



**FY 2015-19
County of Orange**

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

AND

FAIR HOUSING ACTION PLAN

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Urban County Program Participants

City of Brea
City of Cypress
City of Dana Point
City of Laguna Beach
OC Unincorporated Areas

City of Laguna Hills
City of Laguna Woods
City of La Palma
City of Los Alamitos

City of Seal Beach
City of Stanton
City of Villa Park

Metro Cities:

City of Aliso Viejo

City of Placentia

City of Yorba Linda



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FY 2015-19

**COUNTY OF ORANGE
OC COMMUNITY SERVICES**

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

AND

FAIR HOUSING ACTION PLAN

Prepared By



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**FY 2015-19
County of Orange**

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AND
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SECTION I INTRODUCTION AND EXECUTIVE SUMMARY

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SECTION I**A. INTRODUCTION****1. Format of the AI Report**

The U.S. Department of Housing and Urban Development (HUD) has not issued regulations defining the scope of analysis and the format to be used by grantees when they prepare their *Analysis of Impediments to Fair Housing Choice* (AI). In 1996, HUD published a *Fair Housing Planning Guide* which includes a “Suggested AI Format.” For two reasons, the organization of the Urban County’s AI report conforms to the format suggested by HUD. First, the 1996 *Fair Housing Planning Guide* remains the only official guidance provided by HUD to grantees on how to prepare and present an AI. Second, the U.S. Government Accountability Office relied on the suggested format in its review of 441 AIs. Table I-1 shows the AI format used by the GAO in its review of grantee AIs.

Table I-1
HUD Suggested AI Format

Suggested Element	Description
Introduction and executive summary of the analysis	Explains who conducted the AI and identifies the participants and methodology used, funding source, and summaries of impediments found and actions to address them.
Jurisdictional background data	Includes demographic, income, employment, housing profile, maps, and other relevant data.
Evaluation of jurisdiction’s current fair housing legal status	Discusses fair housing complaints and compliance reviews that have resulted in a charge or finding of discrimination, fair housing discrimination suits filed by the Department of Justice or private plaintiffs, the reasons for any trends or patterns in complaints and enforcement, and other fair housing concerns.
Identification of impediments to fair housing choice	Identifies impediments to fair housing.
Conclusions and recommendations for overcoming impediments	Summarizes any impediments identified in the analysis and presents recommendations to overcome identified impediments.
Time frames for implementing actions to overcome impediments ¹	Sets out the time frame for completing each action or set of actions to serve as milestones toward achieving the actions.
Signature page	Includes the signature of a chief elected official, such as a mayor.

¹Please note that the GAO stated that while the suggested AI format does not include time frames for implementing recommendations to address identified impediments, time frames are discussed elsewhere in the *Fair Housing Planning Guide* as a component of fair housing planning.

Source: United States Government Accountability Office, *Housing and Community Grants: HUD Needs to Enhance Its Requirements and Oversight of Jurisdictions’ Fair Housing Plans*, September 2010, 48 pages

SECTION I

The Urban County of Orange *AI and FHAP* contains four sections and five appendices:

Section I Introduction and Executive Summary: The Introduction presents the AI report format, the Urban County's regional setting, purpose of the report, fair housing definition and report preparation participants. The Executive Summary presents an overview of the AI including a brief description of the impediments found and actions to address impediments.

Section II Fair Housing Legal Status and Fair Housing Programs: This Section discusses fair housing complaints and compliance reviews and other information pertaining to Urban County of Orange's fair housing legal status. In addition, Section II briefly describes private sector fair housing programs.

Section III Fair Housing Progress Report: Section III describes the progress made on implementing the 2010-2015 AI as well as three "carryover" impediments that were described in the 2005-2010 AI.

Section IV 2015-2020 Fair Housing Action Plan: This Section describes the conclusions and recommendations resulting from the AI analysis. It identifies public and private sector impediments to fair housing choice and the actions which will be implemented during the FY 2015-2016 to FY 2019-2020 time period.

Appendix A Jurisdictional Background Data: HUD's suggested AI format includes a section on jurisdictional background data. Appendix A presents a detailed analysis of demographic, housing, income, and employment characteristics and other data relevant to the AI.

Appendix B Fair Housing Protected Classes: Technical Appendix B contains data on the following fair housing protected classes: race, color, religion, sex, national origin, ancestry, disabled, familial status, marital status, source of income and sexual orientation. Data are unavailable for the other groups protected by federal and California law.

Appendix C Private Sector Impediments Analysis: Appendix C presents an analysis of the private practices prohibited by the Federal Fair Housing Act (FHA) and the State's Fair Employment and Housing Act (FEHA) and identifies which ones pose impediments to fair housing choice.

Appendix D Public Sector Impediments Analysis: The scope of the public sector impediments analysis is based on 1) HUD's *Fair Housing Planning Guide*, which was published in 1996; 2) HUD policies emphasizing the need to locate affordable housing outside areas of high minority and low income concentrations; and 3) the HUD LA Field Office survey of planning and zoning practices.

Appendix E: Lists the data sources and persons and organizations consulted during the course of completing the *AI and Fair Housing Action Plan*.

2. Regional Setting

The County of Orange is located along the Pacific Ocean between Los Angeles County to the north and northwest, San Bernardino County to the northeast, Riverside County to the east, and San Diego County to the southeast. Orange County stretches approximately 40 miles along the coast and extends inland approximately 20 miles, covering 798 square miles.

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The “Urban County” of Orange is comprised of 11 cities with populations under 50,000 (participating cities), three “Metro” cities – Aliso Viejo, Placentia, and Yorba Linda – with populations over 50,000, and the unincorporated areas of Orange County. The 11 participating cities include Brea, Cypress, Dana Point, Laguna Beach, Laguna Hills, Laguna Woods, La Palma, Los Alamitos, Seal Beach, Stanton, and Villa Park. With populations over 50,000, Aliso Viejo, Placentia, and Yorba Linda are eligible to participate in the CPD programs as entitlement jurisdictions and receive funding directly from HUD. However, these cities have elected to join the Urban County for the overall implementation of these programs.

Exhibit I-1 shows the boundaries of the Urban County.

3. Purpose of the Report

Annually, federal funds are granted to Orange County by the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), and Emergency Solutions Grant (ESG) programs. An Affirmatively Furthering Fair Housing (AFFH) certification is required of cities and counties that receive funds from these programs. The AFFH certification states that the community receiving HUD funds:

...will affirmatively further fair housing ... by conducting an analysis to identify impediments to fair housing choice within its jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through the analysis, and maintaining records reflecting the analysis and actions in this regard.

HUD interprets the broad objectives of the requirement to affirmatively further fair housing choice to mean that recipients must:

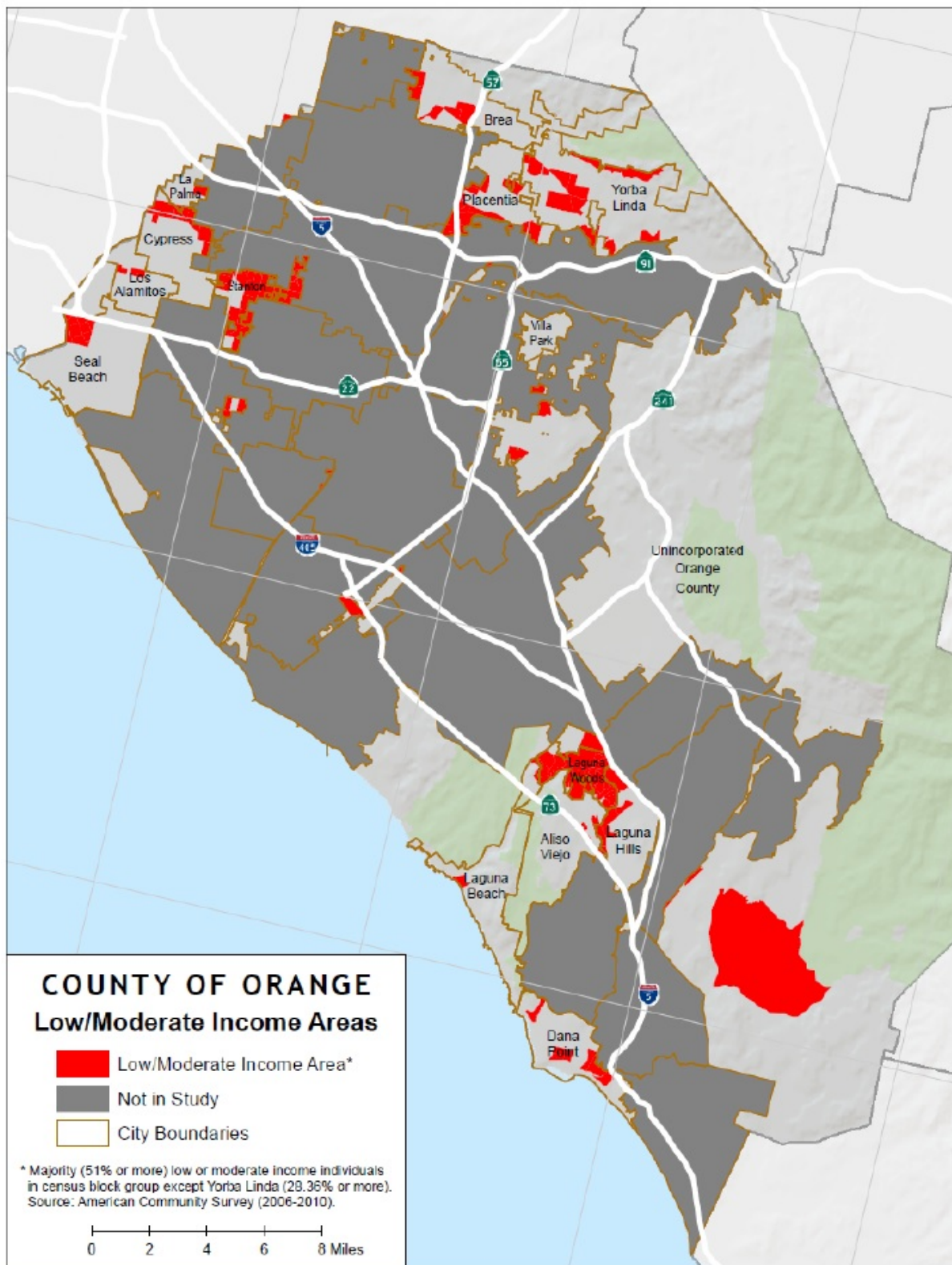
- Analyze and eliminate housing discrimination in the jurisdiction;
- Promote fair housing choice for all persons;
- Provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability, and national origin;
- Promote housing that is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

Source: U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, Memorandum on *Compliance-Based Evaluations of a Recipient's Certifications that it has Affirmatively Furthered Fair Housing*, March 5, 2013, page 4

Therefore, the fundamental purpose of the AI Report is to maintain the County of Orange's compliance with the AFFH certification. In so doing, the County will promote fair housing and remove or ameliorate the public and private sector impediments that have been identified through the analysis.

The time period of the AI is from FY 2015-2016 through FY 2019-2020. The AI time period is intended to remain aligned with the Urban County of Orange's five-year Consolidated Plan.

Exhibit I-1
Urban County Boundaries



SECTION I

4. Defining Fair Housing Choice

HUD defines fair housing as:

...a condition in which individuals of *similar income levels* in the same housing market have a like range of choices available to them regardless of race, color, national origin, religion, sex, handicap, or familial status.

HUD draws an important distinction between household income, affordability and fair housing. Economic factors that impact housing choice are not fair housing issues per se. Only when the relationship between household incomes combined with other factors - such as household type or race and ethnicity - create misconceptions and biases do they become a fair housing issue.

Tenant/landlord disputes are also not typically fair housing issues, generally resulting from inadequate understanding by the parties on their rights and responsibilities. Such disputes only become fair housing issues when they are based on factors protected by fair housing laws and result in differential treatment.

Impediments to fair housing choice, according to HUD, are --

Any actions, omissions, or decisions taken *because of* race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices. (Intent)

Any actions, omissions, or decisions which *have the effect of* restricting housing choices or the availability of housing choices *because of* race, color, religion, sex, disability, familial status, or national origin. (Effect)

HUD has explained that policies, practices, or procedures that appear neutral on their face, but which operate to deny or adversely affect the availability of housing to persons because of race, ethnicity, disability, and families with children may constitute such impediments.

5. Participants and Funding for the AI

The lead agency for preparation of the *AI and Fair Housing Action Plan* is the Orange County Community Services Department. Valuable input to the AI was provided by the following:

- Orange County Community Services Department
- Fair Housing Council of Orange County, Inc.(FHCOC)
- FHCOC Board of Directors
- U.S. Department of Housing and Urban Development – Fair Housing and Equal Opportunity (FHEO), San Francisco Regional Office
- U.S. Department of Housing and Urban Department, Los Angeles Field Office
- Orange County Human Relations Commission
- California Association of REALTORS (CAR)
- Pacific West Association of REALTORS (PWR)
- Apartment Owners Association
- Apartment Association of Orange County

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CDBG funds were expended to complete the *AI*. CDBG funds paid for consultant assistance on *AI* report preparation. The FHCOC did not charge for the services and staff time it contributed to the project.

B. EXECUTIVE SUMMARY

1. Background

The scope and content of the *AI* and *Fair Housing Action Plan* are consistent with the format suggested by HUD in the 1996 *Fair Housing Planning Guide*. Two major components comprise the report:

- An Analysis of Impediments to Fair Housing Choice
- A description of the actions to be taken by the Urban County and the FHCOC to overcome the effects of the identified impediments (i.e., *Fair Housing Action Plan*)

2. Section II – Fair Housing Legal Status/Private Sector Fair Housing Programs

Section II demonstrates that the Urban County is in compliance with the fair housing requirements because it -

- Allocates CDBG funds to the FHCOC so it has the resources necessary to process housing discrimination complaints and provide other fair housing services
- Has not been subject to a HUD-initiated complaint
- Has not been subject to a compliance review
- Is not subject to a fair housing lawsuit

Section II also describes private sector fair housing programs and actions. Private sector fair housing programs are implemented by the California Bureau of Real Estate (BRE), Pacific West Association of REALTORS (PWR), California Apartment Association (CAA), Apartment Owners Association (AOA) and the Apartment Association of Orange County.

3. Section III – Fair Housing Progress Report

The *2010-2015 Orange County Regional Analysis of Impediments to Fair Housing Choice (Regional AI)* examines the following private sector impediments:

- Housing Discrimination
- Discriminatory Advertising
- Blockbusting
- Denial of Reasonable Accommodation
- Hate Crimes
- Unfair Lending

Detailed information on each impediment is contained in Section 5 of the 2010-2015 *Regional AI*.

Section III describes the actions taken by FHCOC between 2010 and 2015 to remove or ameliorate private sector impediments to fair housing choice and, thereby affirmatively further fair housing.

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The *2005-2010 Regional AI* identified some impediments that have not been subsumed under the impediments identified in the *2010-2015 Regional AI*. Because these impediments have not been eliminated, Section III also describes the progress made on ameliorating the identified impediments.

4. Section IV – 2015-2020 Fair Housing Action Plan

Section IV describes the *Fair Housing Action Plan* which seeks to ameliorate or eliminate both private and public sector impediments. The AI Summary Matrix describes the impediments and the actions which will be implemented between 2015 and 2020.

The analysis determined that the following are private sector impediments to fair housing choice:

- Discrimination against protected classes in the sale and rental of housing
- Steering of homebuyers, in-place renters and apartment seekers
- Illegal appraisal practices
- Disparate treatment in mortgage loan underwriting
- Difficulty in obtaining affordable homeowner's insurance and rental property insurance
- Discriminatory property management practices inconsistent with fair housing laws
- Discriminatory advertising
- Hate crimes committed at residences
- Section 8 is not included within the meaning of source of income as that term is defined in the California Fair Employment and Housing Act

The analysis determined that the following are public sector impediments to fair housing choice:

- New affordable housing in four census tracts may likely perpetuate conditions of minority and low income concentrations
- Section 8 assisted households reside in one high poverty neighborhood which is inconsistent with HUD's deconcentration policies
- A few cities have planning and zoning practices inconsistent with federal and state fair housing laws

5. Appendix A – Jurisdictional Background Data

Appendix A presents a detailed analysis of demographic, housing, income, employment and other data relevant to the AI.

a. Population Growth 2000-2020

The racial and ethnic composition of Orange County's population has been experiencing dramatic change for the past 40 years but has recently passed a major milestone. Between 2000 and 2010, the White, non-Hispanic population's share of the total population decreased from more than 50% to 44%.

Orange County's Hispanic population has now passed the one-million mark and has grown from approximately 31% of the population to almost 34% of the population. The Asian population has also experienced rapid growth. In 2000, the Asian population stood at 383,660

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representing 13.5 % of Orange County's population and in 2010 reached 532,477 representing 17.7% of the County's population.

Between 2000 and 2010, the Two or More Races share of Orange County's population grew modestly while the Black, Native Hawaiian/Pacific Islander and American Indian/Alaskan Native populations remained essentially unchanged in terms of their share of the total population.

b. Components of Population Growth

Population change is the result of three factors: births, deaths, and migration. Natural increase refers to births minus deaths while net migration means the population gain or loss because people moved to or from Orange County.

The white, non-Hispanic population in Orange County has decreased since 2000, because the number of births just slightly exceeded number of deaths by approximately 7,000, while at the same time, the number of whites moving out of Orange County exceeded the number of whites moving into Orange County by 137,819. The net result was that the white, non-Hispanic population declined by approximately 130,850.

On the other hand, the Hispanic population grew by 137,518 due to a natural increase of 202,113 and a net migration of minus 64,595. The pattern of growth for Asians is somewhat different than it is for Hispanics. Migration is the major factor for Asian population increase, while births are the major factor for Hispanic population increase. Between 2000 and 2010, the Asian population grew by 94,839 due to migration, while it added almost 54,000 persons through natural increase (births minus deaths).

The Two or More Races group also experienced a population gain due to a positive natural increase and net migration increase. The Black and Native Hawaiian/Pacific Islander populations had very modest increases while the American Indian/Alaskan Native population decreased during the decade.

c. Household Growth Contrasted to Population Growth

In contrast to population growth, household growth shows a less pronounced decline by non-Hispanic whites. In fact, non-Hispanic whites constitute almost 57% of all *households* in 2010 compared to 44% of all the *population*. Hispanics, on the other hand, comprise almost 23% of all households in 2010 and nearly 34% of the population.

d. Population Projections: 2010-2040

Some 434,500 people will be added to Orange County's population by 2040, a population growth which is roughly equivalent to the current size of the cities of Santa Ana and Tustin. Growth of this magnitude, combined with an increase in the minority populations, demonstrate that there will an increase in the need for fair housing services including, but not limited, to responding to housing discrimination complaints and fostering fair housing choice.

The Hispanic population will account for the vast majority of growth due to higher levels of natural increase and modest levels of net migration increase. By 2040, the Hispanic population (1,423,642) will have surpassed the white population (1,132,850).

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The Asian population will also experience significant growth between 2010 and 2040, adding 153,087 persons to its population. Migration will play a larger role than fertility. The fertility rates of Asians have been diverse depending on the Asian group. It is anticipated that rates for those groups with higher fertility rates presently will decline. Thus, the number of Asian births is also expected to decline.

Continued declines for the white population can be attributed to its overall aging. First of all, the number of persons in child bearing ages will decline. Even with constant fertility rates, the number of births will decline. Second of all, the overall level of mortality will rise as the population gets older. Whites are also expected to experience a net out-migration, thus resulting in further declines in their population.

The Multi-Race population will more than double its size between 2010 (68,536) and 2040 (139,855). By 2040, the Multi-Race population will represent 4% of Orange County's population. The underlying factor will be more interracial couples having children as Orange County's population becomes more racially and ethnically diverse.

The Black population is projected to have a modest increase of almost 4,500 between 2010 and 2040. The Native Hawaiian/Pacific Islander population essentially will be the same in 2040 as in 2010 while the American Indian/Alaska Native population will have fewer people in 2040 than in 2010.

e. Urban County Population and Household Growth

The Southern California Association of Governments (SCAG) has produced forecasts of population growth and household growth for the Urban County cities and unincorporated area.

The SCAG projections reveal that while growth will continue in the Urban County in the years ahead that growth will be minor to that which happens in the other Orange County cities. Population (100,200) and household growth (41,600) in the City of Irvine alone, for instance, will exceed that of all the cities and unincorporated area located within the Urban County area.

According to the SCAG projections, the Urban County will add 90,500 persons and 31,600 households between 2012 and 2040. The majority of the Urban County's population growth (65%) and household growth (60%) is projected to happen within the unincorporated area. The cities which are expected to experience in the 28-year period a net increase of 1,000 or more households include: Brea, Placentia, Yorba Linda, Stanton and Dana Point.

f. Homeownership

Homeownership is a key indicator of community and personal well being as owning a home is often a household's major asset and wealth contributor. Orange County's homeownership rates in 2000, 2010 and 2014 were somewhat higher than the State but lower than the Nation. During the time period from 2000 to 2014 the homeownership rates have fallen for each area.

g. Household Income

The communities with the *highest* median household incomes include: Coto de Caza CDP; Villa Park; Ladera Ranch CDP; North Tustin CDP; Las Flores CDP; Yorba Linda; and Rossmoor CDP. The communities with the *lowest* median household incomes include: Laguna Woods; Midway City CDP; and Stanton.

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HUD's CHAS (Comprehensive Affordability Strategy) data indicates that in the following communities 50% or more population is in the low/moderate income bracket (<80% of the County's median income): Midway City CDP (74.3%); Laguna Woods (70.7%); Stanton, 66.6%; and Seal Beach, 56%.

h. Business Activity

The Orange County Workforce Investment Board has identified 10 target industry clusters for the County. These clusters were chosen to reflect both key economic drivers for the Orange County economy and industries that are central to workforce development. Approximately three-quarters of all Orange County jobs fall into one of these 10 clusters:

- Business and Professional Services
- Energy, Environment and Green Technologies
- Finance, Insurance, and Real Estate
- Construction
- Healthcare
- Information Technology
- Logistics and Transportation
- Manufacturing
- Biotechnology/Nanotechnology
- Hospitality and Tourism

Orange County's economy increasingly demands highly educated workers. The current supply of college graduates will not keep up with demand.

i. Labor Force Characteristics

Housing choice for all racial and ethnic groups is diminished by high unemployment rates because they depress household income and an increase the number of poverty income families. The Urban County's unemployment rate of 3.5%, though, is low. Only 9,000 workers in the labor force of 253,800 workers are unemployed. Only one city – Stanton – has an unemployment rate of 5% or more.

6. Appendix B - Fair Housing Protected Groups

Appendix B contains detailed information on several fair housing protected classes. The term "protected class" refers to people who belong to a group whom the law protects against illegal housing discrimination. A protected class is named for the characteristic that these people share, such as race or religion.

Title VIII of the Civil Rights Act of 1968, which is referred to as the Fair Housing Act (FHA), prohibits discrimination in the sale, rental and financing of dwellings based on a persons':

- Race
- Color
- Religion
- Sex or
- National Origin

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Title VIII was amended in 1988 (effective March 12, 1989) by the Fair Housing Amendments Act, which expands the protected classes to include:

- Disability
- Familial status (presence of child under age of 18 and pregnant women)

California's Fair Employment and Housing Act (Government Code Section 12955(a)) declares that it shall be unlawful:

For the owner of any housing accommodation to discriminate against or harass any person because of the race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of that person.

Table I-2 summarizes data on the Urban County's fair housing protected classes.

7. Appendix C – Private Sector Impediments Analysis

Appendix C presents an in-depth analysis of 15 private sector practices that could create impediments to fair housing choice. The analysis demonstrated that the following are not private sector impediments:

- Exclusionary Racial Covenants
- Brokerage Services
- Redlining
- Blockbusting/Panic Selling
- Gentrification
- Population Diversity

Number 4 above identifies the private sector impediments to fair housing choice which are addressed in the *2015-2020 Fair Housing Action Plan*.

8. Appendix D – Public Sector Impediments Analysis

Appendix D describes in detail the assessment of potential public sector impediments. The analysis demonstrated that the following are not public sector impediments:

- Zoning and Site Selection Criteria for Affordable Housing
- Employment-Housing-Transportation Linkage
- Housing Authority Tenant Selection Criteria
- Sale of Subsidized Housing and Possible Displacement
- Property Tax Policies
- Building Codes and Accessible Housing
- Building Codes and Occupancy Standards

Number 4 above identifies the public sector impediments to fair housing choice which are addressed in the *2015-2020 Fair Housing Action Plan*.

Table I-2
Urban County
Fair Housing Protected Classes

Minority Population: In 2010, the Urban County had a population of approximately 568,600 of which 42% identified with a minority population group. More than 50% of the population belongs to a minority group in the Midway City CDP and the cities of Cypress, La Palma, Stanton, and Placentia.

Religion: Approximately 58% of religious adherents are affiliated with the Catholic Church. Almost 19% of all adherents are affiliated with the non-denominational, Southern Baptist Convention, of the Church of Christ of Latter Day Saints. Twenty-three percent of all adherents are affiliated with one of the 80 other religions.

Sex of Householder: In 2010, the Urban County had approximately 208,800 households of which 56% were male and 44% female. Orange County as a whole has the same percentage of male and female householders.

National Origin: The Urban County's foreign born population is approximately 121,300 persons. Asia was the place of birth of 55% of the Urban County's foreign born population while 30% were born in Mexico/Other Latin America.

Ancestry: The top ancestral groups are the same for Orange County, the Urban County and the Urban County's three sub-areas: German, Irish, English, Italian, and American. Each of the cities in the three sub-areas had essentially the same pattern with a few notable exceptions. The French exceeded Americans as an ancestral background in Cypress, Los Alamitos, Seal Beach, Dana Point, Ladera Ranch, and Laguna Beach. People with an Iranian ancestry outnumbered Americans in Aliso Viejo and Laguna Hills.

Disabled: Twenty-two percent of all households living in the Urban County have one or more disabled member. The cities with 4,000 or more disabled households include Laguna Woods, Seal Beach, Yorba Linda and Placentia. The communities with a high percentage of disabled households include Midway City CDP, Seal Beach, Villa Park and Laguna Woods.

Familial Status: Less than one-third of Urban County households (65,934/208,799) have children less than 18 years of age. The overwhelming majority of households with children are married couples (53,005/65,934). In only two communities do the majority of households have children less than 18 years of age: Ladera Ranch CDP (59%) and Las Flores CDP (58%).

Marital Status: In almost all Urban County communities, married couple families constitute the majority of all households. There are exceptions to this pattern, however. In the following communities, married couple households comprise less than a majority of all the households: Midway City CDP and the cities of Seal Beach, Stanton, Dana Point, Laguna Beach and Laguna Woods

SECTION II FAIR HOUSING LEGAL STATUS AND FAIR HOUSING PROGRAMS



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SECTION II**FAIR HOUSING LEGAL STATUS /FAIR HOUSING PROGRAMS**

A. FAIR HOUSING LEGAL STATUS**1. Introduction**

According to HUD, jurisdictions should include information in the AI about:

The number and types of complaints that have been filed alleging housing discrimination, including complaints in which the Secretary of HUD has issued a charge of discrimination or suit has been filed by the Department of Justice or private plaintiffs.

Source: United States Department of Housing and Urban Development, *Fair Housing Planning Guide*, Volume 1 (March 1996), page 2-28

2. Fair Housing Complaints or Compliance Reviews Where the HUD Secretary Has Issued a Charge of or Made a Finding of Discrimination**a. Fair Housing Complaints**

Housing discrimination complaints can be filed directly with HUD. In California the housing discrimination complaints are processed by HUD's San Francisco Office of Fair Housing and Equal Opportunity (FHEO).

The San Francisco Regional Office provided the County of Orange with housing discrimination complaint data for calendar years 2010 through 2015.

Housing discrimination complaints also are filed with the California Department of Fair Employment and Housing and the Fair Housing Council of Orange County.

Appendix C discusses housing discrimination complaint data in greater detail.

b. Secretary-Initiated Complaints

According to HUD, it –

...files a Secretary-initiated complaint when a preliminary investigation has found evidence that a systemic discriminatory housing practice has occurred or is about to occur, though an aggrieved person may or may not have come forward. HUD may also file a Secretary-initiated complaint when it has received an individual complaint, but believes that there may be additional victims of the discriminatory actions, or wants to obtain broader relief in the public interest.

Between FY 2012 and 2013, HUD filed 36 Secretary-initiated complaints:

- 2013 20
- 2012 16

SECTION II**FAIR HOUSING LEGAL STATUS /FAIR HOUSING PROGRAMS**

The bases of the complaints were as follows:

▪ Familial Status	13
▪ Disability	11
▪ National Origin	10
▪ Race	6
▪ Sex	4

The number of bases is 44 because a complaint may have more than one base.

None of these complaints involved the County of Orange, metro cities or participating cities, however.

c. Compliance Reviews of Recipients of HUD Funds

According to HUD's *FY 2012-2013 Annual Report on Fair Housing*:

HUD conducts compliance reviews to determine whether a recipient of HUD funds is in compliance with applicable civil rights laws and their implementing regulations. HUD may initiate a compliance review whenever a report, complaint, or any other information indicates a possible failure to comply with applicable civil rights laws and regulations. HUD initiates most compliance reviews based on risk analyses, issues raised during a limited monitoring review, or when a civil rights problem is detected through HUD program monitoring.

After a review to assess whether the recipient of HUD funds has complied with civil rights laws, HUD issues written findings of its review. Typically, HUD issues a Letter of Findings to the recipient. A Letter of Findings contains the findings of fact and any findings of noncompliance, along with a description of an appropriate remedy.

In 2012 and 2013 HUD initiated 105 and 58 compliance reviews, respectively.

The County of Orange, metro cities and participating cities have not been the subject of a compliance review.

At least three of the reviews resulted in significant Voluntary Compliance Agreements, which included significant AFFH requirements. The jurisdictions were Marin County, CA and Joliet, IL. In addition, the City of Hemet located in Riverside County had a compliance review in 2012 and executed a Voluntary Compliance Agreement (VCA) in 2015.

3. Fair Housing Discrimination Suits Filed by the Department of Justice or Private Plaintiffs

According to HUD's *FY 2012-2013 Annual Report on Fair Housing*:

When HUD issues a charge of discrimination, the parties may choose to pursue the matter either in an administrative proceeding or in federal district court. In an administrative proceeding, HUD represents the government, bringing the case on behalf of the aggrieved person and the public interest. The aggrieved person, however, may intervene as a party in the proceeding in order to separately represent his or her own

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interests. If any party to the case elects to go to federal court, HUD transfers the case to DOJ, which prosecutes the case.

An administrative law judge (ALJ) presides over the administrative proceeding. Once before an ALJ, the parties may resolve the charge by entering into an initial decision and consent order signed by the ALJ. Otherwise, an ALJ will conduct an administrative hearing in the vicinity in which the discriminatory practice is alleged to have occurred. The Fair Housing Act requires that the hearing begin within 120 days of the issuance of a charge, unless it is impracticable to do so.

In 2011 29 cases were pending and in FY 2012 35 cases were docketed. A case can involve more than one protected class. None of these cases involved the County of Orange, metro cities or participating cities.

The Federal Department of Justice (DOJ) can file suits against entitlement jurisdictions alleging housing discrimination and/or the failure to affirmatively further fair housing. The DOJ has not filed such a suit against County of Orange or a city located in the County.

4. Reasons for Any Trends or Patterns

Based on past trends, it is projected that 25 housing discrimination cases may be filed by Urban County residents that HUD finds have cause during the five year period from 2015 to 2020. During the same period, it is projected that 60 housing discrimination cases may be filed with DFEH. Additional housing discrimination complaints also will be filed with Fair Housing Council of Orange County.

Disability, race, familial status and national origin are likely to continue to be the most frequent basis for a housing discrimination complaint. This trend is the same as experienced in California and the nation. The National Fair Housing Alliance in its *2013 Fair Housing Trends Report* states:

Disability complaints remain the greatest percentage of all complaints for the past several years....

Another trend is increased fair lending enforcement. The Federal Consumer Financial Protection Bureau (CFPB) has an Office of Fair Lending and Equal Opportunity. A major purpose of this Office is to detect unfair lending practices. The National Fair Housing Alliance believes that lending discrimination is difficult to detect because it is rarely overt. Consequently, the Alliance is recommending that CFPB collect information on the protected classes of all complainants not only those involving discrimination. The collection of this information will help to detect unfair lending practices that discriminate against one or more of the protected classes.

B. PRIVATE FAIR HOUSING PROGRAMS/ACTIONS

1. Introduction

HUD's *Fair Housing Planning Guide* (page 2-29) recommends that jurisdictions assess current public and private sector programs/actions. More specifically, the *Fair Housing Planning Guide* states:

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Jurisdictions should briefly describe actions recently completed and currently underway. Details of specific accomplishments, actual or anticipated, that have promoted or will promote fair housing should be included together with any problems related to these actions.

Specific accomplishments of the FHCOC and the County of Orange are described in Section III (2010-2015) and Section IV (2015-2020). The following pages describe important private sector fair housing actions.

2. Pacific West Association of REALTORS (PWR)

As a condition of license renewal, the California Bureau of Real Estate (BRE) requires sales persons and brokers to complete a 3-hour course on fair housing and ethics. These courses are periodically advertised by the PWR. The fair housing course includes topics such as:

- Fair housing laws
- Real Estate Commissioners regulations
- Bureau of Real Estate regulations
- Types of properties exempt from the Fair Housing Act
- Prohibited practices
- Complaint procedures
- Penalties for violating the Fair Housing Act

Some members of PWR also belong to the National Association of REALTORS (NAR). The term REALTOR® identifies a licensed professional in real estate who is a member of the NATIONAL ASSOCIATION OF REALTORS®. Not all licensed real estate brokers and salespersons are members of the National Association, and only those who are may identify themselves as REALTORS®. They conduct their business and activities in accordance with a Code of Ethics. NAR has developed a Fair Housing Program to provide resources and guidance to REALTORS® in ensuring equal professional services for all people.

NAR has also entered into the Fair Housing Partnership with HUD in recognition that REALTORS® are committed to fair housing and will seek training to learn how to put that commitment into practice. This commitment, coupled with enforcement of the law, will work to help REALTORS® consistently provide equal housing opportunities. Through the Fair Housing Partnership, the organizations developed guidelines and examples to help professionals in the housing industry better serve America's communities.

Some PWR members also belong to the California Association of REALTORS (CAR). CAR emphasizes education as an effective means of affirmatively furthering fair housing. For example, the *At Home With Diversity*® is an educational experience designed to present a picture of the changing face of the real estate industry. More importantly, the class teaches REALTORS® how to work effectively with - and within - a rapidly changing multicultural market. The class teaches real estate professionals how they can increase their sensitivity and adaptability to future market trends. It addresses issues of diversity, fair housing, and cultural differences. Participants will learn practical skills and tools to expand business and effectively service all cultural groups.

SECTION II**FAIR HOUSING LEGAL STATUS /FAIR HOUSING PROGRAMS****3. California Apartment Association (CAA)**

The California Apartment Association (CAA) is a statewide trade association with a Division in Orange County. The CAA strongly believes that education is at the heart of its mission as a trade association. CAA offers educational opportunities both in a traditional classroom setting throughout the state, as well as on the Internet.

The CAA has a course on Fair Housing which teaches the property manager's role in Fair Housing, the law as it applies to children and families, accommodating the disabled, policies and procedures, and proper leasing and rental procedures. The course topics include:

- Introduction – What is Fair Housing?
- Federal Fair Housing law
- California Fair Housing law
- Fair housing exemptions
- Compliance, enforcement and remedies
- Hiring and educating personnel
- Marketing and advertising practices
- Occupancy standards
- Avoiding discriminatory leasing practices
- Avoid discriminatory application and screening practices
- Denial of applications
- Avoid discrimination during tenancy
- ADA Compliance
- Reasonable accommodations
- Special reasonable accommodation issues
- Reasonable modifications
- California Department of Real Estate requirements

The CAA also makes available on its website *Renting: A User Manual*. The publication offers the following guidance to renters with special needs:

Residents with Special Needs: Individuals with physical and mental disabilities have the right to rent housing free from discrimination. A landlord must use the same criteria for the selection of disabled and non-disabled residents as they do for all other applicants. It is illegal for landlords to refuse to rent to an individual because the person has a disability or to claim that there are no vacancies when there actually are units available. Equal access to housing for disabled persons includes the right to keep a guide dog, service, or companion animal, even if animals are not ordinarily allowed on the property. You cannot be charged an extra security deposit for a service animal. You have the right to make reasonable modifications to the rental property (at your own expense) to accommodate your disability. You may be required by the landlord to restore the property to its pre-existing condition when you leave, if the modifications will create a problem for the next resident. Talk to your landlord first. A person who is discriminated against by a landlord because of his/her disability may contact the State Department of Fair Employment and Housing to file a complaint. The phone numbers are listed in the back of this brochure.

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The CAA also sponsors the *Fair Housing: It's the Law*, a 3-hour continuing education course for property managers. The course description states:

Fair Housing practices are not only ethical, they are good business. With discrimination complaints, undercover investigations, and fines and penalties on the rise, it is imperative that all owners and employees are trained to understand and abide by all federal, state and local laws regarding fair housing.

The CAA opposes SB 1053 which is proposed legislation introduced in February 2016 by Mark Leno, D-San Francisco. The CAA states:

The California Apartment Association will oppose the legislation, SB 1053, which would make it unlawful to deny housing based on an applicant receiving Section 8 assistance.

The voucher program requires that owners and operators abide by federal regulations that differ from state and local laws. Moreover, it forces owners to work with a third party, the local housing agency. Many owners and managers believe that local housing agencies and their complex rules and regulations compromise the performance and financial viability of their properties.

In addition, while legislation last year prohibits insurance carriers admitted in California from refusing coverage for properties that accept Section 8 vouchers, the cost of insurance for such properties can be as much as 20 percent higher.

While CAA strongly encourages members who have the resources to accept Section 8 vouchers, the Association believes that participation among property owners should remain voluntary.

4. Apartment Owners Association (AOA)

The AOA is a 30-year old organization that provides California apartment owners with full service land lording services. It frequently holds seminars on fair housing issues. These seminars have the major purpose of helping owners avoid fair housing complaints. For instance, one recent seminar was conducted to help ensure that owners adhered to fair and professional marketing applications and pre-screening procedures. The owners were advised to establish written, objective criteria and policies that are both in compliance with fair housing laws and applied consistently for all people.

5. Apartment Association of Orange County

This association, which was established in 1971, has its headquarters in Santa Ana. Its mission is to serve the interests of apartment owners and property managers. The association sponsors informational seminars for its members. It frequently hosts a Fair Housing seminar conducted by the FHCOC. Among the topics discussed at the seminar are:

- Updating management and property rules to comply with fair housing rules
- How fair housing can serve as a resource for owners and managers

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SECTION III**FAIR HOUSING PROGRESS REPORT****A. INTRODUCTION**

As noted in Section II, HUD recommends that jurisdictions should briefly describe private and public sector actions recently completed and currently underway. Details of specific accomplishments, actual or anticipated, that have promoted or will promote fair housing should be included together with any problems related to these actions.

The *2010-2015 Orange County Regional Analysis of Impediments to Fair Housing Choice (Regional AI)* examines the following private sector impediments:

- Housing Discrimination
- Discriminatory Advertising
- Blockbusting
- Denial of Reasonable Accommodation
- Hate Crimes
- Unfair Lending

Detailed information on each impediment is contained in Appendix C and D of the *Regional AI*.

The key rationale for preparation of the *Regional AI* is that private sector impediments are regional in nature and affect multiple communities – that is, they are not limited to a single federal entitlement jurisdiction with a responsibility for Affirmatively Furthering Fair Housing (AFFH). The Fair Housing Council of Orange County (FHCOC) has extensive experience in dealing with fair housing impediments that occur in the private sector. HUD guidance indicates that the *Regional AI* must describe appropriate actions that will be taken to overcome the effects of the private sector impediments that are identified through the analysis. The FHCOC understands the private sector and has the needed skills to analyze impediments, describe appropriate actions, and to follow-through on those actions.

As part of the *Fair Housing Action Plan*, the actions to be taken by FHCOC between 2010 and 2015 to remove or ameliorate private sector impediments to fair housing choice and, thereby affirmatively further fair housing, are organized in the *Regional AI* according to four timelines:

- **Ongoing:** to be accomplished annually
- **Near-Term:** to be accomplished in Program Year 2010-2011
- **Mid-Term:** to be accomplished in Program Years 2011-2012/2012-2013
- **Long-Term:** to be accomplished in Program Year 2013-2014/2014-2015

B. DESCRIPTION OF PROGRESS MADE ON IMPLEMENTATION OF RECOMMENDED ACTIONS

Chart III-1 at the end of this section is a summary of the pertinent actions taken by FHCOC to ameliorate the impediments described in the *Regional AI*. The chart describes each action taken by FHCOC within the ‘ongoing’ timeline. Additionally, mid-term and long-term actions for which there are accomplishments to be reported are included. However, due to funding constraints and the resulting staffing constraints, there are no meaningful accomplishments to report for the “Block Busting” and “Hate Crimes” impediments.

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Chart III-1 describes certain actions that had not been accomplished at the end of FY 2015. Some of these actions were implemented in FY 2015-2016, as noted below:

- The 2015-2020 AI includes DFEH and HUD data on housing discrimination complaints.
- The 2015-2020 AI includes a detailed analysis of HMDA data for CYs 2012, 2013 and 2014. The HMDA began reporting per the 2010 census tract boundaries in 2012.
- The 2015-2020 AI contains an extensive analysis of redlining based on the CY 2012, 2013 and 2014 HMDA data
- The 2015-2020 AI identifies the OC Community Services as an entity that could prepare a directory of hate crime victim resources.

C. IMPEDIMENTS PREVIOUSLY IDENTIFIED IN 2005-2010 REGIONAL AI

The 2005-2010 Regional AI identified some impediments that have not been subsumed under the impediments identified in the *2010-2015 Regional AI*. Because these impediments have not been eliminated, some explanation of actions taken to continue to address them is appropriate. Following are three of these ‘carry-over’ impediments with a brief description of actions taken by FHCOC to ameliorate their effects on fair housing choice within the region.

1. Orange County’s high cost of housing negatively impacts minorities, immigrants and families with children more often than white households or those without children. This results in high concentrations of minorities in low-income census tracts living in substandard and/or overcrowded housing conditions.

Action Taken: During PY 2014-2015 FHCOC continued to be active in efforts intended to promote housing affordability within Orange County. It provided services and/or outreach to organizations involved in the creation, preservation or facilitation of affordable housing. These included the Kennedy Commission, the Mental Health Association of Orange County, the Aids Services Foundation, the Affordable Housing Clearinghouse, Jamboree Housing Corporation, Orange County Congregations Community Organizations (OCCCO), and Orange County Community Housing Corporation, to name a few.

Through our HUD-approved housing counseling program we assisted renters and buyers in understanding the ways in which they could have greater housing choice and benefit from affordable housing initiatives, whether through subsidized rental housing programs or homebuyer assistance programs. This also included counseling to improve clients’ financial literacy to make them better prepared to take advantage of affordable housing opportunities. Those opportunities were less available in PY 2014-2015 as a result of sharp increases in home prices and the lower availability of ‘starter’ homes being available on the market.

In response to the surge of foreclosures, many of which involved sub-prime or so-called “innovative” mortgage products, for the prior six years FHCOC obtained federal funding to specifically counsel distressed borrowers, many of whom are lower-income minorities and immigrants, in order to assist them in avoiding foreclosures and to preserve or achieve housing affordability. Although, during PY 2012-2013 we provided counseling to more than 150 households facing issues of mortgage default and foreclosure there was a sharp drop-off in demand for counseling in PY 2013-2014. While we still had the ability to provide such

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counseling when asked, during the PY 2014-2015 we no longer had specific funding for this activity and did not actively promote this service. These counseling activities helped with retention of newly achieved homeownership that serves to lessen concentrations of poverty.

2. Local jurisdictions do not have formal fair housing educational systems in place for staff who impact fair housing issues, such as, planning/zoning staff, housing authority staff, code enforcement and CDBG monitoring staff.

Action Taken: During PY 2014-2015 FHCOC continued to offer fair housing training sessions that are open to all local government staff. During the PY 2014-2015, FHCOC informed city staff of the availability of training. City staff who attend the training receive certification of their attendance.

3. Recent immigrant populations do not have information necessary to understand fair housing laws. This results in immigrants experiencing illegal discrimination as well as discrimination by recent immigrants in positions impacting housing.

Action Taken: The FHCOC provided written materials in English, Spanish and Vietnamese for use by local jurisdictions and other service providers. It also made specific outreach efforts to immigrant populations in low-income neighborhoods to assist in informing and organizing such populations. It is estimated that more than 650 limited English proficiency households were served during the past 12 months. FHCOC continued to implement activities under a Fair Housing Initiatives Program (FHIP) grant to specifically provide fair housing services geared towards immigrant communities, especially involving those immigrants with limited English proficiency (LEP). This involved a fair housing testing program that sought to involve members of immigrant populations with limited English proficiency, both for purposes of enforcing fair housing laws as testers and as a vehicle to increase outreach to those populations.

Through its foreclosure prevention activities FHCOC is assisted individuals with limited English proficiency who have received loans with documents, all prepared in English, that have terms that are different from what they believed or were informed they were obtaining, or of which they had less than a full understanding. Materials are being made available in Spanish, and other languages as resources allow, which explain how to avoid foreclosure and obtain assistance.

Three months into the PY FHCOC received funding under HUD's highly-competitive Fair Housing Initiatives Program (FHIP), Education and Outreach Initiative (EOI) grant in the amount of \$125,000. A major focus of activities under that grant is education and outreach activities to involve LEP persons, primarily those whose first languages are Spanish or Vietnamese.

D. ACTIONS TAKEN BY FHCOC TO AMELIORATE PUBLIC SECTOR IMPEDIMENTS

As part of the *Fair Housing Action Plan* developed in conjunction with the *Regional AI*, FHCOC will provide technical assistance to cities that have identified public sector impediments in the following areas:

- Family definition inconsistent with fair housing laws

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- Lack of a definition of disability
- Lack of a reasonable accommodation procedure
- Lack of zoning regulations for special needs housing
- Lack of a fair housing discussion in zoning and planning documents
- Compliance with HUD AFFH requirements

The technical assistance will consist of providing background information on the above impediments and model ordinances or regulations that adequately address the fair housing concerns posed by the impediments.

As funding or other resources permit, FHCOC is working on identification of public sector impediments by participating jurisdictions to begin providing needed or requested technical assistance.

The *2015-2020 AI* has updated the public sector impediments analysis. The specific provisions in city and county zoning ordinances/codes that should be updated have been identified.

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Chart III-1
Regional Analysis of Fair Housing Impediments
Private Sector Impediments
Fair Housing Action Plan: 2010-2015

Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Housing Discrimination	<p><i>Continue to process housing discrimination complaints filed by city and county residents.</i></p> <p>For the 2014-2015 PY, FHCOC received 98 allegations of housing discrimination and opened 49 case files. Of these, 21 allegations and 8 cases involved the County of Orange urban county jurisdiction.</p> <p>In the PY, in a service that supports the identification of housing discrimination, FHCOC addressed housing-related inquiries or contacts from 2,559 unduplicated clients, addressing 7,335 issues, disputes or inquiries, from various jurisdictions throughout Orange County. Those inquiries or contacts were screened for possible issues of housing discrimination and clients were provided counseling on their fair housing rights, obligations and remedies as appropriate and needed. For the County of Orange urban county jurisdiction, we served 418 unduplicated clients with such inquiries or contacts, addressing 1,125 individual topics or issues.</p>	<p><i>Conduct testing of housing provider practices to determine whether there are differences in treatment based on a protected class. The 2005-2009 housing discrimination complaint data and the fair housing community profile can be used to identify the protected classes and locations of housing providers that should be tested.</i></p> <p>For the 2014-2015 PY, throughout Orange County, FHCOC conducted 172 paired, on-site, systemic tests for discriminatory housing practices in rental housing transactions. The agency also conducted 8 paired, on-site tests related to complaints received, 17 paired telephone tests and 1 site accessibility assessment.</p> <p>For the 2013-2014 PY, throughout Orange County, FHCOC conducted 174 paired, on-site, systemic tests for discriminatory housing practices. These were split between 30 tests of for-sale real estate brokerage transactions and 144 rental housing transactions. The agency also conducted 5 paired, on-site tests related to complaints received, 17</p>	<p><i>Revise its website to add more information on how residents can detect whether they have been victims of unlawful housing discrimination.</i></p> <p>The agency received a grant under the HUD Fair Housing Initiatives Program (FHIP), Education and Outreach Initiative (EOI) that included \$14,000 in funding for web site improvements. Work has begun and will include these improvements.</p> <p><i>Publish a quarterly report on the FHCOC website summarizing the remedies pertaining to filed housing discrimination complaints.</i></p> <p>The agency received a grant under the HUD Fair Housing Initiatives Program (FHIP), Education and Outreach Initiative (EOI) that included \$14,000 in funding for web site improvements. Work has begun and will include these improvements.</p>

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Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
<p>Housing Discrimination (cont'd)</p>		<p>paired telephone tests and 1 site accessibility assessment.</p> <p>For the 2012-2013 PY, throughout Orange County, FHCOC conducted 114 paired, on-site, systemic tests for discriminatory housing practices. These were split between 40 tests of for-sale real estate brokerage transactions and 74 rental housing transactions. The agency also conducted 5 paired, on-site tests related to complaints received, 5 paired telephone tests and 3 site accessibility assessments.</p>	
		<p>For the 2011-2012 PY, throughout Orange County, FHCOC conducted 101 paired, on-site, systemic tests for discriminatory housing practices. These were split between 24 tests of for-sale real estate brokerage transactions and 77 rental housing transactions.</p> <p>Previously, for the 2010-2011 PY, throughout Orange County, FHCOC conducted 92 paired, on-site, systemic</p>	<p><i>Ensure that all jurisdictions provide a link to the FHCOC website.</i></p> <p>The following contracting jurisdictions have a link on their website:</p> <p>Anaheim (Housing Authority website) Fountain Valley Laguna Niguel La Habra Lake Forest Rancho Santa Margarita</p>

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Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Housing Discrimination (cont'd)		<p>tests for discriminatory housing practices. These were split between 30 tests of for-sale real estate brokerage transactions and 62 rental housing transactions.</p>	<p>Compile an Annual Report on housing discrimination complaints filed with the FHCOC, the State Department of Fair Employment and Housing (DFEH) and HUD. The report will include housing discrimination complaints unique to each participating jurisdiction as well as those of the entire County. The Annual Report will describe emerging trends within the City and County.</p> <p>A lack of funding has meant insufficient available staff time to implement this action. The hoped for use of funding under a FHIP-EOI grant has not been possible. Such reporting remains a goal of the agency.</p>
		<p>Revise its website to provide direct access to a housing discrimination complaint form and provide a diagram or brief explanation of the process for investigating and resolving a complaint.</p> <p>FHCOC's website currently has an on-line contact form that can be used housing discrimination complaint reporting. The tool generates an e-mail to FHCOC. It is often used for complaints for other, non-discrimination, housing-related issues</p> <p>In the 2011-2012 PY FHCOC engaged the services of an information technology consultant to improve its computer-based capabilities with regards to both hardware and</p>	<p>Transmit the Annual Report to the participating jurisdictions by August of each calendar year. This schedule allows the jurisdictions to include a summary of the report findings in the Consolidated Plan Annual Performance and Evaluation Report. That Report is published in September of each year.</p> <p>A lack of funding has meant insufficient available staff time to implement this action. The hoped for use of funding under a FHIP-EOI grant has not been possible. Such reporting remains a goal of the agency.</p>

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Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Housing Discrimination (cont'd)		<p>software. As part of that effort additional funding has been sought to improve the agency's on-line and social media presence.</p> <p>The agency received a grant under the HUD Fair Housing Initiatives Program (FHIP), Education and Outreach Initiative (EOI) that included \$14,000 in funding for web site improvements. Work has begun and will include these improvements. These will include upgrades to help further differentiate between the discrimination and non-discrimination complaints. Also, information regarding the process of investigating and resolving complaints will be added.</p>	
Discriminatory Advertising	<p><i>Monitor on-line advertising of rental housing for discriminatory content. *</i></p> <p>On an occasional basis, as staffing allowed, advertising for Orange County rentals listed on Craigslist were monitored for discriminatory content. Any discriminatory advertisements were either flagged as prohibited, responded to in order to inform the poster of possible discriminatory content, brought to the attention of Craigslist via abuse@craigslist.org, or referred to our investigators for possible enforcement action. The Craigslist</p>	<p><i>Periodically review for rent and for sale ads published in the print media.</i></p> <p>On an occasional basis, rental advertisements in the Los Angeles Times, the Orange County Register and some of the Register's affiliate local weekly newspapers were reviewed. Also, some advertisements in various local editions of the Penny Saver weekly were reviewed.</p> <p>As has been the case for many years now, the review of these print advertising outlets did not find any overtly discriminatory advertisements.</p>	<p><i>Encourage the Orange County Register to publish a Fair Housing Notice in the for rent classified ad section and to identify the FHCOC as an agency that can respond to fair housing questions. Encourage apartment rental websites to display more prominently their Fair Housing Notice.</i></p> <p>Given the changing nature of newspaper publishing and property rental advertising this action has been given a low priority, as a likelihood of success seems low.</p>

Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Discriminatory Advertising (cont'd)	<p>site is a good candidate for monitoring due to its available text search function. Other on-line rental sites, including www.pennysaverusa.com , www.rentals.com and the on-line advertisements posted on the website of the Orange County Register were sporadically monitored. However, their lack of a text search function made monitoring of their content much more time consuming and less feasible.</p>	<p>Advertisements were observed with some of the statements identified in the Regional AI as possibly presenting impediments to fair housing choice. Those possible impediments included stating 'no pets' without distinguishing that assistance animals would be allowed, or the use of phrases like 'active senior living' in advertising for senior housing that could discourage individuals with a disability.</p>	<p>A lack of funding has meant insufficient available staff time to seriously pursue implementing this action. The hoped for use of funding under a FHIP-EOI grant has not been possible. Such newspaper participation remains a goal of the agency.</p>
	<p>Without exception the identified problematic postings for rental units indicated restrictions with regard to children under the age of 18 or improper preference for seniors or 'older adults' for housing opportunities that did not appear to qualify as housing for older persons (age 55 and over).</p> <p>More issues of potentially discriminatory content were found in postings in the roommates/shared listings. These typically dealt with religious, national origin, race or sexual orientation preferences or limitations. Given recent court decisions holding that such preferences might be permissible in shared housing situations, searching these listings and attempting to obtain correction or removal was a low priority.</p>	<p>Additionally, many advertisements lacked any affirmative marketing language or symbols, such as the use of the phrase 'equal housing opportunity' or the display of HUD's 'equal housing' logo.</p>	<p><i>Encourage the Los Angeles Times and Orange County Register to publish a "no pets" disclaimer that indicates rental housing owners must provide reasonable accommodations, including "service animals" and "companion animals" for disabled persons.</i></p> <p>Given the changing nature of newspaper publishing and property rental advertising this action has been given a low</p>

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Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Discriminatory Advertising (cont'd)			<p>priority, as a likelihood of success seems low.</p> <p>A lack of funding has meant insufficient available staff time to seriously pursue implementing this action. The hoped for use of funding under a FHIP-EOI grant has not been possible. Such newspaper participation remains a goal of the agency.</p>
			<p><i>Support an amendment to the Communications Decency Act of 1996 to state no provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider, except for notices, statements, or advertisements with respect to the</i></p>

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Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Discriminatory Advertising (cont'd)			<p><i>sale, rental, financing or insuring, or any other service of a dwelling that violate the Fair Housing Act, 42 U.S.C. § 3601 et seq.</i></p> <p>FHCOC does support such an amendment; however, it lacks the unrestricted funds to pursue direct lobbying activities. FHCOC's government provided funds may not be used for lobbying. We continue to express our support through the National Fair Housing Alliance (NFHA) and to federal officials, if asked. This action has received a low priority as the likelihood of success in the current political climate seems small.</p>
Denial of Reasonable Modification / Reasonable Accommodation	<p><i>Assist persons with disabilities in requesting and obtaining accommodations or modifications. *</i></p> <p>During the 2014-2015 PY, FHCOC had 25 inquiries regarding reasonable accommodations and modifications that resulted in case work beyond basic counseling. This resulted in us directly assisting 13 clients to request and receive a reasonable accommodation or permission for a reasonable modification. Another 2 clients were denied or effectively denied their requested accommodation and FHCOC assisted in them in filing an administrative housing discrimination complaint with</p>	<p><i>Provide education and information on why this practice is unlawful to the owners and managers of apartment complexes and homeowner associations.</i></p> <p>During the 2014-2015 PY, FHCOC provided training to rental property owners and managers through 10 training seminars.</p> <p>During the 2013-2014 PY, FHCOC provided training to rental property owners and managers through 19 training seminars.</p> <p>During the 2012-2013 PY, FHCOC provided training to rental property owners and managers through 7 training seminars. We had an</p>	

SECTION III**FAIR HOUSING PROGRESS REPORT**

Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
<p>Denial of Reasonable Modification / Reasonable Accommodation (cont'd)</p>	<p>the Fair Housing and Equal Opportunity (FHEO) Office of the U.S. Department of Housing and Urban Development. Two additional clients failed to proceed with their request.</p>	<p>additional 1 outreach activity that provided information specifically to owners and managers.</p> <p>During the 2011-2012 PY, FHCOC provided training to rental property owners and managers through 13 training seminars. We had an additional 3 outreach activities that provided information specifically to owners and managers.</p> <p>Previously, during the 2010-2011 PY, FHCOC provided training to rental property owners and managers through 9 training seminars. We had an additional 3 outreach activities that provided information specifically to owners and managers.</p>	
		<p><i>Provide information on the unlawful practice of denying reasonable modifications and reasonable accommodations at fair housing seminars conducted by the Apartment Association of Orange County.</i></p> <p>During the 2014-2015 PY, FHCOC conducted 3 fair housing seminars in cooperation with the Apartment Association of Orange County. The curriculum included discussion of reasonable accommodations and modifications.</p> <p>During the 2013-2014 PY, FHCOC</p>	

SECTION III**FAIR HOUSING PROGRESS REPORT**

Private Sector Impediment	<i>Ongoing / 2014-2015 Actions & Accomplishments</i>	<i>Mid-Term Actions & Accomplishments</i>	<i>Long-Term Actions & Accomplishments</i>
Denial of Reasonable Modification / Reasonable Accommodation (cont'd)		<p>conducted 4 fair housing seminars in cooperation with the Apartment Association of Orange County. The curriculum included discussion of reasonable accommodations and modifications.</p> <p>During the 2012-2013 PY, FHCOC conducted 2 fair housing seminars in cooperation with the Apartment Association of Orange County. The curriculum included discussion of reasonable accommodations and modifications.</p> <p>During the 2011-2012 PY, FHCOC conducted 3 fair housing seminars in cooperation with the Apartment Association of Orange County. The curriculum included discussion of reasonable accommodations and modifications.</p> <p>During the 2010-2011 PY, FHCOC conducted 4 fair housing seminars in cooperation with the Apartment Association of Orange County. The curriculum included discussion of reasonable accommodations and modifications.</p>	

SECTION III

FAIR HOUSING PROGRESS REPORT

Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Unfair Lending	<p><i>Monitor the HMDA data annually using the 2008 HMDA analysis as a benchmark.</i></p> <p>Analysis of calendar year (CY) 2008 Home Mortgage Disclosure Act (HMDA) Data was presented in the <i>Regional AI</i>. At the time that analysis was begun, CY 2008 data was the most recent data available. Although CY 2009, CY 2010, CY 2011, CY 2012 and CY 2013 data became available in September 2010, 2011, 2012, 2013 and 2013, respectively, during the 2010-2011, 2011-2012, 2012-2013, 2013-2014 and 2014-2015 PYs, budget and staffing constraints prevented an analysis of that data. Data for CY 2014 is about to become available (Sept. 2015) and if funding becomes available, FHCOC will endeavor to do an analysis of some basic aspects for comparison against 2008 data.</p>	<p><i>Conduct outreach to cultural, ethnic and minority organizations to potentially increase interest and readiness in home purchases.</i></p> <p>As part of its outreach efforts FHCOC informs individuals and organizations of its services, which include housing counseling for individuals seeking to become ready for a home purchase. During PY 2011-2012 we participated in 51 education and/or outreach activities, reaching a culturally and ethnically diverse audience, in which we made participants aware of fair housing laws and our counseling services, including those to help them improve their readiness for a home purchase. For the PY 2012-2013 the number of education and outreach activities was 50. For PY 2013-2014 the number of education and outreach activities was 59. For PY 2014-2015 the number of education and outreach activities was 63.</p>	<p><i>Complete a HMDA analysis of the top 10 lenders in Orange County to compare and contrast loan denial rates.</i></p> <p>A lack of funding has meant insufficient available staff time to be able to implement this action. If funding becomes available, FHCOC will complete this analysis.</p>
			<p><i>Conduct a follow-up analysis of loan denial rates at the neighborhood level to determine to what extent, if any, redlining may exist in Orange County. This follow-up will be completed when Census 2010 data are available on minority populations at the census tract level. The Census 2010 data will enable an analysis of loan activity and minority population characteristics for the same time period.</i></p> <p>A lack of funding has meant insufficient available staff time to be able to implement this action. If funding becomes available, FHCOC will conduct this analysis.</p>

SECTION III

FAIR HOUSING PROGRESS REPORT

Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Unfair Lending (cont'd)			<p><i>Provide homebuyer education programs in neighborhoods with high denial rates, high minority population concentrations and limited English speaking proficiency to help increase loan approval rates.</i></p> <p>A lack of funding has meant insufficient available staff time to be able to implement this action. If funding becomes available, FHCOC will conduct these homebuyer education programs.</p>
Hate Crimes		<p><i>Provide affected residents – when needed - with referrals to hate crime victim resources.</i></p> <p>On the rare occasion we are contacted by a victim of a hate crime occurring at their residence, we refer them to the O.C. Human Relations Commission, while still possibly taking their fair housing complaint.</p>	<p><i>Coordinate with the Orange County Human Relations Commission, Center OC and the Orange County Victim Assistance Partnership.</i></p> <p>A lack of funding has prevented the implementation of this action. The hoped for use of funding under a FHIP-EOI grant has not been possible.</p>
Block Busting			<p><i>Provide information on the FHCOC website on the unlawful practice of blockbusting including examples of this illegal practice.</i></p> <p>A lack of funding has prevented the ability to implement web site revisions (see above). The hoped for use of funding under a FHIP-EOI grant has not been possible.</p>

SECTION III

Private Sector Impediment	Ongoing / 2014-2015 Actions & Accomplishments	Mid-Term Actions & Accomplishments	Long-Term Actions & Accomplishments
Block Busting (cont'd)			<p><i>Work with the California Department of Real Estate to determine if any Orange County licensees have had their licenses suspended or revoked because of the illegal practice of blockbusting.</i></p> <p>A lack of funding has meant insufficient available staff time to be able to implement this action. If funding becomes available, FHCOC will work with the now renamed California Bureau of real Estate to undertake this action.</p>
			<p><i>In the event, a licensee has been found to have committed blockbusting, provide education and information on this practice to the responsible broker and all related salespersons.</i></p> <p>A lack of funding has meant insufficient available staff time to be able to implement this action (see above).</p>

*Denotes an action not specifically identified in the Regional AI, but which relates to one of its identified impediments

SECTION IV FAIR HOUSING ACTION PLAN



**SECTION IV
FAIR HOUSING ACTION PLAN**

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SECTION IV**FAIR HOUSING ACTION PLAN****A. INTRODUCTION**

Section IV describes the *2015-2020 Fair Housing Action Plan*. HUD's *Fair Housing Planning Guide* states:

Jurisdictions should summarize conclusions reached based on the AI, and describe in detail recommendations for resolution of the problems identified. This discussion is the link between the AI part of FHP [Fair Housing Planning] and the actions underway and proposed to promote fair housing choice.

