



# 2015-2020 Knox County Consolidated Plan

Analysis of Impediments to  
Fair Housing

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Community Development  
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# Analysis of Impediments to Fair Housing

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## **SECTION I: Introduction, Methodology and Background**

Fair Housing is the right of individuals to obtain the housing of their choice, free from discrimination based on race, color, religion, sex, disability, familial status, or national origin. This right is assured by the Federal Fair Housing Acts of 1968 and 1988, as amended, which makes it unlawful to discriminate in the sale, rental, financing, and insuring of housing.

Under the Fair Housing Act an aggrieved person may, not later than one year after an alleged discriminatory housing practice has occurred, file a complaint directly with the U.S. Department of Housing and Urban Development (HUD), or a State or local agency enforcing laws that are “substantially equivalent” to the Fair Housing Act. Upon the filing of such a complaint, HUD has the responsibility to serve notice of the complaint and conduct an investigation into the alleged discriminatory housing practice.

In order to ensure the prevention and elimination of housing discrimination, HUD requires all governing authorities directly receiving Consolidated Plan Program funds to certify that the community, consortium or state will “affirmatively further Fair Housing” within their jurisdictions. This requirement is codified in the Consolidated Plan requirements under 24 CFR 91.225. Public agency obligations under the Act may be grouped into three categories:

**Intent:** The obligation to avoid policies, customs, practices, or processes whose intent or purpose is to impede, infringe, or deny the exercise of fair housing rights by persons protected under the Act.

**Effect:** The obligation to avoid policies, customs, practices, or processes whose effect or impact is to impede, infringe, or deny the exercise of Fair Housing rights by persons protected under the Act.

**Affirmative Duties:** The Act imposes a fiduciary responsibility upon public agencies to anticipate policies, customs, practices, or processes that previously, currently, or may potentially impede, infringe, or deny the exercise of Fair Housing rights by persons protected under the Act.

The first two obligations pertain to public agency operations and administration, including those of employees and agents, while the third obligation extends to private as well as public sector activity.

The Knox County Fair Housing Analysis of Impediments discusses the results of earlier analyses of impediments and the steps the County intends to take to implement policies that will prevent and eliminate housing discrimination in the County.

### ***METHODOLOGY***

The Analysis of Impediments (AI) conducted by the TDA, Inc. team involved a variety of data collection and analysis techniques, including:

1. Analyzing demographic data available through the U.S. Census Bureau, as well as descriptive data pertaining to the Knox County housing market and trends in real estate over the past ten years.
2. Examination of mortgage lending trends through the analysis of data available through the Home Mortgage Disclosure Act (HMDA). Enacted by Congress in 1975 and implemented by the Federal Reserve Board's Regulation C, HMDA requires lending institutions to report public loan data. Using the loan data submitted by these financial institutions, the Federal Financial Institutions Examination Council (FFIEC) creates aggregate and disclosure reports for each metropolitan area (MA) that are available to the public at central data depositories located in each MA.
3. Interviews with local government staff and community representatives.
4. A review of source documents, including the most recent AI, conducted in 2010, the 2015-2020 Consolidated Plan, the most recent Tennessee Human Rights Commission Annual Reports, and the most recent CAPERS.

To begin an examination of current Fair Housing policies and strategies, this report will look at past accomplishments and look at the City of Knoxville and other Tennessee communities to provide a basis of comparison between what the Knox County Fair Housing Plan proposes to do and further steps it can and should take to affirmatively further Fair Housing.

#### ***BACKGROUND: KNOX COUNTY***

##### **Analysis of Impediments to Fair Housing 1998**

The following were the Impediments to Fair Housing identified in 1998

1. Lack of Central Location for Fair Housing Information and Outreach: Prior studies identified that a "one-stop shop" for fair housing related issues did not appear to be in existence. The multiplicity of local agencies and entities with information on Fair Housing requires the complainant to navigate through a maze of phone conversations to obtain the correct information. Centralization would include where to get information on fair housing law and fair housing rights, where to report complaints, how to find educational resources, and how to get funds for fair housing activities.
2. Need for Public Education: The most commonly identified impediment was a lack of knowledge among protected classes regarding resources, services, and programs for lower income families and persons with special needs. This lack of knowledge occurred among renters, owners, property owners, builders, and other organizations.

For example, participants reported that people of color and persons with disabilities are often unaware of fair housing laws. In addition, they reported that persons with disabilities are not aware that the law required landlords to provide reasonable accommodations for physically and/or mentally disabled persons when seeking or renting an apartment. There was also a need among organizations to know what other organizations were doing regarding fair housing.

3. **Discrimination by Landlords:** Prior participants discussed elements of the renting process that discriminate against protected classes. For example, many landlords use minimum income or other requirements to screen out tenants, including persons with a rental subsidy. Some landlords require current employment, which may disproportionately affect persons with disabilities who are unable to work. Some require applicants to verify a 2-year work or rental history. This requirement may negatively affect new immigrants and refugees who have not even been in the United States for 2 years but who are otherwise qualified for the unit.

Focus group participants also discussed the heavy reliance by owners on tenant screening reports, such reliance limits housing choice for many protected class members since tenants often say that the reports are inaccurate, incomplete, or misleading.

4. **Predatory Lending:** Knox County residents who owned homes were often victims of misleading loan information that led them to believe they could receive a refinancing loan for little or no extra money. Therefore, many low-income households were getting into financial trouble and often defaulting on their mortgage. No banking or lending representatives attended the focus group.
5. **Language and Cultural Barriers:** These barriers occur in many examples, such as landlords who will not or cannot communicate with immigrants, landlords who discriminate based on a person's cultural characteristics, and fair housing and other affordable housing information that is not available in Spanish.
6. **Lack of Accessible Housing for Persons with Physical Disabilities:** Prior focus groups mentioned that affordable housing is not often designed for persons with physical disabilities. Participants decided that adaptable housing is more marketable, so discussions centered around the need to educate developers, builders, and citizens on the difference between accessible and adaptable housing.

In addition, participants reported that some tenants with disabilities lack the financial resources to pay for a modification to the unit. The inability to pay for a modification limits housing choice for people with disabilities. Participants that worked with disabled clients reported that their clients often do not request reasonable accommodations since they fear that they will be kicked-out of their apartment.

Other issues include the need to educate landlords, renters, and homebuyers with disabilities about how their homes can be made more appropriate for their needs and the programs available to help them rehabilitate their homes.

7. **Lack of affordable housing for persons with disabilities due to Discrimination, NIMBY-ism, and unavailability:** Prior participants discussed the impediments faced by persons with mental illness and substance abuse issues, including the dually diagnosed, persons needing assisted or supportive living arrangements, and former offenders. Reasons cited were that landlords did not often want to rent to these people and that residents often did not want housing for these people in their neighborhoods (the "Not in My Back Yard, or "NIMBY" syndrome). Participants cited citizen opposition (NIMBY) as a significant impediment to fair housing choice. Public hearings concerning proposed affordable housing projects bring objections galore, mostly from neighbors who cite

adverse effects on traffic, infrastructure, and public services schools, the environment, property values, and crime rates. However, the desire to maintain a neighborhood's socioeconomic homogeneity and exclusivity is frequently unstated.

Many of the impediments identified by focus group participants are also barriers to affordable housing. For instance, citizen opposition to affordable housing development is both an impediment to fair housing choice and a barrier to affordable housing. Impediments that included issues of housing availability often fall under both categories. For instance, landlords that do not accept housing vouchers discriminate against persons in protected classes since they are more likely to be of lower income. However, the lack of landlords that accept vouchers is also a barrier to affordable housing for all lower income people.

### **Analysis of Impediments to Fair Housing 2010**

The following were the Impediments to Fair Housing identified in 2010

#### **Impediment # 1: Need to Develop Substantive Fair Housing Initiatives**

- The analysis of fair housing complaints from the Atlanta HUD Office and the Tennessee Human Rights Commission revealed a moderate number of complaints over a 10 year period.
- Limited fair housing information is available and there is no indication that the County has created brochures or other training materials that are locally oriented.
- There is no indication that the County initiates or requests State assistance in any research or systematic testing programs to ascertain fair housing issues within the County.
- This impediment incorporates the issues cited in the 1998 A.I. Impediments 1 and 2.

#### **Suggested Steps to Remove this Impediment**

- 1) The County should establish a web page on the County's website devoted to Fair Housing. The web page can define the protected classes, provide general information on Fair Housing and Equal Opportunity and provide links to the local Fair Housing Officer and the Tennessee Human Rights Commission.
- 2) The County should increase its efforts for outreach, training, and education of the community about fair housing rights through all types of media on an ongoing basis. This information should be made available to all County Departments, Commissions and Advisory Committees, housing and service providers as well as other public organizations, including libraries, schools, and community centers.
- 3) The County should create a publicity and media campaign strategy that will utilize visual and written materials to educate the community about fair housing rights.

- 4) The County should hold discussions with the City of Knoxville (since they are a HUD equivalent fair housing agency) on combining and centralizing Fair Housing efforts

### **Impediment # 2: NIMBY and Market Availability**

- Lack of affordable housing for protected class persons, especially those persons with disabilities, leads to discrimination due to NIMBY-ism and unavailability. Often landlords do not want to rent to people with disabilities and sometimes residents often do not want housing for protected class people in their neighborhoods (the "Not in My Back Yard, or "NIMBY" syndrome).
- Unfortunately, NIMBY continues to be a significant impediment to fair housing choice. Public hearings concerning proposed affordable housing projects bring objections galore, mostly from neighbors who cite adverse effects on traffic, infrastructure, and public services schools, the environment, property values, and crime rates. However, the desire to maintain a neighborhood's socioeconomic homogeneity and exclusivity is frequently unstated.

### **Suggested Steps to Remove this Impediment**

1. Since this is a continuing impediment from the 1998 Analysis of Impediments, the County should continue to expand affordable housing options for very low, low and moderate-income residents, including public housing residents and homeless persons who seek to move into subsidized private housing.
2. The County should continue to respond to NIMBY issues by making creative and effective use of its HOME, CDBG and other housing resources to subsidize the sale or rental of safe, decent and sanitary affordable housing to such residents.

### **Impediment # 3: Need for financial education and literacy in homeownership/rental.**

- Surveys, interviews and feedback from meetings indicate that credit education and financial counseling are lacking in efforts to impact those most in needs of this service. With regards to efforts that are being made, there may be a need to survey local residents to determine what works best for them and hold sessions that are more convenient for their availability.
- Public education is lacking in giving people skills to be more economically independent.

### **Suggested Steps to Remove this Impediment:**

1. The County should encourage efforts to provide literacy education. Efforts must be made to help those in the community to be pro-active in establishing and maintaining good credit instead of focusing on correcting poor credit. Data showed that most of those experiencing problems in this area were Protected Classes.

2. The County should work with local lenders and real estate professionals in helping to develop curriculum and providing instructors for some of the classes. Literacy education should not be limited to the public school, but should take place in neighborhoods and churches.

**Impediment # 4: Potential Protected Class discrimination in homebuyer lending market.**

- Often Protected Classes are not equal partners in the home buying market in the County.
- Prime lenders had few applications and high originations and sub-prime lenders had high applications and few originations.
- Loan data show an under representation of applicants for loan applications and denials based on debt to income ratios and credit history. These are factors which could point to disinvestment in low/mod neighborhoods which limit access to home improvement loans, access to refinancing loans and access to funds to afford new homes.

**Suggested Steps to Remove this Impediment**

1. Lenders need to be made aware of this issue and initiate positive efforts in establishing a broader market.
2. Working with local lenders, the County should do further analysis of lending data to determine to what extent disparate treatment of protected classes accounts for loan denials. This could be an ideal project between the lenders and faith based institutions.
3. The County should take an active role in monitoring Home Mortgage Disclosure Act Data to insure that lenders continue to equalize lending practices.

## **SECTION II: Demographic and Economic Overview**

This section profiles Knox County's demographic and housing trends by examining and mapping data from the 2010 decennial Census, the American Community Survey 2013 and other relevant data contained in the 2015-2020 Consolidated Plan. After describing demographic characteristics and trends, the section provides an analysis of the area's housing market and a household's ability to purchase a home. The section concludes with a synopsis of housing problems experienced by residents, such as cost burden, physical defects and overcrowding

### ***OVERVIEW***

Between 2000 and 2011 Knox County's population has grown 20%, the number of households has increased 19%, and the median income has increased 26%.

While the median income has increased, the poverty rate for the County has increased from 12.6% in 2000 to 16.0% in 2013.

Small Family Households represent 52.2% of all households. Households with a member between 62 and 74 years of age represent 18.4% of households. Household with children under 6 years of age represent 13.9% of households. Households with one member over 75 years of age comprise 9.2% of households. Large Family Households represent 5.5% of all households

Of the 5.8% of County households at or below 30% of HAMFI: 35.8% contain an elderly household member; 31.1% live in Small Family Households; and 17.2% are households with one or more children under the age of six.

Of the 9% of County households between 30% and 50% of HAMFI: 46.1% contain an elderly household member; 34.6% live in Small Family Households; and 15.3% are households with one or more children under the age of six.

Of the 9% of County households between 50% and 80% of HAMFI: 36.8% contain an elderly household member; 36.8% live in Small Family Households; and 14.6% are households with one or more children under the age of six.

Of the 89,382 households in Knox County, .4% have substandard housing or housing lacking complete plumbing or kitchen facilities. Of the total of estimated 349 substandard units, 67% are renter households.

Those households which are both overcrowded and substandard comprise less than .01% of all households while those households which are overcrowded and not substandard comprise .05% of all households. The disproportionate need falls on white families in all categories.

Persons in households with only adults comprise the largest single homeless population at 72.5% of the homeless population. Persons in households with adults and children comprise the second largest homeless population at 12.7% of the homeless population.

Of the chronically homeless population 94.1% are Chronically Homeless Individuals.

In every category of household, the estimated number of households exiting homelessness is less than the estimated number of households becoming homelessness each year.

Approximately 9.2% of all households of Knox County have household member who is elderly.

Approximately 12% of all households of Knox County have an elderly person with a disability (frail elderly).

