88.21%	2.16%
<b>Asian Denied</b>	5	2.56%	0.06%
<b>Other Applications</b>	1,219	100.00%	15.34%
<b>Other Approved</b>	907	74.41%	11.41%
<b>Other Denied</b>	200	16.41%	2.52%

<sup>11</sup> Thomas, Kenneth H., Ph.D., *The CRA Handbook* (New York: McGraw-Hill Companies, 1998), p. 209 & 212.

<sup>12</sup> The number of approved and denied applications does not necessarily add up to the total number of application. That is because an applicant may withdraw their application prior to a final decision by the lender. Lenders may also close an applicant's file for incompleteness if, after written notification, the applicant fails to provide information needed by the lender.

<b>Government Insured Home Purchase Loans</b>	<b>Number</b>	<b>% of Group</b>	<b>% of Total</b>
<b>Total Applications</b>	849	N/A	100.00%
<b>Total Approved</b>	725	N/A	85.39%
<b>Total Denied</b>	63	N/A	7.42%
<b>White Applications</b>	638	100.00%	75.15%
<b>White Approved</b>	555	86.99%	65.37%
<b>White Denied</b>	48	7.52%	5.65%
<b>Black Applications</b>	79	100.00%	9.31%
<b>Black Approved</b>	65	82.28%	7.66%
<b>Black Denied</b>	9	11.39%	1.06%
<b>Hispanic Applications</b>	26	100.00%	3.06%
<b>Hispanic Approved</b>	24	92.31%	2.83%
<b>Hispanic Denied</b>	1	3.85%	0.12%
<b>Asian Applications</b>	4	100.00%	0.47%
<b>Asian Approved</b>	3	75.00%	0.35%
<b>Asian Denied</b>	0	0.00%	0.00%
<b>Other Applications</b>	102	100.00%	12.01%
<b>Other Approved</b>	78	76.47%	9.19%
<b>Other Denied</b>	5	4.90%	0.59%

### **III. Evaluation of Chester County's Current Fair Housing Legal Status**

#### **A. Fair housing complaints**

The United States Department of Housing and Urban Development (HUD), the U.S. Department of Justice, 85 private fair housing organizations, and 95 state and local governmental agencies documented a total of 25,154 complaints nationwide in 2003. These complaints represent a little more than 1% of the two million Americans that HUD estimates actually experience housing discrimination each year.

Housing discrimination persists as a serious problem in Chester County. In its FY 2000-2001 Annual Report, the Pennsylvania Human Relations Commission (PHRC) reported 4.6% (or 12) of the state's 263 housing discrimination cases as coming from Chester County. In FY 2001-2002, the percentage dropped to 2.2% (or 6 of 270), and in FY 2002-2003 the percentage of complaints coming from Chester County increased to 7.4% of statewide complaints (or 26 of 352).<sup>13</sup>

During the period from May 1999 through May 2004 the Mid-Atlantic Office of HUD received 50 housing discrimination complaints (where HUD had jurisdiction) from Chester County. Of these 50 complaints, 18 alleged discrimination based on Disability, 16 based on Race, 6 based on Familial Status, 3 based on Gender, 2 based on National Origin, and 2 based on Color. Some of these complaints allege discrimination based on more than one protected class and were counted as separate complaints.

In addition to filing state and federal complaints, many complainants contact FHCSP. The following are examples of the types of recent complaints the FHCSP received from Chester County:

- A couple alleged being evicted from their Phoenixville apartment because of the birth of their first child.
- An African American woman alleged she was denied the opportunity to rent a townhouse in Downingtown because of her race.
- A disabled woman alleged that she was unable to rent an apartment in Phoenixville because of her companion service animal.
- A resident of an Oxford mobile home park alleged that she was being harassed by the park owner because her son had African American friends over to their home.

---

<sup>13</sup> Pennsylvania Human Relations Commission Annual Reports, 2000-2001, 2001-2002, and 2002-2003.

- An African American woman was unable to get a homeowner's insurance replacement policy for the home she was purchasing in Coatesville. The insurance company would only provide her with a market value policy at above market rates.

## **B. 2003 Audit of Race Discrimination in the Chester County Rental Market**

Throughout the months of July 2003 through September 2003, the Fair Housing Council of Suburban Philadelphia (FHCSF) conducted an audit of discrimination in Chester County's rental housing market. The purpose of this study was to determine the extent to which African American home seekers face discrimination in their search for rental housing. This audit was funded by Chester County's Department of Community Development in accordance with its FY2000-2004 Consolidated Plan.

The rental audit conducted in 2003 by the FHCSF focused specifically on race discrimination in rental housing. Unfortunately, this audit shows that African American home seekers that are qualified for the rental housing of their choice can expect to face discriminatory treatment 40% of the time in the Chester County area. Furthermore, this audit also demonstrates that discriminatory practices are often quite subtle and are unlikely to be detected by a protected class home seeker who does not have the benefit of comparing his or her treatment with that of a control home seeker. Rarely are protected class home seekers told blatantly that they are being denied housing because of their race or familial status. Rather they may be offered inferior service, fewer units, or unfavorable terms and conditions than similarly situated home seekers who are not members of a protected class.

### **Methodology**

#### **Site Selection**

The rental audit consisted of 20 paired tests conducted in Chester County. To the extent possible, sites were chosen randomly to ensure the results were representative of actual market practices. In order to choose sites, ads were sampled from the Daily Local News, and additional sites were chosen from the Philadelphia/Delaware/New Jersey Rental Guide. Finally, several real estate agencies with ads for rental listings were tested. Listings of properties for sale or rental properties listed through an apartment locator service were excluded.

#### **Testing Protocol**

Testing is an objective process that is used to determine if a housing provider is treating people equally, or is discriminating based on a protected class. The Supreme Court has upheld the process of testing as a legitimate, and often the only way to uncover discriminatory behavior. Testing involves simulating a

housing search in order to observe a provider's ordinary business practices. Two testers, one of which is a member of a protected class, and the other a control are sent to a site to inquire about housing. The testers are assigned similar personal and home seeking characteristics, so the only difference between them is their protected class status. By comparing the experiences of two testers, the test coordinator can determine if the housing provider is treating them differently.

In the case of this audit, after an ad was selected, the test coordinator made an advance phone call to the site to verify the availability of the unit advertised. After the advance call, tester profiles were made. Testers were single with no children and were non-disabled. Test pairs were assigned the same desired move-in date and similar occupations and financial information, with the African American testers being slightly more qualified (in terms of income and length of employment at current job). The testers made contact with the housing provider by phone to arrange an appointment. During the phone call and site visit, testers gathered information about the availability of the advertised unit, availability of similar housing, rental price, security deposit, utilities, other fees, application process, and date the housing was available. The testers completed report forms that included the above information and additional information regarding questions asked by the agent, condition of the unit, etc. In addition, testers completed narratives that documented their experience of the test.

Prior to doing audit tests, all testers completed a training course that included extensive review of the testing process as well as practice tests completed in the field. Testers were trained to report their experiences objectively and to avoid drawing conclusions about the treatment they received while on a test. Testers were not given information about the experiences of their testing counterpart.

## **Evaluation of Tests**

After the testers completed their reports, tests were evaluated to determine if differential treatment had occurred. Tests were determined to contain differential treatment if they contained one or more of the following:

- Misrepresentation of availability—the African American tester was told that nothing was available or told of fewer units than the white tester, African American tester was told of units available after the desired moving date.
- Different terms— African American tester was told of different price, security deposit, application process, or qualification criteria than the white tester or control tester was offered specials that were not offered to African American tester.
- Steering—the African American testers and the white testers were steered to different complexes or buildings, or discouraged from renting the unit.
- Level of service— African American tester received inferior service from the housing provider or was subjected to more extensive questioning than white tester.

## Results

### Frequency of Differential Treatment

Of the 20 total tests

- 8 (or 40%) showed differences in treatment that favored the non-protected class tester
- 10 (or 50%) showed similar treatment
- 2 (or 10%) were inconclusive<sup>14</sup>

### Types of Differential Treatment

Of the 20 total tests

- Misrepresentation of availability— 2 tests (or 10%)
- Different terms— 2 tests (or 10%)
- Steering— 5 tests (or 25%)
- Level of service— 1 test (or 5%)<sup>15</sup>

### Examples of Differential Treatment

#### Example #1

An African American tester called to make an appointment to view one bedroom apartments. On the site visit, the tester was shown a one bedroom sample, and was told that one bedroom units rented for \$945. The tester was also told about a one bedroom with den that rented for \$995. The agent indicated that two apartments would be available for the tester's move in date and gave the tester a brochure and application.

