



A Game Changer: Why HUD's Efforts to Improve Their Affirmatively Furthering Fair Housing Framework Matters

By: Mr. Nick Autorina
President and Chief Operating Officer, WFN Consulting
nautorina@wfnconsulting.com
November 2014

Introduction

With HUD's most recent Request for Solicitation of Comment on September 26, 2014 regarding their Affirmatively Furthering Fair Housing (AFFH) Assessment Tool, in addition to the 2013 publication of their AFFH Proposed Rule, jurisdictions across the country are now attempting to strategically realign their research and planning efforts to ensure they meet the complex task of certifying compliance with AFFH guidelines.

Since 1996, WFN Consulting has completed 29 Analysis of Impediments to Fair Housing Choice (AI) and one Fair Housing and Equity Assessment (FHEA) documents, and we've been asked countless times from our clients and other practitioners, "*What exactly does 'affirmatively furthering fair housing' really mean?*" Simply put, jurisdictions who receive HUD funding are required to take direct action, or specific steps, to address segregation, barriers to inclusive housing, and racially and ethnically-concentrated areas of poverty.

"What exactly does 'affirmatively furthering fair housing' really mean?"

And, while there seems to be a greater awareness at the local level regarding AFFH, there is still an apparent disconnect regarding *how* to apply the rule in real world scenarios. Addressing segregation and poverty is an important, yet considerable task for any jurisdiction. While the confusion regarding strategies to affirm and further fair housing may be daunting, we suspect the 2013 Proposed Rule, along with its companion Assessment Tool, will be known as the real game changer for future fair housing compliance.

The proposed rule seeks to better define AFFH, provide a framework for compliance, and strategically link fair housing goals with community development and investment planning strategies. The proposed rule also calls for the development of an Assessment of Fair Housing (AFH) document, a successor to the current Analysis of Impediments to Fair Housing Choice (AI) currently required of HUD entitlement jurisdictions. The AFH builds upon the premise of its predecessor, but adds requisite analysis components that now address disparities in community assets.

Such community assets are the land, buildings, agencies, and organizations that provide benefits to a local community. Countless research indicates that community assets provide equality in how communities function, while the presence of gaps in access to community assets is linked to numerous negative outcomes, such as, poor health, low educational attainment, increased mental health needs, higher rates of unemployment, decreased work productivity, and cycles of generational poverty. These negative outcomes translate into poorer communities with limited business and economic opportunities - furthering cycles and deepening concentrations of poverty.

Focusing on gaps in access to community assets provides an opportunity to meet and *exceed* AFFH requirements. Practitioners can make better-informed decisions about fair and affordable housing development, choosing areas that are more likely to result in improved individual (educational attainment, health, and employment) and community (businesses, economic, and work development) conditions. Gradually, these improvements can lessen the barriers of historical segregation and poverty. Additionally, local jurisdictions are able to understand how their local land use and zoning policies impact the protected classes, and align with the AFFH framework. Even with the absence of the uniform data-sets referenced in the Proposed Rule, enough practical information currently exists and is available for practitioners to analyze and apply the Rule's intent by taking swift and proactive steps.

The purpose of this article is two-fold. First, we want the reader to get a better understanding of the AFFH proposed rule via a practical, real-world scenario. Second, we want to introduce WFN's *Housing Opportunity Zone Matrix* and *Community Asset Gap Analysis*™ tools, and the theory behind our research. WFN's method can be used to help your jurisdiction meet AFFH requirements, and throughout this article, examples of a real-time application of our method are provided. Although the proposed rule is not a panacea, and regardless of whether or not the rule becomes final in the coming months or beyond, we truly believe the framework presented below can elevate the importance of

proper strategic planning to create holistic solutions for communities who have struggled with the enigma known as “Affirmatively Furthering Fair Housing.”

WFN’s Approach to AFFH

In order to best serve our clients, WFN decided to test the validity of the AFFH framework, and tested the soundness of our theory for its ability to meet the new standards. Through this process, WFN created two distinct methodologies that we believe merge the science of data analysis with public policy.

First, WFN created its *Housing Opportunity Zone Matrix* as a planning tool that integrates census data, housing markets, and access to key community assets to assist communities to allocate resources for FHEO compliance. Second, our *Community Asset Gap Analysis*™ provides communities with a five-prong test to determine proper allocation of resources and to ensure long-term strategies are more aligned with Fair Housing and other HUD program requirements. The results showed that our theory is in fact sound in its ability to meet AFFH, and can provide a useful framework for affordable housing and community development strategies and subsequent action plans.