Furthermore, the Affirmatively Furthering Fair Housing (AFFH) certification signed by the City obligates the City to:

Take appropriate actions to overcome the effects of any impediments identified through the AI.

B. PUBLIC PARTICIPATION AND CONSULTATION PROGRAM

HUD advises entitlement jurisdictions to develop the AI and FHAP through a process similar to the development of the Consolidated Plan. More specifically, HUD recommends that:

Before developing actions to eliminate the effects of any impediments identified through the AI (fair housing actions), the jurisdiction should:

- Ensure that diverse groups in the community are provided a real opportunity to take part in the development process
- Create the structure for the design and implementation of the actions

Source: U. S. Department of Housing and Urban Development, *Fair Housing Planning Guide – Volume 1*, March 1996, pages 2-21 and 2-22

Key elements of the process through which the recommended implementation actions were developed included a public participation and consultation program.

1. Fair Housing Survey

The County and FHCOC conducted a *Fair Housing Survey* as a means of soliciting public input. The list below summarizes the results of the survey as of mid-April 2016:

- 57% of the respondents rented an apartment
- 6% of the respondents rented a room
- 65% of the households had children and 35% did not
- 37% of the respondents stated they have a disability
- 59% of the respondents stated they had or thought they had experienced housing discrimination
- 86% of the respondents who experienced housing discrimination did not report it
- 83% of the respondents stated they did not know or were not sure to whom to report a housing discrimination complaint. However, most respondents indicated either the Fair Housing Council of Orange County or Fair Housing Foundation.
- The most frequent basis for housing discrimination included: race, familial status, disability and source of income

SECTION IV**FAIR HOUSING ACTION PLAN**

In response to question “who best describes the person who discriminated against you,” 79% of the respondents to the *Fair Housing Survey* responded “my landlord/property manager.” Just over 50% of those who thought they were discriminated against stated the event happened at an apartment complex. The primary discriminatory acts included:

- “Manager told me the unit I wanted was too small because each of my kids needs a separate bedroom or our household size didn’t fit within their occupancy limits”
- “Told me the apartment unit was not available when I called, even though I later found out it was”
- “Manager made negative comments about my race/national origin/religion

2. FHCOC Board of Directors Meeting

The FHCOC works under the direction of a volunteer Board of Directors. The current members of the Board of Directors represent the diversity of Orange County’s population: Oscar Rodriguez Aguila, Chair; Robert A. Johnson, Vice Chair; Michael P. Simondi, Treasurer; Karen Kehetian, Secretary; and Khoi Ngoc Pham, Member.

“Once the AI is completed,” according to the Fair Housing Planning Guide, “HUD encourages jurisdictions to communicate conclusions and recommendations to top policy makers, key government staff, community organizations, and the general public.” The next meeting of the Board of Directors is scheduled for May 2016. The staff of the FHCOC will inform the Board of Directors of the key findings, conclusions, and recommendations of the AI/FHAP. Additionally, at future Board meetings that will be conducted in 2016 and 2017, the staff will discuss individual issues and topics in greater detail with the Board of Directors.

The FHCOC agrees with HUD that the AI/FHAP should be a “living” document. Consequently, the Board of Directors’ meetings may produce ideas on how to implement the recommended actions addressing private sector impediments. These ideas may result in proposed amendments to the AI/FHAP.

3. Additional Public Consultation

During the development of the *AI* and *Fair Housing Action Plan*, the County and FHCOC consulted with the following groups: Apartment Association of Orange County; Regional Center of Orange County; HUD-Los Angeles Field Office; and HUD-San Francisco Regional Office. During the implementation phase of the AI/FHAP, the FHCOC will continue to provide community outreach presentations to organizations and at events to inform individuals about the results of the AI and FHAP. These outreach efforts will contribute to implementing several of the actions recommended by HUD’s Fair Housing Planning Guide such as: “advise the general public by holding meetings or other public forums in accessible meeting facilities”; “publicize key aspects of the AI”; and “brief key community organizations that express an interest in fair housing.”

4. AI Public Review Period

The AI is an integral part of the Consolidated Plan process. The *Draft AI* and *Fair Housing Action Plan* were available for a 30-day public review period concurrently with the Draft FY 2016-2017 Annual Action Plan. The public comments received during the 30-day public review period will be addressed in the *Final AI* and *Fair Housing Action Plan*.

SECTION IV**FAIR HOUSING ACTION PLAN****C. FAIR HOUSING ACTION PLAN (AI SUMMARY MATRIX)**

Appendix C presents an in-depth analysis of 15 private sector practices that could create impediments to fair housing choice. The analysis demonstrated that the following are not private sector impediments:

- Exclusionary Racial Covenants
- Brokerage Services
- Redlining
- Blockbusting/Panic Selling
- Gentrification
- Population Diversity

The analysis determined that the following are private sector impediments to fair housing choice:

- Discrimination against protected classes in the sale and rental of housing
- Steering of homebuyers, in-place renters and apartment seekers
- Illegal appraisal practices
- Disparate treatment in mortgage loan underwriting
- Difficulty in obtaining affordable homeowner's insurance and rental property insurance
- Discriminatory property management practices inconsistent with fair housing laws
- Discriminatory advertising
- Hate crimes committed at residences
- Section 8 is not included within the meaning of source of income as that term is defined in the California Fair Employment and Housing Act

The AI Summary Matrix at the end of this Section IV describes the actions which the County of Orange and FHCOC will implement in order to ameliorate the identified private sector fair housing impediments.

Appendix D describes in detail the assessment of potential public sector impediments. The analysis demonstrated that the following are not public sector impediments:

- Zoning and Site Selection Criteria for Affordable Housing
- Employment-Housing-Transportation Linkage
- Housing Authority Tenant Selection Criteria
- Sale of Subsidized Housing and Possible Displacement
- Property Tax Policies
- Building Codes and Accessible Housing
- Building Codes and Occupancy Standards

The analysis determined that the following are public sector impediments to fair housing choice:

- New affordable housing in four census tracts may likely perpetuate conditions of minority and low income concentrations
- Section 8 assisted households reside in one high poverty neighborhood which is inconsistent with HUD's deconcentration policies
- A few cities have planning and zoning practices inconsistent with federal and state fair housing laws

SECTION IV***FAIR HOUSING ACTION PLAN***

The AI Summary Matrix at the end of this Section IV describes the actions which the County of Orange and FHCOC will implement in order to ameliorate the identified public sector fair housing impediments.

SECTION IV**FAIR HOUSING ACTION PLAN****AI SUMMARY MATRIX**Name of Grantee: **Orange County Urban County Program**This matrix completed by: **Craig Fee, Community Development Manager, Orange County Community Services**Telephone number: **714.480.2996****ORANGE COUNTY URBAN COUNTY PROGRAM FAIR HOUSING ACTION PLAN 2015-2020**

<u>PRIVATE SECTOR IMPEDIMENTS TO BE ADDRESSED</u> (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATEGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Discrimination against protected classes in the sale and rental housing markets	Increase the number of housing discrimination cases processed by FHCOC	<ul style="list-style-type: none"> County of Orange should continue to allocate CDBG funding to the FHCOC County should continue to maintain community awareness of the FHCOC services County should continue to support the efforts of the FHCOC to develop and expand its education program 	Fair Housing Council of Orange County	CDBG Funds	Action to be included in Program Year 2015-2016 through 2019-2020 Annual Action Plans
Steering of home buyers, in-place renters and apartment seekers	Increase community awareness of private sector steering practices	<ul style="list-style-type: none"> Provide information to homebuyers on how to detect steering in the home search and loan application processes Provide information to renters on how to detect steering by property managers Add steering to the FHCOC's categories of alleged housing discriminatory acts 	Fair Housing Council of Orange County	CDBG Funds	Action to be included in Program Year 2017-2018 through 2019-2020 Annual Action Plans

SECTION IV**FAIR HOUSING ACTION PLAN****AI SUMMARY MATRIX-continued****ORANGE COUNTY URBAN COUNTY PROGRAM FAIR HOUSING ACTION PLAN 2015-2020**

PRIVATE SECTOR IMPEDIMENTS TO BE ADDRESSED (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATEGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Illegal appraisal practices	Increase homebuyer awareness of the importance of appraisal reports	<ul style="list-style-type: none"> • Add “how to read an appraisal report” to homebuyer counseling services provided by the FHCOC to inform homebuyers 	Fair Housing Council of Orange County	CDBG Funds	Action to be included in Program Year 2017-2018 through 2019-2020 Annual Action Plans
Disparate treatment in mortgage loan underwriting	Reduce the loan disparity ratios between Hispanic and Black loan applicants and White non-Hispanic loan applicants	<ul style="list-style-type: none"> • Identify the lenders in the West and South Orange County Sub Areas • Transmit the findings of the AI and the lender information to HUD and the Consumer Financial Protection Bureau (CFPB) 	Fair Housing Council of Orange County	CDBG Funds	Action to be included in Program Year 2017-2018 Annual Action Plan
Difficulty in obtaining affordable homeowner's insurance and rental property insurance	Increase homebuyer and landlord awareness of how to obtain affordable homeowner's insurance	<ul style="list-style-type: none"> • Add “homeowner's insurance” and “CLUE Reports” to homebuyer counseling services provided by the FHCOC • Provide educational services to homebuyers so they understand CLUE Reports ▪ Inform landlords of the enactment of AB 447 	Fair Housing Council of Orange County	CDBG Funds	Action to be included in Program Year 2017-2018 through 2019-2020 Annual Action Plans

SECTION IV**FAIR HOUSING ACTION PLAN****AI SUMMARY MATRIX-continued****ORANGE COUNTY URBAN COUNTY PROGRAM FAIR HOUSING ACTION PLAN 2015-2020**

<i>PRIVATE SECTOR IMPEDIMENTS TO BE ADDRESSED</i> (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATEGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding Source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Discriminatory property management practices inconsistent with federal and State fair housing laws	Increase property manager's awareness of fair housing requirements	<ul style="list-style-type: none"> • Continue to disseminate fair housing information to on-site apartment managers at educational seminars • Continue to have the Fair Housing Council of Orange County process housing discrimination complaints • Have the FHCOC prepare a model template of written policies (e.g., reasonable accommodations) and transmit the model template to the Apartment Owners Association 	Fair Housing Council of Orange County	CDBG Funds	Action will be included in Program Year 2017-2018 Annual Action Plan

SECTION IV**FAIR HOUSING ACTION PLAN****AI SUMMARY MATRIX-continued****ORANGE COUNTY URBAN COUNTY PROGRAM FAIR HOUSING ACTION PLAN 2015-2020**

PRIVATE SECTOR IMPEDIMENTS TO BE ADDRESSED (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATEGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding Source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Discriminatory advertising	Reduce the publication of discriminatory words and phrases	<ul style="list-style-type: none"> • Support efforts to amend the Communications Decency Act to extend the Fair Housing Act ban on discriminatory online advertising ▪ Submit a request to Craigslist and the Orange County Register that they publish a notice stating that disabled persons can request an accommodation for their service and/or companion animal • Request that the Orange County Register publish a Fair Housing Notice and include the FHCOC contact information 	Fair Housing Council of Orange County	CDBG Funds	Action will be included in Program Year 2017-2018 through 2019-2020 Annual Action Plans
Hate crimes committed at residences are an impediment to fair housing choice	Provide written resource material to hate crime victims	<ul style="list-style-type: none"> • Prepare a Hate Crime Victims Resource Directory • Transmit the Directory to the Human Relations Commission, Sheriff's Dept. and city Police Departments 	Fair Housing Council of Orange County	CDBG Fund	Action will be included in Program Year 2017-2018 Annual Action Plan

SECTION IV**FAIR HOUSING ACTION PLAN****AI SUMMARY MATRIX-continued****ORANGE COUNTY URBAN COUNTY PROGRAM FAIR HOUSING ACTION PLAN 2015-2020**

PRIVATE SECTOR IMPEDIMENTS TO BE ADDRESSED (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATEGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding Source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Section 8 is not included within the meaning of source of income as that term is defined in the California Fair Employment and Housing Act	Include Section 8 within the meaning of source of income	<ul style="list-style-type: none"> Support the enactment of SB 1053 	Orange County Housing Authority	N/A	California Association of Housing Authorities (CAHA) is supporting SB 1053
PUBLIC SECTOR IMPEDIMENTS TO BE ADDRESSED (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATEGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
New affordable housing in four census tracts may likely perpetuate conditions of minority and low income concentrations	Avoid new affordable housing developments in the four census tracts	<ul style="list-style-type: none"> Evaluate affordable housing development proposals in these four census tracts against HUD's site and neighborhood standards Obtain input from the FHCOC on proposed affordable housing developments, if any, in the four census tracts Discuss and obtain input on proposed affordable housing developments, if any, from the HUD LA Field Office 	Orange County Housing Authority Orange County Community Services Fair Housing Council of Orange County	Agency funding	Action will be Implemented in Program Years 2016-2017 to 2019-2020

SECTION IV**FAIR HOUSING ACTION PLAN****AI SUMMARY MATRIX-continued****ORANGE COUNTY URBAN COUNTY PROGRAM FAIR HOUSING ACTION PLAN 2015-2020**

PUBLIC SECTOR IMPEDIMENTS TO BE ADDRESSED (list by degree of importance)	GOALS (What do you hope to achieve?)	ACTIVITIES OR STRATEGIES TO MEET THE GOALS (How will you achieve your goals?)	RESPONSIBLE ENTITIES ASSIGNED TO MEET GOALS (Identify the organizations who will be undertaking the impediment)	PROPOSED INVESTMENT (Amount of money) (Funding source)	BENCHMARK YEAR TO BE COMPLETED (Is it contained in your Consolidated Plan Action Plan Goals?)
Section 8 assisted households reside in one high poverty neighborhood which is inconsistent with HUD's deconcentration goals	Increase the number of Section 8 households residing outside of high poverty and within low poverty neighborhoods	<ul style="list-style-type: none"> • Transmit the Section 8 location study to the Orange County Housing Authority • Identify apartments located in low poverty neighborhoods • Transmit the list of apartments to the Orange County Housing Authority • Encourage landlords in low poverty areas to participate in the Section 8 program • Encourage OCHA to include in the Briefing Packet given to families a map that shows the boundaries of high poverty neighborhoods 	Orange County Housing Authority Orange County Community Services	Orange County Community Services funding	Action will be Implemented in Program Year 2017-2018
A few cities have planning and zoning practices inconsistent with federal and state fair housing laws	Assist cities to amend their planning and zoning practices so they are consistent with federal and state fair housing laws	<ul style="list-style-type: none"> • Provide assistance to cities to adopt model zoning and planning practices 	Orange County Community Services Fair Housing Council of Orange County	CDBG funding	Action will be Implemented in Program Year 2017-2018

APPENDIX A JURISDICTIONAL BACKGROUND DATA



APPENDIX A JURISDICTIONAL BACKGROUND DATA

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A. INTRODUCTION

HUD's suggested AI format includes a section on jurisdictional background data. The "jurisdiction" in this case is the Urban County. The "Urban County" is comprised of 11 cities with populations under 50,000 (participating cities), three cities, Aliso Viejo, Placentia and Yorba Linda with populations over 50,000 (metropolitan city) and the unincorporated areas of Orange County. The 11 participating cities include:

- Brea
- Cypress
- Dana Point
- Laguna Beach
- Laguna Hills
- Laguna Woods
- La Palma
- Los Alamitos
- Seal Beach
- Stanton
- Villa Park



These cities are not eligible to receive Community Planning and Development (CPD) program funds directly from the U.S. Department of Housing and Urban Development (HUD) and have opted to participate in the CPD programs through the County of Orange.

The jurisdictional data, according to HUD, may include demographics, income, employment, housing and other data relevant to the AI. Appendix A presents information on the following:

- Orange County population and household growth by race and ethnicity (2000-2010)
- Orange County population growth projections by race and ethnicity (2010-2040)
- Urban County population and household growth
- Urban County existing housing stock
- Urban County projected housing stock
- Orange County homeownership rates
- Urban County homeownership rates
- Orange County household income by race and ethnicity
- Urban County median household income
- Urban County business activity
- Urban County labor force characteristics

Pursuant to HUD-LA's recommendation, the Urban County examined alternative data sources available from HUD User. The following data sources were consulted: Consolidated Planning, State of the Cities Data System – Current Labor Force Data, CDP Policy Maps, and the Center for Demographic Research. Most of the data tables in Appendix A are based on either the 2010 Census or the 2009-2013 American Community Survey (ACS).

B. ORANGE COUNTY'S 2000-2010 POPULATION AND HOUSEHOLD GROWTH

1. Background on Data Collection Regarding Race and Ethnicity

Numerous federal laws require monitoring discrimination based on race and color and ethnicity. Examples of these laws include the:

- Civil Rights Act of 1964
- Voting Rights Act of 1965
- Fair Housing Act of 1968
- Equal Credit Opportunity Act of 1974
- Home Mortgage Disclosure Act of 1975

Moreover, the federal government – primarily through the Departments of Housing and Urban Development (HUD) and Justice – seeks to reduce segregated living patterns and attain communities reflecting population diversity. For example, HUD has stated that the purpose of fair housing planning is to produce “...meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities.”

Source: Federal Register, Department of Housing and Urban Development, 24 CFR Parts 5, 91, 92 *et al.*, *Affirmatively Furthering Fair Housing: Final Rule*, page 42353

HUD and other federal programs also aim to identify areas of racial and ethnic concentrations. HUD's Consolidated Plan rules require CDBG entitlement communities to define “areas of minority concentration” and “to identify and describe any areas that meet the local definition.”

The Consolidated Plan rules, however, do not allow CDBG entitlement communities to decide “who” is a minority as the minority populations are defined by federal agencies such as Office of Management and Budget (OMB), Federal Department of Transportation (DOT), Federal Financial Institutions Examination Council (FFIEC), and Council on Environmental Quality (CEQ) environmental justice guidelines. For example, the OMB and DOT both define the minority populations as Black, Hispanic (regardless of race), Asians (including Pacific Islanders) and American Indian and Alaskan Native. The FFIEC, for purposes of Home Mortgage Disclosure Act (HMDA) data collection, states that:

...the percentage minority population means, for a particular census tract, the percentage of persons of minority races and whites of Hispanic or Latino Origin, in relation to the census tract's total population.

The CEQ environmental justice guidelines provide the following definition:

Minority individuals – Individuals who are members of the following population groups: Hispanic or Latino, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, multiracial minority (two or more races, at least one of which is a minority race).

In effect, then, a minority is anyone who is not a non-Hispanic White person. In some communities such as Orange County the minority groups combined are in majority compared to the non-Hispanic white population. Individual minority groups such as Hispanics and Asians, however, have fewer people than the non-Hispanic white population.

APPENDIX A

Orange County's history includes examples of Mexican Americans being discriminated against by the white majority population. One example is that Mexican American school children were subject to racial segregation in the public school system and forced to attend "Mexican schools." In 1947, the *Mendez v. Westminster* ruling declared that segregating children of "Mexican and Latin descent" in state-operated public schools in Orange County was unconstitutional. This ruling helped lay the foundation for the landmark *Brown v. Board of Education* in which the U.S. Supreme Court ended racial segregation in the public school system.

Source: Frederick P. Aguirre, *Mendez v. Westminster School District: How It Affected Brown v. Board of Education*, Journal of Hispanic Higher Education, 2005, pages 321-332

LOS ANGELES TIMES - FEBRUARY 19, 1946

RULING GIVES MEXICAN CHILDREN EQUAL RIGHTS

Segregation of Mexican school children from others in four Santa Ana school districts yesterday was held by U.S. Judge Paul J. McCormick to be a violation of their guarantees of equal rights under the 14th Amendment of the Constitution.

The opinion was written in connection with a suit filed by five parents of Mexican children asking for relief and an injunction forbidding the school district trustees from placing the Mexican children in separate schools.

The school districts involved were Westminster, Orange Grove, Santa Ana City Schools and El Modeno. The suit also named the superintendents and trustees of the districts.

Judge McCormick overruled a defense contention that segregation being an educational matter, it fell under the jurisdiction

of the State. He held that inasmuch as violations of the 14th Amendment were indicated, the Federal court had a right to intervene.

"The evidence clearly shows," the opinion states, "that Spanish-speaking children are retarded in learning English by lack of exposure to its use because of segregation . . ."

"It is also established by the record that the methods of segregation prevalent in the defendant school districts foster antagonisms in the children and suggest inferiority among them where none exists."

Judge McCormick at the same time ordered Attorney David C. Marcus, who represented the parents in the action, to file a petition for an injunction against the defendants within 10 days, indicating that the restraining order would be approved upon the findings of his opinion.

Furthermore, the Consolidated Plan rules mandate that entitlement communities assess the existence of "disproportionately greater housing needs". A disproportionate housing need, according to the Consolidated Plan rules, exists when members of a racial or ethnic group at a given income level experience housing problems at a greater rate (10% or more) than the income level as a whole."

HUD's CDBG program requires the collection of data on the race and ethnicity of program participants. Among other purposes the data are used to evaluate whether one or more minority population group is underserved by specific programs funded by CDBG.

Other federal and state programs require the collection of data on race and ethnicity as well. The Home Mortgage Disclosure Act (HMDA), for example, requires lenders to ask loan applicants to indicate their race and ethnicity. The applicant, though, is not required to provide that information to the lender. If the applicant does not provide the information, then the lender is required to note race and ethnicity on the basis of visual observation or surname, to the extent possible.

Source: Federal Financial Institutions Examination Council, *A Guide to HMDA Reporting: Getting it Right!* Appendix B – Form and Instructions for Data Collection on Ethnicity, Race and Sex, January 1, 2013

2. 2000-2010 Population Growth by Race and Ethnicity

In order to assess discrimination it becomes necessary to have data on population counts by race, color and ethnicity. The federal Office of Management and Budget (OMB) establishes the racial and ethnic categories and population counts are made every 10 years by the U.S. Census Bureau and then updated periodically through the American Community Survey (ACS).

The racial and ethnic composition of Orange County's population has been experiencing dramatic change for the past 40 years but has recently passed a major milestone. Table A-1 shows that in 2000, the White, non-Hispanic population accounted for more than 50% of Orange County's population. By 2010, the White, non-Hispanic population accounted for 44% of Orange County's population and, consequently, Orange County is now a minority-majority county.

Table A-1
Orange County Population Composition
by Race/Ethnicity: 2000 and 2010

Race/Ethnicity	2000	2010
Hispanic	30.7%	33.7%
Not Hispanic		
White	51.3%	44.1%
Asian	13.5%	17.7%
Two or More Race Groups	2.4%	2.6%
Black	1.5%	1.5%
Pacific Islander	0.3%	0.3%
American Indian	0.3%	0.2%
Total	100.0%	100.1%

Source: Percentages based on population counts by race and ethnicity per the 2000 and 2010 Census'. 2010 total percentage does not sum to 100% due to rounding

Orange County's Hispanic population has now passed the one-million mark and has grown from approximately 31% of the population to almost 34% of the population. The Asian population has also experienced rapid growth. In 2000, the Asian population stood at 383,660 representing 13.5 % of Orange County's population and in 2010 reached 532,477 representing 17.7% of the County's population.

Between 2000 and 2010, the Two or More Races share of Orange County's population grew modestly while the Black, Native Hawaiian/Pacific Islander and American Indian/Alaskan Native populations remained essentially unchanged in terms of their share of the total population.

The White population is the majority *racial* group in Orange County, however. The White racial population is composed of two groups:

- White Non-Hispanic 1,328,499
- White Hispanic 502,259
- 1,830,758 60.8% of the County's total population

Almost one-half of Orange County's Hispanic population identifies with the White racial category. Table A-2 shows the racial groups with whom Hispanics identify with.

Table A-2
Orange County's Hispanic Racial Identifications: 2010

Race	Number	Percent Distribution
White Alone	502,259	49.6%
Some Other Race Alone	430,048	42.5%
Two or More Races	55,682	5.5%
American Indian/Alaska Native	11,916	1.2%
Black or African Alone	6,744	0.6%
Asian Alone	5,327	0.5%
Native Hawaiian/Other Pacific Islander	997	---
Total	1,012,973	100.0%

Source: U.S. Census Bureau, 2010 Census, DP-1- Profile of General Population and Housing Characteristics 2010, Orange County

3. 2000-2010 Components of Population Growth and Change

Population change is the result of three factors: births, deaths, and migration. Natural increase refers to births minus deaths while net migration means the population gain or loss because people moved to or from Orange County.

The white, non-Hispanic population in Orange County has decreased since 2000, because the number of births just slightly exceeded number of deaths by approximately 7,000, while at the same time, the number of whites moving out of Orange County exceeded the number of whites moving into Orange County by 137,819. The net result was that the white, non-Hispanic population declined by approximately 130,850.

On the other hand, the Hispanic population grew by 137,518 due to a natural increase of 202,113 and a net migration of minus 64,595. The pattern of growth for Asians is somewhat different than it is for Hispanics. Migration is the major factor for Asian population increase, while births are the major factor for Hispanic population increase. Between 2000 and 2010, the Asian population grew by 94,839 due to migration, while it added almost 54,000 persons through natural increase (births minus deaths).

The Two or More Races group also experienced a population gain due to a positive natural increase and net migration increase. The Black and Native Hawaiian/Pacific Islander populations had very modest increases while the American Indian/Alaskan Native population decreased during the decade. Refer to Table A-3.

Table A-3
Orange County Components of Population Change: 2000-2010

Race/Ethnicity¹	2000	2010	Numeric Change	Live Births²	Deaths²	Natural Increase	Net Migration
White Alone	1,459,349	1,328,499	-130,850	138,603	131,634	6,969	-137,819
Black Alone	42,632	44,000	1,368	4,749	2,092	2,657	-1,289
Asian Alone	383,660	532,477	148,817	68,641	14,663	53,978	94,839
American Indian Alone	8,414	6,216	-2,198	592	299	293	-2,491
Pacific Islander Alone	8,086	8,357	271	1,687	430	1,257	-986
Two or More Race Groups ³	68,693	77,710	9,017	4,736	495	4,241	4,776
Hispanic	875,455	1,012,973	137,518	221,710	19,597	202,113	-64,595
Total	2,846,289	3,010,232	163,943	440,718	169,210	271,508	-107,565

¹All groups other than Hispanic are non-Hispanic.

²Live births and deaths are also reported Non-Hispanic "Other" and "Unknown." The totals for these two groups were allocated based on the percentage distribution of the non-Hispanic populations.

³Includes Other Race and Unknown live births and deaths

Note: The 2000 and 2010 population counts for each racial and ethnic group are from the decennial census conducted by the U.S. Census Bureau. These counts acted as control totals. Births and deaths by race and ethnicity are based on the calendar year totals published by the California Department of Public Health. The calendar year 2000 births and deaths were adjusted to account for the nine month period from April 1st to December 31st (.75 of annual totals). The calendar year 2010 births and deaths were adjusted for the three month period from January 1st to March 31st (.25 of the annual totals.) The cumulative natural increase of each group was subtracted or added from the total 2000-2010 population increase to estimate net migration.

Source: 2000 and 2010 Census' and California Department of Public Health, Live Births by Race/Ethnic Group of Mother, Orange County, Calendar Years 2000-2010 and Deaths by Sex and Age and Race/Ethnic Group, Orange County, Calendar Years 2000-2010

4. 2000-2010 Household Growth by Race and Ethnicity

A "household" is all the people who occupy a housing unit. A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

From a fair housing perspective, household, as opposed to population, growth probably more accurately measures the needs of the protected classes. By way of example, although one person files a complaint to the Fair Housing Council of Orange County (FHCOC) that person may represent a 4-person household. And, after all, "housing" refers to "households," meaning the group of people who occupy a housing unit.

Between 2000 and 2010, the number of Orange County households increased by almost 57,500. The increase was due almost entirely to gains by Asian and Hispanic householders. The number of non-Hispanic white households declined by almost 40,300. Refer to Table A-4.

Table A-4
Orange County
Increase in Number of Households by Race/Ethnicity: 2000-2010

Race/Ethnicity	Increase in Households	Percent Increase
Hispanic	43,124	43.9%
Not Hispanic		
White	-40,257	----
Asian	53,363	54.3%
Two or More Races	42	----
Black or African America	1,338	1.4%
American Indian/Alaskan Native	-586	----
Native Hawaiian/Pacific Islander	244	0.2%
Some Other Race Alone	226	0.2%
Total	57,494	100.0%

Note: percent increase is based on the sum of the households with an increase
 – 98,337 – divided by a groups increase

Source: Table A-5

Non-Hispanic white households in 2010 constitute the majority of all households, however. In contrast to population growth, household growth shows a less pronounced decline by non-Hispanic whites. In fact, non-Hispanic whites constitute almost 57% of all *households* in 2010 compared to 44% of all the *population*. Hispanics, on the other hand, comprise almost 23% of all households in 2010 and nearly 34% of the population. Refer to Table A-5.

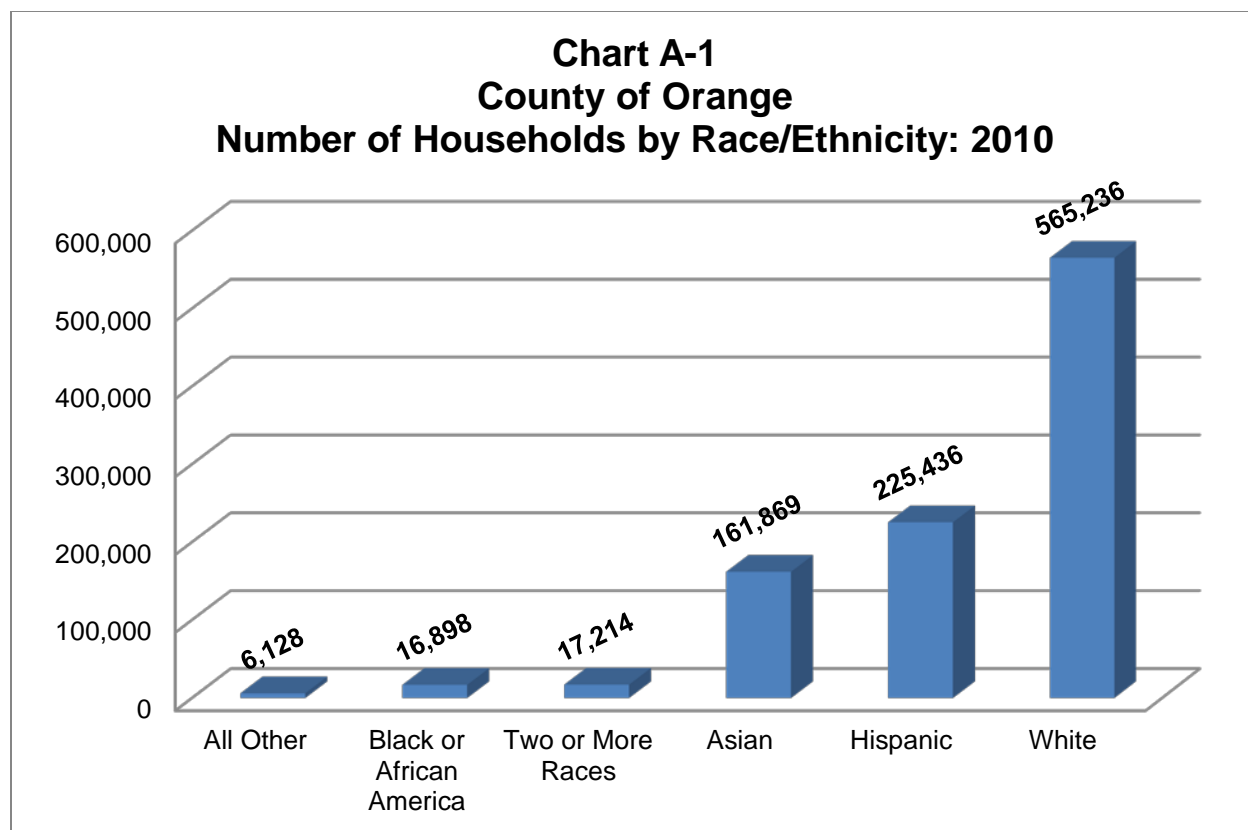
The reason for this fact is that non-Hispanic whites, on average, have a much lower number of persons living in a household compared to the Hispanic households. Indeed, the average household size of non-Hispanic whites and Hispanics is 2.42 and 4.29, respectively. This means that a white population growth of 1,000 and a Hispanic population growth of 1000 would result in an estimated 413 non-Hispanic white and 233 Hispanic households, respectively.

Table A-5
Orange County
Total Households by Race/Ethnicity: 2000 and 2010

Race/Ethnicity	Number	Percent of Total
2010		
Hispanic	225,436	22.7%
Not Hispanic		
White	565,236	56.9%
Asian	161,869	16.3%
Two or More Races	17,214	1.7%
Black or African America	16,898	1.7%
American Indian/Alaskan Native	2,385	0.2%
Native Hawaiian/Pacific Islander	2,302	0.2%
Some Other Race Alone	1,441	0.1%
Total	992,781	99.8
2000		
Hispanic	182,312	19.5%
Not Hispanic		
White	605,493	64.7%
Asian	108,506	11.6%
Two or More Races	17,172	1.8%
Black or African America	15,560	1.7%
American Indian/Alaskan Native	2,971	0.3%
Native Hawaiian/Pacific Islander	2,058	0.2%
Some Other Race Alone	1,215	0.1%
Total	935,287	99.9%

Note: does sum to 100% due to rounding

Source: Census 2000, Summary File 1, General Profile, H6/H7 Housing Units by Householder's Race by Hispanic or Latino
Census 2010, Summary File 1, General Profile, H6/H7/H14/HCT 1 Tenure by Hispanic or Latino Origin of Householder by Race of Householder



C. ORANGE COUNTY'S 2010-2040 POPULATION GROWTH PROJECTIONS BY RACE AND ETHNICITY

As Orange County's remaining developable land is consumed, the level of growth will moderate each decade. Table A-6 shows the projected population growth of each racial and ethnic group over the 30-year period from 2010 to 2040.

However, some of the demographic trends that have marked the first decade of the twenty-first century will continue. The Hispanic population will account for the vast majority of growth due to higher levels of natural increase and modest levels of net migration increase. By 2040, the Hispanic population (1,423,642) will have surpassed the white population (1,132,850).

The Asian population will also experience significant growth between 2010 and 2040, adding 153,087 persons to its population. Migration will play a larger role than fertility. The fertility rates of Asians have been diverse depending on the Asian group. It is anticipated that rates for those groups with higher fertility rates presently will decline. Thus, the number of Asian births is also expected to decline.

Continued declines for the white population can be attributed to its overall aging. First of all, the number of persons in child bearing ages will decline. Even with constant fertility rates, the number of births will decline. Second of all, the overall level of mortality will rise as the population gets older. Whites are also expected to experience a net out-migration, thus resulting in further declines in their population.

Table A-6
Orange County
Population Growth Projections by Race and Ethnicity: 2010-2040 (as of July 1)

Race/Ethnicity	2010	2040	Numerical Increase	Percent Increase¹	Percent Increase²
White, not Hispanic or Latino	1,333,762	1,132,850	-200,912	-46.2%	-15.1%
Black, not Hispanic or Latino	44,640	49,101	4,461	1.0%	10.0%
American Indian, not Hispanic or Latino	6,372	5,917	-455	-0.1%	-7.1%
Asian, not Hispanic or Latino	536,291	689,378	153,087	35.2%	28.5%
Native Hawaiian or Other Pacific Islander, not Hispanic or Latino	8,558	8,755	197	0.0%	2.3%
Hispanic or Latino	1,016,837	1,423,642	406,805	93.6%	40.0%
Multi-Race, not Hispanic or Latino	68,536	139,855	71,319	16.4%	104.1%
Total	3,014,996	3,449,498	434,502	100.0%	14.4%

Note: 2010 estimate is as of July 1, 2010 not the Census 2010 date of April 1, 2010

¹Expressed as a percentage of the total increase (e.g. 406,805/434,502 = 93.6%)

²Expressed as a percentage of each group's increase (e.g. 406,805/1,016,837 = 40.0%)

Source: California Department of Finance, Demographic Research Unit, Report P-1 State and County Population Projections by Race/Ethnicity 2010-2060 (as of July 1)

The Multi-Race population will more than double its size between 2010 (68,536) and 2040 (139,855). By 2040, the Multi-Race population will represent 4% of Orange County's population. The underlying factor will be more interracial couples having children as Orange County's population becomes more racially and ethnically diverse.

The Black population is projected to have a modest increase of almost 4,500 between 2010 and 2040. The Native Hawaiian/Pacific Islander population will essentially be the same in 2040 as in 2010 while the American Indian/Alaska Native population will have fewer people in 2040 than in 2010.

Some 434,500 people will be added to Orange County's population by 2040, a population growth which is roughly equivalent to the current size of the cities of Santa Ana and Tustin. Growth of this magnitude, combined with an increase in the minority populations, demonstrate that there will an increase in the need for fair housing services including, but not limited, to responding to housing discrimination complaints and fostering fair housing choice.

D. URBAN COUNTY'S POPULATION AND HOUSEHOLD GROWTH

The Southern California Association of Governments (SCAG) has produced forecasts of population growth and household growth for the Urban County cities and unincorporated area. To develop the forecasts, SCAG held one-on-one meetings with 195 of the 197 local jurisdictions in the SCAG region to explain the methods and assumptions of how the small area growth forecasts were developed. The local jurisdictions provided SCAG with their input on those growth forecasts along with the proper documentation. SCAG updated the local growth forecasts and revised them as necessary. The local input growth forecast at the regional level was found to be technically sound. The local input is primarily existing general plan-based, which is the foundation for SCAG's planning and policy.



The SCAG projections reveal that while growth will continue in the Urban County in the years ahead that growth will be minor to that which happens in the other Orange County cities combined. Population (100,200) and household growth (41,600) in the City of Irvine alone, for instance, will exceed that of all the cities and unincorporated area located within the Urban County area.

According to the SCAG projections, the Urban County will add 90,500 persons and 31,600 households between 2012 and 2040. The majority of the Urban County's population growth (65%) and household growth (60%) is projected to happen within the unincorporated area. The cities which are expected to experience in the 28-year period a net increase of 1,000 or more households include: Brea, Placentia, Yorba Linda, Stanton and Dana Point.

Although the Urban County's growth will signal a need for an increase in fair housing services, the balance of Orange County actually will have a larger growth increase.

Table A-7
Urban County
Population and Household Growth for Cities and Unincorporated Area: 2012-2040

Jurisdiction	Population Growth			Household Growth		
	2012	2040	Net Increase	2012	2040	Net Increase
West Orange County						
Cypress	48,500	49,700	1,200	15,700	16,300	600
La Palma	15,800	15,800	0	5,100	5,100	0
Los Alamitos	11,600	12,100	500	4,100	4,200	100
Seal Beach	24,400	24,800	400	13,000	13,300	300
Stanton	38,700	41,600	2,900	10,700	11,800	1,100
North Orange County						
Brea	41,100	50,600	9,500	14,500	18,100	3,600
Placentia	51,500	58,400	6,900	16,600	18,900	2,300
Villa Park	5,900	6,100	200	2,000	2,000	0
Yorba Linda	66,200	70,500	4,300	21,900	23,400	1,500
South Orange County						
Aliso Viejo	49,300	51,000	1,700	18,500	19,400	900
Dana Point	33,800	35,800	2,000	14,200	15,300	1,100
Laguna Beach	23,100	23,100	0	10,800	11,000	200
Laguna Hills	30,600	31,500	900	10,400	10,900	500
Laguna Woods	16,500	17,100	600	11,400	11,700	300
Unincorporated						
Unincorporated	120,700	180,100	59,400	37,800	56,900	19,100
Urban County Total						
	577,700	668,200	90,500	206,700	238,300	31,600

Source: Southern California Association of Governments, 2016/2040 *Regional Transportation Plan/Sustainable Communities Strategy*, Demographic & Growth Forecast Appendix, December 2015

E. EXISTING AND PROJECTED HOUSING STOCK CHARACTERISTICS

1. Existing Housing Stock

Table A-8 shows the existing housing by housing type. The Urban County housing stock contains approximately 222,000 housing units while the balance of Orange County has 847,000 housing units. Single-family detached housing comprises 56% of the Urban County's housing stock. In five cities detached single-family homes are less than a majority of the housing stock: Aliso Viejo, Laguna Woods, Los Alamitos, Seal Beach and Stanton.

Twenty-one percent of the Urban County stock is housing units in multi-family structures containing five or more units. These structures may contain apartment units or condominium units. One-half of these multi-family buildings are located in four cities: Aliso Viejo, Brea, Laguna Woods and Seal Beach.

Table A-8
Urban County
Housing Stock by Type of Unit: January 1, 2015

City	Type of Unit					
	Total	Single Detached	Single Attached	Two to Four	Five Plus	Mobile Homes
Aliso Viejo	19,354	7,049	5,232	666	6,407	0
Brea	15,931	8,991	1,425	506	4,005	1,004
Cypress	16,155	9,845	2,625	580	2,684	421
Dana Point	15,972	8,733	1,995	2,633	2,372	239
Laguna Beach	12,977	8,551	688	1,522	1,927	289
Laguna Hills	10,996	6,402	1,917	571	1,754	352
Laguna Woods	13,079	918	3,721	2,237	6,203	0
La Palma	5,234	3,764	469	127	861	13
Los Alamitos	4,380	2,092	371	766	1,050	101
Placentia	17,090	10,120	1,913	1,391	3,080	586
Seal Beach	14,535	4,732	1,518	1,118	7,012	155
Stanton	11,323	3,085	1,800	1,321	3,679	1,438
Villa Park	2,020	1,988	24	8	0	0
Yorba Linda	22,974	18,075	2,245	760	1,466	428
Unincorporated	40,151	30,798	4,166	854	3,702	631
Urban County Total	222,171	125,143	30,109	15,060	46,202	5,657
Balance of County ¹	847,273	416,657	98,676	77,658	226,404	27,878
County Total	1,069,444	541,800	128,785	92,718	272,606	33,535

¹Includes all other incorporated cities (e.g., Anaheim, Santa Ana, etc.)

State of California, Department of Finance, *E-5 Population and Housing Estimates for Cities, Counties, and the State, 2015, with 2010 Benchmark* Sacramento, California, May 2015

2. Projected Housing Stock

Table A-9 compares the Urban County housing stock as of January 1, 2015 to the 2040 projections produced by SCAG. The housing stock projections follow the same pattern as household growth projections. That is, the vast majority of the Urban County increase in housing units will happen in the unincorporated area. Only two cities – Brea and Placentia – are projected to have an increase of 2,000 or more housing units.

Table A-9
Urban County
Housing Stock Projections: 2015-2040

County / City	2015 Housing Units	2040 Housing Units	Net Increase
Aliso Viejo	19,354	20,104	750
Brea	15,931	18,756	2,825
Cypress	16,155	16,735	580
Dana Point	15,972	17,191	1,219
Laguna Beach	12,977	13,142	165
Laguna Hills	10,996	11,498	502
Laguna Woods	13,079	13,464	385
La Palma	5,234	5,247	13
Los Alamitos	4,380	4,343	-37
Placentia	17,090	19,485	2,395
Seal Beach	14,535	14,877	342
Stanton	11,323	12,304	981
Villa Park	2,020	2,041	21
Yorba Linda	22,974	24,199	1,225
Unincorporated	40,151	59,148	18,997
Urban County Total	222,171	253,044	30,873
Balance Of County	847,273	964,394	117,121
County Total	1,069,444	1,217,438	147,994

Note: 2040 projections are based on SCAG's *household* projections adjusted by the 01/01/2015 vacancy rates of each city and the unincorporated area in order to calculate housing units.

Source: Southern California Association of Governments, 2016/2040 *Regional Transportation Plan/Sustainable Communities Strategy*, Demographic & Growth Forecast Appendix, December 2015

F. HOMEOWNERSHIP

Homeownership is a key indicator of community and personal well being as owning a home is often a household's major asset and wealth contributor. Table A-10 shows the 2000, 2010 and 2014 homeownership rates for Orange County, California and the Nation. In all three periods, Orange County had a somewhat higher home ownership rate than the State, but a lower ownership rate than the Nation. During the time period from 2000 to 2014 the homeownership rates has fallen for each area.

Table A-10
Comparison of Homeownership Rates for Orange County,
California and the Nation by Year

Area	2000	2010	2014
Orange County	61.4%	59.3%	58.2%
California	56.9%	55.9%	54.8%
Nation	66.2%	65.1%	64.4%

Source: 2000 Census Summary File 1, Table QT-H2: Tenure, Household Size and Age of Householder
 2010 Census DP-1 Profile of Population and Housing Characteristics: 2010, Housing Tenure
 2009-2013 American Community Survey (ACS) 5-Year Estimates, Table DP04: Selected Housing Characteristics.

Table A-11 shows the homeownership rates for the communities comprising the Urban County. For the most part, the trend is the same as for Orange County as a whole; that is, the homeownership rate declining. The difference in the Urban County contrasted to the entire County is that many communities enjoy very high homeownership rates, particularly in the North and South County. In the North County, the North Tustin CDP and Villa Park have homeownership rates exceeding 90%.

Four areas in the West Orange County area have homeownership rates below 50%: Los Alamitos, Midway City CDP, Stanton, and the Sunset Beach CDP.

Few housing discrimination complaints would be expected from Urban County cities and communities because of their high homeownership rates and the fact that the vast majority of complaints are made by in-place tenants and households seeking a dwelling to rent.

Table A-11
Comparison of Homeownership Rates for Cities and
Unincorporated Area by Year

City/Sub-Area	2000	2010	2014
West Orange County			
Cypress	69.4%	70.0%	68.0%
La Palma	74.1%	71.8%	71.8%
Los Alamitos	45.2%	46.7%	47.8%
Midway City CDP	N/A	41.2%	37.4%
Rossmoor CDP	89.3%	87.6%	86.9%
Seal Beach	76.4%	74.6%	74.5%
Stanton	48.9%	50.1%	48.7%
Sunset Beach CDP	N/A	41.0%	34.6%
North Orange County			
Brea	64.2%	65.0%	61.6%
North Tustin CDP	N/A	89.5%	92.2%
Placentia	69.0%	65.3%	66.1%
Villa Park	97.1%	95.4%	93.8%
Yorba Linda	84.7%	83.9%	84.1%
South Orange County			
Aliso Viejo	66.4%	60.7%	62.1%
Coto de Caza CDP	95.8%	91.7%	87.7%
Dana Point	62.0%	58.6%	57.7%
Ladera Ranch CDP	N/A	73.1%	72.2%
Laguna Beach	60.1%	60.0%	61.5%
Laguna Hills	75.2%	74.7%	70.2%
Laguna Woods	84.9%	77.2%	73.8%
Las Flores CDP	N/A	69.2%	71.3%
Orange County	61.4%	59.3%	58.2%
California	56.9%	55.9%	54.8%
Nation	66.2%	65.1%	64.4%

Source: 2000 Census Summary File 1, Table QT-H2: Tenure, Household Size and Age of Householder
 2010 Census DP-1 Profile of Population and Housing Characteristics: 2010, Housing Tenure
 2010-2014 American Community Survey (ACS) 5-Year Estimates, Table DP04: Selected Housing Characteristics

Notes: In 2000 Aliso Viejo data for Aliso Viejo CDP. Data for Sunset Beach CDP in 2014 is 2007-2011 5-Year ACS data.

G. HOUSEHOLD INCOME

'Fair housing choice', according to HUD, means the ability of persons of *similar income levels* regardless of race, color, religion, sex, national origin, handicap and familial status to have available to them the same housing choices. This means, for instance, those households of different races but with similar income levels should have available to them the same housing choices. Another example is that female householders, male householders and married couples with similar income levels should have available to them the same housing choices. A housing market that treats female and male householders with incomes of \$60,000 *differently* would not be providing fair housing choice.

Household income is the key determinant of ability to pay for housing. For many households, their income is too limited to afford existing housing. A larger number of households have incomes too low to afford new housing, as new housing is usually more expensive than existing housing.

Table A-12 shows the median household income by race and ethnicity. Unfortunately, the data are based on a sample survey conducted by the American Community Survey which results in some groups having some very large margins of error. The three groups with the highest median incomes are non-Hispanic Whites, two or more races, and non-Hispanic Asians. Black households have a higher median household income than Hispanic households. White households have a median income almost 1.6 times higher than Hispanic households. Based on income alone, and holding all other factors constant, white households would be able to have more housing choice available to them.

Table A-12
County of Orange
Median Household Income by Race and Ethnicity: 2014

Race/Ethnicity	Number	Margin of Error +/-	Range
White Alone, Not Hispanic or Latino	\$88,778	\$2,497	\$86,281-\$91,285
Black or African American Alone	\$63,990	\$8,031	\$55,959-\$72,021
American Indian or Alaska Native Alone	\$53,173	\$21,329	\$31,844-\$74,502
Asian Alone	\$77,605	\$4,092	\$73,513-\$81,697
Native Hawaiian or Other Pacific Islander Alone	\$71,909	\$26,896	\$45,013-\$98,805
Some Other Race Alone	\$52,724	\$3,514	\$49,240-\$56,238
Two or More Races	\$84,245	\$9,431	\$74,814-\$93,676
Hispanic or Latino	\$55,869	\$1,527	\$54,342-\$57,396

Source: American FactFinder, American Community Survey 2014 1-Year Estimates, Tables B19013 B-I Median Household Income in the Past 12 Months (in 2014 Inflation-Adjusted Dollars).

Chart A-2
Median Household Income
by Race/Ethnicity: 2014

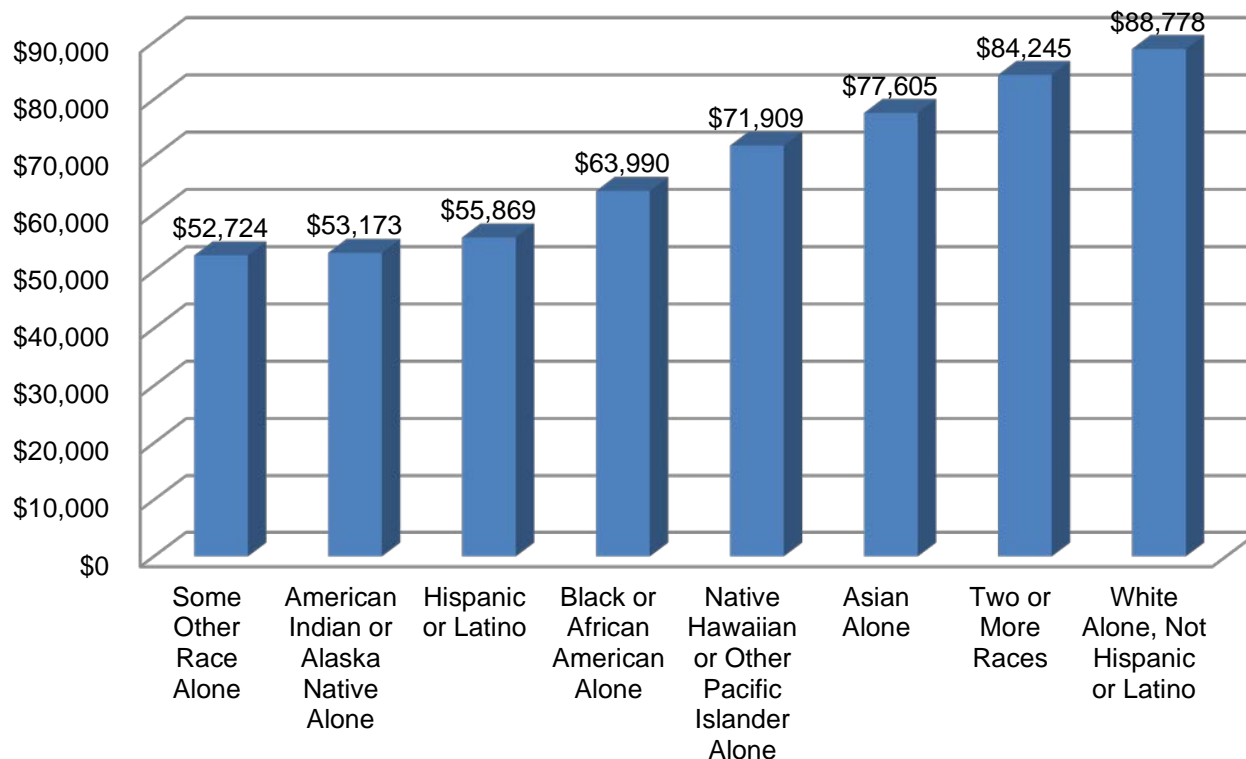


Table A-13 contains data on the median household income by City and Sub-area.