A white tester called to make an appointment to view one bedroom apartments. On the site visit the tester was shown the one bedroom sample. The tester was also told about the one bedroom with den. The tester was told about a special where he could get \$45 off the monthly rent, making the rents \$900 and \$950. The agent indicated that three apartments would be available for the tester's move in date and gave the tester a brochure and application.

#### Example #2

An African American tester called to make an appointment to view one bedroom apartments. On the site visit, the tester was shown a one bedroom sample and was told that apartments rented for \$960-970. The agent indicated that three apartments would be available for the tester's move in date. The tester was given a brochure and application.

---

<sup>14</sup> Tests were considered inconclusive if there was a slight difference in treatment that did not appear to favor either the protected class or control tester, or if the apartment was already rented by the time the control tester made contact.

<sup>15</sup> Percentages add up to greater than 40% because in some cases more than one type of discrimination occurred on a single test.

A white tester called to make an appointment to view one bedroom apartments. On the site visit, the tester was shown a one bedroom sample and was told that apartments rented for \$940-950. The agent indicated that apartments would be available for the tester's move in date. The tester was given a brochure and application.

### **Example #3**

An African American female, called to make an appointment to view one bedroom apartments. The tester arrived at the apartments and was told by an agent to wait while she helped some other people. The tester filled out a guest card and waited for 25 minutes without being helped. The tester left without being shown anything.

A white tester called to make an appointment to view one bedroom apartments. The tester arrived at the apartments and was told by an agent to wait while she helped some other people. The tester waited for 10 minutes, and then another agent came in to help the tester. The tester was shown floor plans of various styles of apartments and was told about five apartments that would be available for his move in date renting for \$950 to \$1165. The tester was given a brochure.

### **Other Barriers to Access**

In addition, to finding differences in treatment between protected class and control testers, the FHCSF encountered several possible barriers to housing choice in the Chester County area. These issues can create additional difficulties for members of protected classes in finding rental housing and can become additional points in the home seeking process where discrimination may occur.

First, the FHCSF found that much of the rental housing advertised in the newspaper was concentrated in the areas of Coatesville, Exton, Downingtown, Phoenixville, and West Chester and tended to rent for under \$1,000. For example, in a recent edition of the Daily Local News, FHCSF found that of the ads for rentals in Chester County, 64 were located in these parts of the county, while only 20 were located in other parts of the county. Although these areas do contain a disproportionate amount of Chester County's rental housing, we suspect that there may be additional rental housing available that is advertised in different ways, such as through real estate agencies. In addition, many of the same ads appeared week after week, suggesting that most of the widely advertised housing is in larger complexes rather than privately owned. Unfortunately, rental housing that is advertised through less accessible means or by word of mouth often serves a discriminatory purpose by limiting the number of people who will inquire about the available housing.

Secondly, the FHCSF found that of the ads that were in the newspapers, a large proportion were very difficult or impossible to contact. Approximately one third of the housing providers that the FHCSF attempted to contact were unavailable

and/or did not return phone calls. Again, we found that the housing providers that were easiest to contact were the larger complexes rather than the smaller providers.

## **C. Discussion of Other Fair Housing Concerns and Problems**

### **Race and National Origin**

The four county suburban Philadelphia region remains largely segregated. Out of Chester County's 73 municipalities, the majority of the 16,126 Hispanic residents are concentrated in just six discontinuous municipalities, and the majority of 27,040 African American residents live in just five.<sup>16</sup>

Although the suburbs are experiencing significant construction of new housing for purchase, it is worth noting that new housing developments are historically the site of "fairly high levels of differential treatment based on race."<sup>17</sup> In general, discrimination against minority home seekers includes: overtly rude or hostile treatment; withheld information about housing availability and terms and conditions of rental or sale; lack of follow-up; and difficulty in obtaining financing and homeowner insurance.

In some instances, discrimination can occur by means of the telephone, based solely on the minority home seekers' telephone speech patterns. Research indicates that Americans can infer race from speech patterns alone, thus offering rental agents an opportunity to discriminate over the telephone. To test this hypothesis, an audit study entitled "Use of Black English and Racial Discrimination in Urban Housing Markets" was designed to compare male and female speakers of White-Middle Class English, Black Accented English, and Black English Vernacular. "This study was conducted during the spring of 1999 in the Philadelphia metropolitan area. The authors found significant racial discrimination that was often exacerbated by class and gender. Poor black women, in particular, experienced the greatest discrimination. The interaction of race, class, and gender is readily observable in the likelihood of reaching a rental agent. At the top of the hierarchy are white males, 87% of whom were able to speak with a rental agent; next are black-accented males, 80% of whom got through, followed in turn by white middle-class females (75%), men speaking Black English Vernacular, females speaking Black Accented English (71%), and females speaking Black English Vernacular. Speaking to an agent, however is only half the battle; to gain access, one also has to learn that a rental unit is available, and here we once again find obvious differentials between groups. Whereas 86% of white middle-class males who got through to an agent were told that a unit was available, the figure was 80% for white middle-class females, 79%

---

<sup>16</sup> Calculations from 2000 Census

<sup>17</sup> National Fair Housing Alliance (NFHA), "2003 Housing Trends Report."

for middle class black males, 61% for lower-class black males, and just 60% for poor black females.”<sup>18</sup>

Participants in the Chester County Fair Housing Focus Groups and Fair Housing Surveys repeatedly mentioned lack of affordable housing as the major impediment to housing choice for minorities in the county. The region suffers from a pronounced lack of affordable housing and a growing wage-rent disparity places what housing does exist out of reach for many families with low incomes – as it does throughout the country.<sup>19</sup> A 1998 HUD report associated suburban Philadelphia with the nation’s highest percentage (57%) of very-low income renters living in worst-case scenarios (*i.e.*, paying over 50% of income for rent, living in severely substandard housing, or both).<sup>20</sup> A March 2000 study confirms that drops in the housing supply have made poor suburban families more likely to face worst-case situations than their urban counterparts.<sup>21</sup>

Racial segregation can lead to reduced home equity for minority homeowners, and difficulty getting financing by would-be home-buyers. In a survey of major housing markets, African-Americans earned 18% less for their homes than white homeowners – segregation was identifiable as the sole factor in this dramatic difference.<sup>22</sup> The impact of these trends, combined with discrimination, is that racial/ethnic minority families are often forced to remain in areas with poorer quality schools, fewer job opportunities, higher crime and delinquency rates, and additional problems.<sup>23</sup>

## **New Immigrants**

Housing discrimination against Hispanics, often new immigrants, occurs with roughly the same frequency as for African-Americans.<sup>24</sup> Chester County’s Kennett Square is home to mushroom farms largely worked by Hispanic immigrants. In a complaint filed, HUD charged Kennett Square with violating the Fair Housing Act by changing the definition of “family” and blocking the conversion of borough homes into apartments.<sup>25</sup> Participants in the Fair Housing Focus Groups mentioned the existence of some practices that may limit housing

---

<sup>18</sup> Douglas S. Massey, “Use of Black English and Racial Discrimination in Urban Housing Markets,” *Urban Affairs Review*, Vol. 36 Issue 4, 2001.

<sup>19</sup> “Out of Reach 2001: America’s Growing Wage-Rent Disparity”, National Low Income Housing Coalition, 2001.

<sup>20</sup> “Rental Housing-the Crisis Continues”, U.S. Department of Housing and Urban Development, 1998.

<sup>21</sup> “Rental Housing Assistance–The Worsening Crisis,” Dept. of Housing and Urban Development, March 2000.

<sup>22</sup> Rusk, David, “The ‘Segregation Tax’: The Cost of Racial Segregation to Black Homeowners,” *The Brookings Institution Survey Series*, October 2001.

<sup>23</sup> Anthony Downs, “Policy Directions Concerning Racial Discrimination in U.S. Housing Markets,” *Housing Policy Debate* Vol. 3 Issue 2, 1992.

<sup>24</sup> Arce, Laura, Kamasaki, Charles and Yzaguirre, Raul, “The Fair Housing Act: A Latino Perspective,” *Cityscape: A Journal of Policy Development and Research*, Volume 4, Number 3, 1999.

<sup>25</sup> “Low-cost housing sparks protest,” *Chester County Press*, February 8, 1995.

choice for this population, such as per capita charges. A Legal Aid provider in the County noted that since some immigrant farm workers may not feel comfortable reporting fair housing abuses, abuses may go unreported. For this reason, fair housing education and outreach to the Hispanic and other immigrant populations in the region may be beneficial.

