



# CITY OF EL MONTE

## Analysis of Impediments to Fair Housing Choice

January 2017

# City of El Monte

## Analysis of Impediments to Fair Housing Choice

Economic Development Department  
11333 Valley Blvd  
El Monte, CA 91731

2017

# Acknowledgments

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The following are organizations and individuals who were instrumental in assisting with the formulation of this report by lending their time and/or respected advice. We are grateful for your assistance.

## **EL MONTE'S HONORABLE MAYOR AND COUNCIL:**

Mayor Andre Quintero  
Mayor Pro Tem Victoria Martinez  
Council member Juventino "J" Gomez  
Council member Norma Macias  
Council member Jerry Velasco

## **CITY STAFF:**

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## **COMMUNITY STAKEHOLDERS:**

Finally, we would like to give a special thanks to the citizens of El Monte who allowed us the opportunity to visit their beautiful community, while providing us with critical survey information relating to their fair housing experience. Their participation was essential in shaping this analysis, which will influence fair housing activities in the El Monte for years to come.

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## Section 1

# INTRODUCTION AND BACKGROUND DATA

Equal access to housing is fundamental to each person in meeting essential needs and pursuing personal, educational, employment or other goals. In recognizing equal housing access as a fundamental right, the federal government and the State of California have both established fair housing choice as a right protected by law.

This report presents a demographic profile of El Monte, assesses the extent of housing needs among specific income groups, and evaluates the availability of a range of housing choices for residents. This report also analyzes the conditions in the private market and the public sector that could limit the range of housing choices or impede a person's access to housing. As the name of the report suggests, the document reviews "impediments" to fair housing. Although this report also assesses the nature and extent of housing discrimination, it primarily focuses on identifying impediments that could prevent equal housing access and developing solutions to mitigate or remove such impediments.

### What Is Fair Housing?

Federal fair housing laws prohibit discrimination in the sale, rental, or lease of housing, and in negotiations for real property, based on race, color, religion, sex, national origin, familial status, and disability. California fair housing laws build on the federal laws, including age, marital status, ancestry, source of income, and sexual orientation as the protected categories, and "any arbitrary discrimination" as prohibited practices, under the laws. The following definition is used for this report:

*"Fair housing describes a condition in which individuals of similar income levels in the same housing market have a like range of choice available to them regardless of race, color, ancestry, national origin, religion, sex, disability, age, marital status, familial status, source of income, sexual orientation, or any other arbitrary factor."*

### Fair Housing Legal Framework

The federal Fair Housing Act of 1968 and the Fair Housing Amendments Act of 1988 (42 U.S. Code §§ 3601-3619, 3631) are federal fair housing laws that prohibit discrimination in all aspects of housing, such as the

sale, rental, lease, or negotiation for real property. The Fair Housing Act prohibits discrimination based on race, color, religion, sex, and national origin.

In 1988, the Fair Housing Act was amended to extend protection to familial status and people with disabilities (mental or physical). In addition, the Amendments Act provides for “reasonable accommodations,” allowing structural modifications for persons with disabilities, if requested, at their own expense, for multi-family dwellings to accommodate the physically disabled.

The California Department of Fair Employment and Housing (DFEH) enforces California laws that provide protection and monetary relief to victims of unlawful housing practices. The Fair Employment and Housing Act (FEHA; Part 2.8 of the California Government Code, Sections 12900-12996) prohibits discrimination and harassment in housing practices.

The Unruh Act (California Government Code Section 51) protects Californians from discrimination in public accommodations and requires equal access to the accommodations. The Unruh Act provides broad protection and has been held by the courts to prohibit any arbitrary discrimination on the basis of personal characteristics or traits, and applies to a range of types of housing.

The Ralph Civil Rights Act (California Civil Code Section 51.7) prohibits violence and threats of violence and specifies that housing situations are protected under this Act, including houses, apartments, hotels, boarding housing, and condominiums. Violators of the Ralph Act can be sued for actual or emotional damages, in addition to civil penalties.

The Bane Civil Rights Act (California Civil Code Section 52.1) provides another layer of protection for fair housing choice by protecting all people in California from interference by force or threat of force with an individual’s constitutional or statutory rights, including a right to equal access to housing. The Bane Act also includes criminal penalties for hate crimes. However, convictions under the Act are not allowed for speech alone unless that speech itself threatened violence.

In addition to these Acts, California Government Code Sections 111135, 65008 and 65589.5 prohibit discrimination in programs funded by the state and in any land-use decisions.<sup>1</sup>

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<sup>1</sup>Fair Housing Hotline Project, Legal Services of Northern California. March 2004. “Fair Housing in California: Families with Children: A Manual for Housing Providers, Tenants and Advocates.”

### **Housing Issues, Affordability and Fair Housing**

The U. S. Department of Housing and Urban Development (HUD), Fair Housing and Equal Opportunity Division, distinguishes between housing affordability and fair housing. Economic factors that affect a household's housing choices are not fair housing issues per se. Only when the relationship between household income, household type, race/ethnicity, and other factors create misconceptions, biases, and differential treatment would fair housing concerns arise.

Tenant/landlord disputes are also typically not related to fair housing. Most disputes between tenants and landlords result from a lack of understanding by either or both parties regarding their rights and responsibilities. Tenant/landlord disputes and housing discrimination cross paths when fair housing laws are violated and result in differential treatment.

### **What Is an Impediment to Fair Housing Choice?**

According to HUD's *Fair Housing Planning Guide*, and based within the legal framework of federal and state laws, impediments to fair housing choice are:

- Any actions, omissions or decisions taken because of race, color, ancestry, national origin, religion, sex, disability, age, marital status, familial status, source of income, sexual orientation, or any other arbitrary factor that restricts housing choices or the availability of housing choices, or
- Any actions, omissions or decisions that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, ancestry, national origin, religion, sex, disability, age, marital status, familial status, source of income, sexual orientation, or any other arbitrary factor.

To affirmatively promote equal housing opportunity, a community must work to remove impediments to fair housing choice. Furthermore, eligibility for certain federal funds requires compliance with federal fair housing laws. Specifically, to receive HUD Community Planning and Development (CPD) formula grants, a jurisdiction must:

- Certify its commitment to actively further fair housing choice.
- Maintain fair housing records.
- Conduct an analysis of impediments to fair housing choice.

## Purpose of Report

This Analysis of Impediments (AI) to Fair Housing Choice provides an overview of laws, regulations, conditions, and other possible obstacles that could affect an individual's or household's access to housing in El Monte. The AI includes:

- A comprehensive review of El Monte's laws, regulations and administrative policies, procedures, and practices, as well as an assessment of how they affect the location, availability, and accessibility of housing, and
- An assessment of conditions, both public and private, affecting fair housing choice.

The scope of analysis and the format used for this AI adhere to recommendations contained in the *Fair Housing Planning Guide* developed by HUD.

## Organization of Report

The AI is divided into six sections:

**Section 1: Introduction** defines *fair housing* and explains the purpose of this report; the public participation process; the status of prior impediments and recommendations; and summary of new impediment to fair housing choice and recommendation.

**Section 2: The Jurisdictional Background Data** presents the demographic, housing and income characteristics of El Monte. Major employers and transportation access to job centers are identified. The relationships among these variables are discussed.

**Section 3: Mortgage Lending Practices** analyzes private activities that could impede fair housing choices in El Monte.

**Section 4: Public Policies and Practices** evaluates various public policies and actions that could impede fair housing choices in El Monte.

**Section 5: Fair Housing Practices** evaluates the fair housing services available to residents and identifies fair housing complaints and violations in El Monte.

**Section 6: Conclusions, Impediments and Actions** provides conclusions and recommendations about fair housing issues in El Monte.



At the end of this report, a page is attached that includes the endorsement of the City Manager and a statement certifying that the AI represents El Monte's official conclusions regarding impediments to fair housing choice and the actions necessary to address identified impediments.

## Reporting Staff and Data Sources

This report, prepared through a collaborative effort between City staff and The Ramsay Group, LLC, under contract to the City of El Monte, is funded through Community Development Block Grant (CDBG) funds.

The following data sources were used to complete this AI. Sources of specific information are identified in the text, tables and figures.

- California Department of Finance Population and Housing Estimates
- El Monte's Annual Action Plan
- El Monte's Five Year Consolidated Plan
- El Monte's General Plan
- El Monte's Housing Element
- Home Mortgage Disclosure Act (HMDA) data regarding lending patterns
- U. S. Census Bureau American Community Survey (ACS)
- U. S. Census 2000 and 2010

## Public Participation

This AI has been developed to provide an overview of laws, regulations, conditions or other possible obstacles that could affect an individual's or a household's access to housing. As part of this effort, the report incorporates the issues and concerns of residents, housing professionals and service providers. To assure that the report responds to community needs, the development of the AI includes a community outreach program consisting of a resident survey, service provider interviews, and City Council and Planning Commission public hearings.

### **Community Advisory Meetings**

El Monte residents and public and private agencies either directly or indirectly involved with fair housing issues in El Monte were invited to participate in a public meeting on the following date and location:

DATE OF COMMUNITY MEETING: December 8, 2016

TIME OF MEETING: 5:30 p.m.

LOCATION OF MEETING: EL MONTE SENIOR CITIZENS CENTER  
3120 TYLER AVE, EL MONTE, CA 91731

The meeting provided the opportunity for the El Monte community to gain awareness of fair housing laws, and for residents and service agencies to share fair housing issues and concerns. To ensure that the fair housing concerns of low- and moderate-income and special needs residents were addressed, individual invitation letters were distributed via mail and e-mail, if available, to agencies and organizations that serve the low- and moderate-income and special needs community. Agencies and organizations that were invited and/or contributed directly to this report included the following:

- A Community of Friends
- Action Food Pantry
- California Housing Partnership Corporation
- Catholic Charities/Brother Miguel Center
- Citrus Valley Health Foundation
- Cold Weather Shelter
- Cory's Kitchen
- Delhaven Community Center
- East San Gabriel Valley Coalition for the Homeless
- El Monte/South El Monte Chamber of Commerce
- Filipino American Service Group
- Food Finders
- Habitat for Humanity
- House of Ruth
- Housing Authority of Los Angeles County
- Housing Rights Center
- Human Services Association
- Information Line/Los Angeles
- Inland Valley Hope Partners
- LA County Public Social Services
- Los Angeles Homeless Services Authority
- Love, Inc./World Vision
- Low Income Investment Fund
- Rio Hondo Community Development Corporation
- LA County Public Social Services

Notices of the meeting times and dates were published in El Monte's official newspaper and posted conspicuously at United States Post Office - El Monte Branch, Los Angeles County Public Library – El Monte (Tyler

Avenue) and Norwood (Peck Road) locations, El Monte Senior Center, City's Clerk office - City Hall East, Housing Division Public Counter - City Hall West Counter, and on the City's website. There were no attendees during the community meeting.

### Resident Survey

To supplement the citizen advisory meetings, a survey was made available to El Monte residents at City Hall as well as online at the City's web site. Spanish versions of the survey were also provided to reflect the diversity of El Monte's residents. The following details the eight questions asked and the answer(s) with the highest percentage response:

1. Have you ever encountered any forms of housing discrimination or known someone who has?

Yes: 37.50%

No: 25.00%

Not Sure: 37.50%

2. If you believe or think that you or someone you know encountered housing discrimination, what type was it?

*Refusing to make a reasonable accommodation or not allowing a modification to be made to make an apartment more accessible for a person with a disability. 40.00%*

3. Do you feel that you are well-informed on the issue of Housing Discrimination?

- No 37.50%

- Somewhat 37.50%

4. What would you do if you encountered Housing Discrimination?

*Report it 62.50%*

5. If you were to report Housing Discrimination, who would you report it to?

*City of El Monte 71.43%*

6. If you think that Housing Discrimination is occurring, what types of discrimination do you think occur most frequently in the City of El Monte?

- *I have experienced leasing a house for 1 or 2 years and then being informed that the landlord was selling the place and we had to move so the buyer could move in and another 2 times where we rented for 2 plus years and then being informed we have to move because the owner wants to move into the home. The first time*

*was Arcadia the other two times is El Monte. It is very costly and we are in this situation right now where we have to move and we cannot find an affordable place. The moving costs and deposits are killing us. We had NOT been previously informed that our stay would be temporary. we are looking for a place now, we went to see an apartment. I had asked about pets he said okay. I made an appointment to see an apartment in El Monte. When we arrived, the Manager walked up to us and told us we could not see the place because the person was sleeping (he told me on the phone she would be at work). Then he said no pets. I had the feeling it was because he did not want us to live there because we are Caucasian.*

- *Family with small children*
- *Spanish speaking only apartments managed by Hispanic . Also Chinese / Vietnamese only.*
- *Having a companion service dog*
- *Size of family and service dogs*
- *They only want to rent to Mexicans cause they don't complain, about anything.*

What can be done to prevent housing discrimination in the City of El Monte?

- *Regulation for reasonable rent and to ensure that a renter will get deposits back to help with a move if they are forced to move before they are financially ready.*
- *Make better laws*
- *Education of landlords and owners*
- *Make aware rules of service dog*
- *Employee should learn all rules and at least do not discourage the applicate*
- *Stop renting to illegals because they pay whatever you want them to. I feel like sometime the city of El Monte allows for owners to rent to illegals.*

### **Service Providers Focus Group**

A focus group was held on November 11, 2017. The interviews gave in-depth context and insight into housing conditions and fair housing issues for residents in El Monte. Attendees were Richard Montariez- Public Works; Edith Luvera- Senior Center; Fred Nakamura- Neighborhood Legal Services; Carol Averell- El Monte Housing Division; and Brigitte Ligon – El Monte Housing Division. The AI process and objective were explained. Fair Housing input from participants mainly centered around homelessness within the City and lack of resources to resolve the issue.

### Public Review

Upon completion of the draft AI, it was available for public review and comment for 30 days, from TBD. Copies of the AI were available to the public at United States Post Office - El Monte Branch, Los Angeles County Public Library – El Monte (Tyler Avenue) and Norwood (Peck Road) locations, El Monte Senior Center, City's Clerk office - City Hall East, Housing Division Public Counter - City Hall West Counter, and on the City's website.

Notice of public review was published in the El Monte Examiner. In addition, all persons that attended the public hearings were informed of the public review document on the City's website and asked to provide any further comments for incorporation into the report.