Because the environment of our process was first autonomous, and later collaborative as we engaged input from clients, WFN was able to develop both a theoretical and practical model for AFFH compliance. We had an opportunity to be creative, embrace the learning curve via practical applications, and challenge our approach through careful consideration of every possible milestone and deliverable. This critical examination of our theories resulted in a method we would like to share with readers as a creative and effective strategy to meet the AFFH requirements.

“The Rule of Four”

WFN utilizes the four principle areas of analysis outlined in the Proposed Rule to establish our “*AFFH Framework*.” Those areas are:

- a. Improve integrated living patterns and overcome historical patterns of segregation;**
- b. Help reduce racial and ethnic concentrations of poverty;**
- c. Help reduce disparities by race, color, religion, national origin, sex, disability, or familial status; and**
- d. Improve access to Community Assets.**

By creating connections within each of these four areas, practitioners can more accurately assess compliance with AFFH and generate practical, long-term planning solutions. As a first step in the evaluation process, it is critical to establish a baseline through a comparison of census data from 2000 and 2010 for each census tract located within particular jurisdictional boundaries. In doing so, community practitioners can gain insight into trends, such as, the percentage increase or decrease of the low-moderate income [l/m] population, the overall population, and the breakdown of the various racial and ethnic populations for each census tract.

This data can help establish migration patterns (i.e. the movement of certain populations in and out of communities). Of note, migration patterns are typically followed by increased concentrations of poverty, particularly amongst racial and ethnic groups. They serve as a good indication of continued or systemic racial segregation patterns. Therefore, this data establishes the parameters to help construct a foundation for the correct application of the AFFH framework.

Once the data sets are established for each census tract, the practitioner can focus on local policies to determine the influence of land use and zoning on current trends. Practitioners should consider the following: First, what are the causal, or contributing factors associated with migration trends? People move in and out of communities for a variety of reasons. Community practitioners should be willing to examine local policies and ask difficult questions such as:

Are ethnically or racially concentrated areas and migration patterns a result of unintended-discriminatory practices, or the result of a natural progression over time based on comfort, cultural identity, and family traditions?

Typically, land use and zoning policies are impacted by mandates regarding housing density (i.e. the number of housing units allowed per acre), building multi-family homes, lot sizes, etc. These policies can make it difficult to build and maintain affordable housing, which can negatively impact migration, forcing low/mod income residents to move. Multi-family housing is also preferred by members of racial and ethnic minority groups, aging populations, immigrants, and millennial workers. Decreases in affordable multi-family housing are likely to result in decreases in these populations. This type of consideration of local policies by practitioners can enhance understanding of census tract data and provide opportunities for developing local policies that encourage and align with AFFH.

With the data framework established, let's breakdown the four AFFH principles and discuss the practical application of each principle using a hypothetical census tract known as CT1234, with the following baseline data. Using both 2000 and 2010 census data, initial research for 1234 reveals the following:

Table One: Census Data Comparison for Hypothetical Census Tract 1234

| | Overall Population | Low/Mod Population | White Population Percentage | Black Population Percentage | Hispanic Population Percentage |
|--------------------|--------------------|--------------------|-----------------------------|-----------------------------|--------------------------------|
| Census 2000 | 2,150 | 67.5% | 64.1 | 13.5 | 22.4 |
| Census 2010 | 3,055 | 78.4% | 59.5 | 18.3 | 22.2 |

AFFH Principle #1 – Improve integrated living patterns and overcome historical patterns of segregation:

The Census tract data allows the practitioner to see migration and integrated living patterns. At first glance, data reveals increases in the low/mod income population and the Black population while the White population has decreased, and the Hispanic population has remained virtually unchanged. The data also indicates that low/mod and Black makeup of the areas is increasing, and integrated living patterns have decreased over the ten year period. In order to develop a plan for improved living patterns (i.e. diverse economic and racial residency patterns) the practitioner must analyze and understand the historical context of sustained land use policy and economic development trends over time. It is not enough to recognize that tract 1234 is 78.4% low/mod income. That information alone is insufficient to begin planning towards AFFH compliance. The practitioner needs to understand why tract 1234 is 78.4% low/mod. Some areas of consideration are:

What were the determining factors? Was it a result of policy? Or, was it a result of political or social factors out of the jurisdiction's control?