### **Women and Families with Children**

Nationally, housing providers also continue to discriminate against families with children, particularly those headed by single women. According to a study by the McAuley Institute's National Women and Housing Task Force, (NWHTF), "...[W]omen of color bear the brunt of anti-family sentiments among landlords and realtors," since 80% of African American and Hispanic women heads of household have children, compared with 60% of all women-headed households nationwide. Furthermore, housing providers often associate single black women with welfare dependency, further closing off housing options.<sup>26</sup>

As a result, women continue to lag behind in homeownership, with a homeownership rate of 52.7%, 14.4 percentage points behind the national average women with children fare even worse, at 45%.<sup>27</sup> Additionally, the NWHTF study revealed that 55% of female-headed renter households experienced such problems as overcrowding, poor conditions, excessive cost, or sexual harassment by their landlords. Furthermore, sources of income more commonly depended upon by women, such as child support, alimony, and part-time wages were viewed as less reliable and creditworthy than a full time salary, so the female homebuyers were at heightened risk of discrimination in obtaining mortgage financing.<sup>28</sup>

Participants in the Fair Housing Focus Groups mentioned being particularly concerned about issues related to women and families with children in the county. One participant mentioned experiencing difficulties when trying to secure housing for clients that were victims of domestic violence (especially if these women were minority, had children, and/or were relocated from Philadelphia). Another participant mentioned that client families with teenagers indicated experiencing difficulty finding rental housing. In addition, participants noted that some client families had indicated facing additional restrictions or conditions, such as being told that boys and girls cannot share bedrooms or that per capita charges would be imposed.

---

<sup>26</sup> Women and Housing Task Force, "Unlocking the Door III: A Call to Action," 1996.

<sup>27</sup> U.S. Department of Housing and Urban Development, "National Partnership in Homeownership 2000," [www.hud.gov](http://www.hud.gov)

<sup>28</sup> Women and Housing Task Force.

## Persons with Disabilities

Housing discrimination, exacerbated by lack of understanding of the Fair Housing Act, continues to affect persons with disabilities.<sup>29</sup> Recently, HUD reported that 47% of the country's non-elderly persons with disabilities had unmet housing needs, and were most likely to reside in substandard conditions. Those who receive SSI benefits face even greater impediments to housing. According to a 1999 report, on average, persons with disabilities in the Philadelphia region would have to pay 112% of their benefit to rent a modest one-bedroom apartment.<sup>30</sup> In addition, although required by law, new housing construction may ignore the need to accommodate prospective residents with disabilities. In a survey of new construction conducted by FHCSF for the Department of Justice in several counties in Pennsylvania, 100% of buildings surveyed were non-compliant with accessibility requirements.<sup>31</sup> Other common discriminatory actions include: zoning violations; lack of reasonable accommodations or modifications of existing structures; lack of designated handicapped parking spaces or curb cuts; inaccessible exterior amenities such as mailboxes and trash facilities; refusal to rent to persons with disabilities who are Housing Choice Voucher Program recipients (formerly Section 8); and improper evictions. In particular, Fair Housing Focus Group participants noted that they had difficulty finding housing for their clients with disabilities. When working with their clients with disabilities, there were instances where landlords required the clients to have co-signers, asked invasive questions of the clients, and seemed to be prejudice against individuals with mental health problems and individuals who have completed treatment for addictions.

## Subprime and Predatory Mortgage Lending

Subprime lenders have received national attention for "steering" individuals toward unfairly high mortgage interest rates based on race, ethnicity or new immigrant status, ignoring credit history and other valid lending criteria. According to a 2000 HUD report, subprime loans are three times more likely to occur in low-income neighborhoods than in high-income ones, and five times more likely to occur in black neighborhoods than in white neighborhoods.<sup>32</sup> Regardless of income, minorities are more likely to receive sub-prime loans when refinancing their mortgages.<sup>33</sup> According to testimony before the U.S. Senate, "Minority groups are disproportionately targeted by predatory lenders because

---

<sup>29</sup> Abravanel, Martin D. and Cunningham, Mary K., "How Much Do We Know? Public Awareness of the Nation's Fair Housing Laws", prepared for the U.S. Dept. of Housing and Urban Development, April 2002.

<sup>30</sup> Edgar, Elizabeth, et al., *Priced Out in 1998: The Housing Crisis for People with Disabilities*, The Technical Assistance Collaborative, Inc., and the Consortium for Citizens with Disabilities Housing Task Force, 1999.

<sup>31</sup> Findings of Fall 2000 survey of new construction, conducted by FHCSF for the Department of Justice.

<sup>32</sup> "Subprime lending report: Unequal Burden: Income & Racial Disparities in Subprime Lending in America." U.S. Department of Housing & Urban Development. April 2000.

<sup>33</sup> Bradford, Calvin, "Risk or Race? Racial Disparities and the Subprime Refinance Market," prepared for The Center for Community Change, May 2002.

their access to legitimate sources of...financial services is disproportionately denied...[this] redlining produces credit-starved communities that will pay exorbitant prices for loans.”<sup>34</sup> The impact on the protected classes can be devastating. Recently, Bank of America agreed to refund \$2.5 million to victims of its predatory lending practices, which experts believe have directly led to the foreclosures of 500 homes in the Philadelphia area since 1998.<sup>35</sup>

In Chester County, participants in the Fair Housing Focus Groups noted that the quickly increasing property values have resulted in predatory lenders targeting consumers for cash out refinancing. Local legal aid providers have seen mortgages that are characterized by predatory features, including balloon payments, above market interest rates, and home repair scams.

### **Insurance Redlining**

The number of poor and minority homeowners prevented from obtaining full-coverage property insurance is significantly greater than that for residents of mostly white, middle-class areas. While few insurers have intentionally discriminating policies, some underwriting criteria achieve the effect of “redlining” certain neighborhoods to charge higher rates on the basis of racial composition and other criteria unrelated to statistically measured or measurable risk. In 60% of cases tested in the Greater Philadelphia area, FHCSF found significant differences in treatment based on the race of the tester and the racial composition of the neighborhood.<sup>36</sup> Differences included: denial of treatment; quoting disparate costs for comparable policies; type of policy offered; agent responsiveness; and differential application of company policies and standards. The impact of redlining is clear. The National Association of Insurance Commissioners found only 58% of housing in high-minority, low-income areas to be insured, compared to 82% in white, high-income areas.<sup>37</sup> In a market where homeowner insurance is a prerequisite for a mortgage or home equity loan, such discrimination denies minority home seekers fair access to housing and the asset-building benefits of homeownership, which is “absolutely critical to closing the wealth gap” between African-Americans and whites.<sup>38</sup> Participants in the Fair Housing Focus Groups mentioned being aware of instances where high cost policies and lower quality policies were being offered to residents in areas of minority concentrations in Chester County.

---

<sup>34</sup> Statement of William J. Brennan, Jr., Director, Home Defense Program of the Atlanta Legal Aid Society, Inc., Before the US Senate Special Committee on Aging, March 16, 1998.

<sup>35</sup> DiStefano, Joseph, “Bank to Refund Fees in ‘Predatory Lending’ Case,” *Philadelphia Inquirer*, April 27, 2002.

<sup>36</sup> Homeowners Insurance Audit, conducted by FHCSF for the City of Chester, of three national insurance companies with agents in Delaware County.

<sup>37</sup> Penny Loeb, Warren Cohen and Constance Johnson, “The New Redlining,” in *Merchants of Misery*, ed. Michael Hudson, Monroe, Maine: Common Courage Press, 1996

<sup>38</sup> Raines, Franklin D., CEO of Fannie Mae, Convocation Speech at Howard University Charter Day, March 8, 2002.

## **Hate Groups**

Of the 751 hate groups in the United States in 2003, 29 were based in Pennsylvania and none were based in Chester County according to the Spring 2004 "Intelligence Report" by The Southern Poverty Law Center. The Center's report covered such groups as the Ku Klux Klan, Neo-Nazi, Racist Skinhead, Christian Identity, Black Separatist, and Neo-Confederate. According to the Pennsylvania Human Relations Commission (PHRC), Chester County has reported 5 bias-related incidents in FY 1999-2000, 3 in FY 2000-2001, 5 in FY 2001-2002, and 6 in 2002-2003. According to PHRC, nearly 20% of bias-related incidents take place in or near the victim's home.<sup>39</sup> Fair Housing Focus Group participants made reference to instances of neighbor hostility to racial and ethnic minorities in primarily rural areas in the Southern and Western parts of the county.

---

<sup>39</sup> Pennsylvania Human Relations Commission Tension Statistics, 1999-2000, 2000-2001, 2001-2002, and 2002-2003.

