

CITY OF HOLLAND

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING

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CITY OF HOLLAND

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## **Introduction**

The Federal Fair Housing Law, Title VIII, requires the Secretary of HUD to administer the Community Development Block Grant (CDBG) housing and urban development activities in ways that affirmatively further fair housing. As a CDBG recipient, the City of Holland is required to certify that the City will take steps to affirmatively further fair housing in the community.

Under the certification, the City of Holland is expected to assure non-discrimination within its jurisdiction and in the operation of its programs and to take steps that will actively advance open and fair housing. The preamble of CDBG regulations states that a grantee will be considered to be in compliance with its certification to further fair housing if it 1) conducts an analysis of fair housing impediments and 2) takes action designed to address the conditions identified as limiting fair housing choice.

This document is intended to meet the responsibilities the City of Holland has assumed with the acceptance of CDBG funds. Beyond the responsibilities mandated by these laws, the City of Holland undertakes this effort because fair housing is the cornerstone of good community relations and impacts the quality of life in the City of Holland for all citizens.

## **Executive Summary**

In general, the term Fair Housing is the practice of ensuring that all people, regardless of their race, color, national origin, religion, sex, familial status and handicap have full and equal access to housing, including financing for said housing.

The main goal of this document is to identify existing impediments to Fair Housing in the City of Holland and suggest actions to address those impediments. This will be accomplished by doing the following:

1. Reviewing and presenting demographic data relevant to the City of Holland and housing options to create a summary City Profile,
2. Reviewing reported Discriminatory Issues to the City of Holland,
3. Reviewing current City Policies to further Fair Housing by the City of Holland, and
4. Identifying the impediments to Fair Housing in the City of Holland and suggesting actions to address those impediments.

### **Impediments Identified and Actions to Address the Impediments**

As later described in this report, the City has identified three main impediments to limiting housing choice. While the City is well aware that the concentration of the low cost housing and minorities are excellent examples of impediments to Fair Housing, the purpose of this report is to help the City identify more subtle impediments that left untouched will negatively impact all of its Fair Housing efforts.

During the review of the City Profile, the City identified a higher than usual percentage of persons 25 years or older who did not complete a high school education. This lack of education can lead to fewer housing choices and result in such persons having less of an understanding of Federal Law and therefor be more susceptible to housing discrimination. The City also identified that with an increasing Hispanic Population, some with limited English speaking skills can also be more likely to experience housing discrimination.

Recommended Action - The City needs to take actions to address fair housing education to specific population groups, including minority groups, and those with less education in the City.

During the City's review of the current reports of Housing Discrimination compiled by both the City's Human Relations Office and the Fair Housing Center of West Michigan, staff noticed a very low number of complaints compared to requests for information. The City

is aware that violations of anti-discrimination laws do occur in the City and that many go unreported.

Recommended Action – Continued support for the Human Relations Office and the Fair Housing Center. This should include continued research into rental practices and real estate marketing practices, structured complaint assistance through the performance of testing to obtain evidence regarding those complaints, broad consideration of all potentially discriminatory factors, and inclusion of those factors in a comprehensive plan to address discrimination.