### Status of Prior Impediments and Recommendations

Below is a summary of impediments identified in the 2010-15 analysis and actions taken to overcome identified impediments:

| Impediments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Recommendations                                                                                                                                                                                                                                                                                                                                                                                | Actions Taken                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| <b>Discrimination against Persons with Disabilities.</b> In El Monte, 52% of all fair housing discrimination cases are based on physical or mental disability. This large number of complaints reveals a lack of understanding of the fair housing rights of the disabled by the housing industry. Disabled persons are experiencing difficulties when requesting reasonable accommodations or modifications. In particular, persons with cognitive disabilities experience significantly more problems with these accommodations. | Expand existing fair housing workshops to specifically address the disabled and their particular housing needs and rights. Additionally, the City may consider providing for expanded testing of discriminatory practices against persons with disabilities to expand the base of knowledge surrounding specific types of housing discrimination against the mentally and physically disabled. | During the 14/15 program year, HRC published several newsletters of potential interest to El Monte residents. The 2015 edition of "Fair Housing for All" featured news about HRC's fair housing efforts and general educational pieces. In addition, HRC released its Disability Rights Bulletin for the benefit of all community-based organizations throughout its service areas that assist people with disabilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Lack of Affordable Rental Housing Opportunities for Low-Income Families.</b> There are 900 affordable rental housing units in El Monte—each of which is age-restricted for senior citizens. This condition is an impediment to low- and moderate-income households, including families with children who are seeking affordable rental housing units in the City.                                                                                                                                                               | The City should work with affordable housing developers to increase the number of affordable housing rental units for small and large families. This could be accomplished through new construction or rehabilitation of existing market rate units where in exchange, affordability covenants can be acquired.                                                                                | The City continued to work with the following housing developers during the Program Year to construct new single and multi-family housing units: <ul style="list-style-type: none"> <li>• Rio Hondo Community (CHDO)</li> <li>• Mercy Housing</li> <li>• Grapevine Advisors LLC</li> <li>• Jamboree Housing</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Race/Ethnic Relations.</b> El Monte is a diverse multi-cultural community where people of different race and ethnic backgrounds live in close proximity to one another. Despite this high level of integration, many discrimination complaints and hate crimes in El Monte were related to racial or ethnic bias.                                                                                                                                                                                                               | It is recommended that the Housing Rights Center (HRC) or designated fair housing service provider, continue to conduct fair housing workshops for residents, apartment owners, and property managers. The City, in conjunction with its contracted provider, can organize a campaign to improve relationships among different race/ethnic groups.                                             | <ul style="list-style-type: none"> <li>• HOUSING RIGHTS WORKSHOPS AND FAIR HOUSING PRESENTATIONS.<br/><br/>During the 14/15 program year, HRC provided El Monte residents with four live outreach events including: one workshop conducted for the general public and one workshop for housing industry professionals, both conducted at the El Monte Public Library; a presentation for clients of the El Monte WorkSource Center; and a presentation for case managers and staff members of Volunteers of America - El Monte Outreach Center. HRC's presentations and workshops typically provide attendees with an overview of the fair housing laws, protected classes, and unlawful housing practices, along with information about HRC's programs and services. HRC distributed approximately 551 pieces of fair housing and promotional literature throughout the course of these events.</li> <li>• BOOTHS. HRC staffed informational booths at two events easily accessible to El Monte residents: the Foothill Family Services 3'rd Annual Community Resource Fair, and the El Monte Reentry Resource Fair. These events allowed HRC and other social, health, and nonprofit organizations, along with local businesses, to reach out to local residents individually and to increase the visibility of services available to the community. These events were attended</li> </ul> |

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|                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                           | <p>by approximately 270 individuals, and provided HRC with the opportunity to distribute 407 pieces of fair housing literature.</p> <ul style="list-style-type: none"> <li>• PRESS RELEASES. During the 14/15 program year, HRC issued four press releases of interest to El Monte residents, directed to various media contacts serving the El Monte area (including the Los Angeles Times, Mid Valley News, Inland Valley Newspaper, San Gabriel Valley Examiner, San Gabriel Valley Tribune, and selected national news publications). These media efforts were intended to advertise HRC's upcoming fair housing workshops for El Monte residents, and to raise awareness of the agency's activities and other developments in the field of fair housing, including HRC's recent receipt of continued funding from the U.S. Department of Housing and Urban Development for its systemic discrimination testing program, and a recent U.S. Supreme Court ruling regarding disparate impact discrimination.</li> </ul>         |
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|  |  | <p>Services 3<sup>rd</sup> Annual Community Resource Fair, and the El Monte Reentry Resource Fair. These events allowed HRC and other social, health, and nonprofit organizations, along with local businesses, to reach out to local residents individually and to increase the visibility of services available to the community. These events were attended by approximately 270 individuals, and provided HRC with the opportunity to distribute 407 pieces of fair housing literature.</p> <ul style="list-style-type: none"><li>• PRESS RELEASES. During the 14/15 program year, HRC issued four press releases of interest to El Monte residents, directed to various media contacts serving the El Monte area (including the Los Angeles Times, Mid Valley News, Inland Valley Newspaper, San Gabriel Valley Examiner, San Gabriel Valley Tribune, and selected national news publications). These media efforts were intended to advertise HRC's upcoming fair housing workshops for El Monte residents, and to raise awareness of the agency's activities and other developments in the field of fair housing, including HRC's recent receipt of continued funding from the U.S. Department of Housing and Urban Development for its systemic discrimination testing program, and a recent U.S. Supreme Court ruling regarding disparate impact discrimination.</li><li>• NEWSLETTERS. During the 14/15 program year, HRC published several newsletters of potential interest to El Monte residents. The 2015 edition of "Fair Housing for All" featured news about HRC's fair housing efforts and general educational pieces. In addition, HRC released its Disability Rights Bulletin for the benefit of all community-based organizations throughout its service areas that assist people with disabilities. issues, and to promote HRC's live outreach events.</li><li>• GENERAL LITERATURE DISTRIBUTION. In addition to literature distributed to attendees of HRC's presentations, workshops, and booths, HRC conducts mass distributions of fair housing literature throughout the City of El Monte</li></ul> |
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|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | to provide local tenants, parents, students, and the general community with up-to-date information about discrimination and fair housing, and to announce HRC's upcoming fair housing events in the El Monte area. Throughout the 14/15 program year, HRC distributed over 1,700 pieces of literature throughout the City to raise awareness of fair housing issues, and to promote HRC's live outreach events.                                                                                                                            |
| <b>Lack of Awareness of Fair Housing Laws.</b> A general lack of knowledge of fair housing rights and responsibilities continues to exist within the City of El Monte. Increased fair housing complaint intake by the HRC or the City's contracted fair housing service provider and interaction with housing providers and housing seekers during workshops demonstrates a lack of understanding of both Federal and State fair housing laws.                                                                                                                                                                                                                                                                                                                                 | It is recommended that the fair housing service provider continue to provide fair housing technical assistance to real estate professionals with fair housing questions or concerns in El Monte and the region. The City should work to expand community participation including greater outreach efforts regarding fair housing workshops to renters and property managers/owners to make them aware that these workshops are available at no charge. conduct expanded testing, (a minimum of 15 tests), in El Monte.                                                                                                           | <b>SEE PREVIOUS ACTIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Lending Discrimination Based on Race.</b> Current data shows that Hispanics, Whites, and African-Americans experience higher loan denial rates than Asians when purchasing a home in El Monte.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | To encourage homeownership for all residents, it is recommended that the City encourage lending institutions in the area to ensure that their staff works with home loan applicants to educate them about the home loan application process. The City should identify organizations providing HUD approved home buying educational classes and will disseminate their availability to the public. It is further recommended that the City continue to track Home Mortgage Disclosure Act (HMDA) loan approvals on an annual basis to monitor lending activity in the area and to identify continuing patterns of discrimination. | Ongoing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Discrimination in Housing Opportunities Against Protected Classes.</b> Discrimination against persons, or other actions which otherwise make unavailable or deny, the sale or rental of a dwelling to any person because of race, color, religion, sex, disability, familial status, sexual orientation, or national origin continues within El Monte. Based on data available from the City's contracted fair housing service provider, discriminatory treatment based on physical disability was the leading basis of all complaints (42%), followed by familial status (15%), national origin (11%), mental disability (10%), other discrimination (9%), race (6%), gender (3%), age (2%) and 1% each for marital status, source of income and arbitrary discrimination. | To address discrimination in housing opportunities against protected classes, it is recommended that the City of El Monte continue to fund a housing discrimination complaint program that processes housing discrimination complaints by persons within the federally protected classes, conducts audit testing on the rental and for-sale housing market and educates professionals and the public on fair housing issues.                                                                                                                                                                                                     | City of El Monte continued to fund a housing discrimination complaint program that processes housing discrimination complaints by persons within the federally protected classes, conducts audit testing on the rental and for- sale housing market and educates professionals and the public on fair housing issues. There were 15 discrimination complaints. Of these, f ur ( 4) were investigated. The Housing Rights Center was able to resolve 66.7% of these matters through appropriate consultation or investigation/conciliation. |

**Housing Affordability**

Overpayment is defined as households paying more than 30 percent of their gross income on housing related expenses. This includes rent or mortgage payments and utilities. High housing costs can cause households to spend a disproportionate percentage of their income on housing. This may result in repayment problems, deferred maintenance or overcrowding. Severe overpayment is defined as paying 50 percent or more of the household's gross income on housing related expenses.

Increasing rents and home prices have made it more difficult for residents to afford housing in El Monte. Overpayment refers to a household that pays more than 30 percent of gross income for housing costs. According to the 2007-2011 American Community Survey, 56 percent of all homeowner households in El Monte overpaid for housing while more than 61 percent of renters overpaid.

**Fair Housing Practices**

**TBD**

**Service Providers Focus Group**

A focus group was held on November 11, 2017. The interviews gave in-depth context and insight into housing conditions and fair housing issues for residents in El Monte. Fair Housing input from participants mainly centered around homelessness within the City and lack of resources to resolve the issue.

**Summary of New Impediment to Fair Housing Choice and Recommendation**

The City actively works to affirmatively further fair housing choice for all residents. However, the 2015 Analysis of Impediments revealed the following impediments to fair housing choice.

## Section 2

# JURISDICTIONAL BACKGROUND DATA

El Monte is a residential, industrial, and commercial city in Los Angeles County. The city lies in the San Gabriel Valley east of the city of Los Angeles. El Monte's slogan is "Welcome to Friendly El Monte" and historically is known as "The End of the Santa Fe Trail." As of 2010, El Monte was the 51st largest city in California.



El Monte has 9.56 square miles of land area and 0.09 square miles of water area. As of 2010-2014, the total El Monte population is 115,243, which has shrunk 0.62% since 2000. The population growth rate is much lower than the state average rate of 12.39% and is much lower than the national average rate of 11.61%. El Monte median household income is \$38,906 in 2010-2014 and has grown by 19.94% since 2000. The income growth rate is lower than the state average rate of 29.47% and is lower than the national average rate of 27.36%. El Monte median house value is \$349,000 in 2010-2014 and has grown by 120.75% since 2000. The house value growth rate is much higher than the state average rate of 75.60% and is much higher than the national average rate of 46.91%.

## Demographic Data

The primary sources for the demographic data used to prepare the AI were the United States Census Bureau, the American Community Survey and the California Department of Finance. As of the 2010 census, the city had a total population of 113,475, down from 115,965 at the 2000 census. The [population density](#) was 11,761.6 people per square mile (4,541.2/km<sup>2</sup>).

The racial makeup of El Monte was 44,058 (38.8%) White (4.9% Non-Hispanic White), 870 (0.8%) African American, 1,083 (1.0%) Native American, 28,503 (25.1%) Asian (13.5% Chinese, 7.4% Vietnamese, 1.2% Filipino, 0.4% Cambodian, 0.2% Burmese, 0.2% Japanese, 0.2% Korean, 0.2% Indian, 0.2% Thai), 131 (0.1%) Pacific Islander, 35,205 (31.0%) from other races, and 3,625 (3.2%) from two or more races. 78,317 (69.0%) of the population is Hispanic or Latino of any race (60.9% Mexican, 2.3% Salvadoran, 1.2% Guatemalan, 0.4% Nicaraguan, 0.3% Honduran, 0.3% Cuban, 0.2% Puerto Rican, and 0.2% Peruvian). According to Table 1, Hispanics as a percentage of El Monte's population is nearly double the

state percentage and more than 4 times the national percentage. Asians are also a high percentage of the population in comparison to the State and nationally. The Asian population represents 1 in every 4 of the City's residents.

Table 2- 1 Population Based on Race and Ethnicity

| Race                                | City                   | State                      | USA                         |
|-------------------------------------|------------------------|----------------------------|-----------------------------|
| Hispanic                            | 69.0%<br>78,317 people | 37.6%<br>14,013,719 people | 16.3%<br>50,477,594 people  |
| White                               | 38.8%<br>44,058 people | 57.6%<br>21,453,934 people | 72.4%<br>223,553,265 people |
| Asian                               | 25.1%<br>28,503 people | 13.0%<br>4,861,007 people  | 4.8%<br>14,674,252 people   |
| Two or more races                   | 3.2%<br>3,625 people   | 4.9%<br>1,815,384 people   | 2.9%<br>9,009,073 people    |
| American Indian and Alaska Native   | 1.0%<br>1,083 people   | 1.0%<br>362,801 people     | 0.9%<br>2,932,248 people    |
| Black or African American           | 0.8%<br>870 people     | 6.2%<br>2,299,072 people   | 12.6%<br>38,929,319 people  |
| Native Hawaiian or Pacific Islander | 0.1%<br>131 people     | 0.4%<br>144,386 people     | 0.2%<br>540,013 people      |

The Census reported that 112,395 people (99.0% of the population) lived in households, 317 (0.3%) lived in non-institutionalized group quarters, and 763 (0.7%) were institutionalized.

There were 27,814 households, out of which 14,557 (52.3%) had children under the age of 18 living in them, 15,087 (54.2%) were opposite-sex married couples living together, 5,298 (19.0%) had a female householder with no husband present, 2,962 (10.6%) had a male householder with no wife present. There were 2,061 (7.4%) unmarried opposite-sex partnerships, and 161 (0.6%) same-sex married couples or partnerships. 3,130 households (11.3%) were made up of individuals and 1,539 (5.5%) had someone living alone who was 65 years of age or older. The average household size was 4.04. There were 23,347 families (83.9% of all households); the average family size was 4.23.

Table 2-2 provides a perspective of the city's population by age distribution. The population was spread out with 45,048 people (39.7%) under the age of 25, 37,043 people (32.6%) aged 25 to 44, 24,567 people (21.6%) aged 45 to 64, and 10,597 people (9.3%) who were 65 years of age or older. The median age was 31.6 years.

Table 2-2 Population Based on Age

| Age     | City                   | State                      | USA                         |
|---------|------------------------|----------------------------|-----------------------------|
| < 25    | 39.7%<br>45,048 people | 35.5%<br>13,217,991 people | 34.0%<br>104,853,555 people |
| 25 - 44 | 32.6%<br>37,043 people | 31.8%<br>11,848,422 people | 30.3%<br>93,634,060 people  |
| 45 - 64 | 21.6%<br>24,567 people | 24.9%<br>9,288,864 people  | 26.4%<br>81,489,445 people  |
| > 64    | 9.3%<br>10,597 people  | 11.4%<br>4,246,514 people  | 13.0%<br>40,267,984 people  |

Analyzing the age distribution is important because it affects the future need for jobs, housing and other social services. With nearly 40% of the City's 2010 population under the age of 25, future growth planning may need to include additional schools, entry-level jobs and starter homes.

## Income Data

Household income is the most important factor determining a household's ability to balance housing costs with other basic life necessities. Although economic factors that affect a household's housing choice are not a fair housing issue per se, the relationships among household income, household type, race/ethnicity, and other factors often create misconceptions and biases that raise fair housing issues.

The city's income distribution is indexed to the Area Median Income (AMI) to provide a comparison of changes in El Monte over time and relative to the larger county and/or state area.

As of 2010-2014, the per capita income of El Monte was \$15,010, which is much lower than the state average of \$29,906 and is much lower than the national average of \$28,555. El Monte median household income was \$38,906, which has grown by 19.94% since 2000. The median household income growth rate is lower than the state average rate of 29.47% and is lower than the national average rate of 27.36%. On average El Monte residents spend 32.4 minutes per day commuting to work, which is higher than the state average of 27.8 minutes and is higher than the national average of 25.7 minutes.

Table 2-3 Median Household Income

|              | MH Income | MHI % Increase Since 2000 |
|--------------|-----------|---------------------------|
| El Monte, CA | 38,906    | 19.9%                     |
| California   | 61,489    | 29.47%                    |
| U.S.         | 53,482    | 27.36%                    |

Table 2-4 shows the distribution of household incomes for El Monte, California, and the United States by race, based on Census income data for 2010. At \$31,771,

Blacks or African Americans represent the highest household income group in the City, even though they represent only 1% of the entire population. Moreover, Black or African American households in El Monte have significantly higher incomes than both the State and national averages.

Conversely, Hispanics'/Latinos' household, representing nearly 70% of the population, had the lowest household income (\$18,999) amongst the 4 major race/ethnic groups (White, African A., Asian and Hispanic) within the city. American Indian/ Alaskan Native had the lowest household income amongst all groups at \$11,467, which is significantly lower than State and national average.

Table 2-4 Household Income Distribution by Race/Ethnicity (2010)

| Race                                | City                            | State                        | USA                          |
|-------------------------------------|---------------------------------|------------------------------|------------------------------|
| Black or African American           | \$31,771<br><u>Near Average</u> | \$31,285<br><u>Very High</u> | \$25,062<br>National Average |
| Asian                               | \$23,624<br><u>Very Low</u>     | \$37,759<br><u>Very High</u> | \$34,418<br>National Average |
| Native Hawaiian or Pacific Islander | \$20,769<br><u>Low</u>          | \$30,711<br><u>Very High</u> | \$26,563<br>National Average |
| White                               | \$19,204<br><u>Very Low</u>     | \$33,383<br><u>High</u>      | \$31,133<br>National Average |
| Hispanic                            | \$18,999<br><u>Low</u>          | \$21,722<br><u>High</u>      | \$21,505<br>National Average |
| Two or more races                   | \$15,990<br><u>Low</u>          | \$25,945<br><u>Very High</u> | \$22,664<br>National Average |
| American Indian and Alaska Native   | \$11,467<br><u>Very Low</u>     | \$24,373<br><u>High</u>      | \$21,510<br>National Average |

### Housing Needs for Low-Income Households

The housing needs of the community are assessed by analyzing various demographic and economic indicators. Developing a picture of the current needs in the community begins by looking at broad trends in population, area median income, the number of households, etc. The next step is intersecting those data

points with a more nuanced analysis of variables such as family and household dynamics, race, and housing problems.