## **IV. Identification of Impediments to Fair Housing Choice**

Impediments to fair housing choice are any actions, omissions, or decisions taken because of race, color, religion, national origin, sex, disability, or familial status that restrict housing choices or the availability of housing; or any actions, omissions, or decisions that have the *effect* of restricting housing choices or the availability of housing on the basis of race, color, religion, national origin, sex, disability, or familial status. Policies, practices, or procedures that appear neutral on their face, but which operate to deny housing or limit housing choice to persons of a particular race, color, religion, national origin, sex, disability, or familial status also serve as impediments to fair housing.<sup>40</sup>

Impediments include actions or omissions in the jurisdiction's public or private housing sector that:

- Constitute violations, or potential violations, of the Fair Housing Act
- Are counterproductive to fair housing choice, such as NIMBY (Not In My Back Yard) and BANANA (Build Absolutely Nothing Anywhere Near Anything)
- Have the effect of restricting housing opportunities on the basis of race, color, religion, national origin, sex, disability, or familial status

The Analysis of Impediments is a review of impediments to fair housing choice in the public and private sector.

### **A. Public Sector**

#### **Zoning**

According to HUD, impediments to fair housing choice include public policies and actions affecting the approval of sites and other building requirements used in the approval process for the construction of public (assisted) and private housing.<sup>41</sup>

In a June 17, 2002 study by the U.S. Department of Housing and Urban Development, entitled "Barriers to Minority Homeownership", HUD voiced concern that despite increases in homeownership among minority families, recent analysis shows that a large gap still exists between minority and white households. The report identifies the multiple barriers to homeownership faced by minority families including "regulatory burdens imposed on the production of housing—zoning, land development and site planning, building codes—and when barriers are intentional through the 'Not In My Back Yard' syndrome."<sup>42</sup>

---

<sup>40</sup> Fair Housing Planning Guide, U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity.

<sup>41</sup> Fair Housing Planning Guide

<sup>42</sup> "Barriers to Homeownership." U.S. Department of Housing and Urban Development, June 17, 2002.

In addition, there has been increasing litigation in recent years regarding zoning issues as they relate to persons with disabilities. This has included disabled persons requesting reasonable accommodations or reasonable modifications, as well as requests to build group homes for persons with disabilities.

Some recent zoning issues in Chester County that have related to fair housing choice for the protected classes include:

- A Common Pleas Court ruled that a Coatesville zoning ordinance that created a 500 foot minimum distance requirement between group homes in the city and a ruling by the zoning hearing board denying an application for a group home for the disabled violated the Fair Housing Act.
- The Kennett Square zoning board voted to change its zoning to prohibit the conversion of single family dwellings to multi-family dwellings in an attempt to halt a multi-family housing development that would have housed mostly persons of Mexican descent. The issue was mediated by the U.S. Department of Justice, and the development was eventually built.
- In Willistown Township, a group home requested an exemption from the township's rule of no more than 5 unrelated people in a household. The home requested to be allowed to have 8 occupants based on need and cost effectiveness. The township denied the request and a judge determined that the township had violated the Fair Housing Act.

Of particular concern in Chester County are zoning issues raised by participants in the Chester County Fair Housing Focus Groups. These concerns included:

- Zoning that requires low density through minimum lot sizes and square footage requirements; some townships with no zoning for high density development
- Zoning that incorporates townships' preference for 55+ communities; townships allowing higher density for 55+ communities than for communities with no age restriction, and townships with restrictions on the size of units allowed in new multifamily housing developments
- Zoning that confines group homes to certain areas of the township and restrictions such as spacing requirements and unreasonable limits on the number of residents
- Communities expressing opposition to the construction of affordable housing, multifamily housing, groups homes, and shelters due to negative stereotypes regarding low income people, racial and ethnic minorities, families with children, and people with disabilities

### **Neighborhood Revitalization, Municipal and Other Services, Employment-Housing-Transportation Linkage**

According to HUD, impediments to fair housing choice include policies that restrict the provision of housing and community development resources to areas

of minority concentration, or policies that inhibit the employment of minority persons and individuals with disabilities.<sup>43</sup>

Chester County’s “Community Revitalization Program” is part of the “Landscapes 21<sup>st</sup> Century Fund,” which consists of incentives for municipalities to carry out the goals of *Landscapes*, the County’s comprehensive plan. A key element of *Landscapes* is to focus development and redevelopment in and around Chester County’s historic towns. County government recognizes that many of these towns have older infrastructure systems in need of upgrades or expansion. Through the Community Revitalization Program, the County will offer the boroughs and the City of Coatesville funding for infrastructure and streetscapes improvements that are conducive to attracting and retaining residents and businesses in the towns.

Chester County’s Comprehensive Plan, *Landscapes*, classifies the fifteen boroughs and one city in Chester County as “urban centers”. *Landscapes* calls for public and private sector entities in the urban centers to foster development by rehabilitating existing housing, constructing new housing, revitalizing the commercial and industrial areas, preserving historic buildings, and upgrading infrastructure systems. These municipalities were traditionally centers for commerce and employment for county residents. Unfortunately, many of these older urban centers are in decline as a result of suburban sprawl and economic shifts which have reduced the number of opportunities available for residents of these communities.

**Low-/Mod- Income Population Living in Chester County's “Urban Centers”  
(2000 Census/ HUD low-mod summary data)**

<b>Municipality</b>	<b>% Low/Mod- Income of Municipal Population</b>	<b>% of County's Low/Mod- Income Population</b>	<b>% of County's Total Population</b>
West Chester	54.02%	6.92%	4.12%
Coatesville	64.92%	6.16%	2.50%
Phoenixville	43.27%	5.58%	3.41%
Downingtown	43.04%	2.79%	1.75%
Oxford	59.53%	2.19%	0.99%
Kennett Sq.	43.61%	1.99%	1.21%
Spring City	49.30%	1.42%	0.76%
Parkesburg	43.49%	1.29%	0.77%
Malvern	27.35%	0.73%	0.70%
West Grove	32.75%	0.76%	0.61%
South Coatesville	59.03%	0.52%	0.22%

<sup>43</sup> Fair Housing Planning Guide

Avondale	50.09%	0.47%	0.25%
Honey Brook	42.21%	0.47%	0.29%
Modena	65.10%	0.33%	0.14%
Atglen	44.70%	0.48%	0.28%
Elverson	30.13%	0.25%	0.22%
<b>Urban Totals</b>	<b>48.93%</b>	<b>32.40%</b>	<b>18.27%</b>

Based on the 2000 census, only 18% of the county’s total population resides in the urban centers, yet these centers are home to approximately 32.4% of low- and moderate income residents in the county. In addition, 43% of the county’s Hispanic population and 48% of the county’s African American population reside in these urban centers.

The Chester County Department of Community Development allocates Federal, State, and County funds to activities that create or maintain affordable housing opportunities in Chester County, PA. This funding supports housing development, housing rehabilitation, and a first-time homebuyers' program. These programs funded by the county include the development of rental and homeownership units for low- and moderate-income residents, education and direct financial assistance to low- and moderate-income homebuyers, and assistance to low- and moderate-income homeowners with home repairs and weatherization. In addition, the county funds a home modification program, which provides assistance to individuals with permanent disabilities in making their current residence more accessible. Modifications may include, but are not limited to, ramps, lifts, door and hallway widening, kitchen and bathroom modifications, visual doorbells, audio phones and visual phone signalers.<sup>44</sup> A concern raised by the Fair Housing Focus Group participants, is that a portion of the funding available for the home modification program is subject to restrictions under the Temporary Assistance for Needy Families, which requires that the assistance can only be provided to families with children.

Participants in the Chester County Fair Housing Focus Groups mentioned the problem of a general lack of public transportation in the county, resulting in a limitation on where lower income residents are able to live and work. According to a map of the county’s public transportation network, public transit routes serve the Route 30, Route 202, and Route 1 corridors and the area along the Schuylkill River between Chester and Montgomery Counties.<sup>45</sup> Much of the Northern and Western areas of the county are not served by public transportation.

**PHA and Other Assisted/Insured Housing Provider Tenant Selection Procedures; Housing Choice for Certificate and Voucher Holders**

<sup>44</sup> Chester County Department of Community Development  
<http://www.chesco.org/ccdcd/housing.html>

<sup>45</sup> [http://dsf.chesco.org/planning/lib/planning/public\\_transportation/ptcounty.html](http://dsf.chesco.org/planning/lib/planning/public_transportation/ptcounty.html)

Participants in the Chester County Fair Housing Focus Groups expressed a concern over the lack of landlords willing to participate in the Housing Choice Voucher Program. Furthermore, they mentioned that many of the housing units available to voucher recipients are in poor condition and located in lower income areas of the county, such as Coatesville. The issue of tenant selection procedures was not raised in any focus groups or surveys.

