

City of Milwaukee Analysis of Impediments to Fair Housing

August 2005

submitted by

Metropolitan Milwaukee Fair Housing Council

Author of the Report

This report was produced by the Metropolitan Milwaukee Fair Housing Council, Inc. (MMFHC). MMFHC was established in October 1977 as a private, non-profit organization dedicated to promote fair housing throughout the State of Wisconsin by guaranteeing all people equal access to housing opportunities and by creating and maintaining racially and economically integrated housing patterns. These goals are accomplished through four major program components: Enforcement, Outreach and Education, Training and Technical Assistance, and Community and Economic Development. MMFHC's Enforcement Program provides direct assistance to persons alleging violations of federal, state and local fair housing laws. Institutional forms of housing discrimination are also uncovered through systemic investigations conducted by the Council. Under MMFHC's Outreach and Education activities, thousands of consumers, housing providers, housing advocacy, civic and educational organizations are provided information on fair housing laws, procedures and issues in efforts to expand equal housing opportunities. MMFHC's Community and Economic Development Program includes activities addressing affordable housing, land use, housing policy analysis, fair lending services and MMFHC's Strategies To Overcome Predatory Practices (STOPP), its anti-predatory lending program.

MMFHC provides services throughout the State of Wisconsin through three offices. Its main office is located in the City of Milwaukee and satellite offices of the organization are located in Madison (Fair Housing Center of Greater Madison) and Appleton (Fair Housing Center of Northeast Wisconsin).

This Analysis of Impediments to Fair Housing report was funded entirely by the City of Milwaukee through the Community Block Grant Administration.

The Nonprofit Center of Milwaukee's Data Center provided MMFHC with mapping services, data analysis and software technical assistance.

Cover photos provided by Michael Peragine, *IndependenceFirst* and *sxc.com*.

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The "City of Milwaukee: Analysis of Impediments to Fair Housing 2005" should be used as a meaningful tool for the community to take steps to ensure equal access to housing opportunities for all persons in the City of Milwaukee. This study contains an analysis of demographic and economic characteristics in relation to their impact on fair housing; a discussion of fair housing impediments; and a series of recommendations designed to dismantle the impediments identified.

Demographic and Economic Characteristics

An analysis of the demographic and economic characteristics in Milwaukee assists in identifying trends that currently have or will have an impact on Milwaukee's housing market and impediments to fair housing choice. Some of the major findings include:

- Since 1970, the City of Milwaukee's proportion of the four-county regional population has decreased.
- Minorities comprise 50% of the City's population but only 3% of the outlying suburban population.
- Hispanics and Asians experienced the most pronounced population increases, partially due to an influx of foreign-born persons.
- The percentage of overcrowded households increased, particularly in areas with larger Hispanic populations.
- Despite homeownership gains among all races and ethnicities, a large racial disparity still exists.
- Unemployment rates for blacks, Latinos, Asians, and American Indians are significantly higher than those of whites in the City of Milwaukee.
- All of the net job growth in the metropolitan area has occurred in the suburbs, yet 32.3% of Milwaukee's black households do not own cars.
- Latinos are nearly 3 times as likely as whites not to have a high school diploma, and Asians and African Americans are over 2 times as likely as whites not to have a high school diploma.
- The City has 46 census block groups in which 16-40% of the households are linguistically isolated.

Fair Housing Impediments

An *impediment* to fair housing is anything that may hinder or prevent a person from having equal access to housing because of their membership in a Federal or State of Wisconsin protected class.

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Impediments may take the form of a city or other governmental entity's policy, practice or procedure, housing industry practices, or other societal factors that may contribute to impeding a person or family from obtaining housing. The Metropolitan Milwaukee Fair Housing Council's (MMFHC) research and interviews with community representatives helped identify the impediments listed below.

City of Milwaukee Impediments

Lack of Required Enforcement Mechanism for Complaints of Discrimination: Because the Equal Rights Commission has been merged into the Department of Employee Relations, the City does not have the capacity to conduct intake or investigation of housing discrimination complaints.

