



Rio Grande Valley Entitlement Communities

Analysis of Impediments to Fair Housing Choice

October 25, 2005

Rio Grande Valley Entitlement Communities

- Hidalgo County, Urban County Program
- City of Brownsville
- City of Edinburg
- City of Harlingen
- City of McAllen
- City of Mission
- City of Pharr
- City of San Benito

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Introduction and Executive Summary

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, at 24 CFR 91.225 (a)(1), require jurisdictions to undertake fair housing planning activities.

In order to comply with the above mentioned regulations, the Rio Grande Valley Entitlement Communities (RGVECs), which are comprised of the following jurisdictions: Hidalgo County Urban County Program, City of Brownsville, City of Edinburg, City of Harlingen, City of McAllen, City of Mission, City of Pharr, and City of San Benito, are required to conduct an Analysis of Impediments (AI) to fair housing choice within their jurisdictions.

The purpose of this document is to provide evidence of their compliance with their certifications that they will affirmatively further fair housing by:

- Conducting an analysis of impediments to fair housing choice within their jurisdictions,
- Identifying impediments to affirmatively furthering fair housing,
- Identifying strategies to eliminate impediments, and
- Maintaining records of activities related to fair housing.

This report represents an analysis of the efforts of the RGVECs to address the issues involved in fair housing.

A. Fair Housing Planning Process

The RGVECs responded to the above-mentioned requirements by contracting with ICF Consulting to update the AI for the eight participating jurisdictions. The RGVECs identified their impediments and the appropriate planned actions that communities will take to overcome the effects of the impediments identified in the AI.

Every effort was made to have the AI identify appropriate remedies for the impediments identified and that these remedies will be made part of the ongoing fair housing activities of the communities that comprise the RGVECs. Additionally, the RGVECs will maintain records concerning the Analysis of Impediments and actions undertaken to eliminate the identified impediments.

The AI covers an array of public and private policies, practices, and procedures that affect the location of housing, the availability and accessibility of housing units, current residential patterns, and housing conditions within the jurisdictions that comprise the RGVECs. The AI 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, familial status, disability, and national origin.

B. Summary of Actions

Each of the RGVECs will enforce its own local Fair Housing Ordinances to more effectively minimize discrimination and help foster an appreciation of other peoples' views. The RGVECs will implement their strategies to meet the affordable housing needs of low- and moderate-income citizens and special needs populations within their jurisdictions, as called for in the RGVECs' Consolidated Plan and Strategy.

Upon the identification of impediments, the RGVECs will continue to develop and adopt incentives that encourage the development of affordable housing in its jurisdiction. Many of the RGVECs' Community Development Departments coordinate their individual activities with non-profit housing corporations to implement the AI's recommendations and assist their jurisdictions in developing a comprehensive housing affordability strategy to support homeownership and rental housing. Additionally, many of the region's Community Development Departments oversee housing rehabilitation programs that maintain and upgrade the existing housing stock.

Acknowledging the need to assist in the RGVECs' Fair Housing endeavors, local officials have established a variety of working groups comprised of local housing providers that meet and discuss issues pertaining to each jurisdiction's housing needs. In addition, each of the RGVECs' Community Development Departments will continue to pursue actions necessary to carry out the region's Consolidated Plan and Strategy.

SECTION I. Background Data for RGVECs

The Rio Grande Valley Entitlement Communities (RGVECs) are located in the southern tip of the State of Texas, along the international border with the Republic of Mexico, in the region commonly known as the Lower Rio Grande Valley, or simply "the Valley." The RGVECs cover an area of approximately 1,695 square miles, including all of Hidalgo County and the Cities of Brownsville, Harlingen, and San Benito in adjacent Cameron County. The region is bound on the west by Starr County, and on the north by Brooks County, Kenedy County, and Willacy County. Directly south is the Rio Grande River, which divides the U.S. from Mexico, while the Gulf of Mexico forms the eastern border of Cameron County.

A. Racial/Ethnic Data

According to the 2000 Census, 87.7% of the RGVECs' total population – 692,896 individuals – is identified as Hispanic or Latino. At 11.1%, the second largest racial/ethnic group is the White (non-Latino/Hispanic) population.

The remainder of the population identifies as some other race or ethnicity, including Black/African American, American Indian/Alaska Native, Asian, Native Hawaiian/Other Pacific Islander, and other (1.2% of the total).