According to the Chester County *2005-2009 Consolidated Plan*, there are an estimated 4,579 households currently waiting for housing assistance. Although the Section 8 wait list cannot be maintained by bedroom-size needs, it is estimated that the greatest need is for two- and three-bedroom units—about 70% of the total. The public housing wait list breakdown is provided in the following table.<sup>46</sup>

Size of Unit Needed	Number of Households Waiting
0/1-bedroom	360
2-bedroom	636
3-bedroom	368
4-bedroom	75
5-bedroom	12
<b>Total Applicants</b>	<b>1,451</b>

The public housing wait list has 1,451 applicants. Of these, 58% are families with children and 42% are elderly/disabled families. There are 456 families that have registered as “Disabled”. For Section 8, the same data is as follows: 3128 applicants. Of these, 60% are families with children and 39% are elderly/disabled families. Approximately 469 families have registered as “Disabled”. The type of disability is not available.

The income level distribution of households on both waiting lists is illustrated on the following table.<sup>47</sup>

Income Level	Number of Households Waiting
Less than 30% of AMI	3,870
30% - 49.9% of AMI	561
50% - 80% of AMI	148
<b>Total Applicants</b>	<b>4,579</b>

The problem of a shortage of quality housing for voucher holders is also present in other counties in the region. Chester County has cooperated with Delaware and Montgomery Counties to hold information briefings to encourage landlords to participate in the program. These sessions have been well attended by interested landlords, but the lack of availability of housing for voucher holders continues to be an issue.

<sup>46</sup> Chester County *2005-2009 Consolidated Plan*

<sup>47</sup> Chester County *2005-2009 Consolidated Plan*

## **Sale of Subsidized Housing and Possible Displacement**

There is no sale or demolition of subsidized housing planned in the near future, therefore no tenants will be displaced in Chester County.

## **Property Tax Policies**

No participants in the Chester County Fair Housing Focus Groups or survey respondents mentioned any knowledge of tax assessments being conducted in a discriminatory manner, although the FHCSF has received such complaints in other counties. However, general concern about high tax rates, particularly in some areas with more affordable housing stock, was discussed in the focus groups. According to the 2000 Census, the real estate taxes paid per \$100,000 of value varied among municipalities, with some of both low value and high value areas paying relatively high taxes. (See Appendix #3, Table 16 which shows the median value, median real estate taxes, and taxes paid per \$100,000 of value by municipality)

## **B. Private Sector**

### **Lending Policies and Practices: Government Insured Loans**

Prior to the mid-1960s, the practices of the Federal Housing Administration (FHA) defined the term redlining. The FHA drew red lines around minority and racially changing communities and refused to provide loans in these areas. After the civil disorders in the middle 1960s, FHA literally reversed its racial redlining practices. Rather than refusing credit in inner-city minority areas, FHA targeted lending in these communities, especially through high risk programs. At the same time many conventional lenders, not participating in loans insured by the federal government, continued to redline minority communities. The passage of the 1968 Fair Housing Act was intended to build a strong fair lending enforcement program for conventional loans and provide needed credit to inner-city areas. However, this effort did not materialize. Instead, FHA was left as the only significant source of lending in minority and racially changing areas. This in turn led to community disinvestments and decline—the very antithesis of the stated goals of the Fair Housing Act.<sup>48</sup>

FHA lending to minorities often fills a vacuum created by discrimination in the conventional markets. Fair lending initiatives need to be structured to eliminate the conventional lending discrimination that contributes in significant measure to the high levels of FHA lending to minorities.

According to the year 2000 HMDA data analysis for Chester County previously described in this report a greater percentage of black and Hispanic residents apply for FHA loans than conventional loans. The concentration of FHA lending

---

<sup>48</sup> Dr. Calvin Bradford, "The Two Faces of FHA," Chicago Area Fair Housing Policy Paper, March 1998.

in minority communities results in the concentration of FHA defaults and foreclosures in these same communities.

In minority markets where discrimination already reduces the level of appreciation, the FHA inventory often sits vacant and continues to deteriorate. Eventually large inventories of FHA foreclosed, vacant, and deteriorating properties are found concentrated in minority and racially changing areas. It is this blight that creates the impression that racial change causes neighborhood decline.<sup>49</sup>

### **Subprime and Predatory Mortgage Lenders**

Studies indicate that discrimination persists in the mortgage-lending arena, frustrating attempts by minorities to acquire home financing on fair and equal terms.<sup>50</sup> Subprime lenders have received national attention for "steering" individuals toward unfairly high mortgage interest rates based on race, ethnicity or new immigrant status, ignoring credit history and other valid lending criteria. According to a 2000 HUD report, subprime loans are three times more likely to occur in low-income neighborhoods than in high-income ones, and five times more likely to occur in black neighborhoods than in white neighborhoods.<sup>51</sup> Regardless of income, a recent study also finds that minorities are more likely to receive sub-prime loans when refinancing their mortgages.<sup>52</sup>

Members of the protected classes are especially affected by such predatory lending. According to expert testimony before the U.S. Senate, "Minority groups are disproportionately targeted by predatory lenders because their access to legitimate sources of...financial services is disproportionately denied...[this] redlining produces credit-starved communities that will pay exorbitant prices for loans."<sup>53</sup> In many low-income neighborhoods, virtually every other home is burdened with a predatory loan.<sup>54</sup> Recently, Bank of America agreed to refund \$2.5 million to victims of its predatory lending practices, which experts believe has directly led to the foreclosures of 500 homes in Philadelphia since 1998.<sup>55</sup>

---

<sup>49</sup> Dr. Calvin Bradford "The Two Faces of FHA," Chicago Area Fair Housing Policy Paper, March 1998.

<sup>50</sup> The Urban Institute, "All Other Things Being Equal: A Paired Testing Study of Mortgage Lending Institutions", U.S. Department of Housing & Urban Development, April 2002.

<sup>51</sup> U.S. Department of Housing & Urban Development, "Subprime lending report: Unequal Burden: Income & Racial Disparities in Subprime Lending in America," April 2000.

<sup>52</sup> Calvin Bradford, "Risk or Race? Racial Disparities and the Subprime Refinance Market," The Center for Community Change, May 2002.

<sup>53</sup> Statement of William J. Brennan, Jr., Director, Home Defense Program of the Atlanta Legal Aid Society, Inc., Before the United States Senate Special Committee on Aging, March 16, 1998.

<sup>54</sup> The Urban Institute, "All Other Things Being Equal: A Paired Testing Study of Mortgage Lending Institutions", U.S. Department of Housing & Urban Development, April 2002.

<sup>55</sup> Joseph DiStefano, "Bank to Refund Fees in 'Predatory Lending' Case," *The Philadelphia Inquirer*, April 27, 2002.

In response to the issue of sub-prime and predatory lending, the four suburban counties have collaborated to form the Bucks, Chester, Delaware, and Montgomery Counties Quad-County Predatory Lending Initiative in order to bring the *“Don’t Borrow Trouble” Campaign* to the region.

Agencies throughout Bucks, Chester, Delaware, and Montgomery Counties are collaborating to address predatory lending issues impacting low-and-moderate income households. The four counties find themselves in a unique position to improve the effectiveness of local efforts to assist homeowners by combining resources to educate consumers on the perils of predatory lending practices, offer legal assistance, provide mortgage default counseling and address discriminatory issues, by combining resources. No single county feels that it can accomplish alone, with its resources, what collaborative predatory lending prevention activities can provide to consumers. Although each county has substantive differences in the operating of its housing programs, the provision of consistent education and other housing assistance will create a more effective program and yield greater returns on the investment of each county.

Predatory lending issues to be addressed by this campaign:

- High-pressure sales tactics targeting our most vulnerable consumers (elderly and minorities).
- Unaffordable consumer loans that charge points and high interest rates.
- Inadequate disclosure of loan costs.
- Home equity lending and first-time homebuyers—De-mystify the mortgage lending process to assist homeowners and potential home purchasers in avoiding mortgage foreclosure.

Campaign goals:

- Promote homeownership, family and individual stability, and success among those most vulnerable to predatory lenders through public education, legal assistance, and other housing assistance.
- Implementation of a *“Don’t Borrow Trouble” Helpline* that will provide free civil legal advice concerning purchasing a home, refinancing, consolidating debt, taking out a home-equity loan or mortgage foreclosure prevention.
- Promote financial literacy through education and the marketing of the *“Don’t Borrow Trouble” Campaign*. The campaign will address payday lending, check cashing, automobile lending, and other consumer issues that impact vulnerable communities. Organizations will be available to provide financial education and legal assistance as needed.

Campaign objectives:

- Collect data and analyze the impact of predatory lending in the four counties, including communities and households most affected.
- Develop and launch a public education campaign targeted to neighborhoods and populations vulnerable to predatory lending practices.

- Identify, coordinate and expand community resources to counter and respond to predatory lending practices.
- Create greater access for consumers to community resources.
- Provide outreach and education to community organizations and community leaders to increase awareness and understanding of predatory lending practices.