City of Milwaukee Housing and Employment Discrimination Ordinance: The ordinance includes provisions that are inconsistent with, and in some instances more restrictive than, federal and/or state fair housing laws. Moreover, the Ordinance provides vague and inadequate enforcement mechanisms for persons who bring claims under this Ordinance.

Lack of Housing Units Accessible to Persons with Disabilities: Based on interviews with Independent Living Centers in Wisconsin, persons with disabilities in the City are more in need of affordable and accessible housing than those without disabilities.

Overcrowded Housing: The prevalence of overcrowded housing conditions was raised during interviews with community organizational representatives. It is of concern that new immigrant families may be doubling up, have larger families, or be living as an extended family with several generations under one roof.

Affordable Housing Supply: Currently, 39% of Milwaukee households pay 30% or more of their income for rent. Impediments that contribute to the shortage of affordable housing are the lack of financial resources to build and preserve affordable housing, the Housing Authority of the City of Milwaukee's (HACM) inadequate supply of Housing Choice Section 8 Rent Assistance Vouchers, and limited landlord participation in the Section 8 program.

Group Homes or Community Living Arrangements (CLA): The City can deny a CLA an occupancy permit if it is within 2,500 feet of another CLA. Advocates for persons with disabilities have already waged successful legal challenges against ordinances, such as the City's. These challenges asserted that these types of ordinances were too restrictive and were found to have violated the Federal Fair Housing Act.

Community Development Block Grant (CDBG) Funding Policies: The Community Development Block Grant funding process and priorities can be an impediment to maximizing resources for affordable housing production, rehab and preservation. Impediments identified include: the City's failure to leverage Block Grants for increased private investment; Block Grant dollars are increasingly allocated to fund City departments; and the lack of post-purchase housing counseling.

Fair Housing Litigation Involving the City:

Two major fair housing legal actions initiated against the City, in the last ten years are described below. In each case the plaintiff prevailed.

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- *U.S. Department of Justice v. City of Milwaukee* in which the City denied a zoning variance to the Indian Council for the Elderly. It was alleged the discriminatory motives of local residents and a member of the Milwaukee Common Council representing the district in which the senior center was to have been constructed impermissibly influenced the City's action. Local residents and a member of the Milwaukee Common Council vocally opposed the construction because they believed that Native Americans would visit it.
- *Oconomowoc Residential Programs and Wisconsin Coalition for Advocacy v. City of Milwaukee*, in which the City of Milwaukee failed to make a reasonable accommodation—required by the Americans with Disabilities Act and the Fair Housing Amendments Act—in denying a zoning variance for a group home. The plaintiffs sought a variance from a City ordinance that prohibited community living arrangements within 2,500 feet of one another. The court rejected the City's reasonable accommodation and undue financial burdens arguments. The plaintiffs, the court held, met their burden of demonstrating that the variance was necessary to give them an equal opportunity to live in a residential neighborhood.

Milwaukee Public Schools (MPS)

Challenges facing MPS have generated a number of responses. Some of those responses have taken the form of the development of alternative school options for area students. In theory, such options could serve to improve the desirability of MPS and thus increase housing opportunities and racial integration in the City. In practice, however, these school initiatives, while well intended, may have a negative impact on the City's and the Region's racial and economic segregation. The four such initiatives discussed in the body of this report are: Chapter 220, the Neighborhood Schools Initiative, Open Enrollment, and the Milwaukee Parental Choice Program.

State and Federal Housing Policy Impediments

While the City of Milwaukee is not directly involved in these state and federal impediments, they must be addressed as they impact the City's ability to "affirmatively further fair housing"¹. State and federal impediments are:

Cuts in funding to the Section 8 Housing Choice Voucher Program: These cuts impede local communities' ability to assist their population in finding quality, affordable housing.

No Regional Housing Strategy or Plan: Metropolitan Milwaukee needs to expand the range of housing options available, particularly for low- and moderate-income households.

Attack on the Community Reinvestment Act (CRA): Attack on CRA by some banking regulators hurts low- and moderate-income neighborhoods.