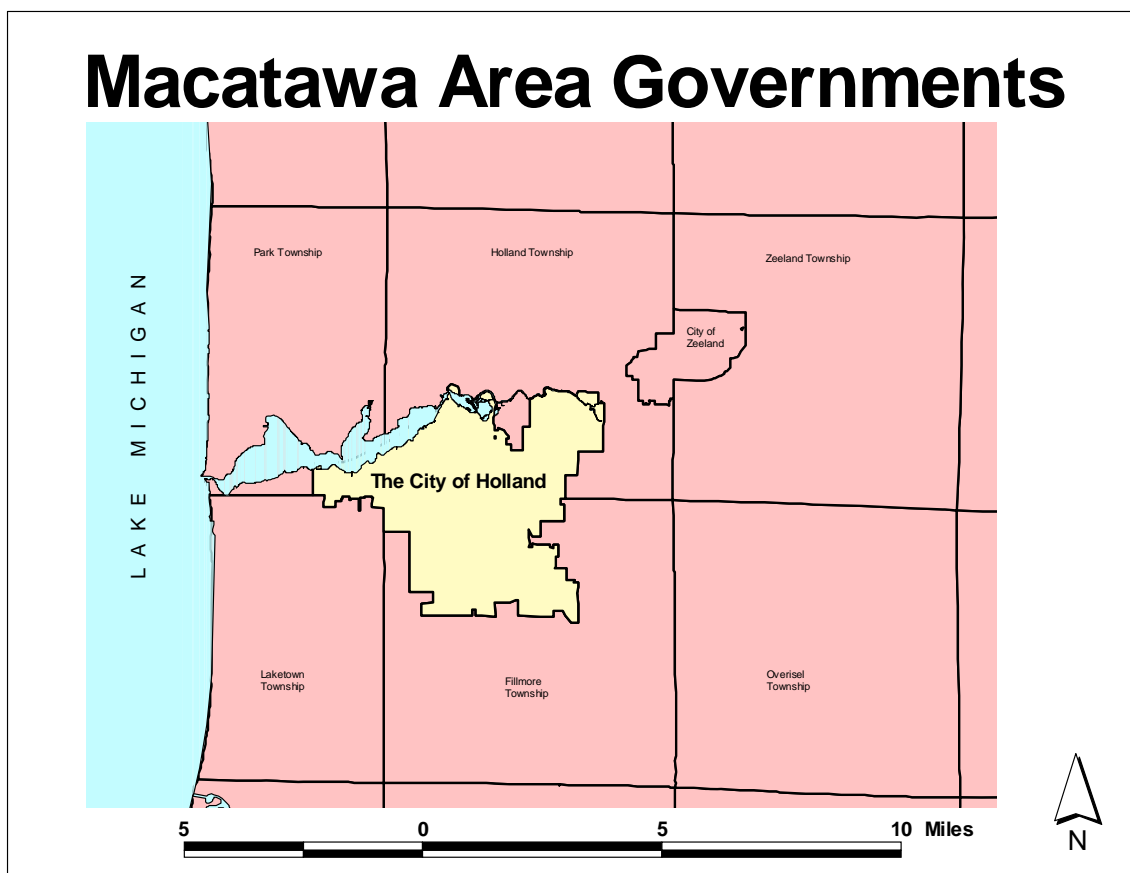
During the City's review of their own policies, the City identified several pro Fair Housing Policies. However it was identified that the existence of two Fair Housing agencies in a City of its size can lead to confusion among the citizens.

Recommended Action – Further evaluate the relationship between the City and the Fair Housing Center to ensure minimal overlap and maximum service to those experiencing housing discrimination.

## City Profile

This segment of the report will paint a picture of the City of Holland allowing the reader to gain cursory knowledge of the City and its residents.

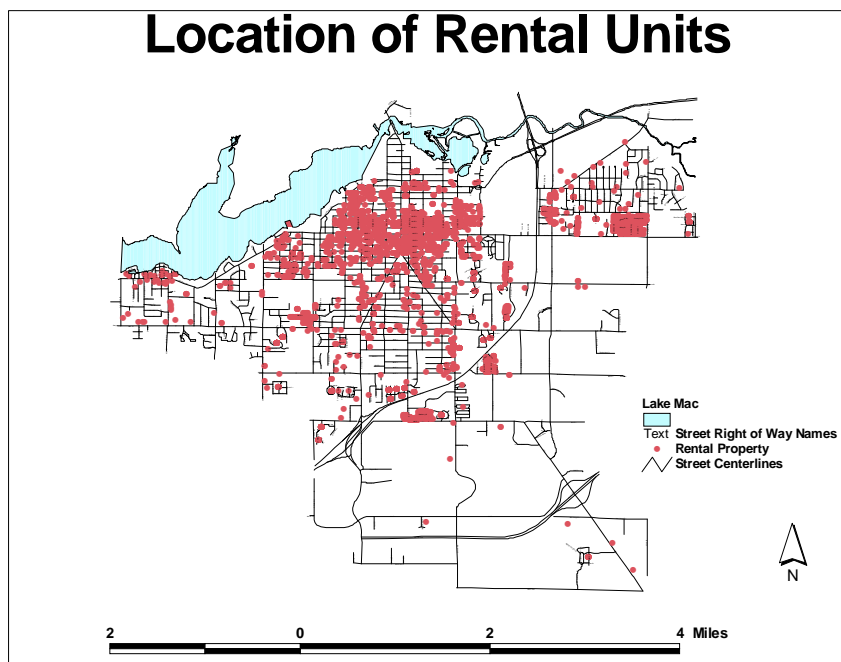
The City of Holland (City) is a town of approximately 35,000 people located within a metropolitan area of a little more than 100,000. Founded in the mid 1800's, the City's first immigrants were primarily of Dutch ancestry. The City is centered as the principle unit of government in the larger Macatawa Area located in West Michigan on the shores of Lake Michigan (see figure 1). Being the principle city surrounded by developing townships, the City has fully developed, and minus a few vacant tracts of land, the opportunity for new housing on non-developed land in the City is extremely diminished compared to our neighbors.