Approximately 4% of all households in Knox County have a child under 18 with a disability.

Approximately 25% of all households of Knox County have household member who has a mental health problem.

Less than 1% of all households of Knox County have household member who has HIV/AIDS.

#### ***EMPLOYMENT PROFILE***

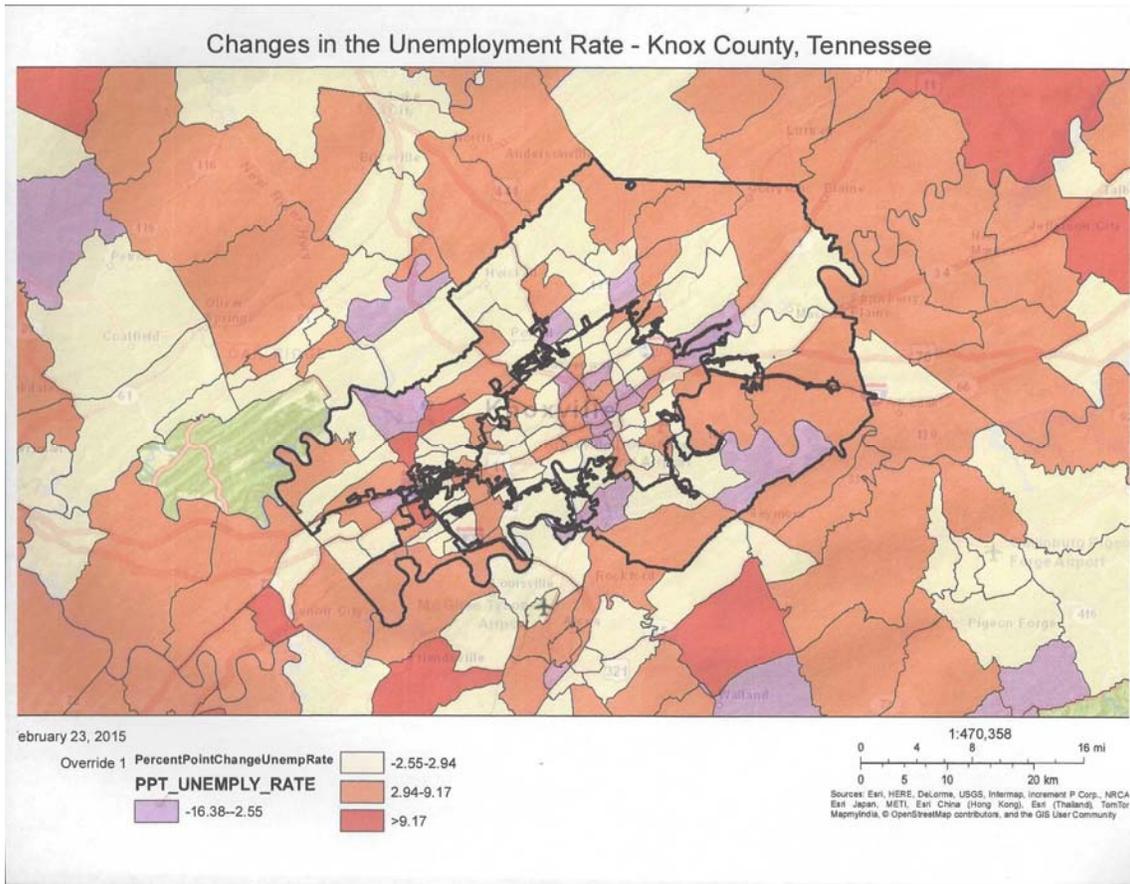
In 2012 the Census reported a labor force of 205,929 persons in Knox County<sup>1</sup>. In December 2014 the unemployment rate in the County was 5.0%<sup>2</sup>

The American Community Survey 2008 data estimated 136,248 persons in the labor force, and the Bureau Labor Statistics data showed a 2008 unemployment rate of 5.2 percent in the MSA.

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<sup>1</sup> Geography Area Series: County Business Patterns 2012 Business Patterns; US Census

<sup>2</sup> Federal Bank of St Louis; Accessed February 23, 2015; <http://research.stlouisfed.org/fred2/series/TNKNOX5URN>



The US Census data provides the following breakdown of employment in Knox County as of 2012.

**Table 1: Knox County Employment 2012**

2012 NAICS code	Meaning of 2012 NAICS code	Year	Number of establishments	Paid employees for pay period including March 12 (number)	Percent of All Employees
00	Total for all sectors	2012	11,029	205,929	100%
11	Agriculture, forestry, fishing and hunting	2012	7	b	
21	Mining, quarrying, and oil and gas extraction	2012	10	97	0.05%
22	Utilities	2012	1	a	
23	Construction	2012	762	9,516	4.62%

31-33	Manufacturing	2012	365	12,099	5.88%
42	Wholesale trade	2012	778	11,997	5.83%
44-45	Retail trade	2012	1,759	29,988	14.56%
48-49	Transportation and warehousing	2012	266	8,131	3.95%
51	Information	2012	220	5,658	2.75%
52	Finance and insurance	2012	862	9,751	4.74%
53	Real estate and rental and leasing	2012	542	3,236	1.57%
54	Professional, scientific, and technical services	2012	1,156	9,618	4.67%
55	Management of companies and enterprises	2012	99	6,049	2.94%
56	Administrative and support and waste management and remediation services	2012	602	26,581	12.91%
61	Educational services	2012	109	2,621	1.27%
62	Health care and social assistance	2012	1,257	35,228	17.11%
71	Arts, entertainment, and recreation	2012	129	1,967	0.96%
72	Accommodation and food services	2012	936	22,075	10.72%
81	Other services (except public administration)	2012	1,164	11,231	5.45%
99	Industries not classified	2012	5	a	

The 2012 Business Patterns data showed that the largest numbers of residents within Knox County were employed in the health care and social assistance industry (17.11 percent), followed by Administrative and Support and Waste Management and remediation services (14.91 percent) and retail trade (14.56 percent).

A change in the way data is reported makes comparisons to past years difficult. In general, retail trade has declined over the last 20 years while health care and social assistance has remained stable, and Administration and support has increased.

## Demographic Profile

### POPULATION

<b>Table 2: Population Demographics 2000-2011</b>			
<b>Demographics</b>	<b>Base Year: 2000</b>	<b>Most Recent Year: 2011</b>	<b>% Change</b>
Population	190,424	229,244	20%
Households	74,877	89,382	19%
Median Income	\$37,454.00	\$47,277.00	26%

**Data** 2000 Census (Base Year), 2007-2011 ACS (Most Recent Year)

**Source:**

Between 2000 and 2011 Knox County's population has grown 20%, the number of households has increased 19% and the median income has increased 26%<sup>3</sup>.

### RACE/ETHNICITY

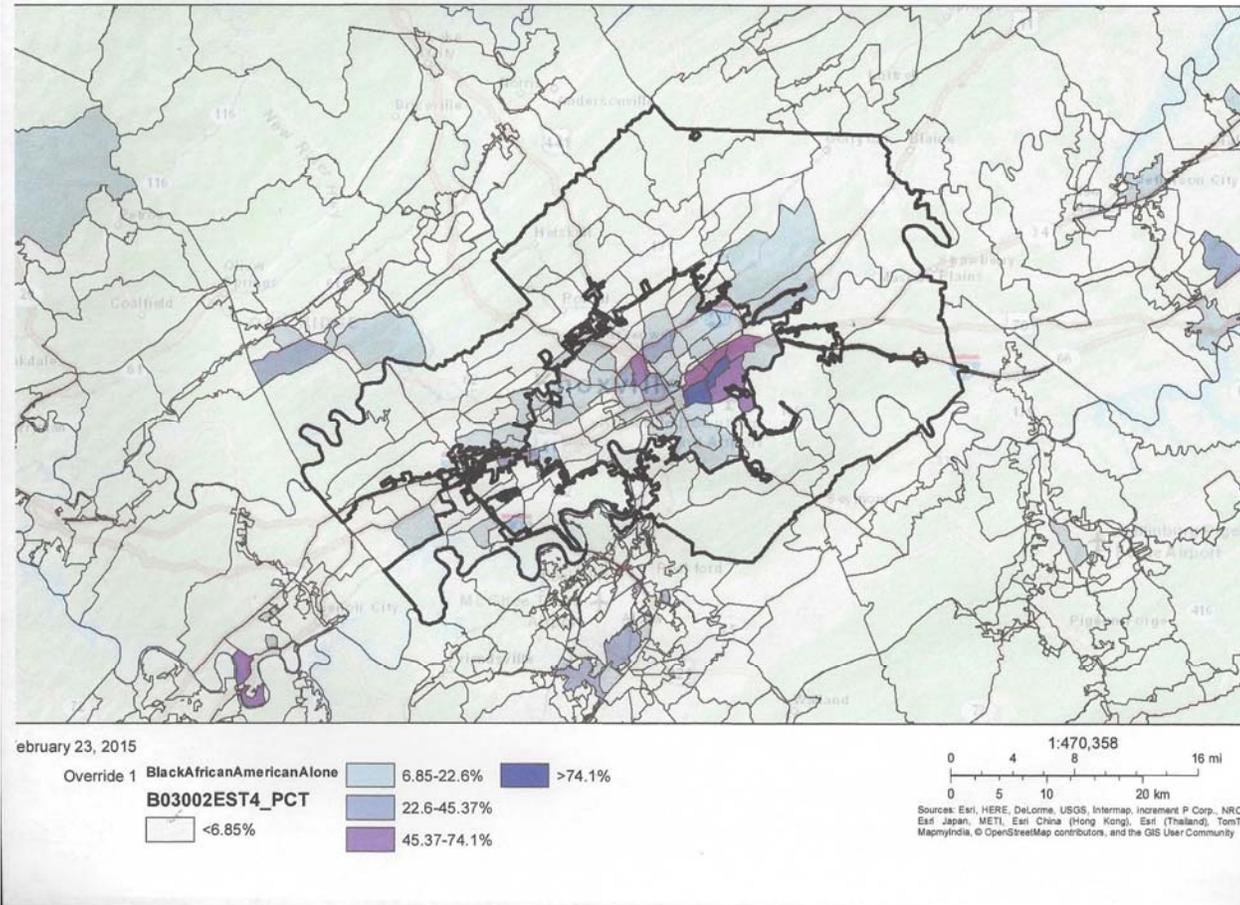
In 2000, Knox County's population was 95% White, 2.3% Black, 1.1 percent Asian, and 1.0 percent two or more races. The Hispanic population comprised 0.9 percent of the county's total population.

In 2010 Knox County's population was 85.6% White, 8.8% Black, 1.9% Asian and 1.9% two or more races. The Hispanic population comprised 3.5% of the County's population.

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<sup>3</sup> Knox County Consolidated Plan 2015-2020

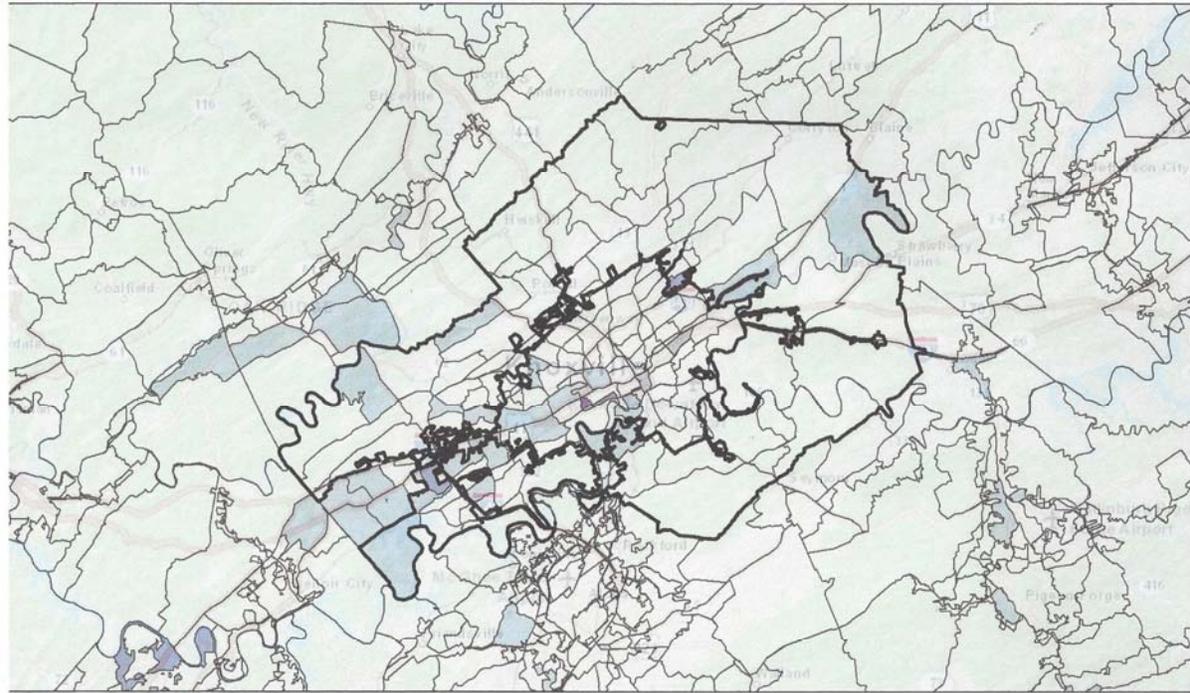
### Distribution of Black or African American Population - Knox County, Tennessee



The map above illustrates the distribution of the black population in Knox County in 2010. In Knox County outside of Knoxville, Black populations are located in the northeast and northwest quadrants of the County with concentrations of 6.85% to 22.6%.

By 2013 the second largest cohort was the Asian population which had increased to 2% of total population. The map below illustrates the distribution of the Asian population in Knox County in 2012. In Knox County outside of Knoxville, Asian populations are located in the eastern and northwestern quadrants of the County with concentrations of 3.41% to 11.99%.