Participating agencies:

- Enforcement Agencies - These agencies will investigate and resolve charges of discriminatory practices in housing and lending. The protected classes with the enforcement agencies include seniors and minorities, both of whom are often victimized by predatory lenders.
  1. Fair Housing Council of Suburban Philadelphia – has jurisdiction in Bucks, Chester, Delaware and Montgomery Counties.
  2. Montgomery County Fair Housing Council –has jurisdiction in Montgomery County.
  3. Pennsylvania Human Relations Commission –has jurisdiction throughout the four suburban counties.
  4. U.S. Department of Housing and Urban Development.
- Mortgage Default Counseling Agencies – These agencies are all HUD approved and work with borrowers to avoid foreclosure. The agencies work with lenders on behalf of borrowers to develop repayment strategies. The agencies are also approved to provide Homeowners Emergency Mortgage Assistance to homeowners. They provide education on the foreclosure process, assist with budget preparation and connect their clients to other service providers.
  1. Consumer Credit Counseling of Delaware Valley
  2. Housing Partnership of Chester County
  3. Alliance for Better Housing
- County Government Agencies
  1. Chester County Department of Community Development administers Federal, State and County funding for affordable housing, homelessness assistance, community and economic development, job training and career services at *PA CareerLink*.
  2. Delaware County Office of Housing and Community Development is responsible for the planning, administration and oversight of three federal programs, the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME) and Emergency Shelter Grants (ESG) Programs.
  3. Montgomery County Office of Housing and Community Development provides a comprehensive, coordinated approach, which addresses housing, community and economic development needs in Montgomery County.

- Legal Assistance – These agencies provide legal assistance including advice, brief service and possible legal representation to residents of Bucks, Chester, Delaware and Montgomery Counties. Clients must be financially eligible at 125% of the poverty level or 100% of the median income.
  1. Community Impact Legal Services – provides free civil legal services to low-to-moderate income households seeking assistance with predatory loan issues and foreclosures.
  2. Legal Aid of Southeastern Pennsylvania – provides free civil legal services to low-income households, including a Helpline that will assist homeowners with access to predatory mortgage lending assistance.
  3. Chester County Bar Association “Access to Justice Project” – provides volunteer attorneys to assist residents of Chester County with predatory lending issues

Marketing:

The campaign will use numerous avenues for getting the message out to consumers.

- Television ads that are directed to specific predatory lending tactics, including direct mail, phone solicitation and in-person pressure tactics.
- Print materials addressing predatory lending tactics that will be distributed by local municipalities, housing agencies and others. The materials could include posters, brochures, inserts into utility bills and others.
- Billboards or bus advertisements addressing predatory mortgage lending.
- Development of a four county predatory mortgage lending Website.
- Distribution of printed materials will also be the responsibility of partnering agencies in the four counties.
- Radio ads on local stations in each community warning consumers to avoid predatory lending.

Targeted audiences:

The campaign will provide marketing, education, legal assistance and outreach in the most vulnerable communities in the four county area. Leadership will identify neighborhoods and communities that are most suspected of being the target of predatory lenders.

- Seniors—A population highly vulnerable to predatory lenders.
- Communities of Color—Urban centers with high concentration of minorities will be primary targets of the campaign. Materials will be translated into Spanish to reach Latino communities.
- Low-income communities—Areas of high concentrations of poverty will be targeted to address a variety of predatory lending activities, including payday lending and check cashing.
- All households affected by predatory mortgage lending practices will be eligible for assistance and advice from the Helpline.

Helpline:

The Helpline will be operated by a legal services entity and will provide referrals to other legal service entities, housing agencies and other referral sources.

- Attorney—Staff Attorney who will manage the Hotline and insure that each matter is properly handled by the Paralegal.
- Paralegal—A Paralegal with significant housing experience will be given preference. The Paralegal will primarily be responsible for handling phone calls from homeowners or potential homeowners.

Estimated timeline:

The Initiative has targeted the month of February 2005 for the kick-off.

### **Insurance Industry Practices**

The number of poor and minority homeowners who cannot obtain full-coverage property insurance is significantly greater than that of the residents of mostly white, middle-income areas. In high-minority, low-income areas, residents pay an average of \$7.21 per \$1,000 of homeowner insurance, compared to \$3.53 per \$1,000 in low-minority, middle-income neighborhoods.<sup>56</sup> While few insurers have policies intentionally discriminating against the protected classes, some underwriting criteria have that same effect, "redlining" certain neighborhoods to charge higher rates on the basis of racial composition and other criteria unrelated to statistically measured or measurable risk.

As noted earlier in this report, a study by the National Association of Insurance Commissioners found only 58% of all housing in high-minority, low-income areas to be insured, compared to 82% in white, high-income areas.<sup>57</sup> Also, in a market where homeowner insurance coverage is always a prerequisite for a mortgage or home equity loan, such discrimination can be debilitating for minority home seekers, effectively denying them fair access to housing and the "asset-building" benefits associated with homeownership.

FHCSP has studied the issue of homeowner's insurance discrimination in Delaware County, and found significant differences in treatment based on the race of the tester and the racial composition of the neighborhood, when testing for compliance with fair housing laws in the homeowner's insurance market in the City of Chester.<sup>58</sup> Discrimination toward the African American testers included: denial of coverage; quoting higher costs for policies; offering less favorable types of coverage; responsiveness of the agent to the testers requests; and different applications of company policies and standards. In addition certain company policies were found that have a discriminatory effect on the residents of minority neighborhoods. These included: restricting policies for houses with flat roofs, restricting policies for houses with a market value less than \$75,000 to \$100,000,

---

<sup>56</sup> Penny Loeb, Warren Cohen and Constance Johnson, "The New Redlining," in *Merchants of Misery*, ed. Michael Hudson, Monroe, Maine: Common Courage Press, 1996

<sup>57</sup> Loeb, Cohen and Johnson

<sup>58</sup> Homeowners Insurance Audit, conducted by FHCSP for the City of Chester, of three national insurance companies with agents in Delaware County.

and requiring social security numbers in order to receive quotes for insurance. As a result of these findings, in 2001 FHCSF joined with other fair housing groups in a suit against Prudential Insurance for redlining African-American neighborhoods in Delaware County's City of Chester.

In Chester County, the participants of the Fair Housing Focus Groups had concerns about the insurance industry. One participant mentioned that policies offered to consumers in minority areas of the county are often of higher cost and lower quality than those available to residents of other parts of the county, and that it is often difficult for residents of minority areas to get any type of homeowner's insurance policy. In addition, the FHCSF received a complaint from an African American woman who was unable to get a homeowner's insurance replacement policy for the home she was purchasing in Coatesville. The insurance company would only provide her with a market value policy at above market rates. In response to the concerns raised by the Chester County Fair Housing Focus Groups and this discrimination complaint, the FHCSF is currently studying the issue of insurance discrimination in Chester County.

### **Rental and Real Estate Industry**

Of particular concern in the rental and real estate industry is the continuing prevalence of segregated neighborhoods. It is unknown if this continuing issue is the result of personal choice or steering/segregation by the rental and real estate industry. As noted in a previous section of this report, of Chester County's 73 municipalities, the majority of the 16,126 Hispanic residents are concentrated in just six discontinuous municipalities, and the majority of 27,040 African American residents live in only five.<sup>59</sup>

According to Massey and Denton, "...segregation concentrates poverty to build a set of mutually reinforcing and self-feeding spirals of decline into black neighborhoods. When economic dislocations deprive a segregated group of employment and increase its rate of poverty, socioeconomic deprivation inevitably becomes more concentrated in neighborhoods where that group lives. The damaging social consequences that follow from increased poverty are spatially concentrated as well, creating uniquely disadvantaged environments that become progressively isolated—geographically, socially, and economically—from the rest of society."<sup>60</sup>

"Although whites now accept open housing in principle, they remain prejudiced against black neighbors in practice. Despite whites' endorsement of the ideal that people should be able to live wherever they can afford to regardless of race, a majority still feel uncomfortable in any neighborhood that contains more than a few black residents; and as the percentage of blacks rises, the number of whites who say they would refuse to enter or would try to move out increases sharply.

---

<sup>59</sup> Calculations from 2000 Census

<sup>60</sup> Douglas S. Massey and Nancy A. Denton, *American Apartheid: Segregation and the Making of the Underclass*, Harvard University Press, 1993

These patterns of white prejudice fuel a pattern of neighborhood resegregation because racially mixed neighborhoods are strongly desired by blacks. As the percentage of blacks in a neighborhood rises, white demand for homes within it falls sharply while black demand rises. The surge in black demand and the withering of white demand yield a process of racial turnover.”<sup>61</sup>

Racial steering occurs when white and black clients are guided to neighborhoods that differ systematically with respect to social and economic characteristics, especially racial composition. It is possible that this type of steering is occurring in Chester County. As described previously, the discrimination audit conducted by FHCSP in 2003 shows that African American home seekers that are qualified for the rental housing of their choice can expect to face discriminatory treatment 40% of the time in Chester County. Given that much racial discrimination today happens in a very subtle way, many individuals do not even realize that they have been discriminated against.