Analysis of Impediments to Fair Housing Choice

Table 1. Racial/Ethnic Composition by Entitlement Community, 2000

	Total	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some other race	Two or more races	Hispanic/Latino	% Hispanic/Latino
Brownsville	139,722	10,826	276	77	710	9	36	253	127,535	91.3%
Edinburg	48,465	4,772	196	57	293	5	29	132	42,981	88.7%
Harlingen	57,564	14,410	425	96	500	6	32	214	41,881	72.8%
McAllen	106,414	17,924	487	112	2,010	15	42	397	85,427	80.3%
Mission	45,408	8,033	115	37	266	2	13	148	36,794	81.0%
Pharr	46,660	4,136	33	41	100	5	1	62	42,282	90.6%
San Benito	23,444	2,919	27	21	51	1	0	45	20,380	86.9%
Hidalgo County Urban County Program	322,516	24,558	1,103	181	538	10	86	424	295,616	91.7%
RGVECs	790,193	87,578	2,662	622	4,468	53	239	1,675	692,896	87.7%

Source: 2000 Census

B. Household Data

The U.S. Census Bureau defines a “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. According to the 2000 Census, the RGVECs have 221,084 households.

Fourteen percent of the region’s households (30,942) are single person households. More than half of the region’s households (62.9%) are married couple families. Of these families, approximately 59% (81,800) have children less than 18 years of age, and approximately 46,000 (41.2%) do not.

There are 46,020 households (20.8% of all households) where there is either no wife or husband present. Of the number of households with a male head of household and no wife present, 4,096 (1.8%) have children under 18 years of age and 4,795 (2.1%) do not. For households with a female head of household and no husband present (of which there are a total of 37,129), 21,411 (9.7%) have children less than 18 years of age and 15,718 (7.1%) do not.

The remaining households – non-family households – constitute 2.3% of the region’s households (5,036).

Analysis of Impediments to Fair Housing Choice

Table 2. Household Breakdown by Entitlement Community, 2000

	Brownsville	Edinburg	Harlingen	McAllen	Mission	Pharr	San Benito	Hidalgo County UCP	RGVEC
Total	38,174	14,183	19,021	33,151	13,766	12,798	7,065	82,926	221,084
• 1-person household:	5,225	2,190	3,983	5,927	2,105	1,701	1,187	8,606	30,924
Male householder	2,068	949	1,579	2,593	786	616	431	3,733	12,755
Female householder	3,157	1,241	2,404	3,334	1,319	1,085	756	4,873	18,169
• 2 or more person household:	32,949	11,993	15,038	27,224	11,661	11,097	5,878	74,320	190,160
• Family households:	32,188	11,412	14,358	26,092	11,385	10,878	5,719	73,092	185,124
Married-couple family:	22,645	8,073	10,576	19,568	8,921	8,210	3,999	57,112	139,104
With own children under 18 years	13,903	4,786	5,184	10,845	4,643	4,611	2,022	35,821	81,815
No own children under 18 years	8,742	3,287	5,392	8,723	4,278	3,599	1,977	21,291	57,289
Other family:	9,543	3,339	3,782	6,524	2,464	2,668	1,720	15,980	46,020
Male householder, no wife present:	1,560	644	694	1,210	466	502	344	3,471	8,891
With own children under 18 years	712	273	354	502	204	215	166	1,670	4,096
No own children under 18 years	848	371	340	708	262	287	178	1,801	4,795
Female householder, no husband present:	7,983	2,695	3,088	5,314	1,998	2,166	1,376	12,509	37,129
With own children under 18 years	4,495	1,596	1,801	2,983	1,124	1,200	738	7,474	21,411
No own children under 18 years	3,488	1,099	1,287	2,331	874	966	638	5,035	15,718
• Nonfamily households:	761	581	680	1,132	276	219	159	1,228	5,036
Male householder	416	322	400	636	151	121	91	738	2,875
Female householder	345	259	280	496	125	98	68	490	2,161

Source: 2000 Census

C. Income Data

According to the U.S. Census Bureau, the median household incomes for Cameron County and Hidalgo County are \$26,155 and \$24,863 respectively. The median family and household income levels for the individual jurisdictions that comprise the RGVECs are summarized below. This data is intended to augment the summary data for the two counties.

Table 3. Median Family and Household Income by Entitlement Community, 2000

	Family Income	Household Income
Brownsville	\$26,186	\$24,468
Edinburg	\$30,634	\$28,938
Harlingen	\$34,015	\$30,296
McAllen	\$36,050	\$33,641

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Mission	\$33,465	\$30,647
Pharr	\$25,916	\$24,333
San Benito	\$26,415	\$24,027
Hidalgo County	\$26,009	\$24,863

Source: 2000 Census

According to the 2000 Comprehensive Housing Affordability Strategy (CHAS) Data Book, there are 43,162 extremely low-income households (earning less than 30% of the median income) in the RGVECs, representing 19.5% of the region's households. There are 36,245 low-income households (earning between 31 to 50% of median income), making up 16.4% of the region's households. And there are 41,193 moderate-income households (earning between 51 to 80% of median income), making up 18.6% of the region's households.