Efforts to Weaken Wisconsin's Smart Growth/Comprehensive Planning Law: These efforts

¹ "Affirmatively further fair housing" (AFFH) is language that comes from the mandate of Section 808 (e)(5) of the Federal Fair Housing Act which requires the Secretary of HUD to Administer the Department's housing and urban development programs in a manner to affirmatively further fair housing. The extent of the AFFH obligation has never been defined statutorily. However HUD defines it as requiring a grantee to (1) Conduct an AI, (2) Take actions to overcome impediments identified through the AI and (3) Maintain records reflecting the analysis and actions taken.

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continue to threaten the inclusion of public participation and local control of planning issues. In addition, the existing law contains no enforcement mechanism, only *goals*, to meet the housing needs of persons with special needs, of all income levels and of all age groups.

The Lack of Resources and Incentives for Affordable Housing Developers: This lack of resources places the City in the position of either having a shortage of housing for the lowest-income households or having to subsidize affordable housing development.

Wisconsin Housing and Economic Development Authority's (WHEDA) Low Income Housing Tax Credit (LIHTC) Program: WHEDA's tax credit allocation scoring limits housing opportunity and contributes to the concentration of poverty as well as racial and ethnic segregation in Milwaukee.

The Lack of Infrastructure Between Medicare/Medicaid and Section 8: This lack of infrastructure costs the government more money and keeps persons with disabilities segregated and living in institutions instead of being integrated into society. A recent study documented that at least 1168 Milwaukee County residents with disabilities desired to move out of their nursing care facilities. Although they were physically able to do so, they lacked the financial resources to make such a transition.

Suburban Policies

Current suburban² policies, practices and procedures ensure that the cycle of segregation continues. Policies discussed in the text of this report include: opposition to housing for families with children, position to affordable housing through NIMBYism, impact fees, exclusionary zoning codes, exclusionary public housing or Section 8 Rent Assistance Vouchers and inadequate public transportation.

There are far-reaching and deleterious effects of the suburban policies described above. They have exacerbated the concentration of minority persons, affecting housing and employment opportunities and other quality of life issues. Suburban exclusionary policies promote the concentration of poverty in other jurisdictions in the region. In metropolitan Milwaukee, the detrimental effects of this fall squarely on the shoulders of the City in the form of disparate incomes along racial lines, educational attainments, the ability to build wealth, and the ability to access quality employment, as well as access to other life-improving services.

Private Market Impediments

Private market impediments are obstacles to fair housing in the housing production, mortgage lending, homeowners insurance, rental, and home sales markets. Though Milwaukee is limited in its ability to directly address private market impediments, it can take a leadership role in bringing these issues to the public's attention.

Housing Production: The main impediment to fair housing in housing production is attributed to a lack of programs that provide financial incentives to developers to build accessible housing,

² Suburban, for the purpose of this report, pertains to every municipality in the Metropolitan Statistical Area other than the City of Milwaukee.

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affordable housing or larger housing units to accommodate large families.

Mortgage Lending: Discrimination in mortgage lending prevents or impedes home seekers from obtaining the financing normally required to purchase a home. The major impediments identified include:

Predatory lending: These are loans designed to exploit vulnerable and unsophisticated borrowers. Deregulation of the banking industry in the late 1990s left many of Milwaukee's neighborhoods vulnerable to predatory lending practices.

Lack of Spanish and Hmong-speaking lenders: For non-English speaking persons new to this country, or for persons more comfortable speaking another language, obtaining a home mortgage can be a challenging endeavor. Because non-English speaking persons seeking a mortgage often have to rely on their children or other family members to translate, errors and misunderstandings are more likely to occur.

Lack of flexible underwriting to accommodate persons with no credit history: Persons new to this country have not established the credit typically required to obtain a prime mortgage and many people of color do not have a business relationship with conventional banks. These situations may complicate their abilities to obtain mortgages and make it more challenging for lenders to use conventional underwriting guidelines, thus creating an obstacle to homeownership.