In addition to the above issues, other concerns raised by individual participants of the Chester County Fair Housing Focus Groups included:

- Private landlords having different terms and conditions (including rental rates and maintenance standards) for members of protected classes
- Complexes accepting white prospective renters if they have poor credit, but denying housing to African Americans and Latinos prospective renters that have poor credit
- Real estate agents assuming that racial and ethnic minorities cannot afford to buy in Chester County

### **Accessibility of Housing Stock**

Unfortunately, there has been no comprehensive study done on the amount of accessible housing in the County. According to the Chester County *2005-2009 Consolidated Plan*, there are approximately 7,500 disabled adults in the county who are in need of supportive housing and only 92 units of government assisted accessible rental units available for income-eligible physically disabled residents of Chester County.<sup>62</sup> This suggests that there is a need for this type of subsidized housing as well as market rate accessible rental and homeownership units. Participants in the Chester County Fair Housing Focus Groups that serve members of the disabled community raised the concern that there is a lack of accessible housing in the County, as well as a lack of funding available to assist people in making modifications to inaccessible housing, particularly with regards to the TANF restrictions placed on the county’s home modification program.

### **Other Concerns**

In addition to the issues discussed above, individual participants in the Chester County Fair Housing Focus Groups expressed the following concerns:

---

<sup>61</sup> Douglas S. Massey and Nancy A. Denton

<sup>62</sup> Chester County 2005-2009 Consolidated Plan

- The growth of rent-to-own and payday lending schemes in low income and minority areas which has an indirect impact on these groups ability to become homeowners.
- There is an overall perception problem in the county regarding affordable housing. Poverty in the county is an invisible problem to many residents; compounded by the fact that many residents feel that they moved to Chester County in order to avoid issues of poverty.
- There is neighbor hostility toward racial and ethnic minorities in some white, rural areas of the county.
- Neither housing providers nor consumers have necessary level of knowledge about their fair housing rights and responsibilities.

## **C. Public and Private Sector**

### **Fair Housing Enforcement**

- **United States Department of Housing and Urban Development**  
Congress mandated that the enforcement of the Fair Housing Act should be the responsibility of the Department of Housing and Urban Development. Upon the filing of such a complaint -
  - i. The Secretary of HUD will serve notice upon the aggrieved person acknowledging such filing and advising the aggrieved person of the time limits and choice of forums available;
  - ii. The Secretary will, not later than 10 days after such filing or the identification of an additional respondent, serve on the respondent a notice identifying the alleged discriminatory housing practice and advise the respondent of the rights and obligations of respondents, together with a copy of the original complaint;
  - iii. Each respondent may file, not later than 10 days after receipt of notice from the Secretary, an answer to such complaint; and
  - iv. The Secretary shall make an investigation of the alleged discriminatory housing practice and complete such investigation within 100 days after the filing of the complaint, unless it is impracticable to do so.

If the Secretary is unable to complete the investigation within 100 days after the filing of the complaint, the complainant and respondent will be notified in writing of the reasons for not doing so.

During the period beginning with the filing of a complaint and ending with the filing of a charge or a dismissal, the Secretary will engage in conciliation with respect to the complaint. An agreement arising out of conciliation will be between the respondent and the complainant, and is subject to approval by the Secretary. A conciliation agreement may provide for binding arbitration of the dispute arising from the complaint. Any such arbitration that results from a conciliation

agreement may award appropriate relief, including monetary relief. Each conciliation agreement shall be made public unless the complainant and respondent otherwise agree and the Secretary determines that disclosure is not required.

At the end of each investigation under this section, the Secretary will prepare a final investigative report containing -

- i. The names and dates of contacts with witnesses;
- ii. A summary and the dates of correspondence and other contacts with the aggrieved person and the respondent;
- iii. A summary description of other pertinent records;
- iv. A summary of witness statements; and
- v. Answers to interrogatories.

A final report may be amended if additional evidence is later discovered.

Whenever the Secretary has reasonable cause to believe that a respondent has breached a conciliation agreement, the Secretary will refer the matter to the Attorney General with a recommendation that a civil action be filed under section 3614 of this title for the enforcement of such agreement.

If the Secretary concludes at any time following the filing of a complaint that prompt judicial action is necessary, the Secretary may authorize a civil action for appropriate temporary or preliminary relief pending final disposition of the complaint under this section. Upon receipt of such an authorization, the Attorney General will promptly commence and maintain such an action. Any temporary restraining order or other order granting preliminary or temporary relief shall be issued in accordance with the Federal Rules of Civil Procedure.

Whenever the Secretary has reason to believe that a basis may exist for the commencement of proceedings against any respondent the Secretary will transmit the information on which this belief is based to the Attorney General, or to such authorities, as the case may be.

Whenever a complaint alleges a discriminatory housing practice within the jurisdiction of a State or local public agency that has been certified by the Secretary, the Secretary will refer the complaint to that certified agency before taking any action on the complaint.

- **Pennsylvania Human Relations Commission**

HUD has certified that the Pennsylvania Human Relations Act is substantially equivalent to the Fair Housing Act. Therefore, HUD refers complaints to the Pennsylvania Human Relations Commission for adjudication.

- **Attorney General of the United States**

Whenever the Attorney General has reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of resistance to the full enjoyment of any of the rights granted by the Fair Housing Act, or that any group of persons has been denied any of the rights granted by the Fair Housing Act and such denial raises an issue of general public importance, the Attorney General may commence a civil action in any appropriate United States district court.

On referral of discriminatory housing practice or conciliation agreement for enforcement the Attorney General may commence a civil action in any appropriate United States district court for appropriate relief with respect to a discriminatory housing practice referred to the Attorney General by the Secretary of HUD.

- **The Pennsylvania Inter-Agency Task Force on Civil Tension**

The Pennsylvania Inter-Agency Task Force on Civil Tension is a group of governmental, law enforcement, and private agencies working together to both prevent and respond to bias-related incidents in Pennsylvania. The Task Force consists of numerous local, state and federal agency representatives. Agencies Represented on the Task Force are law enforcement and administrative agencies, as well as some non-governmental agencies. These agencies have common knowledge, skills and resources for the prevention and response to Bias-Related incidents, inter-group tension, and/or civil unrest.

The Task Force creates strategies for both prevention and response to civil tension. These strategies are developed and implemented, and relationships among Task Force members are strengthened in order to facilitate the exchange of information and counsel regarding inter-group problems and solutions. The Task Force also participates in the development and presentation of training for law enforcement personnel, municipal officials and community leaders.

The Inter-Governmental Response Team, a sub-group of the Task Force, is available to provide immediate response to schools and communities that are experiencing severe inter-group tension.

Inter-Governmental Response Team Agencies:

- PA Human Relations Commission (Convening and Coordinating Agency)
- PA Office of Attorney General
- PA State Police

#### Other Member Agencies:

Anti-Defamation League  
Center for Schools and Communities  
Episcopal Diocese of Central Pennsylvania  
Federal Bureau of Investigation  
Governor's Advisory Commission on Latino Affairs  
Governor's Commission on African-American Affairs  
Institute for Cultural Partnerships  
Local Human Relations Commissions in Pennsylvania  
National Conference of Community and Justice  
PA Commission on Crime and Delinquency  
PA Chiefs of Police Association  
PA Council of Churches  
PA Department of Community and Economic Development  
PA Department of Education  
PA Department of Public Welfare  
PA Emergency Management Agency  
PA Jewish Coalition  
PA Network of Unity Coalitions  
Philadelphia Police Department – Conflict Prevention & Resolution Unit  
Pittsburgh Bureau of Police – Hate Crime Unit – Investigation Branch  
State System of Higher Education -- Office of Social Equity  
United Methodist Witness in PA  
U.S. Department of Housing and Urban Development  
U.S. Department of Justice - Community Relations Service

- **Fair Housing Council of Suburban Philadelphia**

HUD has designated that the Fair Housing Council of Suburban Philadelphia is a Qualified Fair Housing Organization. HUD provides FHCSF, through the Fair Housing Initiatives Program (FHIP), with funding for testing and investigations in the rental, sale, financing and insuring of housing. This testing helps persons who believe that they were victims of housing discrimination to determine if their suspicion is valid or not. In addition, FHCSF is able to investigate allegations by communities who suspect that their homes have been “redlined” by members of the financial and insurance industry. Funding through the FHIP program also helps support litigation to empower individuals to confront and eradicate housing discrimination and to ensure that communities have equal access to homeowner’s insurance and mortgage products.

