

CITY OF SAN BENITO
ANALYSIS OF IMPEDIMENTS
TO FAIR HOUSING CHOICE

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TO FAIR HOUSING CHOICE**

Each Community Development Block Grant (CDBG) recipient certifies under 24 CFR 570.303 (d) that it will affirmatively further fair housing and will administer its grant in compliance with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Fair Housing Act, as amended. Each recipient is further mandated by the CDBG regulations, at 24 CFR 570.904, to take actions to promote fair housing choice. Finally, the Consolidated Plan regulations, as 24 CFR 91.225 (a) (1), require jurisdictions to undertake Fair Housing Planning activities.

In order to comply with the above mentioned regulations, the grantee (City of San Benito) is required to conduct an analysis to identify impediments to fair housing choice within the jurisdiction; (As indicated in the Consolidated Plan guidance, it is expected that grantees will complete a new or significantly updated Analysis of Impediments (AI) within one year from the effective date of the regulations. This means that the AI is to be completed by February 6, 1996.)

As part of the requirements, the City of San Benito shall also take appropriate planned actions to overcome the effects of any impediments identified in the AI. Every effort shall be made to have the AI listing and recommend appropriate remedies for all impediments identified and that these remedies will be made part of the ongoing fair housing activities.

The City shall maintain records concerning the Analysis of Impediments and actions undertaken to eliminate the identified impediments.

The Analysis of Impediments document covers an array of public and private policies, practices, and procedures that affect the location, availability and accessibility of housing, the current residential patterns and conditions within the locality. It relates to Fair Housing Choice which is the ability of persons of similar income levels to have available to them the same housing choices, regardless of race, color, religion, sex, national origin, handicap, or familial status.

The City of San Benito shall enforce the City's Fair Housing Ordinance to more effectively minimize discriminating actions and to help foster an appreciation of other people's views. The City will implement strategies to meet the affordable housing needs of low to moderate income citizens and special population groups as called for in the Consolidated Plan and Strategy. The City shall continue to annually proclaim April as Fair Housing Month and encourage the City's residents to participate in Fair Housing Activities. Community Grants and Programs staff

shall continue to pursue actions necessary to carry out the adopted Consolidated Plan and Strategy Policy statement.

SECTION I. Demographic Profile for the City of San Benito.

The City of San Benito is located near the geographic and population center of the lower Rio Grande Valley of Texas. San Benito is a growing city of over 24,000 and forms part of Cameron County, one of Texas' fastest growing metropolitan statistical areas.

A. Income Data

Currently the median annual income is \$30,403.00 and the poverty level is \$15,201.50 based on 50% of the median. According to the 2010 census there are approximately 8,645 or 35.3% of the total population living in poverty. Of the total 5,697 families who reported income, 23% lived below the poverty level.

B. Households

The Census Department defines “household” as persons sharing one household unit. Households may be families (persons living together who are related by blood, marriage or adoption) or non-families. San Benito had 7162 households in 2010. The following data describes the composition of San Benito's households: married couple families with children under 18 years of age at (12,612); families with no children under 18 years of age at (6,735), male head of household with no wife present with children under 18 years of age at (214), male head of household with no wife present and no children under 18 years of age at (264), female head of household with children under 18 years of age at (833); female head of household with no children under 18 years of age (751); and non family households at (1,524). The total number of households is 7,162.

C. Race/ Ethnicity of Population

In 2010, 91% of the population or 21,995 of San Benito’s residents were identified as Hispanic. This figure is up from 2000 when the Hispanic population was at 87%. In 2000 the White population in San Benito was at 76% of the total population. In 2010, the White population rose to 86%. All other ethnic groups remained at 1% of the total population.

D. Housing Profile

In 2010, there were 1,325 households in San Benito that could be defined as extremely low income. This represents 19% of all the households in the City. Of these extremely low income households 865 (53%) were renters and 759 (47%) were owners. Affordable housing has been increasingly unavailable to various

segments of the population of the City of San Benito. The following information represents a general overview of housing type and related factors which contribute to the unavailability of affordable housing.

E. Homeownership

We found that homeownership opportunities for families of low to moderate income were increasingly difficult. The ability to acquire affordable housing in the City of San Benito and throughout the Rio Grande Valley is directly related to the availability of resources which low income families may utilize to seek adequate housing. These include, but are not limited to the following:

1. The unavailability of housing stock for a low income family of four,
2. High interest rates and lack of appropriate financial resources from financial institutions, and
3. Insufficient resources from qualified housing providers who can augment or supplement existing resources of low income families to help these families move into standard housing.

Without any type of housing assistance for low income families, home ownership will remain outside the means of most low income families.

F. Rental Housing

Rental housing has long been the first experience many low income families have with housing in the Rio Grande Valley. While it may have been available and many times within the economic means of the family, it has too often been sub-standard or in need of serious rehabilitation. Renters wanting to move into standard housing, whether rental or otherwise, often find that it is not available or affordable.