In the RGVECs, 31.5% of households live below the federal poverty level. The lowest incidence of household poverty is in the City of McAllen and the highest incidence is in the Hidalgo County Urban County Program area (38.3%).

Table 4. Households Living Below the Poverty Level by Entitlement Community, 2000

	Total Households	Income Below Poverty Level	% of Households Below Poverty Level
Brownsville	38,224	12,816	33.5%
Edinburg	14,279	3,928	27.5%
Harlingen	19,029	4,220	22.2%
McAllen	33,101	7,244	21.9%
Mission	13,863	3,414	24.6%
Pharr	12,810	4,132	32.3%
San Benito	7,187	2,226	31.0%
Hidalgo County Urban County Program	82,771	31,690	38.3%
RGVECs	221,264	69,670	31.5%

Source: 2000 Census

Additional information on household cost burden is provided in the following Housing Profile.

D. Housing Profile

All information provided in this Section is from the CHAS 2000 Data Book and ICF Consulting's analysis of the data for each of the individual jurisdictions.

Renter Households

Extremely Low-Income Households

Of the 43,162 extremely low-income households in the RGVECs, 22,342 are renter households (51.8% of all extremely low-income households). Most households that are extremely low-income, regardless of whether they own or rent, experience a cost burden. Large-related households have a greater degree of housing problems than any other category (94% of the households). This is due to the fact that these households, in addition to being cost burdened, are more likely to be living in overcrowded and/or substandard housing.

Low-Income Households

Of the 36,245 low-income households in the Rio Grande Valley Entitlement Communities, 12,635 (34.9%) are renter households. Of the renter households, slightly less than 2,000 (15.8%) are comprised of elderly individuals; of these, almost half (918) have some housing problem.

A large number of non-elderly, low-income renter families face housing problems—71% of small-related families and 86.3% of large-related families. However, the share of families in these categories that are rent-burdened is not nearly as high (52.2% and 30.1%, respectively). This indicates that the problem for the remaining families (19.3% and 56.2%, respectively) is not the burden of rent *per se*, but rather that they are living in overcrowded and/or substandard housing units that are unable to meet their needs.

Moderate-Income Households

Of the 41,193 moderate-income households in the RGVECs, 11,304 (27.4%) are renter households. Approximately 10% of these households (1,070) are elderly households, and nearly half of them have a housing problem; as with the other income categories, the problem is most frequently cost burdened. Also consistent with the other income categories, large-related family households have a disproportionate share of housing problems—77% of the 3,329 large rental households have some housing problem. Cost burden is the problem for only 8.4% of these households; for the rest, it is either overcrowding or inadequate facilities.

Owner Households

Extremely Low-Income Households

Of the 43,162 extremely low-income households in the RGVECs, there are 20,820 owner households (48.2% of all extremely low-income households). Large-related households in this income category are the most likely to have a housing problem – 89% of these households do. Much of this figure is explained by the tendency of these households to be living in overcrowded conditions.

Low-Income Households

Of the 36,245 low-income households in the RGVECs, there are 23,610 owner households (65.1% of all low-income households) in this income category. The prevalence of housing problems for these households is considerably diminished, except for large-related households.

Of the 7,951 large-related households in this income category, 6,296 (79.2%) have some housing problem. Because the incidence of cost burden for these same households is only 32.1%, it is most likely that overcrowding and/or substandard housing are the most pressing problems.

Moderate-Income Households

There are 29,889 (72.6%) moderate-income owner households, out of a total of 41,193 moderate-income households in the RGVECs. Housing problems are not nearly as profound among this group. There is still a considerable degree of cost burden among all other households (i.e., non-family and non-elderly households)—32.5% of the 959 households in this category have a cost burden. For the other household types, the incidence of cost burden is less common, though there is some prevalence among small-related households (27% are cost burdened). As with all other owner household categories, a significant number of large-related households (7,324 of 10,837, or 67.6%) have a housing problem, though it is not frequently cost burdened. In other words, it is most likely overcrowding and/or substandard housing.

Affordable housing has become increasingly unavailable to various segments of the population living in the RGVECs. The following sections provide a general overview of housing type and related factors that contribute to the unavailability of affordable housing.