The City is approximately 80% White, 3% African American, 4% Asian, 1% American Indian, and 12% are listed as Other. Considering that close to 30% of the City population claims they are of the Hispanic ethnicity, we assume that the 12% is largely people who are Hispanic that did not choose White as their race.

With regard to educational attainment, less than 80% of our population above 25 years of age has at least a high school diploma, which is below the national average, and over 26% hold at least a bachelor's degree, which is above the national average. The median household income in the City has always been higher than the national median income, while the median value for a home has always been less than the national median value, which leads to a favorable housing market. In addition to hosting a qualified workforce, and having a favorable housing market, the City also is home to several large employers allowing the median commute time for the workers in the City to be less than 15 minutes, compared to 25 minutes on the national level.

As one studies housing issues in the City, it is important to note that the City has continually developed from the late 1800's to the early 2000's. This constant, evolving development of the City has resulted in a variety of housing options from stately historic homes, to craftsman style homes to conventional subdivisions to condominiums. Not only do these homes vary in design, but in price as well. As of 2007, houses on the market in the City ranged from \$80,000 to \$500,000. Further examination of housing costs show that lower cost housing in the City can be found south of the Historic District in the Central Neighborhoods as well as in the Montello Park Neighborhood, just west of the Central Neighborhoods. Slightly higher cost housing is located in both the southern and eastern portions of the City, while the highest cost of housing can be found in the Historic District and along the shores of Lake Macatawa. Likewise, housing costs are higher in the outlying neighborhoods of the City. With regard to the placement of rental units, as the map below shows you, the majority of rental units are located in the central neighborhoods.



In conclusion regarding our City profile, it is safe to say that we are a town that historically has been a predominantly white community, but over the past quarter century is now starting to see an increase in the number of Hispanics along with person of other racial groups choosing to call Holland home, creating a more diverse community, about which we can be proud.

Compared with national averages, the City can be viewed as an attractive place to live. The city has an above average educational attainment in regards to attaining a Bachelor's Degree, increased median income, decreased median home value, and a shorter commute for the residents. One area of concern for the City as it relates to Fair Housing must be the percentage of adults without a high school diploma. While the City enjoys a higher percentage of college educated residents, the percentage of adults without a high school diploma is higher than the national average and may lead to an increase in the number of adults who do not fully understand mortgage products and housing choices, and lead to potential housing discrimination. While this concern of lack of understanding is only an assumption, it nonetheless is an issue that the City should understand.



## **Discriminatory Issues in the City of Holland**

This segment of the report provides information about the violations of anti-discrimination laws within the City, as reported to the City's Human Relations Department as well as reported by the Fair Housing Center of West Michigan.

The City is fortunate to have a singular department that serves as an intake/resource for all residents who may be impacted by discrimination. This office, which will be reviewed in the following City Policies section of this report, is capable of not only serving as a resource and advocate for citizens who are victims of discrimination, but can also keep an accurate count of the number of people who approach the City stating they may be a victim of discrimination.

As seen in the table below, the City has received approximately 1,100 requests for information and complaints in regard to discrimination on an annual basis. However of this total, only 2 – 3% were complaints. Employment discrimination was the area with the most complaints, accounting for roughly 40% of all complaints. Housing complaints accounted for between 25-28% of all complaints.

| <b>HUMAN RELATIONS DEPARTMENT</b>                      | <b>FY - 06</b> | <b>FY - 07</b> | <b>FY - 08</b> |
|--|----------------|----------------|----------------|
| <b>Total Requests for Information &amp; Complaints</b> | <b>1,126</b>   | <b>1,008</b>   | <b>1,055</b>   |
| <u>Total Requests for Information</u>                  | 1,099          | 979            | 1,000          |
| By Service Area  |                |                |                |
| Education  | 53             | 69             | 75             |
| Employment   | 122            | 120            | 130            |
| Housing  | 456            | 414            | 420            |
| Government/Community                                   |                |                |                |
| Consumer   | 83             | 56             | 60             |
| Public Services - Accommodations                       | 0              | 0              | 0              |
| Public Services  | 383            | 314            | 325            |
| Welfare Eligibility                                    | 2              | 6              | 10             |
| <u>Total Complaints</u>                                | 27             | 29             | 35             |
| By Service Area  |                |                |                |
| Education  | 1              | 2              | 3              |
| Employment   | 11             | 11             | 13             |
| Housing  | 7              | 9              | 10             |
| Government/Community                                   |                |                |                |
| Consumer   | 3              | 3              | 4              |
| Public Services - Accommodations                       | 0              | 0              | 0              |
| Public Services  | 5              | 4              | 5              |
| Welfare Eligibility                                    | 0              | 0              | 0              |