G. Public Housing

As of 2013, the Public Housing Authority is unable to address the growing need of rental housing in the City of San Benito. With public housing tenants receiving some form of federal subsidized housing assistance based on present income, it would be difficult to substitute regular rental housing outside of the housing authority developments for these families without the federal subsidy. It is expected that the list of families needing housing assistance will continue to grow, not only in the City of San Benito, but throughout the Rio Grande Valley.

SECTION II: Evaluation of City's Current Fair Housing Profile

The City of San Benito has no record of a complaint ever being filed where the secretary had to make a change or make a finding of discrimination. As stated above in Section F relating to the Rental Housing impediment of sub-standard units, the City Commission of the City of San Benito has passed an Ordinance which allowed the City to impose larger fines to property owners with rental property that violates standard Housing Codes. By adopting this Ordinance, the San Benito City Commission empowered the Building Inspection Department to control the dilapidation of housing structures that many times are rented by unsuspecting low income families.

SECTION III: Identification of Impediments to Fair Housing Choice

A. Public Sector

A problem for many low income families is compliance with the necessary Building Codes required by the State of Texas. Although we acknowledge the need for these safety codes, we must acknowledge that compliance with the codes more often than not increases the cost of housing. Generally speaking, the minimum price for a home being built for a profit is usually in the area of approximately \$ 40,000. Many low income families find that this type of home is beyond their means. Because sub-standard lots do exist within the City limits, the City uses a volunteer board which is authorized by the State to grant variances prior to the construction on the lot. This is done by reviewing each request on a case by case basis. Although this mechanism is in place to help, many low income families are not well informed, and are not able to access the formal system associated with seeking variances. They are usually simply not familiar with building code regulations and the process for seeking such variances to the building code.

B. Low Income.

Low income households are households that have income between 51% and 80% of the median income (adjusted for family size for the area as determined by HUD). In San Benito, 80% of the median income is \$24,322.40. Families of low incomes often have difficulty finding affordable housing suitable for their needs. Particular problems faced by low-income households include housing over crowding, substandard housing and an inability to acquire a home. Households in this category often include younger families with children, families with parents employed in low or moderate wage jobs or elderly households. Low-income households also often pay more than 30% of their income for housing. On the other hand, low income households have more buying power than the very low-income households. As renters, there is often the prospect that they can improve their

living conditions by becoming future homeowners. As existing homeowners low-income households may need help in making property improvements.

C. Education

Lack of education keeps many families from applying for home loans. Lack of familiarity with local financial institutions and bankers often intimidates many families. Some have expressed concern over the language barrier, however, the local bankers have tried to soften the fear by promoting their banks and its uses via bilingual loan officers and television and radio advertisements in the Spanish language. In order to further assist in Homeownership, the local banks will need to continue to educate the public in this area. Also contributing to educating the public is the use of the Community Development Department staff who often help families in directing them to the different institutions and making initial contact with an institution representative.

D. Fear of Debt

Families hesitate to commit to a large debt because of fear of losing one's job and past experience with indebtedness. To release some of this concern, housing seminars should continue to be held at different institutions or different neighborhoods to discuss housing scenarios. It is imperative that low income families be informed of how housing programs work in order to relieve them of these fears.

E. Public Housing

Public housing refers to housing financed by the Federal or State Government and is owned and managed by a local Public Housing Authority (PHA). Housing is subsidized by the federal government with the intent of providing safe, decent, and affordable housing for low-and moderate-income persons. There is one Public Housing Authority (PHA) operating within the SBCD's jurisdiction: The Housing Authority of the City of San Benito. Services are delivered in two main fashions: 1) through public housing properties patterned in apartment-style residences, 2) through Section 8 housing vouchers whereby residents are allowed to find and select their own housing preference, either apartment-style or single-unit family residences, then pay a portion of the required rent based on their ability to pay.

At the present time, there are 208 out of 209 units being occupied in public housing developments through the City's jurisdiction. An estimated 322 Section 8 vouchers are also being utilized in scattered-site fashion. Housing specifically geared for special populations such as elderly or people with disabilities are also included in these figures.

F. Private Sector

The process of purchasing a home or taking on a home improvement loan is a complex process which relies on many interrelationships among the institutions involved. It should be the responsibility of institutions such as local realtors, financial institutions, for profit and non-profit providers, and public and private entities to help in the education process in order to assist families realize the dream of homeownership.

There are a number of impediments and barriers that prevent low income families from purchasing homes and not related to the ability of persons of similar income levels to have available to them the same housing choices; regardless of race, color, religion, sex, national origin, handicap or familial status. These impediments are identified in the following sections.