Loan Originations and Denials: Although residential lending per household in the City's low-income lending Target Area (TA) occurs only about half as often as in the metropolitan area, lending in the TA did grow at a faster rate from 1999 to 2003 than elsewhere in the City or metropolitan area. Loans per thousand households grew 34% in the TA during this time period, while increasing 21% in the City and 12% in the metropolitan area. Denial rates for conventional loan applications in the TA continue to be high (20% in 2003, compared to 16% in 1994) but have dropped in recent years (from a peak of 28.5% in 2000). In contrast, the denial rate for conventional loan applications in the entire metropolitan area is only 7.9%³

Subprime Lending: The availability of subprime loans increases the homeownership options for people with less than perfect credit. However, many subprime loans may cross the line and become predatory loans. In 2000 subprime lending made up 26.5% of conventional loans in the TA, but only 6.3% of conventional loans in the Metro area. Of the refinance loans, 43.6% of the loans in the TA were subprime, compared with 12.4% in the Metro area.

Subprime lending is also heavily concentrated in minority neighborhoods; homeowners in predominately minority neighborhoods are almost 12 times more likely to receive a subprime refinance loan than homeowners in predominately white neighborhoods.⁴

³ *City of Milwaukee 2005 Annual Review of Lending Practices of Financial Institutions*

⁴ ACORN, 2004

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Lending Gap: Milwaukee has the largest denial rate disparity of the 50 largest US metropolitan areas. The data behind this disparity are complex. While metropolitan Milwaukee whites experience a loan denial rate much lower than elsewhere in the country (7.4% in Metropolitan Milwaukee compared to 13.8% for the national average), minorities in the metropolitan Milwaukee area are denied loans at a slightly higher rate than the national average (23.1% in metropolitan Milwaukee compared to 21.7% nationally).⁵

Homeowners Insurance: Discrimination in the procurement of homeowners insurance is another way that fair housing choice is impeded. Racial discrimination in the provision of insurance not only denies fair housing choice, but also fosters disinvestment and the deterioration of neighborhoods. In addition to racial discrimination, language barriers can be an impediment in obtaining homeowners insurance. The complexity of homeowners insurance can be exacerbated when homeowners speak languages other than English, or for whom English is a second language.

Real Estate Purchase and Rental Markets: A major impediment to housing choice is discrimination in the sale and rental of housing. Racial discrimination remains the major form of discrimination in the housing market and there is evidence that despite legislation and enforcement efforts, it has not diminished. In addition, with the burgeoning Hmong and Latino populations, it is important to ensure an equal level of service by housing providers be available to alleviate this impediment to fair housing choice.

Advertisements of rental units or homes for sale also may contain overt or subtle forms of discrimination. Advertisements that state restrictions such as "Adults Only" or "English speaking preferred" are obvious examples of such discrimination. In Milwaukee recent examples of discriminatory advertising include printed advertisements and "For Rent" signs that have included phrases such as "Adults Only". Other cases filed with administrative agencies included language in advertisements that stated "Married Couples" or "Christian handyman preferred".

Recommendations

The most critical element of the "Analysis of Impediments to Fair Housing" is the *Recommendations* that are provided for local communities to address and remedy the barriers identified. This section, therefore, should be used as a starting point for the City to develop and implement a comprehensive fair housing action plan. The following recommendations for the City are not in any order of priority.

Recommendation #1: Facilitate the Production of Affordable Housing

Fund an Affordable Housing Production Task Force

This task force, comprised of private and not-for-profit housing experts, would be charged with identifying and securing federal and private funds to help subsidize the development of low-income and affordable housing.

Utilize Tax Incremental Financing (TIF) to Produce Affordable Housing

The City should be more assertive in its use of TIF to create more affordable housing units. TIF

⁵ City of Milwaukee 2005 Annual Review of Lending Practices of Financial Institutions

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approval evaluation criteria could prioritize residential development projects that include affordable housing.

Reevaluate the City's Supply of Affordable Housing

The City is in a difficult position in terms of its supply of affordable housing. Due to several factors such as urban disinvestment, the level of demand, and suburban exclusionary policies, a majority of the region's affordable housing supply is disproportionately located in the City. The City should attempt to address both its shortage of affordable housing, as well as the lack of affordable housing opportunities in its neighboring communities.