For example, jurisdictions may build affordable housing in areas near other affordable housing units. The reasoning may be due to zoning requirements, political factors, social pressure, etc. And while unintended, building affordable housing near other affordable housing locations may isolate residents from community assets, reduce housing inclusion and neighborhood diversity, and stabilize, or worst yet, deepen concentrations of poverty.

Once the policy aspects are reviewed, the housing market in tract 1234 can be analyzed. The key goal in assessing the housing market at this point is to determine if adequate housing choice exists in tract 1234. Important questions to consider include:

Are their vacant developable lots, or a mixture of single family, duplex, or multi-family properties available? Do these properties provide a realistic opportunity for affordable housing choice?

Another key area of consideration is whether or not there are housing trends and patterns of segregation present? If so, what led to this dynamic in tract 1234? Again the practitioner should consider local policies and ask difficult questions. It should be stated that the AFFH principle does not require overnight fixes to patterns of segregation. Instead, it means that if trends are isolated, questions must be posed that answer:

How can the jurisdiction better allocate future resources to provide housing opportunities for the protected classes?

Is it an infrastructure issue? Is it a transportation issue? Is it a zoning issue?

AFFH Principle #2 – Reduce racial and ethnic concentrations of poverty:

On the surface, this goal seems shockingly complex. And it is! This principle requires varying levels of analysis, digging deep into the numbers, and extracting elements which allow the practitioner to make better informed and strategically-aligned funding decisions, related to affordable housing activities. The initial census tract data does not provide enough information to determine if the Black and Hispanic populations are concentrated, without having more information about the specific region.

As a baseline, racial and ethnic census data at the block group level can be superimposed over each census tract in the jurisdiction, providing a visual starting point for analyzing trends and applying a holistic community assets evaluation tool (to be outlined later in this article). But, the objective here is to accurately determine the dominant population groups and their housing shifts based on past, current, and future housing choice. As you will note shortly, the only way to principally reduce disparities [of any kind] is predicated on if the market itself can handle the correction.

AFFH Principle #3 – Help reduce disparities by race, sex, color, religion, national origin, disability, or familial status:

This principle is arguably the most complex and daunting because it requires a thorough understanding of the Protected Classes, and an analysis of how disparities are captured within your jurisdiction. In general, the Protected Classes include individuals based on race, color, religion, national origin, sex, disability, and family status (although some jurisdictions have expanded Protected Classes). Of note, the most prevalent disparities are racial, with readily available data for each census tract.

We return to **Table One** where tract 1234 revealed three dominant population groups in 2010.

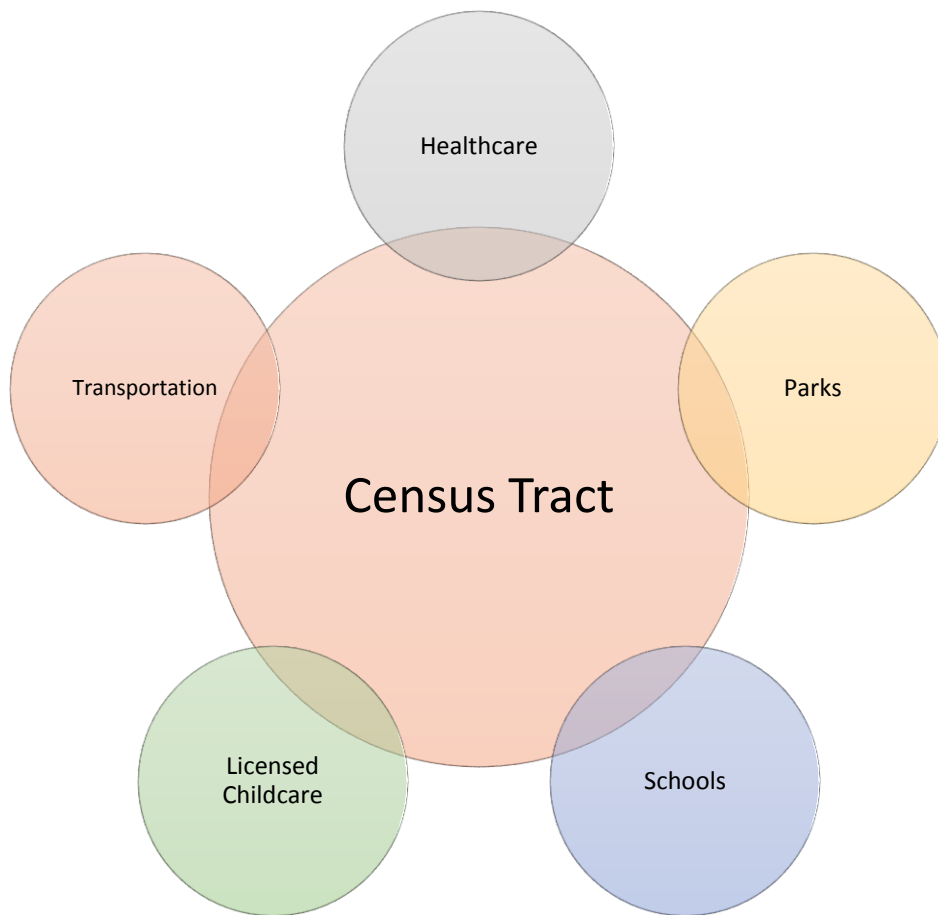
| | Overall Population | Low/Mod Population | White Population Percentage | Black Population Percentage | Hispanic Population Percentage |
|--------------------|--------------------|--------------------|-----------------------------|-----------------------------|--------------------------------|
| Census 2000 | 2,150 | 67.5% | 64.1 | 13.5 | 22.4 |
| Census 2010 | 3,055 | 78.4% | 59.5 | 18.3 | 22.2 |