A key goal of the needs assessment is to identify the nature and prevalence of housing problems experienced by the residents of El Monte. The main housing problems looked at are: (a) cost-burdened households; (b) substandard housing; and (c) overcrowding. Furthermore, these housing problems are juxtaposed with economic and demographic indicators to discern if certain groups carry a disproportionate burden. Are African-Americans more cost-burdened than other racial groups? Do low-income households experience higher levels of overcrowding? Do large families have more housing problems than small families? These sorts of questions are empirically answered through data analysis. Understanding the magnitude and incidence of housing problems in the community is crucial in aiding the City to set evidence-based priorities for furthering fair housing choice.

#### Cost-burdened Households

Overpayment is defined as households paying more than 30 percent of their gross income on housing related expenses. This includes rent or mortgage payments and utilities. High housing costs can cause households to spend a disproportionate percentage of their income on housing. This may result in repayment problems, deferred maintenance or overcrowding. Severe overpayment is defined as paying 50 percent or more of the household's gross income on housing related expenses.

Increasing rents and home prices have made it more difficult for residents to afford housing in El Monte. Overpayment refers to a household that pays more than 30 percent of gross income for housing costs. According to the 2007-2011 American Community Survey, 56 percent of all homeowner households in El Monte overpaid for housing while more than 61 percent of renters overpaid.

Table 2-5 Cost Burden Households (> 30% of household income)

|                      | Renter    |             |             |       | Owner     |             |             |       |
|----------------------|-----------|-------------|-------------|-------|-----------|-------------|-------------|-------|
|                      | 0-30% AMI | >30-50% AMI | >50-80% AMI | Total | 0-30% AMI | >30-50% AMI | >50-80% AMI | Total |
| NUMBER OF HOUSEHOLDS |           |             |             |       |           |             |             |       |
| Small Related        | 2,250     | 2,010       | 495         | 4,755 | 365       | 660         | 710         | 1,735 |
| Large Related        | 1,245     | 960         | 210         | 2,415 | 129       | 405         | 675         | 1,209 |
| Elderly              | 925       | 235         | 65          | 1,225 | 470       | 185         | 140         | 795   |
| Other                | 605       | 610         | 195         | 1,410 | 30        | 95          | 55          | 180   |

|                      | Renter    |             |             |       | Owner     |             |             |       |
|----------------------|-----------|-------------|-------------|-------|-----------|-------------|-------------|-------|
|                      | 0-30% AMI | >30-50% AMI | >50-80% AMI | Total | 0-30% AMI | >30-50% AMI | >50-80% AMI | Total |
| Total need by income | 5,025     | 3,815       | 965         | 9,805 | 994       | 1,345       | 1,580       | 3,919 |

Providing housing and support services are essential to meeting the fair housing needs of cost burdened households. According to the American Community Survey 2009-2011 3-year Census estimates, 17.8% percent of all families in El Monte, is living in poverty, nearly 6% higher than the State average. Moreover, approximately 67 percent of households earn low income, defined as less than 80 percent of the County median family income (MFI). There are limited opportunities to address this household type by the City. However, the needs of this special needs group are taken into consideration and are generally addressed through the City's overall programs for housing affordability.

#### Substandard housing

Housing is considered substandard when conditions are found to be below the minimum standard of living conditions defined in Section 17920.3 of the California Health and Safety Code. Households living in substandard conditions are considered to be in need of housing assistance, even if they are not seeking alternative housing arrangement, due to threat to health and safety.

The City of El Monte has an older housing stock, which has a direct correlation with the amount and severity of housing rehabilitation needs. As a general rule, homes older than 30 years generally need repairs (e.g., new roof, plumbing, siding, etc.) and in some cases may require lead paint abatement. Homes older than 50 years frequently need new electrical, plumbing, roofing, and other major subsystems. Homes older than 70 years, unless regularly maintained, require substantial rehabilitation.

Homes built before or after certain dates are indicators of housing quality, because building codes have significantly changed over time. For example, homes built after 1971 typically have a greater level of seismic reinforcement, since they were built after seismic codes were changed following the Sylmar Earthquake. Homes built after 1978 also tend to have the least incidence of lead paint, a known health hazard for children. However, in both these cases, homes can be retrofitted to current standards.

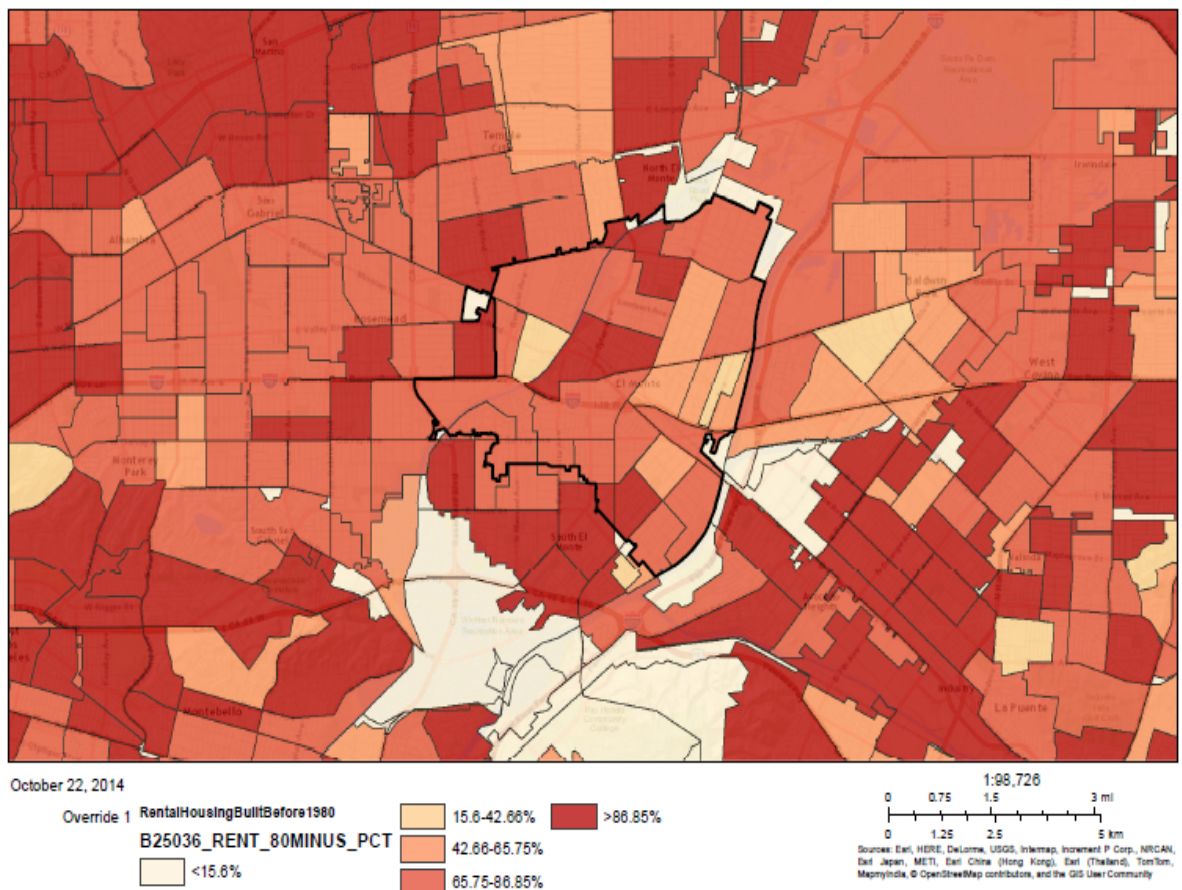
The City has not undertaken a comprehensive housing conditions survey. However, an informal survey and discussions with code enforcement officers suggest the following housing rehabilitation needs:



- According to the 2007-2011 ACS, 121 units lacked complete plumbing facilities and 318 units lacked complete kitchen facilities in El Monte. Less than 1 percent of housing units are on septic tanks.
- At least 5 percent of single- and multiple-family homes require replacement and 10 percent need major repairs. Among mobile homes, an estimated 25 percent need repair or rehabilitation
- Illegal garage conversions and second units are a significant issue. Many were built without building permits and do not meet current building, health, and safety codes.

It is difficult to estimate the number of units within the jurisdiction that are occupied by low or moderate income families that contain lead-based paint hazards. Each of these units could be at risk of lead base poisoning. Currently, 6

Rental Housing at Risk of Lead Paint - City of El Monte



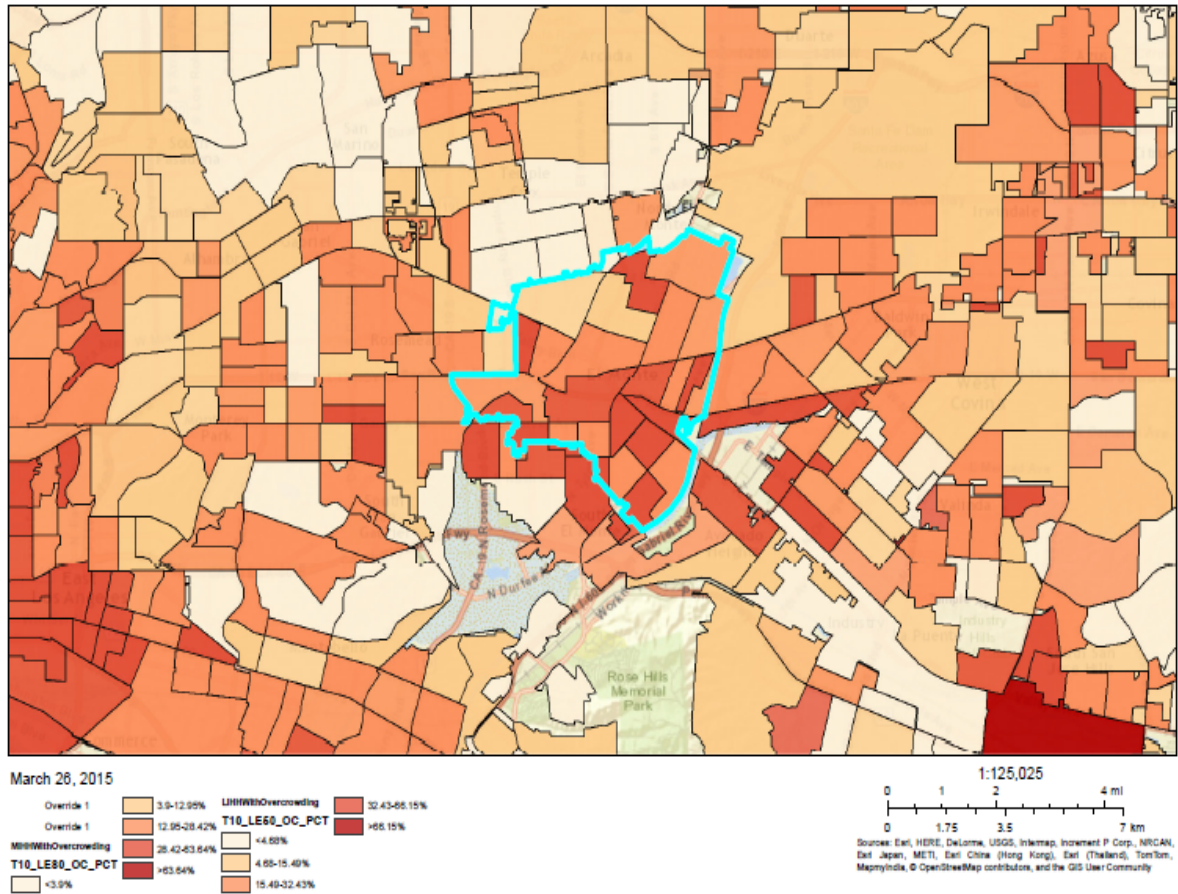
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units in El Monte were built prior to 1980 and are at risk of lead poisoning.

Contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, child care facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

#### Overcrowding.

A persistent problem affecting fair housing choice is overcrowding. The U.S. Census defines overcrowding as at least 1.01 persons per room excluding kitchen, bathrooms, and hallways. Severe overcrowding is defined as more than 1.5 persons per room. Overcrowding is often an indicator of households that may be financially unable to obtain adequate space for their needs, or households that are required to house extended family members. It is not necessarily a reflection of inadequate physical conditions of the housing units themselves. The extremely low-income group is particularly prone to housing problems overcrowding, and thus requires special attention to make sure their fair housing needs are adequately addressed. The City is prepared to address these needs on a variety of levels, including its density bonus and second unit policies, preservation of Section 8, rehabilitation programs, and to encourage affordable housing development and activities. According to the 2007-2011 American Community Survey, 25 percent of households live in overcrowded housing, with higher overcrowding rates among renters. According to the map below, the majority of households experiencing overcrowding are located within the central and southern parts of the City.

### Overcrowding \_Moderate and Below Moderate Households - City of El Monte



c

ial needs refer to the needs of population subgroups that have been identified by HUD as more commonly in need of housing assistance than the general population. Due to their economic, social, mental, and/or physical conditions, these populations have difficulty finding appropriate housing. These groups include:

- The elderly and frail elderly,
- Persons with disabilities,
- Persons with HIV/AIDS,
- Persons with alcohol or drug addictions; and
- Victims of domestic violence.

Additionally, individual regions often contain specific subgroups that face challenges unique to the region. This section is intended to identify the nature and extent of these needs as well as strategies being implemented to address these needs. Certain individuals and families in El Monte have greater difficulty

in finding affordable housing due to their special circumstances. Special circumstances may be related to income, family characteristics, medical condition or disability, and/or household characteristics. A major emphasis of the Housing Element is to ensure that persons of all walks of life have opportunity to find suitable and affordable housing in El Monte. The table below summarizes these special needs groups in the City and their housing status.

| <i><b>Needs Group</b></i>                  | <i><b>Housing Needs</b></i> |                                |
|--------------------------------------------|-----------------------------|--------------------------------|
|                                            | <i><b>Number</b></i>        | <i><b>Percent of Total</b></i> |
| Senior Households                          | 4,488                       | 15%                            |
| Disabled Household                         | 9,876                       | 8%                             |
| Households with Developmental Disabilities | 930                         | 0.8%                           |
| Female Headed                              | 5,271                       | 14%                            |
| Large Families                             | 8,504                       | 36%                            |
| Veterans                                   | 2,173                       | 2%                             |
| Homeless People                            | 364                         | <1%                            |
| Farmworkers                                | 185                         | <1%                            |
| Source: El Monte Housing Technical Report  |                             |                                |

### *Seniors*

The City of El Monte is home to 4,488 households with a senior member, comprising 14 percent of all households. In El Monte, 59 percent of senior households (or 2,493) own a home and 1,995 are renters. According to the Census, 70 percent of all seniors earn low income, and more than 59 percent of lower income senior renters and 34 percent of lower income senior homeowners overpay for housing. Due to their fixed retirement income, seniors may need assistance to maintain and improve their homes. Seniors may also require accessibility improvements for their homes over time.

El Monte operates the Jack Crippen Senior Center, which serves as a meeting place and service center for seniors. The City provides property rehabilitation loans and other programs for seniors. The City also provides housing options for seniors, including 11 senior housing projects, ten skilled nursing facilities, and seven residential care facilities. Many of these projects also have on-site services, including assisted living, day care, health care, and other senior services.

### *Persons with Disabilities*

The City of El Monte has 9,876 households with a member who has a mental, physical, mobility, or developmental disability. Disabled persons may earn very low incomes, have higher health costs, and are often dependent on supportive services. Individuals with disabilities may reside in group quarters, such as licensed community care facilities, residential care facilities for the elderly, etc. People with disabilities may also live in independent or group housing. The City enforces disabled accessibility requirements for new housing, allows residents to modify their homes to improve accessibility, and provides improvement and rehabilitation grants for homeowners. In many cases, however, disabilities could be mental or developmental in nature. For individuals requiring more specialized care, the City offers a range of group housing arrangements, including licensed community care facilities, alcohol and drug rehabilitation, and skilled nursing facilities.

#### *Persons with Developmental Disabilities*

According to Section 4512 of the Welfare and Institutions Code a "Developmental disability" means a disability that originates before an individual attains age 18 years, continues, or can be expected to Continue, indefinitely, and constitutes a substantial disability for that individual which includes mental retardation, cerebral palsy, epilepsy, and autism.