2009 City of Holland, Michigan Annual Budget

In addition to relying on numbers from the City's Human Relations Department, we also looked at numbers from the West Michigan Fair Housing Center for information regarding potential Housing Discrimination in the City of Holland. The City of Holland has recently entered into a contractual agreement with the Fair Housing Center of West Michigan to further fair housing, by offering additional assistance in Outreach, Education, Complaint Intake, and Fair Housing Testing.

In our latest contract, which covers the time period from July 1, 2007 – June 30, 2008, reports show that there were a total of ten complaints received by the center between June 1 and December 31. Each of these ten complaints involved rental properties. Five of the complaints dealt with issues related to disabilities, three complaints dealt with familial status, one pertained to race, and one pertained to the complainant's age. Of the ten complaints, three were resolved, finding no discrimination, and seven remain open and under investigation.

In addition to receiving complaints, the Center also undertakes Fair Housing Testing to ensure Fair Housing Practices are occurring in the City. Between July 1, 2007 and December 31, 2007, the Center conducted four tests in response to complaints received. Unfortunately each of the four tests proved to be inconclusive due to the fact that the residential units under review were transferred and occupied in a timely manner, making it impossible for the Center to organize a test of the unit and landlord.

Based on the numbers reported from both the City's Human Relations Department and the Fair Housing Center of West Michigan, it appears that actual numbers of complaints of housing discrimination are relatively low. Thus a general question will arise as to whether that is an accurate reflection of the frequency of housing discrimination in the City of Holland. The question which needs to be asked is whether there a reason that Housing Complaints are few. A review of our City Profile shows an emerging minority population, a higher than average under-educated population and large tracts of rental property in the central neighborhoods, all of which could lead us to believe that housing discrimination must occur, we just haven't accurately documented the issue. This understanding can be one of the impediments to Fair Housing; however prior to identifying the impediments to Fair Housing, we need to gain a stronger understanding of what the City is doing to promote Fair Housing, which is covered in the next section of the report.

## **City Policies to Further Fair Housing**

As stated earlier in the report, the act of furthering Fair Housing is the practice of ensuring that all people, regardless of their race, color, national origin, religion, sex, familial status and handicap have full and equal access to housing, including financing for said housing. The City can play a very important role in this process, by reviewing its own policies as it relates to the practice of Fair Housing.