### Asian Population Distribution 2012 - Knox County, Tennessee



March 2, 2015



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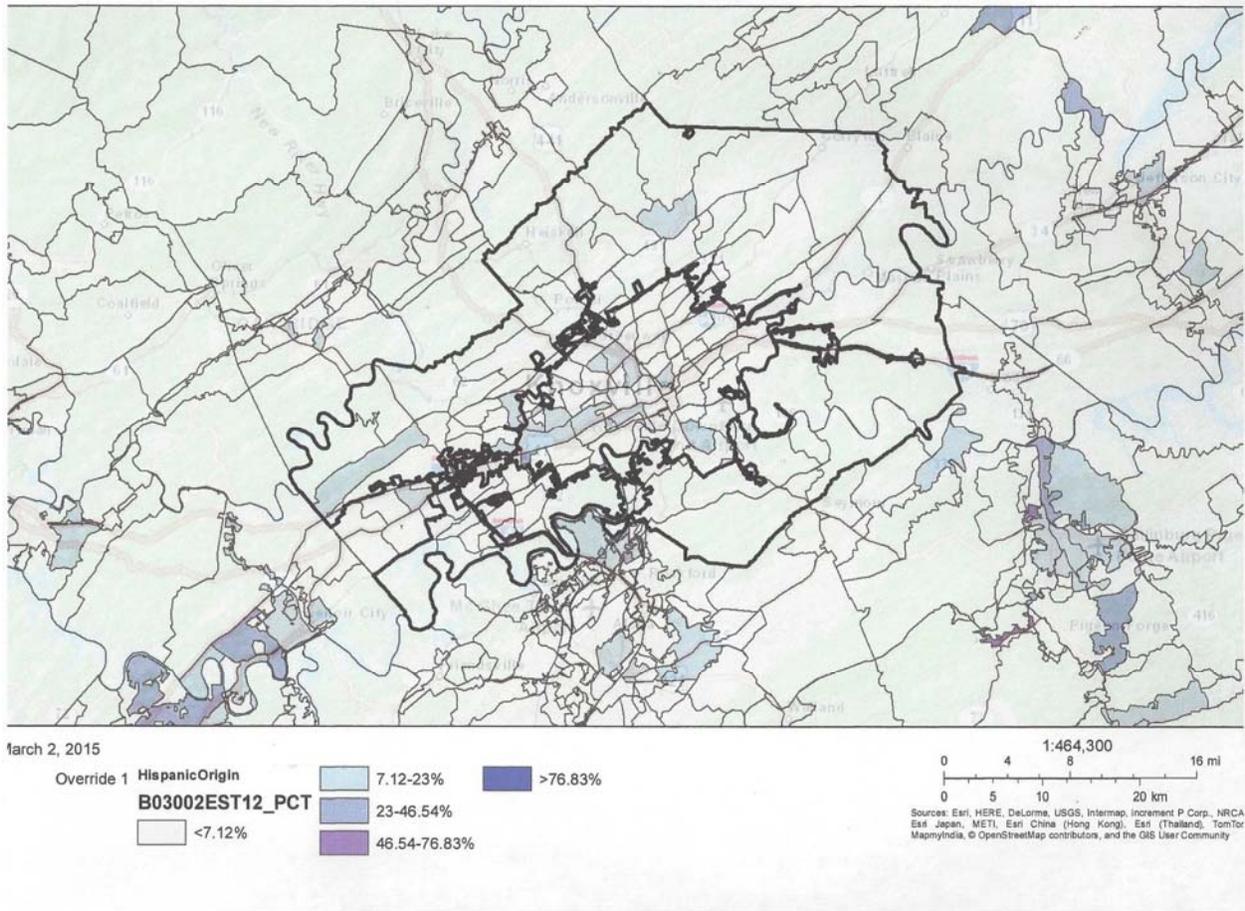
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Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCA, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, Mapbox, © OpenStreetMap contributors, and the GIS User Community

By 2013 the Hispanic Origin population had increased to 3.7% of total population. The map below illustrates the distribution of the Hispanic Origin population in Knox County in 2012. In Knox County outside of Knoxville, Hispanic populations are located in the northern and southwestern quadrants of the County with concentrations of 7.12% to 23%.

## Hispanic Population Distribution 2012 - Knox County, Tennessee



### **HOUSEHOLD CHARACTERISTICS**

Between 2000 and 2011 Knox County's population has grown 20%. The number of households has increased from 74,877 to 89,382 or 19%.

Small Family Households represent 52.2% of all households. Households with a member between 62 and 74 years of age represent 18.4% of households. Household with children under 6 years of age represent 13.9% of households. Households with one member over 75 years of age comprise 9.2% of households. Large Family Households represent 5.5% of all households.

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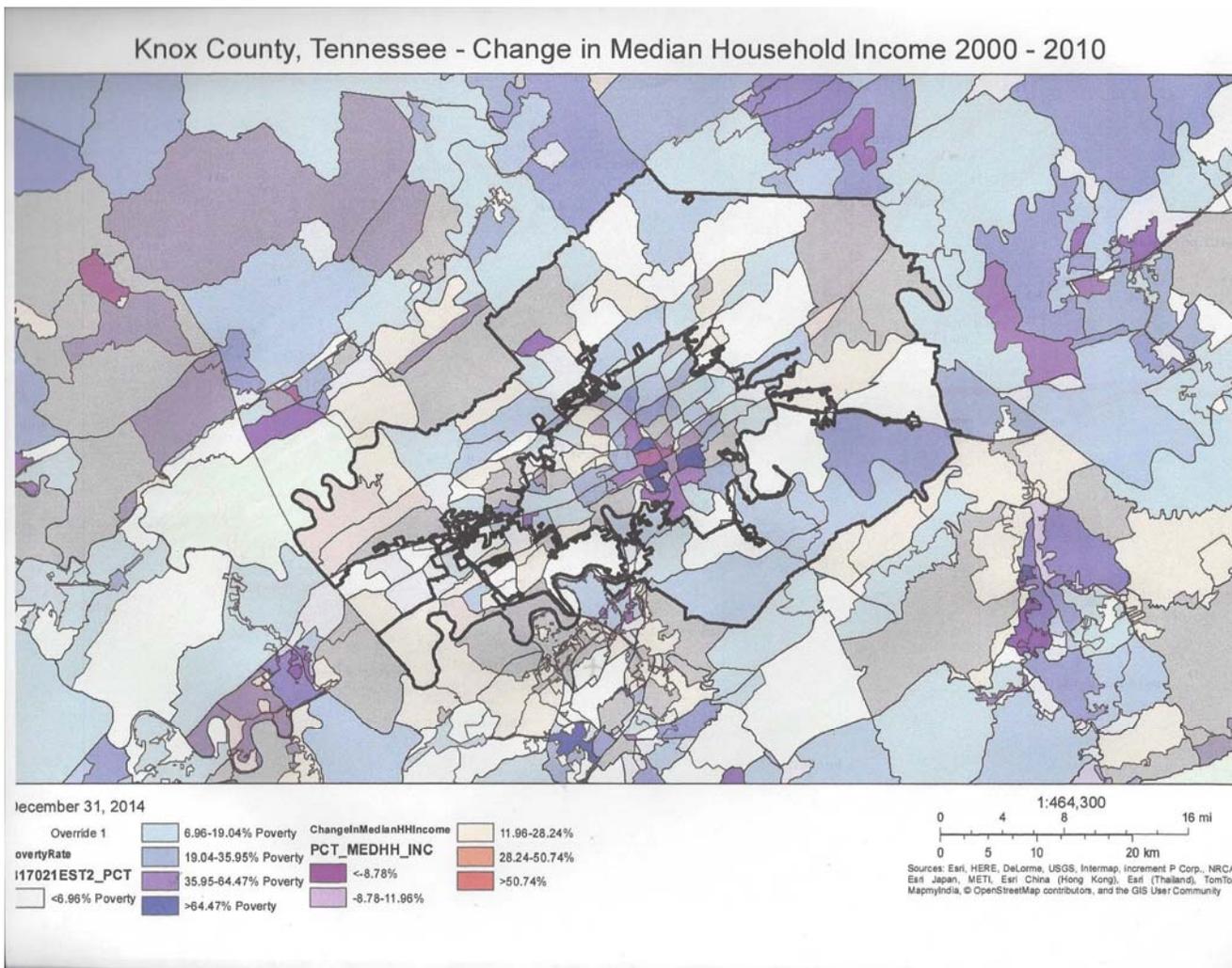
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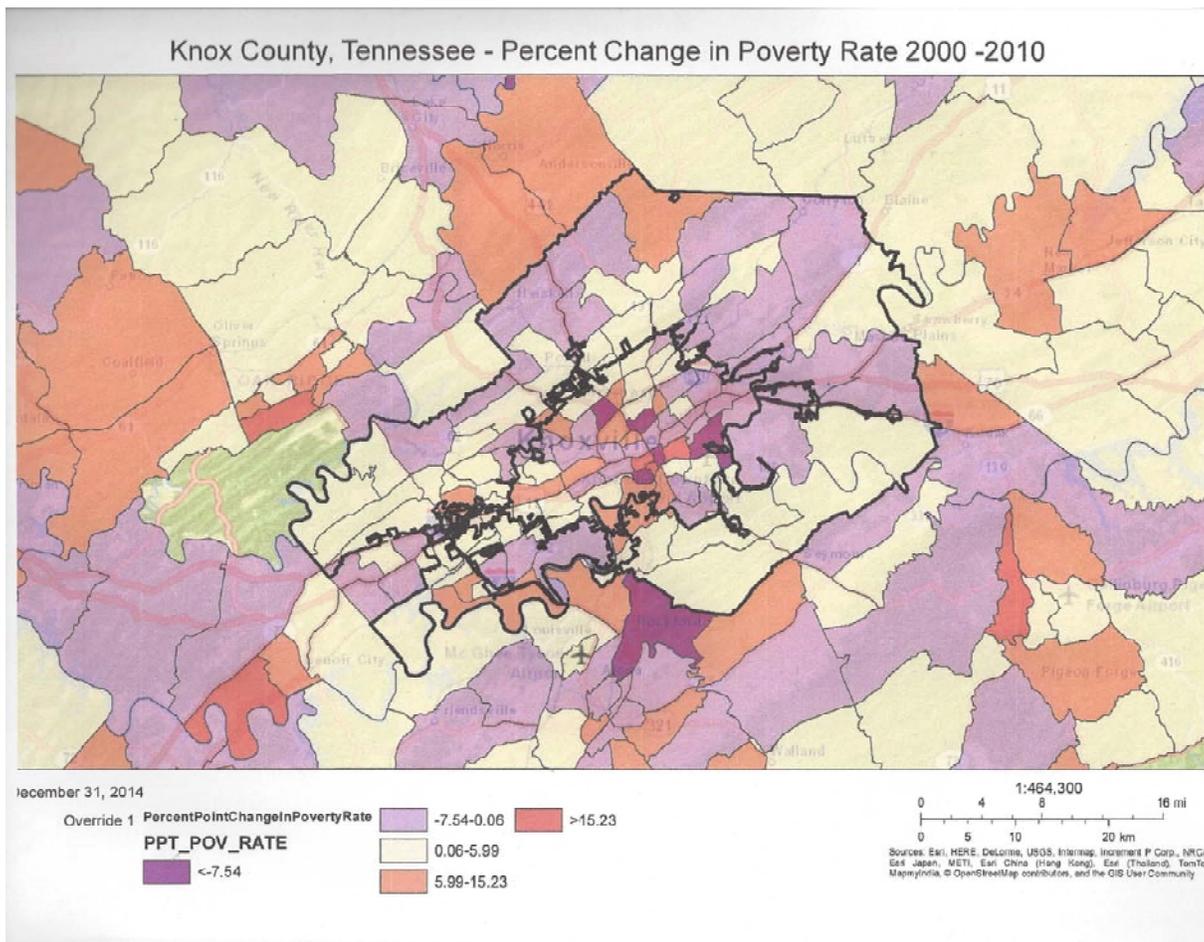


## Income Profile

### **INCOME**

Between 2000 and 2010 median income in Knox County has increased 26%. The map above illustrates the change in median income and the poverty rates. While the median income has increased, the poverty rate for the County has increased from 12.6% in 2000 to 16.0% in 2013.

In the County, outside of the City limits of Knoxville, there six Census Tracts to the south and southeast which have a poverty rate of between 7% and 19% and one tract with a poverty rate of between 19% and 36%. To the east there are two tracts with poverty rates of between 7% and 19%, and to the west and northwest there are two census tracts with poverty rates of 36% to 64.5%, two tracts with poverty rates between 19% and 36% and three tracts with poverty rates between 7% and 19%.



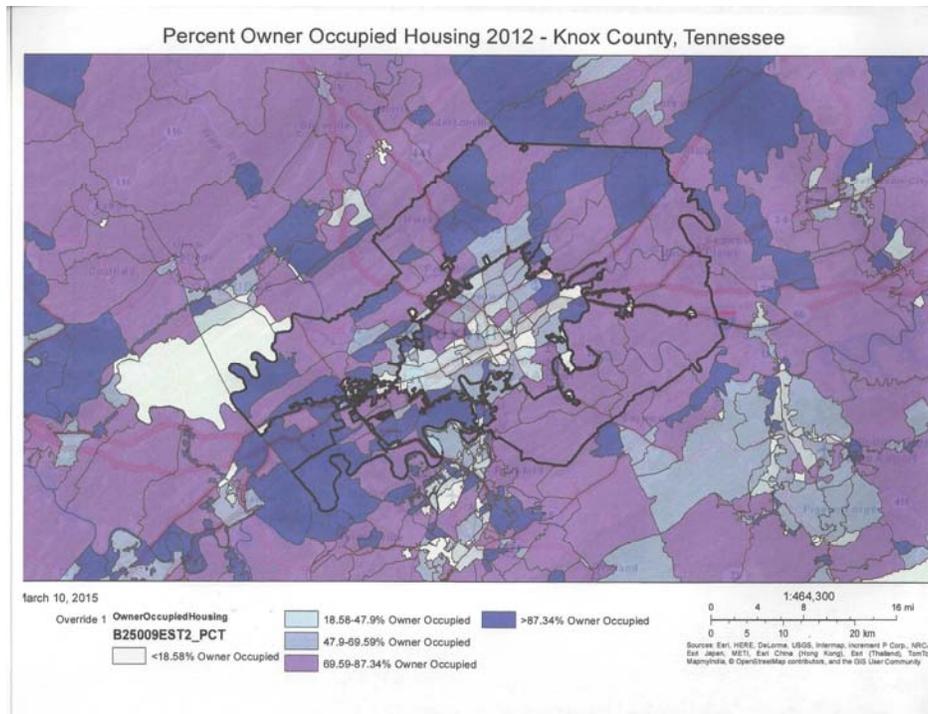
According to HUD, the current (2014) low-moderate income limits for HUD program participation for a family of four in Knox County is \$48,400. The table below provides 2014 income limits by family size<sup>4</sup>.