Many persons with developmental disabilities can live and work independently within a conventional housing environment. Individuals who have more severe disabilities require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for those with developmental disabilities is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

The State Department of Developmental Services (DDS) currently provides community based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The San Gabriel/Pomona Regional Center is one of 21 regional centers in the State of California that provides point of entry to services for people with developmental disabilities. Information from the San Gabriel/Pomona Regional Center provides a closer look at the developmentally disabled population. According to the Regional Center, there are approximately 930 individuals (0.8 percent of the total population) diagnosed with a cognitive or developmental disability in the City of El Monte.

#### *Family Households*

El Monte is predominantly a family community. In recent years, soaring housing prices and rents have placed an increasing cost burden on families. Families earning low incomes experience high rates of overpayment today. Moreover, the City of El Monte is home to 5,271 female-headed families and 8,504 families of five or more members. Single-parent and large households also have critical housing-related needs, with high levels of overpayment, lower incomes, and overcrowding.

The housing needs of families have commonalities, such as affordable child care and affordable housing. Many residents rent housing because they cannot afford to buy quality housing. For those who rent, there is a limited choice of quality apartments. Similarly, the City does not currently have publicly subsidized rental housing for families. Although the County offers about 500 lower income households with rental vouchers, the waiting list is three times the number of units available.

#### *Veterans*

Veterans of foreign wars comprise a significant group in El Monte. According to the 2010 Census, the City is home to 2,173 veterans. Many veterans experience high levels of post-traumatic stress disorder, injuries from service, and other conditions that make it difficult to obtain jobs and find suitable housing. The housing needs of the armed forces extend also to their families living in the states that need to maintain housing.

The Veterans Administration offers programs to help veterans find jobs, modify their homes, and obtain counseling and support. Housing programs include the Specially Adapted Housing Grants program, Guaranteed Home Loan, Independent Living Program, and the Home Improvement and Structural Alterations program. El Monte offers homebuyer down payment assistance and rehabilitation loan programs that could also be leveraged with VA programs to improve housing options for veterans. To date, Mercy Housing has provided 41 housing units to veterans in El Monte.

#### *Homeless People*

San Gabriel Valley has a significant homeless population, with an estimated 364 persons, according to the Greater Los Angeles Homeless Count Report authored by the Los Angeles Homeless Services Authority (LAHSA). The needs of homeless people are as varied as the reasons for their homelessness. These needs may include affordable housing, stable employment, treatment of medical conditions, childcare assistance, credit history, adequate rental assistance, and treatment of substance abuse and/or mental illness. El Monte is committed to actively

addressing the needs of homeless people through its housing and service policies and programs.

El Monte is part of the countywide Los Angeles Continuum of Care (LACoC), coordinated by the LAHSA, a joint powers authority. LAHSA partners with cities to provide homeless services throughout the county. In 2003, the City established a Homeless and Veterans Commission to maintain dialog on how to address the needs of these populations. The City currently works with nonprofit agencies in the community to fund vouchers, permit transitional housing, and support agencies providing services. The Housing Plan contains new programs to address the needs of homeless people.

#### *Farmworkers*

The State of California also recognizes the special housing needs of farmworkers, in particular migrant farm laborers earning very low incomes. The transitory nature of the labor force, the need for affordable housing, the unique educational needs, and the impact on the stability of children's lives make this group particularly vulnerable. El Monte has an estimated 185 farmworkers, many of whom are employed year-round. Their housing needs can best be met through existing permanent affordable rental housing in the community.

### Employment Data

Local economic characteristics, although not directly related to fair housing, influence local housing needs. Employment opportunities in El Monte determine, in part, the demand for different types of housing, as does the income earned by households. According to the 2007-2011 American Community Survey there are approximately 47,400 residents aged 16 or older that are employed. As the City's total civilian labor force totals approximately 53,500 the unemployment rate is estimated to be 7 percent.

El Monte has several major employment districts—Flair Business Park, the Greater

Downtown, Auto District, and the Northwest Industrial District. Major employers in Flair Park include the Wells Fargo Bank, governmental employers (state and county government), Cathay Bank, and others. In the Greater Downtown, the major employers include the Superior Court, El Monte school district offices, Longo Toyota-Lexus, and other auto dealers. In recent years, however, a significant number of heavy manufacturers have left El Monte, particularly from the Northwest Industrial District. Major employers that have left El Monte include St. Gobains (glass manufacturer), Crown Plating (metal plating), Howard's, Clayton Industries (boiler manufacturer), and Navcom (defense

industry components). New or expanded businesses include Sam's Club, Cathay Bank, and Vons. Below is occupation data for El Monte.

Table 2-6 Top El Monte Occupations (2010 Census)

| Occupation                                                       | City  | State | USA                       |
|------------------------------------------------------------------|-------|-------|---------------------------|
| Production, transportation, and material moving occupations      | 26.5% | 11.1% | 12.4%<br>National Average |
| Sales and office occupations                                     | 24.1% | 25.4% | 25.4%<br>National Average |
| Service occupations                                              | 20.8% | 17.4% | 17.1%<br>National Average |
| Natural resources, construction, and maintenance occupations     | 12.5% | 9.9%  | 9.8%<br>National Average  |
| Management, business, and financial occupations                  | 6.5%  | 15.0% | 14.3%<br>National Average |
| Education, legal, community service, arts, and media occupations | 4.7%  | 10.8% | 10.6%<br>National Average |
| Computer, engineering, and science occupations                   | 2.7%  | 6.0%  | 5.2%<br>National Average  |
| Healthcare practitioners and technical occupations               | 2.2%  | 4.4%  | 5.2%<br>National Average  |

## Transit System

Public transit information is important to the Analysis of Impediments to fair housing, as access to public transit is of paramount importance to households affected by low incomes and rising housing prices. Public transit should link lower-income persons, who are often transit-dependent, to major employers where job opportunities exist. Access to employment via public transportation can reduce welfare usage rates and increase housing mobility, which enables residents to locate housing outside of traditionally low- and moderate-income neighborhoods. The lack of a relationship between public transit, employment opportunities, and affordable housing could impede fair housing choice because persons who depend on public transit will have limited choices regarding places to live. In addition, elderly and disabled persons often rely on public transit to visit doctors, go shopping, or attend activities at community facilities. Public transit that provides a link between job opportunities, public services, and affordable housing helps to ensure that transit-dependent residents have adequate opportunity to access housing, services and jobs.

The City of El Monte operates its own in-town transit system. Previously known as "the El Monte Trolley Company", El Monte Transit operates ultra-low floor transit buses on five fixed-routes that provide transportation for residents to most major shopping areas, recreation facilities and most schools within the city.



The City 's Transportation Division offers both a shared curb-to-curb service for senior citizens ages 65 and older and/or those who are disabled and live in El Monte, and a fixed-route service. Fare is only .50 cents per ride. Hours of operation are Monday-Friday 6:00 am to 7:15 pm and Saturday-Sunday 9:20 am to 6:35 pm. The City of El Monte also provides subsidized bus passes to its residents. Below are other transit programs targeting protective classes:

#### *Senior Transportation*

Transportation Service for participants of the Community and Senior Services Division Nutrition Program is Monday through Friday at the Jack Crippen Multipurpose Senior Center. Reservations must be made 24 hours in advance. Transportation for Bingo and other special Community and Senior Services Division events are also available.

#### *Dial-A-Ride*

The City of El Monte offers a Dial-A-Ride service for seniors (55 years and older) and disabled residents (any age) of El Monte. This transportation program is a "shared ride" service. The Dial-A-Ride Program operates within the city limits of El Monte only, with the exception for medical or governmental appointments (within a five-mile radius). The City of El Monte's Dial-A-Ride Program is designed to assist our senior and disabled residents with their transportation needs.

## Section 8 Housing Programs

The Section 8 Housing Choice Voucher program is a rent subsidy program that helps low-income (up to 50% of AMI) families and seniors pay rents in private units. Voucher recipients pay a minimum of 30% of their income toward their contract rent, and the local housing authority pays the difference through federal funds up to the payment standard (fair market rent) established by the housing authority. Any amount in excess of the payment standard is paid by the voucher recipient.

The City of El Monte does not own public housing. The City works in close collaboration with the Housing Authority of Los Angeles County and Baldwin Park Housing Authority to provide public housing within the City. El Monte will continue to work independently and closely with the HA and local nonprofits to provide assistance to low-income families. As population demographics continue to change, the City will continue to work with the county housing authority and local (and regional) nonprofits to develop affordable housing projects in El Monte.

The Baldwin Park Housing Authority administers the housing voucher rental choice program for El Monte. Funded by the U.S. Department of Housing and Urban Development, the housing voucher program extends rental subsidies to very low income households by offering the tenant a voucher that pays the difference between the current fair market rent (FMR) established by the housing authority and 30 percent of the tenant's income. The voucher is accepted on a voluntary basis by the landlord. A tenant may choose housing that costs more than the FMR if the tenant pays the extra rent. In some cases, rental assistance is needed on a shorter-term basis to prevent homelessness. In these cases, the City also provides rental assistance to local service agencies.

The HA offer rental assistance in the form of housing vouchers to very low income households in El Monte. However, the waiting list is long and vouchers are available for only one of every three eligible households. Seniors and disabled people have preference, but the remaining disproportionate need is for affordable rental housing for families with children. El Monte has a severe need for subsidized apartments suitable for families with children.

**Affordable Housing Projects**

Apartment projects can receive housing assistance from a variety of sources to ensure that rent is affordable for lower-income households. In exchange for public assistance, owners are typically required to reserve a portion or all of the units as affordable housing for lower-income households. The length-of-use restrictions are dependent on the funding program.

El Monte has 12 affordable rental projects, shown below, that provide subsidized, low-cost housing for more than 900 renter households. California housing law requires that all housing elements include an analysis of multiple-family affordable housing projects that have been assisted by governmental or private funds, as to their eligibility to change from low income housing to market rates. Table 2-7 summarizes publicly subsidized affordable rental housing projects in El Monte.

Table 2-7 Publicly Subsidized Projects

| <i>Development Name</i>                              | <i>Type of Unit</i> | <i>Form of Assistance</i>                  | <i>Total Units</i> | <i>Subsidy Terminates</i>       |
|------------------------------------------------------|---------------------|--------------------------------------------|--------------------|---------------------------------|
| <b>Not At Risk</b>                                   |                     |                                            |                    |                                 |
| TELACU El Encanto<br>3843 Maxson Road                | Senior              | Section 202; RDA;<br>Density bonus         | 71                 | Built: N/A<br>Expires 2040      |
| TELACU Amador Manor<br>3436 N. Tyler Avenue          | Senior              | Section 202; RDA;<br>Density bonus         | 70                 | Built: N/A<br>Expires 2036      |
| Palm Garden Apts<br>10310 Valley Boulevard           | Senior              | LIHTC                                      | 89                 | Built 1994<br>Expires 2050      |
| Blessed Rock of El Monte<br>4111 Tyler Avenue        | Senior              | RDA; HOME;<br>LIHTC; Density<br>bonus      | 137                | Built: 1997<br>Expires:<br>2052 |
| Singing Wood<br>Apartments<br>10110 Valley Boulevard | Senior              | HOME, CALHAF; RDA, LIHTC; City of Industry | 110                | Built: 2004<br>Expires:<br>2059 |
| Rio Hondo CDC<br>3850 Penn Mar                       | Family              | HOME                                       | 18                 | Expires:<br>2058<br>(55 years)  |
| Pacific Towers<br>10450 Valley Boulevard             | Senior              | LIHTC; RDA<br>Density bonus                | 100                | Built 2005<br>Expires:<br>2061  |
| Senior Mixed Use<br>10024 Valley Boulevard           | Senior              | Density bonus                              | 130                | Built: 2007<br>Expires:<br>2057 |
| Casa de Esperanza<br>12000 Denholm Drive             | Dev.<br>Disab<br>l  | Section 202/811                            | 8                  | Built 1985<br>Maturity<br>2026  |
| Cherrylee Gardens<br>11620 Cherrylee Drive           | Senior              | Section 8-NC<br>Project Based              | 75                 | Built: N/A<br>Expires:<br>2024  |
| <b>At-Risk</b>                                       |                     |                                            |                    |                                 |
| Flamingo Gardens<br>3711 Cogswell Road               | Senior              | LIHTC                                      | 58                 | Built: 1988<br>Expires:<br>2019 |
| Villa Raintree<br>11905 Ferris Road                  | Senior              | Section 8-NC<br>Project based              | 70                 | Built: N/A<br>Expires:2013      |

At-risk affordable projects are those that could be converted to market rents in the next 10 years (2014-2024); those for which the affordability restrictions have expired and which are maintained through Section 8; or those for which the owners have indicated an intent to convert to market rents. This could limit fair housing options for protected

classes. City records identified the following projects providing 203 affordable units at risk of conversion.

- Villa Raintree. This housing project offers 70 units affordable to very low income seniors. Originally financed with a Section 8 New Construction loan, the project affordability is currently maintained by a Section 8 Housing Voucher contract and will expire in 2013. The project offers 70 one-bedroom units to very low income seniors and the rent is about 78 percent of the prevailing market rent on similar projects. The project was sold in November 2006. Because the project's rents are well below market rates for similar units, the property owners are working with HUD to apply for the Mark-up to- Market program.
- Flamingo Gardens. This 58-unit apartment complex offers low rents for very low income seniors. The project was originally financed through a Low Income Housing Tax Credit in 1988 and the affordability controls on the project are set to expire in 2019. All of the apartment units are one-bedroom units. The property owners did not return calls regarding their intentions to convert the project or preserve its affordability. The property is assumed to be at risk of conversion upon the expiration of the terms of the affordability agreement in 2019.

## Section 3

# MORTGAGE LENDING PRACTICES

A key aspect of fair housing choice is equal access to credit for the purchase or improvement of a home. Lending policies and requirements related to credit history, current credit rating, employment history, and the general character of applicants permit lenders to use a great deal of discretion and in the process deny loans even though the prospective borrower would have been an acceptable risk. This section reviews the lending practices of financial institutions and the access to home loans for ethnic minorities of all income groups.

## Background

Discriminatory practices in home mortgage lending have evolved in the past five to six decades. In the 1940s and 1950s, racial discrimination in mortgage lending was easy to spot. From government-sponsored racial covenants to the redlining practices of private mortgage lenders and financial institutions, ethnic minorities were denied access to home mortgages in ways that severely limited their ability to purchase a home. During the recent rise of the subprime loan market,<sup>2</sup> discriminatory lending practices became more subtle. By employing high-pressure sales practices and deceptive tactics, some mortgage brokers pushed minority borrowers into high-cost subprime mortgages that were not well suited to their needs and led to financial problems. According to 2007 HMDA data, four of every ten home purchase mortgages issued to minorities in 2006 were subprime loans - twice the number of subprime loans issued to White borrowers. The pattern and trend of subprime rate lending led to high-cost (subprime) loans and foreclosures being concentrated in low-income minority neighborhoods.<sup>3</sup>

## Legislative Protection

In the past, fair lending practices were not always employed by financial institutions. Credit market distortions and other activities such as redlining prevented some groups from enjoying equal access to credit. The passage of the Community Reinvestment Act (CRA) in 1977 was designed to improve access to credit for all members of the community. The CRA is intended to encourage regulated financial institutions to help meet the credit needs of entire communities, including low- and moderate-income neighborhoods. The CRA

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<sup>2</sup>TD Bank Corp. (2007, April 30). *A Primer on the U.S. Sub-Prime Market*. The subprime mortgage market ballooned in 2005 and 2006 to 20 percent–25 percent of all new mortgages, capturing more than twice the market share seen over the prior 10 years.

<sup>3</sup>Joint Center for Housing Studies of Harvard University. (2009). *The State of the Nation's Housing 2009*.

requires that each insured depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record is taken into account in considering an institution's application for deposit facilities, including mergers and acquisitions.

In tandem with the CRA, HMDA, initially enacted in 1975 and substantially expanded in 1989, required banks to disclose detailed information about their mortgage lending. The law aimed to curb discrimination in such lending and to create more equal opportunity to access credit. The disclosure requirement compelled banks, savings and loan associations and other lending institutions to report annually the amounts and geographical distribution of their mortgage applications, origins, and purchases disaggregated by race, gender, annual income and other characteristics. The data, collected and disclosed by the Federal Financial Institutions Examination Council (FFIEC), were made available to the public and to financial regulators to determine if lenders were serving the housing needs of the communities where they were located.

The FFIEC data provide some insights regarding the lending patterns that exist in a community. However, the data are only an indicator of potential problems; the data lack the financial details of the loan terms to enable definite conclusions about redlining or discrimination.