Redefine "Affordable Housing"

The City of Milwaukee should create a new definition of affordable housing using accurate and reliable indicators. Important issues to take into account should include: income of City of Milwaukee residents, instead of Milwaukee County median income, quality of housing units and availability of housing. Using this new definition, the City should conduct an accurate assessment of its livable and affordable housing supply.

Recommendation #2: Advocate for Changes in State and Federal Programs to Expand Affordable Housing Options

Advocate for Additional Section 8 Housing Choice Vouchers

The City of Milwaukee should facilitate a meeting with local US Department of Housing and Urban Development (HUD) officials, as well as Wisconsin's US Senators and Representatives, to discuss the adverse impact of recent HUD actions.

Advocate for Affordable Housing Production Resources

The City of Milwaukee should facilitate a meeting with state and federal elected officials to advocate for additional financing resources to build affordable housing, particularly for extremely low-income persons. The City should also research successful models of affordable housing production in other communities for possible replication in the City of Milwaukee.

Advocate for Revisions to WHEDA's Low Income Housing Tax Credit (LIHTC) Program Allocation Scoring

The City of Milwaukee should advocate that WHEDA develop a scoring mechanism that (1) calculates the need for affordable housing based on the wages and salaries paid by the employers in that municipality and (2) eliminates the provision by which developments receive additional scoring points for community support of projects.

Advocate for the Creation of an Improved Infrastructure between Medicare/Medicaid and Section 8

According to a report by the Centers for Medicare and Medicaid a number of persons with disabilities in Milwaukee County desired to move out of nursing care facilities. Although they were physically able to do so, they lacked the financial resources to make such a transition. The City should meet with representatives of HUD and the Department of Health and Human Services to explore options that would allow those persons to move out of nursing care facilities and be integrated into the community.

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Advocate for a Stronger Smart Growth Law

The City should support and continue to advocate for a stronger Smart Growth Law. If all communities in the four county region were to include in their Comprehensive Plans, an initiative that includes housing for persons at all income levels and needs, racial and economic integration would improve.

Advocate for a Regional Housing Strategy

The City should advocate for the production of a *Regional Housing Strategy*. Communities should adequately plan for a practical amount of housing to serve all income levels, particularly income levels represented by the salaries and wages paid by employers in each community.

Recommendation #3: Encourage Landlord Participation in the Housing Choice Voucher Program

The Housing Authority of the City of Milwaukee (HACM) staff should conduct a review of where current voucher holders are living. Areas that are underrepresented by voucher holders should be identified and targeted for increased landlord recruitment.

Recommendation #4: Facilitate the Production and Modification of Accessible Units

The City should utilize Tax Incremental Financing (TIF) to produce more accessible housing and more assertively use TIF to create more accessible housing units for persons with disabilities. For instance, TIF approval evaluation criteria could prioritize residential development projects that include accessible housing.

Recommendation #5: Re-establish Means to Enforce the City's Housing and Employment Discrimination Ordinance

The City should re-establish the capacity to receive, investigate and adjudicate complaints of unlawful housing discrimination. This local enforcement component would complement the services provided by MMFHC and provide victims of discrimination a local source of remedy.

Recommendation #6: Review and Amend the City of Milwaukee's Housing and Employment Discrimination Ordinance

The City should review the its fair housing ordinance to ensure that it is consistent with existing state and/or federal fair housing laws. Particular attention should be devoted to providing remedies for victims of housing discrimination. Currently, the ordinance is explicit regarding civil forfeitures, but is vague about remedies that the victim of discrimination may recover. Absent these types of recoveries there is little incentive for persons to file with the City, versus other public enforcement agencies whose laws include compensatory damages, injunctive relief and recovery of attorneys' fees.

Recommendation #7: Support of Comprehensive Fair Housing Services

Continued Support of Metropolitan Milwaukee Fair Housing Council

The City should continue support of the Metropolitan Milwaukee Fair Housing Council, which provides comprehensive fair housing services in the areas of direct assistance to victims of housing

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discrimination, investigations of systemic forms of illegal discrimination, outreach and education throughout the community, anti-predatory lending activities, and community and economic development issues.