The communities with the highest median household incomes include: Coto de Caza CDP; Villa Park; Ladera Ranch CDP; North Tustin CDP; Las Flores CDP; Yorba Linda; and Rossmoor CDP.

The communities with the lowest median household incomes include: Laguna Woods; Midway City CDP; and Stanton.

HUD's CHAS (Comprehensive Affordability Strategy) data indicates that in the following communities 50% of more population is in the low/moderate income bracket (<80% of the County's median income): Midway City CDP (74.3%); Laguna Woods (70.7%); Stanton, 66.6%; and Seal Beach, 56%.

Table A-13
Urban County Median Household Income by Sub-Area and City: 2014

Sub-Area	Median Household Income	Margin of Error +/-	Range	Total Households
West Orange County				
Cypress	\$83,819	\$3,921	\$79,898-\$87,740	15,905
La Palma	\$84,026	\$3,336	\$80,690-\$87,362	4,989
Los Alamitos	\$82,258	\$7,989	\$74,269-\$90,247	4,072
Midway City CDP	\$45,581	\$6,355	\$39,226-\$51,936	2,680
Rossmoor CDP	\$114,239	\$11,398	\$102,841-\$125,637	3,818
Seal Beach	\$54,026	\$2,946	\$51,080-\$56,972	12,517
Stanton	\$45,842	\$2,304	\$43,538-\$48,146	11,586
Sunset Beach CDP	\$68,036	\$22,960	\$45,076-\$90,996	
North Orange County				
Brea	\$81,857	\$4,195	\$77,662-\$86,052	14,153
North Tustin CDP	\$123,270	\$5,126	\$118,114-\$128,396	9,007
Placentia	\$79,275	\$4,936	\$74,339-\$84,211	15,778
Villa Park	\$150,864	\$14,259	\$136,605-\$165,123	1,954
Yorba Linda	\$115,994	\$4,533	\$111,461-\$120,527	21,583
South Orange County				
Aliso Viejo	\$102,325	\$4,545	\$97,780-\$106,870	18,351
Coto de Caza CDP	\$166,328	\$11,484	\$154,844-\$177,812	4,848
Dana Point	\$84,404	\$5,584	\$78,820-\$89,988	14,523
Ladera Ranch CDP	\$131,952	\$12,095	\$119,857-\$144,047	7,943
Laguna Beach	\$97,881	\$6,483	\$91,398-\$104,364	11,355
Laguna Hills	\$91,460	\$5,880	\$85,580-\$97,340	10,261
Laguna Woods	\$36,708	\$2,174	\$34,534-\$38,882	11,377
Las Flores CDP	\$121,696	\$18,534	\$103,162-\$140,230	2,009

Source: 2010-2014 American Community Survey (ACS) 5-Year Estimates, Table S1903: median Income in the Past 12 Months (in Inflation Adjusted Dollars)

H. BUSINESS ACTIVITY

According to Table A-14, the following sectors employ the most residents in the Urban Orange County:

Education/Health Services, Arts/Entertainment/Accommodations,
and Professional/Scientific/Management Services

Table A-14
Urban County
Business Activity - Workers and Jobs

Business by Sector	Number of Workers	Number of Jobs	Share of Workers Percent	Share of Jobs Percent	Jobs less workers Percent
Agriculture, Mining, Oil & Gas Extraction	2,939	1,336	2	0	-2
Arts, Entertainment, Accommodations	47,323	55,450	27	32	5
Construction	16,710	21,382	10	12	2
Education and Health Care Services	53,011	53,375	30	30	0
Finance, Insurance, and Real Estate	31,980	42,983	18	25	7
Information	11,119	5,576	6	3	-3
Manufacturing	43,462	36,873	25	22	-3
Other Services	17,551	15,084	10	8	-2
Professional, Scientific, Management Services	43,278	34,899	25	20	-5
Public Administration	1,490	540	1	0	-1
Retail Trade	43,060	43,938	24	25	1
Transportation and Warehousing	11,093	9,167	6	6	0
Wholesale Trade	27,599	25,769	16	15	-1
Total	350,615	346,372	--	--	--

Source: Orange County Community Services, *FY 2015-2019 Consolidated Plan – County of Orange*

The Orange County Workforce Investment Board has identified 10 target industry clusters for the County. These clusters were chosen to reflect both key economic drivers for the Orange County economy and industries that are central to workforce development. Approximately three-quarters of all Orange County jobs fall into one of these 10 clusters:

- Business and Professional Services
- Energy, Environment and Green Technologies
- Finance, Insurance, and Real Estate
- Construction
- Healthcare
- Information Technology
- Logistics and Transportation
- Manufacturing
- Biotechnology/Nanotechnology
- Hospitality and Tourism

Orange County's economy increasingly demands highly educated workers. The current supply of college graduates will not keep up with demand. In addition, the baby boomer generation (a

predominantly highly educated group) will reach retirement age in the near future and leave the workforce. However, the County's demographics are currently shifting toward population groups with historically lower levels of educational attainment. In particular, Hispanics (who comprise the largest group of young adults) have historically had lower rates of college completion. To address this skill gap, a greater effort in curriculum development and promotion is necessary.

Another critical challenge facing the County is the issue of baby boomers constraining lower-level job openings that traditionally fall to new workforce entrants. "Replacement jobs" are defined by the California Employment Development Department (EDD) as job openings created when workers retire or permanently leave an occupation.

As it stands, future replacement jobs may not be as available as needed due to older generations of workers that are delaying their retirement plans and are willing to take lower-level jobs to support their eventual retirement. Replacement jobs largely consist of lower-wage entry-level jobs in industries with a significant body of temporary workers. This trend of baby boomers occupying traditionally younger workforce starter jobs in all fields transforms their use into survival jobs. As many of these jobs are more reliant on workforce experience than education credentials, senior generations of workers can more easily draw from their larger experience pools to find the right requirements. Baby boomers have been in the workforce longer than younger generations and are likely to be overqualified for these positions, making opportunities for new entrants scarce in what should be a plentiful selection.

This preference for the older workforce compounded by the employer-wide trend of operating with leaner teams, which further crowds the younger generation out of the entry-level labor market.

A region's housing supply must keep pace with long-term population and job growth in order to balance projected economic growth with the region's ability to house a growing workforce. Even during the Great Recession, Orange County was a net importer of workers from surrounding Southern California counties. The County's jobs-housing imbalance is further compounded by high median housing prices and the sluggish pace of new home construction in recent years. All of these factors have led to a notable shortage in workforce housing in the County.

The U.S. Department of Labor recently awarded Orange County the Workforce Innovation Fund grant for the Information Technology Cluster Competitiveness Project. The project will increase the number of training programs available that provide nationally-competitive IT skills, create an expanded and sustainable pool of skilled IT workers and, ultimately, increase growth and competitiveness in the local IT industry cluster. With a focus on long-term sustainability and fostering replication, the project consortium partners will implement an "IT Roadmap" model that communities across the country can adopt wherever the IT cluster is a significant economic driver. Short-term outcomes of this program will include increased placements of new and returning workers into IT positions, skills upgrade of incumbent workers already in the Orange County IT industry and preparation of a greater number of high school students for entry-level IT jobs or advanced training.

With the ever increasing importance of the internet, establishing infrastructure to enhance internet access is essential for future economic growth. Research by the Sacramento Regional Research Institute (SRRI) discovered that increasing broadband internet access in Orange County could create 186,000 jobs over the next ten years and almost \$15 billion in increased payrolls for Orange County workers. The County is exploring options for creating a regional

wireless network which would be a major tool for providing dependable internet access throughout the County. In addition, savings by government entities could accrue as the broadband infrastructure supplements existing government telecommunications technologies and serves as the foundation for future growth and expansion of these tools as technologies evolve over time. Infrastructure investments such as this will ensure that the proper tools for success in the digital economy are available for all Orange County workers and businesses regardless of location, on either side of the “Digital Divide” so they can succeed.

In addition, the Latino Educational Attainment Initiative, sponsored by education and business entities throughout Orange County, is part of the effort to ensure that Latinos in Orange County are prepared for college and other advanced education opportunities. This initiative is aimed at making the college education path and demands more comprehensible to Latino high school students and their family members so they will be more willing and able to go to college.

I. LABOR FORCE CHARACTERISTICS

Table A-15 reports on the labor force characteristics of the Urban County sub-areas and cities. Housing choice for all racial and ethnic groups is diminished by high unemployment rates because they depress household income and an increase the number of poverty income families. The Urban County’s unemployment rate of 3.5%, though, is low. Only 9,000 workers in the labor force of 253,800 workers are unemployed. Only one city – Stanton – has an unemployment rate of 5% or more.

Table A-15
Urban County
Labor Force Data for Cities and Census Designated Places (CDP): November 2015

City/Sub Area	Labor Force	Employed	Unemployed	Unemployment Rate
West Orange County				
Cypress	25,100	24,400	700	2.7%
La Palma	7,700	7,400	200	3.0%
Los Alamitos	5,900	5,600	200	4.0%
Midway City CPD	N/A	N/A	N/A	N/A
Rossmoor CDP	5,500	5,300	100	2.4%
Seal Beach	10,300	9,900	400	3.5%
Stanton	19,300	18,300	1,000	5.3%
Sunset Beach CPD	N/A	N/A	N/A	N/A
Subtotal	73,800	70,900	2,600	3.5%
North Orange County				
Brea city	21,800	20,900	800	3.9%
North Tustin CPD	N/A	N/A	N/A	N/A
Placentia	26,600	25,400	1,200	4.5%
Villa Park	3,100	2,900	100	3.6%
Yorba Linda	34,700	33,400	1,200	3.5%
Subtotal	86,200	82,600	3,300	3.8%
South Orange County				
Aliso Viejo CDP	29,400	28,500	900	3.1%
Coto de Caza CDP	7,400	7,200	200	3.1%
Dana Point	19,300	18,500	700	3.8%
Ladera Ranch CDP	N/A	N/A	N/A	N/A
Laguna Beach	12,900	12,500	400	3.0%
Laguna Hills	17,300	16,600	600	3.7%
Laguna Woods	4,000	3,900	200	4.1%
Las Flores CDP	3,500	3,400	100	2.2%
Subtotal	93,800	90,600	3,100	3.3%
Subtotal Urban County	253,800	244,100	9,000	3.5%
Orange County Total	1,596,200	1,532,200	64,000	4.0%

Source: California Employment Development Department, Monthly Labor Force Data for Cities and Census Designated Places (CDP), November 2015 – Preliminary for Orange County, Data Not Seasonally Adjusted
 CDP is "Census Designated Place" - a community recognized by the U.S. Census Bureau that was unincorporated at the time of the 2010 Census.

Notes

Subtotals and Totals do not include the CDPs for which data was Not Available and also the unincorporated area.

According to the State Employment Development Department, data may not add due to rounding. All unemployment rates are calculated on unrounded data. These data are not seasonally adjusted. The data in Table A-15 is exactly the same as published by EDD.

APPENDIX B FAIR HOUSING PROTECTED CLASSES



APPENDIX B FAIR HOUSING PROTECTED CLASSES

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A. FAIR HOUSING PROTECTED CLASSES

The term "protected class" refers to people who belong to a group whom the law protects against illegal housing discrimination. A protected class is named for the characteristic that these people share, such as race or religion.

Title VIII of the Civil Rights Act of 1968, which is referred to as the Fair Housing Act (FHA), prohibits discrimination in the sale, rental and financing of dwellings based on a persons':

- Race
- Color
- Religion
- Sex or
- National Origin

Title VIII was amended in 1988 (effective March 12, 1989) by the Fair Housing Amendments Act, which expands the protected classes to include:

- Disability
- Familial status (presence of child under age of 18 and pregnant women)

California's Fair Employment and Housing Act (Government Code Section 12955(a)) declares that it shall be unlawful:

For the owner of any housing accommodation to discriminate against or harass any person because of the race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information of that person.

Appendix B contains data on the following fair housing protected classes: race, color, religion, sex, national origin, ancestry, disabled, familial status, marital status, source of income and sexual orientation. Data are unavailable for the other groups protected by federal and California law.

The data in Appendix B provides:

- A profile of the fair housing protected classes living within the Urban County
- A baseline profile to compare to prior and future time periods
- Indicators to project future needs for fair housing services based on, for instance, the number of housing discrimination complaints per 1,000 disabled persons
- Data to make decisions on how to focus fair housing services geographically and by protected class (e.g., disabled compared to source of income)

Data on the size of protected classes is based primarily on population and whenever possible households. From a fair housing perspective, households, as opposed to population, probably more accurately measures the size of the protected classes. By way of example, although one person files a complaint to the FHCOC that person may represent a 4-person household. And, after all, "housing" refers to "households," meaning the group of people who occupy a housing unit.

A list is given below of the several abbreviations and acronyms that are used in Appendix B:

- ACS American Community Survey
- CDP Census Division Place
- DFEH California Department of Fair Employment and Housing
- DOJ Federal Department of Justice
- FEHA California Fair Employment and Housing Act
- FHA Fair Housing Act
- FHA Federal Housing Administration
- HUD U.S. Department of Housing and Urban Development

B. RACE/COLOR

1. Definitions

a. Racial Categories

The Fair Housing Act does not define *race*. Data on race is required for many federal programs and the Census Bureau collects race data in accordance with guidelines provided by the U.S. Office of Management and Budget (OMB) and these data are based on a person's self-identification. The Census Bureau racial categories generally reflect a *social definition* of race recognized in this country and do not attempt to define race biologically, anthropologically or genetically. In addition, the Census Bureau recognizes that the racial categories include both racial and national origin or socio-cultural groups.



The 2010 Census and the American Community Survey each has six race categories:

- White
- Black, African American or Negro
- American Indian or Alaska Native
- Asian
- Native Hawaiian or Other Pacific Islander
- Some Other Race

The Fair Housing Act does not define *color*. However, it generally refers to the complexion of a person's skin color or pigmentation.

The racial categories can be traced to Statistical Policy Directive No.15, promulgated by the OMB on May 12, 1977. "The four racial categories stipulated in the (1977) directive parallel the classic nineteenth-century color designations of black, white, red (American Indian or Alaska native), and yellow (Asian or Pacific Islander); there is no brown race in the American ethnoracial taxonomy."

Source: Victoria Hattam, "Ethnicity & the Boundaries of Race: Re-reading Directive 15," *Daedalus*, Winter 2005, page 63

APPENDIX B**FAIR HOUSING PROTECTED CLASSES**

The Census Bureau provides the following race category definitions:

White. A person having origins in any of the original peoples of Europe, the Middle East, or North Africa. It includes people who indicate their race as “White” or report entries such as Irish, German, Italian, Lebanese, Arab, Moroccan, or Caucasian.

Black or African American. A person having origins in any of the Black racial groups of Africa. It includes people who indicate their race as “Black, African Am., or Negro” or report entries such as African American, Kenyan, Nigerian, or Haitian.

American Indian or Alaska Native. A person having origins in any of the original peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment. This category includes people who indicate their race as “American Indian or Alaska Native” or report entries such as Navajo, Blackfeet, Inupiat, Yup’ik, or Central American Indian groups or South American Indian groups.

Asian. A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam. It includes people who indicate their race as “Asian Indian,” “Chinese,” “Filipino,” “Korean,” “Japanese,” “Vietnamese,” and “Other Asian” or provide other detailed Asian responses.

Native Hawaiian or Other Pacific Islander. A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands. It includes people who indicate their race as “Native Hawaiian,” “Guamanian or Chamorro,” “Samoan,” and “Other Pacific Islander” or provide other detailed Pacific Islander responses.

Some Other Race. Includes all other responses not included in the “White,” “Black or African American,” “American Indian or Alaska Native,” “Asian,” and “Native Hawaiian or Other Pacific Islander” race categories described above. Respondents reporting entries such as multiracial, mixed, interracial, or a Hispanic, Latino, or Spanish group (for example, Mexican, Puerto Rican, Cuban, or Spanish) in response to the race question are included in this category.

Two or More Races. People may choose to provide two or more races either by checking two or more race response check boxes, by providing multiple responses, or by some combination of check boxes and other responses.

b. **Definitions of Minority Populations**

As explained on page A-2, the minority populations encompass the following population groups: Hispanic or Latino, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, multiracial minority (two or more races, at least one of which is a minority race). In effect, then, a minority is anyone who is not a White non-Hispanic person.

2. Examples of Discriminatory Practices

In the past, exclusionary covenants were used to exclude racial minorities from residential neighborhoods. California’s Fair Employment and Housing Act (FEHA) expressly prohibits the

APPENDIX B**FAIR HOUSING PROTECTED CLASSES**

existence of a restrictive covenant that makes housing opportunities unavailable based on race, color or other protected class.

Another example of an illegal practice is discrimination against an African American in-place tenant by a Caucasian apartment manager. Discrimination against a dark-skinned rental applicant by a Caucasian apartment manager is also illegal.

Discrimination also occurs when racial minorities are treated different from their white counterparts. The results of a paired-testing study completed for HUD in the Los Angeles area concludes:

Though there is no statistical difference in average rent and fees that testers are informed of, we find significant differences in other financial indicators. Whites are more likely than blacks to be told that rent is negotiable, to be offered a two year lease, and to be told about financial incentives, while blacks are more likely than whites to be told that payments are required at move-in. The average security deposit is \$39 higher for blacks than for comparable whites, and the average payment required at move in is \$267 higher for blacks than for whites, while the average incentives offered to whites are \$79 higher than the average incentive offered to blacks. As a result, the average first year net cost to blacks is \$406 greater than it is for comparable whites, and blacks are 16 percentage points more likely than their white partners to be told about higher net costs.

Source: The Urban Institute, *Housing Discrimination Against Racial Minorities 2012*, prepared for the U.S. Department of Housing and Urban Development, June 2013, Appendix F, page 142

3. Housing Discrimination Complaints on the Basis of Race/Color

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State Department of Fair Employment and Housing (DFEH). There were a total of 8,568 bases for these complaints or almost two bases per each complaint. "Race/color" was the basis for 15.4% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County's complainants. "Race/color" was the basis for 21% of all the bases mentioned in complaints by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD's San Francisco Regional Office. "Race" was the basis for nearly 10% of all the bases mentioned in complaints by Urban County residents.

4. Race and Ethnicity Population Characteristics

Table B-1 shows the population's race and ethnicity for the following:

- Each city and Census Division Place (CDP) located within the Urban County
- Unincorporated Orange County (not in a CDP)
- Balance of Orange County
- Orange County total

APPENDIX B**FAIR HOUSING PROTECTED CLASSES**

Approximately 42% of the almost 569,000 persons residing in the Urban County belongs a minority population group, according to the 2010 Census. In contrast, 59% of the population living in the balance of Orange County – 2,444,605 – belongs to a minority group.

Minority groups comprise approximately 56% of the population in the Urban County's West Orange County Sub-Area and the remainder unincorporated area. Minority groups comprise 43% and 29% of the population in the North and South Orange County Sub-Areas, respectively.

In the West Orange County sub-area, minority groups constitute more than 50% of the population in three cities and the Midway City CDP. Asians comprise the largest numbers of minorities in Cypress, La Palma and the Midway City CDP. Hispanics were the largest minority group in Stanton.

Only Placentia in the North Orange County Sub-Area had a majority minority population. None of the cities located in the South Orange County Sub-Area had a majority minority population.

Table B-1
Urban County
Population by Race and Ethnicity and City/Sub-Area: 2010

City/Sub-Area	White alone	Black or African American alone	American Indian and Alaska Native alone	Asian alone	Native Hawaiian and Other Pacific Islander alone	Some Other Race alone	Two or More Races	Hispanic or Latino (of any race)	Total
West Orange County									
<i>Cypress</i>	20,865	1,376	142	14,850	204	87	1,499	8,779	47,802
<i>La Palma</i>	4,329	773	26	7,432	36	43	442	2,487	15,568
Los Alamitos	6,721	300	22	1,447	47	46	448	2,418	11,449
<i>Midway City CDP</i>	1,776	62	24	3,960	38	10	148	2,467	8,485
Rossmoor CDP	7,845	76	29	812	21	7	280	1,174	10,244
Seal Beach	18,580	255	38	2,273	52	62	577	2,331	24,168
<i>Stanton</i>	8,340	703	107	8,708	202	75	634	19,417	38,186
Sunset Beach CDP	813	4	6	40	2	4	23	79	971
Subtotal	69,269	3,549	394	39,522	602	334	4,051	39,152	156,873
North Orange County									
Brea	20,690	499	90	7,068	62	82	974	9,817	39,282
North Tustin CDP	18,784	138	58	1,975	47	55	600	3,260	24,917
<i>Placentia</i>	22,590	818	123	7,457	58	74	997	18,416	50,533
Villa Park	4,177	42	26	848	1	11	109	598	5,812
Yorba Linda	42,183	789	120	9,957	78	152	1,735	9,220	64,234
Subtotal	108,424	2,286	417	27,305	246	374	4,415	41,311	184,778
South Orange County									
Aliso Viejo	29,538	892	82	6,902	75	136	2,034	8,164	47,823
Coto de Caza CDP	12,219	129	23	860	20	30	415	1,170	14,866
Dana Point	25,468	255	110	1,037	37	63	719	5,662	33,351
Ladera Ranch CDP	15,939	312	33	2,734	27	31	952	2,952	22,980
Laguna Beach	19,472	158	34	797	13	52	547	1,650	22,723

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City/Sub-Area	White alone	Black or African American alone	American Indian and Alaska Native alone	Asian alone	Native Hawaiian and Other Pacific Islander alone	Some Other Race alone	Two or More Races	Hispanic or Latino (of any race)	Total
South Orange County continued									
Laguna Hills	18,725	373	53	3,790	45	65	1,051	6,242	30,344
Laguna Woods	13,600	105	17	1,613	10	18	179	650	16,192
Las Flores CDP	3,857	89	14	766	12	17	232	984	5,971
Subtotal	138,818	2,313	366	18,499	239	412	6,129	27,474	194,250
Remainder of Unincorporated Orange County	14,302	360	92	3,887	126	61	651	13,247	32,726
Urban County Total	330,813	8,508	1,269	89,213	1,213	1,181	15,246	121,184	568,627
Percentage	58.2%	1.5%	0.2%	15.7%	0.2%	0.2%	2.7%	21.3%	100.0%
Balance of County	997,686	35,492	4,947	443,264	7,144	4,412	56,871	891,789	2,441,605
Percentage	40.9%	1.5%	0.2%	18.2%	0.3%	0.2%	2.3%	36.5%	100.0%
Orange County Total	1,328,499	44,000	6,216	532,477	8,357	5,593	72,117	1,012,973	3,010,232
Percentage	44.1%	1.5%	0.2%	17.7%	0.3%	0.2%	2.4%	33.7%	100.0%

Source: American FactFinder, Census 2010, Tables DP-01 (Urban County) and Table P9 Hispanic and Latino and Not Hispanic or Latino by Race.

APPENDIX B

C. RELIGION

1. Definitions

The United States Supreme Court has interpreted religion to mean a sincere and meaningful belief that occupies in the life of its possessor a place parallel to the place held by God in the lives of other persons. The religion or religious concept need not include belief in the existence of God or a supreme being to be within the scope of the First Amendment ("Congress shall make no law respecting the establishment of religion, or prohibiting the free exercise thereof"). People may adhere to a "religion" by sharing a particular system of faith and worship.

In California, religion includes "all aspects of religious belief, observance, and practice, including religious dress and grooming practices. "Religious dress practice" refers to the wearing or carrying of religious clothing, head or face coverings, jewelry, artifacts, and any other item that is part of the observance by an individual of his or her religious creed. "Religious grooming practice" includes all forms of head, facial, and body hair that are part of the observance by an individual of his or her religious creed.

2. Examples of Discriminatory Practices

According to the United States Department of Justice (DOJ), the prohibition on religious discrimination covers overt discrimination against members of a particular religion as well as less direct actions, such as zoning ordinances designed to limit the use of private homes as places of worship.

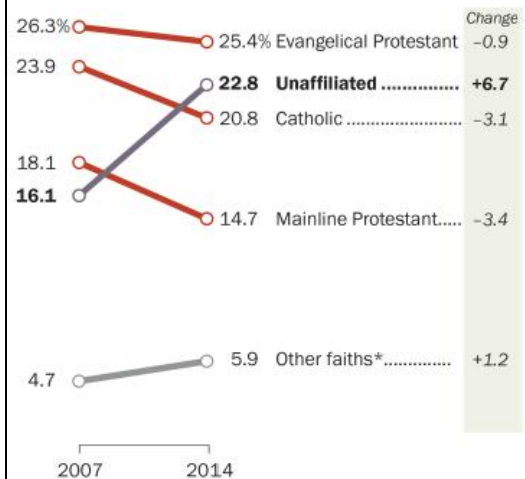
A recent law study noted:

...there is no question that there is a long history of religious discrimination in the private housing market. The most notable example was the prevalence of restrictive covenants in certain residential areas against Jewish people. Though prevalent, religious discrimination has not generated a large number of cases under the Fair Housing Act. However, such cases may arise in the future. The terrorist attacks of September 11, 2001, and the resulting "War on Terrorism" have focused attention on Arab-Americans and Muslims and could realistically result in increased housing discrimination against these persons because of their religion.

Source: Michael P. Seng, *The Fair Housing Act and Religious Freedom*, 11 Texas Journal on Civil Liberties & Civil Rights, Fall 2005, 36 pages

Changing U.S. Religious Landscape

Between 2007 and 2014, the Christian share of the population fell from 78.4% to 70.6%, driven mainly by declines among mainline Protestants and Catholics. The unaffiliated experienced the most growth, and the share of Americans who belong to non-Christian faiths also increased.



* Includes Jews, Muslims, Buddhists, Hindus, other world religions and other faiths. Those who did not answer the religious identity question, as well as groups whose share of the population did not change significantly, including the historically black Protestant tradition, Mormons and others, are not shown.

Source: 2014 Religious Landscape Study, conducted June 4-Sept. 30, 2014

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A survey conducted in December 2015 found that 82% of Americans said religious liberty protections were important for Christians compared to 61% who said the same for Muslims.

Source: Los Angeles Times, *Poll on Religious Freedom Shows Bias Against Muslims*, December 31, 2015, page A-5

3. Housing Discrimination Complaints on the Basis of Religion

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State DFEH. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. “Religion” was the basis for 1.7% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County’s complainants. “Religion” was the basis for nearly 3% of all the bases mentioned in complaints by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD’s San Francisco Regional Office. “Religion” was not mentioned as a basis in complaints by Urban County residents.

4. Orange County’s Religious Affiliations

The Christian share of the U.S. population is declining, while the number of U.S. adults who do not identify with any organized religion is growing, according to an extensive new survey by the Pew Research Center. While 73% of the population is religiously affiliated, almost 23% of Americans are religiously *unaffiliated* – describing themselves as atheist, agnostic or “nothing in particular.”

The PEW study notes:

Even as their numbers decline, American Christians – like the U.S. population as a whole – are becoming more racially and ethnically diverse. Non-Hispanic whites now account for smaller shares of evangelical Protestants, mainline Protestants and Catholics than they did seven years earlier, while Hispanics have grown as a share of all three religious groups. Racial and ethnic minorities now make up 41% of Catholics (up from 35% in 2007), 24% of evangelical Protestants (up from 19%) and 14% of mainline Protestants (up from 9%).

Source: PEW Research Center, *America’s Changing Religious Landscape*, May 12, 2015

Table B-2 shows the number and percentage of Orange County adherents to a specific religion. The paragraph below explains the meaning of adherent:

The adherent figure is meant to be the most complete count of people affiliated with a congregation, and the most comparable count of people across all participating groups. Adherents may include all those with an affiliation to a congregation (children, members, and attendees who are not members). If a participating group does not provide the number of adherents, RCMS [*Religious Congregations & Membership Study*] 2010 may estimate the number of adherents through the use of a statistical

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procedure (this will only be done with the approval of the participating group). For groups that report the number of members but not adherents, the general formula for estimating adherents is: Compute what percentage the group's membership is of the county's adult population (14 and older), and then apply that percentage to the county's child population (13 and younger), and then take the resulting figure and add it to the group's membership figure.

Source: 2010 U.S. Religion Census: *Religious Congregations & Membership Study*

Congregational adherents include all full members, their children, and others who regularly attend services. Adherent statistics are available for Orange County's but unavailable for the Urban County area alone. Approximately 58% of all adherents are affiliated with the Catholic Church. Almost 19% of all adherents are affiliated with non-denominational, Southern Baptist Convention, or The Church of Christ of Latter Day Saints. Twenty-three percent of all adherents are affiliated with one of the 80 other religions.

Table B-2
Orange County Religion Statistics Profile: 2010

Religious Bodies	Religion Adherents	Percentage Distribution
Catholic Church	797,473	57.9%
Non-denominational	122,205	8.9%
Southern Baptist Convention	69,216	5.0%
The Church of Christ of Latter-day Saints	66,772	4.8%
Assemblies of God	28,899	2.1%
Buddhism, Mahayana	24,964	1.8%
Muslim (estimate)	24,674	1.8%
Presbyterian Church (U.S.A.)	21,660	1.6%
Lutheran Church	17,377	1.3%
Christian Churches and Churches of Christ	15,668	1.1%
Judaism (Reform, Conservative, Reconstructionist, Orthodox)	14,624	1.1%
The United Methodist Church	12,194	0.9%
Episcopal Church	11,531	0.8%
Seventh-day Adventist Church	10,846	0.8%
Evangelical Lutheran Church in America	10,846	0.8%
Other Religions (69 total)	128,636	9.3%
Total Orange County Adherents	1,377,585	100.0%

Source: Association of Statisticians of American Religious Bodies (ASARB)

D. SEX OF HOUSEHOLDER

1. Definitions

California's Fair Employment and Housing Act (Government Code Section 12926(r) defines "sex" as a person's gender and pregnancy, childbirth and breastfeeding as well as conditions related thereto. "Gender" means sex, and includes a person's gender identity and gender expression. "Gender expression" means a person's gender-related appearance and behavior whether or not stereotypically associated with the person's assigned sex at birth.

2. Examples of Discriminatory Practices

It is illegal to discriminate on the basis of sex in the sale, rental, financing of dwellings, and in other housing-related transactions. Examples of such discrimination include:

- A person cannot be denied a place to live (or have special rules imposed) solely because that person is a female or male
- Applying different terms and conditions of housing because of sex
- Denying a housing application, a dwelling, or evicting persons because of sex
- Steering or restricting persons to one area of a building or complex based on sex
- Housing advertisements stating that persons preferred or not wanted because of sex

Even well-intentioned policies are off-limits—for example, fearful that single women are more likely to be burglarized and assaulted than male tenants, a landlord cannot *require* single females to live in upper-story apartments, even if, in fact, those units are less prone to break-ins.

Sexual harassment is considered a form of sex discrimination that the FHA prohibits. Examples of sexual harassment in housing include:

- Requesting rent to be paid in sexual favors instead of money.
- Conditioning home repairs or other housing benefits on performance of a sexual favor.
- A housing provider, real estate agent, insurance or loan officer, or their employee making sexual comments or using sexual words.
- A housing provider, real estate agent, insurance or loan officer, or their employee touching a person's body.
- A housing provider or their employee refusing to help after being informed that a tenant is being sexually harassed.

In recent years, the Federal Department of Justice (DOJ) has challenged sexual harassment in housing. Women, particularly those who are poor, and with limited housing options, often have little recourse but to tolerate the humiliation and degradation of sexual harassment or risk having their families and themselves removed from their homes.

Another example of a discriminatory practice is pricing discrimination in mortgage lending which may also adversely affect women, particularly minority women. This type of discrimination is unlawful under both the Fair Housing Act and the Equal Credit Opportunity Act.

3. Housing Discrimination Complaints on the Basis of Sex

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State DFEH. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. “Sex” was the basis for 8.6% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County’s complainants. “Sex” was the basis for almost 8% of all bases made by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD’s San Francisco Regional Office. “Sex” was the basis for nearly 13% of all the bases mentioned in complaints by Urban County residents.

4. Number of Male and Female Householders

Data on sex is obtained from the 2010 Census which asked individuals to mark either “male” or “female” to indicate their biological sex. A “household” is all the people who occupy a housing unit. A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters. One person in each household is designated as the “householder,” according to the 2010 Census. In most cases, the householder is the person in whose name the home is owned, being bought, or rented.

Table B-3 contains data on the sex of householders. In 2010, nearly one million householders resided in Orange County of which 56% were male and 44% female. The Urban County had 208,800 households and the same identical percentage distribution of male and female householders as the County as a whole.

In the Urban County’s three sub-areas and the unincorporated remainder, males comprise the majority of the householders. In Seal Beach (53%) and Laguna Woods (61%), however, females comprise the majority of householders. In both cities, women living alone constitute the vast majority of female householders.

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Table B-3
Urban County - Sex of Householder: 2010

City/Sub-Area	Male Householder			Female Householder			Total Households
	Family Household	Living Alone	Living with Others	Family Household	Living Alone	Living with Others	
West Orange County							
Cypress	8,390	894	331	4,282	1,773	203	15,873
La Palma	2,993	339	49	1,149	470	38	5,038
Los Alamitos	1,666	361	94	1,325	486	98	4,030
Midway City CDP	1,124	384	82	788	277	54	2,709
Rossmoor CDP	2,062	240	51	1,144	346	38	3,881
Seal Beach	3,739	1,769	468	2,179	3,890	532	12,577
Stanton	4,899	1,074	394	3,585	1,355	358	11,665
Sunset Beach CDP	294	63	20	178	105	17	677
Subtotal	25,167	5,124	1,489	14,630	8,702	1,338	56,450
North Orange County							
Brea	5,973	1,277	370	4,033	2,058	390	14,101
North Tustin CDP	4,587	450	156	2,620	921	142	8,876
Placentia	7,507	1,088	461	4,715	1,763	498	16,032
Villa Park	1,181	33	27	552	104	12	1,909
Yorba Linda	11,414	1,373	396	6,392	2,021	284	21,880
Subtotal	30,662	4,221	1,410	18,312	6,867	1,326	62,798
South Orange County							
Aliso Viejo	7,009	2,402	612	5,229	2,688	629	18,569
Coto de Caza CDP	3,156	25	59	1,228	283	92	4,843
Dana Point	4,972	1,888	864	3,701	2,544	481	14,450
Ladera Ranch CDP	3,850	451	223	2,038	678	142	7,382
Laguna Beach	3,167	1,953	634	2,660	2,170	450	11,034
Laguna Hills	4,948	749	250	2,880	1,364	283	10,474
Laguna Woods	2,704	1,460	249	1,078	5,551	329	11,371
Las Flores CDP	1,004	184	31	660	124	44	2,047
Subtotal	30,810	9,112	2,922	19,474	15,402	2,450	80,170
Remainder of Unincorporated Orange County	4,076	868	274	2,466	1,457	241	9,381
Total Urban County	90,715	19,325	6,095	54,882	32,428	5,355	208,799
Balance of Orange County	337,925	71,738	31,323	229,231	91,821	24,674	786,713
Orange County Total	428,640	91,063	37,418	284,113	124,249	30,029	995,512

Note: Data was unavailable for Sunset Beach CDP and for Unincorporated Orange County. The percent distribution for all other cities and CDPs were applied to the Census 2010 household totals for these two geographies.

Source: 2010 Census, Table B09010

E. NATIONAL ORIGIN

1. Definitions

National origin refers to the real or perceived country of an individual's birth, ancestry, language and/or customs. National origin discrimination is different treatment in housing because of a person's ancestry, ethnicity, birthplace, culture, or language, and it is illegal. This means people cannot be denied housing opportunities because they or their family are from another country, because they have a name or accent associated with a national origin group, because they participate in certain customs associated with a national origin group, or because they are married to or associate with people of a certain national origin.

2. Examples of Discriminatory Practices

The Fair Housing Act prohibits discrimination in rental, sales or home lending transactions based on a person's national origin. This includes discrimination based on a person's ancestry, country of birth outside the United States, and the language they speak. National origin discrimination often involves immigrants or non-English speaking individuals, but can also involve native-born U. S. citizens based on their family ancestry. This type of discrimination may also occur in conjunction with the other protections of the Fair Housing Act against race, color, religion, gender, disability, and family status discrimination.

The Federal DOJ gives the following examples:

- A Native Hawaiian family is looking for an apartment. They are told by the rental agent that no apartments are available, even though apartments are available and are shown to white applicants.
- A realtor shows a Latino family homes only in Latino neighborhoods and refuses to show the family homes in white neighborhoods.

Other examples of potential national origin discrimination include:

- Refusing to rent to persons whose primary language is other than English.
- If a landlord charges a different price or asks for additional identification documents because of a person's national origin that is illegal discrimination regardless of immigration status.
- Another example of an illegal practice is discrimination against a Puerto Rican individual by a Mexican property owner.

3. Housing Discrimination Complaints on the Basis of National Origin/Ancestry

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State DFEH. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. "National origin/ancestry" was the basis for 6% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County's complainants. "National origin" was the basis for almost 8% of all bases made by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD's San Francisco Regional Office. "National origin" was the basis for just over 6% of all the bases mentioned in complaints by Urban County residents.

4. Foreign Born Population

The 2010 Census collected data on the foreign-born population which includes anyone who was not a U.S. citizen or a U.S. national at birth. This includes respondents who indicated they were a U.S. citizen by naturalization or not a U.S. citizen.

Table B-4 shows that of Orange County's approximately 3 million people, almost 927,000 persons are foreign born. The foreign-born population is shown by selected area, country, or region of birth.

The overwhelming majority of Orange County's foreign born population was born in Asia (44%) and Mexico/Other Latin America (47%). In the Urban County, these percentages are vastly different as 55% of the foreign born population was born in Asia and only 30% in Mexico/Other Latin America. In West and North Orange County Sub Areas, approximately 90% of the foreign born population was born in Asia and Mexico/Other Latin America. In the South Orange County sub-area, only 73% of the foreign born population was born in Asia and Mexico/Other Latin America. In the South County Sub-Area, 18% of the foreign born population was born in Europe.

In each Urban County city and CDP, the Asian foreign born population exceeds that of Mexico as a place of birth except in Stanton, Placentia and Dana Point.

Table B-4
Urban County: Place of Birth of the Foreign-Born Population – 2009-2013

City/Sub Area	Europe	Percent	Asia	Percent	Mexico	Percent	Other Latin America	Percent	Other Areas	Percent	Total	Percent
West Orange County												
Cypress	643	4.6%	10,197	73.7%	1,802	13.0%	773	5.6%	415	3.0%	13,830	100.0%
La Palma	108	2.1%	4,237	83.1%	429	8.4%	146	2.9%	181	3.5%	5,101	100.0%
Los Alamitos	196	11.5%	1,151	67.4%	191	11.2%	111	6.5%	59	3.5%	1,708	100.0%
Midway City CDP	166	3.5%	3,405	71.5%	983	20.6%	57	1.2%	153	3.2%	4,764	100.0%
Rossmoor CDP	276	25.2%	477	43.5%	85	7.7%	83	7.6%	176	16.0%	1,097	100.0%
Seal Beach	704	22.6%	1,395	44.7%	228	7.3%	426	13.7%	367	11.8%	3,120	100.0%
Stanton	348	2.1%	7,296	44.1%	7,589	45.9%	1,125	6.8%	188	1.1%	16,546	100.0%
Sunset Beach CDP	88	57.1%	15	9.7%	0	0.0%	16	10.4%	35	22.7%	154	100.0%
Subtotal	2,529	5.5%	28,173	60.8%	11,307	24.4%	2,737	5.9%	1,574	3.4%	46,320	100.0%
North Orange County												
Brea	337	3.7%	5,379	58.4%	2,559	27.8%	541	5.9%	399	4.3%	9,215	100.0%
North Tustin CDP	531	15.9%	1,837	54.9%	400	12.0%	200	6.0%	377	11.3%	3,345	100.0%
Placentia	560	4.2%	5,436	40.4%	5,634	41.9%	1,320	9.8%	506	3.8%	13,456	100.0%
Villa Park	124	12.9%	666	69.5%	103	10.8%	16	1.7%	49	5.1%	958	100.0%
Yorba Linda	1,064	9.0%	7,919	67.1%	1,208	10.2%	899	7.6%	707	6.0%	11,797	100.0%
Subtotal	2,616	6.7%	21,237	54.8%	9,904	25.5%	2,976	7.7%	2,038	5.3%	38,771	100.0%
South Orange County												
Aliso Viejo	822	7.3%	7,127	63.1%	1,602	14.2%	1,082	9.6%	664	5.9%	11,297	100.0%
Coto de Caza CDP	262	16.7%	944	60.1%	101	6.4%	155	9.9%	110	7.0%	1,572	100.0%
Dana Point	1,339	30.9%	786	18.1%	1,258	29.0%	463	10.7%	492	11.3%	4,338	100.0%
Ladera Ranch CDP	954	23.7%	1,811	45.0%	367	9.1%	348	8.7%	542	13.5%	4,022	100.0%
Laguna Beach	1,159	42.5%	718	26.3%	117	4.3%	186	6.8%	549	20.1%	2,729	100.0%
Laguna Hills	883	11.6%	3,468	45.4%	1,983	26.0%	781	10.2%	521	6.8%	7,636	100.0%
Laguna Woods	1,039	26.9%	2,099	54.4%	129	3.3%	261	6.8%	332	8.6%	3,860	100.0%
Las Flores CDP	80	10.1%	458	58.0%	37	4.7%	122	15.4%	93	11.8%	790	100.0%
Subtotal	6,538	18.0%	17,411	48.0%	5,594	15.4%	3,398	9.4%	3,303	9.1%	36,244	100.0%
Total Urban County	11,683	9.6%	66,821	55.1%	26,805	22.1%	9,111	7.5%	6,915	5.7%	121,335	100.0%
Balance of Orange County	40,094	5.0%	344,130	42.7%	341,092	42.4%	60,758	7.5%	19,115	2.4%	805,189	100.0%
Orange County Total	51,777	5.6%	410,951	44.4%	367,897	39.7%	69,869	7.5%	26,030	2.8%	926,524	100.0%

Source: American FactFinder, 2009-2013 American Community Survey 5-Year Estimates Table B05006 Place of Birth for the Foreign-Born Population. Note: Sunset Beach CPD is based in 2007-2011 ACS 5-year Estimates.

APPENDIX B**FAIR HOUSING PROTECTED CLASSES**

The 2010 Census also asked a question regarding a person's Hispanic or Latino origin. In this case, origin can be viewed as the heritage, nationality group, lineage, or country of birth of the person or the person's parents or ancestors before their arrival in the United States. People who identify their origin as Hispanic, Latino, or Spanish may be of any race. People who do not identify with any of the specific origins listed on the questionnaire (Mexican, Puerto Rican, and Cuban) but indicate that they are "another Hispanic, Latino, or Spanish origin" are those who identify as Dominican, Salvadoran, Guatemalan, Argentinean, Colombian, Spaniard, or other Spanish cultures or origins. People who indicated a Hispanic or Latino origin may have been born in the United States while their parents or grandparents were born Mexico or other Latin country.

Table B-5 shows that more than one million persons living in Orange County indicate a Hispanic or Latino origin per the 2010 Census. Approximately 40,700 persons living in the Urban County indicate a Hispanic or Latino origin. In all cities and sub-areas, Mexico is the predominate country of origin except for Laguna Woods. In that city, 51% of the population list Cuba, Puerto Rico or another country as their country of origin.

Table B-5
Urban County
Origins of Hispanic Population: 2010

City/Sub-Area	Mexican	Percent	Puerto Rican	Percent	Cuban	Percent	Other Hispanic or Latino	Percent	Total	Percent
West Orange County										
Cypress	6,745	76.8%	259	3.0%	161	1.8%	1,614	18.4%	8,779	100.0%
La Palma	1,866	75.0%	63	2.5%	52	2.1%	506	20.3%	2,487	100.0%
Los Alamitos	1,793	74.2%	64	2.6%	33	1.4%	528	21.8%	2,418	100.0%
Midway City CDP	2,182	88.4%	14	0.6%	15	0.6%	256	10.4%	2,467	100.0%
Rossmoor CDP	768	65.4%	28	2.4%	52	4.4%	326	27.8%	1,174	100.0%
Seal Beach	1,452	62.3%	86	3.7%	139	6.0%	654	28.1%	2,331	100.0%
Stanton	16,878	86.9%	139	0.7%	100	0.5%	2,300	11.8%	19,417	100.0%
Sunset Beach CDP	64	81.0%	0	0.0%	3	3.8%	12	15.2%	79	100.0%
Subtotal	31,748	81.1%	653	1.7%	555	1.4%	6,196	15.8%	39,152	100.0%
North Orange County										
Brea	8,000	81.5%	190	1.9%	139	1.4%	1,488	15.2%	9,817	100.0%
North Tustin CDP	2,396	73.5%	74	2.3%	78	2.4%	712	21.8%	3,260	100.0%
Placentia	15,464	84.0%	163	0.9%	172	0.9%	2,617	14.2%	18,416	100.0%
Villa Park	433	72.4%	8	1.3%	16	2.7%	141	23.6%	598	100.0%
Yorba Linda	6,884	74.7%	200	2.2%	255	2.8%	1,881	20.4%	9,220	100.0%
Subtotal	33,177	80.3%	635	1.5%	660	1.6%	6,839	16.6%	41,311	100.0%
South Orange County										
Aliso Viejo	5,712	70.0%	269	3.3%	192	2.4%	1,991	24.4%	8,164	100.0%
Coto de Caza CDP	730	62.4%	39	3.3%	57	4.9%	344	29.4%	1,170	100.0%
Dana Point	4,405	77.8%	93	1.6%	100	1.8%	1,064	18.8%	5,662	100.0%
Ladera Ranch CDP	1,950	66.1%	140	4.7%	74	2.5%	788	26.7%	2,952	100.0%
Laguna Beach	1,121	67.9%	63	3.8%	52	3.2%	414	25.1%	1,650	100.0%
Laguna Hills	4,822	77.3%	119	1.9%	95	1.5%	1,206	19.3%	6,242	100.0%
Laguna Woods	318	48.9%	30	4.6%	42	6.5%	260	40.0%	650	100.0%
Las Flores CDP	629	63.9%	49	5.0%	39	4.0%	267	27.1%	984	100.0%
Subtotal	19,687	71.7%	802	2.9%	651	2.4%	6,334	23.1%	27,474	100.0%

Table B-5 continued
Urban County
Origins of Hispanic Population: 2010

City/Sub-Area	Mexican	Percent	Puerto Rican	Percent	Cuban	Percent	Other Hispanic or Latino	Percent	Total	Percent
Remainder of Unincorporated Orange County	11,548	87.2%	131	1.0%	94	0.7%	1,474	11.1%	13,247	100.0%
Total Urban County	31,235	76.7%	933	2.3%	745	1.8%	7,808	19.2%	40,721	100.0%
Balance of Orange County	826,833	85.0%	10,157	1.0%	7,607	0.8%	127,655	13.1%	972,252	100.0%
Total Orange County	858,068	84.7%	11,090	1.1%	8,352	0.8%	135,463	13.4%	1,012,973	100.0%

Source: American FactFinder, 2010 Census Summary file 1, Table DP-1 Profile of General Population and Housing Characteristics.

APPENDIX B**F. ANCESTRY****1. Definition**

California law prohibits housing discrimination on the basis of a person's ancestry. Ancestry, according to the American Community Survey (ACS), refers to a person's ethnic origin, heritage, descent, or "roots," which may reflect their place of birth or that of previous generations of their family. Some ethnic identities, such as "Egyptian" or "Polish" can be traced to geographic areas outside the United States, while other ethnicities such as "Pennsylvania German" or "Cajun" evolved in the United States.

**2. Examples of Discriminatory Practices**

An example of an illegal practice is discrimination by an on-site property manager against Irish renter applicants. Ancestry discrimination often is found in association with an anti-national origin bias. Generally speaking, national origin/ancestry discrimination means treating someone less favorably because he/she comes from a particular place, because of his/her ethnicity or accent, or because it is believed that he/she has a particular ethnic background. National origin/ancestry discrimination also means treating someone less favorably because of marriage or other association with someone of a particular nationality or ethnicity.

3. Housing Discrimination Complaints on National Origin/Ancstry

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State DFEH. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. "National origin/ancestry" was the basis for 6% of all bases. The DFEH does not tabulate the national origin and ancestry bases separately.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County's complainants. "National origin" was the basis for almost 8% of all bases made by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD's San Francisco Regional Office. Ancestry was not mentioned as a basis in the complaints by Urban County residents. However, as previously stated, national origin was the basis for just over 6% of all the bases mentioned in complaints by Urban County residents

4. Ancestral Background

The American Community Survey collects information on the ancestral background of a community's population. The intent of the ancestry question, according to the ACS, is not to measure the degree of attachment the respondent had to a particular ethnicity, but simply to establish that the respondent had a connection to and self-identified with a particular ethnic group. For example, a response of "Irish" might reflect total involvement in an Irish community or only a memory of ancestors several generations removed from the individual.

APPENDIX B**FAIR HOUSING PROTECTED CLASSES**

People were able to identify with multiple ancestries. Thus, all people who reported more than one group, such as “German” and “Irish” were assigned two ancestry codes. The German line on Table B-6 should be interpreted as “The number of people who responded that German was part of their multiple ancestry.”

The top five ancestral responses were the same for Orange County, the Urban County and the three sub-areas: German, Irish, English, Italian and American. Approximately 3.5 million and 663,000 responses were made to the ancestral question in Orange County and the Urban County, respectively.

Each of the cities in three sub-areas had essentially the same pattern of responses with a few notable exceptions. The French exceeded Americans as an ancestral background in Cypress, Los Alamitos, Seal Beach, Dana Point, Ladera Ranch and Laguna Beach.

People with an Iranian ancestry outnumbered Americans in Aliso Viejo and Laguna Hills.

Information on ancestral backgrounds is found in the following four tables:

- B-6 Orange County
- B-7 West Orange County Sub Area
- B-8 North Orange County Sub Area
- B-9 South Orange County Sub Area

Table B-6
Orange County Ancestry: 2009-2013

Ancestry	Urban County Total	Percent	Balance of Orange County	Percent	Total Orange County	Percent
German	78,137	11.8%	227,767	8.0%	305,904	8.7%
Irish	57,250	8.6%	175,932	6.2%	233,182	6.7%
English	56,275	8.5%	164,466	5.8%	220,741	6.3%
Italian	32,104	4.8%	97,507	3.4%	129,611	3.7%
American	21,326	3.2%	91,225	3.2%	112,551	3.2%
French (except Basque)	16,670	2.5%	47,545	1.7%	64,215	1.8%
Polish	12,825	1.9%	36,856	1.3%	49,681	1.4%
Scottish	11,871	1.8%	35,088	1.2%	46,959	1.3%
Swedish	10,461	1.6%	29,860	1.1%	40,321	1.2%
Dutch	9,717	1.5%	26,748	0.9%	36,465	1.0%
Norwegian	8,890	1.3%	28,261	1.0%	37,151	1.1%
European	8,406	1.3%	33,137	1.2%	41,543	1.2%
Iranian	7,711	1.2%	26,935	0.9%	34,646	1.0%
Russian	7,519	1.1%	23,360	0.8%	30,879	0.9%
Other Groups (Identified)	63,202	9.5%	210,681	7.4%	273,883	7.8%
Other Groups (Not Identified)	260,605	39.3%	1,587,051	55.8%	1,847,656	52.7%
Total	662,969	100.0%	2,842,419	100.0%	3,505,388	100.0%

Source: American FactFinder, 2009-2013 American Community Survey 5-Year Estimates Table B04003 Total Ancestry Reported. Note: Sunset Beach CPD is based in 2007-2011 ACS 5-year Estimates.

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Table B-7
West Orange County Ancestry: 2009-2013

Ancestry	West Orange County								
	Cypress	La Palma	Los Alamitos	Midway City CDP	Rossmore CDP	Seal Beach	Stanton	Sunset Beach CDP	Subtotal
German	4,505	1,157	1,711	620	2,004	4,143	1,723	162	16,025
Irish	4,615	912	1,377	162	1,575	3,535	1,664	239	14,079
English	3,431	1,068	1,079	289	1,591	3,284	1,153	120	12,015
Italian	2,017	544	617	104	793	2,048	685	368	7,176
American	1,111	450	253	304	373	922	879	34	4,326
French (except Basque)	1,236	393	441	137	352	1,072	333	43	4,007
Polish	670	223	318	135	431	736	268	89	2,870
Scottish	672	113	123	50	381	863	326	32	2,560
Swedish	638	90	167	37	231	557	217	16	1,953
Dutch	753	118	169	76	236	603	172	45	2,172
Norwegian	544	100	248	23	300	527	79	0	1,821
European	421	54	175	34	339	282	140	62	1,507
Iranian	223	61	0	42	53	78	0	0	457
Russian	607	20	145	56	345	424	61	17	1,675
Other Groups (Identified)	4,759	1,173	1,146	440	1,654	3,931	1,703	372	15,178
Other Groups (Not Identified)	30,086	11,133	6,588	7,505	3,315	8,113	30,226	229	97,195
Total	56,288	17,609	14,557	10,014	13,973	31,118	39,629	1,828	185,016

Source: American FactFinder, 2009-2013 American Community Survey 5-Year Estimates Table B04003 Total Ancestry Reported. Note: Sunset Beach CPD is based in 2007-2011 ACS 5-year Estimates.

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Table B-8
North Orange County Ancestry: 2009-2013

Ancestry	North Orange County					
	Brea	North Tustin CDP	Placentia	Villa Park	Yorba Linda	Subtotal
German	6,504	4,543	6,220	1,161	10,935	29,363
Irish	3,530	2,853	4,465	525	6,991	18,364
English	3,964	3,916	3,898	732	7,610	20,120
Italian	1,855	1,403	2,436	429	4,041	10,164
American	1,476	1,882	2,034	313	3,306	9,011
French (except Basque)	1,336	754	1,032	106	2,348	5,576
Polish	803	796	937	121	1,585	4,242
Scottish	620	702	686	178	1,420	3,606
Swedish	718	544	706	106	1,585	3,659
Dutch	811	516	785	164	1,471	3,747
Norwegian	705	722	681	130	1,011	3,249
European	349	552	726	203	786	2,616
Iranian	286	492	364	28	974	2,144
Russian	366	325	482	214	889	2,276
Other Groups (Identified)	3,915	3,715	4,200	850	7,297	19,977
Other Groups (Not Identified)	21,990	9,477	30,512	2,148	28,389	92,516
Total	49,228	33,192	60,164	7,408	80,638	230,630

Source: American FactFinder, 2009-2013 American Community Survey 5-Year Estimates Table B04003 Total Ancestry Reported.

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Table B-9
South Orange County Ancestry: 2009-2013

Ancestry	South Orange County								
	Aliso Viejo	Coto de Caza CDP	Dana Point	Ladera Ranch CDP	Laguna Beach	Laguna Hills	Laguna Woods	Las Flores CDP	Subtotal
German	6,555	2,613	5,929	4,802	4,698	4,755	2,363	1,034	32,749
Irish	5,866	2,274	4,866	3,090	2,734	3,733	1,590	654	24,807
English	4,485	1,660	5,129	2,964	3,750	2,964	2,353	835	24,140
Italian	3,324	1,742	3,008	1,719	1,695	1,853	1,007	416	14,764
American	1,833	909	1,302	643	875	1,047	1,236	144	7,989
French (except Basque)	1,390	572	1,672	925	1,062	682	649	135	7,087
Polish	1,233	478	749	950	650	913	630	110	5,713
Scottish	875	359	1,121	1,038	1,101	641	370	200	5,705
Swedish	777	299	1,107	1,131	702	503	318	12	4,849
Dutch	531	293	369	803	769	411	480	142	3,798
Norwegian	609	456	687	1,059	496	209	235	69	3,820
European	829	561	815	438	527	478	397	238	4,283
Iranian	2,113	223	297	475	245	1,251	328	178	5,110
Russian	688	235	605	123	487	510	823	97	3,568
Other Groups (Identified)	6,624	3,025	4,627	3,091	4,179	3,261	2,059	1,181	28,047
Other Groups (Not Identified)	22,043	3,967	10,371	8,377	5,151	13,729	4,269	2,987	70,894
Total	59,775	19,666	42,654	31,628	29,121	36,940	19,107	8,432	247,323

Source: American FactFinder, 2009-2013 American Community Survey 5-Year Estimates Table B04003 Total Ancestry Reported.