### Availability of Financing

Mortgage interest rates have a large influence over the affordability of housing. Increases in interest rates decrease the number of persons able to afford a home purchase. Decreases in interest rates result in more potential homebuyers introduced into the market.

National policies and economic conditions determine interest rates, and there is little that local governments can do to affect these rates. Jurisdictions can, however, "leverage" funds by offering interest rate write-downs to extend home purchase opportunities to lower income households. In addition, government insured loan programs may be available to reduce mortgage down payment requirements.

First time homebuyers are the most impacted by financing requirements. Mortgage interest rates for new home purchases ranged from 3.5% to 5% for a fixed rate-30 year loan in 2013. Lower initial rates may be available with Graduated Payment Mortgages (GPMs), Adjustable Rate Mortgages (ARM's), and Buy-Down Mortgages. However, variable interest rate mortgages on affordable homes may increase to the point that interest rates exceed the cost of living

adjustments, which is a constraint on affordability. Although interest rates are currently low, they can change significantly and substantially impact the affordability of the housing stock.

Interest rates in 2013 are not a constraint to affordable housing; however more strict lending standards could pose a constraint to affordable housing. An increase of one percentage point can make a monthly payment out of reach for many lower income households. As such, financing for long term mortgages is generally available in El Monte, subject to normal underwriting standards.

A more critical impediment to homeownership involves both the affordability of the housing stock and the ability of potential buyers to fulfill down payment requirements. Typically, conventional home loans will require 80% loan-to-value and represents the largest constraint to homebuyers. Other programs, such as those for first-time homebuyers, can find down payment requirements between 5% and 20%. However, more recent events in the housing market have made it more difficult for prospective home buyers to secure a home loan.

One of the greatest impediments to homeownership, however, is credit worthiness. According to the Federal Housing Authority, lenders consider a person's debt-to-income ratio, cash available for down payment, and credit history, when determining a maximum loan amount. Many financial institutions are willing to significantly decrease down payment requirements and increase loan amounts to persons with good credit rating. Persons with poor credit ratings may be forced to accept a higher interest rate or a loan amount insufficient to purchase a house. Poor credit rating can be especially damaging to lower-income

residents, who have fewer financial resources with which to qualify for a loan. The FHA is generally more flexible than conventional lenders in its qualifying guidelines and allows many residents to re-establish a good credit history.

Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to report lending activity by census tract. Analysis of available HMDA reports do not indicate documented cases of underserved lower income census tracts in the City. Table 3-1 presents the disposition of home purchase loan applications in 2013 by income of the applicants.

The data shown in the Table is for the Los Angeles – Long Beach – Glendale MSA, which includes the City of El Monte. The data includes purchases of one to four unit homes as well as manufactured homes. Over 70 percent of the loan applications were received from moderate-income households or above (earning greater than 80% of Median Family Income [MFI]). The overall loan origination rate was 64 percent and this rate decreased as income decreased. These rates

can be expected to contract further as a recent national survey conducted by the Federal Reserve found that more than half of banks responding reported they had tightened their lending standards for sub-prime mortgages.

| <i>Applicant Income</i>       | <i>Total Applications</i> | <i>Percent Originated<sup>1</sup></i> | <i>Percent Denied</i> | <i>Percent Other<sup>2</sup></i> |
|-------------------------------|---------------------------|---------------------------------------|-----------------------|----------------------------------|
| Very Low Income (<50% MFI)    | 1,563                     | 51%                                   | 23%                   | 26%                              |
| Low Income (50-80% MFI)       | 7,700                     | 61%                                   | 16%                   | 23%                              |
| Moderate Income (80-120% MFI) | 11,083                    | 65%                                   | 14%                   | 21%                              |
| Upper Income (>120% MFI)      | 13,003                    | 66%                                   | 14%                   | 20%                              |
| <b>Total</b>                  | <b>33,349</b>             | <b>64%</b>                            | <b>15%</b>            | <b>21%</b>                       |

Source: Home Mortgage Disclosure Act (HMDA), Accessed in April 2013.

Notes:

1. "Originated" refers to loans approved by the lender and accepted by the applicant
2. "Other" includes applications approved but not accepted, files closed for incompleteness, and applications withdrawn.
3. The total applications for each income category do not sum to equal the total due to unavailability of income data for some applicants.

Table 3-1 Disposition of Home Loan Applications

The availability of financing in a community depends on a number of factors, including the type of lending institutions active in the community, lending practices, rates and fees charged, laws and regulations governing financial institutions, and equal access to those institutions. Through analysis of HMDA data on the disposition of residential loan applications, an assessment can be made of the availability of residential financing within a community.



Under HMDA, lending institutions are required to disclose information on the disposition of loan applications as well as the income, gender, and race of loan applicants.

## Subprime Lending

According to the Federal Reserve, *prime* mortgages are offered to persons with excellent credit and employment history and income adequate to support the loan amount. *Subprime* loans are loans to borrowers who have less-than-perfect credit history, poor employment history, or other factors such as limited income. By providing loans to those who do not meet the credit standards for borrowers in the prime market, subprime lending can and does serve a critical role in increasing levels of homeownership. Households that are interested in buying a home but have blemishes in their credit record, insufficient credit history, or nontraditional sources of income might otherwise be unable to purchase a home. The subprime loan market offered these borrowers opportunities to obtain loans that they would be unable to realize in the prime loan market.

Subprime lenders generally have interest rates that are higher than those in the prime market and often lack the regulatory oversight required for prime lenders because they are not owned by regulated financial institutions. In the past decade, however, many large and well-known banks became involved in the subprime market either through acquisitions of other firms or by directly initiating loans that were subprime.

Most subprime loans provide families with payments for the first couple of years at a low “teaser” rate. After that, the loans reset every six months or year to a higher, fully indexed rate, which can cost borrowers hundreds of extra dollars each month.<sup>4</sup> This extra expense has increased the housing cost burden of many families and ultimately resulted in foreclosed homes for many.

Although subprime lending cannot in and of itself be equated with predatory lending, studies have shown a high incidence of predatory lending in the subprime market.<sup>5</sup> Unlike in the prime lending market, overly high approval rates in the subprime market are a potential cause for concern when the target clients are considered high-risk. Many large banks have also been involved in the subprime market but are not identified as subprime lenders exclusively. The FFIEC data does not provide information on which loans were subprime loans. As such, analysis on this topic is difficult.

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<sup>4</sup>Christie, L. (2007, March 22). Subprime risk: Most vulnerable markets, 2.2 million homeowners are endangered by the subprime crisis. Which markets may be hardest hit? *CNN Money*.

<sup>5</sup>California Reinvestment Committee. (2001, November). *Stolen Wealth: Inequities in California's Subprime Mortgage Market*.

**Predatory Lending**

With an active housing market, potential predatory lending practices by financial institutions could arise. Predatory lending involves abusive loan practices usually targeting minority homeowners or those with less-than-perfect credit histories. The predatory practices typically include high fees, hidden costs, unnecessary insurance, and larger repayments due in later years. One of the most common predatory lending practices is placing borrowers into higher interest rate loans than called for by their credit status. Although the borrowers may be eligible for loans in the prime market, they are directed into more expensive and higher fee loans in the subprime market. In other cases, fraudulent appraisal data is used to mislead homebuyers into purchasing overvalued homes, or fraudulent or misrepresented financial data is used to encourage homebuyers into assuming a larger loan than can be afforded. Both cases almost inevitably result in foreclosure.

In recent years, predatory lending has also penetrated the home improvement financing market. Seniors and ethnic minority homeowners are the usual targets. In general, home improvement financing is more difficult to obtain than home purchase financing. Many homeowners have a debt-to-income ratio that is too high to qualify for home improvement loans in the prime market and become targets of predatory lending in the subprime market. Seniors are often swindled into installing unnecessary devices or making unnecessary improvements that are bundled with unreasonable financing terms.

Predatory lending is a growing fair housing issue. Predatory as well as discriminatory lending is addressed under the Fair Housing Act of 1968, which requires equal treatment in the terms and conditions of housing opportunities and credit regardless of race, religion, color, national origin, family status, or disability. This applies to loan originators as well as the secondary market. The Equal Credit Opportunity Act of 1972 requires equal treatment in loan terms and availability of credit for all of the above categories, as well as age, sex and marital status. Lenders that engage in predatory lending would violate these acts if they were to target ethnic minority or elderly households to buy higher-priced and unequal loan products, treat loans for protected classes differently than those of comparably creditworthy White applicants, or have policies or practices that have a disproportionate effect on the protected classes.

Data available to investigate the presence of predatory lending are extremely limited. At present, the FFIEC data are the most comprehensive available for evaluating lending practices. However, as discussed before, the FFIEC data lack the financial details of the loan terms to conclude any kind of predatory lending.

Efforts at the national level for increased reporting requirements in order to curb predatory lending are ongoing.

Predatory lending and unsound investment practices have resulted in a credit crunch that has spread well beyond the housing market and is now affecting the cost of credit for local government borrowing, as well as local property tax revenues. To curb the future negative impact of predatory lending, in June 2009 the Governor of California signed into law Assembly Bill 260, reforming mortgage lending and specifically banning predatory lending practices. The legislation created a fiduciary duty standard for mortgage brokers, eliminated compensation incentives that encourage the steering of borrowers into risky loans, and established regulations on prepayment penalties.<sup>6</sup>

## **Section 4**

# **PUBLIC POLICIES AND PRACTICES**

Public policies established at the state, regional and local levels can affect housing development and therefore could have an impact on the range of housing choices available to residents. This section discusses the various public policies that might influence fair housing choice in the city of El Monte.

## **Public Policy**

Public policies established at the state, regional and local levels can affect housing development and therefore could have an impact on the range of housing choices available to residents. This section discusses the various public policies that might influence fair housing choice in the City of El Monte.

Land use policies are fundamental to ensuring housing opportunities. The El Monte General Plan and the Zoning Ordinance regulate the amount, location, type and density of housing in the City of El Monte. Land use policies that do not promote a variety of housing options can impede housing choice.

Development standards include zoning ordinances, subdivision ordinances, and building code requirements. The most far-reaching constraints are those contained in a city's zoning ordinance, which is the most traditional tool used by a local jurisdiction to regulate the use of private land. Zoning regulates the use; density; floor area; setbacks; parking; and placement and mix of residential,

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<sup>6</sup>State of California, AB 260

commercial, and industrial projects to reflect the community's development goals and objectives.

### **Housing Element**

The Housing Element is one of seven mandated elements of El Monte's General Plan. Enacted in 1969, and revised in 2008 by Senate Bill Number 2, housing element law requires that local governments adequately plan to meet the existing and projected housing needs of all economic segments of their community.

According to California state law, the housing element of any community's general plan is required to be reviewed by the state's Housing and Community Development (HCD) to assure compliance with housing laws. An important criterion of HCD approval of any housing element includes a determination that the local jurisdiction's policies do not unduly constrain the maintenance, improvement and development of a variety of housing choices for all income levels.

The current El Monte Housing Element identifies strategies and programs that focus on:

1. Promoting sufficient housing to meet the diverse housing needs of all economic segments of the present and future City of El Monte;
2. Preserving existing housing stock within areas for which a desirable living environment can be provided; to promote conversion of such residential areas for which a desirable living environment cannot be sustained; and
3. Providing adequate shelter opportunities and assistance programs for those families and individuals who are either homeless or are at risk of becoming homeless.

To implement these policies, the Housing Element contains different housing programs designed to support and implement the City's housing goals. Where relevant to this Analysis of Impediments Report, housing programs which affect fair housing are described.

### **Regional Housing Needs Assessment (RHNA)**

These goals accommodate the City's designated Regional Housing Needs Assessment (RHNA) allocation. The RHNA is not a mandate to construct the full number of housing units assigned to the jurisdiction. However, the City is obligated to make a "good faith effort" to accommodate the RHNA housing needs, and that

the zoning code is permissive with respect to allowing construction of a variety of housing types to meet the special needs of the population.

The RHNA establishes two important parameters for future planning: the “short-term housing construction need” during the planning period which consists of the level of construction necessary to meet the housing needs of the projected population growth for the jurisdiction and takes into account adjustments to meet desired vacancy rates and anticipated housing demolitions; and the “fair share distribution of housing needs among income groups,” which is the future housing need for the planning period distributed among the four income categories of very-low, low, moderate and above-moderate income.

Every five years, California law requires cities to plan to accommodate population and employment growth in their community through implementing responsive housing policies and programs. To assist in that effort, the Southern California Association of Governments (SCAG) prepares housing construction needs goals for each city in southern California as part of the Regional Housing Needs Assessment (RHNA). All local governments, including El Monte, are required to set aside sufficient land, adopt programs, and provide funding, to the extent feasible, to facilitate and encourage housing production commensurate with that need.

Total “housing construction need” comprises three components: 1) the number of housing units needed to accommodate future population and employment growth; (2) an additional allowance to allow for the replacement of demolished units and normal vacancy rates; and (3) a fair adjustment that determines housing need by different affordability levels. The following discusses the specifics of each factor in El Monte.

### ***Population and Job Growth***

The first component of construction need represents the number of units needed to accommodate new households forming as a result of population and employment growth. El Monte’s housing need is based on SCAG’s regional growth forecast adopted in the 2012-2035 Regional Transportation Plan (RTP). The household growth component is determined by calculating the expected population growth that will occur in El Monte from 2014 to 2021. The majority of population growth will occur as a result of housing projects built in the downtown, along corridors, and as infill within neighborhoods. Job growth is an important factor because it creates an additional demand for new housing in a community. The RTP projects that El Monte’s job base will increase by 2,000 jobs over the next 20 years. The

City’s General Plan projects growth in the El Monte Gateway, Flair Business Park, Northwest Industrial District, and El Monte Downtown. The El Monte Gateway EIR

projects an increase of 2,500 to 3,000 new jobs over buildout, with much larger increases slated for Flair Park and Northwest Industrial District.

### ***Housing Factors***

The RHNA goal for new construction incorporates additional units to accommodate two factors in the housing market. First, the housing market requires a certain number of vacant units to allow for sufficient choice for consumers, maintain rents and prices at adequate levels, and encourage normal housing maintenance and repair. In the southern California region, SCAG applied a regional housing vacancy factor of 3.5 percent, which assumes a 2.3 percent ownership vacancy and 5.0 percent rental vacancy.

SCAG also adjusts the construction need goal to replace housing units lost from residential uses. Over time, the City of El Monte can expect that a certain number of housing units will be lost due to demolition, fire, conversion to nonresidential uses, recycling to other uses, or a variety of other reasons. Therefore, SCAG adjusts the City's housing production goals by a standard "replacement factor," which is based on the historical rate of units lost to demolition in each community.

### ***Fair Share Factor***

El Monte's construction need represents the total construction need to accommodate expected population and employment growth, while accommodating a normal amount of vacancies and replacement units. This need is further divided into four household income categories defined by state law. As illustrated earlier in this Technical Report, these include:

- Extremely low: households earning 30 percent or less of CMFI, that is, a maximum income of \$25,300 for a household of four.
- Very low: households earning 31 to 50 percent of CMFI, or a maximum income of \$42,150 for a household of four.
- Low: households earning 51 to 80 percent of CMFI, or a maximum of \$67,450 for a four-person household.
- Moderate: households earning 81 to 120 percent of CMFI, or a maximum income of \$77,750 for a household of four.

California law states that the RHNA is required to avoid or mitigate the overconcentration of income groups in a jurisdiction to achieve its objective of increasing supply and mix of housing types, tenure, and affordability in an equitable manner. In theory, the idea is to require jurisdictions with a smaller proportion of lower income units to provide a larger share of those units as part of their

construction need to compensate for other jurisdictions that already accommodate

| <i>Household Income Levels</i>                                                                                                          | <i>Percent of CMFI</i> | <i>RHNA for 2014-2021</i> |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------|
| Very Low                                                                                                                                | Less than 50%          | 529                       |
| Low                                                                                                                                     | 51% to 80%             | 315                       |
| Moderate                                                                                                                                | 81% to 120%            | 352                       |
| Above Moderate                                                                                                                          | Over 120%              | 946                       |
| <b>Total</b>                                                                                                                            |                        | <b>2,142</b>              |
| Source: Southern California Association of Governments, 2012.                                                                           |                        |                           |
| *The projected need for extremely low income households is assumed to be half of the allocation for very low income units or 264 units. |                        |                           |

their fair share. SCAG adopted a regional policy that each city move 110 percent toward the county income distribution in each income category. The table below presents El Monte's Regional Housing Needs Allocation for the time of 2014 to 2021.