G. Down Payment and Closing Costs

Down payment and closing costs is an impediment for low income families regardless of race, color, religion, sex, national origin, handicap, or familial status. Most low income families currently residing in apartment units can already afford monthly payments on a home, but cannot afford the down payment and closing costs involved when purchasing a home. To solve this problem, financial institutions should create down payment and closing cost assistance programs to help families with this part of the expense.

H. Interest Rate

The high interest rates are another problem that low income families encounter. High interest rates many times make mortgage payments beyond their reach. Banks and mortgage companies should realize this problem and help establish lower rates to make single family housing more affordable to these families.

I. Required Checking and Savings Accounts.

Some financial institutions make having a checking or savings account a requirement prior to an individual or family obtaining a loan. This is a major obstacle to low income families, as they very often do not have the income to support a checking or savings account. Banks and mortgage companies should help develop a Home Mortgage package that would reduce the down payment required, reduce the interest rate, establish a higher debt to income ratio and use a non-traditional method for establishing credit. Among the recommendations that they should consider is the family's payment of utility bills and long term employment.

J. Traditional Methods

Banks in general review loans based on the borrowers' character, collateral, conditions of the loan, capacity or earning power to service the loan and capital or net worth. Banks and Mortgage Companies need to be more flexible and innovative in the use of loan underwriting guidelines or policies while still meeting their investors' interest. If greater flexibility could be exercised in the application of underwriting guidelines that cover such items as, credit history and debt to income ratio, more low-income families would qualify for mortgage or housing rehabilitation loans. Banks and Mortgage Companies need to take into account the fact that many families that suffered financially due to economic recession, and through cutbacks have now recovered financially. Lending institutions apply the same underwriting criteria for all situations thus, many people are not able to qualify due to credit history problems resulting from situations they may not have had control over. Thanks to the Community Reinvestment Act (CRA) requirements, Banks now face additional pressures from regulatory agencies to increase the number of loans in low to moderate census tracts. This has encouraged several area bankers to come up with solutions to help the area's low income families. However, the general public still needs to be more aware of all housing assistance programs. Currently, there are a number of good programs in place, but families are unaware of these programs. Although promotional efforts are taking place, these programs should be promoted through town hall meetings, the media, service organizations, churches, housing seminars, etc.

K. Restrictions - Retirement Communities

The City of San Benito has approximately six (6) different retirement communities where the developer has implemented certain restrictions as a condition to the sale of the lots. The restrictions deal primarily with age and familial status. These communities are made up of retirees and elderly residents who have chosen to live in a quiet environment with no children and with activities tailored to the elderly population. These communities have no restrictions in regards to race, color, religion, sex, national origin or handicap.

SECTION IV. Public and Private Section

A. Fair Housing Enforcement

The City of San Benito shall continue to enforce the City's Fair Housing Ordinance to more effectively minimize discriminatory action and to help foster the appreciation of other people's views. The City of San Benito shall make the

creation of affordable housing opportunities and neighborhood a priority. The City of San Benito Community Grants and Programs Department will continue to implement strategies to meet the affordable housing needs of low to moderate income citizens and special population groups as called for in the Consolidated Plan and Strategy regardless of race, color, religion, sex, national origin, handicap, or familial status. The City of San Benito Community Grants and Programs Department shall also continue to develop and implement incentives which encourage the development of affordable housing in the City of San Benito.

B. Information on Programs

The City of San Benito works in partnership with The Housing Authority of the City of San Benito - the leading affordable housing agency in the community, to promote existing programs such as the Neighborhood Stabilization Program, the First-Time Homebuyer Program, and the Rehabilitation Program. Activities to promote such programs include application fairs and the distribution and dissemination of pertinent information to the community. All materials are produced in English and Spanish. Public housing residents are also encouraged to participate in the management of the Housing Authority through a variety of advisory boards composed of residents. These advisory boards are part of the mainstream for many of the PHAs in the region.

The City of San Benito also collaborates with the START Center as an Equal Voice Network RGV Member (Housing Coalition) to participate in upcoming workshops and Fair Housing events which will soon be scheduled and coordinated.

The City of San Benito works together with the Texas Workforce Commission to distribute flyers regarding events that are taking place in the community.

CONCLUSIONS AND RECOMMENDATIONS

It is the conclusion of the Community Grants and Programs Department of the City of San Benito, that the City is very well aware of the impediments that low to moderate income families face on a daily basis in trying to improve their living conditions. The City Manager has recognized the need to address those impediments and has created a Housing Group consisting of housing advocates, housing providers, and City Commissioners to obtain input and exchange ideas pertaining to the housing needs of this community.

It is our recommendation that the City of San Benito continue to find ways to address the needs of the low to moderate income families. The Community Grants and Programs staff will continue working with our local financial institutions and housing providers to look into and establish programs to help this segment of our community to make sure that they are able to obtain standard housing.

Information regarding current housing conditions and initiatives to further fair housing can be found in annual action plans and annual reports as required by HUD.