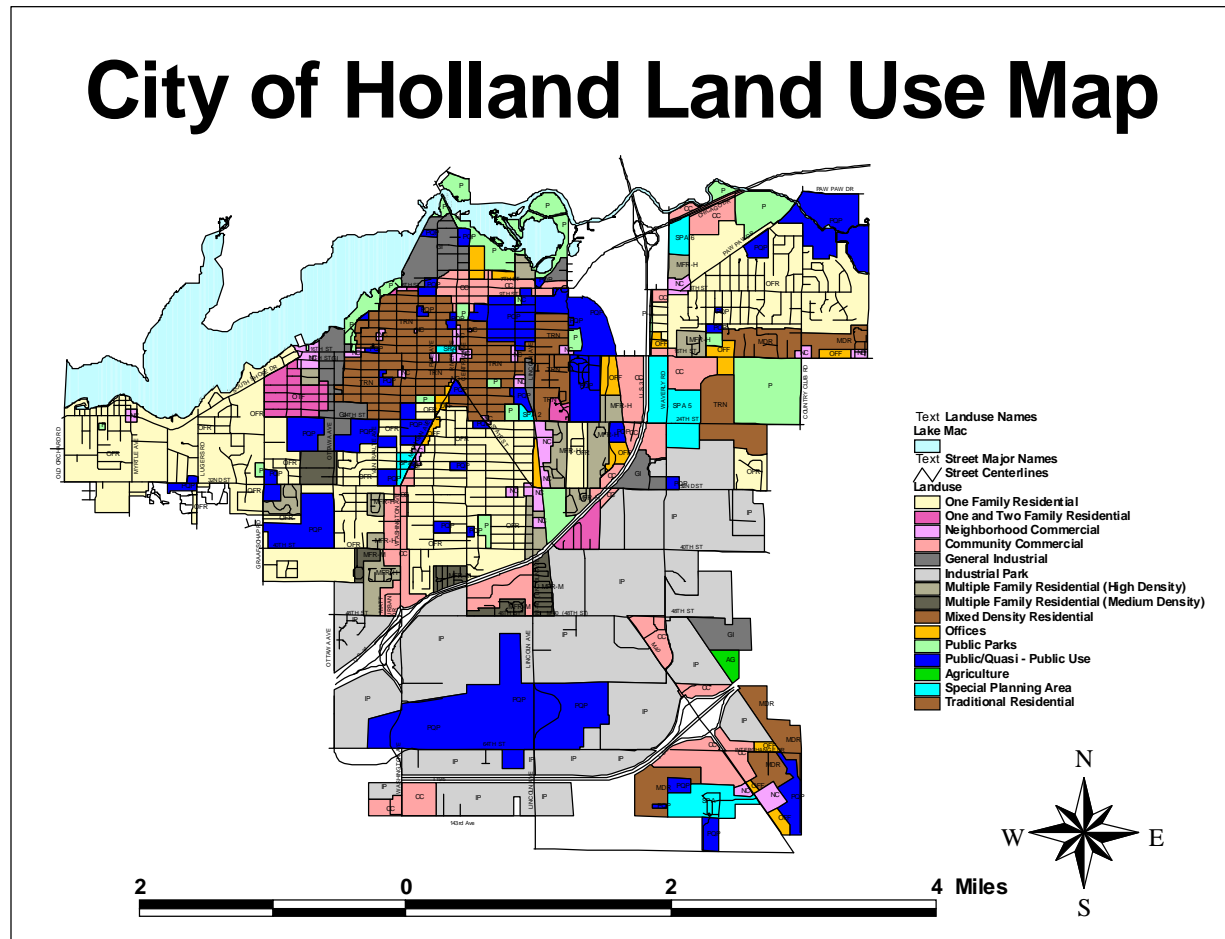
### **City Regulations on Land Use**

The first place a City can further Fair Housing is through its regulations on land use. This includes the development of a Master Land Use Plan that calls for a variety of housing options, and a Zoning Map and relevant ordinances.

Through the Master Land Use Plan, the City holds the ability to determine the future location and style of residential uses within the City limits. A review of the City's Master Land Use Plan shows that there are a total of six planning designations that allow residential development. These include:

1. One Family Residential – represents areas planned for conventional subdivisions, and promotes single family residential.
2. One and Two Family Residential - similar to One Family Residential, but also promotes duplexes.
3. Multiple Family Residential (High Density) - represents areas planned for apartment complexes.
4. Multiple Family Residential (Medium Density) – represents areas planned for condominium developments.
5. Mixed Density Residential – represents areas planned for both multiple family and one family.
6. Traditional Residential – represents areas planned for traditional designed neighborhoods, and calls for a mixture of low density multiple family housing options as well as single family housing.