G. DISABILITY

1. Definitions

a. Disability, Major Life Activities and Impairments

California's Fair Employment and Housing Act prohibits discrimination in all aspects of housing (rental, lease, terms and conditions, etc.) because of a person's disability. Disability is defined as:



- A physical or mental impairment that limits one or more of a person's major life activities.
- A record of having, or being perceived as having, a physical or mental impairment. It does not include current illegal use of, or addiction to, a controlled substance (as defined by Section 102 of the Federal Controlled Substance Act, 21 U.S.C. Sec. 802).

Section 802(h) of the Federal Fair Housing Act, as amended, defines handicap/disability generally in the same manner except states "substantially limits" whereas California law states "limits."

"Major life activities," according to California law, "shall be broadly construed and includes physical, mental, and social activities and working."

In general, according to HUD, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and mental retardation that substantially limits one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.

b. Guide, Signal or Service Dogs and Companion Animals

Persons with disabilities have the right to use the services of a guide, signal or service dog or other such designated animal and to keep such animals in or around their dwellings. Disabled persons also have the right to have a companion animal. Landlords may reasonably regulate the presence of the animals on their premises but may not impose any extra charges or security deposits. Tenants, however, are liable for any damage caused by their animals when proof of such damage exists.

c. Reasonable Accommodation

At the request of a person with a disability, a housing provider must make reasonable accommodations in rules, policies, practices or services when these accommodations may be necessary to afford a disabled person equal opportunity to use and enjoy a dwelling. This includes, but is not limited to:

- Making an exception to a "no pet" policy to enable a disabled tenant to have a service animal
- Changing parking rules to enable a disabled tenant to have parking that meets his/her needs

APPENDIX B**FAIR HOUSING PROTECTED CLASSES**

A housing provider may ask a tenant for medical verification of the need for reasonable accommodation. This is limited to verification that the person is disabled within the meaning of the law and that there is a need for the requested accommodation. However, the housing provider is not entitled to any information about the nature of the disability.

d. Reasonable Modification

A housing provider must allow a person with a disability to reasonably modify existing premises if the modifications are necessary to afford the disabled person full enjoyment of the premises. The tenant is responsible for the cost of the modification. In some circumstances, a landlord may require that the tenant agree to restore the interior of the premises to the original condition. Examples of reasonable modifications include:

- Widening doorways
- Lowering cabinets
- Installing a wheelchair ramp

2. Examples of Discriminatory Practices

The FHA broadly prohibits discrimination in housing because of disability, including failure or refusal to rent or a failure to negotiate for the sale or rental of housing, discrimination in the terms or conditions of housing or in facilities or services that are associated with housing, and false representations about whether a unit is available.

It is unlawful for a housing provider to refuse to rent or sell to a person simply because of a disability. A housing provider may not impose different application or qualification criteria, rental fees or sales prices, and rental or sales terms or conditions than those required of or provided to persons who are not disabled. For example: a housing provider may not refuse to rent to an otherwise qualified individual with a mental disability because s/he is uncomfortable with the individual's disability. Such an act would violate the Fair Housing Act because it denies a person housing solely on the basis of their disability.

People with disabilities, like other groups protected under the Fair Housing Act, should not be treated differently when seeking housing. Even if there is no explicit reference to disability, providing different treatment to people who have disabilities than to non-disabled people constitutes discrimination. Different treatment can occur at many points during an effort to seek housing. Examples include:

- A landlord may give applicants with disabilities different information about the availability of advertised housing units than the landlord may give to persons without disabilities.
- A housing provider may not offer persons with disabilities the same opportunities as persons without disabilities to inspect advertised or available units.
- A rental agent may steer applicants with disabilities to different units, floors, or buildings than applicants without disabilities.
- A housing provider may charge or require different rental rates, deposits, application fees, types of insurance, and credit check charges to persons with disabilities than the housing provider charges to persons without disabilities.
- An agent discourages applicants with disabilities, by not returning telephone calls, making follow up contacts, inviting the applicants to complete an application, or

offering waiting list opportunities while encouraging applicants without disabilities by these methods.

Source: The Urban Institute, *Discrimination Against Persons with Disabilities: Testing Guidance for Practitioners*, July 2005, pages 7 and 8

3. Housing Discrimination Complaints on the Basis of Disability

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State DFEH. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. "Disability" was the basis for almost 28% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County's complainants. "Disability" was the basis for almost 36% of all bases made by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD's San Francisco Regional Office. "Disability" was the basis for nearly almost 36% of all the bases mentioned in complaints by Urban County residents.

4. Households with a Disabled Person or Persons

Table B-10 lists the number of households with one or more members having a disability. Twenty-two percent of all households living in the three Urban County sub-areas have one or more disabled member (43,834/199,418). The vast majority (86%) of households have one disabled member. However, 14% of all households have two or more disabled members.

Cities with 4,000 or more households with a disabled member include:

- Seal Beach
- Placentia
- Yorba Linda
- Laguna Woods

In Laguna Woods and Seal Beach, 91% and 62% of all householders are 60 years of age or older, respectively.

Table B-11 lists the households with a disabled member as a percentage of all households. Cities with a youthful population will tend to have a lower percentage compared to communities with a predominantly elderly population. The communities with a relatively high percentage of households with a disabled member include:

- Midway City CDP
- Seal Beach
- Villa Park
- Laguna Woods

APPENDIX B**FAIR HOUSING PROTECTED CLASSES**

Table B-10
Urban County
Number of Households with a Disabled Person or Persons: 2010

City/Sub-Area	Number of Households						
	Total Persons with a Disability	With 1 Person with 1 or More Disabilities	With 2 Persons with 1 or More Disabilities	With 3 Persons with 1 or More Disabilities	With 4 Person with 1 or More Disabilities	With 5 Person with 1 or More Disabilities	Total Households with a Disabled Person(s)
Percentage	100.0%	86.0%	12.7%	1.0%	0.2%	0.1%	
West Orange County							
Cypress	3,982	3,425	253	13	2	1	3,693
La Palma	1,310	1,127	83	4	1	0	1,215
Los Alamitos	972	836	62	3	0	0	902
Midway City CDP	1,116	960	71	4	1	0	1,035
Rossmoor CDP	1,116	960	71	4	1	0	1,035
Seal Beach	4,724	4,063	300	16	2	1	4,382
Stanton	3,229	2,777	205	11	2	1	2,995
Sunset Beach CDP	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	16,449	14,146	1,045	55	8	3	15,257
North Orange County							
Brea	3,318	2,853	211	11	2	1	3,078
North Tustin CDP	2,568	2,208	163	9	1	1	2,382
Placentia	4,444	3,822	282	15	2	1	4,122
Villa Park	642	552	41	2	0	0	595
Yorba Linda	4,641	3,991	295	15	2	1	4,305
Subtotal	15,613	13,427	991	52	8	3	14,482
South Orange County							
Aliso Viejo	2,080	1,789	132	7	1	0	1,929
Coto de Caza CDP	642	552	41	2	0	0	595
Dana Point	2,629	2,261	167	9	1	1	2,438
Ladera Ranch CDP	875	753	56	3	0	0	812
Laguna Beach	1,524	1,311	97	5	1	0	1,414
Laguna Hills	2,508	2,157	159	8	1	1	2,326
Laguna Woods	4,710	4,051	299	16	2	1	4,369
Las Flores CDP	229	197	15	1	0	0	212
Subtotal	15,197	13,069	965	51	8	3	14,096
Total	47,259	40,643	3,001	158	24	9	43,834

Source: American FactFinder, American Community Survey 2009-2013 5-Year Estimates, Table S1810 Disability Characteristics. Econometrica, Inc., Disability Variables in the American Housing Survey, November 2011, pages 13-14, prepared for the U.S. Department of Housing and Urban Development, Office of Policy Development & Research (This source was used to estimate the number of households with a disabled member and the percent of households with 1, 2, 3 or more persons with a disability)

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Table B-11
Urban County
Number and Percent of Households with a Disabled Person or Persons: 2010

City/Sub-Area	Total Households with a Disability	Total Households	Percent of Households with a Disability
West Orange County			
Cypress	3,693	15,873	23.3%
La Palma	1,215	5,038	24.1%
Los Alamitos	902	4,030	22.4%
Midway City CDP	1,035	2,709	38.2%
Rossmoor CDP	1,035	3,881	26.7%
Seal Beach	4,382	12,577	34.8%
Stanton	2,995	11,665	25.7%
Sunset Beach CDP	N/A	677	N/A
Subtotal	15,257	56,450	27.0%
North Orange County			
Brea	3,078	14,101	21.8%
North Tustin CDP	2,382	8,876	26.8%
Placentia	4,122	16,032	25.7%
Villa Park	595	1,909	31.2%
Yorba Linda	4,305	21,880	19.7%
Subtotal	14,482	62,798	23.1%
South Orange County			
Aliso Viejo	1,929	18,569	10.4%
Coto de Caza CDP	595	4,843	12.3%
Dana Point	2,438	14,450	16.9%
Ladera Ranch CDP	812	7,382	11.0%
Laguna Beach	1,414	11,034	12.8%
Laguna Hills	2,326	10,474	22.2%
Laguna Woods	4,369	11,371	38.4%
Las Flores CDP	212	2,047	10.4%
Subtotal	14,096	80,170	17.6%
Total	43,835	199,418	22.0%

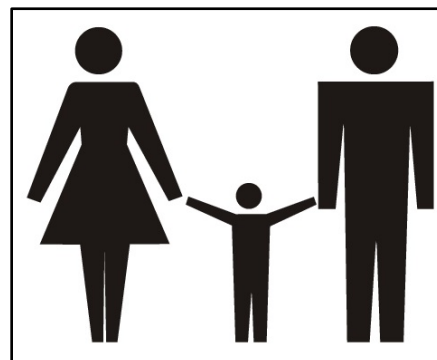
Source: Tables B-10 and B-3

H. FAMILIAL STATUS

1. Definitions

According to Section 802(k) of the Fair Housing Act, as amended, "familial status" means one or more individuals (who have not attained the age of 18 years) being domiciled with--

- (1) a parent or another person having legal custody of such individual or individuals; or
- (2) the designee of such parent or other person having such custody, with the written permission of such parent or other person.



The protections afforded against discrimination on the basis of familial status shall apply to any person who is pregnant or is in the process of securing legal custody of any individual who has not attained the age of 18 years.

In addition to expanding the number of protected classes and creating new enforcement procedures, the 1988 amendments to the Fair Housing Act also created an exemption to the provisions barring discrimination on the basis of familial status for those housing developments that qualified as housing for persons age 55 or older.

The Housing for Older Persons Act of 1995 (HOPA) makes several changes to the 55 and older exemption. First, it eliminates the requirement that 55 and older housing have "significant facilities and services" designed for the elderly. Second, HOPA establishes a "good faith reliance" immunity from damages for persons who in good faith believe that the 55 and older exemption applies to a particular property, if they do not actually know that the property is not eligible for the exemption and if the property has formally stated in writing that it qualifies for the exemption.

HOPA retains the requirement that housing must have one person who is 55 years of age or older living in at least 80% of its occupied units. It also still requires that the housing provider publish and follow policies and procedures that demonstrate an intent to be housing for persons 55 and older (rather than housing for adults or for singles, for example).

An exempt property will not violate the Fair Housing Act if it excludes families with children, but it does not have to do so. Of course, the property must meet the Act's requirements that at least 80% of its occupied units have at least one occupant who is 55 or older, and that it publish and follow policies and procedures which demonstrate an intent to be 55 and older housing.

2. Examples of Discriminatory Practices

The Fair Housing Act, with some exceptions, prohibits discrimination in housing against families with children under 18. In addition to prohibiting an outright denial of housing to families with children, the Act also prevents housing providers from imposing any special requirements or conditions on tenants with custody of children. For example, landlords may not locate families with children in any single portion of a complex, place an unreasonable restriction on the total number of persons who may reside in a dwelling, or limit their access to recreational services provided to other tenants. In most instances, the amended Fair Housing

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Act prohibits a housing provider from refusing to rent or sell to families with children. However, some facilities may be designated as Housing for Older Persons (55 years of age). This type of housing, which meets the standards set forth in the Housing for Older Persons Act of 1995, may operate as "senior" housing. The Department of Housing and Urban Development (HUD) has published regulations and additional guidance detailing these statutory requirements.

The FHA's familial status protection is broad. For example:

- **The FHA protects families with children even if the children aren't living with their biological parents.** Children may live with a biological parent, stepparent, foster parent, grandparent, or any other adult who has legal custody of them. In addition, if a child is living with someone whom a parent or legal custodian has designated in writing, then such a household is also protected against familial status discrimination.
- **The marital status of adult tenants is irrelevant.** As far as familial status protection is concerned under the FHA, it makes no difference if the adult members of the family are married, divorced, single, widowed, or separated. So, for example, a single father with one child is protected just as much as a married couple with three children.
- **Children must be under 18 years old.** The FHA doesn't simply protect people who happen to be living with their children. For familial status protection to apply, the law requires that there be at least one person in a household under 18 years old. So, for example, a couple who's looking to rent an apartment with their 18-year-old son isn't protected (even if the son is still a high school student). Similarly, a couple who starts renting an apartment with a child when he's 17 years old will lose familial status protection on the child's 18th birthday.
- **Children don't have to be part of a household yet.** Tenants are also protected against familial status discrimination if they're expecting a child to become part of their household. So, landlords can't discriminate against tenants because they're pregnant or in the process of adopting a child.

3. Housing Discrimination Complaints on the Basis of Familial Status

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State DFEH. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. "Familial status" was the basis for almost 10% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County's complainants. "Familial status" was the basis for 10.5% of all bases made by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD's San Francisco Regional Office. "Familial status" was the basis for almost 23% of all bases mentioned by Urban County residents.

4. Households with Children

Table B-12 shows the number of households with children less than 18 years of age. Less than one third of Urban County households (65,934/208,799) have children less than 18 years of age. The overwhelming majority of households with children are married couples (53,005/65,934). In only two communities does the majority have households have children less than 18 years of age: Ladera Ranch CDP (59%) and Las Flores CDP (58%). Almost one-half of the Coto de Caza households have children.

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Table B-12
Urban County
Households with Own Children Under 18 Years: 2009-2013

City/Sub-Area	Married-couple family	Male householder, no wife present	Female householder, no husband present	Total Households with own children	Total Households
West Orange County					
Cypress	4,503	443	789	5,735	15,873
La Palma	1,238	107	218	1,563	5,038
Los Alamitos	1,015	105	376	1,496	4,030
Midway City CDP	660	17	240	917	2,709
Rossmoor CDP	1,186	30	208	1,424	3,881
Seal Beach	1,336	74	206	1,616	12,577
Stanton	3,026	345	1,157	4,528	11,665
Sunset Beach CDP	76	16	35	127	677
Subtotal	13,040	1,137	3,229	17,406	56,450
North Orange County					
Brea	3,622	138	747	4,507	14,101
North Tustin CDP	2,629	70	85	2,784	8,876
Placentia	4,148	342	999	5,489	16,032
Villa Park	475	42	20	537	1,909
Yorba Linda	6,828	386	699	7,913	21,880
Subtotal	17,702	978	2,550	21,230	62,798
South Orange County					
Aliso Viejo	5,690	356	992	7,038	18,569
Coto de Caza CDP	2,126	70	169	2,365	4,843
Dana Point	2,336	397	578	3,311	14,450
Ladera Ranch CDP	4,038	137	199	4,374	7,382
Laguna Beach	1,800	209	429	2,438	11,034
Laguna Hills	2,726	220	296	3,242	10,474
Laguna Woods	0	0	29	29	11,371
Las Flores CDP	923	12	259	1,194	2,047
Subtotal	19,639	1,401	2,951	23,991	80,170
Balance of Unincorporated Orange County	2,624	198	485	3,307	9,381
Urban County Total	53,005	3,714	9,215	65,934	208,799
Balance of Orange County	199,526	18,501	49,722	267,749	786,713
Orange County Total	252,531	22,215	58,937	333,683	995,512

Source: American FactFinder, 2009-2013 American Community Survey 5-Year Estimates Table S1101 Households and Families. Note: Sunset Beach CPD is based in 2007-2011 ACS 5-year Estimates and Unincorporated Orange County is based on Census 2010 DP-1 Profile.

I. MARITAL STATUS

1. Definitions

Generally speaking, marital status refers to being single, married, divorced or widowed. The applicable state regulation defines marital status as “(a)n individual’s state of marriage, non-marriage, divorce or dissolution, separation, widowhood, annulment, or other marital state.”

2 Cal.C.Reg. §7292.1(a)

2. Examples of Discriminatory Practices

An illegal discriminatory practice is an on-site property manager not allowing an unmarried couple to rent an apartment. According to Government Code Section 12955(n) it is illegal -

To use a financial or income standard in the rental of housing that fails to account for the aggregate income of persons residing together or proposing to reside together on the same basis as the aggregate income of married persons residing together or proposing to reside together.

3. Housing Discrimination Complaints on the Basis of Marital Status

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State Department of Fair Employment and Housing. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. “Marital status” was the basis for 2.5% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County’s complainants. “Marital status” was the basis for almost 4% of all bases made by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD’s San Francisco Regional Office. “Marital status” was not mentioned as a basis in the complaints by Urban County residents.

4. Marital Status Data

Household marital status data was obtained from the 2010 Census on four household types:

- **Married-Couple Family** – A family in which the householder and his or her spouse are listed as members of the same household.
- **Male Householder, No Wife Present** – A family with a male householder and no spouse of householder present.
- **Female Householder, No Husband Present** – A family with a female householder and no spouse of householder present.
- **Non-family household** – A group of unrelated persons living together or one person living alone.

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A family consists of a householder and one or more other people living in the same household who are *related* to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family.

Family households and married-couple families include same-sex married couples, beginning with the 2013 data, according to the ACS.

Although male and female householders are not married, they could be widowed, divorced, separated, or never married.

Approximately 54% of Orange County's almost 1 million households are "married couple families," according to the 2009-2013 American Community Survey. "Non-family" households comprised 28% of Orange County households. Male and female householders together comprised almost 18% of all households. Refer to Table B-13.

In almost all communities, married couple families constitute the majority of all households. There are exceptions to this pattern, however. In the following communities, married couple households comprise less than a majority of all the households:

- West Orange County: Midway City CDP and the cities of Seal Beach and Stanton
- South Orange County: cities of Dana Point, Laguna Beach and Laguna Woods

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Table B-13
Urban County
Marital Status: 2009-2013

City/Sub-Area	Married-couple family	Male householder, no wife present	Female householder, no husband present	Non-Family Households	Total Households
West Orange County					
Cypress	9,558	932	2,182	3,201	15,873
La Palma	3,231	277	634	896	5,038
Los Alamitos	2,162	142	687	1,039	4,030
Midway City CDP	1,343	151	418	797	2,709
Rossmoor CDP	2,730	73	403	675	3,881
Seal Beach	5,072	249	597	6,659	12,577
Stanton	5,463	1,042	1,979	3,181	11,665
Sunset Beach CDP	212	33	35	397	677
Subtotal	29,771	2,899	6,935	16,845	56,450
North Orange County					
Brea	7,904	312	1,790	4,095	14,101
North Tustin CDP	6,412	258	537	1,669	8,876
Placentia	9,345	846	2,031	3,810	16,032
Villa Park	1,565	87	81	176	1,909
Yorba Linda	15,392	734	1,680	4,074	21,880
Subtotal	40,618	2,237	6,119	13,824	62,798
South Orange County					
Aliso Viejo	9,662	777	1,799	6,331	18,569
Coto de Caza CDP	3,968	190	226	459	4,843
Dana Point	6,860	692	1,121	5,777	14,450
Ladera Ranch CDP	5,325	190	373	1,494	7,382
Laguna Beach	4,828	346	653	5,207	11,034
Laguna Hills	6,484	490	854	2,646	10,474
Laguna Woods	3,289	144	349	7,589	11,371
Las Flores CDP	1,303	66	295	383	2,047
Subtotal	41,719	2,895	5,670	29,886	80,170
Remainder of Unincorporated Orange County	5,603	611	1,171	1,996	9,381
Urban County Total	58,169	2,844	6,025	28,861	208,799
Balance of Orange County	481,939	51,294	112,482	253,898	786,713
Orange County Total	540,108	54,138	118,507	282,759	995,512

Source: American FactFinder, 2009-2013 American Community Survey 5-Year Estimates Table DP02 Selected Social Characteristics. Note: Sunset Beach CPD is based in 2007-2011 ACS 5-year Estimates and Unincorporated Orange County is based on Census 2010 DP-1 Profile.

J. SOURCE OF INCOME

1. Definitions

According to California Government Code Section 12955(p)(1):

Source of income' is defined as 'lawful, verifiable income paid directly to a tenant or paid to a representative of a tenant. For purposes of this section, a landlord is not considered a representative of a tenant.

California Government Code Section 12921(b) states:

The opportunity to seek, obtain, and hold housing without discrimination because of source of income or any other basis prohibited by Section 51 of the Civil Code is hereby recognized as and declared to be a civil right.

For purposes of the FEHA, it shall not constitute discrimination based on source of income to make a written or oral inquiry concerning the level or source of income.

2. Examples of Discriminatory Practices

Source of income discrimination applies to landlords, real estate brokers, home sellers, mortgage companies, and banks.

Most source of income discrimination is experienced by renters receiving Section 8 rental assistance.

Source: Poverty & Race Research Action Council, *Expanding Choice: Practical Strategies for Building a Successful Housing Mobility Program*, Appendix B: State, Local, and Federal Laws Barring Source-of-Income Discrimination, September 2015, 52 pages

Often, newspapers publish for rent ads stating “No Section 8.”

Sabi v. Sterling, (2010) 183 C.A.4th 916, 933, 939, 107 C.R.3d 805 held that government assistance payments paid to a landlord under the program known as “Section 8” are not part of a tenant's income for purposes of Government Code Section 12955, and *a landlord's refusal to participate in the program does not constitute source of income discrimination*.

The State Department of Fair Employment and Housing also has held that landlords are not required to accept Section 8 housing choice vouchers under the "source of income" discrimination prohibitions. Moreover, even if a landlord accepts a section 8 voucher, a tenant must meet other requirements for tenancy and have the financial resources to pay any rental amounts not covered by a voucher.

Several California cities, however, have adopted ordinances barring Section 8 voucher discrimination - Los Angeles, San Francisco, East Palo Alto, Corte Madera, and Woodland. The Corte Madera ordinance states:

It is unlawful for the owner or manager of rental housing to discriminate against an existing tenant on the basis of that tenant's use of a Section 8 rent subsidy. It is a violation of this prohibition for a property owner or manager to refuse to accept a

Section 8 rent subsidy for which an existing tenant qualifies, or to terminate the tenancy of an existing tenant based on the property owner's or manager's refusal to participate in a Section 8 rent subsidy program for which an existing tenant has qualified.

3. Housing Discrimination Complaints on the Basis of Source of Income

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State DFEH. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. "Source of income" was the basis for 4.2% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County's complainants. "Source of income" was the basis for 4% of all bases made by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD's San Francisco Regional Office. "Source of income" was not mentioned as a basis in the complaints by Urban County residents.

4. Data on Source of Income

Table B-14 shows various sources of income or benefits for all households residing in the Urban County. Data are available on social security income, retirement income, supplemental SSI, public assistance, food stamps and Section 8 rental assistance. It is not known which specific source of income is the basis for the complaints filed with the State DFEH.

The standard Apartment Owners Association (AOA) rental application form asks for employer information and income per month. The applicant is not requested to supply information on source of income other than employment. The standard California Association of REALTORS (CAR) rental application form requests information on employer, gross income, and other income and its source.

Table B-14
Urban County
Household Income and Benefits: 2013

City/Sub Area	Social Security		Retirement Income		Supplemental Security Income		Cash Public Assistance		Food Stamps/SNAP Benefits	Section 8
	Number of Households	Mean Income	Number of Households	Mean Income	Number of Households	Mean Income	Number of Households	Mean Income	Number of Households	Number of Households
West Orange County										
Cypress	4,530	\$17,975	2,804	\$28,565	519	\$10,518	623	\$5,014	465	109
La Palma	1,570	\$19,273	993	\$35,585	316	\$11,254	180	\$6,221	162	60
Los Alamitos	986	\$18,302	763	\$28,524	86	\$12,697	62	\$5,319	198	13
Midway City CDP	634	\$16,951	229	\$15,190	463	\$9,694	103	\$5,820	190	326
Rossmoor CDP	1,341	\$20,171	1,033	\$33,897	52	\$10,954	26	\$8,238	9	0
Seal Beach	6,663	\$17,147	3,593	\$31,292	457	\$10,661	87	\$8,514	75	6
Stanton	2,884	\$14,733	1,423	\$17,695	641	\$10,119	397	\$4,726	1,330	486
Sunset Beach CDP	112	\$11,031	77	\$32,936	0	N/A	5	N/A	0	1
Subtotal	18,720		10,915		2,534		1,483		2,429	1,001
North Orange County										
Brea	3,597	\$19,200	2,463	\$27,968	561	\$9,796	273	\$4,096	384	143
North Tustin CDP	3,166	\$20,619	1,815	\$45,530	225	\$11,565	51	\$7,247	147	0
Placentia	4,593	\$18,459	2,844	\$24,499	767	\$9,115	422	\$6,027	896	152
Villa Park	826	\$25,126	383	\$40,866	63	\$9,616	23	\$20,126	24	0
Yorba Linda	5,990	\$19,501	4,036	\$33,695	584	\$9,543	196	\$5,948	307	109
Subtotal	18,172		11,541		2,200		965		1,758	404
South Orange County										
Aliso Viejo	2,024	\$16,643	1,267	\$26,263	480	\$10,293	334	\$8,548	324	65
Coto de Caza CDP	867	\$22,746	484	\$48,543	120	\$8,011	65	\$3,951	25	0
Dana Point	3,972	\$19,104	2,458	\$35,211	275	\$14,007	282	\$7,301	364	42
Ladera Ranch CDP	637	\$15,809	455	\$34,718	163	\$13,171	124	\$11,258	47	39
Laguna Beach	2,966	\$18,640	1,897	\$42,601	218	\$14,745	129	\$12,495	141	26
Laguna Hills	2,634	\$18,963	1,303	\$26,727	330	\$10,967	172	\$9,001	124	19

Table B-14 continued
Urban County
Household Income and Benefits – 2013

City/Sub Area	Social Security		Retirement Income		Supplemental Security Income		Cash Public Assistance		Food Stamps/SNAP Benefits	Section 8
	Number of Households	Mean Income	Number of Households	Mean Income	Number of Households	Mean Income	Number of Households	Mean Income	Number of Households	Number of Households
South Orange County Continued										
Laguna Woods	9,100	\$18,100	4,392	\$28,003	398	\$9,051	114	\$4,851	126	91
Las Flores CDP	183	\$17,157	108	\$35,392	8	\$5,588	35	\$2,877	15	0
Subtotal	22,383		12,364		1,992		1,255		1,166	282
Urban County Total	59,275		34,820		6,726		3,703		5,353	1,687

Note: There are four Section 8 vouchers allocated to unincorporated Orange County.

Source: American FactFinder, 2009-2013 American Community Survey 5-Year Estimates, Table DP03: Selected Economic Characteristics. Note: Sunset Beach CPD is based in 2007-2011 ACS 5-year Estimates.

APPENDIX B

K. SEXUAL ORIENTATION

1. Definitions

The FEHA (Government Code Section 12926(s)) defines sexual orientation as heterosexuality, homosexuality, and bisexuality.



According to the Orange County Behavioral Health Services:

Sexual orientation means how you are attracted romantically and sexually to other people. There are different kinds of sexual orientation. A person can be:

- Heterosexual—attracted only or almost only to the other gender.
- Homosexual (gay or lesbian)—attracted only or almost only to the same gender.
- Bisexual—attracted to both men and women, though not necessarily as strongly or at the same time.
- Asexual—not attracted to either gender. This is different from deciding not to have sex with anyone (abstinence or celibacy).

Scientists can't say yet why a person is gay, lesbian, bisexual, or heterosexual. Most people feel that their sexual orientation is not a matter of choice: it's just part of who they are.

Many people discover more about this part of themselves over time. For example, some girls and boys date heterosexually in high school then find later on that they are really more comfortable, romantically and sexually, with members of their own gender.

You may hear many different words and phrases about homosexuality and sexual orientation. Here are some definitions:

- **Ally:** A heterosexual person who fully accepts and supports his or her LGBT friends or family members. An ally recognizes the equality of people of all sexual orientations and gender identities.
- **Bi:** A short, informal way of saying "bisexual."
- **Gay:** A man who is homosexual. "Gay" is sometimes used to refer to both men and women who are homosexual.
- **Gender identity:** Your internal sense of whether you are male or female. This may not be the same as your physical sex.
- **In the closet:** A person who realizes that she or he is gay and keeps this a secret is "in the closet" or "closeted."
- **Lesbian:** A woman who is homosexual.
- **LGBT:** Popular shorthand for "Lesbian, Gay, Bisexual, Transgender." Often seen as "GLBT." Sometimes a "Q" is added (LGBTQ), for "queer" or "questioning." A person who is "questioning" is one who isn't sure about his or her sexual orientation or gender identity.
- **Queer:** A word meaning "not heterosexual." Some gay people are offended by the word. But many people have reclaimed the word as a way of saying that they are open about their sexual orientation.
- **Straight:** Heterosexual.

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- **Transgender:** People who don't feel that their gender identity fully "matches" their physical sex or other body characteristics, or who feel different from most other people of their physical sex in some significant way, sometimes call themselves transgender. This is a very general term. There are many ways to be transgender.
- **Transsexual:** People who use medical treatments, such as hormone medicine or surgery, to make their bodies match their gender identity.

2. Examples of Discriminatory Practices

The federal Fair Housing Act prohibits housing discrimination based on race, color, national origin, religion, sex, disability, and familial status (i.e., presence of children in the household). The Fair Housing Act does not specifically include sexual orientation and gender identity as prohibited bases. However, a lesbian, gay, bisexual, or transgender (LGBT) person's experience with sexual orientation or gender identity housing discrimination may still be covered by the Fair Housing Act. In addition, housing providers that receive HUD funding, have loans insured by the Federal Housing Administration (FHA), as well as lenders insured by FHA, may be subject to HUD program regulations intended to ensure equal access of LGBT persons.

As HIV/AIDS disproportionately affects the LGBT community, it is important to note that HIV/AIDS is protected under the Fair Housing Act as a disability. Examples:

- A gay man is evicted because his landlord believes he will infect other tenants with HIV/AIDS. That situation may constitute illegal disability discrimination under the Fair Housing Act because the man is perceived to have a disability, HIV/AIDS.
- A property manager refuses to rent an apartment to a prospective tenant who is transgender. If the housing denial is because of the prospective tenant's non-conformity with gender stereotypes, it may constitute illegal discrimination on the basis of sex under the Fair Housing Act.
- An underwriter for an FHA insured loan is reviewing an application where two male incomes are being used as the basis for the applicants' credit worthiness. The underwriter assumes the applicants are a gay couple and, as a result, denies the application despite the applicants' credentials. This scenario may violate HUD regulations which prohibit FHA-insured lenders from taking actual or perceived sexual orientation into consideration in determining adequacy of an applicant's income.

3. Housing Discrimination Complaints on the Basis of Sexual Orientation

During the four year period between 2011 and 2014, 4,742 housing discrimination complaints were filed with State Department of Fair Employment and Housing. There were a total of 8,568 bases for these complaints or almost two bases per each complaint. "Sexual orientation" was the basis for 2.2% of all bases.

Between 2011 and 2014, the State received 266 complaints from Orange County residents. The DFEH does not have a breakdown of complainants by Urban County city or community. However, in the prior five years, residents of the Urban County comprised 20% of all the County's complainants. "Sex," which possibly could include "sexual orientation" was the basis for almost 8% of all bases made by Urban County residents.

Additional housing discrimination complaint data was obtained from the HUD's San Francisco Regional Office. "Sex" was the basis for almost 13% of the bases mentioned in the complaints by Urban County residents.

4. Data on Sexual Orientation

The share of the U.S. population that is LGBT is unknown. The PEW Research Center indicates that recent survey-based research reports have made estimates in the 3.5% to 5% range. However, all such estimates depend to some degree on the willingness of LGBT individuals to disclose their sexual orientation and gender identity, and research suggests that not everyone in this population is ready or willing to do so. Data on sexual orientation are unavailable for Orange County and the Urban County.

APPENDIX C

PRIVATE SECTOR IMPEDIMENTS ANALYSIS



APPENDIX C PRIVATE SECTOR IMPEDIMENTS ANALYSIS

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APPENDIX C

A. INTRODUCTION

Appendix C of the AI presents a discussion of 15 private sector practices that can create impediments to fair housing choice. Table C-1 lists the pages which discuss each prohibited practice and the actual or potential impediments to fair housing choice.

Table C-1
Urban County
Analysis of Impediments to Fair Housing Choice
Page References for Discussion of Private Sector Fair Housing Impediments

Fair Housing Impediment	Page References
C. Housing Discrimination	C-6-C-10
D. Exclusionary Racial Covenants	C -10 to C -11
E. Brokerage Services	C -11 to C -13
F. Steering	C -13 to C -14
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Q. Source of Income	C-79 to C-80

The private sector impediments are practices prohibited by the 1968 Federal Fair Housing Act, as amended, and the California Fair Employment and Housing Act. The format for presenting the information on each potential impediment includes:

- Background – an explanation of why a specific practice is prohibited and how it creates an impediment to fair housing choice.
- Analysis – a discussion of data, to the extent it is available, on the prohibited practice
- Conclusions and Recommendations – based on the available data, a brief explanation of whether an impediment to fair housing choice exists and, if appropriate, recommended actions that could be implemented by the Fair Housing Council of Orange County, the City's fair housing provider, during the five-year period from FY 2015-2016 through FY 2019-2020.

B. SUMMARY OF AI CONCLUSIONS AND RECOMMENDATIONS

1. Fair Housing Issues Found to Not Create Impediments to Fair Housing Choice

The analysis determined that no impediments to fair housing choice exist with regard to the following:

a. Exclusionary Racial Covenants

Restrictive covenants based on the State's protected classes are illegal. The office of the Orange County Recorder is responsible for implementing the procedures by which illegal restrictive covenants may be removed. No impediment to fair housing exists that needs to be addressed by the FHCOC as the discriminatory practice is illegal and the County Recorder is responsible to removing illegal restrictive covenants.

b. Brokerage Services

As defined by the 1968 Federal Fair Housing Act brokerage services pertain to having equal access to membership and participation in an Association of REALTORS and the MLS. The Pacific West Association of REALTORS (PWR) application process does not inquire about the characteristics of the applicant other than license status and experience. Approval of an application for PWR membership does not require a face-to-face interview. Therefore, there are no overt actions to prevent membership by individuals who belong to one or more of the protected classes.

c. Redlining

Redlining is –

Provid[ing] unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristic(s) of the *residents of the area* in which the credit seeker resides or will reside or in which the residential property to be mortgaged is located. [emphasis added]

Source: Interagency Fair Lending Examination Procedures

According to the Interagency Fair Lending Examination Procedures, an indicator of potential discriminatory redlining is:

Significant differences between approval/denial rates for all applicants (minority and non-minority) in areas with relatively high concentrations of minority group residents compared with areas with relatively low concentrations of minority residents.

The analysis compared the approval/denial rates for each census tract located in each sub-area. There were no significant differences in these rates in census tracts with relatively high concentrations of minority group residents compared to areas with relatively low concentrations of minority residents. Redlining was found not to be an impediment to fair housing choice within the Urban County.

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d. Blockbusting/Panic Selling

There is no evidence to indicate that blockbusting/panic selling has occurred in the Urban County in recent years. Consequently, there are no actions recommended for future implementation.

e. Gentrification

None of the Urban County neighborhoods were adversely impact by gentrification during the 2000-2010 decade. Furthermore, there are no plans by the cities or the County to gentrify low income neighborhoods. The analysis demonstrates that no impediment to fair housing choice exists with respect to gentrification.

f. Population Diversity

Undoubtedly, Orange County has least diverse neighborhoods where a majority-minority population resides. In the Urban County, however, the least diverse neighborhoods are comprised by a very high percentage of a White alone population. Currently, housing market forces are not at work to change the Urban County's least diverse neighborhoods to modestly diverse.

The Urban County's least diverse census tracts are majority-majority. Market forces are not likely to change these neighborhoods from least to modestly diverse neighborhoods. As these neighborhoods are essentially built out, there is, practically speaking, no opportunity to facilitate the development of affordable housing.

For the reasons provided by the analysis, there is no impediment to fair housing choice because there is no practical market forces or governmental efforts that would result in changing the neighborhoods from least to modestly diverse within the near term future of five to 10 years.

2. Fair Housing Issues Found to Create Impediments to Fair Housing Choice

The analysis included in the following pages demonstrates that the following private sector factors create impediments to fair housing choice:

a. Housing Discrimination:

Housing discrimination in the sales and rental markets was found to be an impediment to fair housing choice. The following actions will be taken by the County:

- Continue to allocate CDBG funding to the FHCOC so it can provide fair housing services which will include the processing of housing discrimination complaints and landlord/tenant counseling services. Often a landlord/tenant issue has as its basis a housing discrimination concern.
- Maintain community awareness of the FHCOC services by continuing to post on the County's web page links to the FHCOC and publication of newspaper display ads.
- Support the efforts of the FHCOC to develop and expand an education program for housing providers, community organizations, and the general public regarding housing discrimination, fair housing laws, and options available for individuals who have been victims of discrimination.

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b. Steering

Steering adversely impacts homebuyers and tenants and is, therefore, an impediment to fair housing choice. To mitigate this impediment, the FHCOC will:

- Offer as part of its home buyer counseling services examples of how to detect “steering” during the home search process and how to detect “loan steering.”
- Provide information to renters attending workshops on how to detect steering behavior by resident property managers.
- Add “steering” to the FHCOC categories of alleged housing discriminatory acts.

c. Appraisal Practices

Although it cannot be quantified, illegal discriminatory appraisal practices are an impediment to fair housing choice. To mitigate this impediment the FHCOC will:

- Add “how to read an appraisal report” to its homebuyer counseling services in order to 1) inform borrowers of their right to request the appraisal report and 2) provide information on the contents of the report and how to detect possible discriminatory practices.

d. Disparate Treatment in Loan Underwriting

An indicator of the existence of disparate treatment is when denial disparity ratios exceed 2 to 1. For example, disparate treatment is considered to have occurred when the Hispanic loan denial rate is twice as high as that of White, non-Hispanic loan applicants.

Despite using three years of HMDA data, the results are problematic insofar as being able to state unequivocally that there was in the *sub-areas* disparate treatment of FHA loan applicants. When the loan outcomes are examined for each racial/ethnic group by income in some cases the numbers are too small to reach definitive conclusions. The most representative finding probably is the one regarding all FHA loan applicants in the Urban County (3,005) which found that none of the racial and ethnic loan applicants experienced a loan denial rate twice as high as that of White, non-Hispanic loan applicants.

In the West Orange County Sub-Area, Hispanics experienced a loan denial rate at least twice as high as the White alone loan applicants. In the South Orange County Sub-Area, the Black loan applicants had a loan denial rate at least twice as high as the White alone loan applicants. However, there were very few Black loan applicants.

The analysis of HMDA data demonstrates that disparate treatment in loan underwriting adversely impacts Hispanic and Black loan applicants. To ameliorate this impediment to fair housing choice, the FHCOC will –

- Identify the lenders in the West and South Orange County Sub-Areas
- Transmit the findings of the AI and the lender information to HUD and the Consumer Financial Protection Bureau (CFPB)

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e. Insurance

The insurance analysis has determined that an impediment to fair housing exists because: 1) the California Association of REALTORS has found there is difficulty in obtaining affordable homeowners' insurance and 2) it is possible that some landlords could have a challenge in obtaining insurance at a reasonable cost if they rent to tenants with Section 8 vouchers.

The FHCOC will take the following action:

- Add "homeowners insurance" and "CLUE Reports" to its homebuyer counseling services
- Provide educational services to home buyers/borrowers so they understand the impact of CLUE Reports and can compare homeowner's premium rates.
- Inform landlords participating in the seminars and workshops of the enactment of AB 447

f. Property Management Practices

Discriminatory property management practices are an impediment to fair housing. The FHCOC will seek to ameliorate this impediment by –

- Addresses these illegal practices through educational seminars
- Processing of housing discrimination complaints made by in-place tenants and rental seekers
- Preparing a model template of written policies (i.e., service/companion animals, reasonable accommodations) and transmit the model template to the Apartment Owners Association

g. Discriminatory Advertising

Discriminatory advertising is an impediment to fair housing. Based on the research findings, the FHCOC will implement the following actions:

- Support efforts to amend the Communications Decency Act to extend the FHA's ban on discriminatory housing advertisements to online advertising.
- Submit a request to Craigslist that it publish a notice making it known that disabled renters may request that landlords accommodate their service or companion animal.
- Annually review ads published in the Orange County Register. Ads with discriminatory words or phrases should be investigated in more detail with follow-up enforcement actions, if necessary.
- Submit to the Orange County Register a request that it –
 - ✓ publish a Fair Housing Notice
 - ✓ include in the Fair Housing Notice a statement indicating that disabled renters may request the landlord to accommodate their service or companion animal
 - ✓ include within the Fair Housing Notice the contact information for the FHCOC

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h. Hate Crimes

Hate crimes committed at residences create an impediment to fair housing choice. To address this fair housing impediment

- The County of Orange Community Services, an agency who helps victims of domestic violence and hate crimes, will prepare a Hate Crime Victims Resource Directory
- When that Directory is completed it will be transmitted to the Human Relations Commission, Sheriff's Department, and city police departments

i. Source of Income

Holders of Section 8 vouchers sometimes cannot find landlords willing to rent to them. This impediment could be overcome by SB 1053 which would include Section 8 within the legal meaning of source of income. OCHA should consider supporting SB 1053.

C. HOUSING DISCRIMINATION

1. Background - Prohibited Housing Discriminatory Practices

Sections 804 (a), (b), and (d) of the 1968 Fair Housing Act, as amended, describes several prohibited housing discriminatory practices such as the following:

- (a) To refuse to *sell or rent* after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, familial status, or national origin. [Emphasis added]
- (b) To discriminate against any person in the *terms, conditions, or privileges* of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, religion, sex, familial status, or national origin. [Emphasis added]
- (d) To represent to any person because of race, color, religion, sex, handicap, familial status, or national origin that any dwelling is not available for inspection, sale, or rental when such dwelling is in fact so available.

The California Fair Employment and Housing Act (FEHA) prohibits unlawful practices similar to those that are described in the 1968 Federal Fair Housing Act, as amended. The State law expands the description of prohibited practices to "harassment," and to "harass, evict, or otherwise discriminate" for the purpose of "retaliation" against a protected class. Moreover, the State law expands the protected classes to include sexual orientation, marital status, ancestry, age, and source of income.

2. Housing Discrimination Complaints

a. Department of Fair Employment and Housing

Housing discrimination complaint data is compiled by the State Department of Fair Employment and Housing (DFEH). In the four year period between 2011 and 2014, Orange County residents filed 266 of the 4,742 housing discrimination complaints filed with DFEH. The Urban County residents probably accounted for 20% of the 266 complaints. Table C-2 shows the bases for all the complaints filed with DFEH. The most frequent bases for housing discrimination complaint are disability and race/color which comprise just over 43% of all bases.

Table C-2
State of California
Bases of Housing Discrimination Complaints: 2011-2014

Bases	Number	Percent of Total
Disability	2,383	27.8%
Race/Color	1,318	15.4%
Retaliation	981	11.4%
Familial Status	827	9.7%
Sex ¹	734	8.6%
National Origin/Ancstry	510	6.0%
Source of Income	359	4.2%
Age (40+)	278	3.2%
Other	261	3.0%
Engagement in Protect Activity	220	2.6%
Marital Status	214	2.5%
Sexual Orientation	192	2.2%
Religion	142	1.7%
Association ²	149	1.7%
Total	8,568	100.0%

¹Includes Harassment, Pregnancy, Gender Identity/Expression, Genetic Information and Other Allegations

²Association with a member of a protected class

Source: California Department of Fair Employment and Housing, *Report to the Joint Legislative Budget Committee*, March 2015, pages 11, 13, 15 and 17

It must be noted that most housing discrimination complaints – upon investigation – are dismissed because of insufficient evidence or there is no probable cause to prove a violation of fair housing laws. Thus, neither the number of complaints nor the number of proven complaints is an accurate indicator of the incidence of discrimination in the housing market.

b. U.S. Department of Housing and Urban Development – San Francisco Regional Office

HUD's San Francisco Regional Office maintains a database on housing discrimination complaints filed under Title VIII of the 1968 Fair Housing Act. The database includes information on the location, date, bases, allegation, reason for closure and closure date of each complaint. Closure reasons include:

- Open
- No Cause
- Complainant Filed to Cooperate
- Unable to Locate Complainant
- Conciliated/Settled
- Withdrawn After Resolution
- Withdrawal Without Resolution

Table C-3 shows that 25 cases were closed for the latter three reasons during the almost six year period from January 1, 2010 to November 12, 2015.

Table C-3
Urban County Housing Discrimination Cases: 2010-2015

City	Conciliated/ Settled	Withdrawn After Resolution	Withdrawn Without Resolution	Total
Cypress	1	0	2	3
La Palma	0	1	0	1
Los Alamitos	1	0	1	2
Midway City	0	2	0	2
Seal Beach	1	0	0	1
Stanton	0	1	0	1
Brea	1	0	0	1
Placentia	1	1	0	2
Yorba Linda	0	0	1	1
Aliso Viejo	4	0	0	4
Ladera Ranch	1	0	1	2
Laguna Beach	3	0	0	3
Laguna Hills	0	0	2	2
Total	13	5	7	25

Source: U.S. Department of Housing and Urban Development, San Francisco Regional Office, Region IX, *Filed Cases by Location – Orange County, CA: January 1, 2010-November 12, 2015*

Table C-4 shows that majority of cases (almost 60%) are filed on the bases of disability and familial status.

Table C-4
Urban County
Bases for Housing Discrimination Complaints: 2010-2015

Bases	Number	Percent
Disability	11	35.5%
Familial Status	7	22.6%
Sex	4	12.9%
Retaliation	4	12.9%
Race	3	9.7%
National Origin	2	6.4%
Total	31	100.0%

Source: U.S. Department of Housing and Urban Development, San Francisco Regional Office, Region IX, *Filed Cases by Location – Orange County, CA: January 1, 2010-November 12, 2015*

Altogether 65 fair housing issues/allegations were made in the 25 cases filed by Urban County residents. An almost equal number of allegations were related to coercion (12) and disability related (11).

Table C-5
Urban County: Fair Housing Issues/Allegations: 2010-2015

Issue/Allegation	Number	Percent
Discriminatory Acts under Section 818 (coercion, etc.)	12	18.5%
Failure to Make Reasonable Accommodation	10	15.4%
Discriminatory Advertising, Statements and Notices	8	12.3%
Discriminatory Terms, Conditions, Privileges, or Services and Facilities	8	12.3%
Discriminatory Financing (includes real estate transactions)	5	7.7%
Discrimination in Terms/Conditions/Privileges Relating to Rental	5	7.7%
Discriminatory Refusal to Rent and Negotiate for Rental	4	6.2%
Discriminatory Refusal to Rent	3	4.6%
False Denial or Representation of Availability – Rental	2	3.1%
Discrimination in Terms/Conditions/Privileges Relating to Sale	2	3.1%
Steering	2	3.1%
Discriminatory Refusal to Negotiate for Rental	1	1.5%
Discriminatory Refusal to Sell and Negotiate for Sale	1	1.5%
Discrimination in the Terms/Conditions for Making Loans	1	1.5%
Failure to Permit Reasonable Modification	1	1.5%
Total	65	100.0%

Source: U.S. Department of Housing and Urban Development, San Francisco Regional Office, Region IX, *Filed Cases by Location – Orange County, CA: January 1, 2010-November 12, 2015*

3. Conclusions and Recommendations

Based on past trends, it is projected that 25 housing discrimination cases may be filed by Urban County residents that HUD finds have cause during the five year period from 2015 to 2020. During the same period, it is projected that 60 housing discrimination cases may be filed with DFEH. Additional housing discrimination complaints also will be filed with Fair Housing Council of Orange County.

Additionally the Orange Fair Housing Survey found a general lack of awareness of who should be contacted for purposes of filing a housing discrimination complaint. A greater community awareness of the FHCOC may result in more residents becoming aware that there is a local agency to who they can report possible housing discrimination.

Housing discrimination in the sales and rental markets is an impediment to fair housing choice. The following actions will be taken by the County:

- Continue to allocate CDBG funding to the FHCOC so it can provide fair housing services which will include the processing of housing discrimination complaints and landlord/tenant counseling services. Often a landlord/tenant issue has as its basis a housing discrimination concern.
- Maintain community awareness of the Fair Housing Council of Orange County (FHCOC) services by continuing to post on the County's web page links to the FHCOC and publication of newspaper display ads.

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- Support the efforts of the FHCOC to develop and expand an education program for housing providers, community organizations, and the general public regarding housing discrimination, fair housing laws, and options available for individuals who have been victims of discrimination.

D. EXCLUSIONARY RACIAL COVENANTS**1. Background**

Racial covenants emerged during the mid-nineteenth century and started to gain prominence from the 1890s onwards. However, it was not until the 1920s that they adopted widespread national significance, a situation that continued until the 1940s. Racial covenants were an alternative to racially restrictive zoning ordinances (residential segregation based on race) that the 1917 U.S. Supreme Court ruling of *Buchanan v. Warley* invalidated on constitutional grounds. Such covenants were upheld by the Court in the 1926 ruling of *Corrigan v. Buckley* only later to be declared legal but “unenforceable” in the 1948 decision of *Shelley v. Kraemer*.

Some commentators have attributed the popularity of exclusionary covenants at this time as a response to the urbanization of black Americans following World War II, and the fear of “black invasion” into white neighborhoods, which they felt would result in depressed property prices, increased nuisance (crime), and social instability. Many African Americans openly defied these covenants and attempted to “pioneer” restricted areas.

Although exclusionary racial covenants are not enforceable today, they still exist in many original property deeds as ‘underlying documents’, and title insurance policies often contain exclusions preventing coverage of such restrictions. In 2010, it was found that more than 400 properties in Seattle suburbs alone retained (unenforceable) discriminatory language that had once excluded racial minorities.

An example of an exclusionary racial covenant is one Palo Verdes California - covenants which forbade an owner to sell or rent a house to anyone not of white or Caucasian race *and* to not permit African-Americans on their property with the exception of chauffeurs, gardeners and domestic servants.

2. Analysis

California’s Fair Employment and Housing Act (FEHA) expressly prohibits the existence of a restrictive covenant that makes housing opportunities unavailable based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income or ancestry. In conjunction with this prohibition, county recorders, title insurance companies, escrow companies, real estate brokers, real estate agents or associations that provide declarations, governing documents, or deeds to any person are required to place a cover page over the document, or a stamp on the first page of the document, stating that any restrictive covenant contained in the document violates state and federal fair housing laws and is void.

In 2000, the FEHA was amended to establish procedures by which illegal restrictive covenants may be removed. In 2006, the procedures were substantially modified, transferring responsibility for the restrictive covenant program from the Department of Fair Employment and Housing to the local county recorders. Effective January 1, 2006, any person holding an ownership interest of record in a property that he or she believes is the subject of an illegal restrictive covenant may record a document titled Restrictive Covenant Modification with the

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county recorder in the county in which the subject property is located. The modification document should include a complete copy of the original document containing the unlawfully restrictive language with the unlawfully restrictive language stricken. Following approval by the county counsel, the county recorder will record the modification document (Government Code section 12956.2, subdivisions (a) and (b)).

County recorders, title insurance companies, escrow companies, real estate brokers, real estate agents, or associations are still required to place a cover page or stamp on the first page of a previously recorded declaration, governing document or deed provided to any person. The cover page or stamp must be in at least 14-point boldface type. The Restrictive Covenants Model Language that conforms to the requirements of Government Code section 12956.1, subdivision (b) (1) is quoted below:

RESTRICTIVE COVENANT – COVER PAGE Pursuant to Government Code section 12956.2, subdivision (b) (1), a county recorder, title insurance company, escrow company, real estate broker, real estate agent, or association that provides a copy of a declaration, governing document, or deed to any person shall place a cover page or stamp on the first page of the previously recorded document or documents stating, in at least **14 point boldface type**, the following:

If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

3. Conclusions and Recommendations

Restrictive covenants based on the State's protected classes are illegal. The office of the Orange County Recorder is responsible for implementing the procedures by which illegal restrictive covenants may be removed. No impediment to fair housing exists that needs to be addressed by the FHCOC as the discriminatory practice is illegal and the County Recorder is responsible to removing illegal restrictive covenants.

E. BROKERAGE SERVICES

1. Background – Denial of Access to Real Estate Organizations

Section 3606 of the 1968 Federal Fair Housing Act prohibits discrimination in the provision of brokerage services:

After December 31, 1968, it shall be unlawful to *deny* any person access to or *membership* or participation in any *multiple-listing service*, *real estate brokers'*

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organization or other service, organization, or facility relating to the business of selling or renting dwellings, or to discriminate against him in the terms or conditions of such *access, membership, or participation*, on account of race, color, religion, sex, handicap, familial status, or national origin. [Emphasis added]

2. Multiple Listing Service and Association of REALTORS

Real estate professionals whose business is located in Orange County belong to the Pacific West Association of REALTORS (PWR). The offices are located on Orangewood Avenue in the City of Anaheim.

Like all associations, PWR has a Multiple Listing Service (MLS). The MLS is a data base which includes homes for sale and for rent. The data base provides information on a home such as the asking price, number of bedrooms, and year built. It is a tool to help listing brokers representing the seller find cooperative brokers working with buyers to sell or lease their client's home.

The online PWR application for REALTOR and/or MLS membership consists of several entries and/or questions none of which inquire about the race, color, religion, sex, handicap, familial status, or national origin of the applicant. One question asks if the applicant can certify of having "no record of official sanctions rendered by the courts or other lawful authorities for violations of civil rights laws within the last three (3) years." If the applicant cannot certify, then the applicant must provide additional information including the date, type of violation(s) and a copy of the discipline.

According to the California REALTORS, the race and ethnicity of its members is as follows:

▪ White	77%
▪ Asian/Pacific Islander	11%
▪ Hispanic/Latino	9%
▪ Black/African American	3%
▪ Other/American Indian/Eskimo/Aleut	4%

Source: California Association of REALTORS, *2013 Member Profile – California Report*.

An overlap between the White and Hispanic/Latino groups results in the total exceeding 100%. There are no comparable figures on the race and ethnicity of Orange County's real estate professionals. Because of the demographic make-up of Orange County, it is assumed that more than 9% of the local real estate professionals identify with the Hispanic/Latino ethnicity group. The National Association of REALTORS (NAR) provides a number of resources to keep associations up to date on the latest fair housing information. Among these resources is the At Home with Diversity (AHWD) course. This NAR certificate course contains a major focus on fair housing and discusses the subtleties agents should be aware when dealing with fair housing issues.

3. Conclusions and Recommendations

Brokerage services as defined by the 1968 Federal Fair Housing Act pertain to having equal access to membership and participation in an Association of REALTORS and the MLS. The PWR application process does not inquiry about the characteristics of the applicant other than license status and experience. Approval of an application for PWR membership does not require

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a face-to-face interview. Therefore, there are no overt actions to prevent membership by individuals who belong to one or more of the protected classes.

As no private sector impediment was found to exist, no recommendations are necessary concerning brokerage services. Moreover, the County has no authority to mandate revisions to PWR's application process for membership or its MLS, Bylaws, and Code of Ethics.

F. STEERING

1. Background - Prohibited Steering Practices

According to HUD's *FY 2012 Annual Fair Housing Report*, steering is prohibited by Sections 804(a) and 804(f)(1) of the Federal 1968 Fair Housing Act:

...it shall be unlawful--

(a) To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or *otherwise make unavailable or deny*, a dwelling to any person because of race, color, religion, sex, familial status, or national origin.

(f)(1) To discriminate in the sale or rental, or to *otherwise make unavailable or deny*, a dwelling to any buyer or renter because of a handicap of (A) that buyer or renter, (B) a person residing in that dwelling after it is sold, rented, or made available; or (C) any person associated with that person.

Examples of prohibited steering practices include:

- A REALTOR deliberately guiding potential purchasers toward or away from certain neighborhoods because of membership in a protected class.
- A lender who deliberately guides loan applicants toward or away from certain types of loans because of membership in a protected class.
- Limiting a renter's housing choices by guiding or encouraging the person to look elsewhere, based on a fair housing protected characteristic. This type of steering mostly affects apartment seekers as opposed in-place tenants.

2. Analysis of Steering

Nationally, between 2010 and 2013, 307 housing discrimination complaints filed with HUD and Fair Housing Assistance Program (FHAP) agencies alleged steering. This number represents 1% of all the complaints filed with HUD and FHAP agencies.

As noted above, two of the 65 fair housing issues/allegations in the 25 cases filed with HUD by Urban County residents involved steering. According to the Orange Fair Housing Survey, 11% of the respondents who experienced or may have experienced housing discrimination alleged steering: "Showed me homes in neighborhoods different from what I did want to see."

The internet enables home buyers to be more active in the search process and less reliant on real estate agents. According to the California Association of REALTORS *2013 Home Buyer Survey*:

Virtually all home buyers use the internet in the home buying process and seven out of 10 access the internet on their phones. Buyers use their smartphones to look for

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comparable house prices, search for properties, take photos and create videos of homes and amenities, research communities and real estate agents.