TABLE 3: 2014 INCOME LIMITS BY HOUSEHOLD SIZE						
Income Limits 2014						
Family Size	1	2	3	4	5	6
Income Limit	33,900	38,750	43,600	48,400	52,300	56,150

**TENURE**

Tenure is calculated as tenant or owner occupancy as a proportion of occupied housing units. In 1990, the county’s homeownership rate was 79.3 percent. The rate increased to 81.8 percent in 2000, then slipped back to 65.2 percent by the 2013.

The map below shows the distribution of owner-occupied households throughout Knox County in 2010.



<sup>4</sup> U.S. Department of Housing & Urban Development: Annual Income Limits for the CD Program, March 2014

## Overview of Housing Supply

### TENURE AND TYPE

The table below breaks down the County's housing stock by unit type. Single-unit detached homes are by far the most prominent unit type, accounting for 75% of all housing units. Multi-family developments account for just 6% of all housing units in Knox County, while 8% of the housing stock is classified as 'mobile home, boat, RV, or van.'

### All residential properties by number of units

Property Type	Number	%
1-unit detached structure	71,612	75%
1-unit, attached structure	5,920	6%
2-4 units	3,577	4%
5-19 units	4,120	4%
20 or more units	1,950	2%
Mobile Home, boat, RV, van, etc.	7,887	8%
<b>Total</b>	<b>95,066</b>	<b>100%</b>

**Data** 2007-2011 ACS

**Source:**

Between 2007 and 2011 the percentage of single family detached units has declined slightly from 76% to 75% of all housing units. The County has seen an overall reduction in the speed of growth of single family detached units for two reasons, tight credit, and an increase in the number of ownership opportunities available in large multifamily developments.

	Owners		Renters	
	Number	%	Number	%
No bedroom	68	0%	116	1%
1 bedroom	390	1%	2,684	14%
2 bedrooms	10,255	15%	8,883	48%
3 or more bedrooms	60,002	85%	6,984	37%
<b>Total</b>	<b>70,715</b>	<b>101%</b>	<b>18,667</b>	<b>100%</b>

**Table 1 – Unit Size by Tenure**

**Data** 2007-2011 ACS

**Source:**

The proportion of large multi-family developments which provide ownership opportunities saw moderate growth during the period 2007 through 2011

**AGE AND CONDITION**

The age of housing stock in Knox County has gradually decreased in the last fifteen years. Table 6 provides an overview

<b>Time Frame</b>	<b>2000</b>	<b>2008</b>	<b>2010</b>
Built Before 1959	13.8%	8.9%	8.8%
Built Before 1980	46.7%	35.9%	35.6%

Based on the 2010 census, 8.8 percent of the total housing stock in Knox County was built in 1959 or earlier. In addition, 35.6 percent of the housing stock was built prior to 1980, making lead-based paint a potential hazard.

Nationally, the percent of housing stock built before 1959 is 31.2 percent while the percent of housing built before 1980 is 60.6 percent. Knox County’s housing stock is considerably newer than most; yet at least one-third of Knox County housing stock will need substantial financial investments in major structural systems to remain sound and livable.

For low-income owners, the rehabilitation or repairs are frequently unaffordable while deferred maintenance hastens the deterioration of their units. Often low-income rental housing does not generate enough revenue to make improvements without raising the rent.

HUD describes four housing conditions as being problematic:

1. The home lacks complete or adequate kitchen facilities;
2. The home lacks complete or adequate plumbing facilities;
3. The home is over-crowded - defined as more than one person per room;
4. The household is cost burdened by paying more than 30% of their income towards housing costs.

<b>Condition of Units</b>	<b>Owner-Occupied</b>		<b>Renter-Occupied</b>	
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
With one selected Condition	13,633	19%	6,539	35%
With two selected Conditions	311	0%	445	2%
With three selected Conditions	47	0%	0	0%
With four selected Conditions	0	0%	0	0%
No selected Conditions	56,724	80%	11,683	63%
<b>Total</b>	<b>70,715</b>	<b>99%</b>	<b>18,667</b>	<b>100%</b>

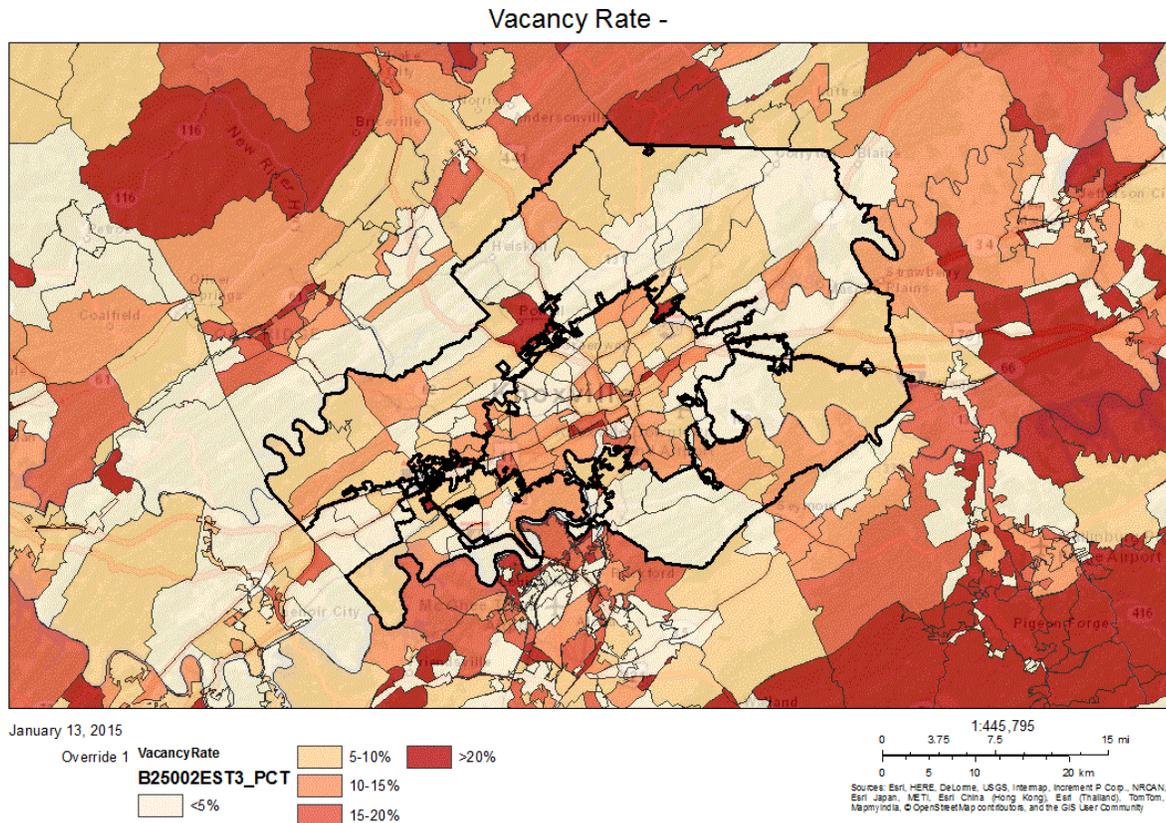
**Table 2 - Condition of Units**

**Data** 2007-2011 ACS  
**Source:**

At least 19 percent of housing in Knox County suffers from at least one of the HUD defined housing conditions.

**VACANT UNITS**

In 2010 the vacancy rate for owner occupied housing was 2 percent, while the vacancy rate for rental housing was 5.3%. The low vacancy rates in owner occupied housing reflect a market in which demand for units is very high and the supply is static. The low vacancy rates in rental housing reflect a tightening rental market as households who lost homes during the Great Recession are forced to rent while recovering.



**HOUSING AFFORDABILITY**

Housing affordability is calculated as 30 percent of income for rent, and 28 percent of income for homeownership.

**Table 8: Cost of Housing 2000-2011**

	Base Year: 2000	Most Recent Year: 2011	% Change
Median Home Value	95,700	154,900	62%
Median Contract Rent	411	583	42%

**Table 3 - Cost of Housing**

**Data** 2000 Census (Base Year), 2007-2011 ACS (Most Recent Year)

**Source:**

Both the median home value and the median contract rent have increased significantly since 2000.

<b>Table 9: Renters by Cohort</b>		
<b>Rent Paid</b>	<b>Number</b>	<b>%</b>
Less than \$500	6,424	34.4%
\$500-999	10,890	58.3%
\$1,000-1,499	1,214	6.5%
\$1,500-1,999	56	0.3%
\$2,000 or more	83	0.4%
<b>Total</b>	<b>18,667</b>	<b>100.0%</b>

**Table 4 - Rent Paid**

**Data** 2007-2011 ACS

**Source:**

In Knox County, the current median cost for a home is \$156,500<sup>5</sup> down from \$159,900<sup>6</sup> in 2008. Presuming a down payment of 5 percent (\$7,825) and an interest rate of 5.0 percent, an estimated monthly payment (PITI) of \$798 makes the median cost home affordable to a household earning \$34,200, or 72.3 percent of the area’s median income for a family of four.

There is a lack of decent affordable units across the board. From a pure quantitative standpoint there are ample units in the county to house the population. However, elevated home values and rents result in much of the housing stock being out of the affordable range for large portions of the population.

Twenty-nine percent of owners with a mortgage and fifty percent of renters are currently cost burdened, pointing to the disconnect between the housing supply and residents’ income. These numbers represent a significant increase from 2000, with cost burden growing by 52% amongst homeowners with a mortgage and by 35% amongst renters. Furthermore, 10% of homeowners without a mortgage are also currently cost burdened. Starting at the 100% AMI income group there is a considerable lack of affordable units; this gap is progressively larger for moderate, low, and extremely low-income groups.

**HOUSING PROBLEMS**

By Department of Housing and Urban Development (HUD) standards, there are four criteria by which a household is determined to have a housing problem:

<sup>5</sup> Zillow: Accessed March 1, 2014

<sup>6</sup> Retrieved from [www.realtor.com](http://www.realtor.com), Accessed 10/2/09.

- If a household pays more than 30 percent of its gross monthly income for housing, it is considered cost burdened. HUD considers households that pay more than 50 percent of their income on housing costs to be severely cost burdened.
- If a household occupies a unit that lacks a complete kitchen the unit has a physical defect.
- If a household occupies a unit that lacks complete plumbing facilities the unit has a physical defect.
- If a household contains more members than the unit has rooms, the unit is overcrowded.

Table 10 provides Housing Problems for families at or below 30% of area median income.

<b>Housing Problems</b>	<b>Has one or more of four housing problems</b>	<b>Has none of the four housing problems</b>	<b>Household has no/negative income, but none of the other housing problems</b>
Jurisdiction as a whole	4,435	1,319	550
White	3,905	1,254	535
Black / African American	260	10	15
Asian	20	0	0
American Indian, Alaska Native	85	10	0
Pacific Islander	0	0	0
Hispanic	90	25	0

**Table 5 - Disproportionally Greater Need 0 - 30% AMI**

**Data** 2007-2011 CHAS

**Source:**

Housing problems for the 6,304 households between 0% and 30% of area median reflect the racial and ethnic make-up of the population County wide. Over seventy percent of households below 30 percent of area median income have one or more housing problems.

<b>Housing Problems</b>	<b>Has one or more of four housing problems</b>	<b>Has none of the four housing problems</b>	<b>Household has no/negative income, but none of the other housing problems</b>
Jurisdiction as a whole	4,515	3,090	0
White	3,980	2,900	0
Black / African American	285	65	0
Asian	25	25	0
American Indian, Alaska Native	10	15	0

<b>Housing Problems</b>	<b>Has one or more of four housing problems</b>	<b>Has none of the four housing problems</b>	<b>Household has no/negative income, but none of the other housing problems</b>
Pacific Islander	0	0	0
Hispanic	215	85	0

**Table 6 - Disproportionally Greater Need 30 - 50% AMI**

**Data** 2007-2011 CHAS

**Source:**

Housing problems for the 7,605 households between 30% and 50% of area median reflect the racial and ethnic make-up of the population County wide. Fifty-nine percent of households between 30 percent and 50 percent of area median income have one or more housing problems.

<b>Housing Problems</b>	<b>Has one or more of four housing problems</b>	<b>Has none of the four housing problems</b>	<b>Household has no/negative income, but none of the other housing problems</b>
Jurisdiction as a whole	4,570	7,905	0
White	4,345	7,485	0
Black / African American	35	215	0
Asian	75	120	0
American Indian, Alaska Native	15	15	0
Pacific Islander	0	0	0
Hispanic	70	50	0

**Data** 2007-2011 CHAS

**Source:**

Housing problems for the 12,475 households between 50% and 80% of area median reflect the racial and ethnic make-up of the population County wide. Thirty-eight percent of households between 50 percent and 80 percent of area median income have one or more housing problems.

<b>Housing Problems</b>	<b>Has one or more of four housing problems</b>	<b>Has none of the four housing problems</b>	<b>Household has no/negative income, but none of the other housing problems</b>
Jurisdiction as a whole	2,445	7,070	0
White	2,220	6,815	0
Black / African American	115	140	0

<b>Table 13: Housing Problems: 80%-100% of Area Median Income</b>			
<b>Housing Problems</b>	<b>Has one or more of four housing problems</b>	<b>Has none of the four housing problems</b>	<b>Household has no/negative income, but none of the other housing problems</b>
Asian	100	30	0
American Indian, Alaska Native	10	15	0
Pacific Islander	0	0	0
Hispanic	0	35	0

**Table 7 - Disproportionally Greater Need 80 - 100% AMI**

**Data** 2007-2011 CHAS

**Source:**

Housing problems for the 9,305 households between 80% and 100% of area median reflect the racial and ethnic make-up of the population County wide. Twenty-four percent of households between 80 percent and 100 percent of area median income have one or more housing problems.