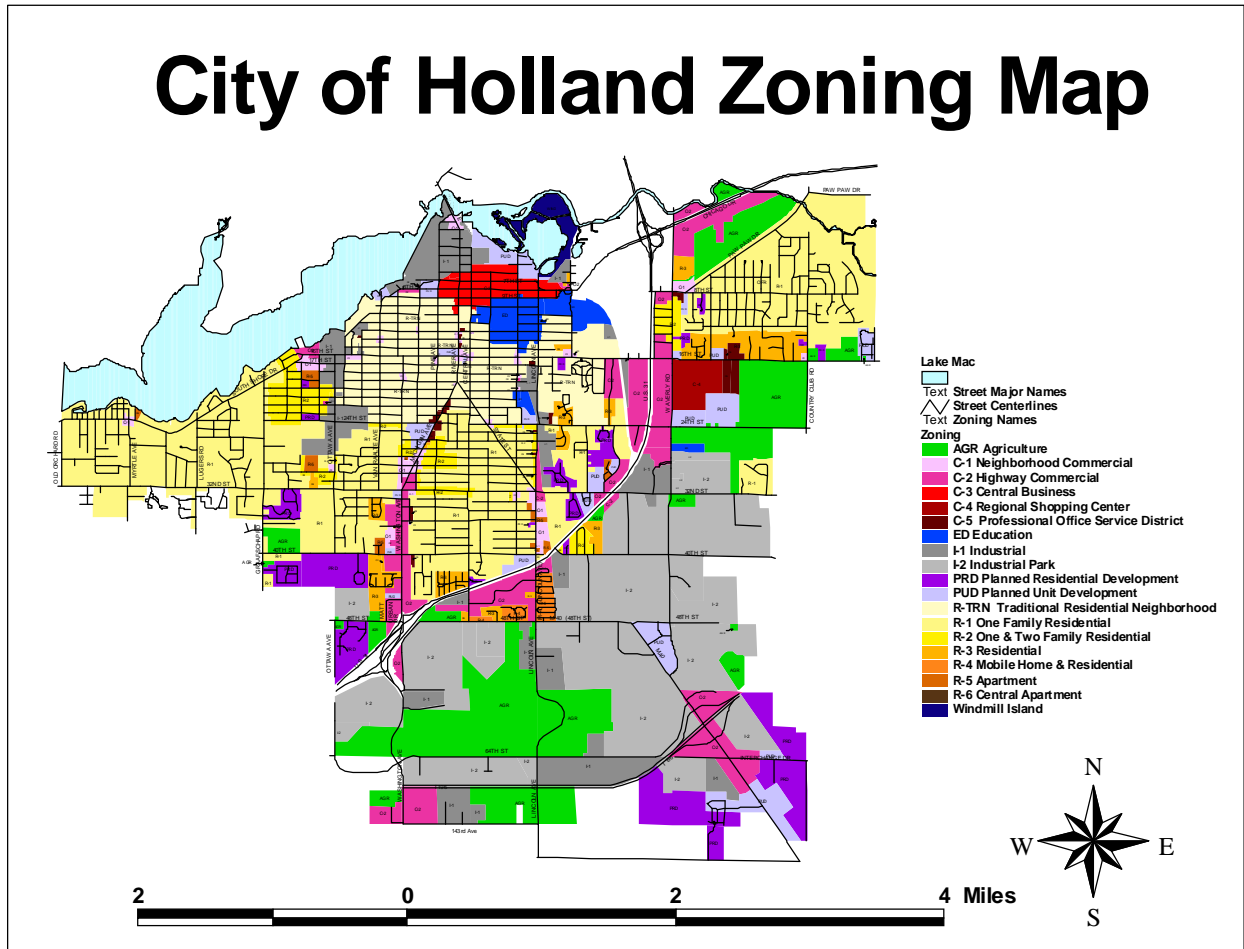
The below map is a copy of the City's Land Use Plan. This map identifies that the City has set aside a proportionate amount of land for both conventional suburbs and multiple family residential land. This map also illustrates that the City has been deliberate in its planning to allow for all types of residential uses throughout most of the City. An area that may be lacking in diversity of planned residential types may be on the west end of the City, where the planned land use is predominantly One Family. However it should be noted that just south of the City Boundaries on the west side is a relatively large apartment complex which does add to the diversity of housing choice in that area.



Similar to the Master Land Use Plan, the Zoning Ordinance and Zoning Map for the City dictates the current (instead of future) use of the land for the present. A review of the City's Zoning Ordinance shows that there are a total of seven zoning districts (R1, R2, R3, R4, R5, R-TRN, and PRD) that permit only residential uses. When combined, these zoning districts total an area of approximately six square miles, which is roughly 44% of the area of the City of Holland.

In addition to the residential only zoning districts, residential uses are also permitted as a right in the C-1 Neighborhood Commercial District and the C-3 Central Business District. Residential uses in these districts typically are apartments above store fronts.

Below is a copy of the current zoning map for the City of Holland. The zoning map shows a fairly equitable distribution of residential zone districts throughout the City, with the western side of the City being the one area where housing choice is more limited.



In addition to land use regulations, the City can further Fair Housing by enacting other policies and ordinances which create a proactive atmosphere regarding Fair Housing. These policies include enacting a Fair Housing Ordinance, establishing a Human Relations Commission to oversee Fair Housing, including Fair Housing Language in Rental Certificates, the operation of City-funded Housing Programs, providing operational support of a Fair Housing Center, and use of reduced taxing scenarios for residential developments that ensure an economically diverse residential base.

## Fair Housing Ordinance and Human Relations Commission

As a result of the landmark Civil Rights Act, the City responded quickly and appropriately by creating a Human Relations Commission and enacting the Fair Housing Ordinance. The ordinance, created under the guidance of the Title VIII of the Civil Rights Act of 1968, was last updated in 2002 to reflect all protected classes. See Article III Fair Housing attached to this report.