While the majority of buyers (61 percent) found their home through an agent, the percentage who found their home online more than doubled from 16 percent in 2012 to a record high 37 percent in 2013. Furthermore, they are taking their time investigating homes and neighborhoods *before contacting an agent*, spending a little over seven months on this compared to about 1.5 months last year. [Emphasis added]

3. Conclusions and Recommendations

Steering may adversely impact homebuyers in their search process and when they apply for a loan. Steering also may adversely impact in-place renters and rental apartment seekers. Corrective actions have been taken by the Federal and State governments regarding loan steering so that abuse may not happen in the future as frequently as it occurred in the early to mid-2000s. However, the steering of apartment seekers and, as noted above, homebuyers is likely to continue, although it is not possible to measure its frequency.

Steering is an impediment to fair housing choice. To mitigate this impediment, the FHCOC will:

- Offer as part of its home buyer counseling services examples of how to detect “steering” during the home search process and how to detect “loan steering.”
- Provide information to renters attending workshops on how to detect steering behavior by resident property managers.
- Add “steering” to the FHCOC categories of alleged housing discriminatory acts.

G. APPRAISAL PRACTICES

1. Background – Prohibited Appraisal Practices

The 1968 Federal Fair Housing Act, as amended, makes it unlawful to discriminate against a protected class in appraising property. An appraisal is a written assessment of market value and is used by mortgage underwriters to determine whether there is sufficient collateral to lend money to a homebuyer. Unlawful discriminatory appraisal practices, for example, may include:

- Taking into account the race and ethnic make-up of a neighborhood
- Taking into the account the race and ethnicity of the seller and/or buyer

Appraisal practices that may result in disparate impacts include:

- Prohibiting loans secured by homes not having a minimum square footage (e.g., 750 SF).
- Prohibiting the use of comparable sales completed more than six months from the date of the appraisal.
- Placing an artificial cap on the value of improvements based on the average value of homes in the neighborhood.
- Allowing a non-minority applicant to have an “evaluation” while requiring a full appraisal on loan applications made by minority borrowers.

Source: William L. Pittenger, MAI, SRA *Managing the Appraisal Component of Fair Lending*, 9 pages

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A bank cannot shift its fair housing or fair lending responsibility to a third party appraiser. Indeed, if it denies a loan on the basis of an appraisal which is later found to be discriminatory, the bank may be held responsible under the theory that it knew, or should have known, that the appraisal report did not reliably represent the value of the prospective loan security or its competitive marketplace.

Discriminatory appraisal practices were a serious problem in the 1940's and 1950's. According to Federal Housing Administration policy:

If a neighborhood is to remain stable, it is necessary that properties shall continue to be occupied by the same racial and social classes. Changes in social or racial occupancy contribute to neighborhood instability and the decline of value levels.

The notion that race had a direct impact on property values was broadly adopted by the appraisal industry, and appraisers were trained to evaluate properties using race as a factor. McMichael's Appraising Manual, for example, provided the following ranking of race and nationality by impact on real estate values (in order of preference):

1. English, Germans, Scotch
2. North Italians
3. Bohemians or Czechs
4. Poles
5. Lithuanians
6. Greeks
7. Russians, Jews (lower class)
8. South Italians
9. Negroes
10. Mexicans

Source: National Fair Housing Alliance (Lisa Rice and Diedre Swesnik, authors) *Discriminatory Effects of Credit Scoring on Communities of Color*, June 2012, page 8 and McMichael's *Appraising Manual*, 4th Edition, 1951

2. Analysis of Appraisal Practices

According to 2012-2014 Home Mortgage Disclosure Act (HMDA) data, during those three years there were a total of 81,417 loan applications for one to four unit owner occupied units that were completely processed in Orange County. Of that total, 18,231 were within the Urban County study area. In order to make a determination (Loan Originated, Loan Approved but not Accepted or Loan Denied) on any given loan application the bank would have ordered an appraisal. Although a large percentage purchased their home "all-cash" a significant number would have had an opportunity to review an appraisal. It is unlikely that the borrowers requested a copy of the appraisal due to a lack of knowledge that they could request one.

The Uniform Residential Appraisal Report is a six page form used by appraisers to determine the value of a home. In bold letters, the form states:

Note: Race and the racial composition of the neighborhood are not appraisal factors.

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At the end of the report, there are “appraiser’s certifications” which include certification #17:

I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

Contained in the Standards section is Standard Rule 6-3 which deals with neighborhood trends when appraising a property and encourages appraisers to avoid stereotyped or biased assumptions relating to race, age, color, gender, or national origin or an assumption that race, ethnic, or religious *homogeneity* is necessary to maximize value in a neighborhood. [Emphasis added]

Under both federal law (the Equal Credit Opportunity Act of 1976 and its implementing regulations) and California law (Business & Professions Code Section 11423), a lender is generally obligated to inform a credit applicant of the right to receive a copy of the appraisal used in connection with an application, and to honor the applicant's written request for a copy of the appraisal report.

The California Association of REALTORS (CAR) explains that one of the reasons a buyer should obtain an appraisal is –

To make sure the lender has not engaged in any discriminatory practices.

Consequently, a homebuyer/borrower is entitled to a copy of the appraisal. But a homebuyer and borrower during the purchase process has a bewildering array of documents to review and sign. Additionally, given an appraisal to review, they may not have the knowledge to review an appraisal report to determine if, for example, race or ethnicity were considered in making the appraisal.

3. Conclusions and Recommendations

Appraisers have acknowledged that while subtle forms of discrimination in the appraisal process are clearly more difficult to identify, identification and prevention are certainly not impossible. Some recommended actions include:

- Train underwriters, processors and loan decision makers to identify the signs of discrimination such as large unsupported adjustments and vague, imprecise or stereotypical language.
- Include a fair lending appraisal component in a lenders quality control program.
- Periodically compare appraisal reports prepared by the same appraiser in minority and non-minority neighborhoods to determine if the properties were analyzed and adjustments applied in a consistent fashion.
- Periodically compare the work of different appraisers in minority neighborhoods to determine if they are analyzing properties and making adjustments in a similar and consistent fashion.

Source: William L. Pittenger, MAI, SRA *Managing the Appraisal Component of Fair Lending*, 9 pages

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Complaints regarding discriminatory appraisal practices are not routinely collected by the FHCOC, State or Federal agencies. Would-be homebuyers are in the best position to detect potentially discriminatory practices.

Although it cannot be quantified, illegal discriminatory appraisal practices are an impediment to fair housing choice. To mitigate this impediment the FHCOC will:

- Add “how to read an appraisal report” to its homebuyer counseling services in order to 1) inform borrowers of their right to request the appraisal report and 2) provide information on the contents of the report and how to detect possible discriminatory practices.

H. REDLINING

1. Background

a. Residential Security Maps

Redlining refers to lending practices that base credit decisions on the location of a property (as delineated on maps) to the exclusion of the characteristics of the borrower or property. The use of maps to redline residential neighborhoods began in the 1930s and stem from the work of the Home Owners’ Loan Corporation (HOLC) and the Federal Housing Administration (FHA).

The federal government created the HOLC during the Depression to slow down the dramatic increase in the rate of housing foreclosures. Between 1933 and 1936, HOLC made new low interest, self-amortizing mortgages to one million homeowners who were in default or had already lost their homes. As HOLC was nearing completion of its original lending in 1935, HOLC’s parent organization, the Federal Home Loan Bank Board (FHLBB), established a program that used HOLC staff, local realtors and lenders to appraise real estate risk levels in 239 cities. This City Survey Program produced detailed reports for each city along with a series of Residential Security Maps that assigned residential areas a grade from one to four. Areas with African Americans, as well as those with older housing and poorer households, were consistently given a grade of four, or “hazardous,” rating and colored *red*.

Four grade or “D” areas which were colored red –

...represent those neighborhoods in which the things that are now taking place in the C neighborhoods, have already happened.” They are characterized by detrimental influences in a pronounced degree, undesirable population or an infiltration of it. Low percentage of home ownership, very poor maintenance and often vandalism prevail. Unstable incomes of the people and difficult collections are usually prevalent. The areas are broader than the so-called slum districts. Some mortgage lenders may refuse to make loans in these neighborhoods and others will lend only a conservative basis.

The standard form for describing an area based on the Residential Security Map contained entries for –

- Detrimental influences – for example, “a slum area”
- Presence and percentage of foreign-born families – for example, “34% Italians”
- Presence and percentage of Negroes – for example, “Yes, 66%”
- Infiltration of – for example, “Same,” meaning Negroes

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- Relief families – for example, “Many”

The examples cited above are from entries on a form completed in 1937.

On the next page is an example of a Residential Security Map. The Central Los Angeles areas assigned a grade of four include:

- Present-day East Los Angeles: City Terrace and Boyle Heights
- Present-day East Hollywood: Silverlake and Echo Park
- South-Central Los Angeles: south of the I-10 Freeway; north of the I-105 Freeway; Long Beach Blvd. on the east and the I-110 on the west

No Residential Security Maps for cities such as Anaheim and Santa Ana were found. In the mid-1930's, the populations of these two cities were 11,000 and 31,000, respectively.

b. Racial Provisions of the FHA Underwriting Manuals

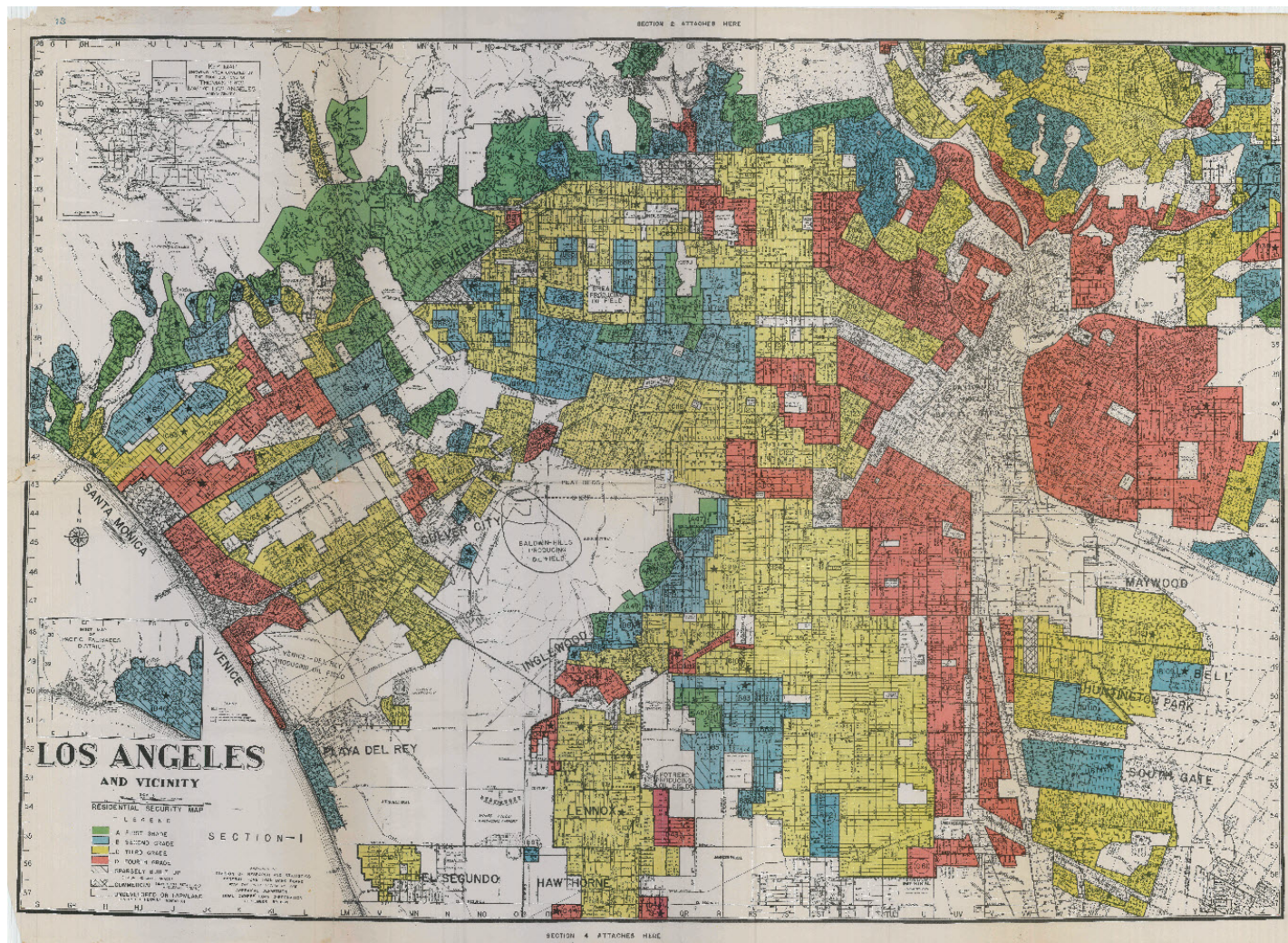
The 1930s FHA Underwriting Manuals also incorporated several racial provisions which were intended to maintain or create homogeneous racial groups living in existing or new neighborhoods. For example:

- Natural or artificially established barriers will prove effective in protecting a neighborhood and the locations within it from adverse influences. Usually the protection against adverse influences afforded by these means include prevention of the infiltration of business and industrial uses, lower-class occupancy, and **inharmonious racial groups**.
- The Valuator should investigate areas surrounding the location to determine whether or not incompatible **racial** and social groups are present, to the end that an intelligent prediction may be made regarding the possibility or probability of the location being invaded by such groups.

The FHA “Special Considerations in Rating Undeveloped Subdivisions and Partially Developed Residential Areas” included the following:

- Prohibition of the occupancy of properties except by the **race** for which they were intended.
- Schools should be appropriate to the needs of the new community and they should not be attended in large numbers by **inharmonious racial groups**.
(Bold added)

Source: Federal Housing Administration, *Underwriting Manual: Underwriting and Valuation Procedure Under Title II of the National Housing Act With Revisions to April 1, 1936* (Washington, D.C.), Part II, Section 2, Rating of Location

Exhibit C-1
Central Los Angeles Residential Security Map

In the 1980s, FHA prepared a memorandum to –

...set forth a historical record of those portions of the Federal Housing Administration ("FHA") Underwriting Manual, 1934 to 1962, which refer, directly or indirectly, to race as a factor to be considered in determining the value of property proposed for federal mortgage insurance. By detailing this history, this memorandum may serve as the basis for proposed stipulations of fact on FHA insuring practices.

The following stipulations of fact concerning FHA's underwriting practices 1934-1962 might be proposed to all parties:

(1) The Federal Housing Administration's Underwriting Manual for approximately fifteen years in the 1930s and 1940s followed the general rule of thumb of the private real estate industry that homogeneous neighborhoods were the most stable in terms of

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maintenance of real estate values. This rule included homogeneity of religion, ethnicity and national origin as well as race.

(2) Beginning in the late 1940s, FHA adopted an official policy of open occupancy in housing. In December 1949 FHA amended its Underwriting Manual to state that race may not be used as a factor in property valuation, and removed all references to race contained in the Manual. At the same time FHA also announced that it would ignore all racial covenants in deeds and loan instruments executed before February 1950 as having no force and effect, and would not insure mortgages on properties subject to racial restrictive covenants filed after February 1950.

(3) On November 20, 1962, President Kennedy signed Executive Order 11063, which prohibits discrimination because of race, color, creed or national origin in the sale or rental of residential property owned or operated by the federal government, or provided with the aid or loans or grants made by or insured by the federal government.

Source: Richard C. Stearns, *Memorandum: Racial Content of FHA Underwriting Practices, 1934-1962*, n.d., probably September 13, 198x, pages 1, 12 and 13. Memorandum was information prepared as part of a court case.

c. Use of Residential Security Maps and FHA Underwriting Criteria

HOLC and FHA influenced redlining practices that limited lending in residential neighborhoods in general and specifically in neighborhoods that were predominantly home to Black Americans.

Columbia University's Kenneth T. Jackson discovered HOLC's maps and connected the areas colored red to those that were later redlined. Jackson argued that the Federal Housing Administration (FHA) and private lenders obtained copies of the HOLC maps and that the grades on the maps impacted their lending decisions. During the 1930s, the Federal Home Loan Bank Board circulated questionnaires to banks asking about their mortgage practices. Those returned by savings and loan associations and banks in Essex County (Newark), according to Jackson, indicated a clear relationship between public and private redlining practices. To the inquiry, "Are there any areas in which loans will not be made?" the responses included "Red and yellow," "C and D," "Newark," "Not in red," and "D areas." Jackson concludes that private banking institutions were "pry to and influenced by the government's Residential Security Maps."

Source: Kenneth T. Jackson, *Race, Ethnicity, and Real Estate Appraisal: The Home Owners Loan Corporation and the Federal Housing Administration*, *Journal of Urban History*, August 1980, pages 419-452

Some analysts are unconvinced that the redlining maps actually were used to make lending decisions. One such researcher argues that specific evidence is lacking that the maps actually impacted residential mortgage patterns and that FHA and private lenders may have used other maps and sources of data to determine where to make loans.

Source: Amy E. Hillier, *Redlining and the Homeowners' Loan Corporation*, University of Pennsylvania Department of City and Regional Planning, page 395

Understanding the history of redlining is important to the current AI process and HUD's mandate for an Assessment of Fair Housing (AFH). However, it is very doubtful that present-

day lenders have drawn “redlining maps” which would indicate intent to discriminate. Rather, redlining now needs to be evaluated on the *effects* that lending decisions have on neighborhoods of color.

2. Analysis of Potential Redlining

a. Home Mortgage Disclosure Act

The image shows the cover of a guide titled "A GUIDE TO HMDA Reporting Getting It Right!" published by the Federal Financial Institutions Examination Council. The guide is effective as of January 1, 2013, for HMDA submissions due March 1, 2014. Below the cover is a sample of the Loan/Application Register (LAR) form. The LAR form includes fields for the name of the reporting institution, city, state, and zip code. It also includes a table with columns for "Application or Loan Information" and "Date Application Received (mm/dd/yyyy)". The table contains three rows of example data: "Example of Loan Originated Following Preapproval", "Example of Preapproval Request Denied", and "Example of Application Denied".

The Fair Housing Act of 1968 does not specifically mention redlining, but it does prohibit discrimination at any stage of the lending or home insurance process, and subsequent court decisions have held that it does prohibit redlining. The Equal Credit Opportunity Act of 1974, the Home Mortgage Disclosure Act of 1975 (HMDA), and the Community Reinvestment Act of 1977 have all created additional protections against redlining. But in the 1930s and 1940s, there were virtually no legal obstacles to lending discrimination. Redlining, as previously noted, was simply considered to be good business.

HMDA was enacted by Congress in 1975 and was implemented by the Federal Reserve Board's Regulation C. On July 21, 2011, the rule-writing authority of Regulation C was transferred to the Consumer Financial Protection Bureau (CFPB). This regulation provides to the public loan data that can be used to determine whether financial institutions are serving the housing needs of their communities and treating their borrowers and loan applicants fairly.

The HMDA Loan Application Register (LAR) data includes the disposition of **each** loan application (e.g. originated, denied). The race, ethnicity and income of the applicant also are noted by the lender as well as the census tract location of the home to be purchased. The HMDA data can be used to calculate loan denial rates by race, ethnicity, income and census tract.

The HMDA data are available only at the census tract level. Because of this geographic limit, the census tracts making up the Urban County include only those located entirely within one of the 11 participating cities, three metropolitan cities and unincorporated area; that is, no tracts split between of the Urban County cities (say Brea) and an entitlement city (say La Habra) are included in the redlining analysis

Starting in 2012, the HMDA data were reported by lenders according to the 2010 census tract boundaries. The redlining analysis that follows is based on the sum of the HMDA data for

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calendar years 2012, 2013 and 2014. The redlining analysis provides benchmark data that can be updated annually after the HMDA data is published in September of each year.

b. Current Definitions of Redlining

According to the Federal Reserve Board:

- Redlining is the practice of denying a creditworthy applicant a loan for housing in a certain neighborhood even though the applicant may otherwise be eligible for the loan.
- Redlining on a racial basis has been held by the courts to be an illegal practice. It is unlawful under the FHAct only when done on a prohibited basis. Redlining an area on the basis of such considerations as the fact that the area lies on a fault line or a flood plain is not prohibited.
- The prohibition against redlining does not mean that a lending institution is expected to approve all housing loan applications or to make all loans on identical terms. Denying loans or granting loans on more-stringent terms and conditions, however, must be justified on the basis of economic factors and without regard to the race, color, religion, national origin, sex, or marital status of the prospective borrowers or the residents of the neighborhood in which the property is located. For example, a bank may consider such economic factors as
 - ✓ An applicant's income or credit history
 - ✓ The condition, use, or design of the proposed security property (or of those nearby properties that clearly affect the value of the proposed security property), provided that such determinants are strictly economic or physical in nature
 - ✓ The availability of neighborhood amenities or city services
 - ✓ The need of the lender to hold a balanced real estate loan portfolio, with a reasonable distribution of loans among various neighborhoods, types of property, and loan amounts

Each of the factors must be applied without regard to any of the prohibited bases.

More specifically, redlining is –

Provid[ing] unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristic(s) of the *residents of the area* in which the credit seeker resides or will reside or in which the residential property to be mortgaged is located. [emphasis added]

Source: Interagency Fair Lending Examination Procedures

According to the Interagency Fair Lending Examination Procedures, an indicator of potential discriminatory redlining is:

Significant differences between approval/denial rates for all applicants (minority and non-minority) in areas with relatively high concentrations of minority group residents compared with areas with relatively low concentrations of minority residents.

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The Interagency Fair Lending Examination Procedures, however, do not establish a quantitative measure for “significant differences” and “relatively high” or “relatively low” concentrations of minority residents.

It is doubtful that today that lenders draw maps which delineate neighborhoods that will have limited access to credit. The HMDA data, however, can be used to detect disparities in loan approval rates between neighborhoods with relatively high and low minority concentrations.

c. Analysis of 2012-2014 HMDA Data

During the three year period, the 18,231 loan applications made to buy homes in the Urban County census tracts comprised 22.4% of all loan applications. The Urban County had a higher loan approval rate (86.7%) than the balance of Orange County (85.5%). Each of the three Urban County sub-areas had higher loan approval rates than the balance of Orange County. Refer to Table C-6.

Table C-6
Orange County and Urban County
FHA/VA and Conventional
Loan Applications and Denial Rates: 2012-2014

Type of Application	Orange County ¹	West Orange County	North Orange County	South Orange County	Urban County Total
FHA/VA/FSA					
Total Applications	11,966	589	1,056	1,360	3,005
Number Approved	9,950	514	890	1,165	2,569
Percent Approved	83.2%	87.3%	84.3%	85.7%	85.5%
Conventional Loans					
Total Applications	51,220	2,573	5,086	7,567	15,226
Number Approved	44,063	2,214	4,443	6,578	13,235
Percent Approved	86.0%	86.0%	87.4%	86.9%	86.9%
All Loans					
Total Applications	63,186	3,162	6,142	8,927	18,231
Number Approved	54,013	2,728	5,333	7,743	15,804
Percent Approved	85.5%	86.3%	86.8%	86.7%	86.7%

¹Excludes Urban County loan applications

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012, 2013 and 2014

The FFIEC, for purposes of Home Mortgage Disclosure Act data collection, states that:

...the percentage minority population means, for a particular census tract, the percentage of persons of minority races and whites of Hispanic or Latino Origin, in relation to the census tract’s total population.

Thus, population instead of households is used to compute a census tract minority percentage. The minority percentage, however, would be much lower in all census tracts if it were calculated on the basis of *households* instead of *population*.

Census Tract 877.03 has a minority population percentage of 80.4%; the percentage of minority households is much less at 74.4%. Almost 77% of the loan applications were approved. The census tract is located unincorporated territory and is part of what the Local Agency Formation Commission (LAFCO) refers to as the Southwest Anaheim Island. Within this unincorporated island, but not a part of census tract 877.03, is the La Colonia Independencia.

Census Tract 1101.16 has a minority population percentage of 76.3% and a 76.1% loan approval percentage. The census tract is located within the City of La Palma at the western edge of Orange County. Although 76% of the population residing in Census Tract 1101.16 identifies with a minority group, the percentage of minority households is much less at 71.5%%.

Refer to Table C-7.



North Orange County Sub-Area: Forty-one percent of the population residing in the North Orange County Sub-Area identifies with a minority group. Eleven of the 36 census tracts have a minority population percentage higher than 41%. The five census tracts with the highest percentage of minority populations have loan approval rates ranging from 80.2% to 90.0%. The five census tracts with the lowest percentage of minority populations have loan approval rates ranging from 84.3% to 92.3%. The list below shows that the loan approval rates are similar for the five census tracts having the highest and lowest percentages of minority populations.

Highest Minority Population

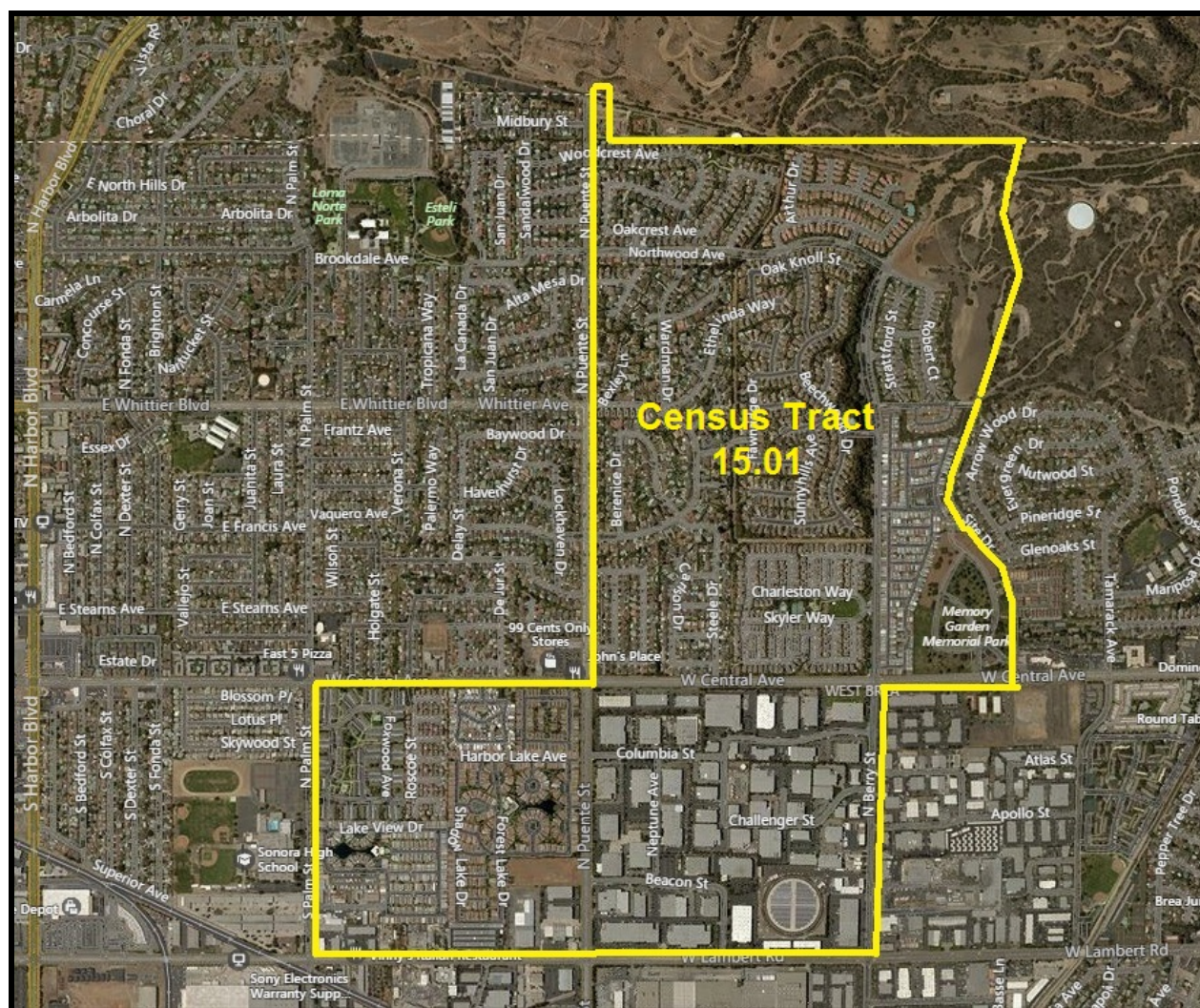
80.2%
 83.3%
 86.1%
 87.2%
 90.0%

Lowest Minority Population

84.3%
 85.2%
 89.6%
 91.5%
 92.3%

Census Tract 15.01 had the lowest loan approval rate of 78.7%. It has a minority population percentage of 40.6%. This census tract had the third highest volume of loan applications (385) and loans approved (303). The census tract is located in the western portion of the City of Brea and is bounded by: South Lambert Road, East Palm Street/Puente St., North City of Brea/Orange County limits and East Berry Street/Site Drive. Although only 40.6% of the population residing in Census Tract 15.01 identifies with a minority group, the percentage of minority households is much less at 34.0%.

Refer to Table C-8.



South Orange County Sub-Area

Twenty-nine percent of the population residing in the South Orange County Sub-Area identifies with a minority group. Seventeen of the 39 census tracts have a minority population percentage higher than 29%. The five census tracts with the highest percentage of minority populations have loan approval rates ranging from 85.5% to 93.8%. The five census tracts with the lowest percentage of minority populations have loan approval rates ranging from 82.0% to 88.9%. The list below shows that the loan approval rates are similar for the five census tracts having the highest and lowest percentages of minority populations.

Highest Minority Population

85.5%
89.1%
90.4%
91.1%
93.8%

Lowest Minority Population

82.0%
84.4%
84.6%
85.0%
88.9%

Refer to Table C-9.

Table C-7
West Orange County
Loan Approval Rates by Census Tract and
Percent Minority Population (Rank Ordered): 2012-2014

Census Tract	Total Applications	Number Approved	Percent Approved	Percent Minority
997.01	91	74	81.3%	84.1%
879.01	123	108	87.8%	80.7%
877.03-Unincorporated	173	133	76.9%	80.4%
1101.16	92	70	76.1%	76.3%
878.02	101	85	84.2%	74.2%
881.06	53	45	84.9%	72.7%
1101.15	102	90	88.2%	72.2%
881.04	3	2	66.7%	70.8%
878.01	88	78	88.6%	69.7%
1101.18	18	16	88.9%	69.4%
1101.02	7	5	71.4%	67.5%
1101.10	2	2	100.0%	66.1%
881.01	46	39	84.8%	61.9%
1101.09	46	36	78.3%	60.5%
1101.04	47	37	78.7%	59.7%
1101.11	85	80	94.1%	58.2%
1101.17	146	127	87.0%	56.7%
1101.13	190	177	93.2%	56.0%
995.02	101	91	90.1%	53.2%
1100.14	145	129	89.0%	48.7%
1101.06	50	41	82.0%	46.9%
1101.08	121	109	90.1%	44.6%
1101.14	127	108	85.0%	44.1%
1100.11	143	124	86.7%	41.9%
1100.12	139	120	86.3%	29.1%
1100.15	62	53	85.5%	27.7%
1100.08	108	94	87.0%	25.9%
995.12	101	82	81.2%	25.1%
1100.06	193	164	85.0%	25.0%
1100.07	36	35	97.2%	22.7%
995.10	109	100	91.7%	19.1%
995.11	63	59	93.7%	18.6%
995.04	83	79	95.2%	18.4%
995.09	111	85	76.6%	18.2%
995.06	57	51	89.5%	16.4%
Total	3,162	2,728	86.3%	

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

Table C-8
North Orange County
Loan Approval Rates by Census Tract and
Percent Minority Population (Rank Ordered): 2012-2014

Census Tract	Total Applications	Number Approved	Percent Approved	Percent Minority
117.21	66	55	83.3%	80.9%
117.12	101	87	86.1%	69.9%
117.16	156	136	87.2%	63.9%
15.04	80	72	90.0%	58.6%
218.21	227	182	80.2%	58.0%
218.15	684	607	88.7%	51.3%
15.07	113	93	82.3%	51.0%
218.14	131	118	90.1%	45.6%
15.03	136	123	90.4%	44.4%
218.22	588	495	84.2%	41.9%
218.20	135	117	86.7%	41.5%
15.01	385	303	78.7%	40.6%
15.06	200	177	88.5%	40.0%
218.28	138	122	88.4%	39.2%
218.27	131	110	84.0%	38.2%
218.26	85	79	92.9%	36.5%
117.15	199	173	86.9%	34.7%
117.10	106	99	93.4%	34.3%
218.29	191	171	89.5%	33.6%
117.18	121	110	90.9%	33.2%
117.17	115	101	87.8%	33.1%
218.02	207	180	87.0%	33.0%
218.23	272	218	80.1%	32.2%
218.10	117	110	94.0%	31.7%
758.10	86	77	89.5%	31.3%
218.30	182	165	90.7%	30.6%
218.17	154	142	92.2%	30.3%
218.25	118	102	86.4%	30.1%
756.03	75	70	93.3%	29.3%
117.09	112	103	92.0%	29.0%
757.02	113	92	81.4%	29.0%
218.24	82	75	91.5%	28.6%
218.09	78	72	92.3%	26.7%
218.16	183	164	89.6%	26.0%
758.09	122	104	85.2%	25.4%
757.03	153	129	84.3%	23.5%
Total	6,142	5,333	86.8%	

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

Table C-9
South Orange County
Loan Approval Rates by Census Tract
and Percent Minority Population (Rank Ordered): 2012-2014

Census Tract	Total Applications	Number Approved	Percent Approved	Percent Minority
626.25	156	139	89.1%	50.2%
626.41	290	248	85.5%	48.9%
423.20	271	245	90.4%	43.4%
626.36	90	82	91.1%	42.5%
626.38	225	211	93.8%	40.9%
423.07	193	165	85.5%	40.3%
626.21	533	441	82.7%	37.3%
626.37	232	195	84.1%	36.3%
423.13	178	158	88.8%	36.2%
626.39	334	302	90.4%	35.5%
626.47	110	96	87.3%	35.0%
626.33	290	260	89.7%	34.6%
320.59	852	715	83.9%	33.8%
626.35	264	232	87.9%	32.8%
626.40	209	195	93.3%	32.6%
626.34	226	201	88.9%	32.4%
320.57	390	347	89.0%	29.2%
320.58	689	600	87.1%	29.0%
423.27	171	158	92.4%	29.0%
423.39	90	80	88.9%	26.9%
422.01	154	127	82.5%	26.1%
320.41-Unincorporated	40	37	92.5%	24.6%
423.33	169	141	83.4%	24.2%
626.22	225	179	79.6%	23.6%
320.45	153	142	92.8%	23.5%
423.28	108	85	78.7%	21.2%
626.49	93	84	90.3%	19.5%
320.46	410	370	90.2%	17.5%
626.46	138	118	85.5%	17.1%
423.38	154	145	94.2%	16.9%
626.32	177	143	80.8%	14.9%
320.44	421	355	84.3%	14.9%
626.05	46	41	89.1%	14.8%
423.23	211	167	79.1%	14.6%
626.48	90	80	88.9%	14.6%
626.20	212	179	84.4%	13.8%
320.11-Unincorporated	89	73	82.0%	13.1%
626.19	127	108	85.0%	12.1%
423.05	117	99	84.6%	10.8%
Total	8,927	7,743	86.7%	

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

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As previously noted, HMDA was designed so that the public and regulators could better determine whether or not *individuals* or specific *neighborhoods* were being unfairly denied access to credit. A fair housing issue is whether there is an association between neighborhoods with high minority population concentrations and high denial rates. That is, *do applicants for home purchases in minority neighborhoods experience higher loan denial rates compared to applicants in non-minority neighborhoods?*

A least squares regression analysis was completed of the census tract denial rates and minority population percentages. The coefficient of determination (denoted by R^2) is a key output of regression analysis. It is interpreted as the proportion of the variance in the dependent variable that is predictable from the independent variable.

- The coefficient of determination ranges from 0 to 1.
- An R^2 of 0 means that the dependent variable cannot be predicted from the independent variable.
- An R^2 of 1 means the dependent variable can be predicted without error from the independent variable.

The regression analysis determined that the R square was nearly zero. The regression analysis found no relationship between the percent minority and the approval/denial rates at the census tract level. That is, a census tract's (neighborhood) minority population did not affect the rate at which loans were approved or denied.

Thus, redlining (the denial of loans because of the minority characteristics of a neighborhood) was found not to be an impediment to fair housing choice within the Urban County.

3. Conclusions and Recommendations

Redlining is –

Provid[ing] unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristic(s) of the *residents of the area* in which the credit seeker resides or will reside or in which the residential property to be mortgaged is located. [emphasis added]

Source: Interagency Fair Lending Examination Procedures

According to the Interagency Fair Lending Examination Procedures, an indicator of potential discriminatory redlining is:

Significant differences between approval/denial rates for all applicants (minority and non-minority) in areas with relatively high concentrations of minority group residents compared with areas with relatively low concentrations of minority residents.

The above analysis compares the approval/denial rates for each census tract located in each sub-area. There were no significant differences in these rates in census tracts with relatively high concentrations of minority group residents compared to areas with relatively low concentrations of minority residents. Redlining was found not to be an impediment to fair housing choice within the Urban County.

I. DISPARATE TREATMENT IN LOAN UNDERWRITING

1. Background

The 2012- 2014 HMDA data provide a snapshot of loan denial rates by race, ethnicity, income and census tract. Although the denial rates do not support definitive conclusions regarding discrimination on the bases of race or ethnicity, they are a useful screen to identify disparities in loan approval rates by the race and ethnicity of applicants and in neighborhoods where differences in denial rates warrant further investigation.

The Federal Reserve Board made the following observations regarding denial rates based on the *national* 2014 HMDA data:

As in past years, black, Hispanic white, and "other minority" borrowers had notably higher denial rates in 2014 than non-Hispanic white borrowers, while denial rates for Asian borrowers were more similar to those for non-Hispanic white borrowers. For example, the denial rates for conventional home-purchase loans were about 25 percent for black borrowers, 19 percent for Hispanic white borrowers, 20 percent for other minority borrowers, 12 percent for Asian borrowers, and 10 percent for non-Hispanic white borrowers.

Previous research and experience gained in the fair lending enforcement process show that differences in denial rates and in the incidence of higher-priced lending ... among racial or ethnic groups stem, at least in part, from factors related to credit risk that are not available in the HMDA data, such as credit history (including credit scores) and LTV ratios. Differential costs of loan origination and the competitive environment also may bear on the differences in pricing, as may differences across populations in credit-shopping activities.

Despite these limitations, the HMDA data play an important role in fair lending enforcement. The data are regularly used by bank examiners to facilitate the fair lending examination and enforcement processes. When examiners for the federal banking agencies evaluate an institution's fair lending risk, they analyze HMDA price data and loan application outcomes in conjunction with other information and risk factors that can be drawn directly from loan files or electronic records maintained by lenders, as directed by the Interagency Fair Lending Examination Procedures. The availability of broader information allows the examiners to draw stronger conclusions about institution compliance with the fair lending laws.

Lenders can, but are not required to, report up to three reasons for denying a mortgage application, selecting from nine potential denial reasons. Among denied first-lien applications for one- to four-family, owner-occupied, site-built properties in 2014, about 75 percent of denied home-purchase applications and about 63 percent of denied refinance applications had at least one reported denial reason. The two most frequently cited denial reasons for both home-purchase and refinance loans were the applicant's credit history and DTI ratio.... For both home-purchase and refinance applications, collateral is more likely to be cited as a denial reason on conventional than nonconventional applications. For refinance applications, the DTI ratio is more likely to be cited as a denial reason than nonconventional applications.

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Denial reasons vary across racial and ethnic groups to some degree. For example, among denied home-purchase loan applications in 2014, credit history was cited as a denial reason for 28 percent of denied black applicants, 21 percent of denied Hispanic white applicants, 22 percent of denied non-Hispanic white applicants, and just 14 percent of denied Asian applicants. The DTI ratio was cited most often as a denial reason for Asian home-purchase applicants at 28 percent, compared with 22 percent for non-Hispanic white applicants at the lower end. Finally, collateral was cited most often as a denial reason on home-purchase applications for non-Hispanic white applicants at 14 percent, compared with 10 percent for black applicants.

Source: Federal Reserve Board, *The 2014 Home Mortgage Disclosure Act Data* [prepared by Neil Bhutta and Daniel R. Ringo of the Division of Research and Statistics] pages 13-14

The Interagency Fair Lending Examination Procedures (IAFLEP) state that disparate treatment is –

The existence of illegal disparate treatment may be established either by statements revealing that a lender explicitly considered prohibited factors (overt evidence) or by differences in treatment that are not fully explained by legitimate nondiscriminatory factors (comparative evidence.)

Disparate treatment occurs when a lender treats a credit applicant differently based on one of the prohibited bases. It does not require any showing that the treatment was motivated by prejudice or a conscious intention to discriminate against a person beyond the difference in treatment.

Source: Office of the Comptroller of the Currency, et. al., *Interagency Fair Lending Examination Procedures*, 2014, page 5

Indicators of potential disparate treatment in underwriting, according to the IAFLEP, include:

Substantial disparities among the approval/denial rates for applicants by monitored prohibited basis characteristic (especially within income categories).

Source: Office of the Comptroller of the Currency, et. al., *Interagency Fair Lending Examination Procedures*, 2014, page 5

Neither HUD, the Comptroller of the Currency nor other Federal agencies have established a standard to indicate the potential lender disparate treatment of mortgage loan applicant based on a protected class. For example, no quantitative measure of “substantial disparities” is stated in the examination procedures.

The Mortgage Bankers Association has stated:

...lenders should not lose sight of the importance of analyzing denial disparities — the difference in the rates at which minority customers are declined, compared with White customers. For example, a lender whose Black declination rate is 40% and whose White declination rate is 10% would have a denial disparity ratio of 4 to 1. And while there is no “safe harbor,” regulators have historically focused their investigative efforts on lenders whose denial disparity ratios have exceeded 2 to 1.

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Source: Mortgage Bankers Association, MBA Handbook Series, *Handbook 2008-01: Fair Lending and Home Mortgage Disclosure Act Guide*, page 7

2. Analysis

HMDA was collected for the 2012-2014 three-year period in order to generate loan volumes that could produce meaningful information on loan denial disparities. Part G presents information on the following:

- FHA/VA and conventional loan volumes
- Loan Denial rates by race and ethnicity
- FHA/VA loan denial rates by race and ethnicity and income
- Conventional loan denial rates by race and ethnicity and income
- Reasons for FHA/VA and conventional loan denials

a. FHA and Conventional Loan Volumes

In the three-year period (2012-2014) almost 81,500 mortgage loan applications were submitted to lenders: 22% in the Urban County and 78% in the balance of Orange County. In both the areas the vast majority (80%+) of the applications were made for conventional loans. Refer to Table C-10.

Table C-10
Orange County and Urban County
FHA/VA and Conventional Loan Volumes: 2012-2014

Sub-Area	FHA/VA/FSA	Percentage	Conventional	Percentage	Total
Orange County ¹	11,966	18.9%	51,220	81.1%	63,186
West Orange County	589	18.6%	2,573	81.4%	3,162
North Orange County	1,056	17.2%	5,086	82.8%	6,142
South Orange County	1,360	15.2%	7,567	84.8%	8,927
Urban County Total	3,005	16.5%	15,226	83.5%	18,231

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

b. Loan Denial Rates by Race and Ethnicity

Table C-11 shows the denial rates by loan type and all loans for the Urban County, three sub-areas and the balance of Orange County. When all loans are considered none of the five areas have an instance where a minority group has a loan denial rate twice as high as the White, non-Hispanic loan applicants. There is only one instance of a loan disparity reaching the 2 to 1 ratio: in the West Orange County Sub-Area, Hispanic *conventional* loan applicants had a loan denial rate 2.1 times as high as White, non-Hispanic applicants.

Table C-11
FHA/VA and Conventional Loan Denial Rates by Race and Ethnicity: 2012 -2014

Type of Loan and Race/Ethnicity	Orange County ¹		West Orange County		North Orange County		South Orange County		Urban County	
	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied
FHA/VA/FSA Loans										
White, Non-Hispanic	5,455	13.7%	217	9.2%	557	14.9%	896	14.4%	1,670	13.9%
Hispanic	3,410	18.7%	140	12.1%	199	17.1%	130	6.9%	469	12.8%
Black	187	14.4%	25	16.0%	26	19.2%	23	13.0%	74	16.2%
Asian	1,452	22.2%	114	16.7%	142	11.3%	117	18.8%	373	15.3%
All Other	152	19.1%	13	7.7%	19	15.8%	20	15.0%	52	13.5%
Race/Ethnicity Unknown	1,310	19.4%	80	17.5%	113	22.1%	174	16.7%	361	18.3%
Total	11,966	16.8%	589	12.7%	1,056	15.7%	1,360	14.3%	3,005	14.5%
Conventional Loans										
White, Non-Hispanic	25,011	11.5%	952	11.0%	2,392	11.2%	5,119	12.2%	8,463	11.8%
Hispanic	4,728	18.4%	237	23.2%	474	17.1%	326	13.5%	1,037	17.4%
Black	227	18.1%	22	13.6%	29	6.9%	27	14.8%	78	11.5%
Asian	14,483	15.1%	1,012	13.9%	1,540	12.4%	924	14.8%	3,476	13.5%
All Other	317	17.4%	25	8.0%	44	18.2%	38	18.4%	107	15.9%
Race/Ethnicity Unknown	6,454	17.4%	325	16.3%	607	15.3%	1,133	15.3%	2,065	15.4%
Total	51,220	14.0%	2,573	14.0%	5,086	12.6%	7,567	13.1%	15,226	13.1%
All Loans										
White, Non-Hispanic	30,466	11.9%	1,169	10.7%	2,949	11.9%	6,015	12.5%	10,133	12.1%
Hispanic	8,138	18.5%	377	19.1%	673	17.1%	456	11.6%	1,506	15.9%
Black	414	16.4%	47	14.9%	55	12.7%	50	14.0%	152	13.8%
Asian	15,935	15.7%	1,126	14.2%	1,682	12.3%	1,041	15.3%	3,849	13.7%
All Other	469	17.9%	38	7.9%	63	17.5%	58	17.2%	159	15.1%
Race/Ethnicity Unknown	7,764	17.7%	405	16.5%	720	16.4%	1,307	15.5%	2,426	15.9%
Total	63,186	14.5%	3,162	13.7%	6,142	13.2%	8,927	13.3%	18,231	13.3%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

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c. FHA Loan Denial Rates by Race and Ethnicity and Income

HUD defines fair housing as:

...a condition in which individuals of *similar income levels* in the same housing market have a like range of choices available to them regardless of race, color, national origin, religion, sex, handicap, or familial status.

Consequently, the HMDA data analysis must also examine loan denial rates by income of the minority populations in comparison to White, non-Hispanic loan applicants.

Table C-12 shows the loan denial rates for the Urban County, each sub-area, and the balance of Orange County. The denial rates are specific to each race and ethnicity and presented for six income groups.

In the Urban County, there were 3,005 FHA loan applicants. Hispanics had the lowest denial rate (12.8%) among all of these applicants. When all loan applications are considered, a disparity ratio of 2 to 1 was reached only once and that was in the \$150,000+ income groups. Black applicants had a ratio loan denial rate 2.37 times higher than White, non-Hispanic applicants.

In the West Orange County Sub-Area, there a total of 589 FHA loan applications. When all loans are considered, none of the racial and ethnic groups had a loan disparity ratio compared to Whites of 2.0 or more. Below is a summary of the results:

- In the less than \$50,000 income group the Asian loans denial rate was 2 times higher than that of White applicants. However, there only were four Asian loan applicants.
- In the \$75,000-\$99,999 income group, all racial and ethnic groups had a loan denial rate at least 2 times higher than White loan applicants. In this income band there were only seven Black loan applicants.
- In the \$100,000-\$124,999, all the loan denial rates were low. The Hispanic compared to White loan applicants had a loan denial rate almost 3 times higher (10.5%/3.2%).
- In the \$125,000 to \$149,999 and \$150,000+ income groups, the Black compared to White loan applicants had denial rates considerably higher than 2 times. Because there were so few Black applicants it is problematic to draw firm conclusions concerning disparate treatment issues.

In the North Orange County Sub-Area, there a total of 1,056 FHA loan applications. When all loans are considered, none of the racial and ethnic groups had a loan disparity ratio of 2.0 or more. Loan disparity ratios of 2.0 to 1.0 occurred twice:

- In the less than \$50,000 income group, Hispanics have a loan denial rate 2 times higher than that of Whites; however, there were only 2 Hispanic applicants.
- In the \$150,000 plus income group, the Black compared to White loan applicants have a denial rate 3 times greater.

In the South Orange County Sub-Area, there a total of 1,360 FHA loan applications. When all loans are considered, none of the racial and ethnic groups had a loan disparity ratio of 2.0 or more. White loan applicants, though, had a loan denial rate twice as high as the Hispanics (14.4%/6.9%). Loan disparity ratios occurred in only two instances:

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- Less than \$50,000 income band, the Black loan denial rate was 2.5 times that of Whites; however, there were only two Black applicants.
- In the \$50,000-\$74,999 income band, Blacks have a loan denial rate 2.6 times greater than Whites; however, there only five Black applicants.

Despite using three years of HMDA data, the results are problematic insofar as being able to state unequivocally that there was in the *sub-areas* disparate treatment of FHA loan applicants. When the loan outcomes are examined for each racial/ethnic group by income in some cases the numbers are too small to reach definitive conclusions. The most representative finding probably is the one regarding all FHA loan applicants in the Urban County (3,005) which found that none of the racial and ethnic loan applicants experienced a loan denial rate twice as high as that of White, non-Hispanic loan applicants.

d. Conventional Loan Denial Rates by Race and Ethnicity and Income

Table C-13 shows the loan denial rates for the Urban County, each sub-area, and the balance of Orange County. The denial rates are specific to each race and ethnicity and presented for six income groups.

In the Urban County, there were 15,226 conventional loan applications. When all loan applications are considered, Blacks had the lowest denial rate (11.5%) among all of the racial and ethnic groups.

In the West Orange County Sub-Area, there were a total of 2,573 conventional loan applications.

When all loans are considered, the Hispanic loan applicants had a loan denial rate 2.1 times higher than White, non-Hispanic loan applicants. The 2 to 1 ratio was exceeded in the \$75,000-\$99,999 and \$150,000 plus income groups and almost met in two other income groups: less than \$50,000 and \$50,000 to \$74,999.