## **SECTION III: Fair Housing Status, 2010**

Unlawful discrimination is one of the most blatant impediments to fair housing, and it is therefore important to make efforts to measure the extent to which unlawful discrimination occurs in the housing market. Analyzing complaints brought by those who believe they have been illegally discriminated against can shed light on the barriers to housing choice and accessibility. Though the number of complaints cannot provide a complete picture of the level of discrimination, it can provide a snapshot of some of the barriers that may exist. The 1998 Analysis of Impediments for Knox County can also shed some light on the community's perceptions of the fair housing environment.

This section will review both the evidence of unlawful discrimination (in the form of an analysis of discrimination complaints) and the recent fair housing related activities of Knox County. Another purpose of this section is to describe the current fair housing environment. Subsequent sections of this report will analyze this information for the purpose of identifying current impediments and action steps to minimize the effect of those impediments.

### ***COMPLAINTS OF UNLAWFUL DISCRIMINATION***

In 2009 -2010, Knox County conducted its second Analysis of the Impediments to Fair Housing Choice. HUD defines this procedure as a "comprehensive review of policies, practices and procedures that effect the location, availability and accessibility of housing and the current residential patterns and conditions." In order to accomplish this task we have examined existing studies and literature, conducted a historical analysis, reviewed the public policies from a fair housing perspective, analyzed the effectiveness of existing fair housing activities and examined barriers to fair housing choice for each protected class.

Between 2010 and 2014 Knox County received no Fair Housing complaints directly and the Knoxville HUD Field Office reported receiving no complaints. An FOIA request to FHEO yielded 45 complaints between 2010 and 2014, all of which had been closed by December 31, 2014. An analysis is included below.

It can be extremely difficult to detect unlawful discrimination, as an individual home-seeker, and the resolution of these complaints, following investigation, is also important to consider. The following are the definitions utilized:

**Administrative Closure**---Action taken as a result of a judicial proceeding, lack of jurisdiction due to untimely filing, inability to identify a respondent or locate a complainant, or if a complainant fails to cooperate.

**Conciliation**—Parties meet to work out a resolution. Meeting is generally initiated by the equivalent agency (THRC) or HUD.

**Withdrawal/Relief**—Situation where the complainant wishes to withdraw without relief or there is relief granted following a resolution between the parties.

**No Reasonable Cause**—Although there may have been an action taken that appears to be discriminatory under the Fair Housing Law, there is not sufficient evidence uncovered as a result of investigation, to prove the action was in fact discrimination, or in other words one of “Reasonable Cause” to transfer to the U.S. DOJ, District Judge or the HUD Administrative Law Judge for a judicial ruling.

**Reasonable Cause**—As a result of investigation, that may also be considered in a conciliation or other attempted resolution action; there is sufficient evidence or “Reasonable Cause” to present the case to the (DOJ) District Judge or the HUD (ALJ), for a judicial ruling.

Fair Housing complaints’ in the period 2010 through 2014 broke down as follows:

<b>Table 14: Knox County Complaints 2010-2014</b>	
<b>Complaint</b>	<b>Number of Complaints</b>
Race	19
Sex	8
Family Status	3
Disability	24
Religion	0
Color	0
National Origin	2
Total	56

Because fourteen complainants’ utilized multiple categories, the 45 actual complaints included 56 bases.

Table 15 provides the outcome of cases undertaken during the period 2004-2014.

<b>Table 15: Knox County Outcomes 2004-2014</b>	<u>Number</u>
Cause Findings	18
No Cause Findings	16
Administrative and Other Closures	11
Pending (December 31 <sup>st</sup> , 2014)	0
Total	45

All of the Cause closures were conciliated, settled, or withdrawn after resolution. Administrative Closures were dominated by *Complainant Failed to Cooperate* with 75% of the total. There were no cases pending on December 31, 2014.

***KNOX COUNTY PROGRESS IN DEALING WITH IMPEDIMENTS 2009-2014***

The County’s 2010 Impediments to Fair Housing was divided into four sections.

**Impediment # 1: Need to Develop Substantive Fair Housing Initiatives**

Four elements were identified and four suggested steps proposed to address impediment #1. The elements were:

1. The analysis of fair housing complaints from the Atlanta HUD Office and the Tennessee Human Rights Commission revealed a moderate number of complaints over a 10 year period.
2. Limited fair housing information is available and there is no indication that the County has created brochures or other training materials that are locally oriented.
3. There is no indication that the County initiates or requests State assistance in any research or systematic testing programs to ascertain fair housing issues within the County.
4. This impediment incorporates the issues cited in the 1998 Analysis of Impediments 1 and 2.

The suggested steps to remove the impediment were:

1. The County should establish a web page on the County's website devoted to Fair Housing. The web page can define the protected classes, provide general information on Fair Housing and Equal Opportunity and provide links to the local Fair Housing Officer and the Tennessee Human Rights Commission.
2. The County should increase its efforts for outreach, training, and education of the community about fair housing rights through all types of media on an ongoing basis. This information should be made available to all County Departments, Commissions and Advisory Committees, housing and service providers as well as other public organizations, including libraries, schools, and community centers.
3. The County should create a publicity and media campaign strategy that will utilize visual and written materials to educate the community about fair housing rights.
4. The County should hold discussions with the City of Knoxville (since they are a HUD equivalent fair housing agency) on combining and centralizing Fair Housing efforts

Knox County has made significant progress in increasing awareness of Fair Housing. Specifically:

- The County obtained materials, posters and FHEO booklets from HUD in both Spanish and English and has been distributing them at all public meetings and trainings;
- Knox County now has a Spanish speaking interpreter present for all public meetings;
- FHEO policy is now on KCCD website as a link;
- Annually during Fair Housing Month there is a Mayoral Proclamation at County Commission and all housing partners that attend and are recognized;
- Knox County provides "Fair Housing Training for Knox County Grant Sub-Recipients" on an annual basis.

The County held discussions with the City of Knoxville regarding combining efforts but determined informal coordination was more feasible.

## **Impediment # 2: NIMBY and Market Availability**

Two elements were identified and two suggested steps proposed to address impediment #2. The elements were:

1. Lack of affordable housing for protected class persons, especially those persons with disabilities, leads to discrimination due to NIMBY-ism and unavailability. Often landlords do not want to rent to people with disabilities and sometimes residents often do not want housing for protected class people in their neighborhoods (the "Not in My Back Yard, or "NIMBY" syndrome).

2. Unfortunately, NIMBY continues to be a significant impediment to fair housing choice. Public hearings concerning proposed affordable housing projects bring objections galore, mostly from neighbors who cite adverse effects on traffic, infrastructure, and public services schools, the environment, property values, and crime rates. However, the desire to maintain a neighborhood's socioeconomic homogeneity and exclusivity is frequently unstated.

The suggested steps to remove the impediment were:

1. Since this is a continuing impediment from the 1998 A.I., the County should continue to expand affordable housing options for very low, low and moderate-income residents, including public housing residents and homeless persons who seek to move into subsidized private housing.
2. The County should continue to respond to NIMBY issues by making creative and effective use of its HOME, CDBG and other housing resources to subsidize the sale or rental of safe, decent and sanitary affordable housing to such residents.

  - The County was able to successfully continue the expansion of affordable housing efforts in single family owner occupied rehabilitation, acquisition and rehabilitation of affordable multi-family housing and the construction of new affordable multifamily housing.
  - The County also successfully located the first affordable multifamily project in the western section of the County.

### **Impediment # 3: Need for financial education and literacy in homeownership/rental.**

Two elements were identified and two suggested steps proposed to address impediment #3. The elements were:

1. Surveys, interviews and feedback from meetings indicate that credit education and financial counseling are lacking in efforts to impact those most in needs of this service. With regards to efforts that are being made, there may be a need to survey local residents to determine what works best for them and hold sessions that are more convenient for their availability.
2. Public education is lacking in giving people skills to be more economically independent.

The suggested steps to remove the impediment were:

1. The County should encourage efforts to provide literacy education. Efforts must be made to help those in the community to be pro-active in establishing and maintaining good credit instead of focusing on correcting poor credit. Data showed that most of those experiencing problems in this area were Protected Classes.

2. The County should work with local lenders and real estate professionals in helping to develop curriculum and providing instructors for some of the classes. Literacy education should not be limited to the public school, but should take place in neighborhoods and churches.
- In defining contracts with recipients of HUD based funds the County now requires and funds credit and loan counseling for all homebuyer households.
  - The level of funding required for building and maintaining a financial literacy program is the major barrier to the County engaging in developing this type of program.

**Impediment #4: Potential Protected Class discrimination in homebuyer lending market.**

In 2010 the Analysis identified impediment #4 as impediment based on an analysis of HMDA data. Three elements were identified and three suggested steps proposed. The elements were:

1. Often Protected Classes are not equal partners in the home buying market in the County.
2. Prime lenders had few applications and high originations and sub-prime lenders had high applications and few originations.
3. Loan data show an under representation of applicants for loan applications and denials based on debt to income ratios and credit history. These are factors which could point to disinvestment in low/mod neighborhoods which limit access to home improvement loans, access to refinancing loans and access to funds to afford new homes.

The suggested steps to remove the impediment were:

1. Lenders need to be made aware of this issue and initiate positive efforts in establishing a broader market.
2. Working with local lenders, the County should do further analysis of lending data to determine to what extent disparate treatment of protected classes accounts for loan denials. This could be an ideal project between the lenders and faith based institutions.
3. The County should take an active role in monitoring Home Mortgage Disclosure Act Data to insure that lenders continue to equalize lending practices.

Due to funding constraints, the County took no proactive steps to remove the impediment during the study period (2009-2015). However, HMDA data from 2013 indicates a lessening need for active monitoring of HMDA data and a continued diversity of lending avenues within the County.

## **SECTION IV: Public Sector Analysis**

### ***Overview***

The Fair Housing Act generally prohibits the application of special requirements through land-use regulations, restrictive covenants, and conditional or special use permits that, in effect, limit the ability of minority or the disabled to live in the residence of their choice in the community. If large-lot minimums are prescribed, if a house must contain a certain minimum amount of square feet, or if no multi-family housing or manufactured homes are permitted in an area, the results can exclude persons protected by the Act. If local mandates make it unfeasible to build affordable housing or impose significant obstacles, then a community must affirmatively work toward eliminating this impediment to fair housing choice.

The Fair Housing Acts of 1968 and 1988, as amended, also make it unlawful for municipalities to utilize their governmental authority, including zoning and land use authority, to discriminate against racial minorities or persons with disabilities. Zoning ordinances segregate uses and make differentiations within each use classifications. While many zoning advocates assert that the primary purpose of zoning and land use regulation is to promote and preserve the character of communities, inclusionary zoning can also promote equality and diversity of living patterns. Unfortunately, zoning and land-use planning measures may also have the effect of excluding lower-income and racial groups.

Zoning ordinances aimed at controlling the placement of group homes is one of the most litigated areas of fair housing regulations. Nationally, advocates for the disabled, homeless and special needs groups have filed complaints against restrictive zoning codes that narrowly define “family” for the purpose of limiting the number of non-related individuals occupying a single-family dwelling unit. The ‘group home’ arrangement/environment affords many persons who are disabled the only affordable housing option for residential stability and more independent living. By limiting the definition of “family” and creating burdensome occupancy standards, disabled persons may suffer discriminatory exclusion from prime residential neighborhoods.

### ***Transportation***

Transportation links are an essential component to successful fair housing. Residents who do not have access to commercial areas are limited in where they can shop for goods and services, as well as seek employment. The converse is true as well. Inadequate transportation routes limit the selection of housing to neighborhoods within transportation service areas. Convenient roads in good repair are as important for those who rely on their own vehicles for transportation as they are for those who rely on public transportation provided by the Knoxville Area Transit System (KAT).

Knoxville Area Transit completed a Transit Development Plan (TDP) in 2009 to provide guidance for operational and capital changes over the next five years<sup>7</sup>. In addition, with the opening of the downtown transit center, Knoxville Station, there have been a variety changes to the downtown operations of the system which are captured in the KAT Downtown Transit Plan of October 2009. The TDP studies focus on providing short-term guidance to KAT as well as maintaining a perspective of a longer term vision.

In total KST operates 26 regular routes are operated, plus five that are contingent upon the University of Tennessee class schedule and that are designed to transport students from off campus housing. Two express routes also operate daily, which feature park & ride opportunities for I-40 commuters. Knoxville Trolley Lines is a free shuttle service which provides service to the University and the downtown area. KAT also provides vehicles for the University of Tennessee campus shuttles.

### ***Neighborhood Revitalization***

The Knox County carries out Federal programs administered by the U.S. Department of Housing and Urban Development. In FY 2015, the County will publish its Consolidated Five Year Strategic Plan, which addresses housing and community development needs during the period of FY 2015 to 2020. The one-year Action Plan describes the activities to be undertaken during the fiscal year and how the County will use Federal and local resources to accomplish the stated objectives. The annual plan also describes how other community resources will be utilized to address the needs of the homeless, low to moderate income individuals and families, and other targeted populations. The 2015-2020 Consolidated Plan features limited program targeting in the homeowner rehabilitation and elderly/disability housing due to the pending loss of HOME funds in 2017.

### ***Property Tax Policies***

Across the Country, older communities – with the support of the Federal government – have begun to invest in economic and community development programs designed to revitalize their decaying urban cores. Knox County is no exception. The foundation upon which this kind of development is built is the ability to achieve fairness in the appraisal process within these neighborhoods. Since the starting point for most bank appraisals is the tax department, discriminatory assessment practices can undermine a homebuyer's ability to secure mortgage financing in an amount commensurate with the property's true market value.