E. Homeownership

The RGVECs recognize that homeownership opportunities for low- and moderate-income households are increasingly difficult to find. The ability to acquire affordable housing throughout the Lower Rio Grande Valley is directly related to the limited availability of resources, which low- and moderate-income households may access to acquire adequate housing. These constraints include, but are not limited to the following:

1. The availability of housing stock for a low- or moderate-income household of four,
2. High interest rates, particularly for sub-prime loans, and the lack of additional financial resources from area financial institutions, and
3. Insufficient production of housing units from qualified developers who can supplement the existing resources of low-income families to help them move into market-rate housing.

Without any type of housing assistance, homeownership in the Lower Rio Grande Valley will remain outside the means of most low- and moderate-income households.

F. Rental Housing

Rental housing has long been the housing opportunity most accessible to many low-income individuals and families in the Lower Rio Grande Valley. While rental housing units may be available and may be within the economic means of low-income households, the affordable rental housing stock is often substandard and in need of serious rehabilitation. Low-income renter households wanting to move into market-rate housing, whether rental or homeownership, often find that these opportunities are either unavailable or unaffordable.

G. Public Housing

As of 2005, many of the Public Housing Agencies (PHAs) operating in the RGVECs have been unable to keep pace with the growing need for affordable rental housing in the South Texas region. With public housing tenants receiving some form of federally subsidized housing assistance based on their household income, it would be difficult to offer them market-rate rental housing without the assistance of local PHAs. The RGVECs anticipate that the number of households in need of housing assistance will grow throughout the region.

Based on the RGVECs' consultations with local PHAs, there are an estimated 4,628 public housing units in the region. There are an estimated 8,693 households on various waiting lists for public housing and Section 8 tenant-based assistance. Since each of the PHAs administer separate waiting lists, the total number of households on the waiting lists may include some duplication.

SECTION II: Evaluation of RGVECs' Current Fair Housing Profile

According to the RGVECs, no record of a complaint has been filed where the Secretary of the U.S. Department of Housing and Urban Development has issued a charge of or made a finding of discrimination.

Several of the RGVECs have passed local ordinances, which allow the jurisdiction to impose larger fines to property owners with rental properties that violate local Housing Codes. By adopting these Ordinances, these jurisdictions have empowered their Building Inspection Departments to control dilapidated and deteriorated housing structures that are often rented by unsuspecting low-income households. For example, the City of Harlingen has adopted the International Building Code by Ordinance, which includes the International Property Maintenance Code that sets forth the minimum health and safety requirements for existing structures.

SECTION III: Identification of Impediments to Fair Housing Choice

The process of renting a home, purchasing a home, or taking on a home improvement loan is a complex process, which relies on many interactions with a variety of participating institutions. It is the responsibility of these institutions, including local realtors, financial institutions, for-profit and non-profit developers, and public and private entities, to assist in the educational process to help all households realize their dream of a safe, decent and affordable home.

There are a number of impediments and barriers that prevent low- and moderate-income households from renting or owning a home, which are not related to the ability of persons of similar income levels to have the same housing choices, regardless of race, color, religion, sex, familial status, disability, and national origin. These impediments are identified as follows.

A. Public Sector

Building Codes

A problem for many low-income families is compliance with the building codes required by the State of Texas or local communities. Although the RGVECs recognize the need for state and local building codes, each also acknowledges that compliance with these codes increases the cost of housing. Additionally, the Department of Insurance requires windstorm design and certification for all construction in Coastal areas. This requirement applies not only to new construction but also rehabilitation. Compliance can be costly, thereby increasing housing costs.

According to the Texas A&M Real Estate Center, the median home sales price in the region ranges from \$84,500 to \$94,200. Many low-income households find that this price range is beyond their economic means.

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 often provided on a first-come, first-serve basis, and is provided regardless of race, color, religion, sex, familial status, disability, and national origin. All other HUD criteria must be complied with in the provision of public housing and Section 8 tenant-based assistance.

The following PHAs exist in the Lower Rio Grande Valley region:

- Alamo Housing Authority
- Brownsville Housing Authority
- Cameron County Housing Authority
- Donna Housing Authority
- Edcouch Housing Authority
- Edinburg Housing Authority
- Elsa Housing Authority
- Harlingen Housing Authority
- Hidalgo County Housing Authority
- La Joya Housing Authority
- McAllen Housing Authority
- Mercedes Housing Authority
- Mission Housing Authority
- Pharr Housing Authority
- San Benito Housing Authority
- Weslaco Housing Authority

These PHAs own an estimated 4,628 public housing units in the region. In addition, several PHAs provide Section 8 certificates and vouchers.