Through the creation of the Human Relations Commission, the City of Holland recognized the inherent right of its inhabitants to strive to fulfill their goals and aspirations unhindered by discrimination based on or resulting from considerations of race, creed, handicap, educational association, color, sex, age, marital status, national origin or association. Therefore, in 1968, the City created the Human Relations Commission. The Commission is comprised of 9 members broadly representative of the City's population who are appointed by the Mayor with approval of City Council.

Activities of the HRC include:

1. Monitor local, state and federal fair housing practices.
2. Review and investigate discrimination complaints.
3. Provide information on landlord/tenant rights and responsibilities.
4. Monitors City of Holland compliance with State of Michigan Equal Opportunity Employment (EEO) guidelines.
5. Receives, investigates and mediates City Employee EEO grievances.

The overall goal of the Commission is to consult with and advise City Council on equal rights and opportunities affecting all Holland citizens; and to promote social and cultural understanding by discouraging and preventing discrimination, conducting studies, investigations and other activities that improve relationships among all citizens, and protect their equal rights in housing, education, employment, and public services.

## Fair Housing Language on City Documents

Public policy in support of fair housing has also been implemented in the City's issuance of Rental Certificates and in Owner Rehabilitation Program materials.

Every residential unit in the City which is not occupied by the owner needs to be certified by the City as a rental unit. This certification process includes a full home inspection by the City of Holland to ensure that the unit complies with all local health and building codes. Once the unit has been certified, the Landlord is then presented a certificate, more or less approving them to rent their unit. Upon this certificate the City has recently placed Fair Housing Language reminding the Landlord of their responsibility under the law to not discriminate. In addition to the language on the rental certificate, the City also has recently installed a "Fair Housing Poster" in the building permit office where landlords and residents frequent often. Both of these actions, while small, go a long way in reminding residents

and landlords that Fair Housing is an important practice in the City. In fact, these two actions led to the Fair Housing Center of West Michigan recognizing the City's Community Development Coordinator with the 2008 Fair Housing Award.

The City of Holland also utilizes appropriate fair housing language in all of its materials and applications related to its Owner Rehabilitation Program (ORP). Marketing efforts for that program have assured good minority participation through a direct mail campaign (stuffer in Board of Public Works utility billings), flyers in church bulletins for core city and minority churches, news articles in the neighborhood newsletters (bilingual publication), recruitment and use of minority contractors, and numerous other efforts.

### Support of an External Fair Housing Center

The City is making strides in furthering Fair Housing by strengthening its relationship with the Fair Housing Center of West Michigan. This Center is a private, non-profit agency with over 20 years experience in ensuring equal housing opportunity. They accomplish this work through education, testing, and enforcement of the Fair Housing Act.

Working with the City and community-based agencies, the Center investigates claims of illegal housing discrimination, assists claimants in litigation and/or administrative enforcement actions, conducts testing to determine compliance with federal and state laws, provides practical education to rental, sales and lending professionals and any organization or professional with a role in the housing industry, and home-seekers.

Even though the Center has been in existence for over 20 years, their origin was solely focused on the greater Grand Rapids area, and only within the past few years have expanded their focus to include the Lakeshore, including the City of Holland. The City has been instrumental in this expansion, beginning with a \$3,500 grant in the first year and then \$7,500 grants the following three years. In addition to financial assistance, the City has participated in Center-hosted Fair Housing Training. During the event, local realtors and lenders were educated about the Fair Housing Act, and their responsibilities. The City also serves on the Lakeshore Advisory Board of the Fair Housing Center, and is utilizing its position to promote and encourage more Fair Housing Training, with the next training focused on Senior Citizen discrimination.

### Tax Scenarios for Residential Developments

Another way the City furthers Fair Housing is to ensure that special populations are afforded the opportunity to reside in a variety of neighborhoods. In addition to zoning laws to accomplish this task, the City also holds the authority to create special tax laws to support certain developments looking to develop or rehabilitate residential units in specific neighborhoods.

To this point, the City has incorporated the use of the taxing tool **Payment In Lieu Of Taxes** (PILOT). These PILOTs are arrangements between the City and the developer in which instead of paying the annual property tax to the City, the developer pays an agreed-upon cost to the City on an annual basis, which is less than their property tax would be. These agreements typically have a sunset date of 15 to 20 years. Specifically the City has approved three PILOTs in the past few years. Two PILOTs were for low cost senior citizen housing, and one PILOT was for a low cost housing, with no restrictions on age.