Although the Fair Housing Act specifically prohibits the consideration of the racial or ethnic composition of the surrounding neighborhood in arriving at appraised values of homes, no practical means exist to investigate violations of this kind. One reliable approach however, is to review, periodically, the assessment, policies and practices of the taxing jurisdiction since their valuations generally comprise the bases for private appraisals.

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<sup>7</sup> KAT Transit Development Plan; October 2009: <http://www.knoxtrans.org/plans/katplans.htm>

Property tax assessment discrimination against low-income groups occurs when lower value properties and/or properties in poorer neighborhoods are assessed for property tax purposes at a higher percentage of market value, on average, than other properties in a jurisdiction. Regressive assessments (the tendency to assess lower value properties at a higher percentage of market value than higher value properties) are not uncommon in this country. They result from political pressures, practical problems in assessment administration and the use of certain inappropriate appraisal techniques. Assessments tend to remain relatively rigid at a time when property values are rising in middle income neighborhoods and are declining or remaining at the same level in low-income neighborhoods.

Inequities in property tax assessments are a problem for both lower-income homeowners and low-income tenants. Millions of low-income families own homes. Variations in assessment-to-market value ratios between neighborhoods or between higher and lower value properties can make a difference of several hundred dollars or more each year in an individual homeowner's property tax bill. In addition to causing higher property tax bills, discriminatory high assessment levels can also have an adverse impact upon property values. Buyers are less likely to purchase a property if the property taxes are perceived as too high thereby making the property less attractive and reducing its market value.

Another common inequity is the assessment of multifamily dwellings at a higher ratio to market value than single family dwellings. This type of inequity may be considered a form of discrimination against low-income groups because a higher percentage of low-income than middle-income persons live in multifamily rental dwellings. The requirement to pay a higher assessment is passed on to the tenant in the form of higher rent. Quite often, higher assessments also make it difficult for landlords to maintain property within the limits of the property's rent structure leading to substandard housing conditions.

Most jurisdictions rely heavily on a market value approach to determining value when conducting their property assessment appraisals. Under this approach, an appraiser compares recent sale prices of comparable properties within the area, in addition to site visits and a good deal of expert speculation, in arriving at an appraised value. The limitations inherent in market value approaches are many. Most prominent among them are the cumulative result of decades of discriminatory valuations, especially where the neighborhood is a minority one. Unless some radical re-appraisal process has been conducted within the preceding 10-year period, the present market value approach merely compounds past discrimination.

While the market value approach may operate successfully in some jurisdictions, a substantial percentage of jurisdictions rely primarily on a replacement cost approach in valuing properties. Making determinations of value based on comparable sales is a complex task, which requires considerable exercise of judgment. Assessor's departments, which must appraise every property within a jurisdiction, often do not find it feasible to make the detailed individual analysis required to apply the market value approach.

### **Zoning and Site Selection**

Zoning may have a positive impact and can help to control the character of the communities that make up a County. In zoning a careful balance must be achieved to avoid promoting barriers to equal housing.

Professor Richard T. Lal, Arizona State University surveyed the view of representative studies concerning the nature of zoning discrimination states<sup>8</sup>:

“If land-use zoning for the purpose of promoting reason, order and beauty in urban growth management is one side of the coin, so can it be said that exclusion of housing affordable to low and moderate income groups is the other... as practiced, zoning and other land-use regulations can diminish the general availability of good quality, low-cost dwellings....”

In considering how zoning might create barriers to fair housing, four key areas were reviewed; these included the following which were selected because of the possible adverse effects they could have on families and persons with disabilities.

- Definitions used for “families” and “group homes”
- Regulations (if any) regarding group homes
- Ability for group homes or other similar type housing to be developed
- Unreasonable restrictions on developing multifamily units, such as lot size requirements.

While the definition of group care facility is broader in terms of the number of people that can be served and no limited related to temporary disability, group housing is much more restricted in where it is permitted under current zoning designations. Family care homes are permitted under all single-family zoning districts as well as all multifamily and office use districts, neighborhood business districts (light commercial), agriculture districts and mixed use districts (traditional neighborhoods). Group homes, on the other hand, are not permitted in any single-family zoning districts and are only permitted in the highest density multifamily residential districts and commercial, office and public and institutional districts. This serves to limit group homes located in single-family and low density multifamily districts to only small-scale homes (six persons or less) that serve those with temporary disabilities. Generally, the concept of group homes is to integrate them into neighborhoods, providing the maximum amount of independent living in a community-based environment. For example, those group homes that serve persons with permanent disabilities and/or more than six occupants, this neighborhood integration may be unattainable in some communities based on zoning restrictions.

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<sup>8</sup> Professor Richard T. Lal, Arizona State University, “The Effect of Exclusionary Zoning on Affordable Housing

Knox County’s land use plan requires that adequate public facilities be available for any development activities. In this context, “adequate public facilities generally refers to governmental strategies for assuring that all infrastructure required to meet the service demands of a particular development is available as development occurs. Such strategies can, where permitted by statute, require that the costs for all or a portion of such infrastructure be borne by the developer (ultimately the consumer), and not the general public. Currently, the policy of the Communities within the County is that all streets, water, sewer and storm drainage facilities within a subdivision, including any required water quality retention ponds, are paid for by the developer.”

The ability to provide affordable housing to low-income persons is often enhanced by an entitlement grantee’s willingness to assist in defraying the costs of development. Effective approaches include contributing water, sewer or other infrastructure improvements to projects as development subsidies or waiving impact and other fees. These types of approaches help to reduce development costs and increase affordability allowing developers to serve lower-income households. Knox County has historically sought to defray development costs by contributing land, utilizing CDBG and CDBG-R for targeted infrastructure and utilizing HOME funds to encourage affordable housing. Beginning in fiscal 2017 the County will no longer receive HOME funds.

***Planning and Zoning Commission***

The Planning and Zoning Commission (“PZC”) is an advisory body appointed by the County Mayor and the Mayor of the City of Knoxville. Eight members of the PZC are appointed by the County and seven members are appointed by the City.

The PZC is intended to be representative of the community and members are encouraged to be deeply interested in its physical, social and economic betterment. Members are responsible for the development of a comprehensive plan, which the PZC prepares and recommends to County Commission, along with other specialized plans and studies. A majority of the PZC’s work, however, involves hearing and making recommendations to the zoning map amendments, conditional use permit requests, special use permit requests and street closings.

Membership on the PZC requires several hours a month attending regular meetings with special meetings often necessary to consider projects and plans. Although the commission's work is concentrated mostly in meetings, additional time is needed to adequately review agenda items and visit sites prior to meetings.

The recommendation of the Planning and Zoning Commission for “uses on review” may be directly appealed to the Board of Zoning Appeals

Recommendations of the PZC are made to the Knox County Commission which may enact recommendations, change recommendations or deny recommendations. Knox County Commission denies recommendations of the PZC on occasion, usually in response to community political pressure.

## ***Consolidated Plan Housing Programs***

### ***Affordable Housing Needs and Activities***

The Knox County Community Development and Housing Programs are designed to implement various housing assistance strategies that include rehabilitation, down payment assistance for first-time homebuyers, and affordable new construction. The County's community and neighborhood development activities are designed to:

- Assist with neighborhood improvement projects
- Encourage the development of low income rental housing
- Provide housing rehabilitation
- Help low to moderate-income residents acquire needed information, knowledge and skills; and
- Enhance the provision of public services

The majority of these projects will be located in the unincorporated sections of the County.

### ***Community Development Block Grant Program***

The Community Development Block Grant (CDBG) program is used to plan and implement projects that foster revitalization of eligible communities. The primary goal of the program is the development of viable urban communities. Program objectives include the provision of decent housing, a suitable living environment and expanded opportunities principally for low- to moderate-income individuals and families. Knox County has been an entitlement community for over 35 years and receives its CDBG allocation directly from HUD.

### ***HOME Investment Partnership Program***

The HOME Investment Partnership (HOME) program is used to assist in developing affordable housing strategies that address local housing needs. HOME strives to meet both the short-term goal of increasing the supply and availability of affordable housing and the long-term goal of building partnerships between state and local governments and nonprofit housing providers. Knox County receives its funding directly from HUD. Beginning in HUD fiscal year 2017, Knox County will no longer receive an allocation of HOME funds.

### ***Affordable Housing Needs and Activities***

Knox County Neighborhoods & Community Development has designed and implemented various housing assistance strategies that include homeowner rehabilitation, homeless assistance and elderly housing. The County's community and neighborhood development activities are designed to assist with neighborhood improvement projects, provide public services, help low- to moderate-income residents acquire needed information, knowledge and skills to build their

capacity, and enhance the provision of public services. The majority of these projects will be located in the unincorporated areas of the County.

Housing and neighborhood improvement needs and activities are described 2015-20 Consolidated Plan Strategic plan.

Provide HOME and CHDO funding to a non-profit organization designated as a Community Housing Development Organization (CHDO) to undertake an eligible HOME activity.

Housing assistance for AIDS victims is provided through the State funded HOPWA Program.

Assistance to the homeless is provided through the State funded ESG and various federally-funded SHP Programs through the Knoxville/Knox County Continuum of Care.

The Knoxville-Knox County Homeless Coalition, the local Continuum of Care, has established permanent housing for homeless persons with supportive services as the highest priority for the area. Knox County has made construction of low-income permanent supportive housing and construction of low-income senior rental housing with or without supportive services as objectives of the 2010-2015 Consolidated Plan.

### ***Affordable Housing Priorities***

Faced with the reality of limited Federal and local government resources for housing, Knox County has been challenged to create a comprehensive, affordable housing program to meet the demands of priority needs households along the entire housing continuum: rental, ownership, special needs, supportive housing, etc. While the unmet need for rental housing for extremely low income households might suggest that all resources should be devoted to addressing this gap, resources must also be devoted to addressing the housing needs of low and moderate income households that have cost burdens and other housing problems to ensure the housing continuum is intact and flowing.

The Knoxville-Knox County Homeless Coalition, the local Continuum of Care, has established permanent housing for homeless persons with supportive services as the highest priority for the area. Knox County has made construction of low-income permanent supportive housing and construction of low-income senior rental housing with or without supportive services as objectives of the 2010-2015 Consolidated Plan.

### ***Institutional Structure***

The Community Development Department of Knox County is the lead agency implementing the strategies for addressing housing and community development needs identified as part of its consolidated planning process. The Department, with County Commission approval, oversees the allocation of Knox County's allocation of CDBG and HOME funds and is responsible for maintaining records, overseeing work done using these federal funds and reporting information to HUD concerning the performance of these programs. Knoxville's Community Development Corporation is responsible for the development and maintenance of the County's public housing. The member agencies of the County Continuum of Care

Housing Coalition work with the County to address the ongoing needs of the homeless and persons with special needs. The County also coordinates its efforts with other local, state and federal institutions to address specific needs or to implement new programs. Affordable housing in the County is provided through a variety of public agencies, nonprofit organizations, private sector developers and lenders. In many cases, individual housing providers focus their efforts on specific income groups, tenure types or on providing certain types of housing and supportive services.

### ***Intergovernmental Cooperation***

The County has enjoyed a positive relationship with Knoxville's Community Development Corporation, the City of Knoxville, and Continuum of Care Agencies for many years. The County Staff and the other Agencies work cooperatively and share information relative to the County's strategies to address housing and other community development needs.

### ***Lead-Based Paint Hazard Reduction***

Lead poisoning is one of the worst environmental threats to children in the United States. While anyone exposed to high concentrations of lead can become poisoned, the effects are most pronounced among young children. All children are at higher risk to suffer lead poisoning than adults; but children under age six are even more vulnerable because their nervous systems are still developing. At high levels, lead poisoning can cause convulsions, coma, and even death. Such severe cases of lead poisoning are now extremely rare, but do still occur. At lower levels, observed adverse health effects from lead poisoning in young children include reduced intelligence, reading and learning disabilities, impaired hearing, and slowed growth.

Since the 1970s, restrictions on the use of lead have limited the amount of lead being released into the environment. As a result, national blood lead levels for children under the age of six declined by 75 percent over the 1980s and dropped another 29 percent through the early 1990s. Despite the decline in blood-lead levels over the past decade, recent data show that 900,000 children in the United States still have blood lead levels above 10µg/dL (micrograms of lead per deciliter of whole blood). These levels are unacceptable according to the Centers for Disease Control and Prevention (CDC) which lowered blood lead intervention levels for young children from 25µg/dL to 10µg/dL in 1991. Many of these lead-poisoned children live in low-income families and in old homes with heavy concentrations of lead-based paint. The CDC identified the two most important remaining sources of lead hazards to be deteriorated lead-based paint in housing built before 1978 and urban soil and dust contaminated by past emissions of leaded gasoline.

The national goal for blood lead levels among children ages six months to five years is to limit elevations above 15µg/dL to no more than 300,000 per year and to entirely eliminate elevations above 25µg/dL.

Many housing units in the County may have lead-based paint. Since the County undertakes the rehabilitation of limited to comprehensive rehabilitation of housing units (many of which were constructed prior to 1978), painted surfaces will be disturbed as part of this process. As such, the County is required to incorporate lead-based paint hazard evaluation, approved remediation/reduction strategies and clearance requirements for all housing structures built before 1978.

To reduce the potential for adverse health effects attributable to the rehabilitation of deteriorated lead-based paint surfaces, the County provides educational material. All customers receiving housing rehabilitation assistance from the city are informed about the potential health hazards posed by the presence of deteriorated lead-based paint, which includes information about protecting their families from this hazardous substance.

In addition, Project Managers who oversee rehabilitation projects are trained to incorporate proper hazard reduction techniques into the treatment of lead-based paint. Instead of performing lead hazard evaluations on properties proposed for rehabilitation, it is County's policy to automatically presume that lead-based paint and/or lead-based paint hazards are present when the housing was built before 1978. Visual assessment, stabilization and standard treatment methodologies are employed to achieve clearance for each comprehensive rehabilitation project. The County will conduct one of the following lead hazard reduction methods as routine to rehabilitation activity:

- If interim controls are required, conduct standard treatments in lieu of interim controls on all applicable surfaces, including soil, to control lead based paint hazards that may be present.
- If abatement is required, abate all applicable surfaces, including soil, to control lead based paint hazards that may be present.