In the West Orange County Sub-Area, Black applicants had high loan denial rates compared to White, non-Hispanic loan applicants in two income groups: \$50,000 to \$74,999 and \$150,000 plus:

- \$50,000-\$74,999: Black 40%; White 11%
- \$150,000 plus: Black 33.3%; White 10.6%

In the North Orange County Sub-Area, there were a total of 5,086 conventional loan applications. When all loans are considered, none of the racial and ethnic groups had a loan disparity ratio of 2.0 or more. The 2 to 1 ratio was almost reached in two cases:

- \$100,000 - \$124,999 - Hispanic 17.5%; White 9.7%
- \$125,000-\$149,999 -Hispanic 19.7%; White 10.5%

In the South Orange County Sub-Area, there were a total of 7,567 conventional loan applications. When all loans are considered, none of the racial and ethnic groups had a loan disparity ratio of 2.0 or more. The 2 to 1 ratio was exceeded in two income groups:

- \$100,000 - \$124,999: Blacks 33.3%; White 12.7% (only 3 Black applicants)
- \$150,000 plus: Blacks 25.8% ;White 11.8% (12 Black applicants)

Table C-12
FHA/VA/FSA Loan Denial Rates by Race/Ethnicity and Income of Applicant: 2012-2014

Race/Ethnicity and Income	Orange County ¹		West Orange County		North Orange County		South Orange County		Urban County	
	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied
<\$50,000										
White, Non-Hispanic	170	26.5%	8	25.0%	20	45.0%	15	20.0%	43	32.6%
Hispanic	294	33.7%	11	27.3%	2	100.0%	3	0.0%	16	31.3%
Black	6	16.7%	2	0.0%	0	0.0%	1	0.0%	3	0.0%
Asian	64	54.7%	4	50.0%	1	0.0%	2	50.0%	7	42.9%
All Other	4	75.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Race/Ethnicity Unknown	47	34.0%	5	40.0%	1	0.0%	4	25.0%	10	30.0%
Total	585	34.0%	30	30.0%	24	45.8%	25	20.0%	79	31.6%
\$50,000-\$74,000										
White, Non-Hispanic	719	18.4%	46	15.2%	52	23.1%	110	15.5%	208	17.3%
Hispanic	1,069	22.4%	33	6.1%	19	36.8%	19	0.0%	71	12.7%
Black	47	23.4%	5	0.0%	3	0.0%	5	40.0%	13	15.4%
Asian	244	27.5%	26	26.9%	8	12.5%	8	12.5%	42	21.4%
All Other	29	37.9%	1	0.0%	0	0.0%	2	0.0%	3	0.0%
Race/Ethnicity Unknown	186	25.3%	13	23.1%	2	0.0%	13	7.7%	28	14.3%
Total	2,294	22.1%	124	15.3%	84	23.8%	157	13.4%	365	16.4%
\$75,000-\$99,000										
White, Non-Hispanic	1,035	12.1%	43	7.0%	81	16.0%	158	13.9%	282	13.5%
Hispanic	983	16.6%	52	17.3%	34	17.6%	33	9.1%	119	15.1%
Black	35	17.1%	7	14.3%	1	0.0%	3	0.0%	11	9.1%
Asian	393	21.1%	35	25.7%	19	10.5%	23	13.0%	77	18.2%
All Other	37	29.7%	4	25.0%	5	0.0%	4	0.0%	13	7.7%
Race/Ethnicity Unknown	309	19.4%	19	15.8%	17	41.2%	26	15.4%	62	22.6%
Total	2,792	16.0%	160	16.3%	157	17.8%	247	13.0%	564	15.2%

Table C-12 continued
FHA/VA/FSA Loan Denial Rates by Race/Ethnicity and Income of Applicant: 2012-2014

Race/Ethnicity and Income	Orange County ¹		West Orange County		North Orange County		South Orange County		Urban County	
	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied
\$100,000-\$124,000										
White, Non-Hispanic	1,058	12.5%	31	3.2%	108	12.0%	134	14.9%	273	12.5%
Hispanic	540	12.2%	19	10.5%	47	12.8%	33	6.1%	99	10.1%
Black	42	11.9%	2	0.0%	2	0.0%	6	0.0%	10	0.0%
Asian	287	20.6%	19	5.3%	36	13.9%	17	17.6%	72	12.5%
All Other	36	5.6%	4	0.0%	3	33.3%	3	0.0%	10	10.0%
Race/Ethnicity Unknown	252	15.9%	15	26.7%	30	16.7%	33	27.3%	78	23.1%
Total	2,215	13.7%	90	8.9%	226	13.3%	226	15.0%	542	13.3%
\$125,000-\$149,000										
White, Non-Hispanic	840	13.8%	29	10.3%	96	16.7%	131	13.7%	256	14.5%
Hispanic	243	10.3%	9	0.0%	45	13.3%	17	5.9%	71	9.9%
Black	27	11.1%	4	50.0%	4	0.0%	3	0.0%	11	18.2%
Asian	203	17.2%	13	0.0%	29	17.2%	25	8.0%	67	10.4%
All Other	21	4.8%	1	0.0%	3	33.3%	5	40.0%	9	33.3%
Race/Ethnicity Unknown	201	21.4%	3	0.0%	27	29.6%	22	13.6%	52	21.2%
Total	1,535	14.5%	59	8.5%	204	17.6%	203	12.8%	466	14.4%
\$150,000+										
White, Non-Hispanic	1,551	11.9%	60	6.7%	187	9.1%	337	14.2%	584	11.8%
Hispanic	249	13.3%	16	6.3%	51	13.7%	23	13.0%	90	12.2%
Black	30	3.3%	5	20.0%	16	31.3%	4	25.0%	25	28.0%
Asian	248	15.7%	17	0.0%	48	6.3%	39	28.2%	104	13.5%
All Other	25	4.0%	3	0.0%	8	12.5%	6	16.7%	17	11.8%
Race/Ethnicity Unknown	300	14.0%	25	8.0%	35	14.3%	71	12.7%	131	12.2%
Total	2,403	12.5%	126	6.3%	345	11.0%	480	15.2%	951	12.5%

Table C-12 continued
 FHA/VA/FSA Loan Denial Rates by Race/Ethnicity and Income of Applicant: 2012-2014

Race/Ethnicity and Income	Orange County ¹		West Orange County		North Orange County		South Orange County		Urban County	
	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied
Income Not Available										
White, Non-Hispanic	82	14.6%	0	0.0%	13	23.1%	11	9.1%	24	16.7%
Hispanic	32	34.4%	0	0.0%	1	0.0%	2	0.0%	3	0.0%
Black	0	0.0%	0	0.0%	0	0.0%	1	0.0%	1	0.0%
Asian	13	38.5%	0	0.0%	1	0.0%	3	33.3%	4	25.0%
All Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Race/Ethnicity Unknown	15	40.0%		0.0%	1	0.0%	5	40.0%		0.0%
Total	142	23.9%	0	0.0%	16	18.8%	22	18.2%	38	18.4%
All Loans										
White, Non-Hispanic	5,455	13.7%	217	9.2%	557	14.9%	896	14.4%	1670	13.9%
Hispanic	3,410	18.7%	140	12.1%	199	17.1%	130	6.9%	469	12.8%
Black	187	14.4%	25	16.0%	26	19.2%	23	13.0%	74	16.2%
Asian	1,452	22.2%	114	16.7%	142	11.3%	117	18.8%	373	15.3%
All Other	152	19.1%	13	7.7%	19	15.8%	20	15.0%	52	13.5%
Race/Ethnicity Unknown	1,310	19.4%	80	17.5%	113	22.1%	174	16.7%	367	18.5%
Total	11,966	16.8%	589	12.7%	1,056	15.7%	1,360	14.3%	3,005	14.5%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

Table C-13
Conventional Loan Denial Rates by Race/Ethnicity and Income of Applicant: 2012-2014

Race/Ethnicity and Income	Orange County ¹		West Orange County		North Orange County		South Orange County		Urban County	
	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied
<\$50,000										
White, Non-Hispanic	1,100	22.9%	53	18.9%	88	29.5%	195	20.5%	336	22.6%
Hispanic	749	31.0%	34	35.3%	42	28.6%	22	27.3%	98	30.6%
Black	16	37.5%	2	0.0%	0	0.0%	1	0.0%	3	0.0%
Asian	1,071	30.3%	92	29.3%	31	29.0%	31	12.9%	154	26.0%
All Other	19	47.4%	1	0.0%	2	50.0%	0	0.0%	3	33.3%
Race/Ethnicity Unknown	379	38.3%	22	22.7%	21	38.1%	34	20.6%	77	26.0%
Total	3,334	29.0%	204	26.5%	184	30.4%	283	20.1%	671	24.9%
\$50,000-\$74,000										
White, Non-Hispanic	3,109	13.7%	118	11.0%	273	15.0%	556	12.8%	947	13.2%
Hispanic	1,404	19.4%	79	21.5%	97	18.6%	55	16.4%	231	19.0%
Black	43	23.3%	5	40.0%	4	25.0%	4	0.0%	13	23.1%
Asian	2,578	15.5%	218	19.7%	148	17.6%	99	18.2%	465	18.7%
All Other	66	22.7%	5	40.0%	1	0.0%	4	25.0%	10	30.0%
Race/Ethnicity Unknown	861	23.8%	50	22.0%	68	25.0%	115	17.4%	233	20.6%
Total	8,061	16.5%	475	18.5%	591	17.4%	833	14.3%	1,899	16.3%
\$75,000-\$99,000										
White, Non-Hispanic	4,004	10.8%	150	12.0%	348	10.1%	646	10.8%	1,144	10.8%
Hispanic	1,018	16.4%	39	33.3%	74	13.5%	46	13.0%	159	18.2%
Black	48	14.6%	8	0.0%	6	0.0%	4	0.0%	18	0.0%
Asian	2,562	14.2%	219	11.9%	255	13.7%	120	14.2%	594	13.1%
All Other	56	10.7%	2	0.0%	8	25.0%	6	0.0%	16	12.5%
Race/Ethnicity Unknown	928	17.3%	37	24.3%	73	17.8%	155	17.4%	265	18.5%
Total	8,616	13.2%	455	14.5%	764	12.4%	977	12.3%	2,196	12.8%

Table C-13 continued
Conventional Loan Denial Rates by Race/Ethnicity and Income of Applicant: 2012-2014

Race/Ethnicity and Income	Orange County ¹		West Orange County		North Orange County		South Orange County		Urban County	
	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied
\$100,000-\$124,000										
White, Non-Hispanic	3,553	9.7%	124	9.7%	352	9.7%	636	12.7%	1,112	11.4%
Hispanic	527	12.7%	26	7.7%	63	17.5%	52	17.3%	141	15.6%
Black	27	7.4%	2	0.0%	4	0.0%	3	33.3%	9	11.1%
Asian	2,074	13.0%	163	12.3%	249	10.0%	135	11.1%	547	11.0%
All Other	51	13.7%	8	0.0%	8	0.0%	7	28.6%	23	8.7%
Race/Ethnicity Unknown	868	15.2%	54	18.5%	92	13.0%	126	16.7%	272	15.8%
Total	7,100	11.6%	377	11.7%	768	10.7%	959	13.5%	2,104	12.1%
\$125,000-\$149,000										
White, Non-Hispanic	2,892	9.1%	117	8.5%	295	10.5%	565	10.4%	977	10.2%
Hispanic	331	13.6%	19	10.5%	61	19.7%	33	3.0%	113	13.3%
Black	27	33.3%	2	0.0%	3	0.0%	2	0.0%	7	0.0%
Asian	1,515	11.4%	103	8.7%	165	12.1%	108	14.8%	376	12.0%
All Other	26	15.4%	2	0.0%	5	0.0%	8	12.5%	15	6.7%
Race/Ethnicity Unknown	704	12.2%	41	4.9%	83	13.3%	119	14.3%	243	12.3%
Total	5,495	10.5%	284	8.1%	612	12.1%	835	11.3%	1,731	11.0%
\$150,000+										
White, Non-Hispanic	10,105	10.7%	386	10.6%	1,018	9.3%	2,465	11.8%	3,869	11.0%
Hispanic	657	11.1%	40	22.5%	133	12.0%	114	9.6%	287	12.5%
Black	62	8.1%	3	33.3%	12	8.3%	12	25.0%	27	18.5%
Asian	4,115	13.2%	201	5.0%	595	10.6%	387	14.5%	1,183	10.9%
All Other	96	13.5%	7	0.0%	20	25.0%	12	25.0%	39	20.5%
Race/Ethnicity Unknown	2,566	13.9%	116	12.9%	258	12.0%	563	14.0%	937	13.3%
Total	17,601	11.8%	753	10.1%	2,036	10.4%	3,553	12.5%	6,342	11.5%

Table C-13 continued
Conventional Loan Denial Rates by Race/Ethnicity and Income of Applicant: 2012-2014

Race/Ethnicity and Income	Orange County ¹		West Orange County		North Orange County		South Orange County		Urban County	
	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied	Number of Loans	Percent Denied
Income Not Available										
White, Non-Hispanic	248	33.9%	4	25.0%	18	33.3%	56	21.4%	78	24.4%
Hispanic	42	31.0%	0	0.0%	4	50.0%	4	50.0%	8	50.0%
Black	4	50.0%	0	0.0%	0	0.0%	1	0.0%	1	0.0%
Asian	568	19.2%	16	37.5%	97	13.4%	44	25.0%	157	19.1%
All Other	3	33.3%	0	0.0%	0	0.0%	1	0.0%	1	0.0%
Race/Ethnicity Unknown	148	25.7%	5	20.0%	12	8.3%	21	9.5%	38	10.5%
Total	1,013	24.4%	25	32.0%	131	16.8%	127	21.3%	283	20.1%
All Loans										
White, Non-Hispanic	25,011	11.5%	952	11.0%	2,392	11.2%	5,119	12.2%	8,463	11.8%
Hispanic	4,728	18.4%	237	23.2%	474	17.1%	326	13.5%	1,037	17.4%
Black	227	18.1%	22	13.6%	29	6.9%	27	14.8%	78	11.5%
Asian	14,483	15.1%	1,012	13.9%	1,540	12.4%	924	14.8%	3,476	13.5%
All Other	317	17.4%	25	8.0%	44	18.2%	38	18.4%	107	15.9%
Race/Ethnicity Unknown	6,454	17.4%	325	16.3%	607	15.3%	1,133	15.3%	2,065	15.4%
Total	51,220	14.0%	2,573	14.0%	5,086	12.6%	7,567	13.1%	15,226	13.1%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

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e. Reasons for Loan Denials

HMDA requires lenders to list one or more reasons for a loan denial. During the 2012-2014, 436 FHA/VA and 1,991 conventional loan applications were denied, respectively. Table C-14 and C-15 contain the number and percentages for reasons loan applications were denied for Orange County, the Urban County and each sub-area for FHA and conventional loans. The majority of reasons for loan denials are:

- Other - “length of residency, temporary residence and other reasons.”
- Debt-to-income ratio - “income insufficient for amount of credit requested and excessive obligations in relation to income.”
- Credit history - “insufficient number of credit references; unacceptable types of credit references; no credit files; and other similar reasons.”
- Collateral – “value or type of collateral not sufficient.”

In the Urban County 436 FHA loans were denied and 2,016 loans were denied in the balance of Orange County. The four major reasons for the Urban County FHA loan denials in rank order are:

▪ Other	120	27.5%
▪ Debt-to-income ratio	109	25.0%
▪ Credit history	75	17.2%
▪ Credit application incomplete	59	13.5%

The South Orange County Sub-Area has the same rank order as the Urban County. In the West and North Orange County Sub-Areas, however, the Debt-to-income ratio ranked higher than Other.

For Hispanic and Black loan applicants, Credit history was more of an issue than Other and Debt-to-income ratio. For Asian loan applicants, “Collateral” and “Credit application incomplete” were important reasons for loan denials.

Among the loan applicants whose race and ethnicity were unknown, the main reasons for loan denials were Other, Debt-to-income ratio and Credit history.

In the Urban County 1,991 conventional loans were denied and 7,157 loans were denied in the balance of Orange County. The four major reasons for the Urban County conventional loan denials in rank order are:

▪ Debt-to-income ratio	546	27.4%
▪ Other	539	27.1%
▪ Credit application incomplete	287	14.4%
▪ Collateral	255	12.8%

The South Orange County Sub-Area has the same rank order as the Urban County. In the West and North Orange County Sub-Areas, however, Other ranked higher than Debt-to-income ratio.

For Hispanic loan applicants, Other was significantly more of an issue than Debt-to-income ratio. For Asian loan applicants, Other was slightly more of an issue than Debt-to-income ratio.

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In the Urban County, there were only nine Black and 17 All Other conventional loan applicants. Among the loan applicants whose race and ethnicity were unknown, Debt-to-income ratio and Other were the two main reasons for loan denials.

3. Conclusions and Recommendations

An indicator of the existence of disparate treatment is when denial disparity ratios have exceed 2 to 1. For example, disparate treatment is considered to have occurred when the Hispanic loan denial rate is twice as high as that of White, non-Hispanic loan applicants.

Despite using three years of HMDA data, the results are problematic insofar as being able to state unequivocally that there was in the *sub-areas* disparate treatment of FHA loan applicants. When the loan outcomes are examined for each racial/ethnic group by income in some cases the numbers are too small to reach definitive conclusions. The most representative finding probably is the one regarding all FHA loan applicants in the Urban County (3,005) which found that none of the racial and ethnic loan applicants experienced a loan denial rate twice as high as that of White, non-Hispanic loan applicants.

In the West Orange County Sub-Area, Hispanics experienced a loan denial rate at least twice as high as the White alone loan applicants. In the South Orange County Sub-Area, the Black loan applicants had a loan denial rate at least twice as high as the White alone loan applicants. However, there were very few Black loan applicants.

The analysis of HMDA data demonstrates that disparate treatment in loan underwriting adversely impacts Hispanic and Black loan applicants. To ameliorate this impediment to fair housing choice, the FHCOC will –

- Identify the lenders in the West and South Orange County Sub-Areas
- Transmit the findings of the AI and the lender information to HUD and the Consumer Financial Protection Bureau (CFPB)

Table C-14
Reasons for FHA/VA/FSA Loan Denial by Race and Ethnicity: 2012-2014

Sub-Area and Denial Reason	White, Non-Hispanic		Hispanic		Black		Asian		All Other		Race/Ethnicity Unknown		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Orange County¹														
Debt-to-Income Ratio	193	25.8%	168	26.4%	7	25.9%	112	34.7%	7	24.1%	60	23.6%	547	27.1%
Employment History	16	2.1%	8	1.3%	0	0.0%	4	1.2%	0	0.0%	5	2.0%	33	1.6%
Credit History	109	14.6%	90	14.2%	6	22.2%	44	13.6%	6	20.7%	43	16.9%	298	14.8%
Collateral	72	9.6%	59	9.3%	2	7.4%	23	7.1%	4	13.8%	29	11.4%	189	9.4%
Insufficient Cash	14	1.9%	18	2.8%	3	11.1%	3	0.9%	0	0.0%	7	2.8%	45	2.2%
Unverifiable Information	31	4.1%	18	2.8%	2	7.4%	14	4.3%	0	0.0%	12	4.7%	77	3.8%
Credit App. Incomplete	95	12.7%	53	8.3%	5	18.5%	29	9.0%	1	3.4%	27	10.6%	210	10.4%
Other	217	29.0%	222	34.9%	2	7.4%	94	29.1%	11	37.9%	71	28.0%	617	30.6%
Total	747	100.0%	636	100.0%	27	100.0%	323	100.0%	29	100.0%	254	100.0%	2,016	100.0%
West Orange County														
Debt-to-Income Ratio	5	25.0%	3	17.6%	1	25.0%	10	52.6%	0	0.0%	3	21.4%	22	29.3%
Employment History	0	0.0%	3	17.6%	0	0.0%	0	0.0%	0	0.0%	1	7.1%	4	5.3%
Credit History	3	15.0%	6	35.3%	0	0.0%	2	10.5%	0	0.0%	0	0.0%	11	14.7%
Collateral	3	15.0%	0	0.0%	1	25.0%	1	5.3%	0	0.0%	1	7.1%	6	8.0%
Insufficient Cash	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unverifiable Information	2	10.0%	1	5.9%	0	0.0%	0	0.0%	0	0.0%	1	7.1%	4	5.3%
Credit App. Incomplete	2	10.0%	1	5.9%	1	25.0%	4	21.1%	1	100.0%	2	14.3%	11	14.7%
Other	5	25.0%	3	17.6%	1	25.0%	2	10.5%	0	0.0%	6	42.9%	17	22.7%
Total	20	100.0%	17	100.0%	4	100.0%	19	100.0%	1	100.0%	14	100.0%	75	100.0%

Table C-14 continued
Reasons for FHA/VA/FSA Loan Denial by Race and Ethnicity: 2012-2014

Sub-Area and Denial Reason	White, Non-Hispanic		Hispanic		Black		Asian		All Other		Race/Ethnicity Unknown		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
North Orange County														
Debt-to-Income Ratio	28	33.7%	7	20.6%	0	0.0%	4	25.0%	1	33.3%	8	32.0%	48	28.9%
Employment History	1	1.2%	0	0.0%	0	0.0%	1	6.3%	0	0.0%	1	4.0%	3	1.8%
Credit History	7	8.4%	10	29.4%	4	80.0%	1	6.3%	0	0.0%	7	28.0%	29	17.5%
Collateral	9	10.8%	1	2.9%	0	0.0%	4	25.0%	1	33.3%	3	12.0%	18	10.8%
Insufficient Cash	2	2.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	1.2%
Unverifiable Information	3	3.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3	1.8%
Credit App. Incomplete	11	13.3%	7	20.6%	0	0.0%	3	18.8%	1	33.3%	1	4.0%	23	13.9%
Other	22	26.5%	9	26.5%	1	20.0%	3	18.8%	0	0.0%	5	20.0%	40	24.1%
Total	83	100.0%	34	100.0%	5	100.0%	16	100.0%	3	100.0%	25	100.0%	166	100.0%
South Orange County														
Debt-to-Income Ratio	27	20.9%	2	22.2%	1	33.3%	3	13.6%	1	33.3%	5	17.2%	39	20.0%
Employment History	4	3.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	3.4%	5	2.6%
Credit History	20	15.5%	3	33.3%	1	33.3%	3	13.6%	0	0.0%	8	27.6%	35	17.9%
Collateral	14	10.9%	0	0.0%	0	0.0%	3	13.6%	0	0.0%	3	10.3%	20	10.3%
Insufficient Cash	3	2.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	3.4%	4	2.1%
Unverifiable Information	2	1.6%	1	11.1%	0	0.0%	0	0.0%	0	0.0%	1	3.4%	4	2.1%
Credit App. Incomplete	19	14.7%	1	11.1%	0	0.0%	1	4.5%	0	0.0%	4	13.8%	25	12.8%
Other	40	31.0%	2	22.2%	1	33.3%	12	54.5%	2	66.7%	6	20.7%	63	32.3%
Total	129	100.0%	9	100.0%	3	100.0%	22	100.0%	3	100.0%	29	100.0%	195	100.0%
Urban County														
Debt-to-Income Ratio	60	25.9%	12	20.0%	2	16.7%	17	29.8%	2	29%	16	24%	109	25.0%
Employment History	5	2.2%	3	5.0%	0	0.0%	1	1.8%	0	0%	3	4%	12	2.8%
Credit History	30	12.9%	19	31.7%	5	41.7%	6	10.5%	0	0%	15	22%	75	17.2%
Collateral	26	11.2%	1	1.7%	1	8.3%	8	14.0%	1	14%	7	10%	44	10.1%
Insufficient Cash	5	2.2%	0	0.0%	0	0.0%	0	0.0%	0	0%	1	1%	6	1.4%
Unverifiable Information	7	3.0%	2	3.3%	0	0.0%	0	0.0%	0	0%	2	3%	11	2.5%
Credit App. Incomplete	32	13.8%	9	15.0%	1	8.3%	8	14.0%	2	29%	7	10%	59	13.5%
Other	67	28.9%	14	23.3%	3	25.0%	17	29.8%	2	29%	17	25%	120	27.5%
Total	232	100.0%	60	100.0%	12	100.0%	57	100.0%	7	100.0%	68	100.0%	436	100.0%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

Table C-15
Reasons for Conventional Loan Denial by Race and Ethnicity: 2012-2014

Sub-Area and Denial Reason	White, Non-Hispanic		Hispanic		Black		Asian		All Other		Race/Ethnicity Unknown		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Orange County¹														
Debt-to-Income Ratio	732	25.4%	178	20.5%	9	22.0%	633	29.0%	21	38.2%	340	30.3%	1,913	26.7%
Employment History	49	1.7%	12	1.4%	0	0.0%	47	2.2%	0	0.0%	21	1.9%	129	1.8%
Credit History	289	10.0%	144	16.6%	12	29.3%	168	7.7%	7	12.7%	141	12.6%	761	10.6%
Collateral	430	14.9%	106	12.2%	4	9.8%	220	10.1%	7	12.7%	118	10.5%	885	12.4%
Insufficient Cash	95	3.3%	21	2.4%	1	2.4%	70	3.2%	1	1.8%	24	2.1%	212	3.0%
Unverifiable Information	143	5.0%	29	3.3%	0	0.0%	100	4.6%	3	5.5%	59	5.3%	334	4.7%
Credit App. Incomplete	411	14.3%	65	7.5%	1	2.4%	287	13.1%	4	7.3%	120	10.7%	888	12.4%
Mortgage Insurance Denied	3	0.1%	0	0.0%	0	34.1%	1	0.0%	0	0.0%	2	0.2%	6	0.1%
Other	732	25.4%	314	36.1%	14	0.0%	659	30.2%	12	21.8%	298	26.5%	2,029	28.3%
Total	2,884	100.0%	869	100.0%	41	100.0%	2,185	100.0%	55	100.0%	1,123	100.0%	7,157	100.0%
West Orange County														
Debt-to-Income Ratio	22	21.0%	16	29.1%	0	0.0%	30	21.3%	0	0.0%	9	17.0%	77	21.4%
Employment History	1	1.0%	0	0.0%	0	0.0%	2	1.4%	0	0.0%	0	0.0%	3	0.8%
Credit History	15	14.3%	8	14.5%	0	0.0%	15	10.6%	0	0.0%	12	22.6%	50	13.9%
Collateral	22	21.0%	4	7.3%	1	33.3%	14	9.9%	0	0.0%	6	11.3%	47	13.1%
Insufficient Cash	1	1.0%	0	0.0%	0	0.0%	4	2.8%	0	0.0%	0	0.0%	5	1.4%
Unverifiable Information	6	5.7%	3	5.5%	0	0.0%	8	5.7%	1	50.0%	3	5.7%	21	5.8%
Credit App. Incomplete	8	7.6%	1	1.8%	0	0.0%	18	12.8%	0	0.0%	9	17.0%	36	10.0%
Mortgage Insurance Denied	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other	30	28.6%	23	41.8%	2	66.7%	50	35.5%	1	50.0%	14	26.4%	120	33.4%
Total	105	100.0%	55	100.0%	3	100.0%	141	100.0%	2	100.0%	53	100.0%	359	100.0%

Table C-15 continued
Reasons for Conventional Loan Denial by Race and Ethnicity: 2012-2014

Sub-Area and Denial Reason	White, Non-Hispanic		Hispanic		Black		Asian		All Other		Race/Ethnicity Unknown		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
North Orange County														
Debt-to-Income Ratio	72	26.9%	23	28.4%	0	0.0%	52	27.2%	3	37.5%	29	31.2%	179	27.8%
Employment History	3	1.1%	0	0.0%	0	0.0%	2	1.0%	0	0.0%	2	2.2%	7	1.1%
Credit History	18	6.7%	15	18.5%	0	0.0%	7	3.7%	2	25.0%	5	5.4%	47	7.3%
Collateral	45	16.8%	3	3.7%	0	0.0%	13	6.8%	1	12.5%	11	11.8%	73	11.4%
Insufficient Cash	8	3.0%	2	2.5%	0	0.0%	5	2.6%	0	0.0%	0	0.0%	15	2.3%
Unverifiable Information	13	4.9%	2	2.5%	0	0.0%	12	6.3%	0	0.0%	3	3.2%	30	4.7%
Credit App. Incomplete	34	12.7%	5	6.2%	1	50.0%	44	23.0%	1	12.5%	14	15.1%	99	15.4%
Other	75	28.0%	31	38.3%	1	50.0%	56	29.3%	1	12.5%	29	31.2%	193	30.0%
Total	268	100.0%	81	100.0%	2	100.0%	191	100.0%	8	100.0%	93	100.0%	643	100.0%
South Orange County														
Debt-to-Income Ratio	181	29.0%	8	18.2%	0	0.0%	40	29.2%	2	28.6%	59	34.1%	290	29.3%
Employment History	9	1.4%	0	0.0%	0	0.0%	3	2.2%	1	14.3%	0	0.0%	13	1.3%
Credit History	64	10.3%	4	9.1%	0	0.0%	9	6.6%	1	14.3%	22	12.7%	100	10.1%
Collateral	92	14.7%	4	9.1%	0	0.0%	15	10.9%	3	42.9%	21	12.1%	135	13.7%
Insufficient Cash	21	3.4%	1	2.3%	0	0.0%	3	2.2%	0	0.0%	3	1.7%	28	2.8%
Unverifiable Information	27	4.3%	1	2.3%	0	0.0%	4	2.9%	0	0.0%	13	7.5%	45	4.6%
Credit App. Incomplete	104	16.7%	4	9.1%	1	25.0%	28	20.4%	0	0.0%	15	8.7%	152	15.4%
Other	126	20.2%	22	50.0%	3	75.0%	35	25.5%	0	0.0%	40	23.1%	226	22.9%
Total	624	100.0%	44	100.0%	4	100.0%	137	100.0%	7	100.0%	173	100.0%	989	100.0%
Urban County														
Debt-to-Income Ratio	275	27.6%	47	26.1%	0	0.0%	122	26.0%	5	29%	97	30%	546	27.4%
Employment History	13	1.3%	0	0.0%	0	0.0%	7	1.5%	1	6%	2	1%	23	1.2%
Credit History	97	9.7%	27	15.0%	0	0.0%	31	6.6%	3	18%	39	12%	197	9.9%
Collateral	159	15.9%	11	6.1%	1	11.1%	42	9.0%	4	24%	38	12%	255	12.8%
Insufficient Cash	30	3.0%	3	1.7%	0	0.0%	12	2.6%	0	0%	3	1%	48	2.4%
Unverifiable Information	46	4.6%	6	3.3%	0	0.0%	24	5.1%	1	6%	19	6%	96	4.8%
Credit App. Incomplete	146	14.6%	10	5.6%	2	22.2%	90	19.2%	1	6%	38	12%	287	14.4%
Other	231	23.2%	76	42.2%	6	66.7%	141	30.1%	2	12%	83	26%	539	27.1%
Total	997	100.0%	180	100.0%	9	100.0%	469	100.0%	17	100.0%	319	100.0%	1,991	100.0%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-201

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J. INSURANCE

1. Background

On February 15, 2013, HUD issued a final rule regarding *Implementation of the Fair Housing Act's Discriminatory Effects Standard*. Under the final rule, a –

‘discriminatory effect’ occurs where a facially neutral housing practice actually or predictably results in a discriminatory effect on a group of persons (that is, disparate impact), or on the community as a whole (perpetuation of segregation).

An example of a housing policy or practice that may have a disparate impact on a class of persons delineated by characteristics protected by the 1968 Fair Housing Act, as amended, is the provision and pricing of homeowner’s insurance. The final rule states:

HUD has long interpreted the Fair Housing Act to prohibit discriminatory practices in connection with homeowners insurance.

HUD referred interested parties to:

24 CFR 100.70 (d)(4) [March 15, 1989] {defining “other prohibited sale and rental conduct” to include refusing to provide ...property or hazard insurance for dwellings or providing such ... insurance” differently because of a protected class.

Source: Federal Register, Vol. 78, No. 32/Friday 15, 2013, page 11475

Thus, from a fair housing point of view, refusing to provide property or hazard insurance for dwellings includes owner as well as renter occupied dwellings.

2. Analysis of Homeowner and Renter Insurance Fair Housing Issues

a. Homeowner Insurance

1) Underwriting Rules

Examples of underwriting rules in insurance policies that can have a disparate impact on protected classes include:

- Setting of minimum value; i.e., refusing to insure dwellings valued at less than a certain dollar amount
- Maximum age requirements i.e., refusing to insure dwellings 30 years old or older
- Refusal to underwrite homes that contain lead paint would obviously affect only older homes
- Limiting coverage of a dwelling because of an adjacent property or property in the surrounding neighborhood (unless that property was shown to pose a specific hazard to the dwelling seeking coverage)
- Refusal to provide coverage sufficient to replace a home if the cost of replacement exceeds the market value of the home by a certain percentage.

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Source: John F. Stanton, *The Fair Housing Act and Insurance: An Update and the Question of Disability Discrimination*, Hofstra Law Review, Volume 31, February 2004, pages 175-177

Such rules tend to disproportionately affect racial minorities and prevent people in such homes from obtaining adequate insurance.

2) Cost of Homeowners Insurance

Homeowners insurance is a package policy consisting of different types of coverage for the house, its contents, additional living expenses, personal liability claims against the policyholder and other members of the household and medical payments to others. The policyholder pays a single premium amount for the combination of these coverages. Owners are advised to purchase home insurance coverage at least equal to the home's estimated replacement cost. Replacement cost is the rebuilding cost necessary to repair or replace the entire home but is not the same as the market value of the home which includes land value.

Annually, the Statistical Analysis Division (SAD) of the California Department of Insurance (DOI) conducts a survey of premiums of insurers offering homeowners insurance in California. Due to the great diversity of homes, limits, locations and coverages available, it is impossible to publish a comparison for every risk. Therefore, companies are asked to supply their annual premium, based on rates for new business, for specific hypothetical risks located in various zip codes throughout the state. Zip codes are selected from various regions within the state, based on census home density data. Hypothetical examples are developed in order to provide premiums for a wide variety of risk types.

The DOI *2015 Homeowners Premium Survey* was consulted to estimate insurance rates. The premiums were obtained for a home 26-40 years of age with \$500,000 being the amount of coverage and a \$1,000 deductible. Premium data was available for four cities located in Orange County. Table C-16 shows a very wide range in homeowners' insurance premiums.

Table C-16
2015 Homeowners Premium Survey
Amount of Coverage \$500,000 - \$1,000 Deductible – Age 26-40 Years

City	Low Premium	High Premium
Laguna Beach	\$712 ¹	\$2,409
Placentia	\$757 ¹	\$2,565 ²
Stanton	\$890	\$2,565 ²
Yorba Linda	\$757 ¹	\$2,565 ²

¹Horace Mann

²Chubb/Federal

Source: California Department of Insurance, *2015 Homeowners Premium Survey*

The DOI explained the wide range in premiums as follows:

Insurance companies develop homeowners insurance premiums based on various rating factors. Some of the rating factors that insurance companies may take into consideration

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are the residential property's distance to fire hydrants, fire departments, or brush area. When you compare homeowners premiums within a county you will need to understand that certain areas (i.e. ZIP codes) may be deemed as a high fire risk due to the property's distance to a water source, brush, etc. Stricter underwriting guidelines or platinum-type services that are part of the package also affect rates charged.

The department publishes the Homeowners Premium Survey to provide the public with a sample "picture" of homeowner's insurance rates reported by insurance companies for a specific area (ZIP code) and profile. The sample rates are to be used as a comparison tool and are not to be construed as an official homeowner's insurance quote.

Dairyn Valencia, RPSI/Project Manager, CA Department of Insurance, Statistical Analysis Division, February 20, 2015

The DOI also has stated:

Overall, the total written premiums have been generally increasing. This can be attributed to the rising cost of building/rebuilding a structure and/or the growing replacement cost for personal property contents. Consequently, average premiums are rising from year to year. In addition, California is experiencing a shift from lower amounts of insurance to higher amounts. This substantiates the realization of the importance and the increasing need for sufficient insurance protection. With the number of unexpected perils that can jeopardize one of our biggest investments, our homes, knowing that sufficient insurance coverage is in place to cover the negative financial consequences of a loss, is reassuring.

3) Availability Based on CLUE (Comprehensive Loss Underwriting Exchange) Reports

Homeowners insurance can be made unavailable due to the claims history of a property or of the buyer seeking coverage.

When faced with a prospective insured, insurance providers use the CLUE database to find out information not only about the customer, but also about the residence to be covered. Often this will cause problems for homeowners who have recently purchased a property. If they assume they will be able to get insurance easily because they always have had coverage and have never made any claims, they may be surprised when they are turned down based on claims made on their new property by the previous owners.

Source: Eric R. Jaworski, Esq. and Jonathan A. Goodman, Esq., Colorado REALTOR News, *CLUE Reports Comprehensive Loss Underwriting Exchange Reports*, page 2

CLUE is a claims-information report generated by LexisNexis®, a consumer-reporting agency. The report generally contains up to seven years of personal-auto and personal-property claims history.

An insurer may request a CLUE report when an application is made for coverage or request is made for a quote. The company uses the applicant's claims history or the history of claims at a specific property, to decide if it will offer coverage and the premium amount. Insurance company studies show a relationship between past and future claims.

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When a home is sold in California, the seller is *not* obligated to provide the buyer with a CLUE report. According to the California Association of REALTORS (CAR), the standard residential purchase agreement –

...simply requires the seller to disclose known material facts and defects including "known insurance claims within the past five years." In other words, if the seller had a fire in the kitchen 2 years ago and made an insurance claim, then the seller must disclose this fact to the buyer. *The C.A.R. purchase contract does not require purchase of a third-party report, such as C.L.U.E.* Sellers may make the disclosures of known insurance claims by using the C.A.R. Standard Form "Supplemental Statutory and Contractual Disclosures" (Form SSD), which allows a seller to disclose his or her awareness of insurance claims via a simple yes/no checkbox format. [Emphasis added]

A seller must disclose only known insurance claims; C.A.R. purchase agreements *do not require sellers* to discover unknown claims, or *to purchase reports or other third-party information to make this disclosure.* Although sellers may choose to provide and pay for a third-party report to provide this optional third-party information to buyers, *neither the law nor C.A.R.'s purchase agreement require that they do so.* [Emphasis added]

CAR points out, however –

Given the increased difficulty of obtaining affordable homeowners' insurance in recent years, buyers should obtain quotes as early as possible in the home buying process. In the process of obtaining insurance, the insurance agent or underwriter will most likely be checking the insurance database, as a matter of course, without charge. Buyers should seek insurance quotes during the inspection period so that there will be clear understanding of the cost of the insurance early in the transaction, and so that buyers will have an opportunity to evaluate this fact during the inspection period.

b. Renter Insurance

Landlords renting to tenants with Section 8 vouchers have experienced trouble in acquiring and renewing coverage as well as increased premiums. A recent study noted:

The willingness of insurance providers to issue policies to landlords who accept tenants using Section 8 vouchers is an issue at the intersection of fair housing and the insurance industry that is gaining prominence. Private investigation and action around this issue is taking place across the country, as evidenced by lawsuits in state and federal court, and complaints filed with the federal Department of Housing and Urban Development (HUD). These federal and administrative complaints allege that, once insurance providers become aware of the presence of Section 8 tenants at an insured property, they have either canceled the existing property insurance policy or required a higher premium to continue coverage, and that these actions have a disparate impact on protected groups, such as racial minorities and people with disabilities, thereby violating the Fair Housing Act (FHA).

Despite this new focus on insurance industry practices related to subsidized housing, there is little information available on the subject. The actuarial statistics used by underwriters in measuring the risk presented by Section 8 voucher-holders—if such statistics even exist—are not publicly available. Although much has been written about

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the reasons landlords refuse to participate in the Section 8 program, no studies or commentaries exist regarding similar decisions within the insurance industry.

Source: Jean M. Zachariasiewicz, *Not Worth the Risk: The Legal Consequences of the Refusal to Insure Properties with Section 8 Tenants*, Banking & Financial Services Policy Report, Volume 33, November 11, November 2014, page 19

In California, a landlord who wishes to rent their property to a family participating in the Section 8 Housing Choice Voucher Program, as well as other housing developers and property managers, were at risk if losing insurance protections for their rental property. In October 2015 Governor Brown approved AB 447, a bill that prohibits admitted insurers from refusing to accept an application or to issue a policy based on the level or source of income of individuals intending to reside upon the property, including – but not limited – to federal Section 8 vouchers.

c. Underserved Communities

The DOI Statistical Analysis Division prepared a report entitled 2011 Commissioner's Report on Underserved Communities. Per Section (c) of CCR code 2646.6, a community shall be deemed to be "underserved" by the insurance industry if the Commissioner finds:

- The proportion of uninsured motorists is ten percentage points above the statewide average as reflected in the most recent Department of Insurance statistics regarding the statewide average of uninsured motorists; and
- The per capita income of the community, as measured in the most recent U.S. Census, is below the fiftieth (50th) percentile for California; and
- The community, as measured in the most recent U.S. Census, is predominantly minority. Predominantly minority community can be qualified as any community that is composed of two-thirds or more minorities as those groups are defined in subsection (b) (6) (A) through (D) of CCR Code 2646.6.

According to the 2011 Commissioner's Report on Underserved Communities, there are six underserved ZIP codes in Orange County – two in Anaheim and four in Santa Ana.

3. Conclusions and Recommendations

The insurance analysis has determined that an impediment to fair housing exists because: 1) the California Association of REALTORS has found there is difficulty in obtaining affordable homeowners' insurance and 2) it is possible that some landlords could have a challenge in obtaining insurance at a reasonable cost if they rent to tenants with Section 8 vouchers.

The FHCOC will take the following action:

- Add "homeowners insurance" and "CLUE Reports" to its homebuyer counseling services.
- Provide educational services to home buyers/borrowers so they understand the impact of CLUE Reports and can compare homeowner's premium rates.
- Inform landlords participating in the seminars and workshops of the enactment of AB 447.

K. BLOCKBUSTING/PANIC SELLING

1. Background - Inducing Sales by Misrepresentations

The Federal Fair Housing Act of 1968, as amended, declared it an illegal practice:

...for profit, to induce or attempt to induce sales and rentals by representations regarding the entry or prospective entry into the neighborhood of [a] person or persons of a particular race, color, religion, etc.

Section 10177(l)(1) of the California Business and Professions Code states that the Real Estate Commissioner may revoke or suspend the license of a real estate licensee if he/she has done the following:

Solicited or induced the sale, lease, or listing for sale or lease of residential property on the ground, wholly or in part, of loss of value, increase in crime, or decline of the quality of the schools due to the present or prospective entry into the neighborhood of a person or persons having a characteristic protected by fair housing laws (e.g., race, color, national origin, etc.)

2. Analysis of Blockbusting/Panic Selling

Data on housing discrimination complaints based on the alleged acts of blockbusting and/or panic selling are not routinely collected by FHCOC, DFEH or HUD. The California Department of Real Estate website was researched to obtain data on violations of Business and Professions Code 10177(l)(1). The DRE reported that violations cannot be filtered by this code. Thomas Poole, Assistant Commissioner, DRE has stated there has been “no disciplinary action against a real estate licensee because of violation of 10177(l)(1).”

3. Conclusions and Recommendations

There is no evidence to indicate that blockbusting/panic selling has occurred in the Urban County in recent years. Consequently, there are no actions recommended for future implementation.

L. PROPERTY MANAGEMENT PRACTICES

1. Background

As written, the FHA covers most — but not all — housing. Some exemptions to coverage under the FHA include: (a) owner-occupied buildings with no more than four units (which is commonly known as the Mrs. Murphy exemption); (b) single family housing sold or rented without the use of a broker if the private individual owner does not own more than three such single family homes at one time; or (c) housing operated by organizations and private clubs that limit occupancy to members.

Under California law, the owners of apartment buildings with 16 or more housing units must provide for *on-site* property management. The owners and managers of apartment buildings must comply with a variety of fair housing laws such as:

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- Occupancy limits
- Reasonable modifications
- Reasonable accommodations
- Service animals
- Companion animals
- ADA/accessibility compliance

These fair housing requirements are briefly described below:

Occupancy limits refer to the number of persons who can occupy an apartment unit. Often, strict occupancy limits have the intent of excluding families with children from renting an apartment.

A reasonable modification is a structural change made to existing premises, occupied or to be occupied by a person with a disability, in order to afford such person full enjoyment of the premises. Reasonable modifications can include structural changes to interiors and exteriors of dwellings and to common and public use areas. A request for a reasonable modification may be made at any time during the tenancy. The Act makes it unlawful for a housing provider or homeowners' association to refuse to allow a reasonable modification to the premises when such a modification may be necessary to afford persons with disabilities *full enjoyment* of the premises. [Emphasis added]

Source: U.S. Department of Justice, Civil Rights Division and U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, *Joint Statement on Reasonable Modifications Under the Fair Housing Act*, March 5, 2008, page 3

A "reasonable accommodation" is a change, exception, or adjustment to a rule, policy, practice, or service that may be necessary for a person with a disability to have an equal opportunity to use and enjoy a dwelling, including public and common use spaces. Since rules, policies, practices, and services may have a different effect on persons with disabilities than on other persons, treating persons with disabilities exactly the same as others will sometimes deny them an equal opportunity to use and enjoy a dwelling. The Act makes it unlawful to refuse to make reasonable accommodations to rules, policies, practices, or services when such accommodations may be necessary to afford persons with disabilities an equal opportunity to use and enjoy a dwelling.

To show that a requested accommodation may be necessary, there must be an identifiable relationship, or nexus, between the requested accommodation and the individual's disability.

Under Federal and State fair housing laws, individuals with disabilities may ask their housing provider to make reasonable accommodations in the "no pets" policy to allow for their use of a service and/or companion animal. Under the law, such animals are not considered pets. The housing provider may ask the disabled applicant/tenant to provide verification of the need for the animal from a qualified professional. Once that need is verified, the housing provider must generally allow the accommodation.

The Fair Housing Act establishes accessibility requirements which apply to the construction of multifamily dwellings containing four or more units and built for first occupancy after March 13, 1991. The list below summarizes the seven requirements.

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- Requirement 1: Accessible building entrances on an accessible route.
- Requirement 2: Accessible and usable public and common use areas.
- Requirement 3: Usable doors.
- Requirement 4: Accessible route into and through the covered dwelling.
- Requirement 5: Light switches, electrical outlets, thermostats and other environmental controls in accessible locations.
- Requirement 6: Reinforced walls for grab bars.
- Requirement 7: Usable kitchens and bathrooms.

2. Analysis

Evidence of discriminatory property management practices is available from several sources. For example, in response to question “who best describes the person who discriminated against you,” 81% of the respondents to the *Orange County Fair Housing Survey* responded “my landlord/property manager.” Just over 50% of those who thought they were discriminated against stated the event happened at an apartment complex. The primary discriminatory acts included:

- “Manager would not rent to me because I have children”
- “Told me the apartment unit was not available when I called, even though I later found out it was”
- “Manager made negative comments about my race/national origin/religion

The housing discrimination data compiled by HUD’s San Francisco Regional Office that the following are among the primary alleged discriminatory acts:

- Discriminatory acts under Section 818 (coercion, etc.)
- Failure to make reasonable accommodation
- Discriminatory advertising, statements, and notices
- Discriminatory terms, conditions, privileges, or services and facilities

With respect to advertising, the survey of newspaper and Craigslist ads found several ads indicating “No Pets” and “No Section 8.” Ads stating “No Pets” may discourage disabled who need a service or companion animal from submitting a rental application. “No Section 8” could be a code phrase indicating a bias against disabled persons and minorities.

Landlords, property managers and apartment owners keep informed on fair housing through a variety of means including attending educational seminars. For example; in March 2015 a seminar was conducted on “How to Avoid Fair Housing & Discrimination Lawsuits.” Among the topics discussed were: properly screening tenant applicants; minimizing fair housing complaints; understanding fair housing laws; and knowing who the fair housing protected classes are.

Reading articles published in trade magazines is another way that land lords, property managers and apartment owners stay informed on fair housing issues. A review was completed of the fair housing articles published in the 2015 monthly issues of the Orange County edition of the Apartment Owners Association News. Table C-17 summarizes the fair housing articles published during this period.

Table C-17
Apartment Association of Orange County
Fair Housing Issues Discussed in Monthly Issues Published in 2015

Issue	Article/Topic
January	Advertisement for a fair housing conference in January.
February	ADA Compliance: Article discussing AB 52 which would limit maximum liability for statutory damages in construction-related accessibility claims against a public accommodation.
March	None.
April	Commercial Insurance Denial: Article discussing AB 447 which would prohibit insurers issuing policies of commercial insurance for multifamily housing developments intended for low and moderate income families or agricultural employees from using certain prohibited underwriting classifications, including source of income of the tenants, to be a reason to fail or refuse an application or issue a policy to an applicant, to cancel or fail to renew a policy, to charge a higher rate or to change or impose different requirements. An article discussing the Fair Housing Council of Orange County's 50 years of service.
May	New Protected Class: Article discussing AB 396 which would add persons with a criminal record as a new class in CA FEHA. Questions and Answers: An on-site manager had a question regarding the personal appearance of two prospective tenants requesting an application for a vacancy. The prospective tenants "looked as if they had not bathed in a week" and their vehicle "looked like it was on its last leg". The manager did not give them an application. The response was that an application should be provided to any adult requesting one and that they could have been fair housing "testers". Subjectively dismissing them out of hand based on their appearance would give rise to a fair housing complaint based upon arbitrary discrimination.
June	Advertisement for a general membership meeting with topics including: marijuana accommodation, fair housing, comfort pets and ADA compliance. Two articles discussing AB 396 as discussed above.
July	An article discussing AB 52 (discussed above), AB 54 which provides tax credits for ADA access compliance, AB 396 (discussed above) and AB 447 (discussed above). Advertisement for a Certified Housing Provider Education Program with topics including: Legal issues Affecting Landlords and Tenants and Fair Housing to be held in September and November.
August	Advertisement for a Certified Housing Provider Education Program.
September	Questions and Answers: a landlord had a question regarding an elderly tenant that "looks like she won't be getting around very well" and her daughter requested grab bars in the shower and bathroom. The response stated that a landlord must allow a tenant to make reasonable modifications to the rental unit to the extent necessary to allow the tenant full enjoyment of the premises. The tenant not the landlord must pay for the modifications. Advertisement for a fair housing conference in October.
October	Advertisement for a Section 8 housing program. Advertisement for a fair housing conference in October.
November	None.
December	Article discussing AB 447 (discussed above). Questions and Answers: A landlord had a question regarding tenant's use of medical marijuana because they were "disabled". The response stated that the right to smoke marijuana in an apartment community is not automatic and depends on the facts in each case. The use of marijuana requires the user to be disabled and the disability must be verifiable. In addition, the disabled individual must request a reasonable accommodation. Once the request is made, the landlord is obligated to consider the request and make a good faith effort to provide the accommodation.

3. Conclusions and Recommendations

Discriminatory property management practices are an impediment to fair housing. The FHCOC will seek to ameliorate this impediment by –

- Addresses these illegal practices through educational seminars
- Processing of housing discrimination complaints made by in-place tenants and rental seekers
- Preparing a model template of written policies (i.e., service/companion animals, reasonable accommodations) and transmit the model template to the Apartment Owners Association

M. DISCRIMINATORY ADVERTISING

1. Background – Prohibitions Against Preferences and Limitations

Section 804(c) of the 1968 Federal Fair Housing Act, as amended, prohibits discriminatory advertising; it is unlawful:

To make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling 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.

Section 12955(c) of the California Fair Employment and Housing Act contains similar language prohibiting discriminatory advertising. That Section, however, also includes the State's additionally protected classes of sexual orientation, marital status, ancestry, and source of income.

2. Analysis of Newspaper Print and On-Line Advertising

Guidance on specific words and phrases that are or could be interpreted as discriminatory was obtained from the following:

- Roberta Achtenberg, Assistant Secretary for Fair Housing and Equal Opportunity, HUD, "Guidance Regarding Advertisements under Section 804 (c) of the Fair Housing Act," January 9, 1995
- California Newspaper Publishers Association, Fair Housing Advertising Manual, Fourth Edition, Copyright, 2009
- 24 CFR 109.30 Appendix I to Part 109 – Fair Housing Advertising. Part 109 is no longer officially part of the Code of Regulations having been withdrawn effective May 1, 1996. However, it is still published on HUD's website
- State Department of Fair Employment and Housing, Guidance Memorandum
- Bryan Green, Deputy Assistant Secretary for Enforcement, ED, Fair Housing Act Application to Internet Advertising, September 20, 2006 [memorandum to FHEO Regional Directors]

These sources provide guidance on the specific words and phrases that are or could be considered discriminatory with respect the following:

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- Race/Color/National Origin/Ancestry
- Sex
- Disability
- Familial/Marital Status
- Religion
- Source of Income
- Sexual Orientation
- Senior Housing

Attachment A includes examples of discriminatory words and phrases.

a. Newspaper Advertising

In the Los Angeles Times Market Place Real Estate rentals are advertised by community and city; for example LA South Bay and San Gabriel/Pomona Valley. Very few “for rent” ads are published in the Los Angeles Times and rarely is one published for an Orange County rental. During the November 2015 through January 2015, only one rental ad was published. It was for a vacation rental in Sunset Beach and it mentioned the number of bedrooms and baths and the monthly rent.

The Los Angeles Times Orange County Real Estate published ads for homes for sale in the Urban County cities and communities including Brea, Laguna Beach, Placentia, Yorba Linda, Ladera Ranch, Seal Beach, and Sunset Beach. The ads typically contain the following information:

- Community or Neighborhood Location
- Number of bedrooms and baths
- Lot Size,
- House size
- Upgrades/improvements
- Photos of the home
- Price

None of the ads contained discriminatory words or phrases. Re-Max had one ad published for a home located in Placentia which stated “Private Gated Community” Alta Vista CC.

Ads placed with the Orange County Register, a daily newspaper, were reviewed to identify discriminatory terms and phrases. Ads for rental units (both apartments and single family homes and condos) were reviewed from November 7, 2015 through January 23, 2016 for a total of 12 weeks.

There were a total of 473 unduplicated ads for rental units in the Urban County cities and unincorporated Orange County. Table C-18 shows the number of ads by sub-area and type of rental unit.

Homes for rent exceeded apartments for rent by a ratio of more than 3 to 1. This ratio may indicate that the apartment rental market has few vacancies and is very tight.

Table C-18
Urban County
Number of Unduplicated Rental Advertisements
by Sub-Area and Type of Rental

Sub-Area	Apartments	Homes For-Rent	Total
West Orange County			
Cypress	2	11	13
La Palma	2	4	6
Los Alamitos	7	1	8
Midway City CDP	2	1	3
Rossmoor CDP	0	2	2
Seal Beach	1	3	4
Stanton	0	2	2
Sunset Beach CDP	0	1	1
Subtotal	14	25	39
North Orange County			
Brea	1	16	17
North Tustin CDP	0	3	3
Placentia	2	13	15
Villa Park	1	0	1
Yorba Linda	1	51	52
Subtotal	5	83	88
South Orange County			
Aliso Viejo	1	27	28
Coto de Caza CDP	0	11	11
Dana Point	29	54	83
Ladera Ranch CDP	1	19	20
Laguna Beach	55	116	171
Laguna Hills	0	21	21
Laguna Woods	0	10	10
Las Flores CDP	0	0	0
Subtotal	86	258	344
Other Unincorporated	0	2	2
Total	105	368	473

Source: Survey of rental advertisements, Orange County Register, November 7, 2015 through January 23, 2016

1) Source of Income

When the rental market is tight many ads are published stating “No Section 8.” As vacancies grow, the frequency of ads which state “Section 8 OK” increases. Either statement is not a violation of the California fair housing act because Section 8 is not deemed a source of income.

One ad was published in the Orange County Register for an apartment unit in La Palma which stated ‘no HUD’.

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2) No Pets

Under Federal and State fair housing laws, individuals with disabilities may ask their housing provider to make reasonable accommodations in the "no pets" policy to allow for their use of a companion or service animal. The housing provider may ask the disabled applicant/tenant to provide verification of the need for the animal from a qualified professional. Once that need is verified, the housing provider must generally allow the accommodation.

Some disabled persons are unaware of their fair housing rights and, as a consequence, may not consider as available to them apartments with ads that state "no pets."

Of all the apartment rental ads reviewed in the Orange County Register, only one stated a refusal to allow animals. That ad was for an apartment located in Stanton and it stated "no dogs."

3) Room Rentals

Two separate ads for rooms-for-rent in Laguna Woods stated the following:

- Female Pref. No Over-night guests/smoke/drugs/alcohol/pets
- Single Christian Female. Must be 45+

If the owner of an owner-occupied, single-family home rents out a room in the home to a roomer or a boarder, and there are no other roomers or boarders living in the household, the owner is not subject to the restrictions listed in the Federal and State fair housing laws.

However, the owner cannot make oral or written statements, or use notices or advertisements which indicate any preference, limitation, or discrimination based on race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, or disability.

A person in a single-family dwelling who advertises for a roommate may express a preference on the basis of gender, if living areas (such as the kitchen, living room, or bathroom) will be shared by the roommate.

Thus, the ad stating a preference for a female roomer may not violate fair housing law but the one expressing a preference for a Christian female could do so.

4) Human Models

The Orange County Register published several display ads with photographs of people of various ages and races.

Most of the photographs published in the Los Angeles Times were of the real estate agents; the photographs demonstrated diversity in terms of gender, race and ethnicity. Humans were rarely included in the ads as most focused on the physical property. One ad contained a photograph of two white women and one black woman sitting by a pool. This ad was for homes located in Bakersfield, Beaumont and Indio.

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5) Fair Housing Notice

The Orange County Register does not publish a fair housing notice in its online rental ads edition. Typically, such a notice is located at the beginning of the real estate classified ads section. The Los Angeles Times publishes the following fair housing notice just below the Rental Services section:

Live Free from Discrimination

Federal and State Fair Housing laws make it illegal to indicate any preference, limitation or discrimination because of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income or physical or mental disability. California Dept. Fair Employment & Housing 800-884-1684

b. Print Magazines

Volume 12, Issue 3 of the Homes & Land magazine was reviewed for potential discriminatory words and phrases. Issue 3, which covers North and Central Orange County, contained neither ads with discriminatory words or phrases nor photographs of humans. This magazine did not publish a fair housing notice.

The February/March 2016 edition of New Homes magazine also was reviewed for discriminatory words and phrases. This publication covers new home projects throughout Southern California. Located on the table of contents is a fair housing notice which reads in part:

All real estate advertised herein is subject to the Federal Housing Act of 1968 which makes it illegal to advertise "...any preference, limitation, or discrimination...". We will not knowingly accept any advertising for real estate which is in violation of the law.

Most of the ads were short descriptions of each individual project and contained only a photograph of a new home. Some of the larger display ads contained live models with a mixture of races. In addition, most of the display ads contained the Equal Housing Opportunity logo. None of the ads for new homes in Urban County cities contained discriminatory words or phrases.

c. Craigslist Ads

According to a study completed by the National Fair Housing Alliance (NFHA), Craigslist, the source of the overwhelming majority of housing advertising in today's market, and other Internet sites provide a convenient forum for illegal housing discrimination. Under current court decisions, these websites are not considered to be publishers and thus can neither be held liable under the Fair Housing Act nor be required to screen out illegal housing advertisements. Only the individuals who create and post discriminatory ads online can be held responsible.

The Communications Decency Act (CDA) is Title V of the Telecommunications Act of 1996 and was intended to protect families from online pornography and other forms of indecency. It states that operators of Internet services are not to be construed as publishers, and thus are not legally liable for the words of third parties who use their services. The CDA makes exceptions to

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this rule as it relates to federal criminal statutes and intellectual property law, but does not make explicit exceptions for civil rights laws like the Fair Housing Act.

Craigslist states that all ads must adhere to fair housing law (Section 3604(c) of the Federal Fair Housing Act). Craigslist makes the advertiser aware that “Stating a discriminatory preference in a housing post is illegal.” The link to Craigslist fair housing notice is:

<http://www.craigslist.org/about/FHA>

At the top of each ad links to file complaints and to fair housing information are provided.

A review was completed of advertisements of for-rent housing in the Urban County cities and the Census Division Places. Ads were searched on the website for each jurisdiction and the first 10 non-recurring advertisements for available for-rent housing were reviewed for discriminatory words and phrases.

Many ads mentioned income, credit history and payment standards, information which is typically included in a rental application and a landlord’s pre-screening. Landlords may request this information and may use credit reports to evaluate rental applications, as long as they follow the provisions of the Fair Credit Reporting Act.

Rental ads that could create impediments to fair housing include those that mentioned No Pets (22), No Section 8 (4) Family Friendly (7) and a few which described dubious occupancy standards.

Table C-19
Urban County
Craigslist: Ads Stating Preferences or Limitations

City	No Pets	No Section 8	Family Friendly
Cypress	2	2	0
La Palma	1	0	0
Los Alamitos	0	0	1
Midway City	1	1	2
Rossmoor	1	0	0
Seal Beach	4	1	1
Stanton	2	0	0
Brea	1	0	0
North Tustin CDP	1	0	0
Placentia	0	0	1
Yorba Linda	0	0	1
Coto de Caza	0	0	1
Dana Point	4	0	0
Laguna Beach	2	0	0
Laguna Hills	1	0	0
Laguna Woods	2	0	0
Total	22	4	7

Source: Survey of Craigslist ads, January 2016

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The phrase No Pets was mentioned in 22 ads. In addition, several other ads stated pet restrictions such as a pet is negotiable; pets are considered on a case by case basis; pets are conditional; pets with approval; and breed restrictions apply with 35lb weight limit.

Discrimination based on source of income violates California's fair housing laws. Because Section 8 is not deemed a source of income under the law, a No Section 8 ad is not considered illegal. However, Section 8 tenants face extreme barriers to using their vouchers because of a low vacancy rate, a limited number of apartments with rents below the Section 8 limits, landlords unwilling to rent to them, and other adverse market conditions. Some cities have enacted ordinances stating discrimination against Section 8 voucher holders is illegal. There also has been thought of amending the State law to include Section 8 as a source of income.

Ads favoring families may inadvertently indicate that the housing is not for seniors, the disabled and other protected classes. Among the reviewed ads were those that stated Kid Friendly, Family Friendly Neighborhood, Great 4 Family, and Good Fit for Families.

Three ads stated dubious occupancy standards:

- Can easily rent one or two downstairs rooms to Cypress College students for extra income
- It's enough space to reside comfortably with another person (this ad was for a 1 bedroom unit)
- This apartment is suitable for a small family of 2 adults + 2 children. or 2 professional adults

These ads may indicate occupancy standards more restrictive than provided under State law, which is described in the analysis Appendix D.

A law study concluded:

The sheer number of discriminatory advertisements on the Internet and the inefficiency of individually prosecuting the people who take out the ads lead to the conclusion that the CDA should be amended to take the FHA into account.

Meanwhile, this same law study suggested that -

Website operators could employ filtering software that searches for hot button words like "minorities," "kids," and "Christian" and automatically embargoes ads that contain those words until they can be reviewed further. Similarly, a relatively simple program could cause a "warning" message to pop up if a user attempts to submit an ad containing potentially problematic language. This would give the user the opportunity to remove the language. If the user chooses to leave the language, the ad would be filtered for individualized review. Using such techniques would relieve website operators of the burden of reviewing every single ad posted to the site. Instead, they would only have to arrange for a staff person to review the ads that are filtered. Ads that contain suspect words but which turn out to be harmless could be cleared for posting after a brief review.

Source: Rigel Christine Oliveri, *Discriminatory Housing Advertisements On-Line: Lessons from Craigslist*, Indiana Law Review, page 1176

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Another law study also suggested amending the CDA:

In order to curb discriminatory housing advertisements, the FHA's ban on discriminatory housing advertisements should extend to online advertising. The most sensible way to achieve this is to amend the CDA.^{165 A}

Source: Stephen Collins, *Saving Fair Housing on the Internet: The Case for Amending the Communications Decency Act*, Northwestern University Law Review, Vol. 102, No. 3, pages 1471-1493

3. Conclusions and Recommendations

The use of newspapers to advertise apartment and home rentals has experienced in a steep decline. "No Pets" and "No Section 8" are the words used in newspaper ads that are most problematic from a fair housing point of view.

Many more for rent ads are posted on Craigslist than in the Los Angeles Times and Orange County Register. As indicated above, ads are posted on Craigslist that indicate preferences and limitation that violate Federal and State fair housing laws. The current law makes it impractical to locate the individuals who post discriminatory ads on Craigslist and other Internet providers.