## **Identifying Impediments and Actions to Address Those Impediments**

Through the preparation of this report the City has attempted to provide a snapshot of the City's demographic profile, a synopsis of discrimination complaints, and a review of current policies the City has in place regarding the furthering of Fair Housing. This work was done to identify impediments to Fair Housing and the subsequent development of meaningful actions to remedy those impediments.

HUD has suggested several possible actions that governments could consider to address fair housing impediments. Many of the suggested actions have been accomplished in the City of Holland, such as enactment of a fair housing ordinance, creation of a Human Relations/Rights Commission, support for fair housing groups like the Fair Housing Center of West Michigan, and support for affordable and low-income housing as evidenced by our Zoning Ordinance and approved PILOTs). Because the major actions in support of fair housing have been addressed in Holland, the remaining actions are day to day tasks that need constant attention, such as the provision of education about fair housing, outreach to under-represented demographic groups, and organizing leaders to support fair housing. Progress of this type has occurred in several installments over the past few years, however, more can still be done.

To assist in identifying the impediments to Fair Housing, the report will now summarize the three main sections of the report and offer actions to address the impediments identified.

1) **CITY PROFILE** - This category of analysis examined demographic characteristics.

The actual data from the 2000 Census was examined and conclusions were formulated from the information. The resulting information did not specifically suggest fair housing impediments, however, the factors presented do contribute to exclusion of certain groups from housing resources in the City of Holland.

Conclusions – There are two issues that rise to the top when we talk about the City Profile for Holland and Fair Housing. The first is the higher than usual percentage of 25 year olds and older who did not complete a high school education. It is this report's conclusion that a reduced educational attainment results in a higher possibility that the person will earn less income and be subject to less housing choice overall. Furthermore, such persons will have less of an understanding of Federal Law and be more susceptible to housing discrimination. The second issue that rises to the top is the increasing Hispanic Population, especially those with limited English speaking skills. It is simply acknowledged that as a minority group grows in number, the likelihood of increased discrimination also rises.

Recommended Action - The City needs to take actions to address fair housing education to specific population groups, including minority groups, and those with limited educational attainment.

- 2) **DISCRIMINATORY ISSUES IN THE CITY OF HOLLAND** - This category of analysis examined reported cases of discrimination to the City of Holland and the Fair Housing Center of West Michigan, as well as ongoing testing by the Fair Housing Center of West Michigan.

Conclusions – While the City and the Center both have excellent means for receiving complaints regarding discrimination, specifically housing discrimination, it appears that the number of formal complaints, compared to the requests for information, seem low. One thing that is clear from this section is that violation of anti-discrimination laws does occur in the City of Holland as evidenced by the data and testing programs.

Recommended Action – Continued support for the Human Relations Office and the Fair Housing Center, including continued research into rental practices and real estate marketing practices, structured complaint assistance through the performance of testing to obtain evidence regarding those complaints, and broad consideration of all potentially discriminatory factors, and inclusion of those factors in a comprehensive plan to address discrimination.

- 3) **CITY POLICES** - This section of the report identified and summarized the various policies the City has instituted in its quest to further Fair Housing.

Conclusions - The City of Holland has indeed promoted fair housing through several public policies and programs. While on the surface the City can take pride in the intentional steps it has taken to further Fair Housing, an area that needs further clarification is the specific relationship between the Human Relations Commission and the Fair Housing Center. While the Human Relations Department Head sits on the Lakeshore Advisory Board of the Fair Housing Center, it appears that there is overlap in duties between the City and the Center when it comes to receiving discrimination complaints and testing.

Recommended Action – Further evaluate the relationship between the City and the Center to ensure minimal overlap and maximum cooperation and collaboration.

## **Summary**

Long before the City began utilizing Federal funds to address housing needs in the community, it made a commitment to Fair Housing and Equal Opportunity through the formation of a Human Relations Commission in 1966, the same year associated with passage of landmark civil rights acts.

This investment of time and energy has paid off for the citizens of Holland because this Commission has addressed important community issues and values through discussion and education. Furthermore, it has provided citizens with a place to go to report discrimination when it occurs. Fortunately, this development helped prepare the City for the acceptance of Federal grants such as the Community Development Block Grant Program (CDBG).

From these early developments, the City has established a course that has led it to continually striving to furthering Fair Housing where able. However, it is acknowledged that there is always more work to be done. Through this report, the City has identified several areas that need further attention to ensure that Fair Housing continues to be a central practice in the City of Holland.