It is apparent in tract 1234 that a huge disparity exists between the population count of White, Black, and Hispanic populations. Between 2000 and 2010, there was a decrease in the White population of 4.6% between 2000 and 2010, while the Black and Hispanic population increased by 4.8% and 0.2% respectively. These trends run contrary to AFFH principals, which are to *reduce* these disparities. A good goal for practitioners is to set standards for measuring success in reducing population disparities. For example, when the 2020 Census is completed, if the disparity between the White and Black populations shifts less than one to three points in either direction, would that be considered a failure? What would be viewed as realistic or attainable? Setting measureable and clearly-defined goals can help make addressing this principle seem less daunting.

Through our process we also discovered an important element that practitioners should consider. Namely, whether or not the present housing market [in a respective jurisdiction] can support such an increase. Although our premise was validated by clearly-defined data, the housing market of a particular jurisdiction or region must have the necessary available options. For example, unless the housing market in tract 1234 had vacant developable lots, or other affordable housing options that could legitimately provide an opportunity for income-eligible persons, the disparity that currently exists will remain. Worse yet, it could increase, due to the market's current state. In other words, *the market dictates everything!*

AFFH Principle #4 – *Improving Access to Community Assets*

The last AFFH principle underscores the connection between the availability of community assets as predictors of success based on a community's ability to provide a balanced environment that meets the needs of its residents. Utilizing WFN's aforementioned *Community Asset Gap Analysis*[™], practitioners can analyze each census tract's proximity and accessibility to five community assets depicted in the chart below:



Based on this assessment, each census tract can be scored on a scale of 0 to 5 with "0" representing *no access to community assets* and "5" representing *total access to community assets*. Again, proximity can be one measurement of access. But, practitioners should also consider factors, such as associated costs in relation to area income, as an accessibility issue as well. In other words, the community assets should be affordable based on the income of low/mod-income residents.

The Attributes of Communities

Our research shows that if at least three out of five community resources are accessible, the development, growth patterns, and self/community-sustainability are significantly increased. The ability of residents to locate and use community assets can help explain migration patterns and concentrated poverty. Further, the fourth principle of AFFH represents the final ingredient which ties together a methodology that allows for better-informed decisions regarding the investment of federal dollars. Based on our research, while sub-par housing is problematic, it is only a single issue that residents face that impacts the overall quality of life in a community.

Overall, the availability of a sound social infrastructure and community assets, gives families a better opportunity to thrive. Applying the fourth AFFH principle, allows the practitioner to analyze the development of future housing in relation to the five community assets described above to assess compatibility with the AFFH framework and promote AFFH compliance.

Below is a listing of important things for practitioners to consider as they evaluate access to community assets in their area:

Schools

School performance is strongly associated with housing choice. For families that have the financial means, choosing not to live in districts with underperforming schools is easy. Schools with high drop-out rates and/or low test scores are unlikely to produce a stable and educated workforce that draws businesses and furthers economic development. Lowered economic outcomes in a region can continue to enforce patterns of segregation and poverty concentration.

Areas for practitioners to consider when assessing schools are: *Graduation rates, geographical concentration of underperforming schools, drop-out rates, grade retention rates, etc.*

Transportation

Adequate transportation is linked to improved work performance and attendance. Community practitioners must consider how households that lack personal means of transportation will get to work safely and consistently. A lack of public transportation can also mean less access to community amenities, like parks and healthcare facilities. The lack of access to transportation is associated with higher rates of unemployment, higher rates of absenteeism, and decreased investment by businesses.