Table 4-1 /2014-2021 RHNA Allocations by Income Category

### Land Use Policy

Higher-density housing reduces land costs on a per-unit basis and thus facilitates the development of affordable housing. Restrictive zoning that requires unusually large lots and building sizes can substantially increase housing costs and impede housing production. Although housing affordability alone is not a fair housing issue, many low- and moderate-income households are disproportionately concentrated in groups protected under the fair housing laws, such as persons with disabilities and persons of color. When the availability of affordable housing is limited, indirectly affecting the housing choices available to groups protected by fair housing laws, fair housing concerns may arise.

The Land Use Policy prescribes the allowable uses of land in El Monte. Land use categories are provided to guide the type of development, intensity or density of development, and the permitted uses of land. The General Plan sets forth three primary residential land use categories and two mixed residential-commercial

land use categories. The Zoning Code implements the General Plan by providing specific direction and development standards within each of the general land

| <i>General Plan Land Use Designation</i>     | <i>Zoning Districts</i> | <i>Allowed Residential Uses</i>                                                                                                                                                                            |
|----------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Low Density Residential<br>(0 to 6 du/ac)    | R-1                     | Single-family detached homes, many of which are on larger lots in the community, particularly in northwest El Monte and Norwood Village area.                                                              |
| Medium Density<br>(6.1 to 14.0 du/ac)        | R-2, R-3                | Accommodates attached and detached single-family homes, townhomes, condominiums, low-rise apartments, and other multifamily residences in higher density residential neighborhoods.                        |
| High Density<br>(14.1 to 25 du/ac)           | R-4                     | Accommodates town homes, apartments, planned residential developments, and senior housing primarily in Downtown, near a mix of transportation, shopping, business, public services, and public facilities. |
| Mixed/Multi-Use Housing<br>(25.1-35.0 du.ac) | M/MU                    | Intended to provide for a mixture of medium density residential and neighborhood commercial development, with a focus along transportation corridors.                                                      |
| Downtown Core<br>(0-25.0 du/ac)              | R-1, R-2, R-3, R-4      | Intended to provide the widest variety of housing types as well as mixed use, both horizontal and vertical uses. This designation is focused in the Greater Downtown.                                      |
| Source: El Monte General Plan, 2011.         |                         |                                                                                                                                                                                                            |

of the general plan land use designations corresponds to one or more specific zoning districts, also described below in Table 3-1.

Table 3-1 General Plan and Zoning Designations



## Housing Opportunities

Housing Element law requires that cities facilitate and encourage the provision of a range in types and prices of housing for all economic and special needs groups. Local government policies that limit or exclude housing for persons with disabilities, lower income people, people who are homeless, families with children, or other groups may violate the Fair Housing Act.

### **Single Family and Multi-Family Residential Housing**

The City of El Monte allows conventional single- and multiple-family housing in a wide variety of residential zones, including some commercial zones. Single-family housing is permitted in all residential zones and conditionally permitted in the C-1 zone. Presently, senior housing is being built or proposed in various commercial zones.

Multiple-family housing (e.g., projects with three or more attached or detached residential units) is conditionally allowed in the R-3 and R-4 zones and within the Mixed/Multi-Use zone and Downtown Core. Multiple-family housing is also a by-right use in the El Monte Gateway/Transit Village Specific Plan.

The City presently applies a conditional use permit for multiple-family housing to address many of the problems inherent in neighborhoods where older apartment projects were built. As the City has grown by annexation and as significant multiple-family projects were built before modern design and management standards, the City has seen significant deterioration of these apartment projects. These projects have led to a devaluation of adjacent

properties and neighborhoods. The City therefore applies a conditional use permit process to ensure that infill housing development within existing residential neighborhoods are built to meet community expectations with respect to design and quality. The City mitigates the impact of the conditional use permit process by designating other areas in the community for mixed/multi-use by right. With the adoption of the 2025 General Plan, more than 100 acres of residential commercial, and industrial land was redesignated and rezoned for mixed/multi-use housing along several corridors and in the El Monte Gateway.

### **Mixed Uses**

Mixed use is allowed within the Neighborhood Commercial and Downtown Core land use districts. The 2025 General Plan also introduced a Mixed/Multi-Use designation which allows for mixed/multiuse housing along corridors. Mixed/multi uses can be vertically integrated (e.g., commercial frontage with residential and/or office uses above the first floor) or horizontal (housing adjacent to commercial and office uses). The scale, size, and mix of land uses vary based on the location and character of surrounding land uses. Densities of 25 to 35 units per acre and/or FAR of up to 1.00 are allowed.

As explained above, the City of El Monte recently updated its General Plan. As part of this effort, the City created a new Mixed/Multi-Use general plan designation and is in the process of implementing the zoning standards to facilitate quality housing along specific corridors in the city. This effort is intended to revitalize aging and underperforming corridors, accommodate future population and employment growth, and also meet the City's share of the region's need for new housing, including affordable housing. Corridors to be redesignated for mixed/multiuses include Garvey Avenue, Durfee Avenue, and Peck Road. Additional programs will specify the permitting process for new housing.

### **Second Dwelling Units**

Second units can provide an important source of affordable housing for persons and families of low and moderate income. The City permits second units on lots that are a minimum of 8,500 square feet for an attached second unit and 12,000 square feet for a detached second unit. Second units are not allowed on lots that are: already developed with more than one unit; a Planned Residential Development; developed with attached dwellings or condominiums; or developed or subdivided with vehicular access from a common private drive, private street, or private access easement.

All residential second units must meet the general standards of the zoning designation for the lot, including density, design, architectural style, general materials of the primary residence, and current building codes. A second unit is approved ministerially as a by-right use provided that the unit does not exceed 650 square feet and has: a minimum gross floor area of 530 square feet, a maximum of two bedrooms, a maximum height of the lesser of 15 feet or the height of the primary residence, a minimum of 10 feet between dwellings, and two off-street uncovered parking spaces. Sixteen second units were built in El Monte between 2006 and 2013.

### **Mobile Home Parks and Manufactured Housing**

California law (Government Code) specifies that permanently sited manufactured homes that are built to the HUD Code may generally not be excluded from lots zoned for single-family dwellings (unless more than 10 years old) and are subject to the same rules as site-built homes, except for certain architectural requirements. A city may not require an administrative permit, planning or development process, or other requirement that is not imposed on a conventional single-family dwelling.

The City of El Monte has amended the Zoning Code to define and distinguish manufactured housing from mobile homes, set forth appropriate architectural guidelines, and define the process for approving or disapproving such uses.

Mobile home parks in the City provide lower income residents with affordable housing. According to a recent study of mobile home parks conducted for the City of El Monte, the average household income of residents in non-mobile homes in the City is approximately \$53,063, while the average household income of residents in mobile homes is approximately \$33,958. Households in mobile homes have almost twice the average percentage of households in poverty when compared to all households in the City. Approximately 48 percent of the population below the age of 55 years living in mobile homes is in poverty. Overall, the percentage of household in mobile homes in the City that are in poverty is about 80 percent higher when compared to non-mobile home households.

Finding alternative sites for the relocation of mobile homes is difficult due to the shortage of vacant rental spaces, which is a function of the actual immobility of mobile homes and the scarce supply of land for mobile home parks and mobile home park spaces. The cost of moving a mobile home is substantial and the risk of damage to the mobile home is significant. Private sector ownership of mobile home parks brings with it economic incentives to raise rents, which in light of the scarcity of spaces and the prohibitive cost of mobile home relocation, makes mobile home owner

susceptible to excessive or unfair rent increases. The study has found that monthly rents for certain mobile home spaces in El Monte exceed the average rent for area apartments, which is \$1,174 per unit/month.

To ensure that conditions are preserved to promote and enhance fairness in the economic relationship between mobile home park owners and mobile home owners, the City of El Monte is currently in the process of adopting a mobile home park rent stabilization ordinance. The City recognizes that mobile home owners and residents should be protected from unreasonable space rental increases, while also recognizing the need of mobile home park owners to receive a just and reasonable return on their investment.

In 2013, the City Council adopted regulations governing the change of use of mobile home parks in order to balance the needs of protecting mobile home park residents from displacement and hardships with the rights of mobile home park owners to make decisions concerning their businesses and property use. The City has adopted Mobile home Park Discontinuance and Tenant Relocation Regulations to set forth procedures for the conversion of an existing mobile home park or spaces to another use. These regulations are intended to benefit the general public by minimizing the adverse impact on the housing supply and on displaced persons by providing certain rights and benefits to tenants and by requiring tenant relocation assistance whenever an existing mobile home park or portion thereof is converted to another use. The regulations require mobile home park owners who wish to convert their property for another use to file an application to discontinue the mobile home park or mobile home park use. The application for discontinuance is required to include a relocation plan that will comply with standards and regulations developed by the Planning Commission.

### **Residential Care Facilities**

California law states that disabled persons and children and adults who require supervised care are entitled to live in normal residential settings. State law preempts cities from imposing many regulations on community care facilities. The Health and Safety Code (§§ 1500 et seq.) requires that group homes serving six or fewer persons be (1) treated the same as any other residential use, (2) allowed by right in all residential zones, and (3) be subject to the same development standards, fees, taxes, and permit procedures as those imposed on the same type of housing in the same zone.

The City allows state-licensed care facilities serving six or fewer persons by right in all residential zones. In compliance with state law, these facilities are treated like any other residential use in the same single-family or multiple-family residential zone. The City also permits residential facilities serving seven or more

residents in any zone pursuant to a conditional use permit as allowed in state law. In recent years, the City has received requests to establish sober living homes, boarding and lodging houses, parolee homes, and other uses not licensed by the State of California. Currently, the Zoning Code does not define these uses nor provide guidance regarding how to permit or regulate these facilities in a manner compatible with residential neighborhoods. As a result, some facilities could be unduly denied permission to locate in El Monte while others could be allowed by right, even in cases where the City actually has the authority to impose reasonable regulations.

The City has amended the Zoning Code to define residential care facilities consistent with state law and specified the permitting processes required for these uses under state law.

### **Housing for Homeless People**

Recent state legislation has dramatically changed the ways in which local governments address homelessness. The state legislature has recognized the growing problem of homelessness, the complex causes associated with homelessness (including lack of affordable housing, mental illness and substance abuse, and release from prison), the lack of facilities available for individuals and families, and the need for all communities to provide housing opportunities for this segment of the population.

As discussed in the Community Profile, El Monte has an estimate of 364 homeless people including 244 people living in emergency shelters and transitional housing. The Census definition includes people staying in shelters and hotels/motels that were used as shelter. Local estimates from service agencies estimate that El Monte also has approximately 100 to 150 homeless people living on the street. The state legislature thus enacted Senate Bill 2 to address this need, which allows for a continuum of housing opportunities for homeless people, including emergency shelter, transitional housing, and permanent supportive housing. El Monte's provisions for such are described below.

- ***Emergency Shelters.*** Emergency shelters are the first step in a homeless continuum of care program and are designed to allow homeless people a temporary place of stay. During the previous planning period, the Development Code was amended to define this use and permit an emergency shelter in the community.
- ***Transitional Housing.*** Transitional facilities typically accommodate homeless people for up to two years as they stabilize their lives. The City allows transitional facilities serving six or fewer residents in any

residential zone, and has clarified the definition of facility in the Development Code.

- **Supportive Housing.** Supportive housing is affordable housing with on-site or off-site services that help a person or family with multiple barriers to employment and housing stability. During the previous planning period, the Development Code was amended to define supportive housing and permit such facilities in the community.

Pursuant to recent changes in State law, jurisdictions with an unmet need for emergency shelters are now required to identify a zone(s) where emergency shelters will be allowed as a permitted use without a conditional use permit or other discretionary permit. The identified zone must have sufficient capacity to accommodate the shelter need, and at a minimum provide capacity for at least one year-round shelter. Permit processing, development and management standards for emergency shelters must be objective and facilitate the development of, or conversion to, such uses.

The 2008-2014 Housing Plan designated the M-1 district, south of Garvey Avenue, as the appropriate zone for emergency shelters. During the previous planning period, the Zoning Code was amended to create an overlay district that will allow for emergency shelters as a by right use within the overlay zone, subject to the same development and management standards as other permitted uses in the zone. The development standards that apply to these areas are the least restrictive. The area allows a maximum FAR of 1.5, with no height restrictions. Parking is 1 space per 500 square feet of leasable space. The front setback

is 40 to 50 feet, with only 20 to 25 feet side and rear setback. The M-1 overlay is well suited for an emergency shelter. Located near Flair Park and downtown, the zone is within 1 mile of service providers, transit, health care, employment training, and other services. Major transit routes run along Garvey Avenue, connecting users to all parts of El Monte. Heavy manufacturing uses have long left El Monte and the Zoning Code is being amended to allow light industrial uses compatible with the area. There are no environmental or health risks in the general area.

With respect to area, the subject area contains 94 parcels that total 21 acres. Many of the adjacent sites are owned by a single property owner. Thus, the average size of the 78 combined parcels is approximately 12,000 square feet. The area is highly underutilized with marginal businesses occupying many sites, including kennels, light industrial uses, warehousing or storage. Vacancy rates are high within the area, indicating that buildings are suitable for renovation/conversion to an emergency shelter. In addition to application of M-

1 development standards, pursuant to SB 2, the City can also specify written, objective standards to regulate the following aspects of emergency shelters to enhance compatibility:

- Maximum number of beds or persons permitted to be served nightly by the facility;
- Size and location of exterior and interior onsite waiting and client intake areas and lighting and security;
- Off-street parking based on demonstrated need, but not to exceed parking requirements for other residential or commercial the size;
- Provision of on-site management;
- Proximity of other emergency shelters, provided that emergency shelters are not required to be more than 300 feet apart; and the length of stay.

## Regulatory Concessions

The City uses several planning tools to facilitate and encourage the development of a wide variety of creative housing products that are affordable to people earning a wide range of incomes. These regulatory concessions are described below:

***Density Bonus.*** The City approves density bonuses for residential projects that allow up to 25 percent more units than otherwise authorized in a particular zone when affordability targets are met as specified in state law. The City has allowed density bonuses for many senior apartment projects built in recent years. This allows a project to achieve higher rental incomes, thus enabling the subsidization of units affordable to low and moderate income households.

***Planned Residential Development (PRD).*** The City uses a PRD designation to foster and encourage innovative design, variety, flexibility in land use, and a broad mix of housing types that would not be allowed in certain zoning districts. Zoning regulations pertaining to yard requirements, lot dimensions, street frontage of lots, and limitations on the number of dwelling units need not be applied if the Planning Commission finds and determines otherwise.

***Modification-Variance.*** A modification may be granted for a parcel with physical characteristics so unusual that complying with the Zoning Code creates an exceptional hardship to the applicant or the Local Government Development Fees surrounding property owners. The characteristics must be unique to the property and, in general, not shared by adjacent parcels. A three member group that includes the Building Official, Planning Services Manager, and one Planning Commissioner reviews the request and

decide subject to appeal by the applicant to the Planning Commission. Variances require Planning Commission approval.

## Development Fees and Taxes

The City of El Monte, like other cities in the region, charges various fees and assessments to cover the cost of processing development permits and ensure that adequate public facilities and services are available to support residential developments. Pro formas were analyzed based on different sizes of residential products.

Development fees range from \$15,800 to \$24,700 per unit depending on the size of the project, density, and location. City fees are approximately 6 percent of the project per-unit sales price, are generally comparable to other local jurisdictions, and are not considered to be a constraint to the development of affordable housing, given that many affordable senior projects have been built in the previous planning period.

In certain cases, however, the City has subsidized the cost of housing construction through the financing of site improvements, rebate of fees, and granting of density bonuses—all of which help to increase project revenues and mitigate the impact of fees on the construction of housing. Thus, although fees do add to the cost of residential development, the fees are not considered to constrain the production of affordable housing.