The County currently provides funding to a local housing agency for all minor home repairs and housing rehabs. Knox County funding purchased lead based paint equipment as well as covering training for staff Lead certification.

## **SECTION V: Fair Housing and Knox County's Private Sector**

Homeownership rates are important to a community's financial well-being. Prospective homebuyers expect to have access to mortgage credit; and home ownership programs must be available without regard to discrimination, income, or profession. To truly live up to fair housing laws, all persons must have the ability to live where they want and can afford.

Access to mortgage credit enables residents to own their homes, and access to home improvement loans allows them to keep older houses in good condition. Access to refinancing loans allows homeowners to make use of the equity in their home for other expenses. Mortgage credit, home improvement loans, and refinancing loans together keep neighborhoods attractive and keep residents vested in their communities<sup>9</sup>.

### ***Lenders in Knox County***

Poor lending performance results in various long-term and far ranging community problems. Of these, disinvestment is probably the most troubling. Disinvestment in Knox County by its lenders would reduce housing finance options for borrowers and weaken competition in the mortgage market for low-moderate income neighborhoods. High mortgage costs, less favorable mortgage loan terms, deteriorating neighborhoods, reduced opportunities for home ownership, reduced opportunities for home improvement and the lack of affordable housing are only a few of the consequences of inadequate lending performance. Financial decay in the business sector as well as in the private sector is also a result of disinvestment in the form of business relocation, closure, and bankruptcy. Full service local lenders that have traditionally served residents and businesses are one of the main elements that keep neighborhoods stable.

Significant changes are occurring in the lending market not only in Knox County but throughout the United States. The number and type of lenders have changed over the last ten years, and many local lenders have been bought by national lenders. These national lending institutions are becoming increasingly more active locally, as their market share grows yearly.

The Great Recession of 2008 – 2010 laid bare the problems in the sub-prime market. Many families lost their homes and underwent foreclosure during this period. The overall changes in the market caused a reduction in home ownership County wide from approximately 81% in 2008 to 65% in 2013.

There were 375 financial institutions with a home or branch office in Knox County in 2008 and 356 financial institutions with a home or branch office in Knox County in 2013. The advent of online banking increased the number of available lending banks to 362 in 2013.

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<sup>9</sup> Profile of Lima, Ohio, Federal Reserve Bank of Cleveland, Fall 2000.

While the physical presence of financial institutions in communities facilitates relationships with banks and the location of these institutions is a primary concern for a community, the advent of online banking has increased both the choice of mortgage products and the overall competitiveness in the lending industry.

Areas left without branches or with access to only ATM machines must find alternative sources for services (such as on-line payment services, check cashing businesses or finance companies), which can be more expensive than traditional financial institutions or credit unions.

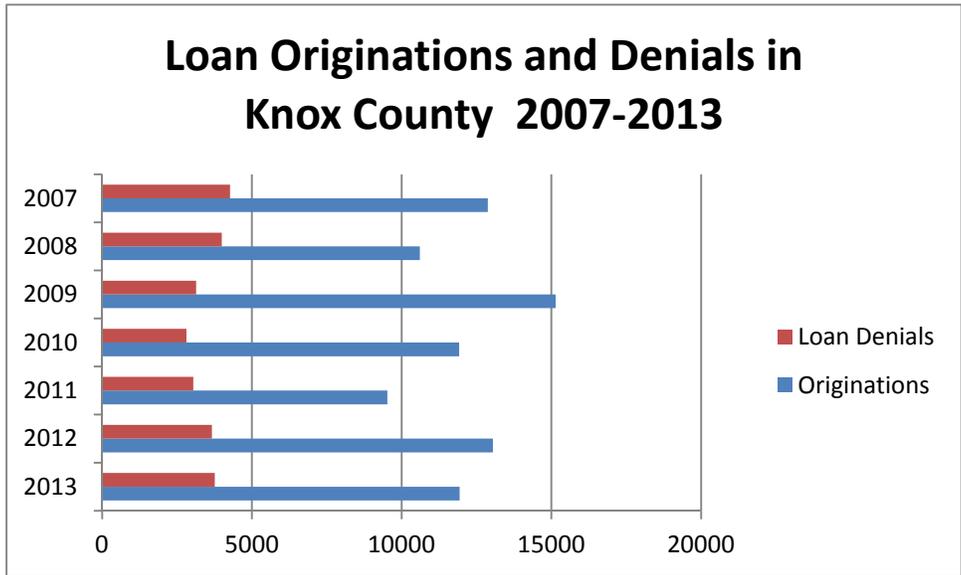
According to HUD's Subprime Lender criteria, 6.7 percent of the lenders active in 2008 lending in Knox County were subprime lenders. In 2013, 4.8% of the lenders active in 2013 lending in Knox County were subprime lenders. Generally located outside the state, their sub-prime lending services are most often sought electronically through on-line brokers. These lenders are easy to access nationwide, making it convenient to shop for loans; and the local absence of top-tier accessibility can make the subprime market generally more attractive for local borrowers.

### ***Lending Activity in Knox County, 2008-2013***

#### **Originations and Denials**

The statistical databases used for this analysis were 2010 decennial census data, the 2013 American Community Survey and the Home Mortgage Disclosure Act (HMDA) data for the years 2008 to 2013, inclusive. HMDA data on loan activity are reported to document home purchase, refinancing, and home improvement loans. The broadest measure of lending activity is total market activity, which covers all three categories of home loans (purchase, refinance, and home improvement). In this report, if the loan purpose is not specified in the text or figures, the reference is to total market activity.

During the strong economic trends prior to 2005, there was a boost in income and employment, which generated a higher demand for homeownership and other mortgage related activities. Mortgage interest rates were quite low and there was a rush to refinance homes and to do home-improvement projects. Not surprisingly, mortgage loan activity in Knox County showed strength over this same time period and the total number of applications submitted to lenders in Knox County was quite high. In 2006, however, data indicate a 13.4 percent drop in loan application activity. The striking decline in 2008 of 25.4 percent illustrates the end of favorable interest rates and the threat of an uncertain economy.



The applications represented here are for all loans: conventional, government-backed, refinance for owner-occupied, single-family dwellings.

In 2013 there were 1,260 first mortgage denials in 6,240 mortgage applications submitted for a denial rate of 20.2%.

Multiple reasons can be listed for each mortgage denial. The 1,260 first mortgage denials included 731 reasons for denial. The highest seven reasons for denials are shown in Table 15 below:

<b>Credit History</b>	<b>Debt to Income</b>	<b>Insufficient Collateral</b>	<b>Other</b>	<b>Insufficient Cash</b>	<b>Incomplete Application</b>	<b>Unverifiable Information</b>
202	157	102	87	52	50	37
27.6%	21.5%	14%	11.9%	7.1%	6.8%	5.1%

The predominate reasons for denial in 2013 are Credit History (27.6%) and Debt to Income Ratio (21.5%). The combination of Credit History and Debt to Income constitute 49.1% of the denials, suggesting a need for financial literacy training.

In contrast, 2008 data included 5,923 mortgage applications and 760 denials for a denial rate of 12.8%.

Multiple reasons can be listed for each mortgage denial. The 760 first mortgage denials in 2008 included 673 reasons for denial. The highest seven reasons for denials are shown in Table 15 below:

<b>Credit History</b>	<b>Debt to Income</b>	<b>Insufficient Collateral</b>	<b>Other</b>	<b>Insufficient Cash</b>	<b>Incomplete Application</b>	<b>Unverifiable Information</b>
223	137	75	65	43	60	35
33.1	20.4%	11.1%	9.7%	6.4%	8.9%	5.2%

Credit History declined as a reason while Debt to Income and Collateral increased as a reason between 2008 and 2013.

***Analysis by Race and Ethnicity***

Ideally, the percentages of loan applications received would mirror the percent of population of each racial group. In 2008 the percent of applications made by white consumers was 80.3 percent. In 2013 the percent of applications by white consumers had increased to 94.4 percent. During the same period, the rate of applications from black consumers increased from 3.2 percent in 2008 to 3.4% in 2013. Black applicants do not appear to be underrepresented as consumers in lending in Knox County.

All other racial and ethnic minorities represent 2.1 percent of applications which is reflective of the general Knox County population patterns. In 2008 the percent of applications made by Hispanic consumers was 1.9 percent. In 2013 the percent of applications by Hispanic consumers had increased to 2.4% percent. Hispanic applicants do not appear to suffer any barriers to the lending market in Knox County.

Overall, the reasons for denial across each racial group or ethnicity do not diverge or show any indication of segmentation. Nearly 28 percent of applications denied were based on Credit History and 22 percent were denied based on Debt to Income Ratio across all racial and ethnic groups. While reasons for denial diverged slightly in employment history, insufficient cash and collateral, none of the divergence was statistically significant.

***Analysis by Income***

Low- and moderate-income households make up a substantial portion of Knox County’s total households. In 2008, 6.5 percent of the population earned less than \$15,000. By 2013 13.5 percent of the population earned less than \$15,000. The decrease in income for these households is directly related to the economic hardships experienced in the aftermath of the Great Recession. As was previously noted, Knox County’s poverty rate increased dramatically between 2008 and 2013.

Because homeownership is the primary way of increasing personal net worth and assets, it is essential for low income households to have access to credit for home loans.

Of the 5,163 loans approved in Knox County only in 2008, just 14.0 percent went to low and moderate-income households combined, with approvals evenly divided between those earning less than 50 percent and those earning from 50 to 80 percent of the area's median (7 percent each). Of the 4,980 loans approved in Knox County only in 2013, only 12.6% went to low-moderate-income households combined. Approvals were more likely to be in the earning range of 50% to 80% of the area's median income by a 2:1 ratio.

### ***Alternative Lending Sources***

#### ***Sub-Prime Lenders***

While conventional lenders focus their marketing efforts on consumers with few or no credit blemishes (those with "A" credit), an alternative source of loan funds for consumers with lower credit scores ("B" or "C" credit) is sub-prime lending institutions. While sub-prime lenders simplify the application process and approve loan applications more quickly and more often, these lenders also charge higher interest rates to help mitigate the increased risk in lending to consumers with poorer credit histories. Interestingly, consumers who borrow from sub-prime lenders often do qualify for loans from conventional lenders, but succumb to marketing tactics that encourage them choose sub-prime institutions over conventional. Recent studies by Freddie Mac, the government-sponsored entity that purchases mortgages from lenders and packages them into securities that are sold to investors, show that between 25 percent and 35 percent of consumers receiving high cost loans in the sub-prime market qualify for conventional loans. This may be a result of the loss of conventional lenders in the community. Having fewer lenders from which to choose, consumers select those that are conveniently located, even at a higher price.

#### ***"Payday Lenders"***

Another source of loans is check cashing or "payday" lenders. Check cashing outlets (such as currency exchanges) cash payroll, government, and personal checks for a fee. Their popularity increases as customers lose access to banks or cannot afford rising fees associated with the inability to maintain minimum balance requirements. Consumers use these outlets for their banking needs and are charged for the services they receive. These businesses offer temporary "payday loans" by accepting a postdated check from the customer, who receives the funds immediately, minus a fee. When used regularly, these fees can equate to double-digit interest rates.

Although these services tend to be located in areas of highest minority and low-income concentration, they are also found in very close proximity to local lenders. Customarily, however, they fill the void left by banks that do not service an area or have moved from it.

### ***Predatory Lenders***

While most sub-prime lenders serve a need by targeting borrowers with sub-par credit histories, some go too far. Those that do are known as predatory lenders. Lending becomes predatory when lenders target specific populations (such as low-income, minority, or elderly homeowners), charge excessive fees, frequently refinance the loan, and often mislead the borrower. Since wealth is often tied to property ownership, this system threatens to deprive residents of their assets by overextending their home's equity and, in some cases, foreclosing on the homes of people who cannot afford the high interest rates and associated fees.

Mainstream financial institutions often unwittingly exclude the very groups targeted by predatory lenders when they market loan products. Additionally, unknowing consumers find themselves at a disadvantage due to a lack of financial savvy. The lending process can be complicated, and often consumers are ill prepared to deal with the large volume of paperwork required for the loan process. Most predatory lenders use their clients' inexperience to their advantage, however, and do not provide quality counseling for consumers seeking their products. They use the consumers' ignorance as their opportunity to reap profits. In the end, borrowers pay substantially higher interest rates and purchase unnecessary credit, life, and disability insurance products.

Sub-prime lenders charge higher rates to compensate for higher risk. While these types of loans and lenders provide an important service to those without opportunities, these institutions have been associated with predatory lending nationally and are a source of potential concern locally. When compared to the list of sub-prime lenders provided by HUD, there were 25 identified within Knox County that wrote loans in 2008, representing 6.7 percent. In addition, 30 personal lending sources were identified, including pawnshops, "payday" lenders, personal and title loan establishments, and others. These were located throughout the county, where they serve populations of all income levels. In 2013, 21 sub-prime lenders were identified and over a 100 personal lending sources were identified. The exponential increase in personal lending sources falls across all income groups, but traditionally affects low income people disproportionately.

Three questions were asked of a representative sample of lenders in Knox County during February 2014.

1. Has your company encountered any acts of discrimination by others against the families your company serves over the last five years?
2. Does your company sponsor any training or educational opportunities on equal opportunity and/or fair housing?
3. Does your company encourage your employees to take advantage of training or educational opportunities on equal opportunity and/or fair housing?

A representative sample of lenders indicated no acts of discrimination in the last five years. Seventy-two percent (72%) of the lenders surveyed indicated educational opportunities on Fair Housing were available and employees were

encouraged to attend and forty-eight percent (48%) of the lenders directly sponsored Equal Opportunity training. In a similar survey in 2009 Sixty percent (60%) of the lenders surveyed indicated educational opportunities on Fair Housing were available and employees were encouraged to attend and forty percent (40%) of the lenders directly sponsored Equal Opportunity training.

### ***Other Private Entities that Impact Fair Housing Choice***

#### ***Real Estate and Housing Development Industry***

By the fourth quarter of 2008 housing prices in Knox County had peaked and begun to fall. By early 2010 prices had declined between 6% and 30% depending on the sub-market within the County. By May 2013 the median sale price of housing had fallen to \$132,000. The market has since rebounded to a January 2015 median sale price of \$140,000<sup>10</sup>.