Discriminatory advertising is an impediment to fair housing. Based on the above findings, the FHCOC will implement the following actions:

- Support efforts to amend the Communications Decency Act to extend the FHA's ban on discriminatory housing advertisements to online advertising.
- Submit a request to Craigslist that it publish a notice making it known that disabled renters may request that landlords accommodate their service or companion animal.
- Annually review ads published in the Orange County Register. Ads with discriminatory words or phrases should be investigated in more detail with follow-up enforcement actions, if necessary.
- Submit to the Orange County Register a request that it –
 - ✓ publish a Fair Housing Notice
 - ✓ include in the Fair Housing Notice a statement indicating that disabled renters may request the landlord to accommodate their service or companion animal
 - ✓ include within the Fair Housing Notice the contact information for the FHCOC

N. HATE CRIMES

1. Background – Hate Crimes at a Residential Location

According to HUD, the AI should analyze *housing* related hate crimes; that is; where an event takes place at a residence, home or driveway. When hate crimes occur at a home, the victims can feel unwelcomed and threatened. The victims may feel that they have no recourse other than to move from the home and neighborhood of their choice. Hate crime means –

“a criminal act committed, in whole or in part, because of one or more of the following actual or perceived characteristics of the victim: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, (6) sexual orientation, (7) association with a person or

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group with one or more of these actual or perceived characteristics.” [Source: California Penal Code section 422.55]

According to the California Department of Justice (DOJ), *hate crimes are not separate distinct crimes but rather traditional offenses motivated by the offender’s bias.* A bias is –

A preformed negative opinion or attitude toward a group of persons based on their race, ethnicity, national origin, religion, gender, sexual orientation and/or physical/mental disability.

Police and Sheriff Department’s report hate crime events to the DOJ.

2. Analysis of Hate Crime Data

According to the Orange County Human Relations Commission:

No one really knows how many hate crimes are committed each year, locally, state-wide or nationally. The FBI reported 5,928 hate crimes in 2013, but the 2013 National Crime Victimization Survey estimated that 260,000 people are victimized by hate each year. Those who have been targets of hate crimes often don’t report these crimes because they fear retaliation, are concerned about their privacy, have a fear of law enforcement, have cultural and language barriers and/or may not believe that reporting matter since so few reports end with an arrest.

According to the Orange County Human Relations Commission’s 2014 Annual Report:

- As has been the trend over the last two decades, African Americans remain the most frequently targeted group in Orange County since 1991. They were the target of 11 reported hate crimes in 2014, the same as the past year. While they account for just under 2% of the county’s population, African Americans account for 28% of the reported hate crimes.
- The number of reported hate crimes targeting the Gay and Lesbian community and those perceived to be Gay or Lesbian rose slightly from 7 in 2013 to 8 in 2014.
- There were 6 hate crimes targeting the Jewish community, one up from 2013.
- Both the Latino and Asian/Pacific Islander communities were targets in 3 reported hate crimes as was the combined total for the Muslim, Arab and Middle Eastern Communities

Source: Orange County Human Relations commission, *2014 Hate Crime Report*, pages 3 and 4

Table C-20 shows the number of hate crime events in the Urban County and Orange County during the five-year period from 2010 to 2014. Ten is the annual average of hate crime events occurring in the Urban County, a number which one-fifth of all the events that happened in the entire county. No hate crimes were reported in La Palma, Laguna Woods or Seal Beach. Three is the estimated annual number of Urban County hate crimes events occurring at a residential location.

Table C-20
Regional Analysis of Fair Housing Impediments
Number of Hate Crime Events by
Jurisdiction/City-2010 to 2014

City/Jurisdiction	2010	2011	2012	2013	2014	Average	Percent
Sheriff's Department	3	1	2	2	2	2.0	19.6%
Aliso Viejo	1	1	1	0	0	0.6	5.9%
Brea	0	0	0	0	1	0.2	2.0%
Cypress	2	4	1	1	0	1.6	15.7%
Dana Point	0	2	1	0	3	1.2	11.8%
La Palma	0	0	0	0	0	0.0	0.0%
Laguna Beach	0	1	1	1	0	0.6	5.9%
Laguna Hills	0	0	1	0	0	0.2	2.0%
Laguna Woods	0	0	0	0	0	0.0	0.0%
Los Alamitos	4	0	0	1	0	1.0	9.8%
Placentia	1	0	0	1	2	0.8	7.8%
Seal Beach	0	0	0	0	0	0.0	0.0%
Stanton	2	1	0	1	0	0.8	7.8%
Villa Park	0	0	1	0	0	0.2	2.0%
Yorba Linda	1	1	1	1	1	1.0	9.8%
Total Urban County Events	14	11	9	8	9	10.2	100.0%
Total Orange County Events	60	81	53	35	38	53	
State-wide Percentage of Events Occurring at a Residence	28.9%	29.0%	25.4%	25.7%	25.5%	27.2%	
Estimated Urban County Events Occurring at a Residence	4.0	3.2	2.3	2.1	2.3	2.8	
Estimated Orange County Events Occurring at a Residence	17.3	23.5	13.5	9.0	9.7	14.5	

Source: California Department of Justice, Division of California Justice Information Services, Bureau of Criminal Information and Analysis, Criminal Justice Statistics Center "Hate Crimes in California, 2010, 2011, 2012, 2013 and 2014"

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3. Conclusions and Recommendations

Based on past trends, it is projected that between 2015 and 2020 approximately 50 hate crimes will be reported in the Urban County and that 15 occur at a residence. The latter is based by applying the statewide percentage to the Urban County total

The Orange County Human Relations Commission indicates that the community should “offer support and assist victims to let them know they are no alone.”

The International Association of Chiefs of Police has explained that –

Police officers and investigators have important roles to play in responding to hate incidents and hate crimes. By doing the job efficiently and carefully, police can reinforce the message that hate crimes will be investigated aggressively, thus enhancing the likelihood of a successful prosecution.

The Association has recommended that after taking immediate action, police officers should:

Refer the victim to support services in the community and provide written resource lists when possible.

Source: International Association of Chiefs of Police, *Responding to Hate Crimes: A Police Officer's Guide to Investigation and Prevention*, 2013, 9 pages

Hate crimes committed at residences create an impediment to fair housing choice.

To address this fair housing impediment

- Prepare Hate Crime Victims Resource Directory
- When that Directory is completed it will be transmitted to the Human Relations Commission, Sheriff's Department, and city police departments

Besides the unincorporated area, the Sheriff's Department serves the following cities: Aliso Viejo, Dana Point, Laguna Hills, Laguna Woods, Seal Beach, Stanton, Villa Park, and Yorba Linda and unincorporated area .

O. GENTRIFICATION

1. Background

Gentrification refers to the upgrading and revitalization of older neighborhoods through a combination of private market forces and governmental programs. The “upgrading and revitalization” process attracts more affluent households which in turn drive up housing prices. The low income residents living in neighborhoods undergoing gentrification cannot afford the rising housing prices (or rents) and thus move out of the older neighborhood. Through gentrification, the older neighborhood is transformed from a predominantly lower income and/or minority neighborhood to one comprised of more well-to-do households.

2. Gentrification Analysis

Two methods were employed for the gentrification analysis: first, the increase in median household incomes between 2000 and 2010 at the census tract/neighborhood level; and second, city plans to revitalize older neighborhoods.

The State Department of Finance (DOF) has compiled data which compares the median household income for 2000 census tracts equivalent to the boundaries of the 2010 census tracts. The 2010 median household incomes were adjusted for inflation to estimate the “real” income increase compared to 2000. Of the 134 census tracts, only 52 had “real” income gains and, for the most part, these gains were modest. The following three census tracts are the only ones which had a median household increase of \$20,000 or more: 218.24, 320.41 and 995.02. The first two census tracts had median household incomes of \$107,505 and \$112,951 in 2000, respectively. The median household income of census tract 995.02 almost doubled between 2000 and 2010. This census tract is the Seal Beach Naval Weapons Station and it includes 208 housing units.

The housing elements of each jurisdiction were reviewed to determine current and future plans to revitalize neighborhoods. Several of the jurisdictions are approaching build out and in order to accommodate their share of the regional need for housing, it could be necessary to increase densities or amend the Land Use Elements. The review demonstrated that many cities had to consider changing densities, zoning, and the Land Use Elements to accommodate projected housing need. But almost all of these actions involved changing non-residential land use to residential.

Examples of the above include the City of Cypress Lincoln Avenue Specific Plan, Aliso Viejo’s re-zoning of a 4-acre USPS site, Dana Point’s Town Center, Laguna Hills Urban Village Specific Plan, and the County of Orange Housing Opportunity Overlay Zone.

There are two examples of revitalization plans that will change existing residential areas in order to accommodate growth and achieve revitalization goals: Stanton’s Tina/Pacific Neighborhood and Placentia’s Transit Oriented Development Overlay Zone. The Tina/Pacific Neighborhood consisted of 40 properties, each with a four-plex apartment complex. Through the prior Redevelopment Agency’s efforts and future Housing Authority efforts, the goal is to complete the purchase of all properties and to construct affordable housing units. The City of Placentia is preparing a transit-oriented development (TOD) zone south of the future Metrolink station to provide residential uses in proximity to the transit station as well as entertainment, retail and office uses. Although there are a few residential units in this area, the vast majority of the land uses involve manufacturing, packing house, and parking.

3. Conclusions and Recommendations

None of the Urban County neighborhoods were adversely impact by gentrification during the 2000-2010 decade. Furthermore, there are no plans by the cities or the County to gentrify low income neighborhoods. The analysis demonstrates that no impediment to fair housing choice exists with respect to gentrification.

Exhibit C-3
City of Stanton
Tina/Pacific Neighborhood

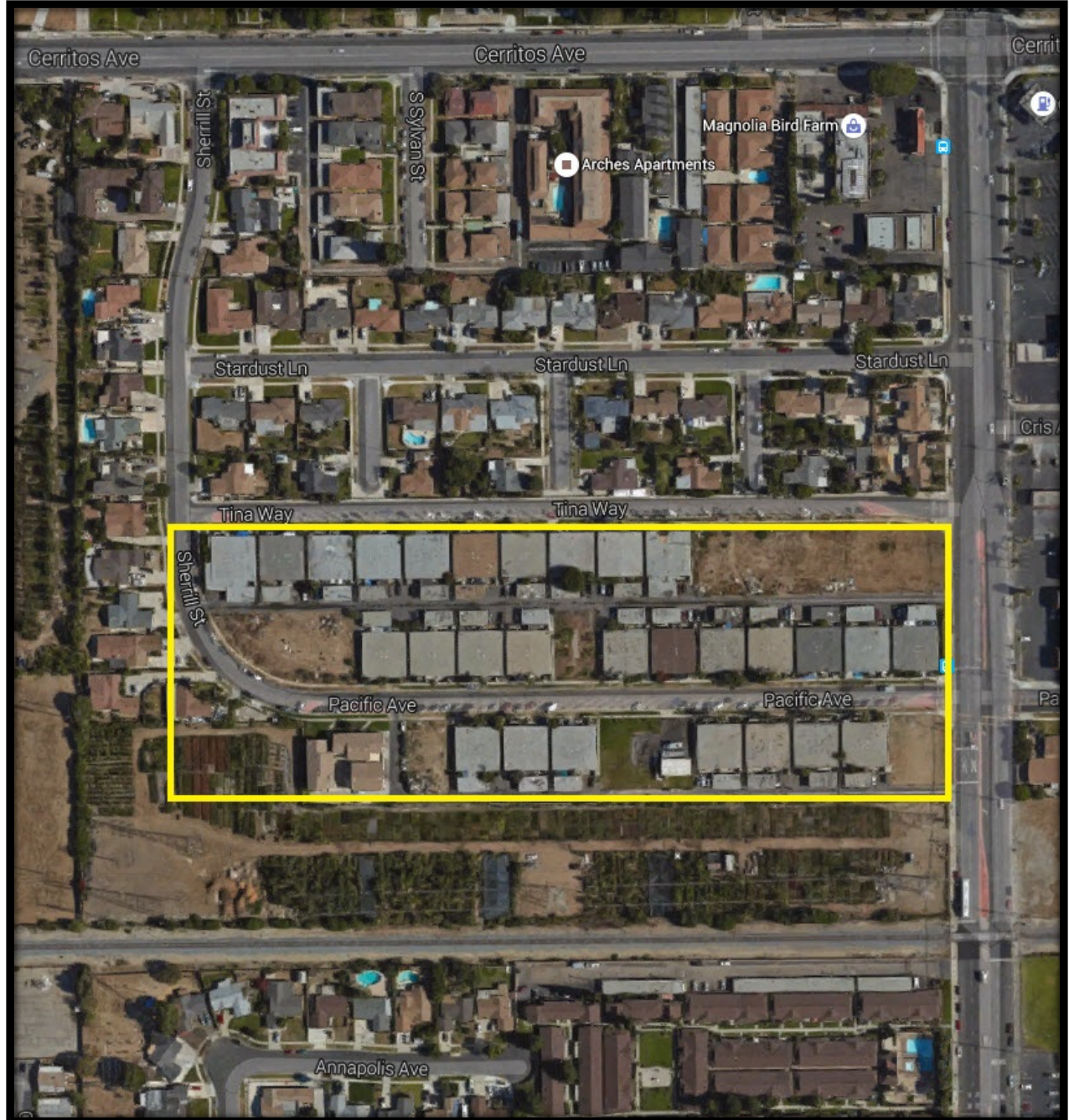


Exhibit C-4
City of Placentia
Proposed TOD Zone Boundary



P. POPULATION DIVERSITY

1. Background

HUD-LA has indicated that cities completing an AI update should include an analysis of population diversity at the neighborhood or census tract level. The 2010 Census Summary File 1 (SF1) data is used for this analysis. It is a 100 percent count, meaning that for this analysis, there is racial and ethnic information for every man, woman and child.

2. Population Diversity Analysis

The analysis is conducted at the census tract level for each of the 14 participating cities, the seven census designated Places (CDP), and remainder of the unincorporated county. A CDP is an area with a concentration of population in the unincorporated county that is identified by the census as the statistical counterpart to an incorporated place such as a city. There are seven CDPs in the unincorporated area of Orange County. Any unincorporated area that is not in a CDP is group into the Remainder Unincorporated.

A census tract is a relatively permanent area that is designed for the purpose of analyzing population data. Their boundaries generally follow visible physical features such as streets, railroad tracks, creeks, rivers, and ridge lines. They may follow city boundaries, but are more likely not to correspond to a city boundary. It is very common for a census tract on the periphery of a city to be partially contained in two or more jurisdictions. There are instances where a city's portion of a census tract is very small and the population therein is also very small. For this analysis, results were not reported for partial tracts with a population below 50. For those with a population between 50 and 99, the results were reported but need to be interpreted with caution since a slight turnover of the population could drastically change the results.

Five major racial and ethnic groups were used for this analysis: Asian, African American, Hispanic, White and All Other Races. Hispanics were not included in the four racial groups, i.e. counts for these groups are all the non-Hispanic members. Asian consisted of all persons who identified as Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, or Other Asian. All Other Races consisted of all persons who identified as American Indian or Alaska Native Alone, Native Hawaiian and Other Pacific Islander, Some Other Race, or Two or More Races.

Diversity refers to the number of racial-ethnic groups in the community population and the sizes of the groups relative to each other. For example, a population consisting of many groups of *equal size* would be highly diverse. If a place has 100 persons and 20 belong to each of the five racial/ethnic groups, the diversity score is 100. In contrast, a score of 0 signifies complete homogeneity or no diversity; all population members belong to a single racial-ethnic group who could, for example, be all White, non-Hispanic or all Hispanic.

A diversity index, though, does not capture the community's (i.e., city, neighborhood, census tract) racial-ethnic structure – that is, the specific groups present in the community. By way of example, a place with equal numbers (thirds) of Hispanics, Blacks and Native Americans would have the same diversity score as a place where White, Asian and Hispanics each represent one-third of the population.

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To measure diversity, a diversity index was constructed for each City, CDP and census tract. The diversity index is based on the number of racial-ethnic groups and each group's population *within* each of the three geographic areas.

The scores associated with the four diversity categories are listed below:

- Diverse = 75 or greater
- Somewhat Diverse = 60 to 75
- Modestly Diverse = 45 to 60
- Least Diverse = <45

Source: Public Policy Institute of California, *Who's Your Neighbor: Residential Segregation and Diversity in California*, August 2002, page 4

Although it is possible to create a larger number of categories, it was decided that the categories should remain consistent with the statewide study.

Table C-21 reports the diversity index scores for cities and CDPs located in each sub-area as well as the remainder unincorporated area. The 22 places/areas are distributed to the four categories as follows:

- Diverse 2
- Somewhat Diverse 11
- Modestly Diverse 5
- Least Diverse 4

Each of the four Least Diverse places have very high percentages of a White alone population, ranging from 82.2% to 85.7%. These four areas include the Sunset Beach CDP and Coto de Caza CDP and the cities of Laguna Beach and Laguna Woods.

Diversity index scores also were developed at the census tract level, including tracts split between the Urban County and non-Urban County cities. The majority of the population in these split tracts lived in the incorporated non-Urban County cities. For example, 37.5% of the population (3,051) residing in census tract 219.13 live in unincorporated area while 62.5% live in the City of Orange. Another example is census tract 219.18: 11.3% of the population live in the unincorporated area and 88.7% live in the City of Orange. These split tracts are not included in the analysis below because the majority of the population live in incorporated cities which are not part of the Urban County.

Split tracts also happen between cities within the Urban County. For example, census tract 423.05 is split between Dana Point (390 people) and Laguna Beach (3,042 people). These split tracts are included in the analysis below because they are located entirely within the Urban County. Seven census tracts are split between Laguna Woods and either Aliso Viejo, Laguna Beach or Laguna Hills. These tracts were not separately considered since all of the portions of census tracts located in Laguna Woods had a Least Diverse index score, which is the same as the same as a whole.

A file with the diversity index scores of all cities, CDPs, remainder of unincorporated Orange County and each census tract is available at the Santa Ana offices of the Fair Housing Council of Orange County.

Table C-21
Diversity Index Scores by Sub-Area/City/CDP/Unincorporated Area

Area	Total Population	Total Minority	Percent Minority	Diversity Index	Diversity Category
West Orange County					
Cypress	47,802	26,937	56.4%	78.79	Diverse
La Palma	15,568	11,239	72.2%	78.83	Diverse
Los Alamitos	11,449	4,728	41.3%	71.21	Somewhat Diverse
Midway City CDP	8,485	6,709	79.1%	72.87	Somewhat Diverse
Rossmoor CDP	10,244	2,399	23.4%	49.85	Modestly Diverse
Seal Beach	24,168	5,588	23.1%	57.03	Modestly Diverse
Stanton	38,186	29,846	78.2%	73.53	Somewhat Diverse
Sunset Beach CDP	971	158	16.3%	38.93	Least Diverse
Subtotal	156,873	87,604	55.8%		
North Orange County					
Brea	39,282	18,589	47.3%	71.79	Somewhat Diverse
North Tustin CDP	24,917	6,133	24.6%	50.65	Modestly Diverse
Placentia	50,533	27,943	55.3%	72.60	Somewhat Diverse
Villa Park	5,812	1,635	28.1%	54.73	Modestly Diverse
Yorba Linda	64,234	22,051	34.3%	62.70	Somewhat Diverse
Subtotal	184,778	76,351	41.3%		
South Orange County					
Aliso Viejo	47,823	18,285	38.2%	68.35	Somewhat Diverse
Coto de Caza CDP	14,866	2,647	17.8%	42.22	Least Diverse
Dana Point	33,351	7,883	23.6%	46.72	Modestly Diverse
Ladera Ranch CDP	22,980	7,041	30.6%	60.23	Somewhat Diverse
Laguna Beach	22,723	3,251	14.3%	35.79	Least Diverse
Laguna Hills	30,344	11,619	38.3%	66.22	Somewhat Diverse
Laguna Woods	16,192	2,592	16.0%	37.11	Least Diverse
Las Flores CDP	5,971	2,114	35.4%	65.07	Somewhat Diverse
Subtotal	204,471	55,910	27.3%		
Unincorporated	32,726	18,424	56.3%	70.32	Somewhat Diverse
Urban County Total	578,848	238,289	41.2%		

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Table C-22 shows the diversity scores for the 17 Least Diverse census tracts located entirely within the Urban County. In instances where census tracts are split between the Urban County and non-Urban County jurisdictions, the total population column refers only to the population living in the Urban County.

Table C-22
Rank Order of Least Diverse Census Tracts by City/CDP/Unincorporated

City	Census Tract	Total Population	Total Minority	Percent Minority	Diversity Index
Laguna Hills	626.48	108	2	1.9% ¹	5.73
Dana Point	423.05	390	29	7.4% ²	19.77
Laguna Beach	423.05	3,042	343	11.3%	29.91
Laguna Beach	626.19	3,885	472	12.1%	32.20
Unincorporated	320.11	1,606	210	13.1%	32.27
Laguna Beach	626.20	5,065	700	13.8%	34.88
Laguna Beach	626.05	3,094	458	14.8%	35.28
Laguna Woods	626.48	2,666	402	15.1%	36.05
Dana Point	423.23	4,512	661	14.6%	36.48
Coto de Caza CDP	320.44	5,758	858	14.9%	37.06
Laguna Beach	626.32	3,977	592	14.9%	37.53
Laguna Woods	626.46	3,257	556	17.1%	38.88
Sunset Beach CDP	995.06	797	131	16.4%	39.29
Dana Point	423.38	4,580	774	16.9%	39.52
Seal Beach	995.09	3,491	635	18.2%	39.78
Seal Beach	995.10	4,058	774	19.1%	41.43
Seal Beach	995.04	2,746	505	18.4%	41.49
Coto de Caza CDP	320.46	6,005	1,053	17.5%	42.14
Seal Beach	995.11	3,182	592	18.6%	42.15
Seal Beach	995.06	456	75	16.4%	37.45

¹14.9% for the entire census tract

²10.8% for the entire census tract

* Caution must be exercised in interpreting these results because of the small population

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The following 17 Least Diverse census tracts are located entirely within the Urban County:

<u>Census Tract</u>	<u>Unincorporated/City/Cities</u>
995.04	Seal Beach
995.06	Seal Beach/Sunset Beach
995.09	Seal Beach
995.10	Seal Beach
995.11	Seal Beach
320.44	Coto de Caza
320.46	Coto de Caza
423.05	Dana Point/Laguna Beach
423.23	Dana Point
423.38	Dana Point
626.05	Laguna Beach
626.19	Laguna Beach
626.20	Laguna Beach
626.32	Laguna Beach
626.46	Laguna Woods
626.48	Laguna Hills/Laguna Woods
320.11	Unincorporated

The White alone population in the 17 census tracts ranges from 80.9% to 89.2%. Thus, minority populations comprise a small percentage of the population in the least diverse census tracts.

A review of aerial photographs showed that the 17 Least Diverse census tracts are predominantly built-out. Therefore, a transition from a least to modestly diverse index score in these neighborhoods would occur, if at all, gradually. That is to say, by minority households moving to neighborhoods comprised almost entirely by White alone persons as the latter sell their homes. The possibility of hastening the transition of the least diverse neighborhoods through affordable housing is problematic due to the scarcity of sites, high land values, and limited availability of gap financing.

A transition from least diverse to modestly diverse could occur as minority households purchase homes in these neighborhoods. Table C-23 shows that most of the census tracts have a high percentage of owner occupied housing units. The exceptions are census tracts 995.06 and 995.11 located in Seal Beach and census tract 626.05 located in Laguna Beach.

An analysis was completed of the HMDA data for the years 2012-2014 to determine the race and ethnicity of the buyers of new homes (measured as loans *originated*) in the 17 least diverse census tracts. It assumed that if a loan was originated the loan applicant moved to the home as his or her principal residence.

In these least diverse neighborhoods 12.5% of the loans originated were for Hispanic and Asian borrowers. Refer to Table C-24. Ten additional loans were originated for Black and other minority applicants which increases the percentage of minority loans originated to 13.1%.

Table C-23
Least Diversified Census Tracts
Tenure of Occupied Housing Units – 2010

Census Tract	Owner Occupied	Percent	Renter Occupied	Percent	Total	Percent
320.11	520	75.3%	171	24.7%	691	100.0%
320.44	1,742	89.2%	211	10.8%	1,953	100.0%
320.46	1,732	94.3%	104	5.7%	1,836	100.0%
423.05	1,143	76.6%	350	23.4%	1,493	100.0%
423.23	1,455	65.5%	765	34.5%	2,220	100.0%
423.38	1,229	64.7%	671	35.3%	1,900	100.0%
626.05	496	27.7%	1,295	72.3%	1,791	100.0%
626.19	1,197	68.6%	547	31.4%	1,744	100.0%
626.2	1,693	73.4%	612	26.6%	2,305	100.0%
626.32	1,285	71.3%	517	28.7%	1,802	100.0%
626.46	2,101	88.9%	263	11.1%	2,364	100.0%
626.48	1,402	71.5%	559	28.5%	1,961	100.0%
995.04	910	90.0%	101	10.0%	1,011	100.0%
995.06	273	44.8%	337	55.2%	610	100.0%
995.09	2,403	96.7%	83	3.3%	2,486	100.0%
995.10	2,993	95.6%	137	4.4%	3,130	100.0%
995.11	463	26.4%	1,290	73.6%	1,753	100.0%

Source: American FactFinder, 2010 Census, Summary File 1, Table H4: Tenure

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Table C-24
Least Diversified Census Tracts
Loans Originated by Race/Ethnicity: 2012-2014

Census Tract	White	Percent	Hispanic	Percent	Asian	Percent	Total	Percent
320.11	53	91.4%	3	5.20%	2	3.4%	58	100.0%
320.44	225	85.2%	20	7.60%	19	7.2%	264	100.0%
320.46	240	84.8%	15	5.30%	28	9.9%	283	100.0%
423.05	66	90.4%	3	4.10%	4	5.5%	73	100.0%
423.23	126	94.0%	4	3.00%	4	3.0%	134	100.0%
423.38	107	96.4%	1	0.90%	3	2.7%	111	100.0%
626.05	24	96.0%	0	0.00%	1	4.0%	25	100.0%
626.19	76	92.7%	3	3.70%	3	3.7%	82	100.0%
626.2	40	83.3%	1	2.10%	7	14.6%	48	100.0%
626.32	94	92.2%	0	0.00%	8	7.8%	102	100.0%
626.46	82	83.7%	6	6.10%	10	10.2%	98	100.0%
626.48	46	70.8%	3	4.60%	16	24.6%	65	100.0%
995.04	47	82.5%	4	7.00%	6	10.5%	57	100.0%
995.06	10	76.9%	1	7.69%	2	15.4%	13	100.0%
995.09	7	100.0%	0	0.00%	0	0.0%	7	100.0%
995.10	1	100.0%	0	0.00%	0	0.0%	1	100.0%
995.11	23	85.2%	1	3.70%	3	11.1%	27	100.0%
Total	1,267	87.5%	65	4.5%	116	8.0%	1,448	100.0%

Source: Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act (HMDA), Loan Application Register System (LARS) 2012-2014

In 15 of the 17 census tracts, 82.5% or more of the loans were originated for White, non-Hispanic borrowers. In census tract 626.48, nearly 30% of the loans were originated for minority applicants the vast majority of whom were Asian homebuyers.

3. Conclusions and Recommendations

Undoubtedly, Orange County has least diverse neighborhoods where a majority-minority population resides. In the Urban County, however, the least diverse neighborhoods are comprised by a very high percentage of a White alone population. Currently, housing market forces are not at work to change the Urban County's least diverse neighborhoods to modestly diverse.

Three of the cities in which least diverse census tracts are located – Seal Beach, Laguna Beach and Laguna Woods - have a lower income housing need of two units each. (Refer to Appendix D Table D-1).

The City of Laguna Woods Housing Element identified a 3.3 acre site on Moulton Parkway opposite the terminus of Santa Maria Avenue. The site is designated High Density Residential (HDR) and is not age-restricted. The Housing Element projects that 115 housing units could be

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built at a density of 35 dwelling units per acre. Development of this site could lead to an increase in population diversity within Laguna Woods.

Dana Points' lower income housing need is 129 housing units. That City's *2013-2021 Housing Element* has identified sites for new affordable housing. Although these sites are not located within the least diverse census tracts, their development probably would enhance diversity within Dana Point. The sites include Dana Point Town Center, a surplus site owned by the Capistrano Unified School District and the former Dana Point Marina Mobile Home Estates. The City has approved the development of 169 housing units at the Mobile Home Estates site, including 17 lower income housing units pursuant to inclusionary housing requirements and density bonus units.

The Urban County's least diverse census tracts are majority-majority. Market forces are not likely to change these neighborhoods from least to modestly diverse neighborhoods. As these neighborhoods are essentially built out, there is, practically speaking, no opportunity to facilitate the development of affordable housing.

For the reasons explained above, there is no impediment to fair housing choice because there is no practical market forces or governmental efforts that would result in changing the neighborhoods from least to modestly diverse within the near term future of five to 10 years.

Q. SOURCE OF INCOME

1. Background

According to California Government Code Section 12955(p)(1):

Source of income' is defined as 'lawful, verifiable income paid directly to a tenant or paid to a representative of a tenant. For purposes of this section, a landlord is not considered a representative of a tenant.

California Government Code Section 12921(b):

The opportunity to seek, obtain, and hold housing without discrimination because of source of income or any other basis prohibited by Section 51 of the Civil Code is hereby recognized as and declared to be a civil right.

For purposes of the FEHA, it shall not constitute discrimination based on source of income to make a written or oral inquiry concerning the level or source of income.

2. Analysis

Source of income discrimination applies to landlords, real estate brokers, home sellers, mortgage companies, and banks.

The State Department of Fair Employment and Housing has held that landlords are not required to accept Section 8 housing choice vouchers under the "source of income" discrimination prohibitions. Moreover, even if a landlord accepts a section 8 voucher, a tenant must meet other requirements for tenancy and have the financial resources to pay any rental amounts not covered by a voucher.

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After spending years on the waiting list, some families cannot use their vouchers because landlords are unwilling to rent to them. In some instances, families can only find willing landlords in low income neighborhoods or in affordable housing developments built with low income housing tax credits or other federal, state or local funding programs.

SB 1053, which was introduced in February 2016, would amend the Fair Employment and Housing Act (FEHA) to clarify that housing subsidy vouchers are a protected source of income. The proposed legislation states:

For the purposes of this section, “source of income” means lawful, verifiable income paid directly to a tenant or paid to a representative of a ~~tenant. For purposes of this section, a landlord is not considered a representative of a tenant~~ *tenant, or paid to a housing owner or landlord on behalf of a tenant, including federal, state, or local public assistance and federal, state, or local housing subsidies, including, but not limited to, federal housing assistance vouchers under Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f).*

3. Conclusions

The California Association of Housing Authorities (CAHA) is supporting SB 1053 .

Attachment A

Examples of Discriminatory Words and Phrases

1. Race / Color / National Origin / Ancestry

These four classes are generally discussed together. Race and color refer to a person's skin color and to ethnological (e.g. Asian, African American) as well as unscientific distinctions (e.g. "Middle Eastern"). National origin and ancestry refer to one's country of origin and ethnic heritage.

The following are some words and terms that state and federal regulators discourage because they discriminate based on race, color, ancestry, or national origin: *white, black, Asian, integrated, restricted, private, board approval, ethnic landmarks, executive, exclusive, membership approval, a specific nationality such as Chinese and any specific race.*

Federal and state regulations and guidelines discourage words and terms such as "membership approval," "restricted," "integrated," and "exclusive." These and other words and phrases may be discriminatory, according to regulators, because someone reading the advertisement is likely to believe that people of a certain race or national origin will be preferred over others in the sale or rental of the advertised housing.

2. Sex

Discrimination on the basis of sex protects both men and women. It is illegal to specify either "male preferred" or "female preferred." No preference on the basis of sex should be stated in an advertisement. The State Department of Fair Employment and Housing (DFEH) states that terms such as "bachelor pad," "granny flat," "mother-in-law suite" and others are commonly used as physical descriptions of housing units do not violate the Act.

3. Disability

The following are a few of the words and phrases that federal regulations state convey and overt or tacit discriminatory preference and should be avoided: *crippled, blind, deaf, mentally ill, retarded, impaired, alcoholic, handicapped, able-bodied, and physically fit.*

Physical descriptions of property (e.g. "great view," "walk-in closet" and second floor walk-up") or descriptions of services or facilities (e.g. "jogging trails") are not facially discriminatory

4. Marital Status

Marital status, as the term suggests, protects people from discrimination based on whether or not they are married. Familial status refers to whether or not an individual has minor children living with them.

Words and phrases that according to state and federal regulators, bring up the issue of discrimination on the basis of marital or familial status: *retired, one child, one person, number of people, family, ("great for family," etc.) family park, adult, adults only, children, single, single person, student, two people, seniors, senior discount, couples (e.g. "ideal for couples"), and older person.*

Advertisements which describe the property being advertised or the services or facilities available at the property are generally considered to be acceptable. Examples include “family room” and “playground”.

It may be unlawful to limit the number of persons who can live in a housing unit if it would have the effect of discriminating on the basis of familial or marital status.

CNPA recommends rejecting any advertisement that limits the number of occupants, even where the owner specifies that the limitation is required by local law. The reason is that a newspaper publisher cannot investigate the facts surrounding every proposed advertisement to determine if the advertiser’s claim is correct.

5. Religion

Discrimination in housing on the basis of religion is prohibited under both state and federal law. According to the state Guidance Memorandum, “advertisement should not contain an explicit preference, limitation or discrimination on account of religion (i.e. “no Jews,” “Christian home”).” Some of the words and phrases that regulators say may draw a complaint based on religious discrimination include *Jewish, Mormon Temple, Catholic Church, Christian home, religious name, any religious landmark*.

6. Sexual Orientation

Any reference to an individual’s sexual orientation, e.g. lesbian, gay, and straight, etc. should be eliminated from housing ads.

Publishing an ad that says, “lesbian, vegetarian seeking roommate,” would expressly indicate a preference for a person on the basis of her sexual orientation.

7. Senior Housing

Federal regulations specify that unless the housing being offered meets government requirements for “senior” or “senior only” housing, advertisers may not express a preference or limitation on the basis of age.

Federal and state guidance memorandums specifying that if an advertiser represents to the newspaper that the housing meets requirements of “senior housing,” the newspaper is allowed to rely on the representation.

APPENDIX D

PUBLIC SECTOR IMPEDIMENTS ANALYSIS



APPENDIX D PUBLIC SECTOR IMPEDIMENTS ANALYSIS

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A. INTRODUCTION

The scope of the public sector impediments analysis is based on 1) HUD's *Fair Housing Planning Guide*, which was published in 1996; 2) HUD policies emphasizing the need to locate affordable housing outside areas of high minority and low income concentrations; and 3) the HUD LA Field Office survey of planning and zoning practices. Accordingly, the following fair housing issues are discussed in Appendix D:

- Zoning and Site Selection Criteria for Affordable Housing
- Location of Affordable Housing
- Location of Tenant Based Section 8 Rental Housing
- Employment-Housing-Transportation Linkage
- Housing Authority Tenant Selection Criteria
- Sale of Subsidized Housing and Possible Displacement
- Property Tax Policies
- Building Codes and Accessible Housing
- Building Codes and Occupancy Standards
- Planning and Zoning Practices

B. SUMMARY OF ANALYSIS AND AI RECOMMENDED ACTIONS

1. Fair Housing Issues Found to Not Create Impediments to Fair Housing Choice

The analysis determined that no impediments to fair housing choice exist with regard to the following:

a. Zoning and Site Selection Criteria for Affordable Housing

Site selection criteria for lower income housing are established in the State housing element law. It is concluded that no impediment to fair housing choice exists because each jurisdiction has demonstrated it has identified sites suitable to accommodate its share of the regional need for lower income housing,

b. Employment-Housing-Transportation Linkage

The analysis has determined that no impediment to fair housing choice exists as multi-pronged efforts are underway to improve the employment-housing-transportation linkage.

c. Housing Authority Tenant Selection Criteria

The analysis has determined that no impediment to fair housing choice exists because OCHA has established tenant selection criteria consistent with HUD's regulations.

d. Sale of Subsidized Housing and Possible Displacement

Thirteen projects containing a total of 436 affordable housing units are at risk of converting to market rate housing by 2023. The projects are located in the six cities and the County of Orange. The State Department of Housing and Community Development determined that the "programs for preservation" submitted by Brea, Dana Point, La Palma, Laguna Beach, Laguna Hills, Placentia and the County of Orange satisfied the government code requirements.

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e. Property Tax Policies

The Orange County Assessor defines a Tax Rate Area as “A defined area of land with the same tax rate, together with a unique combination of taxing districts.” All properties located within a Tax Rate Area are treated uniformly depending on the mix of property tax bill components. Thus, no impediment to fair housing choice exists as all protected classes living within in a Tax Rate Area are treated the same.

f. Building Codes and Accessible Housing

The analysis has concluded that no impediment to fair housing choice exists because jurisdictions have either adopted an ordinance or Title 24 is the applicable code by default. Thus, building departments must enforce the accessibility requirements of Title 24. Individual projects must adhere to the Title 24 standards or Federal standards if they are stricter than the State standards.

g. Building Codes and Occupancy Standards

Section 503 of the California Uniform Housing Code -- on the basis of square footage -- establishes occupancy limits for all housing except efficiency units. All jurisdictions in the Urban County must abide by these standards. No impediment to fair housing choice exists unless, in the future, a jurisdiction within the Urban County were to attempt by ordinance to establish occupancy standards different from those set forth by the Uniform Housing Code.

2. Fair Housing Issues Found to Create Impediments to Fair Housing Choice

For the reasons explained in the following parts, the public sector impediment analysis determined that impediments to fair housing choice exist or would be created in the future regarding:

a. Location of Affordable Housing

The development of new affordable housing in four census tracts may likely perpetuate conditions of minority and low income concentrations. To mitigate this possible impediment, the County of Orange will:

- Evaluate affordable housing development proposals in these four census tracts against HUD’s site and neighborhood selection standards.
- Obtain input from the FHCOC on proposed affordable housing developments, if any, in the four census tracts.
- Discuss and obtain input on proposed affordable housing developments, if any, with the HUD LA Field Office.

b. Location of Tenant Based Section 8 Rental Housing

Almost 8% of the Section 8 voucher holders live in one high poverty neighborhood. To increase the number of Section 8 assisted households residing in “low” or “normal” poverty areas, the County will:

- Transmit the Section 8 location analysis to the Orange County Housing Authority
- Identify the location of apartments located within the low poverty neighborhoods

- Conduct outreach to the owners of the above identified apartments
- Transmit the list of apartments to the Orange County Housing Authority
- Support OCHA's outreach efforts to the Apartment Association of Orange County
- Encourage OCHA to include in the Briefing Packet given to families a map that delineates the boundaries of high poverty census tracts located in the Urban County

c. Planning and Zoning Practices

A review was conducted to determine how the housing elements and zoning ordinances/codes address housing for disabled and special needs housing. Because all jurisdictions recently updated their Housing Elements, most of the potential impediments have been eliminated or are being addressed. There are a few instances where zoning ordinances/codes should be updated to comply with Federal and State fair housing laws. The Fair Housing Council will work with the cities to assist in their efforts to update the zoning ordinances/codes.

C. ZONING AND SITE SELECTION CRITERIA FOR AFFORDABLE HOUSING

1. Background

Under California law cities and the County of Orange must prepare a Housing Element, which is part of each jurisdiction's General Plan. The need for housing affordable to lower income households (80% or less of the County's median income) is allocated to each jurisdiction by the Southern California Association of Governments (SCAG).

Government Code Section 65583(a)(3) requires local governments to prepare an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites.



The purpose of the land inventory is to identify specific sites suitable for residential development in order to compare the local government's regional housing need allocation with its residential development capacity. The inventory will assist in determining whether there are sufficient sites to accommodate the regional housing need in total, and by income category.

To establish the number of units that can accommodate the local government's share of the regional housing need for lower-income households, the analysis must demonstrate the identified zone/densities encourage and facilitate the development of housing for lower income households. In Orange County, sites zoned at a minimum density of 30 dwelling units per acre meet this latter requirement.

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2. Analysis

Table D-1 shows the lower income housing need allocated to each jurisdiction, the number of affordable housing sites, the total acres of these sites and the housing capacity of the sites. By law, the sites inventory must be submitted by each jurisdiction to the State Department of Housing and Community Development (HCD). HCD reviewed the sites inventories and found that all jurisdictions demonstrated that there were sufficient sites in suitable locations to accommodate the need for housing affordable to lower income households. Although the City of Villa Park has yet to have its Housing Element approved by HCD, second units meet the need in that community.

Table D-1
Urban County
Sites to Accommodate the Lower Income Housing Need

Sub-Area/City/County of Orange	Lower Income Housing Need	# of Sites ¹	Total Acres	Housing Capacity	Housing Element Approved by HCD
West Orange County					
Cypress	121	3	4.79	143	Yes
La Palma	4	2	.78	18	Yes
Los Alamitos	24	*	*	32	Yes
Seal Beach	2	1	4.0	80	Yes
Stanton	117	2	6.3	188	Yes
North Orange County					
Brea	731	15	34.5	1,380	Yes
Placentia	231 ²	25	17.15	518	Yes
Villa Park	5	**	**	5	No
Yorba Linda	273	4	21.0	545	Yes
South Orange County					
Aliso Viejo	290 ³	2	4+	249	Yes
Dana Point	129	5	93.9 ⁴	244	Yes
Laguna Beach	2	2	0.69	<14	Yes
Laguna Hills	2	5	9.8 ⁵	489	Yes
Laguna Woods	2	1	3.3	115	Yes
County of Orange	2,119	14 ⁶	Varies	2,636	Yes

¹In most cases sites are in fact assessor parcels

²Includes a carryover of 38 housing units from the prior planning period (2008-2013)

³Includes a carryover of 274 housing units from the prior planning period (2008-2013)

⁴Includes 2 vacant sites with a total of 6.3 acres at a density of 14-30 dus/ac and 3 underutilized sites with a total of 87.6 acres; a portion of each of the 3 sites would have densities that could meet the lower income housing need

⁵5 assessor parcels located within the Oakbrook Village part of the Urban Village Specific Plan; density is 30 to 50 dus/ac

⁶Includes four approved projects, The Ranch Planned Community, and nine areas with the Housing Opportunities Overlay Zone

*Many very small parcels

**Sites are potential second units

3. Conclusions and Recommendations

Site selection criteria for lower income housing are established in the State housing element law. It is concluded that no impediment to fair housing choice exists because each jurisdiction has demonstrated it has identified sites suitable to accommodate its share of the regional need for lower income housing.

D. LOCATION OF AFFORDABLE HOUSING

1. Background

According to HUD, the location of affordable housing is a potential fair housing issue because it can perpetuate residential segregation. New affordable housing developments, according to HUD, should be located outside of neighborhoods with concentrations of minority and low/moderate income populations.

2. Location Analysis

HUD has affirmatively furthered the desegregation of neighborhoods by promoting new affordable housing outside of areas of minority concentration. The original site and neighborhoods standards – authored some four decades ago – defined an area of minority concentration as “any area where the proportion of minority residents substantially exceeds, or, as a result of new assisted housing, would substantially exceed that of the jurisdiction as a whole.”

Source: Steven Lev, *HUD Site and Neighborhood Selection Standards: An Easing of Placement Restrictions*, Urban Law Annual: Journal of Urban and Contemporary Law, Volume 22, January 1981, pages 2015 and 2016

HUD’s implementing instructions, released on June 15, 2015, for the Rental Assistance Demonstration (RAD) Program states that HUD will not permit RAD new construction on a site that is in an area of minority concentration which HUD defines as any area whose minority concentration is more than 20 points above the MSA average unless:

- The new area is a revitalizing area experiencing significant private investment, or
- There are sufficient comparable housing opportunities in areas outside of minority concentration

As HUD gives no comparable threshold figure for low income concentration, the 20% + standard also can be used for purposes of analysis.

The percentage of minority and low income persons living in the Orange County area and the concentration thresholds are:

- Minority Population 56% + 20% = 76%
- Low Income Population 47% + 20% = 67%

Table D-2 shows the number of affordable housing units by sub-area/city area and census tract location as well as the census tract’s minority and low income percentages. Eight census tracts have a minority percentage exceeding 76% and five census tracts have a low income percentage exceeding 67%. Three census tracts have percentages that exceed the thresholds for both

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minority and low income populations. One of these census tracts is located in Stanton and two are located in Placentia. Additionally, Stanton's 879.01 census tract has a minority population percentage of 81% and 438 affordable housing units.

Table D-3 describes the boundaries of the four census tracts. Aerials of the four census tracts are found on pages D-8 to D-11.

3. Conclusions and Recommendations

The development of new affordable housing in census tracts 117.20, 117.21, 878.03, and 879.01 may likely perpetuate conditions of minority and low income concentrations. Such development would be contrary to HUD policy to have new affordable housing built in neighborhoods that do not have a concentration of minority and low income populations and, therefore, could create an impediment to affirmatively furthering fair housing.

To mitigate this possible impediment, the County of Orange will:

- Evaluate affordable housing development proposals in these four census tracts against HUD's site and neighborhood selection standards.
- Obtain input from the FHCOC on proposed affordable housing developments, if any, in the four census tracts.
- Discuss and obtain input on proposed affordable housing developments, if any, with the HUD LA Field Office.

Table D-2
Urban County
Number of Affordable Housing Units by City/Sub-Area and Census Tract: 2015

City/Sub-Area	Census Tract	Number of Affordable Projects	Number of Affordable Units	Percent Minority	Percent Low Income
West Orange County					
Cypress	1101.04	4	286	59.7%	46.6%
	1101.11	2	13	58.1%	36.6%
La Palma	1101.15	1	60	72.2%	33.1%
	1101.16	1	35	76.3%	32.6%
	1103.01	1	272	78.1%	46.5%
Los Alamitos	1101.13	1	70	72.9%	36.7%
Midway City CDP	997.01	1	91	83.4%	61.6%
	997.02	4	153	74.2%	57.5%
Stanton	878.01	1	9	69.1%	75.1%
	878.03	1	297	93.5%	75.4%
	879.01	2	438	80.7%	43.8%
Unincorporated	877.03	2	87	80.5%	64.4%
North Orange County					
Brea	15.03	3	73	47.2%	40.8%
	15.04	5	176	58.6%	51.8%
	15.05	2	28	41.7%	36.8%
	15.06	1	105	40.0%	40.7%
	15.07	1	5	51.0%	38.8%
	218.14	1	114	45.6%	30.3%
	218.15	2	119	55.7%	22.9%
Placentia	117.17	1	58	32.5%	33.1%
	117.20	1	54	95.7%	83.3%
	117.21	4	14	80.9%	81.9%
	218.21	2	12	58.0%	36.6%
	N/A	N/A	14	N/A	N/A
Yorba Linda	218.02	2	72	33.0%	41.8%
	218.09	1	100	26.7%	33.0%
	218.25	1	125	30.2%	15.2%
	218.26	1	100	36.6%	23.9%
South Orange County					
Aliso Viejo	626.39	2	174	35.5%	20.4%
Dana Point	422.01	1	24	28.2%	50.6%
Ladera Ranch CDP	320.59	1	44	33.8%	17.7%
Laguna Beach	626.05	3	65	14.8%	43.7%
	626.32	1	70	14.9%	32.6%
Laguna Hills	626.25	2	102	68.5%	72.8%

Source: Orange County Community Services, County of Orange Affordable Rental Housing List, February 2015; Orange County Housing Authority, Project Based Voucher Program; U.S. Census Bureau, 2010 Census, DP-1- Profile of General Population and Housing Characteristics 2010, Orange County; and American Community Survey 5-Year 2006-2010 Low and Moderate Income Summary

Table D-3
General Boundaries of Census Tracts with a Minority Concentration

Census Tract	Description	North Boundary	South Boundary	East Boundary	West Boundary
117.20	Mostly older Placentia and industrial Anaheim	Orangethorpe Avenue	Mira Loma Av./La Jolla St.	Kraemer Boulevard	Placentia Avenue
117.21	All within City of Placentia. Includes Old Town Placentia. A 50-unit condominium development was completed in 2008.	Chapman Avenue	Railroad tracks	Kraemer Boulevard	Placentia Avenue
878.03	Mostly Stanton. Some apartments in Anaheim in the northern area along Ball Road.	Ball Road	Katella Avenue	Dale Avenue	Beach Boulevard
879.01	Mostly Stanton with the exception of Rancho Alamitos High School located in Garden Grove	Katella Avenue	Orangewood Avenue	Dale Avenue	Railroad tracks

Census Tract 117.20



Census Tract 117.21



Census Tract 878.03



E. LOCATION OF TENANT BASED SECTION 8 RENTAL HOUSING

1. Background

A major objective of the Housing and Community Development Act of 1974 was –

...the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods....

HUD regulations encourage housing authorities to help Section 8 program participants to move to lower poverty, less racially segregated neighborhoods. Poverty is a proxy for other dimensions of neighborhood quality (e.g., good schools, nice parks, adequate infrastructure).

In oral briefings with families living in high poverty areas, the Orange County Housing Authority (OCHA) explains the advantages of moving to areas outside of high poverty. In the “Briefing Packet” OCHA gives to families a list of owners or other parties willing to lease to assisted families or to help families find units, especially outside areas of poverty or minority concentration.

Source: Orange County Housing Authority, *Administrative Plan: Housing Choice Voucher Program*, Draft 01-2016, Section 5, page 3

2. Location Analysis of Section 8 Housing Choice Vouchers (HCV)

In connection with the Section 8 Management Assessment Program (SEMAP) certification, 24 CFR 985.3(h) defines “low poverty”:

A low poverty census tract is defined as a census tract where the poverty rate of the tract is at or below 10 percent, or at or below the overall poverty rate for the principal operating area of the PHA, whichever is greater. The PHA [public housing authority] determines the overall poverty rate for its principal operating area using the most recent available decennial Census data.

The target neighborhoods under the Moving to Opportunity (MTO) demonstration—the neighborhoods to which the MTO *experimental* families must move—have poverty rates below 10%. This definition was chosen because the national poverty rate is approximately 10%. The designers of MTO at HUD wanted to make sure that the neighborhoods to which families moved would be very different from the neighborhoods from which they came, so that the core research question— whether neighborhood matters at all—could be answered unambiguously. The 10% poverty rate was **not intended** to be used for the mainstream voucher program or to imply that neighborhoods with poverty rates between 10 and 20 or even 30% were undesirable.

Thus, a major study of poverty thresholds concludes:

That range of neighborhoods—with poverty rates between 10 and 30 percent—is precisely the range within which most housing policy is operating. And it is operating without much knowledge about what intermediate poverty rates—10 to 20 percent, 20 to 25 percent, and so forth—imply for neighborhood quality.

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Source: Jill Khadduri, Abt Associates, Inc., *Deconcentration: What Do We Mean? What Do We Want?*, Cityscape: A Journal of Policy Development and Research, Volume 5, Number 2, 2001, pages 69-84

A comprehensive analysis of Section 8 HCV participants in Columbus, Ohio employed the following poverty level categories:

- Low = 10% or less
- Normal = 10% to 30%
- High = 30%+

Source: Barbara Teater, *Residential Mobility of Section 8 Housing Choice Voucher Program Recipients: Assessing Changes in Poverty and Racial Composition of Neighborhoods*, Journal of Poverty, Vol. 12 (3), 2008, pages 351-371

Many analysts, however, use 40% poverty as the level above which a neighborhood is clearly a high poverty area or underclass neighborhood.” HUD has declared that neighborhoods of *extreme* poverty are those having a poverty rate that exceeds 40% or is three times the average tract poverty rate for the metropolitan area.

Source: U.S. Department of Housing and Urban Development, *Affirmatively Furthering Fair Housing (AFFH) Data Documentation*, July 7, 2015, page 9

Orange County’s poverty rate is 12.8% and, thus, that percentage is the upper limit of a “low poverty” census tract. Based on the above analysis, four categories are appropriate for a proper analysis:

- Low Poverty 12.8% or less
- Normal Poverty 12.9% to 30%
- High Poverty 30.1% to 38.3%
- Extreme Poverty 38.4%+ (3 times the average poverty rate of 12.8%)

OCHA has 10,578 Section 8 HCVs. Of this number, 1,724 (16.3%) are used by tenants residing in the Urban County. The census tract analysis below includes 1,636 voucher holders in 99 census tracts. The latter number excludes 54 vouchers for which the city was known but the CT was not available and 34 vouchers that were misallocated to either CTs that did not exist or where the CT and city did not match. Thus, the location of the 88 vouchers could not be confirmed.

As 1,636 voucher holders live in 99 census tracts, there is a geographic dispersal of voucher holders throughout Orange County. The census tract distribution is noted below:

- 65 CTs with 1-9 voucher holders
- 11 CTs have 10-19 voucher holders
- 23 CTs with 20 to 235 voucher holders

Table D-4 rank orders by poverty rate the 23 census tracts with 20 or more voucher holders. None of the CTs have *extreme* poverty rates. The list below shows the number of census tracts in each poverty category and the number of voucher holders living in high, normal and low poverty CTs as well as the CT’s percentage of all Urban County vouchers.

APPENDIX D**PUBLIC SECTOR IMPEDIMENTS ANALYSIS**

Poverty Category	Number of Census Tracts	Number of Section 8 Vouchers	Percent of All Urban County Vouchers
High	3	172	10.5%
Normal	7	652	39.9%
Low	13	453	27.7%

Table D-4
Urban County Census Tracts With 20+ HUD Section 8 Vouchers
Rank Ordered By Percent Below Poverty Level

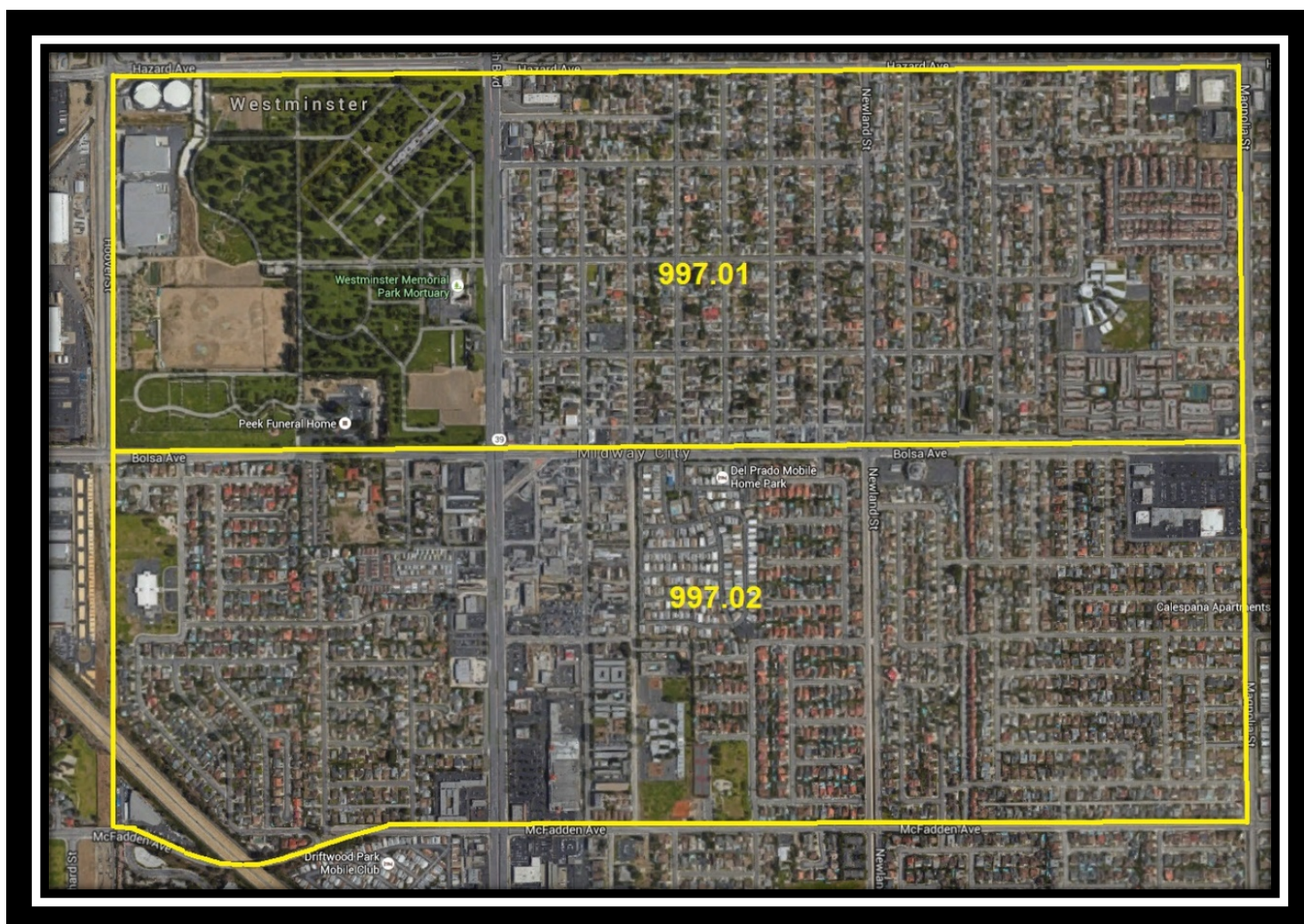
Sub-Area	Census Tract	Population for Whom Poverty Status is Determined	Number Below Poverty	Percent Below Poverty	Number of Section 8 Contracts	Percent of All Section 8 Contracts
North Orange County	117.20	6,722	2,436	36.2%	21	1.30%
West Orange County	878.03	5,971	1,965	32.9%	130	7.90%
North Orange County	117.11	7,688	2,366	30.8%	21	1.30%
West Orange County	879.02	6,135	1,807	29.5%	38	2.30%
North Orange County	117.21	5,048	1,352	26.8%	25	1.50%
West Orange County	997.02	8,094	1,763	21.8%	73	4.50%
West Orange County	879.01	3,663	756	20.6%	168	10.30%
North Orange County	15.03	5,688	1,142	20.1%	26	1.60%
West Orange County	878.02	7,809	1,432	18.3%	87	5.30%
West Orange County	997.01	6,314	959	15.2%	235	14.40%
West Orange County	1101.16	4,857	503	10.4%	35	2.10%
South Orange County	626.22	4,236	417	9.8%	41	2.50%
South Orange County	626.05	3,193	312	9.8%	23	1.40%
North Orange County	218.02	7,251	568	7.8%	20	1.20%
North Orange County	15.06	4,017	308	7.7%	52	3.20%
North Orange County	117.15	6,361	475	7.5%	46	2.80%
West Orange County	1101.04	5,754	425	7.4%	58	3.50%
South Orange County	626.41	5,016	263	5.2%	27	1.60%
South Orange County	626.39	7,582	359	4.7%	47	2.90%
North Orange County	218.09	2,875	102	3.5%	26	1.60%
North Orange County	15.07	4,612	144	3.1%	29	1.80%
North Orange County	218.25	3,223	40	1.2%	29	1.80%
West Orange County	1101.15	3,435	37	1.1%	20	1.20%

Source: 2010-2014 American Community Survey 5-Year Estimates, Table S1701: Poverty Status in the Past 12 Months and Orange County Housing Authority, Section 8 Vouchers by Census Tract

Two of the three high poverty tracts have very few Section 8 voucher holders. Census tract 878.03, which has the second highest poverty rate, is located in Stanton and has 130 Section 8 voucher holders or almost 8% of the Urban County total. A reason for the relatively large number of Section 8 assisted households living in this tract is that the Continental Gardens Apartments, a 297-unit affordable housing complex, is located in census tract 878.03. This particular apartment community was constructed in the late 1960's and redeveloped almost 20-years ago in 1997 and received funding from the Federal Low Income Housing Tax Credit program to make rents affordable to lower income tenants. The property, at the time of the tax credit allocation, was located in a Qualified Census Tract qualifying it for additional tax credit financing. Section 8 voucher holders are able to use their voucher in apartments funded by Low Income Housing Tax Credits.