Inaccessible public transportation can worsen patterns of segregation, leaving low/mod-income families isolated and trapped without an ability to access social infrastructure outside of their neighborhoods.

Areas for practitioners to consider when assessing schools are: *Use of public transportation, accessibility for disabled residents, the mix of transportation options available, etc.*

Childcare

Families need adequate childcare. Access to licensed, affordable childcare providers that have flexible hours is critical to workforce development, and in turn economic development. Increased standards in childcare facilities can also result in improved school performance for children later in their development. Affordable housing that does not allow residents to access licensed childcare, hinders the ability and availability of parents to work, furthering inhibiting their ability to earn income, and accumulate savings, and wealth.

Areas for practitioners to consider when assessing childcare facilities are: *Costs, the licensing agency, provider qualifications, proximity to public transportation, and proximity to housing.*

Healthcare Facilities

Access to quality medical facilities is also strongly associated with housing choice, with residents who can afford it choosing to stay near hospitals, clinics, and emergency facilities with reputations for good patient care. The emotional and physical health of both children and adults has been linked to proximity to and quality of healthcare facilities. Work and school performance and attendance are also greatly impacted by healthcare facilities with higher rates of absenteeism and lower performance being associated with inaccessibility of healthcare facilities.

Areas for practitioners to consider when assessing healthcare facilities are: *Costs, proximity to public transportation, and the presence of unified health systems versus neighborhood clinics.*

Parks and Recreation

Lastly, access to park and recreational activities has been linked to improved school and work performance and attendance and emotional and physical health.

Areas for practitioners to consider when assessing park and recreational facilities are: *safety, availability of multi-use facilities, maintenance, and accessibility for people with disabilities.*

CONCLUSION

While localities seem aware of AFFH, confusion regarding the standards for compliance to affirmatively further fair housing persists. Recently, scrutiny has increased as a result of facially-discriminatory policies in relation to AFFH. Therefore, it is incumbent upon community development practitioners to apply fundamental changes to their approach regarding affordable housing development. In this article, we have provided a deeper explanation of AFFH and a creative strategy for accessing and planning for AFFH compliance, based on WFN's research model.

However, what the reader has been exposed to in this article is not merely a theoretical discussion. WFN has practically applied this AFFH framework and assessment in real-time and real-world consulting engagements over the past year. We believe that by utilizing the strategies discussed in this article, there is potential for creating tremendous return-on-investment for the federal dollars expended on affordable housing. By thoroughly examining the linkages that exist between available housing choice, the AFFH framework, and the accessibility of community assets, the opportunities to create vibrant self-sustaining communities for all income levels are greatly increased.

More importantly, through the creation of these communities, compliance with the regulations and intent of the Proposed Rule on AFFH is also reached. By applying each of the four AFFH principles, practitioners, planning professionals, and elected officials can view their future affordable housing acquisition strategies and land use and zoning strategies in a more balanced and practical manner - a manner that aligns with the Civil Rights Act and the AFFH requirement. Specifically, investment of federal resources no longer needs to be reserved for or expended in areas that have had historically high low-income populations or minority concentrations. Planning for affordable housing can focus on land-use and zoning implementation, smart growth strategies, and proactive analysis that help communities build the assets that are imperative to improving opportunities for community economic growth and economic mobility for residents.

CONTACT US

WFN Consulting, LLC is focused on producing detailed analyses for communities across the country related to affordable housing choice, potential impediments to fair housing choice for members of the protected classes, and land use and zoning policy. Through this work, we have gained valuable insight into community and economic development strategies. As practitioners on the ground in many communities, and as a HUD TA provider, WFN is often among the first to hear of policy changes and updates that affect grantees and their programs. And because we provide the full-time management of

HUD and other federal grant programs for entitlement grantees, WFN knows firsthand the challenges faced by practitioners in implementing new regulations and guidance – and has developed innovative approaches to doing so. When grantees trust WFN with their training and complex technical assistance needs, they receive practical advice that works in the real world from professionals with unparalleled access to HUD's decision-makers.

WFN Consulting can help. Let us show you how.

WFN Consulting
123 Church Street, Suite 300
Marietta, Georgia 30060
Phone: 770.420.5634
Email: mail@wfnconsulting.com
Website: www.wfnconsulting.com

A Simply *Different* Perspective on Community Development™