However, there are an estimated 8,693 households on various waiting lists for public housing and Section 8 tenant-based assistance. The lack of public housing opportunities is a significant impediment to affordable housing.

B. Private Sector

Down Payment and Closing Costs

Down payment and closing cost requirements are an impediment for many low-income households regardless of race, color, religion, sex, familial status, disability, and national origin. Many low- and moderate-income households currently residing in rental housing units can oftentimes afford monthly payments on a single-family home, but they cannot afford the down payment and closing costs that are often required when purchasing a home. To overcome this problem, financial institutions and local government agencies should create down payment and closing cost assistance programs to help families with this part of the expense of homeownership.

Interest Rates

Relatively high interest rates, particularly for sub-prime loans, are another problem that low-income households encounter. High interest rates make mortgage payments beyond the reach of many low- and moderate-income individuals and families. Banks and mortgage companies should recognize this problem and help establish lower rates to make single-family housing more affordable to these households.

Required Checking and Savings Accounts

Many financial institutions require that applicants have a checking or savings account prior to an individual or family obtaining a loan. This is a major obstacle to low-income families who are unbanked, as they 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 history. Among the alternative methods of establishing credit history that they should consider is the family's payment of utility bills and long-term employment.

Traditional Financing Methods

Banks in general review loans based on the borrower's character, collateral, conditions of the loan, capacity or earning power to service the loan, and capital or net worth. Banks and Mortgage Companies should be more flexible and innovative in the use of loan underwriting guidelines or policies that still meet their investors' interests. 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 should take into account the fact that many families that suffered financially due to the recent economic recession and cutbacks have now recovered financially. Lending institutions apply the same underwriting criteria for all situations. Thereby, many people are not able to qualify for loans 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- and moderate-income census tracts. This has encouraged several area bankers to develop solutions to help the area's low-income households.

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 generally unaware of these programs. Although marketing efforts are underway, these programs should be promoted through town hall meetings, local media, service organizations, churches, housing seminars, etc.

Restrictions—Retirement Communities

Several of the RGVECs, including the Hidalgo County Urban County Program and the Cities of Harlingen and Mission, have retirement communities located in their jurisdictions. The developers of the retirement communities have implemented certain restrictions as a condition to the sale of the housing units. 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, disability, and national origin.

C. Public and Private Sector

Financial Education

The lack of financial education keeps many potential homeowners from applying for home loans. Lack of familiarity with local financial institutions and bankers is often intimidating for many individuals and families. Some households have expressed concern over the language barrier. However, several local bankers have tried to address this impediment by promoting their banking services via bilingual loan officers and television and radio advertisements in Spanish. In order to further assist households in expanding their homeownership opportunities, local banks will need to continue to educate the public in this area.

Also contributing to the public education effort is the work of the RGVECs' Community Development Departments. These local departments often help low- and moderate-income households by directing them to different institutions and assisting them with the initial contact with a financial institution's representative.

D. Other

Low- and Moderate-Income Households

Low- and moderate-income households are households that have incomes below 80% of the median income (adjusted for family size for the area as determined by HUD). In the McAllen-Mission-Edinburg Metropolitan Statistical Area (MSA) and the Brownsville-Harlingen-San Benito MSA, 80% of the median income is \$23,840 and \$25,480 respectively.

Low- and moderate-income households often experience difficulty finding housing suitable for their needs. Particular problems faced by low- and moderate-income households include overcrowding, substandard housing, and the inability to acquire housing at an affordable price. Households in these income categories often include younger families with children, families with parents employed in low or moderate wage jobs, or elderly households on fixed incomes.

Additionally, low- and moderate-income households are often cost burdened, paying more than 30% of their gross incomes for housing.

Among low- and moderate-income renter households, there is often the prospect that these households can improve their living conditions by becoming future homeowners. However, these households often require assistance in becoming homeowners. Among existing low- and moderate-income owner households, they may need assistance in making property improvements.

Fear of Debt

Many low- and moderate-income households are hesitant to commit to a sizeable debt load because of the fear of losing one's employment and past experience with indebtedness. To reduce some of these concerns, housing seminars should continue to be held at different institutions or different neighborhoods to discuss various housing purchase scenarios. It is imperative that low- and moderate-income households be informed about how housing programs work in order to relieve them of these fears.

To make potential homeowners feel more at ease with the requirements of owning a home, the RGVECs' Community Development Departments in conjunction with local non-profit housing corporations have conducted housing seminars at different banks and churches throughout the region.