**Table 4-5 Development Impact Fee Schedule for the City of El Monte**

| <i>City Fees</i>                   | <i>Single-Family Project</i> | <i>Condominium 20-Unit Project</i> | <i>Apartment 40-Unit Project</i> |
|------------------------------------|------------------------------|------------------------------------|----------------------------------|
| Planning fees                      | \$310                        | \$11,410                           | \$10,125                         |
| Engineering fees                   | \$2,718                      | \$6,926                            | \$9,145                          |
| Building fees                      | \$4,800                      | \$37,196                           | \$55,212                         |
| Park in-lieu fee (Quimby)          | \$6,032                      | \$110,000                          | \$220,800                        |
| Streets (\$815/unit)               | \$815                        | \$16,300                           | \$32,600                         |
| Traffic (\$67.90/unit)             | \$67.90                      | \$1,358                            | \$2,716                          |
| NPDES paid to LACFCD*              | \$1,000                      | \$15,000                           | \$24,000                         |
| Drainage & Sewer (\$1,980/MF unit) | \$2,474                      | \$39,600                           | \$79,200                         |
| Public Art Fee (1% of valuation)   | \$0.00                       | \$32,000                           | \$45,000                         |
| School fee (\$3.20/sq. ft.)        | \$6,400                      | \$96,000                           | \$153,600                        |
| <b>Total</b>                       | <b>\$24,616.90</b>           | <b>\$366,190</b>                   | <b>\$632,398</b>                 |
| <b>Per housing unit</b>            | <b>\$24,616.90</b>           | <b>\$18,309</b>                    | <b>\$15,809.95</b>               |
| Source: City of El Monte, 2013.    |                              |                                    |                                  |

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The City of El Monte has adopted the 2010 edition of the California Building Code, based upon the 2006 International Building Code with local governments. California cities are required to adopt the California Building Standards Code (Title 24 of the California Code of Regulations). The Code is a set of uniform health and safety codes covering building, electrical, mechanical, plumbing, fire safety, and other issues. Uniform codes are considered the minimum acceptable standards for health and safety.

Building codes regulate new construction and substantial rehabilitation. They are designed to ensure that adequate standards are met to protect against fire, collapse, unsanitary conditions, and safety hazards. The City follows the same building code standards as does Los Angeles County. These standards are set by the California Building Code. Building costs in El Monte do not appear to be unduly increased through local building codes. However, state regulations with respect to energy conservation, though perhaps cost effective in the long run, may add to initial construction costs.

State law allows cities to add local, more restrictive, amendments to the California Building Code, provided such amendments are reasonably necessary to address local climatic, geological, or topographic conditions. The City has

adopted local amendments to address fire hazards, seismic conditions, wind conditions and minimal construction techniques for heavy rains and floods caused by special environmental conditions. None of these amendments directly or indirectly limits the type of housing opportunities available to disabled people nor limits access to housing. All local amendments are intended to strengthen and enhance building and safety standards to provide safer housing opportunities and disabled access to housing in excess of California's current requirements.

## Accessibility Standards

El Monte also enforces the requirements of the 2010 California Building Codes and the applicable amendments of the City of El Monte set forth in Ordinance No. 890. The City's Building and Safety Department requires plans with fully dimensioned details indicating compliance with disabled access requirements, including:

- Disabled unit(s) and disabled adaptable unit(s)
- Disabled parking spaces
- Paths of travel from disabled parking spaces to building entrance
- Building entrance and paths of travel within the building
- Disabled access to facilities within the building, including restrooms, telephones, drinking fountains, and counters

## Section 5

# FAIR HOUSING PRACTICES

This section provides an overview of the institutional structure of the housing industry with regard to fair housing practices. In addition, this section discusses the fair housing services available to residents, as well as the nature and extent of fair housing complaints received by the fair housing provider. Typically, fair housing services encompass the investigation and resolution of housing discrimination complaints, discrimination auditing/testing, and education and outreach, including the dissemination of fair housing information. Tenant/landlord counseling services are usually offered by fair housing service providers but are not considered fair housing services.

### Fair Housing Practices in the Homeownership Market

On December 5, 1996, the U.S. Department of Housing and Urban Development (HUD) and the National Association of Realtors (NAR) entered into a Fair Housing Partnership. Article VII of the HUD/NAR Fair Housing Partnership Resolution provides that HUD and the NAR develop a Model of Affirmative Fair Housing Marketing Plan for use by members of the NAR to satisfy HUD's Affirmative Fair Housing Marketing regulations. Even so, room for discrimination still exists in the housing market.

#### **The Homeownership Process**

One of the main challenges in owning a home versus renting a home is the process. Buying a house takes considerably more time and effort than finding a home to rent. The major legal and financial implications surrounding the process also intimidate potential buyers. Typically, people are overwhelmed by the unique terminology, the number of steps required and the financial considerations involved. The process is costly, and fair housing issues may surface at any time during this process.

#### **Advertising**

The first thing a potential buyer is likely to do when evaluating a home purchase is search advertisements either in magazines, in newspapers, or via the Internet to get a feel for what the market offers. Language in advertising is sometimes an issue within the realm of real estate. Advertisements cannot include discriminatory references such as the use of words describing current or potential residents, or the neighbors or the neighborhood in racial or ethnic terms. Some commonly used statements that are discriminatory include the following:

- Adults preferred
- Perfect for empty nesters
- Conveniently located by a particular church
- Ideal for married couples without children

Even the use of models in ads has been questioned, based on the idea that such advertising appears to appeal to a certain race. In addition, selecting media or locations for advertising that deny information on listings to certain segments of the housing market could also be considered discriminatory. Even if an agent does not intend to discriminate in an ad, it would still be considered a violation to suggest to a reader whether a protected class is preferred. In cities where there is a sizable Hispanic/Latino population, the homeownership process offers opportunities for fair housing violations to arise due to the natural tendency to advertise in a specific language such as Spanish. Although the advertisements might not violate fair housing laws, these advertisements could limit opportunities for other racial/ethnic groups to find housing. Recent litigation has set a precedent for violations through advertising that hold publishers, newspapers, the Multiple Listing Service, real estate agents, and brokers accountable for discriminatory ads. As a reminder to choose words carefully, the Multiple Listing Service now prompts a fair housing message when a new listing is being added.

### **Lending**

Initially, buyers must find a lender that will qualify them for a loan. This part of the process entails an application, a credit check, an analysis of ability to repay and the amount for which one is eligible, choosing the type and terms of the loan, et cetera. Applicants are requested to provide a great deal of sensitive information, including their gender, ethnicity, income level, age, and familial status. Most of this information is used for the purposes of reporting required of lenders by the CRA and HMDA; however, there is no guarantee that individual loan officers or underwriters will not misuse the information. A report on mortgage lending discrimination by the Urban Land Institute<sup>7</sup> outlines four basic stages in which discrimination can occur:

- Advertising and outreach
- Pre-application inquiries
- Loan approval/denial and terms/conditions
- Loan administration

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<sup>7</sup>Turner, M.A., & Skidmore, F. (Eds.). (1999, June). *Mortgage Lending Discrimination: A Review of Existing Evidence*. Washington, DC: Urban Institute.

A number of different individuals take part in the various stages of this process, and any of them could potentially discriminate. Further areas of potential discrimination include differences in the level of encouragement, financial assistance, types of loans recommended, amount of down payment required, and level of customer service provided.

### **Real Estate Agents**

Finding a real estate agent is normally the next step, which can be done by looking in newspapers, searching the Internet, and primarily through referrals. The agent will find the home that fits a buyer's needs, desires and budget based on the amount for which he or she is qualified by the lending institution. Realtors may act as agents of discrimination by unintentionally or even intentionally steering potential buyers to or from a particular neighborhood. In a jurisdiction with a significant Hispanic/Latino population, a real estate agent might assume that a non-Hispanic/Latino buyer would not be interested in living in the community or that Hispanic/Latino buyers would prefer living in a Hispanic/Latino community. This situation could also apply to other protected classes who might be steered away from certain areas on the presumption that they might not want to live there based on the existing demographic makeup of the neighborhood.

Agents might also discriminate by whom they agree to represent, whom they turn away, and the comments they make about their clients. However, the California Association of Realtors (CAR) has included language on many of its forms disclosing fair housing laws to those involved. Many realtor associations also host fair housing trainings and seminars to educate their members on the provisions and liabilities of fair housing laws. The Equal Opportunity Housing symbol is also located on all forms as a reminder.

### **Appraisals**

Banks order appraisal reports to determine whether a property is worth the amount of the loan requested. Generally speaking, appraisals are based on the comparable sales of properties surrounding the neighborhood of the property being appraised. Other factors are taken into consideration, such as the age of the structure, any improvements made, and location. Some neighborhoods with higher concentrations of minorities might appraise lower than like properties in neighborhoods with lower concentrations. Unfortunately, this practice is geared toward a neighborhood and not an applicant, and therefore is not a direct violation of fair housing law that can easily be addressed. One effect of this practice, however, is that it tends to keep property values lower in a given neighborhood, thereby restricting the amount of equity and capital available to those residents. Individual appraisers are the ones making the decisions on the amounts, thus there is room for flexibility in the numbers. As appraisers are

individually licensed, similar to real estate agents, they risk losing their licenses for unfair practices.

### **Sellers**

A seller might not want to sell his/her house to certain purchasers based on classification biases protected by fair housing laws, or he/she might want to accept offers only from a preferred group. Often, sellers are at home when agents show the properties to potential buyers and could develop certain biases based on this contact. Sellers must sign the Residential Listing Agreement and Seller's Advisory forms, which disclose that a seller understands fair housing laws and practices of nondiscrimination. Yet, enforcement is difficult because a seller may have multiple offers and choose one based on a bias.

### **Covenants, Conditions and Restrictions**

Covenants, Conditions and Restrictions (CC&Rs) in the past were used to exclude certain groups such as minorities from equal access to housing in a community. Today, the California Department of Real Estate reviews CC&Rs for all subdivisions of five or more lots, or condominiums of five or more units. This review is authorized by the Subdivided Lands Act and mandated by the Business Professions Code, Section 11000. The review includes a wide range of issues, including compliance with fair housing laws. The review must be completed and approved before the Department of Real Estate will issue a final subdivision public report. This report is required before a real estate broker or anyone else can sell the units, and each prospective buyer must be issued a copy of the report. If the CC&Rs are not approved, the Department of Real Estate will issue a "deficiency notice," requiring the CC&Rs to be revised.

Communities with older subdivisions or condominium developments might still contain CC&Rs that do not comply with the fair housing laws. A typical example relates to occupancy standards, which an association might seek to enforce in order to oust a particular group or discriminate based on familial status or lack thereof. However, provisions in the CC&Rs that violate the fair housing laws are not enforceable by the homeowners association.<sup>8</sup>

### **Insurance**

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<sup>8</sup>In 1985, the Davis-Stirling Common Interest Development Act (Civil Code § 1353-1378) was passed by the State of California. The Davis-Stirling Act contains all laws pertaining to Common Interest Developments (CIDs) and requires all CIDs to be managed by an association. Developers are required to create CC&Rs and bylaws, which are the governing documents that dictate how the association operates and what rules the owners—and their tenants and guests—must obey. The CC&Rs are legally enforceable by the association and individual owners, and nothing in the CC&Rs can take precedence over federal, state or local laws.

Insurance agents are provided with underwriting guidelines for the companies for whom they work to determine whether a company will sell insurance to a particular applicant. Currently, underwriting guidelines are not public information, however, consumers have begun to seek access to these underwriting guidelines in order to learn if certain companies have discriminatory policies. Some states are being more responsive than others to this demand and have recently begun to require that companies file their underwriting guidelines with the state department of insurance, which would then make the information public.

Many insurance companies have applied strict guidelines, such as not insuring older homes, that disproportionately affect lower-income and minority families who can only afford to buy in older neighborhoods. A California Department of Insurance (CDI) survey found that less than 1% of homeowner's insurance available in California is currently offered free from such stringent restrictions.<sup>9</sup> The CDI has also found that many urban areas are underserved by insurance agencies.

The California Organized Investment Network (COIN) is a collaboration of the CDI, the insurance industry, community economic development organizations, and community advocates. This collaboration was formed in 1996 at the request of the insurance industry as an alternative to state legislation that would have required insurance companies to invest in underserved communities, similar to the federal CRA that applies to the banking industry. COIN is a voluntary program that facilitates insurance industry investments to provide profitable returns to investors and economic and social benefits to underserved communities.

The California Fair Access to Insurance Requirements (FAIR) Plan was created by the legislature in 1968 after the brush fires and riots of the 1960s made it difficult for some people to purchase fire insurance due to hazards beyond their control. The FAIR Plan is designed to make property insurance more readily available to people who have difficulty obtaining it from private insurers because their properties are considered "high risk."

### **Credit and FICO Scores**

Credit history is one of the most important factors in obtaining a home purchase loan. Credit scores determine loan approval and the interest rate associated with a loan, as well as the type of loan an applicant will be given. Applicants with high credit scores are generally given conventional loans, whereas those with

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<sup>9</sup>California Department of Insurance. (2010, February 8). *Homeowners Premium Survey*. Section 12959 of the California Insurance Code requires the commissioner to publish and distribute a comparison of insurance rates report for those lines of insurance that are of most interest to individual purchasers of personal lines of coverage.

lower and moderate range scores often utilize government-backed loans or subprime loans. Applicants with lower scores also receive higher interest rates on their loans as a result of being perceived as a higher risk to the lender, and may even be required to pay points depending on the type of lending institution used.

Fair Isaac & Company (FICO), which is the company used by the Experian (formerly TRW) credit bureau to calculate credit scores, has set the standard for the scoring of credit history. TransUnion and Equifax are two other credit bureaus that also provide credit scores, though they are typically used to a lesser degree.

In short, points are awarded or deducted based on certain items such as how long one has had credit cards, whether one makes payments on time, if credit balances are near the maximum, et cetera. Typically, the scores range from the 300s to around 850, with higher scores demonstrating lower risk. Lower credit scores require a more thorough review than higher ones, and mortgage lenders will often not even consider a score below 620.

FICO scores became more heavily relied on by lenders when studies conducted showed that borrowers with scores above 680 almost always make payments on time, whereas borrowers with scores below 600 seemed fairly certain to develop problems. Credit scores also made it easier to develop computer programs (electronic underwriting) that can make a “yes” decision for loans that should obviously be approved. Some of the factors that affect a FICO score are as follows:

- Delinquencies
- New accounts (opened within the last 12 months)
- Length of credit history (a longer history of established credit is better than a short history)
- Balances on revolving credit accounts
- Public records, such as tax liens, judgments or bankruptcies
- Credit card balances
- Number of inquiries
- Number and types of revolving accounts

There has been some debate recently regarding the accuracy of the credit scoring software used by lenders. In particular, soon after its release, the *Los Angeles Times* Real Estate section featured articles suggesting that the NextGen software model, which was designed by Fair Isaac & Company, was not being used by lenders due to the high cost of the software, even though it is a more fair and accurate version. The new model is said to increase scores by 50 to 100



points and has been on the market for several years. However, research performed by the research and consulting firm TowerGroup found that, for many lenders, the higher price for the NextGen software, including the evaluation, implementation, systems, and training costs, and the embedded mortgage industry commitment to classic FICO, did not warrant switching from the classic FICO standard. In March 2006, Experian introduced yet another credit score system, VantageScore, which is similar to FICO's NextGen. VantageScore will likely face the same challenges as NextGen, but may have more success depending on ease of use and cost.

## National Association of Realtors

The National Association of Realtors (NAR) has developed a Fair Housing Program to provide resources and guidance to Realtors in ensuring equal professional services for all people. The term *Realtor* identifies a licensed professional in real estate who is a member of the NAR. However, not all licensed real estate brokers and salespersons are members of the NAR.

### Code of Ethics

Article 10 of the NAR Code of Ethics provides that "Realtors shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. Realtors shall not be a party to any plan or agreement to discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin." A Realtor pledges to conduct business in keeping with the spirit and letter of the Code of Ethics. Article 10 imposes obligations on Realtors and is a firm statement of support for equal opportunity in housing. A Realtor who suspects discrimination is instructed to call the local Board of Realtors. Local Boards of Realtors will accept complaints alleging violations of the Code of Ethics filed by a home seeker who alleges discriminatory treatment in the availability, purchase, or rental of housing. Local Boards of Realtors have a responsibility to enforce the Code of Ethics through professional standards, procedures, and corrective actions in cases where a violation of the Code of Ethics is proven to have occurred.

In addition, Standard of Practice Article 10-1 states that "REALTORS® shall not volunteer information regarding the racial, religious, or ethnic composition of any neighborhood and shall not engage in any activity which may result in panic selling. REALTORS® shall not print, display, or circulate any statement or advertisement with respect to the selling or renting of a property that indicates any preference, limitations, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin."