Two census tracts in the normal poverty category are home to almost 19% of the Urban County Section 8 voucher holders. Census tracts 997.01 and 997.02 are located in Midway City. The two census tracts have a total of 244 affordable housing units in five projects ranging in size from nine to 97 housing units. The availability of this affordable housing stock may explain why Section 8 voucher holders have gravitated to live in these two census tracts.

Census Tracts 997.01 and 997.02



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3. Conclusions and Recommendations

OCHA's 5-Year Plan contains a goal to -

Expand assisted housing choices by conducting outreach efforts to increase the number of property owners and their participation in housing assistance programs.

A related OCHA goal is –

Conduct outreach efforts to owners with rental properties to encourage their participation in the HCV program.

Over the past five years, OCHA's efforts have included the following:

- Participated in the trade show hosted annually by the Apartment Association of Orange County to recruit new landlords.
- Conducted training and workshops with large apartment complexes such as the Irvine Company to streamline operations, reduce and eliminate barriers and enhance lease-up.
- Enhanced the OCHA website for easier use and access to documents and forms etc. for both tenants and owners.
- Implemented a HAPcheck portal to enable participating owners to access payment information at any time.
- Implemented the use of ipads for Housing Quality Standards inspections to streamline processing and expedite notifications to owners and managers.

In its ongoing efforts to de-concentrate the locations of participating households and to provide opportunities to move to areas of lower poverty levels, OCHA has established three “rental zones” which have different Payment Standards. Payment Standards are used to calculate the amount of housing assistance and tenant share of rent. For example, if a tenant moves to a one-bedroom unit in Fullerton \$1,312 is used to calculate the OCHA subsidy. If a tenant moves to Irvine, \$1,515 is used for the calculation, which could provide over \$200 more in subsidy for this tenant because the rental units are so much more costly in that city.

The fact that almost 8% of the Section 8 voucher holders live in one high poverty neighborhood within the Urban County is a modest impediment to fair housing choice. To increase the number of Section 8 assisted households residing in “low” or “normal” poverty areas, the County will:

- Transmit the Section 8 location analysis to the Orange County Housing Authority
- Identify the location of apartments located within the low poverty neighborhoods
- Conduct outreach to the owners of the above identified apartments
- Transmit the list of apartments to the Orange County Housing Authority
- Support OCHA's outreach efforts to the Apartment Association of Orange County
- Encourage OCHA to include in the Briefing Packet given to families a map that delineates the boundaries of high poverty census tracts located in the Urban County

F. EMPLOYMENT-HOUSING-TRANSPORTATION LINKAGE

1. Background

HUD's *Fair Housing Planning Guide* suggests (page 2-31) that an AI include an analysis of the employment-housing-transportation linkage. The County recognizes the importance of this issue and Orange County's *Sustainable Communities Strategy (SCS)* describes past, current and future efforts to the best linkage between employment, housing and transportation.

2. Analysis of Employment-Housing-Transportation Linkage

The *Sustainable Communities Strategy (SCS)* indicates that the integration of land use and transportation is not new to Orange County. Examples of integrated planning and community development efforts in Orange County abound; several are described below. On one hand, significant development-related planning has occurred tying a broad range of infrastructure—including transportation—to development. On the other hand, significant transportation-related planning has also occurred whereby land uses are developed and created to maximize the use of transportation systems, such as transit-oriented development near Metrolink routes and development of housing and employment centers along major arterials.

By 2020, the total number of housing units in Orange County is projected to increase by 65,255, from 1,035,005 to 1,100,260. A growing population requires approximately one housing unit per 3.28 residents or 1.5 jobs. The projected housing production by 2020 will continue to satisfy the growing population. Given the forecast growth in population, this projected growth in housing is sufficient to house all the population of Orange County by 2020.

This housing growth will occur throughout the County and there will be fewer large areas without housing. The largest concentration of housing growth between 2008 and 2020 will occur in Brea; the middle section of the County straddling the I-5 Freeway in Irvine; Tustin's Legacy development; and Rancho Mission Viejo in unincorporated South County. Additionally, Traffic Analysis Zones (TAZs) with 3,000 or greater housing units are expected to grow in numbers, signaling increased densification.

In summary, Orange County is engaged in a collective effort to link transportation and land uses. This effort includes a variety of progressive measures undertaken by Orange County jurisdictions, agencies, and groups that lead to changes in the use of automobiles and light duty trucks, resulting in reductions in greenhouse gas emissions (GHG). The scope of current and planned strategies is broad and encompasses significant investment by both the public and private sectors to implement them. They include the following:

- Promoting a land use pattern that accommodates employment and housing needs.
- Using land in ways that make developments more compact and improves linkages among jobs, housing and major activity centers.
- Protecting natural habitats and resource areas.
- Implementing a transportation network of public transit, managed lanes and highways, local streets, bikeways, and walkways built and maintained with available funds.
- Managing demands on the transportation system (TDM) in ways that reduce or eliminate traffic congestion during peak periods of demand.
- Managing the transportation system (TSM) through measures that maximize the efficiency of the transportation network.

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- Utilizing innovative pricing policies to reduce vehicle miles traveled and traffic congestion during peak periods of demand.

These strategies and actions are Orange County's contribution to the region's efforts to achieve both 2020 and 2035 GHG thresholds established by CARB.

3. Conclusions and Recommendations

The analysis has determined that no impediment to fair housing choice exists as multi-pronged efforts are underway to improve the employment-housing-transportation linkage.

G. HOUSING AUTHORITY TENANT SELECTION CRITERIA

1. Background

HUD's *Fair Housing Planning Guide*, Volume 1 (March 1996) suggests that an AI examine a housing authority's tenant selection criteria or procedures for selecting tenants.

2. Analysis of Tenant Selection Criteria

The Orange County Housing Authority (OCHA) has adopted and implements tenant selection criteria consistent with HUD rules and regulations. Part III – Selection for HCV Assistance – of the HA's Administrative Plan for the Housing Choice Voucher Program describes in detail the criteria. Tenants are selected from categories such as:

- Special admissions
- Displacement by a member City
- Targeted funding
- Regular HVC funding

OCHA is permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits OCHA to establish other local preferences, at its discretion. The local preferences established are consistent with the OCHA PHA Plan.

Examples of local preferences include:

- Families transitioning from Shelter + Care
- U.S. Veterans – All
- Non-Veterans - Elderly, Disabled, or Working Families
- Non-Working Families

Priority is given to tenants living or working in OCHA's jurisdiction.

3. Conclusions and Recommendations

The analysis has determined that no impediment to fair housing choice exists because OCHA has established tenant selection criteria consistent with HUD's regulations.

H. SALE OF SUBSIDIZED HOUSING AND POSSIBLE DISPLACEMENT

1. Background

HUD's *Fair Housing Planning Guide* (page 2-31) suggests that an AI include an analysis of the "Sale of subsidized housing and possible displacement." California law requires the City's Housing Element to:

- Estimate the existing stock of affordable housing that is at risk of conversion to market rate housing and
- If housing is at risk of conversion within the next 10 years to adopt policies to encourage its preservation as affordable housing

2. Inventory of Assisted Housing at Risk of Conversion to Market Rate Housing

Table D-5 indicates that 13 projects containing a total of 436 affordable housing units are at risk of converting to market rate housing by 2023. The projects are located in the six cities and the County of Orange.

Table D-5
Urban County
Affordable Housing at Risk of Conversion to Market by 2023

Jurisdiction	Number of Projects	Number of Affordable Housing Units
Brea	5	146
Dana Point	1	44
La Palma	2	19
Laguna Beach	1	15
Laguna Hills	1	51
Placentia	1	58
County	2	103
Total	13	436

Source: Orange County Community Services, *FY 2015-19 Consolidated Plan*, County of Orange, pages 50-51

Table D-6 describes the affordable housing inventory and at risk housing projects located within the Urban County.

3. Conclusions and Recommendations

Government Code Section 65583(c)(6) requires each jurisdiction to describe in its housing element a program to reserve assisted rental housing at risk of conversion to market rate housing. The program must utilize to the extent necessary all available federal, state and local financing and subsidy programs. The preservation program may include strategies that involve local regulation and technical assistance.

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The State Department of Housing and Community Development (HCD) determines if the “program for preservation” submitted by each jurisdiction as part of its housing element satisfies the mandates of Government Code Section 65583(c)(6). HCD determined that the “programs for preservation” submitted by Brea, Dana Point, La Palma, Laguna Beach, Laguna Hills, Placentia and the County of Orange satisfied the government code requirements.

Table D-6
Urban County
Assessment of Affordable Housing at Risk of Conversion to Market Rate Housing

Jurisdiction	Affordable Housing	Potential Loss of Affordable Housing
Aliso Viejo	The City has 174 affordable housing units. Wood Canyon Villas has 46 units assisted through a County of Orange Bond. And 128 units at Woodpark Apartments were assisted through the Low Income Housing Tax Credit Program.	Since 2006, the former Orange County Development Agency has provided assistance to 901 affordable units.
Brea	The City has 787 rent-restricted units. In addition, the City’s inclusionary housing ordinance has resulted in more than 140 affordable homeownership units.	Five affordable housing projects in the City, with a total of 146 affordable units for families and seniors, are at risk of converting to market rate prior to 2020 – Birch Terrace Apartments, Brea Woods Senior Apartments, Civic Center Apartments, Orange Villa Senior Apartments, and William’s Senior Apartments.
Cypress	The City has 291 affordable units. Three projects—Cypress Park Community, Cypress Sunrise and Tara Village Family Apartments—utilized redevelopment funding. Cypress Sunrise and Tara Village were assisted with bonds. The remaining two projects—Cypress Pointe and Sumner Place—received density bonuses.	No rent-restricted units are at risk of converting to market-rate rents before 2020.
Dana Point	The City has 148 units of affordable housing. Orange County Community Housing Corporation developed the Domingo/Doheny Park Road project. The Monarch Coast Apartments (84 units) were financed by a bond. In 2006, the City executed an Affordable Housing Agreement to rebuild 32 units in return for preserving a portion of the Monarch Coast Apartments as affordable housing in perpetuity.	The Domingo/Doheny Park Road rent-restricted project is to remain affordable in perpetuity. A 2006 Affordable Housing Agreement with the William Lyon Company has preserved 40 income-restricted units in perpetuity. The remaining 44 income-restricted units are eligible for conversion to market rate on January 1, 2015. The City is in talks with Monarch Coast to preserve the affordability of these units.
La Palma	The City has 391 affordable units. The Nova La Palma Apartments conversion was accomplished with revenue bond financing. Housing Choice Vouchers are being used for Camden Place Senior Apartments. The remaining four affordable projects—Montecito Village, Kathy Drive Homes, Seasons La Palma and Tapestry Walk— utilized project covenants and redevelopment funds.	The affordability covenant on Nova La Palma expired in 2013; however, Section 8 obligations still apply to the development. The CSCDA agreement includes requirements for the gradual phasing out of affordable units, should the Section 8 contracts not be renewed. The City has committed to working with the developer to encourage keeping Section 8 contracts in place. An additional 19 moderate-income units at Kathy Drive and Montecito Village are at risk for conversion to market rate before 2020.

Table D-6 continued
Urban County
Assessment of Affordable Housing at Risk of Conversion to Market Rate Housing

Jurisdiction	Affordable Housing	Potential Loss of Affordable Housing
Laguna Beach	The City's low-to-moderate income housing inventory totals 164 units.	Only Harbor Cove, a 15-unit senior citizen apartment complex, is eligible for conversion to market- rate before 2020.
Laguna Hills	The City has 102 affordable housing units. Rancho Moulton and Rancho Niguel are projects built in the early 1980s with Section 8 construction funds.	Only the Rancho Moulton federally assisted housing project is at risk of converting to market rate housing before 2020.
Laguna Woods	San Sebastian senior condominium development was completed with 15 affordable units.	No units within the City are at-risk of conversion to market rate before 2020.
Los Alamitos	Laurel Park Manor, an affordable senior community in the City, has 17 studio (zero bedroom) and 53 one bedroom affordable units.	No units within the City are at-risk of conversion to market rate before 2020.
Placentia	Two affordable projects are located in the City. Both projects utilized Section 8 funding.	The 58-unit Imperial Villas development is at-risk of converting to market-rate in 2017.
Stanton	There are 745 affordable housing units in the City. Three of the projects—Continental Gardens, Park Place Stanton, and Plaza Patria—utilized tax-exempt bonds while the fourth project (Casa de Esperanza) used a combination of HOME and redevelopment funds.	No units within the City are at-risk of conversion to market rate before 2020.
Villa Park	No government or non-governmental organization-assisted housing is located within the City.	No units within the City are at-risk of conversion to market rate before 2020.
Yorba Linda	The City has 489 affordable rental units. Five of these projects—Villa Plumosa, Victoria Woods, Arbor Villas, Parkwood, and Meta Housing—utilized redevelopment funding while the sixth project (Archstone Yorba Linda) used Orange County bonds.	No units within the City are at-risk of conversion to market rate before 2020.
County of Orange	Since 2006, the former Orange County Development Agency has provided assistance to 901 affordable units.	Two projects with 103 total units are at risk of losing their use restrictions before 2020.

Source: Orange County Community Services, *FY 2015-19 Consolidated Plan*, County of Orange, pages 50-51

I. PROPERTY TAX POLICIES

1. Background

HUD's *Fair Housing Planning Guide*, Volume 1 (March 1996) indicates that a potential public sector impediment is "real estate property tax assessment." Entitlement jurisdictions should analyze property tax policies in the AI. Apparently, this analysis is suggested because of the potential for differential assessments that may adversely impact one or more of the protected classes. In California, however, property tax policies are established by State laws and localities wishing to enact additional taxes must seek the approval of the electorate.

2. Real Estate Property Tax Assessment Regulations

State law mandates that all property is subject to taxation unless otherwise exempted. In general, properties that are owned and used by educational, charitable, religious or government organizations may be exempt from certain property taxes. In 1978, California voters passed Proposition 13, which set a maximum property tax rate of 1%. The California Legislative Analysts' Office prepared the following summary:

- **The 1 Percent Rate.** The largest component of most property owners' annual property tax bill is the 1 percent rate—often called the 1 percent general tax levy or countywide rate. The Constitution limits this rate to 1 percent of assessed value. The owner of a property assessed at \$350,000 owes \$3,500 under the 1 percent rate. The 1 percent rate is a general tax, meaning that local governments may use its revenue for any public purpose.

If a home is occupied as the principal place of residence on January 1, the owner may apply for a Homeowners' Exemption that will exempt \$7,000 of the home's assessed value from taxation.

- **Voter–Approved Debt Rates.** Most tax bills also include additional ad valorem property tax rates to pay for voter–approved debt. Revenue from these taxes is used primarily to repay general obligation bonds issued for local infrastructure projects, including the construction and rehabilitation of school facilities. Bond proceeds may not be used for general local government operating expenses, such as teacher salaries and administrative costs. Most local governments must obtain the approval of two-thirds of their local voters in order to issue general obligation bonds repaid with debt rates. General obligation bonds for school and community college facilities, however, may be approved by 55 percent of the school or community college district's voters. Local voters do not approve a fixed tax rate for general obligation bond indebtedness. Instead, the rate adjusts annually so that it raises the amount of money needed to pay the bond costs.
- **All other taxes and charges on the property tax bill are calculated based on factors other than the property's assessed value.** For example, some levies are based on the cost of a service provided to the property. Others are based on the size of a parcel, its square footage, number of rooms, or other characteristics. Below, three of the most common categories of non–ad valorem levies are discussed: assessments, parcel taxes, and Mello–Roos taxes. In addition to these three categories, some local governments collect certain fees for service on property tax

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bills, such as charges to clear weeds on properties where the weeds present a fire safety hazard. These fees are diverse and relatively minor.

- **Assessments.** Local governments levy assessments in order to fund improvements that benefit real property. For example, with the approval of affected property owners, a city or county may create a street lighting assessment district to fund the construction, operation, and maintenance of street lighting in an area. Under Proposition 218 (1996), improvements funded with assessments must provide a direct benefit to the property owner. An assessment typically cannot be levied for facilities or services that provide general public benefits, such as schools, libraries, and public safety, even though these programs may increase the value of property. Moreover, the amount each property owner pays must reflect the cost incurred by the local government to provide the improvement and the benefit the property receives from it. To impose a new assessment, a local government must secure the approval of a weighted majority of affected property owners, with each property owner's vote weighted in proportion to the amount of the assessment he or she would pay.
- **Parcel Taxes.** With the approval of two-thirds of voters, local governments may impose a tax on all parcels in their jurisdiction (or a subset of parcels in their jurisdiction). Local governments typically set parcel taxes at fixed amounts per parcel (or fixed amounts per room or per square foot of the parcel). Unlike assessments, parcel tax revenue may be used to fund a variety of local government services, even if the service does not benefit the property directly. For example, school districts may use parcel tax revenue to pay teacher salaries or administrative costs. The use of parcel tax revenue, however, is restricted to the public programs, services, or projects that voters approved when enacting the parcel tax.
- **Mello–Roos Taxes.** Mello–Roos taxes are a flexible revenue source for local governments because they (1) may be used to fund infrastructure projects or certain services; (2) may be levied in proportion to the benefit a property receives, equally on all parcels, by square footage, or by other factors; and (3) are collected within a geographical area drawn by local officials.

Local governments often use Mello–Roos taxes to pay for the public services and facilities associated with residential and commercial development. This occurs because landowners may approve Mello–Roos taxes by a special two-thirds vote—each owner receiving one vote per acre owned—when fewer than 12 registered voters reside in the proposed district. In this way, a developer who owns a large tract of land could vote to designate it as a Mello–Roos district. After the land is developed and sold to residential and commercial property owners, the new owners pay the Mello–Roos tax that funds schools, libraries, police and fire stations, or other public facilities and services in the new community. Mello–Roos taxes are subject to two-thirds voter approval when there are 12 or more voters in the proposed district.

Thus, a property tax bill may include the following components:

1% Property Tax Rate + Voter Approved Bond Indebtedness
+ Special Assessment + Parcel Taxes + Mello-Roos Taxes

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Tax rates do vary from area to area and even within same county and city. Properties are located within a specific Tax Rate Area designated by the County and each TRA has differing tax rates depending on different bond indebtedness and special assessments and if parcel taxes and Mello-Roos taxes have been approved. The Orange County Assessor defines a Tax Rate Area as “A defined area of land with the same tax rate, together with a unique combination of taxing districts.”

3. Conclusions and Recommendations

All properties located within a Tax Rate Area are treated uniformly depending on the mix of property tax bill components. Thus, no impediment to fair housing choice exists as all protected classes living within in a Tax Rate Area are treated the same.

J. BUILDING CODES AND ACCESSIBLE HOUSING

1. Background

HUD’s *Fair Housing Planning Guide* (page 4-5) suggests an analysis of -

Local building, occupancy, and health and safety codes that may affect the availability of housing for minorities, families with children, and persons with disabilities, such information should be available through a review of local laws and ordinances relating to these subjects.

Housing accessible to disabled persons is required by both Federal and State laws. The Fair Housing Act establishes accessibility requirements for new and rehabilitated housing. The *Final Fair Housing Accessibility Guidelines* (March 6, 1991) list seven requirements:

- Requirement 1: Accessible building entrances on an accessible route.
- Requirement 2: Accessible and usable public and common use areas.
- Requirement 3: Usable doors.
- Requirement 4: Accessible route into and through the covered dwelling.
- Requirement 5: Light switches, electrical outlets, thermostats and other environmental controls in accessible locations.
- Requirement 6: Reinforced walls for grab bars.
- Requirement 7: Usable kitchens and bathrooms.

ADA (the Americans with Disabilities Act of 1990) is a federal civil rights law which prohibits discrimination against persons with disabilities. The United States Department of Justice (DOJ) enforces the ADA. The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of TDD/telephone relay services. The current text of the ADA includes changes made by the ADA Amendments Act of 2008 (P.L. 110-325), which became effective on January 1, 2009. The ADA was originally enacted in public law format and later rearranged and published in the United States Code.

On July 23, 2010, Attorney General Eric Holder signed final regulations revising the Department's ADA regulations, including its ADA Standards for Accessible Design. The official text was published in the Federal Register on September 15, 2010 (corrections to this text were published in the Federal Register on March 11, 2011).

Among the questions the HUD/DOJ Joint Statement responded to are the following:

What if the Americans with Disabilities Act (ADA) and the Fair Housing Act requirements both apply to the same property?

In those cases where a development is subject to the accessibility requirements of more than one federal law, the accessibility requirements of each law must be met.

There are certain residential properties, or portions of other residential properties, that are covered by both the Fair Housing Act and the ADA. These properties must be designed and built in accordance with the accessibility requirements of both the Fair Housing Act and the ADA. To the extent that the requirements of different federal laws apply to the same feature, the requirements of the law imposing greater accessibility requirements must be met, in terms of both scoping and technical requirements.

In the preamble to its regulation implementing Title III of the ADA, the Department of Justice discussed the relationship between the requirements of the Fair Housing Act and the ADA. The preamble noted that many facilities are mixed-use facilities. For example, a hotel may allow both residential and short term stays. In that case, both the ADA and the Fair Housing Act will apply to the facility. The preamble to the Title III regulation also stated that residential hotels, commonly known as “single room occupancies,” may be subject to Fair Housing Act requirements when operated or used as a residence but they are also considered “places of lodging” subject to the requirements of the ADA when guests are free to use them on a short-term basis. A similar analysis applies with respect to homeless shelters, nursing homes, residential care facilities, and other facilities where persons may reside for varying lengths of time. It is important for those involved in the design and construction of such facilities to comply with all applicable accessibility requirements. See 56 Fed. Reg. 35,544, 35,546-47 (July 26, 1991).

Covered multifamily dwellings that are funded or provided through programs operated by or on behalf of state and local entities (e.g., public housing, homeless shelters) are also subject to the requirements of Title II of the ADA.

Under the Fair Housing Act, the common areas of covered multifamily dwellings that qualify as places of public accommodation under the ADA must be designed and constructed in accordance with the ADA Standards for Accessible Design, and the Act’s design and construction requirements. For example, a rental office in a multifamily residential development, a recreational area open to the public, or a convenience store located in that development would be covered by the Act and under Title III of the ADA. See 28 C.F.R. § 36.104. Common use areas for use only by residents and their guests are covered by the Act’s design and construction requirements, but would not be covered by the ADA.

What if a state or local building code requires greater accessibility than the Fair Housing Act?

The Fair Housing Act does not reduce the requirements of state or local codes that require greater accessibility than the Act. Thus, the state or local building code’s greater accessibility must be provided. However, if a state or local code requires, or is interpreted or applied in a manner that requires, less accessibility than the Act, the Act’s requirements must nonetheless be followed. See Final Report of HUD Review of Model Building Codes, 65 Fed. Reg. at 15,753-57.

See also Preamble to the Final Rule, Design and Construction Requirements, Compliance with ANSI A117.1 Standards, 73 Fed. Reg. at 63,610.

Source: U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity and U.S. Department of Justice, Civil Rights Division, *Joint Statement on Accessibility (Design and Construction) Requirements for Covered Multifamily Dwellings Under the Fair Housing Act*, April 30, 2013, pages 24 and 25

The Fair Housing Council of Orange County has prepared a brochure that explains the seven accessibility requirements.

2. Analysis

The California Building Standards Code in California Code of Regulations (CCR) Title 24 is published by the California Building Standards Commission and it applies to *all* building occupancies (see Health and Safety Code Section 18908 and 18938) throughout the State of California. A common misunderstanding is that Title 24 relates to only energy conservation, or only accessibility, or that it applies to only state owned buildings and properties. Title 24 applies to all building occupancies, and related features and equipment throughout the state, and contains requirements to the structural, mechanical, electrical, and plumbing systems, and requires measures for energy conservation, green design, construction and maintenance, fire and life safety, and accessibility.

The California Building Standards Commission has explained that the following are common errors in the application of building codes in California:

- Using model codes instead of Title 24
- Applying model code provisions that are not adopted for use in California
- Applying adopted Title 24 provisions universally that is intended for only specific building occupancies or building features.
- Not applying Title 24 provisions that are developed to implement state laws and that are not provided in model codes.
- Use of Title 24 provisions that have been superseded by issued replacement pages.

Except for building occupancies subject to state agency enforcement, *cities and counties are required* by state law to enforce CCR Title 24 (reference Health and Safety Code Sections 17958, 17960, 18938(b), & 18948). The majority of local governments adopt the published Title 24 by reference in local ordinances. This is commonly called an adoption ordinance. If local government does not adopt Title 24 by local ordinance, Title 24 is the applicable code by default.

Cities and counties may adopt ordinances making more restrictive requirements than provided by CCR Title 24, because of local climatic, geological, or topographical conditions. Such adoptions and a finding of need statement must be filed with the California Building Standards Commission (Reference Health and Safety Code Sections 17958.7 and 18941.5). Additionally, fire protection districts may adopt ordinances addressing fire and panic safety such as requiring fire suppression sprinkler systems and other fire protections that are more restrictive than the adoptions in CCR Title 24 by the Office of the State Fire Marshal. Such local ordinances must be based on local climatic, geological, or topographical conditions.

Source: California Building Standards Commission, *Guide to Title 24: California 2013 Building Standards Code*, 2014

California Building Standards Commission, *Guide for Local Amendments and Filings of Building Standards*, May 2014

3. Conclusion

The analysis has concluded that no impediment to fair housing choice exists because jurisdictions have either adopted an ordinance or Title 24 is the applicable code by default.

K. BUILDING CODES AND OCCUPANCY STANDARDS

1. Background

A fair housing concern is whether a Zoning Code or a Building Code establishes occupancy standards or maximum occupancy limits that are more restrictive than State law, which incorporates the Uniform Housing Code (UHC).

Occupancy standards sometimes can impede housing choice for families with children or for disabled persons. For example, some jurisdiction's zoning regulations have attempted to limit occupancy to five related persons occupying a single family home, or to strictly establish an occupancy standard of no more than two persons per bedroom. Such regulations can limit housing availability for some families with children, or prevent the development of housing for disabled persons.

Observations have been made that occupancy standards may adversely impact protect classes, particularly national origin and families with children:

...these standards have a disproportionately large impact on the ethnic, racial, social, and economic structure of communities. When fewer people are permitted to share a unit, it means larger families may be priced out of the market or forced to move into run-down neighborhoods with larger, less expensive homes and often poorer quality services (e.g., transportation, recreation, shopping) and schools. In practice, this tends to segregate neighborhoods by race, ethnicity, and class and be implicated in affordability and homelessness problems.

In her presentation on the historical origins of occupancy standards, Ellen Pader made the following observations:

The first occupancy standard in the U.S. was enacted in 1870 when San Francisco passed the Lodging House Ordinance. Proposed at the request of the Anti-Coolie Association it required a minimum of 500 cubic feet of air space per person. However, it was disproportionately enforced in Chinatown where low-paid, single, working Chinese men had no choice but to share rooms with less air space each than mandated. In 1876 California made this minimum a state-wide law. An editorial the same year in the *Sacramento Record* decried its explicitly racist intentions, suggesting that legislators measure their own home space to see how many would have to find larger living quarters under these standards (Sandmeyer, 1991/1939); *Sacramento Bee*, 1876).

The [1935] British [Housing] Act [on Overcrowding] was explicitly a basis for the American Public Health Association's (APHA) reports entitled *Standards for Healthful Housing*. The APHA standards then became the basis for the standards adopted by HUD and non-governmental standards creating agencies since the 1950s.

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In the 1939 publication, *Principles for Healthful Housing*, the APHA wrote:

'A room of one's own' is the ideal in this respect; but we can at least insist on a room shared with not more than one other person as an essential minimum. Such a room should be occupied only by persons of the same sex except for married couples and young children. The age at which separation of sexes should occur is fixed by law in England at 10 years, but some American authorities would place the figure 2 years lower. Sleeping-rooms of children above the age of 2 years, according to psychiatric opinion, should be separate from those of parents. (p. 16)

Source: Ellen Pader, *Housing Occupancy Standards: Inscribing Ethnicity and Family Relations on the Land*, Journal of Architectural and Planning Research, Winter 2002, pages 303, 308 and 310

2. State and Federal Occupancy Standards

a. State Occupancy Standards

Section 503 of the California Uniform Housing Code -- on the basis of square footage -- establishes occupancy limits for all housing except efficiency units. California's occupancy standard for residential dwellings states:

Room dimensions (b) Floor Area: Dwelling units and congregate residences shall have at least one room which shall have not less than 120 square feet of floor area. Other habitable rooms, except kitchens, shall have an area of not less than 70 square feet. Where more than two persons occupy a room used for sleeping purposes, the required floor area shall be increased at the rate of 50 square feet for each occupant in excess of two.

According to an analysis of occupancy standards:

The Legislature, by adopting this Uniform Housing Code standard, intends to pre-empt local occupancy standards generally. Municipalities may deviate from the uniform occupancy standard only if, pursuant to specific state provisions, they make express findings that a deviation is reasonably necessary due to "climatic, geological or topographical conditions." Local governments should adopt the foregoing Uniform Housing Code standard for compliance with fair housing laws and to address health and safety concerns in the community.

Source: Mental Health Advocacy Services, Inc., *Fair Housing Issues in Land Use and Zoning: Definitions of Family and Occupancy Standards*, September 1998, page 7

Courts have ruled against city ordinances which have attempted to enact more stringent standards than those contained in Section 503 of the Uniform Housing Code. For example:

The City may be disheartened that we have invalidated its ordinance, but doing so saves us from having a curbside seat at the parade of horrors which would otherwise ensue. Had the ordinance survived our scrutiny, it would criminalize a level of occupant density which the state has determined is safe. This would force larger families out of their dwellings and into communities which do follow the Uniform Housing Code. This could only result in increased homelessness and exacerbate housing shortages statewide.

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Overcrowding is a serious problem. But a piecemeal solution like that proposed by Santa Ana is not the answer. We are not unmindful of the demand high urban densities place on community services. Nevertheless, we [6 Cal. App. 4th 1386] must presume the Legislature balanced the benefits of the statewide standard it adopted against the burdens it might impose on cities such as Santa Ana.

Briseno v. City of Santa Ana, 1992

The occupancy standard (SF/person) of “efficiency dwelling units” (EDUs) differ from the typical apartment. Under the provisions of the California Building Code, efficiency dwelling units must comply with the following:

- A living room of not less than 220 square feet of floor area.
- An additional 100 square feet of floor area shall be provided for each occupant of such unit in excess of two.
- A kitchen sink, cooking appliance and refrigeration facilities, each having a clear working space of not less than 30 inches in front.
- Light and ventilation conforming to the California Building Code shall be provided.
- A separate bathroom containing a water closet, lavatory and bathtub or shower.

Thus, an EDU providing shelter to two people must have approximately 340 square feet (220 + 50 SF for a kitchen + 70 SF for a bathroom).

Health and Safety Code Section 17958.1 allows cities and counties to permit by ordinance efficiency dwelling units for occupancy by no more than two persons which have a minimum floor area of 150 square feet and which may also have partial kitchen or bathroom facilities, as specified by the ordinance. Closets, a bathroom and a kitchen area do not count as “living area,” so the total size of efficiency dwelling units would be larger than 150 square feet.

In 1998 the California Department of Fair Employment and Housing adopted a guideline that saying that they would be disinclined to investigate cases *unless the occupancy limits were more restrictive than 2 persons per bedroom plus one*. The “plus one” acknowledges, as does the Uniform Housing Code, that most dwellings are so configured that it would be reasonable for at least one person to use some non-bedroom space (e.g. a loft, den, or living room) as a sleeping area. The 2+1 standard was only an intake guideline not a rule or regulation enacted by the State legislature. In fact, Government Code Section 12981.1 states:

The department shall not dismiss a complaint unless the complainant withdraws the complaint or the department determines after a thorough investigation that, based on the facts, no reasonable cause exists to believe that an unlawful housing practice, as prohibited by this part, has occurred or is about to occur.

The Uniform Housing Code states that a room used for sleeping purposes must be 70 square feet and can accommodate a maximum of two persons. A room used for sleeping purposes by three people must be 120 square feet. Each additional person in a room used for sleeping purposes requires an additional 50 square feet.

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Apartment units are typically not constructed in sizes that neatly fit the dimensions mentioned in Section 503 of the Uniform Housing Code. To estimate the number of persons that could occupy typical apartments, the bedroom sizes of apartment units located three cities was determined. Table D-7 shows the maximum occupancy per the Uniform Housing Code standards.

Table D-7
Urban County
Maximum Occupancy Based on Uniform Housing Code Standards

City/# of Bedrooms	Room Dimensions	Size	Number of Persons
Stanton			
Bedroom #1	10' x 12'	120 SF	3 persons
Bedroom #2	13' x 13'9"	178 SF	4 persons
Other Habitable Space ¹		120 sf	3 persons
Total			10 persons
Brea			
Bedroom #1	7'9" x 9'3"	71 SF	2 persons
Bedroom #2	10'5' X 12'8"	133 SF	3 persons
Other Habitable Space		120 SF	3 persons
Total			8 persons
Aliso Viejo			
Bedroom #1	11'x13'	143 SF	3 persons
Bedroom #2	12' x 15'6"	186 SF	4 persons
Other Habitable Space		120 sf	3 persons
Total			10 persons

¹Refers for example to a living room

Source: Apartment bedroom sizes based on unit floor plans public in ForRent Guide.

The occupancy standard established by the Uniform Housing Code greatly exceeds the 2 per bedroom standard cited above.

b. Federal Occupancy Standards

The federal Fair Housing Act (FHA) also provides that nothing in the Act "limits the applicability of any reasonable local, State or Federal restrictions regarding the maximum number of occupants permitted to occupy a dwelling." [Section 807(b)(1)]

HUD implements section 589 of the Quality Housing and Work Responsibility Act (QHWRA) of 1988 by adopting as its policy on occupancy standards for purposes of enforcement actions under the FHA, the standards provided in the Memorandum of General Counsel Frank Keating to Regional Counsel dated March 20, 1991. The purpose of that Memorandum was "to articulate more fully the Department's position on reasonable occupancy policies and to describe the approach that the Department takes on its review of occupancy cases." The Memorandum states the following:

Specifically, the Department believes that an occupancy policy of two persons in a bedroom, as a general rule, is reasonable under the Fair Housing Act. [. . .] However, the

reasonableness of any occupancy policy is rebuttable, and neither the February 21 [1991] memorandum nor this memorandum implies that Department will determine compliance with the Fair Housing Act based solely on the number of people permitted in each bedroom. [Emphasis added]

The memorandum goes on to reiterate statements taken from the final rule implementing the Fair Housing Amendments Act of 1988 as follows:

- [T]here is nothing in the legislative history that indicates any intent on the part of Congress to provide for the development of a national occupancy code”
- Thus, the Department believes that in appropriate circumstances, owners and managers may develop and implement reasonable occupancy requirements based on factors such as the number and size of sleeping areas or bedrooms and the overall size of the dwelling unit. In this regard, it must be noted that, in connection with a complaint alleging discrimination on the basis of familial status, the Department will carefully examine any such nongovernmental restriction to determine whether it operates unreasonably to limit or exclude families with children.

Source: U.S. Department of Housing and Urban Development, Memorandum to All Regional Counsel from Frank Keating on the subject of *Fair Housing Enforcement Policy: Occupancy Cases*, March 20, 1991.

Essentially, HUD has established a starting point for assessing the reasonableness of occupancy restrictions, but has stated that the specific facts of each living situation must inform the final determination of reasonableness. While the above discussion relates to matters of discrimination affecting families with children, a similar analysis applies to standards that may limit housing choice for persons with disabilities.

3. Conclusions and Recommendations

Section 503 of the California Uniform Housing Code -- on the basis of square footage -- establishes occupancy limits for all housing except efficiency units. All jurisdictions in the Urban County must abide by these standards. No impediment to fair housing choice exists unless, in the future, a jurisdiction within the Urban County were to attempt by ordinance to establish occupancy standards different from those set forth by the Uniform Housing Code.

L. PLANNING AND ZONING POLICIES AND PRACTICES

1. Background

The United States Department of Justice has indicated that a major focus of its efforts is on public sector impediments that may restrict housing opportunities for disabled persons. The Department has stated:

The Division’s enforcement of the Fair Housing Act’s protections for persons with disabilities has concentrated on two major areas. One is insuring that zoning and other regulations concerning land use are not employed to hinder the residential choices of these individuals, including unnecessarily restricting communal, or congregate, residential arrangements, such as group homes. The second area is insuring that newly constructed multifamily housing is built in accordance with the Fair Housing Act’s

accessibility requirements so that it is accessible to and usable by people with disabilities, and, in particular, those who use wheelchairs.

Source: United States Department of Justice, Civil Rights Division, Housing and Civil Enforcement Section, *The Fair Housing Act*, July 25, 2008, page 4

California's Fair Employment and Housing Act states that it is unlawful:

To discriminate through *public* or private *land use practices, decisions, and authorizations* because of race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income, or ancestry. Discrimination includes, but is not limited to, restrictive covenants, *zoning laws, denials of use permits, and other actions authorized under the Planning and Zoning Law* (Title 7 (commencing with Section 65000)), that make housing opportunities unavailable. [Emphasis added]

The housing elements and zoning ordinances/codes of each jurisdiction were reviewed to determine any standards, policies, and practices that may adversely affect full fair housing choice. The review was guided by fair housing issues identified by a survey questionnaire developed the HUD-LA Field Office and updated by the Fair Housing Council of Orange County.

The survey has a particular focus on land use and zoning regulations, practices and procedures that can act as barriers to the situating, development, or use of housing for individuals with disabilities. However, it also touches on areas that may affect fair housing choice for families with children or otherwise serve as impediments to full fair housing choice. In identifying impediments to fair housing choice, the survey looks to distinguish between regulatory impediments based on specific code provisions and practice impediments, which arise from practices or implementing policies used by the City.

More specifically, a review was conducted to determine how the following topics are discussed in the housing elements and zoning ordinances/codes:

- Family Definition
- Disability Definition
- Boarding House Definition
- Group Homes
- Transitional Housing
- Supportive Housing
- Reasonable Accommodation Procedure

2. Analysis of Housing for the Disabled

Housing for the disabled involves an analysis of whether -

- Zoning definitions of family, disability and boarding house or rooming house are consistent with fair housing laws.
- Zoning permits housing for people with disabilities consistent with the requirements of the Welfare and Institutions Code (Lanterman-Petris Act) and the Health and Safety Code (Community Care Facilities Act and Residential Care Facilities Act
- Zoning definitions of "transitional housing" and "supportive housing" and "target population" are in conformance with the requirements of SB 2 (Government Code Section 65582(f) and (g))

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- Zoning permits “transitional housing” and “supportive housing” in all residential zones as required by Government Code Section 65583(a)(5)
- Zoning provides for a reasonable accommodation procedure

With regard to a definition of family, both Brea and Placentia establish a maximum number of unrelated persons that comprise a family.

Many cities define disability at least as broadly as the Federal FHA. However, California provides a broader definition and should be the one used in zoning ordinances/codes.

None of the cities that define boarding house include housing for disabled within its meaning.

Villa Park is the only jurisdiction that does not include residential care facilities as a use permitted in the City’s two residential zones.

Most jurisdictions define transitional and supportive housing and include these housing types as uses permitted in the residential zones. A few cities impose a conditional use permit process if the number of persons occupying either supportive or transitional housing is seven or more. The Laguna Woods Zoning Ordinance does not include definitions of these two housing types nor are they listed as permitted uses in the residential zones.

Villa Park is the only jurisdiction that has not adopted a Reasonable Accommodation Procedure. Although the City of Cypress *2013-2021 Housing Element* states that such a procedure has been adopted, it was not found in the Zoning Code. The City of Yorba Linda refers to its procedure as “Adjustments for individuals with disabilities” and is found in Section 18.36.340 of the Zoning Code.

Attachment A describes in greater detail the results of the review of housing elements and the zoning ordinances/codes.

Attachment A
Review of Urban County
Planning and Zoning Policies and Practices
(Based on Housing Elements and Zoning Ordinances/Codes)

1. Definitions of Family

Traditionally, many cities and counties in their zoning ordinance have defined “family” as “. . . persons related by *blood, marriage or adoption* or not more than five *unrelated* persons, excluding servants.” This definition establishes no occupancy limit if the persons residing in a dwelling are related. But if the persons occupying a dwelling are unrelated, then the zoning regulations impose a maximum occupancy limit of five persons.

To comply with fair housing laws, a definition of “family” must emphasize the functioning of the members as a cohesive household:

- A definition should not distinguish between related and unrelated persons.
- A definition should not impose numerical limitations on the number of persons that may constitute a family.

Source: Kim Savage, Mental Health Advocacy Services, Inc., *Fair Housing Law Issues in Land Use and Zoning – Definition of Family and Occupancy Standards*, September 1998, pages 1-5

Although there is no legal mandate to include a family definition in the zoning ordinance/code, if one is included it should be consistent with fair housing laws.

West Orange County

- Cypress: no definition of family,
- La Palma: family definition consistent
- Los Alamitos: family definition consistent but mentions single *nonprofit* housekeeping unit
- Seal Beach: family definition same as Los Alamitos
- Stanton: family definition references definition of single housekeeping unit which is consistent

North Orange County

- Brea: family definition below is inconsistent with fair housing laws
One (1) or more persons, immediately related by blood, marriage or adoption living in a single housekeeping unit in a dwelling, together with their domestic employees. A person shall be considered to be related for the purpose of this section if he or she is in a dwelling for the purpose of adoption or for a foster care program. A group of not more than five (5) unrelated persons living together with their domestic employees shall also be considered a family.
- Placentia: not consistent as it sets a limit of six unrelated persons living together
- Villa Park: family defined and consistent
- Yorba Linda: family defined and consistent

South Orange County

- Aliso Viejo: family defined and consistent and specifically mentions that a family includes the occupants of community care facilities serving six or fewer persons
- Dana Point: family not defined
- Laguna Beach: family defined and consistent
- Laguna Hills: family defined and generally consistent; however states living together “under a common management plan”
- Laguna Woods: family defined and consistent and specifically mentions that a family includes the occupants of community care facilities serving six or fewer persons

County of Orange

Family defined and consistent and specifically mentions that a family includes the occupants of community care facilities serving six or fewer persons

2. Definitions of Disability

The Fair Housing Act (FHA) prohibits discrimination on the basis of handicap. “Handicap” has the same legal meaning as the term “disability.” Federal laws define a person with a disability as:

Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment.

The term “physical or mental impairments” may include conditions such as blindness, hearing impairment, mobility impairment, HIV infections, AIDS, AIDS Related Complex, intellectual disability, chronic alcoholism, drug addiction, chronic fatigue, learning disability, head injury, and mental illness.

The term “major life activities” may include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.

HUD-LA Staff has advised that the disability definition should mirror the State fair housing laws because they provide broader protection than the federal FHA. One example is that the FHA states “substantially limits” whereas state law references “limits.”

Although there is no legal mandate to include a disability definition in a zoning ordinance/code, if one is included it should be consistent with fair housing laws.

West Orange County

- Cypress: no definition of disability
- La Palma: disability definition consistent with Federal FHA but not State law
- Los Alamitos: disability not defined
- Seal Beach: disability definition not consistent as it mentions only mobility limitations
- Stanton: disability or handicapped defined and consistent with Federal FHA but not State law

North Orange County

- Brea: disability not defined
- Placentia: disability defined in the Reasonable Accommodation Procedures and is consistent
- Villa Park: disability not defined
- Yorba Linda: disability not defined

South Orange County

- Aliso Viejo: states that Disabled and Handicaps means persons as defined in U.S.C 423 and California Health and Safety Code Section 50072
- Dana Point: disability not defined
- Laguna Beach: defined within the definition of “residential care facility, general”
- Laguna Hills: disability defined in the Reasonable Accommodations for Persons with Disabilities” procedure and consistent as it states as defined by state or federal law
- Laguna Woods: disability defined in the Reasonable Accommodations for Persons with Disabilities” procedure and consistent as it states as defined by state or federal law

County of Orange

Disability not defined; however the Reasonable Accommodation Procedure refers to “individual[s] with disabilities protected under the law.”

3. Definitions of Boarding House or Rooming House

State law requires that licensed residential care facilities not be defined within the meaning of boarding house, rooming house, institution or home for the care of minors, the aged, or the mentally infirm, foster care home, guest home, rest home, sanitarium, mental hygiene home, or other similar term which implies that a residential facility is *a business run for profit*.

West Orange County

- Cypress: no definition of boarding house/rooming house
- La Palma: no boarding house definition
- Los Alamitos: boardinghouse definition consistent
- Seal Beach: boarding house definition consistent
- Stanton: boarding or rooming house defined and consistent

North Orange County

- Brea: boardinghouse defined and consistent
- Placentia: boardinghouse defined and consistent and specifically excludes from the definition rest homes and nursing homes
- Villa Park: boarding house and rooming house defined and consistent
- Yorba Linda: boarding house defined and consistent

South Orange County

- Aliso Viejo: boarding house defined and consistent
- Dana Point: boarding house and rooming house not defined
- Laguna Beach: boarding house and rooming house not defined
- Laguna Hills: boarding house defined and consistent
- Laguna Woods: boarding house defined and consistent

County of Orange

Boarding house defined and consistent

4. Licensed Group Homes

The Lanterman-Petris Act, Community Care Facilities Act and Residential Care Facilities Act for the Elderly establish the following types of group homes or residential care facilities which are licensed by three State agencies:

- Community Care Licensing Division of the California Department of Social Services (DSS) as defined in the Community Care Facilities Act and SB 962.
 - ✓ Group Homes
 - ✓ Small Family Homes
 - ✓ Adult Residential Care Facilities
 - ✓ Social Rehabilitation Facilities
 - ✓ Residential Care Facilities for the Elderly
 - ✓ Residential Facilities for the Chronically Ill
 - ✓ Adult Residential Facilities for Persons with Special Care Needs
- California Department of Alcohol and Drug Abuse Programs (DAPD):
 - ✓ Alcohol and Drug Abuse Treatment Facilities
- California Department of Public Health (DPH):
 - ✓ Congregate Health Living Facilities
 - ✓ Intermediate Care Facilities/Developmentally Disabled
 - ✓ Intermediate Care Facilities/Developmentally Disabled-Habilitative
 - ✓ Intermediate Care Facilities/Developmentally Disabled –Nursing

State law establishes the following provisions that must be adhered to by local zoning:

- Residential care facilities housing six or fewer persons are considered a residential use of property.
- Six or fewer persons refer to the residents and exclude the operator and staff.
- Residential care facilities must be treated the same as a single family home.
- Residential care facilities are exempt from restrictions, fees, taxes, and permits that do not apply to single family homes in the same zone.

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- Local government can request that an application for licensure be denied on the basis of overconcentration. State laws set forth standards for the minimum distances separating residential care facilities.

If single-family homes are permitted in the multi-family zones, then residential care facilities also need to be permitted.

...a licensed group home serving six or fewer residents must be a permitted use in all residential zones in which a single-family home is permitted with the same parking requirements, setbacks, design standards, and the like. No conditional use permit, variance, or special permit can be required for these small group homes unless the same permit is required for single-family homes, nor can parking standards be higher, nor can special design standards be imposed.

Source: Barbara Kautz, Goldfarb & Lipman LLP, *Select California Laws Relating to Residential Recovery Facilities and Group Homes*, pg. 2, (presented at the Residential Recovery Facilities Conference, Newport Beach, March 2, 2007)

West Orange County

- Cypress: community care facilities (6 or fewer) permitted in zones that allow residential uses
- La Palma: residential group living 6 persons or less and drug/alcohol rehabilitation homes permitted in the residential zones
- Los Alamitos: residential care facilities for six or fewer persons permitted in zones that permit single family dwellings; “Residential care facilities” means state licensed facilities providing twenty-four (24) hour-a-day non-medical residential care to persons residing on the premises
- Seal Beach: permitted in all zones where single family uses are permitted in conformance with State law; use is defined as “Residential Care, Limited”.
- Stanton: “Residential Care Home” and “Residential Care Facility for the Elderly” for six or fewer persons are permitted in the four residential zones

North Orange County

- Brea: residential care facilities for six or fewer people are permitted in all residential zones
- Placentia: residential care facilities for six or fewer persons are allowed in any single family residence in the R-A, R-1 and R-2 Zones.
- Villa Park: residential care facilities are not among the uses permitted in the City’s two residential zones
- Yorba Linda: community care facilities housing six or fewer persons are permitted in the residential zones

South Orange County

- Aliso Viejo: residential care facilities for six or fewer persons are permitted in all residential zones
- Dana Point: Group Homes are permitted in the residential zones; Group Homes “shall mean any residential care facility for six or fewer persons which is licensed by the State.”

APPENDIX D

- Laguna Beach: residential care facilities for six or fewer persons are permitted in the City's three residential zones
- Laguna Hills: Community care facilities for six or fewer person are permitted in the residential zones. Chapter 9-64 of the Zoning Ordinance is devoted to Community Care Facilities. This Chapter lists all the State licensed facilities that fall within the meaning of Community Care Facilities.
- Laguna Woods: Community care facilities housing six or fewer people are permitted in the City's three zones.

County of Orange

Zoning Code permits community care facilities housing six or fewer persons in the residential zones.

5. Transitional Housing and Supportive Housing

Government Code Section 65583(a)(5) states:

Transitional housing and supportive housing shall be considered a residential use of property, and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.

Guidance from the State of California Department of Housing and Community Development (HCD) states that a city:

... must demonstrate that transitional housing and supportive housing are permitted as a residential use and only subject to those restrictions that apply to other residential dwellings of the same type in the same zone. In other words, transitional housing and supportive housing are permitted in all zones allowing residential uses and are not subject to any restrictions (e.g., occupancy limit) not imposed on similar dwellings (e.g., single family home, apartments) in the same zone in which the transitional housing and supportive housing is located. For example, transitional housing located in an apartment building in a multifamily zone is permitted in the same manner as an apartment building in the same zone and supportive housing located in a single family home in a single family zone is permitted in the same manner as a single family home in the same zone.

Source: State of California, Department of Housing and Community Development, Division of Housing Policy Development, Memorandum: Transitional and Supportive Housing, Chapter 183, Statutes of 2013 (SB 745), page 2, April 24, 2014

:

Government Code Section 65582(f) defines "supportive housing" as follows:

...housing with no limit on length of stay, that is occupied by the target population, and that is linked to an onsite or offsite service that assists the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

Government Code Section 65582(h) defines "transitional housing" as follows:

...buildings configured as rental housing developments, but operated under program requirements that require the termination of assistance and recirculating of the assisted

APPENDIX D

unit to another eligible program recipient at some predetermined future point in time that shall be no less than six months from the beginning of the assistance.

SB 745, which took effect on January 1, 2014, generally amends Section 65582 of the Government Code to remove cross references to the Health and Safety Code definitions and replace the latter with definitions that are used for the purposes of zoning applicable at the time SB 2 (Cedillo, Chapter 633, Statutes of 2007) passed.

West Orange County

- Cypress: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements and permitted in the residential zones.
- La Palma: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements. These two housing types are permitted in the residential zones; however, those housing seven or more persons are subject to approval of a conditional use permit, which is not consistent with State law.
- Los Alamitos: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements and permitted in the City's three residential zones
- Seal Beach: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements and permitted in the City's three residential zones
- Stanton: Zoning Code definitions are consistent with Government Code requirements. These housing types are permitted in two residential zones but are not listed as permitted in two zones that permit single family housing. This provision is not consistent with State law.

North Orange County

- Brea: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements and permitted in the residential zones.
- Placentia: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements. However, these uses are not among the permitted uses listed in the residential zones.
- Villa Park: Supportive and Transitional Housing are permitted in the City's two residential zones. However, the Zoning Code does not contain definitions of these housing types.
- Yorba Linda: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements and permitted in the residential zones.

South Orange County

- Aliso Viejo: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements and permitted in the residential zones.
- Dana Point: Transitional Housing and Supportive Housing definitions consistent with Government Code requirements. However, these uses are not among the permitted uses listed in the residential zones.
- Laguna Beach: The Zoning Ordinance does not define Supportive and Transitional Housing. These housing types are permitted as "residential housing, special needs" in the residential zones.
- Laguna Hills: Transitional Housing and Support Housing definitions consistent with Government Code requirements. However, those housing seven or more persons are subject to approval of a conditional use permit, which is not consistent with State law.

- Laguna Woods: The Zoning Ordinance does not include definitions of these two housing types nor are they listed as permitted uses in the residential zones.

County of Orange

The Zoning Code includes definitions of the two housing types but does include them in the list of uses permitted in the residential zones.

6. Reasonable Accommodation Procedure

A joint statement by federal Departments of Justice and Housing and Urban Development explains this issue as follows:

As a general rule, the Fair Housing Act makes it unlawful to refuse to make 'reasonable accommodations' (modifications or exceptions) to rules, policies, practices, or services, when such accommodations may be necessary to afford persons with disabilities an equal opportunity to use or enjoy a dwelling.

Even though a zoning ordinance imposes on group homes the same restrictions it imposes on other groups of unrelated people, a local government may be required, in individual cases and when requested to do so, to grant a reasonable accommodation to a group home for persons with disabilities. For example, it may be a reasonable accommodation to waive a setback required so that a paved path of travel can be provided to residents who have mobility impairments. A similar waiver might not be required for a different type of group home where residents do not have difficulty negotiating steps and do not need a setback in order to have an equal opportunity to use and enjoy a dwelling.

Where a local zoning scheme specifies procedures for seeking a departure from the general rule, courts have decided, and the Department of Justice and HUD agree, that these procedures must ordinarily be followed. If no procedure is specified, persons with disabilities may, nevertheless, request a reasonable accommodation in some other way, and a local government is obligated to grant it if it meets the criteria discussed above. A local government's failure to respond to a request for reasonable accommodation or an inordinate delay in responding could also violate the Act.

Local governments are encouraged to provide mechanisms for requesting reasonable accommodations that operate promptly and efficiently, without imposing significant costs or delays. The local government should also make efforts to insure that the availability of such mechanisms is well known within the community.

Joint Statement of the Department of Justice and the Department of Housing and Urban Development, *Group Homes, Local Land Use, and the Fair Housing Act*, August 18, 1999, pages 3 and 4.

On May 15, 2001 the State Attorney General transmitted a letter to all local governments advising the localities to consider adoption of a reasonable accommodation procedure. In that letter, the Attorney General stated:

Both the federal Fair Housing Act (FHA) and the California Fair Employment and Housing Act (FEHA) impose an affirmative duty on local governments to make

APPENDIX D

reasonable accommodations (i.e., modifications or exceptions) in their zoning laws and other land use regulations and practices when such accommodations may be necessary to afford disabled persons an equal opportunity to use and enjoy a dwelling.

The Office of Attorney General pointed out that while a city may deny a disabled applicant's request from relief under variance or conditional use permit procedures, the procedures may be insufficient to justify the denial when judged in light of the fair housing laws' reasonable accommodations mandate.

Villa Park is the only jurisdiction that has not adopted a Reasonable Accommodation Procedure.

Although the City of Cypress *2013-2021 Housing Element* states that such a procedure has been adopted, it was not found in the Zoning Code.

The City of Yorba Linda refers to its procedure as "Adjustments for individuals with disabilities" and is found in Section 18.36.340 of the Zoning Code.

APPENDIX E DATA SOURCES



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DATA SOURCES**

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Data Sources

Appendix A - Jurisdictional Background Data

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- Zoning Ordinances/Codes for the County of Orange, Metro Cities and Participating Cities