SECTION IV. Assessment of Current Public and Private Program/Actions

A. Fair Housing Enforcement

Each of the RGVECs' Community Development Departments will continue to enforce its own local Fair Housing Ordinances to more effectively minimize discriminatory actions and to help foster the appreciation of other people's views. The RGVECs will make the creation of affordable housing opportunities and neighborhood revitalization a priority. Each of the jurisdictions will continue to implement strategies to meet the affordable housing needs of low- and moderate-income citizens and special needs populations as called for in the RGVECs' Consolidated Plan and Strategy, regardless of race, color, religion, sex, familial status, disability, and national origin.

B. Local Programs

Each of the RGVECs' Community Development Departments will continue to develop and implement incentives that will encourage the development of affordable housing in their own jurisdiction. The RGVECs offer the following housing assistance programs to reduce the impediments and barriers that prevent low- and moderate-income households from renting or owning a home.

Hidalgo County Urban County Program

Hidalgo County's Urban County Program (UCP) offers housing assistance to low- and moderate-income households through the following programs:

- **Owner-Occupied Rehabilitation Assistance.** Low-income residents may receive a loan or deferred loan for the rehabilitation of their homes. Deferred loans are generally for disabled heads of household or elderly citizens (62 years of age or older). Loans are generally offered for everyone else with a ten-year term at no interest. A portion of the loan amount may be deferred according to the client's income. If the resident's income is at 80% of median, up to 20% of loan may be deferred. If at 60% of median, up to 40% may be deferred. If at 50% of median, up to 50% may be deferred.
- **Down Payment Assistance Program.** Low-income residents may be eligible for up to \$10,000 in down payment and closing cost assistance in the form of a deferred loan with a five-year affordability period. The amount of assistance correlates with the resident's income level. The lower the income the greater the level of assistance available.
- **CHDO Program.** The UCP provides grant funding to area Community Housing Development Organizations (CHDOs) for the development of new single-family homes that must be sold to eligible low-income households.

City of Brownsville

The City of Brownsville offers housing assistance to low- and moderate-income households through the following programs:

- **First-Time Homebuyer – New Construction Program.** Through public/private partnerships, the City encourages the construction of affordable homeownership units for low-income individuals and families. The New Construction Program maintains two objectives. One is to build homes that meet all applicable codes, yet remain within a targeted affordable price range for first-time homebuyers. The second is to assist in securing low-interest financing to ensure home mortgage payments remain affordable.
- **Moderate Rehabilitation Assistance Program.** The Moderate Rehabilitation Assistance Program is designed to improve the living conditions of owner-occupied housing that requires repair and/or replacement. Through this program, income-eligible homeowners are provided assistance for the rehabilitation, in whole or in part, of their homes to bring the housing to standard conditions.
- **First-Time Homebuyer – Down Payment Assistance Program.** The purpose of the Down Payment Assistance Program is to provide an opportunity to make housing more affordable by providing down payment loans to first-time, low-income homebuyers. The program is intended to serve those individuals/families who are low- to moderate-income levels and who have not owned a home for at least three years prior to the time of the request for assistance.

City of Edinburg

The City of Edinburg Housing Department has been working towards improving the living conditions of low- and moderate-income residents by securing funding through various federal,

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state, and local programs. This has been made possible through the staff efforts of the Community Development and Housing Assistance Department. The administration of the program, preparation of housing plans/construction documents, and inspection services are completed in-house with local funding. In addition, staff members prepare all grant applications and/or proposals for funding. The City of Edinburg, through the City Manager's Office and Community Development Department, will continue to apply for funding through federal, state, and leverage private sector funding to assist families in need.

The City of Edinburg offers housing assistance to low- and moderate-income households through the following programs:

- **Housing Assistance Loan/Grant Program.** The Housing Assistance Loan/Grant Program offers rehabilitation/reconstruction assistance, through low-interest loans and deferred grants, to eligible low- and moderate-income, owner-occupied individuals and families. The eligibility criteria includes the following: a) applicant must be homeowner, b) property should not have any liens, c) taxes must be current, d) applicant must have resided in the unit at least three years, and e) meet HUD income guidelines. After reviewing each application, staff determines whether the assistance will be in the form of a loan or a deferred grant. The primary factor in this determination is the Median Family Income (MFI) guidelines as published annually by HUD and the applicant's payback capability. The deferred loan is a forgivable five-year note, forgiven at a rate of 20% each year the applicant maintains the home as his/her primary residence. The loan is payable at an interest rate of 3% not to exceed twenty-years (240 monthly installments).
- **Down Payment Assistance Program.** The Down Payment Assistance Program is targeted to low- and moderate-income individuals and families wishing to purchase a home within the City of Edinburg. All applicants must meet applicable HUD income guidelines and be first-time homebuyers. Both new and existing homes are eligible to be purchased under the Program. The assistance pays up to 50% of the down payment required by the financial institution, any or all of the reasonable closing costs, and principal reduction. The targeted assistance is \$5,000 per home. However, at the discretion of the Director and the need of the family, the assistance may be provided for up to \$15,000.00 per home on a case-by-case basis. The assistance rendered under the Program is in the form of a deferred loan, forgivable over a five-year term at a rate of 20% per year concurrently with the mortgage loan. The City of Edinburg assumes a second lien position behind the mortgagee in consideration for the assistance rendered.