The housing development industry was hit hard by the lack of buyers in all price ranges except those homes considered “starter homes”, valued at or below the median statewide price of \$150,000 for a three bedroom, two bath single family unit.

Housing starts for all types of units have increased from 1,268 units permitted in 2009 to 1,500 starts permitted in 2013 indicating a rebound is underway.

Credit criteria for real estate loans of all types have offset the trend toward greater affordability by making it more difficult for buyers to find financing. These factors have had a negative impact on both the real estate and housing development industry.

Three questions were asked of a representative sample of realtors in Knox County during February 2015.

1. Has your company encountered any acts of discrimination by others against the families your company serves over the last five years?
2. Does your company sponsor any training or educational opportunities on equal opportunity and/or fair housing?
3. Does your company encourage your employees to take advantage of training or educational opportunities on equal opportunity and/or fair housing?

A representative sample of Realtors indicated no acts of discrimination in the last five years. A hundred percent (100%) of the Realtors surveyed indicated educational opportunities on Fair Housing were available and employees were encouraged to attend, and none of the Realtors directly sponsored Equal Opportunity training. The Tennessee Real Estate Commission has a continuing education credit course available in Fair Housing.

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<sup>10</sup> Zillow: Accessed February 26, 2015: <http://www.zillow.com/knox-county-tn/home-values/>

### ***Homeowners Insurance Industry***

Fair housing is about expanding the housing choice for those restricted by economic, social, political, and other forces. The persistence of unfair housing underlies unequal education, unequal access to jobs, unequal income, and redlining. Redlining is an exclusionary practice of real estate agents, insurance companies, and financial institutions that exists when ‘there is a lack of activity by [an] institution to extend credit or coverage to certain urban neighborhoods because of their racial composition; or they are denied because of the year-to-year change in racial composition and the age of structure in a neighborhood regardless of the creditworthiness or insurability of the potential buyer and policy holder or the condition of the property.’”

Discrimination in the provision of housing insurance has a lasting effect on the vitality of America’s neighborhoods. Many traditional industry underwriting practices which may have some legitimate business purpose also adversely affect minorities and minority neighborhoods. While more recent studies have found little evidence of differential treatment of mortgage applications, evidence does suggest that lenders may favor applicants from Community Reinvestment Act (CRA)-protected neighborhoods if they obtain private mortgage insurance (PMI). The requirement of obtaining this additional type of insurance may actually mask lender redlining of low-income and minority neighborhoods. For loan applicants who are not covered by PMI, there is strong evidence that applications for units in low-income neighborhoods are less likely to be approved. Furthermore, these potential homeowners are more likely to be subject to policies that provide more limited coverage in case of a loss, and are likely to pay more for comparable policies.

Another critical factor in marketing of insurance is the location of agents. Most of the property insurance policies sold by agents are to insure within neighborhoods in which the agent is located. Studies have shown that the distribution of agent locations was clearly related to the racial composition of neighborhoods. A review of the local Knox on-line maps shows that the insurance companies who provide homeowners insurance have offices throughout west portions of the county with a scattering in both the north and south portions of the County. Their distribution makes their services accessible to more remote households, but those who reside in the east portion of the county must do business with insurance agents outside their neighborhoods.

Three questions were asked of insurance companies in Knox County during February 2015.

1. Has your company encountered any acts of discrimination by others against the families your company serves over the last five years?
2. Does your company sponsor any training or educational opportunities on equal opportunity and/or fair housing?
3. Does your company encourage your employees to take advantage of training or educational opportunities on equal opportunity and/or fair housing?

A representative sample of insurance companies indicated no acts of discrimination in the last five years. Thirty-two percent (32%) of the insurance companies surveyed indicated educational opportunities on Fair Housing were available and employees were encouraged to attend, and none of the insurance companies directly sponsored Equal Opportunity Training.

### ***Internet Advertising***

The real estate industry depends largely on marketing through the Internet, thereby eliminating much of the initial direct contact. A review of 30 real estate sites on the Internet revealed no use of human models that would suggest discriminatory advertising. However, just 19 (63%) displayed the HUD fair housing logo somewhere on the web page.

### ***Print Media Advertising***

In the context of fair housing, discriminatory advertising is any advertising that indicates any preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status or national origin, or an intention to make any such preference, limitation, or discrimination. Overt or tacit discriminatory preferences or limitations are often conveyed through the use of particular words, phrases, or symbols.

In a general review of several local Knox County and regional publications carrying ads for housing, no systematic attempt to exclude particular demographic groups was observed. Still, there were several incidents found that suggest that there is a need for fair housing training review sessions for real estate agents, mortgage brokers, and significant players in the real estate market, including the local press. Inconsistency was noted in the display of equal opportunity logos within the housing advertisements analyzed in local and regional newspapers from three separate dates. All of the inconsistencies were minor, with no distinct pattern for any one entity.

The real estate directed publications Homes & Lands, the Real Estate Book and numerous smaller publications all carried the equal opportunity logo on the cover or by the table of contents. Individual ads by real estate brokers within these publications were less consistent, with 50% of the ads having a fair housing logo.

An analysis of the apartment listings in the local the Knoxville Area Yellow Pages and Yellow Book showed that none of the apartment complexes or purveyors carried a display ad. There was no equal opportunity logo in either publication related to apartment listings, except for a single set of entries for a local non-profit housing provider utilizing Federal funds.

The Knoxville Apartment Guide does have both the equal opportunity logo and a strong statement affirming equal opportunity in housing: "All persons are hereby informed that all dwellings advertised are available on an equal opportunity basis." In many cases handicap accessibility was advertised utilizing the handicap logo and over 60% of the individual ads carried the equal opportunity logo.

An analysis of the real estate listings in the local Knoxville Area Yellow Pages revealed that only 31% of the display ad listings had an equal opportunity logo.

An analysis of the classified real estate ads in selected Sunday editions of the Knoxville News Sentinel (November 15th, November 22nd, and November 29th issues) revealed twenty-nine (18) ads of 110 ads on average, or 16 percent of real estate ads had no equal opportunity logo. Twenty-seven ads mentioned “schools nearby” or “family friendly” language positively affirming fair housing by reaching out to one of the protected classes—familial status. Two firms showed properties with “Section 8 availability” in each issue, therefore reaching out to low-income residents.

***The General Public***

The public hearing surveys completed on October 30<sup>th</sup>, 2014 did not generate a single concern or complaint related to Fair Housing.

## **Section VI: Conclusions and Recommendations**

This section presents the Fair Housing Analysis Update for the Knox County 2015-2020 Consolidated Plan. It includes existing impediments to fair housing choice currently being addressed – and the plans recommended to remedy them. The County’s prior Analysis of Impediments were conducted in 1998 and 2010. This update includes some issues and recommendations that are carried over from the 2010-2015 Analysis. The update is based on available public/private information from the real estate, insurance and banking industries, the local housing authority, the Tennessee Human Rights Commission, the Tennessee Department of Commerce and Insurance, and the Atlanta and Knoxville HUD Offices of Fair Housing and Equal Opportunity and Community Planning and Development.

### ***IMPORTANT CONSIDERATIONS***

Three key housing related groups in the County—the Office of Community Development, the non-profit assistance and development sector and the local housing authority must all work continually with the private sector to promote and explain the requirements of the Fair Housing Act. Local housing providers do receive calls when an alleged violation occurs, and provide information on the Act, and provide guidance on how to lodge a formal complaint. Complaints relative to projects funded with federal dollars are directed to HUD.

Throughout the year, the County and local housing providers must work together to promote fair housing, hold conferences, distribute materials, educate both tenants and landlords, and continually strive to limit the local violations to the Fair Housing Act.

Discussions should be held with the Chamber of Commerce, government officials, Realtors® and individuals regarding discriminatory practices and complaints lodged and resolved successfully through mediation. The more widely distributed the resolved complaints are, the higher the educational value to the community.

The County should join with Realtors® to disseminate current information on fair housing as training tools for housing industry professionals. In general, Realtors in the home sales portion of the business do not currently utilize the Equal Opportunity logo effectively in either print or electronic media.

Home Mortgage Disclosure Act (HMDA) data suggests that the lending practices of major lending institutions are improving, with fewer disparities in accessibility to credit. The more stringent credit requirements imposed by the secondary market (FHA, Fannie Mae, etc.) have significantly impacted the ability of households to obtain a mortgage. The County should continue to encourage lenders to participate in educational workshops on Fair Housing/Equal Opportunity.

One frequent threat to Fair Housing is the development of housing options for special needs populations. In some instances, residents place significant pressure on local elected officials and zoning officers to deny variances, permits, etc.

As housing markets expand and become more competitive in the County, instances of NIMBYism, or “not in my backyard”, may become more common. Whether it is neighborhood opposition to density, low-income housing or housing for special population groups, obtaining a site and approval by communities is difficult. In many cases, the process leads to greater costs, making it difficult to maintain affordability for those who need them. In an effort to open the doors wider to fair housing options for all individuals, the County should work closely with local public housing providers, landlords, non-profits government, service providers, and funding institutions to assess the housing needs and promote an organized mechanism for addressing these needs.

At the same time, discussion about limiting sprawl, improving social service delivery centers, and placing special need populations back in the community will continue. This discussion will result in continued conflicts between identifying appropriate housing for those who need the most assistance and finding a place for them to live. Therefore, it will be important to provide community education to ensure the ability to continue to develop affordable housing that will also take into account economic and health issues that are directly related the problems of deteriorated housing including the presence of lead based paint and the literacy that relates to employability of the low/moderate income community in the County.

Implementation of activities should include:

- Encouraging the private sector to disseminate fair housing brochures and flyers throughout in their public spaces
- Disseminating fair housing brochures and flyers throughout the community, via conferences, housing fairs, information racks in public facilities, etc.
- Reviewing proposed policies in the County land use plans
- Recommending the inclusion of policies allowing for a diversity of housing types and locations
- Reviewing existing zoning and land development policies for possible revisions to permit more affordable housing
- Reviewing successful models for developing new low- and moderate-income housing by other communities and private developers.

Finally, the County should guide the work of fair housing enforcement and outreach strategies. By approaching the issue of fair housing in a comprehensive way, the County will identify the most effective means to achieving compliance and enforcement through outreach, advocacy, investigative services, and testing. All of these efforts contribute to a more educated citizenry relative to increased public awareness and understanding of the issue of fair housing and of the appropriate corrective resources available to residents of the County.

Specifically based upon the current data available, the following are the impediments and suggested actions that have been identified for the County. The County will document and report its actions to HUD on the removal of impediments through Annual Reports which are a part of the Consolidated Plan Process.

**Impediment # 1: Continuing Development of Fair Housing Initiatives**

- The analysis of fair housing complaints from the Knoxville HUD Office and the Tennessee Human Rights Commission revealed no complaints over the last 10 year period.
- The County's current Fair Housing materials should be updated to include the guidance provided in CPD Notice 15-02 regarding sexual identity.
- Fair housing information is available at Knox County offices and at the offices of non-profits engaged in Knox County funded housing efforts. In a number of cases, allied social service agencies or special needs organizations did not have brochures or other materials regarding Fair Housing in the public areas. In addition, there are limited instances where lenders, Realtors and associated entities provide Fair Housing information in their public areas.
- There is no indication that the County initiates or requests State assistance in any research or systematic testing programs to ascertain fair housing issues within the County.

***Suggested Steps to Remove this Impediment***

1. The County should establish a Fair Housing web page on the County's website devoted to Fair Housing. The web page can define the protected classes, provide general information on Fair Housing and Equal Opportunity and provide links to the local Fair Housing Officer, HUD and the Tennessee Human Rights Commission.
2. The County should maintain its efforts in outreach, training, and education of the community about fair housing rights through all types of media on an ongoing basis. This information should be made available to all County Departments, Commissions and Advisory Committees, housing and service providers as well as other public and private organizations, including Realtors, lenders, libraries, schools, and community centers. In addition, the County should encourage all agencies and private sector entities engaged in real estate activities to provide Fair Housing information in public spaces.

## **Impediment # 2: NIMBY and Market Availability**

- Lack of affordable housing for protected class persons, especially those persons with disabilities, leads to discrimination due to NIMBY-ism and unavailability. Often landlords do not want to rent to people with disabilities and sometimes residents often do not want housing for protected class people in their neighborhoods (the "Not in My Back Yard, or "NIMBY" syndrome).
- Unfortunately, NIMBY continues to be a significant impediment to fair housing choice. Public hearings concerning proposed affordable housing projects bring objections galore, mostly from neighbors who cite adverse effects on traffic, infrastructure, and public services schools, the environment, property values, and crime rates. However, the desire to maintain a neighborhood's socioeconomic homogeneity and exclusivity is frequently unstated.

### ***Suggested Steps to Remove this Impediment***

1. A continuing impediment from the 1998 and 2010 Analysis, the County should continue to expand affordable housing options for very low, low and moderate-income residents, including public housing residents and homeless persons who seek to move into subsidized private housing.
2. The County should continue to respond to NIMBY issues by making creative and effective use of its HOME, CDBG and other housing resources to subsidize the sale or rental of safe, decent and sanitary affordable housing to such residents.

## **Impediment # 3: Need for financial education and literacy in homeownership/rental.**

- Surveys, interviews and feedback from meetings indicate that credit education and financial counseling remain an impediment to housing accessibility. While HUD funded housing programs provide both training and one on one counseling for home buyers, general financial literacy for at risk housing populations who are low income remains a gap.
- Public education is lacking in giving people skills to be more economically independent.

### ***Suggested Steps to Remove this Impediment:***

1. The County should continue to encourage efforts to provide financial literacy education. Efforts must be made to help those in the community to be pro-active in establishing and maintaining good credit instead of focusing on correcting poor credit. Data showed that most of those experiencing problems in this area were protected classes.
2. The County should work with local lenders and real estate professionals in helping to develop curriculum and providing instructors for some of the classes. Financial literacy education should not be limited to the public school, but should take place in neighborhoods and churches.