#### Informational Programs

- **Fair Housing Council of Suburban Philadelphia**

The Fair Housing Council of Suburban Philadelphia, through a HUD funded Fair Housing Initiative Program-Education and Outreach Initiative contract, will expand the content and reach of its technical newsletter to cover the entire Delaware Valley. The *Delaware Valley Fair Housing News* will be published twice yearly and distributed to government staff, apartment managers, local elected officials, homebuilders, zoning boards, planning commissions, housing counselors and social service agencies.

The Fair Housing Council of Suburban Philadelphia produces and distributes free of charge the following fair housing educational guides throughout Chester County:

**Guide to Fair Housing Rights for Persons With Disabilities**

This is a guide on the unique protections the Fair Housing Act provides for people with disabilities for consumers, housing providers, municipal officials and governmental oversight agencies. Administrative Law Judge decisions, HUD regulations and case law are utilized to explain such topics as reasonable accommodations, reasonable modifications, accessibility requirements for new multi-family housing, zoning of group homes, and handicapped parking.

**Guide on Fair Housing Compliance for Landlords and Apartment Managers**

This is a guide on non-discriminatory rental practices for apartment managers and owners to enable them to operate their businesses in compliance with the Fair Housing Act. Issues such as occupancy standards, per capita charges, advertising, lead-based paint and disability are addressed.

**Guide for Consumers on Fair Housing Rights**

This is a guide for consumers on how the fair housing law provides them with the right to live anywhere that they can afford. Covered in this guide are the types of housing covered and not covered by fair housing laws; issues related to persons with disabilities; and types of activities that may indicate discrimination in rental, sales, mortgage lending, appraisal and homeowners insurance.

**Fair Housing Guide on Homeowners Insurance**

This is a guide on understanding the various aspects of homeowner's insurance products to reduce the possibility of falling victim to discrimination, developed for current and prospective homeowners. Types of coverage, types of policies, endorsements and exclusions are explained.

## **V. Assessment of Current Public and Private Fair Housing Programs and Activities in the Jurisdiction**

In a study published in April 2002 by the U.S. Department of Housing & Urban Development called “How Much Do We Know?” HUD found that only one-half of the general public could correctly identify as unlawful six or more of eight scenarios describing illegal fair housing conduct. Less than one-fourth of the general public knows the law in two or fewer of the eight cases. In addition, 14% of the adult population (more than 28 million people), claim to have experienced some form of housing discrimination at one point or another in their lives. Of those who thought they had been discriminated against, 83% indicate they had done nothing about it, while 17% say they had done something. Among those with a high level of awareness of fair housing law, however, 22% had done something compared with only 8% of those with a low level of awareness. Hence, people with more knowledge are over two-and-one-half times more likely to have done something than those with less knowledge. There is, therefore, some association between knowledge of the law, the discernment of discrimination, and attempts to do something about it. The report states that this is an important factor in reducing discriminatory actions.<sup>63</sup>

The study then approached the question of why so many people who believe they had experienced discrimination had done nothing about it. The study concluded that almost two of every five people in this situation believed there was no point in responding, that it would not have solved the problem, or in some instances, that it could have made the problem worse. Three of every ten went somewhere else to rent or buy—in some cases because it was simply easier or because they did not want to live near, or rent or purchase from, the person discriminating. Almost one in every five such people did not know what to do about the discrimination, to whom to complain, or what their rights were.<sup>64</sup>

The study concludes that, “The fact that most people either did nothing or otherwise only complained to the person thought to be discriminating suggests a much greater incidence of perceived housing discrimination among the general public than a tally of complaints by government agencies, fair housing groups, or the legal system would indicate.”<sup>65</sup>

Given this information, it can be assumed that the complaints received by the FHCSF, PHRC, HUD and other sources regarding housing discrimination in Chester County still grossly understates the problems of discrimination that may be occurring within the county.

---

<sup>63</sup> U.S. Department of Housing & Urban Development, “How Much Do We Know?” Office of Policy Development and Research, April 2002

<sup>64</sup> U.S. Department of Housing & Urban Development

<sup>65</sup> U.S. Department of Housing & Urban Development

It is well documented that housing discrimination continues to keep the protected classes from accessing decent, affordable housing in the neighborhoods of their choice. But while impediments to housing choice affecting families with children, racial minorities, persons with disabilities, immigrants and others persist nationwide, the suburban Philadelphia area stands out in the state of Pennsylvania and, in some cases, the nation as a whole as an area with distinct fair housing needs. FHCSF's recent audit report of rental discrimination only begins to document the problems that are still occurring in Chester County. The area has a continuing need for fair housing education, outreach, testing, and enforcement activities.

Chester County has an excellent network of agencies that promote and disseminate fair housing information. During the past 10 years, this network has grown in its knowledge, diversity, sophistication, and in its ability to recognize and combat housing discrimination. Many resources are available to County residents through such agencies as FHCSF, HUD, PHRC, Pennsylvania Inter-Agency Task Force on Civil Tension, The Anti-Defamation League and others.

However, housing discrimination still persists. Participants in the Fair Housing Focus Groups expressed concerns related to the housing needs and limited access to the small supply of affordable housing stock for families with children, people with disabilities and racial minorities. As a result, the County's continued support of fair housing initiatives will be essential to reducing the number of discriminatory incidents. These activities will also lay the groundwork for a longer-term strategy to ensure that Chester County continues to grow into a vibrant, diverse group of communities where all neighbors are tolerated and respected, regardless of their socio-cultural background, family status or appearance.

## **VI. Conclusions and Recommendations**

The Chester County Analysis of Impediments identifies the following as impediments to fair housing choice in the County:

- Per data from the Home Mortgage Disclosure Act Data, if you are an African American in Chester County, you are more likely to be denied a mortgage (18.30% for conventional loans, 11.39% for FHA loans) than if you are white (7.55% for conventional loans, 7.52% for FHA loans).
- The 2000 U.S. Census documents the concentration of racial and ethnic minority populations in several municipalities.
- In a recent FHCSA audit, there appeared to be a differential treatment in 40% of rental units tested in Chester County.

### **Focus Group participants offered the following opinions:**

- People with disabilities, especially mental disabilities, experience discrimination in rental housing.
- Families with children face discriminatory restrictions and conditions such as landlords requiring that boys and girls have separate bedrooms and imposing per capita charges.
- Residents of minority communities in Chester County may be offered lower quality and higher cost homeowners insurance policies than residents of white communities.
- Hispanics in the county face discriminatory practices such as per capita charges by landlords.
- Predatory lending is a problem in the county, in particular due to quickly rising property values that result in predatory lenders targeting consumers for cash out refinances. Local legal aid providers have seen mortgages with predatory features such as balloon payments and exorbitant interest rates.
- Municipalities have zoning ordinances that limit the development of affordable housing by placing limits on group homes, shelters and housing for families with children.

In addition, the following impediments found in the region and nationally can most likely be applied to the residents of Chester County:

- On average, persons with disabilities in the Philadelphia region would have to pay 112% of their benefit to rent a modest one-bedroom apartment.
- HUD estimates that only a little more than 1% of Americans experiencing housing discrimination file complaints.
- Subprime loans are three times more likely to occur in low-income neighborhoods than in high-income ones and five times more likely to occur in black neighborhoods than in white neighborhoods.
- The Accessibility Requirements of the Fair Housing Act has not received the appropriate attention.
- Housing providers and consumers tend to not understand that it is illegal to discriminate against families with children.

**Action Steps to reduce the above identified impediments:**

- Educate social service, nonprofit, and government agencies to recognize housing discrimination and the available options for redress when their clients, members, or constituents encounter it.
- Educate the protected classes, agencies serving them and the general public on the resources available to assist victims of housing discrimination in filing administrative complaints with HUD and/or federal lawsuits.
- Educate housing industry professionals and affiliates on their responsibilities under the Fair Housing Act and the consequences for non-compliance.
- Educate municipal governments on their responsibility to comply with the Fair Housing Act as it applies to development of housing for the protected classes, zoning and code enforcement and the consequences for non-compliance.
- Proactively obtain information from agencies serving members of protected classes to identify emerging fair housing issues faced by their clients.
- Work with municipal leaders to reduce barriers to the development of affordable housing.

- Collaborate with mortgage lending institutions to reduce the gap in mortgage acceptance rates between whites and members of the protected classes.
- Reduce the barriers to obtaining fairly priced and adequate homeowners insurance.
- Reduce the level of predatory lending through education and enforcement targeted to protect vulnerable individuals.