City of Harlingen

The City of Harlingen and/or Harlingen Community Development Corporation provides housing assistance to low- and moderate-income households through the following programs: replacement housing, housing rehabilitation, down payment assistance for new and exiting homes, and gap assistance for new construction.

- **Housing Rehabilitation Low Interest Program.** The Housing Rehabilitation Low Interest Program provides low-interest housing rehabilitation loans to existing homeowners. The criteria for residents is that they meet the low- and moderate-income criteria as established by HUD, they meet the revised loan to debt ratios, and they have the ability to repay the low-interest loan.

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- **Deferred Grant Program.** The Deferred Grant Program is available to the City's elderly population and to disabled head of households for housing rehabilitation activities. The program allows for a deferred loan, provided that the assisted household resides in the home for a period of not less than five (5) years for elderly persons, 65 years of age and older, and for ten (10) years for elderly persons, under 65 years of age, and disabled persons. During the 5- or 10-year period that the residency requirement is in effect, the City places a lien on the property. At the end of the 5- to 10-year period, the lien is released and the deferred loan is completely forgiven.

Although this program is an excellent way of rehabbing an existing structure, many elders are reluctant to have the City place a lien on their property. This of course is due to fear of losing their only possession. Staff members have tried to shed additional light on the programs by meeting with the family members to educate them on the purpose of the programs and the benefits derived from them. The City of Harlingen will consider replacement housing when homes require more than \$25,000.00 in rehabilitation costs. Applicants must have the capacity for repayment and be willing to voluntarily relocate during the demolition of their substandard home and the construction of the new home. The loan will be granted at 0% interest for a period not to exceed 20 years.

- **Harlingen Community Development Corporation (HCDC).** The City of Harlingen has also established a non-profit agency named Harlingen Community Development Corporation. This agency has been very successful in their affordable housing programs, which help low-income families whose homes are beyond repair, or help to build a new home on their property within the city limits of Harlingen. The dreams of all families is the idea of owning their own home, and the HCDC works with other financial institutions, realtors, for-profit and non-profit agencies and other housing providers to find ways and establish programs to help families of low- to moderate-incomes to realize their dreams.

City of McAllen

The City of McAllen annually solicits applications from non-profit and governmental organizations that will provide services using Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds. The sole housing applicant has been McAllen Affordable Homes, Inc. (MAHI). MAHI is annually certified as a Community Based Development Organization (CBDO) and Community Housing Development Organization (CHDO). Via MAHI-administered programs, the residents of McAllen are afforded an opportunity to receive assistance for down payment, rehabilitation of single-family homes and new construction of homes. Contractual provisions, including but not limited to periods of affordability, are based upon the regulations of the funding source.

- The down payment/closing cost assistance program, entitled Helping Hands Grants, provides families with principal reduction/down payment assistance. The amount of the subsidy is determined on a sliding scale based on the percentage of family income. The assistance is provided in the form of a forgivable loan.
- The New Beginnings Program is used to provide emergency repair or replacement of substandard homes, in the form of grants or "life estates". In situations where the home is considered to be beyond repair and on a case-by-case basis, the program will provide a new dwelling to families for use as a life estate for the very needy. Special focus is placed on the elderly and/or persons with special needs.

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- Additionally, MAHI constructs new homes located either within their own subdivision or at scattered sites throughout the City. When constructed at scattered site locations, the applicant may already own his or her lot. Further, MAHI may use HUD-awarded or local funds in order to purchase tracts of land on which to develop affordable housing.
- Through local funds, MAHI provides homebuyer education courses to assist families in working towards achieving homeownership while ensuring that proper budgeting and maintenance information is provided. Post-purchase counseling may be provided on an as-needed basis. The counseling format includes group and individual sessions and focuses on application assistance, loan processing, packaging, material selection and closing assistance. MAHI is a HUD-approved Housing Counseling Agency.