**Realtor Fair Housing Declaration**

In accordance with the Code of Ethics, each Realtor signs the following pledge, developed in 1996 as a result of the HUD/NAR agreement:

I agree to

- Provide equal professional service without regard to race, color, religion, sex, handicap, familial status, or national origin of any prospective client, customer, or of the residents of any community.
- Keep informed about fair housing law and practices, improving my clients' and customers' opportunities and my business.
- Develop advertising that indicates that everyone is welcome and no one is excluded, expanding my client's and customer's opportunities to see, buy, or lease property.
- Inform my clients and customers about their rights and responsibilities under the Fair Housing Laws by providing brochures and other information.
- Document my efforts to provide professional service, which will assist me in becoming a more responsive and successful Realtor.
- Refuse to tolerate non-compliance.
- Learn about those who are different from me, and celebrate those differences.
- Take a positive approach to fair housing practices and aspire to follow the spirit as well as the letter of the law.
- Develop and implement fair housing practices for my firm to carry out the spirit of this declaration.

**California Association of Realtors**

The California Association of Realtors (CAR) is a trade association of Realtors statewide. As members of an organized real estate profession, Realtors subscribe to a strict code of ethics as noted above. The CAR has recently created the position of equal opportunity/cultural diversity coordinator. The CAR holds three meetings per year for its general membership, and the meetings typically include sessions on fair housing issues.

**Realtor Associations Serving El Monte**

Realtor associations are generally the first line of contact for real estate agents who need continuing education courses, legal forms, career development, and other daily work necessities. The frequency and availability of courses varies among these associations, and local association membership is generally determined by the location of the broker for which an agent works.

Complaints involving agents or brokers may be filed with these associations. Monitoring of services by these associations is difficult as statistics on the education/services the agencies provide or statistical information pertaining to the members is rarely available. The contact information for the Association of REALTORS servicing the city of El Monte is as follows:

CALIFORNIA ASSOCIATION OF REALTORS® INC  
525 South Virgil Avenue  
Los Angeles, California 90020

## California Department of Real Estate

The California Department of Real Estate (DRE) is the licensing authority for real estate brokers and salespersons. As noted earlier, not all licensed brokers and salespersons are members of the National or California Association of Realtors.

The DRE has adopted education requirements that include courses in ethics and fair housing. To renew a real estate license, each licensee is required to complete 45 hours of continuing education, including three hours in each of the four mandated areas: agency, ethics, trust fund handling, and fair housing. The fair housing course contains information that will enable an agent to identify and avoid discriminatory practices when providing real estate services to clients.

On or after January 1, 1996, a real estate salesperson renewing his/her license for the first time must complete separate three-hour courses in agency, ethics, trust fund handling, and fair housing to qualify for renewal. All licensees, with the exception of those renewing for the first time, are required to complete a full 45 hours of continuing education for each license renewal.

For the initial renewal on or after January 1, 1996, the law requires, as part of the 45 hours of continuing education, completion of four mandatory three-hour courses in agency, ethics, trust fund handling, and fair housing. These licensees will also be required to complete a minimum of 18 additional hours of courses related to consumer protection. The remaining hours required to fulfill the 45 hours of continuing education may be related to either customer service or consumer protection, at the option of the licensee.

The DRE requires all licensees to provide proof of continuing education courses with the following exceptions:

- An applicant provides proof that he/she is 70 years of age or older.

- An applicant provides proof that he/she has been licensed for 30 consecutive years.

## Fair Housing Practices in the Rental Housing Market

Similar to the homeownership market, a major challenge to ensuring fair housing in the rental market is the complexity of the process. There are several stages in the process of renting a home or an apartment: 1) the advertising and outreach stage, 2) pre-application inquiries and responses, 3) the criteria for acceptance, 4) the lease, and 5) administration of the lease. This section discusses these phases of the rental process. Although a potential homebuyer may face discriminatory practices primarily during the process of purchasing a home, a renter may confront housing discrimination not only during the process of renting but throughout the tenancy.

### **The Apartment Rental Process**

Although the process of renting an apartment may be less expensive and burdensome upfront than the homebuying process, it may still be just as time-consuming, and potential renters may still face discrimination during various stages of the rental process.

#### *Advertising*

Like finding a home to purchase, the main sources of information are the classified advertisements in El Monte Examiner, word of mouth, signs, apartment guides, the internet, and apartment brokers. The same types of discriminatory language previously described under the homeownership process may be used by landlords or apartment managers to exclude “undesirable elements.”

A particularly difficult situation to address is the development of small apartment complexes during the housing boom. These new complexes are sometimes owned and operated by property owners who are new to the rental housing industry. Compliance with fair housing laws is difficult to monitor among the large number of small property owners. Outreach to this group is also difficult because many of these owners do not belong to the apartment owners’ or apartment managers’ associations and are not active in participating in events/trainings offered by these associations. Advertising by small property owners may not always comply with the fair housing laws. For example, rental ads in local Spanish-language newspapers do not always appear in the English-language newspapers, as required by law.

#### *Viewing the Unit*

Viewing the unit is the most obvious place where potential renters could encounter discrimination because landlords or managers might discriminate based on race or disability, or judge on appearance whether a potential renter is reliable or might violate any of the rules. For example, there have been cases where a manager tries to deter a family by indicating strict occupancy standards or frowning on the presence of young children accompanying a viewer. Furthermore, discrimination against families with children and people with disabilities is even more prevalent than racial discrimination.

#### *Credit/Income Check*

Landlords may ask potential renters to provide credit references, lists of previous addresses and landlords, and employment history/salary. The criteria for tenant selection, if any, are typically not known to those seeking to rent. Many landlords often use credit history as an excuse when trying to exclude certain groups. Recent legislation provides for applicants to receive a copy of the report used to evaluate applications. In addition, applicants may request a copy of their credit report (for a fee) to verify that the information used to approve/deny their application is accurate.

#### *The Lease*

Most apartments are rented under either a lease agreement or a month-to-month rental agreement. A lease is favorable from a tenant's point of view for two reasons: the tenant is assured the right to live there for a specific period of time, and the tenant has an established rent during that period. Most other provisions of a lease protect the landlord. Information written in a lease or a rental agreement includes the rental rate, the required deposit, length of occupancy, the apartment rules, and termination requirements.

In a tight housing market, when a landlord can "financially afford" to choose tenants, the tendency is to offer shorter lease terms. In this case, a landlord might simply ask the "not-so-desirable" tenant to leave with a 60-day notice to vacate. Short-term leases also allow the landlord to raise rent more frequently.

Typically, the lease or rental agreement is a standard form completed for all units within the same building. However, the enforcement of the rules contained in the lease or the agreement might not be standard for all tenants. A landlord might act in a discriminatory way and choose strict enforcement of the rules for certain tenants based on arbitrary factors, such as race, presence of children, or disability. Since the recent escalation of housing prices throughout California, complaints regarding tenant harassment through strict enforcement of lease agreements as a means of evicting tenants have increased.

#### *Security Deposit*

A security deposit is typically required to rent a housing unit. To deter “less-than-desirable” tenants, a landlord might ask for a security deposit higher than usual. Tenants could also face differential treatment when vacating the units. The landlord might choose to return a smaller portion of the security deposit to some tenants, claiming excessive wear and tear. A landlord might require that persons with disabilities with service animals pay an additional pet rent, a monthly surcharge for pets, or a deposit, which is also a discriminatory act.<sup>10</sup>

#### *During the Tenancy*

During tenancy, the most common forms of discrimination a tenant may face are based on familial status, race, national origin, sex, or disability. Usually, these types of discrimination appear in differential enforcement of rules, overly strict rules for children, excessive occupancy standards, refusal to make a reasonable accommodation for handicapped access, refusal to make necessary repairs, eviction, notices, illegal entry, rent increases, or harassment. These actions might be used as a way to force undesirable tenants to move on their own without the landlord having to make an eviction.

#### *Apartment Association*

The California Apartment Association (CAA) is the country’s largest statewide trade association for rental property owners and managers. The CAA was incorporated in 1941 to serve rental property owners and managers throughout California. The CAA represents rental housing owners and professionals who manage more than 1.5 million rental units. Under this umbrella agency, various apartment associations cover specific geographic areas.

The CAA has developed the California Certified Residential Manager (CCRM) program to provide a comprehensive series of courses geared toward improving the approach, attitude, and professional skills of onsite property managers and other interested individuals. The CCRM program consists of 31.5 hours of training that includes training on fair housing and ethics issues.

The CAA supports the intent of all local, state, and federal fair housing laws for all residents without regard to color, race, religion, sex, marital status, mental or physical disability, age, familial status, sexual orientation, or national origin. Members of the CAA agree to abide by the following provisions of their Code for Equal Housing Opportunity:

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<sup>10</sup>Okeon, Molly R. (2008, January 21). “Keeping the house in order: Watchdog organization has fought discrimination for three decades.” *Pasadena Star-News*.

- *We agree that in the rental, lease, sale, purchase, or exchange of real property, owners and their employees have the responsibility to offer housing accommodations to all persons on an equal basis;*
- *We agree to set and implement fair and reasonable rental housing rules and guidelines and will provide equal and consistent services throughout our residents' tenancy;*
- *We agree that we have no right or responsibility to volunteer information regarding the racial, creed, or ethnic composition of any neighborhood, and we do not engage in any behavior or action that would result in steering; and*
- *We agree not to print, display, or circulate any statement or advertisement that indicates any preference, limitations, or discrimination in the rental or sale of housing.*

The CAA, Los Angeles Division serves El Monte. This local chapter of the CAA provides members with information and training on such topics as ethics, credit checks, addressing code enforcement violations, property management, and pre-inspections.

## Fair Housing Services

In general, fair housing services include investigating and resolving housing discrimination complaints; discrimination auditing and testing; and education and outreach, such as disseminating fair housing information through written materials, workshops and seminars. Landlord/tenant counseling services involve informing landlords and tenants of their rights and responsibilities under fair housing law and other consumer protection legislation, and mediating disputes between landlords and tenants.

### **Housing Rights Center - City of El Monte**

For the FY 15/16 program year, the Housing Rights Center delivered a comprehensive fair housing program for the City of El Monte, as reported to the City on a quarterly basis throughout the year. The following summary highlights program services specifically designed for El Monte residents, or those designed to have a *regional* impact.

ANNUAL HOUSING RIGHTS SUMMIT. HRC held its flagship event, the *Housing Rights Summit*, on April 21, 2016, attracting over 250 attendees from across the Southland and nationally. The program included presentations on a wide variety of social service issues, including the legal challenges facing American Indians, HUD's new Affirmatively Furthering Fair Housing Rule, and issues facing our homeless youth population.

HOUSING RIGHTS WORKSHOPS AND FAIR HOUSING PRESENTATIONS. During the 15/16 program year, HRC provided El Monte residents with three live outreach events of particular note, including: one workshop conducted for the general public and one workshop designed for housing industry professionals, both conducted at the El Monte Public Library, along with a presentation for clients of El Monte Veterans Housing. These presentations and workshops provided attendees with an overview of the fair housing laws, protected classes, and unlawful housing practices, along with information about HRC's programs and services. HRC distributed approximately 404 pieces of fair housing and promotional literature throughout the course of these events.

BOOTHES. HRC staffed informational booths at three events easily accessible to El Monte residents: the El Monte-Rosemead Adult School Resource Health Fair, the Foothill Family Holiday Resource Fair, and the El Monte Reentry Resource Fair. These events allowed HRC and other social, health, and nonprofit organizations, along with local businesses, to reach out to local residents individually and to increase the visibility of services available to the community. These events were attended by approximately 670 individuals, and provided HRC with the opportunity to distribute 612 pieces of fair housing literature.

PUBLIC SERVICE ANNOUNCEMENTS. HRC issues public service announcements (PSAs) during each program year to an extensive roster of media contacts in various cities throughout its service areas, including El Monte. These regional press releases, often bilingual, are designed to keep the public informed of HRC's community events and fair housing enforcement activities. HRC also issues PSAs of specific local interest which, during the 15/16 program year, included two bilingual PSAs submitted to El Monte's Channel 3 to promote HRC's fair housing workshops for the City of El Monte.

PRESS RELEASES. During the 15/16 program year, HRC issued five press releases of interest to El Monte residents, directed to various media contacts serving the El Monte area (including the Los Angeles Times, Mid Valley News, Inland Valley Newspaper, San Gabriel Valley Examiner, San Gabriel Valley Tribune, San Gabriel Valley Journal, and other regional and national news publications). These media efforts were made to advertise HRC's upcoming fair housing workshops for El Monte residents, the agency's conciliation of a disability discrimination case against a young cancer victim, HRC's efforts under its Fair Housing Initiatives Program grant from HUD, and to announce the Affirmatively Furthering Fair Housing Final Rule released by HUD.



NEWSLETTERS. During the 15/16 program year, HRC released its *Disability Rights Bulletin*, a newsletter featuring information about disability-related laws and issues. This publication is made available to all community-based organizations throughout HRC's service areas that assist people with disabilities.

GENERAL LITERATURE DISTRIBUTION. As noted above, HRC distributed 1,016 pieces of fair housing literature to attendees of HRC's presentations, workshops, and booths conducted specifically for El Monte residents. In addition, HRC conducts mass distributions of fair housing literature throughout the City of El Monte to provide local tenants, parents, students, and the general community with up-to-date information about discrimination and fair housing, and to announce HRC's upcoming fair housing events in the El Monte area, this year totaling over 1,089 pieces of literature.

## **Section 6**

# **CONCLUSIONS, IMPEDIMENTS AND ACTIONS**

The earlier sections of this AI identify common problems and potential barriers to fair housing in the city of El Monte. This section builds on the previous analysis, summarizes conclusions and outlines the City's commitment to actions for addressing the impediments to fair housing. Certain households and individuals may be more susceptible to discrimination due to special circumstances, needs or personal attributes.

## **Conclusions and Impediments**

The following is a list of key conclusions and potential impediments that may exist in the City of El Monte.

### **Jurisdictional Data**

#### Housing Affordability

Overpayment is defined as households paying more than 30 percent of their gross income on housing related expenses. This includes rent or mortgage payments and utilities. High housing costs can cause households to spend a disproportionate percentage of their income on housing. This may result in repayment problems, deferred maintenance or overcrowding. Severe overpayment is defined as paying 50 percent or more of the household's gross income on housing related expenses.

Increasing rents and home prices have made it more difficult for residents to afford housing in El Monte. Overpayment refers to a household that pays more than 30 percent of gross income for housing costs. According to the 2007-2011 American Community Survey, 56 percent of all homeowner households in El Monte overpaid for housing while more than 61 percent of renters overpaid.

### **Fair Housing Practices**

TBD

#### **Service Providers Focus Group**

A focus group was held on November 11, 2017. The interviews gave in-depth context and insight into housing conditions and fair housing issues for residents in El Monte. Fair Housing input from participants mainly centered around homelessness within the City and lack of resources to resolve the issue.

## **Actions**

The proposed actions to address the impediments to fair housing choice are organized by type.

### Housing Affordability

#### **1. Housing Development Assistance**

Action 1.1 The City will provide development assistance to promote the development of affordable multifamily housing. This assistance can take the form of direct subsidies provided to affordable housing developers, provision of infrastructure, and/or the write-down of land costs.

Time Frame: Ongoing

#### **2. Home Mortgage Disposition Act (HMDA) Monitoring**

Action 2.1 With over 70 percent of the loan applications received were from moderate-income households or above (earning greater than 80% of Median Family Income [MFI]), the City should use annual HMDA data to monitor participation in the home ownership market by moderate and below moderate households. Through analysis of HMDA data on the disposition of residential loan applications, an assessment can be made of the availability of residential financing within a community. If current patterns continue, the City should consider affirmative measures to increase homeownership for its moderate and below income residents, including the creation of a first time homebuying program.

Time Frame: Annually

Service Providers Focus Group

3. Homelessness

Action 3.1 The City of El Monte will continue to use Emergency Shelter Grant dollars to fund several public service activities and programs that help address the underlying causes of homelessness. Supported programs will provide temporary shelter and support services to families who are either homeless or are at risk of becoming homeless.

Fair Housing Practices

4. Fair Housing Services

Action 4.1 The City of El Monte will continue to contract with the Housing Rights Center (HRC) to provide Fair housing services. The City funds an annual contract for HRC to provide a variety of fair housing services including: fair housing workshops for property managers, owners and tenants education, fair housing outreach, and enforcement of housing complaints within the Civil Rights (Federal and State) laws and tenant dispute resolution.

Jesus Gomez, City Manager, hereby certify that this Analysis of Impediments to Fair Housing Choice for the City of El Monte represents the City's conclusions about impediments to fair housing choice, as well as actions necessary to address any identified impediments.

City Manager \_\_\_\_\_  
City of El Monte

Date \_\_\_\_\_