City of Mission

The City of Mission provides housing assistance to low- and moderate-income households through the following programs:

- **Housing Rehabilitation.** To qualify for assistance through the Housing Rehabilitation Program, the following criteria must be met: owner-occupied and residing in the dwelling for at least three years, taxes must be current, no liens on property, and household must meet income limits. After the applicant is determined to be eligible for assistance, City staff obtains an evaluation of the home. For rehabilitation assistance, the unit must score between 35% to 65%. The assistance is provided in the form of a deferred loan and a lien is placed on the property. For rehabilitation assistance, the deferred loan is forgiven after five years.
- **Housing Reconstruction.** To qualify for assistance through the Housing Reconstruction Program, the following criteria must be met: owner-occupied and residing in the dwelling for at least three years, taxes must be current, no liens on property, and household must meet income limits. After the applicant is determined to be eligible for assistance, City staff obtains an evaluation of the home. For reconstruction assistance, the unit must score over 65%. The assistance is provided in the form of a deferred loan and a lien is placed on the property. For reconstruction assistance, the deferred loan is forgiven after ten years.

City of Pharr

The City of Pharr provides housing assistance to low- and moderate-income households through the following programs:

- **Enhanced Weatherization Services Program.** The Enhanced Weatherization Services Program is a grant program to provide safe and decent homes to the residents of Pharr. The City of Pharr has selected the Community Action Council of South Texas, Inc. (CACST) as the administrator of the program. The purpose of the program is to assist low- and moderate-income elderly or handicapped or disabled persons to improve their housing conditions. The Enhanced Weatherization Services Program will provide funding for minor home repairs that are necessary in order to qualify the structure for regular weatherization services.
- **Affordable Homes Program.** The Affordable Homes Program provides qualified residents of Pharr with safe, decent and affordable homes throughout the community.

The City of Pharr has selected the Community Development Corporation of South Texas, Inc. (CDCST) as the administrator of the program. The CDCST provides this service by serving as general contractor and full-service mortgage company. By vertically integrating the housing development process, the CDCST provides cost-savings to its clients. The CDCST provides families with a 20-year mortgage loan with an effective interest rate of approximately 3% to 4%.

- **Pharr Helping Hand Downpayment Assistance Program.** The City of Pharr has received funding from the Texas Department of Housing & Community Affairs to benefit income-eligible first-time homebuyers. The Pharr Helping Hand Downpayment Assistance Program provides for a deferred forgivable loan in the amount of up to \$10,000 at zero percent (0%) interest funded by the Texas Department of Housing & Community Affairs Home Funds. The City will continue to submit applications to TDHCA for homebuyer assistance as long as funding is available.

City of San Benito

The City of San Benito is not a HOME entitlement community. The City applies for HOME funds through the Texas Department of Housing and Community Affairs (TDHCA). The City has been successful in administering three grants within the last five years. With funds from CDBG, TDHCA, and the Federal Home Loan Bank of Dallas, the San Benito HOME Program (SBHP) has been assisting first-time homebuyers since 2001.

- SBHP has assisted more than 100 families (an average of 20 families per year) with down payment and closing cost assistance. The assistance is a deferred loan with an affordability period of 10 years. After the affordability period, the loan is forgiven.
- SBHP and the San Benito Housing Authority (PHA) have partnered and are assisting families with incomes below 30% of the area median income. Families with very low-income can only realize the American Dream by combining all available resources, including the Section 8 Homeownership Choice Voucher. A total of 10 families have benefited from the partnership between the SBHP and the PHA.
- Recently, the city also received an Owner Occupied Rehabilitation grant from TDHCA. The city plans to target the elderly population to offer grants for home repairs and/or replacement. This type of assistance is not a loan but a grant.

Conclusions and Recommendations

It is the conclusion of the RGVECs' Community Development Departments that their jurisdictions are aware of the impediments that low- and moderate-income individuals and families face on a daily basis in trying to improve their living conditions. Local officials have recognized the need to address these impediments and have created a variety of Housing Groups consisting of housing advocates, housing providers, and local Commissioners to obtain input and exchange ideas pertaining to the housing needs of the community. These groups meet on a regular basis with the staff of the RGVECs' Community Development Departments to discuss the region's needs.

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It is the RGVECs' recommendation that each jurisdiction within the region should continue to identify actions to address the housing needs of low- and moderate-income households. The RGVECs' Community Development Department staff and their local non-profit housing organizations will continue to work with local financial institutions and other housing providers to investigate, design, and develop programs to help this segment of the population to obtain safe, decent, and affordable housing, regardless of race, color, religion, sex, familial status, disability, and national origin.