Mobility Program

The City should establish a program that provides assistance to persons desiring to make pro-integrative housing moves, either in the rental or sales markets. Assistance would take the form of counseling about non-traditional neighborhoods, neighborhood tours, community profiles to market City neighborhoods and financial incentives, such as down payment or security deposit assistance. This would also include a Mobility Assistance Program for Housing Choice Voucher Holders to help facilitate economic integration and residential desegregation.

Fund a Regional Equity Audit

The City should fund a Regional Equity Audit. This audit would be a project to research and investigate procedural or policy actions undertaken by other communities that have the result of furthering or reinforcing racial and economic segregation between the City and its suburbs.

Recommendation #8: Continue Support and Increase Participation in MMFHC's Anti-Predatory Lending Program

The City should continue its support of MMFHC's anti-predatory lending program, Strategies To Overcome Predatory Practices (STOPP). STOPP is critical to combat illegal lending practices in the City of Milwaukee. This collaborative network of lenders, housing counseling agencies, community groups, Legal Aid Society and government representatives has successfully initiated measures to reduce these abusive loans in the City.

Recommendation #9: Support Consumer Rescue Fund for Victims of Predatory Lending

The City of Milwaukee should use its relationships with responsible area lenders, urging them to work with MMFHC and Fannie Mae to participate in a Consumer Rescue Fund (CRF). CRF loans remediate and refinance predatory loans by providing the consumer a loan they can afford and is appropriate for their circumstances.

Recommendation #10: Fund Post-Purchase Counseling

The City should fund post-purchase counseling services conducted by viable homebuyer counseling agencies, in order to successfully combat predatory loans in the Milwaukee community.

Recommendation #11: Support for Housing Trust Fund

The City of Milwaukee should support the development of a local Housing Trust Fund (HTF) — a new, ongoing, dedicated source of revenue to support affordable housing. The HTF would be administered by the City and support a wide range of affordable housing.

Recommendation #12: Advocate for Open and Inclusive Real Estate and Rental Markets

The City of Milwaukee should advocate for more open and inclusive home rental and sales markets by working with the housing industry to accomplish the following:

- Work cooperatively with the real estate industry and its trade associations to develop ways

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- for local agents to become more familiar with City neighborhoods.
- The City should continue to include MMFHC fair housing presentations as part of its citywide training for rental housing providers.
- The City should continue to have its Housing Authority and Section 8 staff trained by MMFHC on the provisions of fair housing laws and remedies available to their clients.
- Encourage greater efforts on the part of the real estate and rental industries to hire and train minority and bilingual real estate and rental professionals.
- Encourage more active participation by providers of rental housing in local rent assistance programs to expand locational choice for low-income and minority residents.

Recommendation #13: Continue Production of Annual Report of Lending Practices in Milwaukee

The City Office of the Comptroller should continue to produce and distribute its annual report of lending activity in Milwaukee. This report, *City of Milwaukee Annual Review of Lending Practices and Financial Institutions*, has proven to be a valuable resource in analyzing lending patterns.

Recommendation #14: Promote Integrated Neighborhoods through Inclusionary Zoning

The City (preferably in cooperation with the region) should work with Milwaukee-area housing organizations and the local housing industry to research an inclusionary zoning ordinance that produces a maximum number of affordable units.

Recommendation #15: Outreach to Linguistically Isolated and Bilingual Communities

The City should facilitate the formation of a partnership with organizations that serve non-English speaking or limited English-speaking persons, to develop a pro-active approach to reach these linguistically isolated populations on fair housing and fair lending issues.

Recommendation #16: Review Zoning Ordinance Regarding Community Living Arrangements

The City should partner with the Wisconsin Coalition for Advocacy, IndependenceFirst and other disability advocacy groups to review and analyze the Community Living Arrangements section of its zoning ordinance

Recommendation #17: Identify and Overcome Housing Production Impediments

The City should convene discussions with for-profit and not-for-profit housing producers and lenders regarding impediments to the production of accessible, affordable, and large (4 bedrooms or more) housing units. Further, this consortium should identify the challenges in producing such housing, as well as develop recommendations for policy changes (on the federal, state, and local level).

Recommendation #18: Review Milwaukee Public School Policies That Contribute to Segregation

The City should work with the Milwaukee Public School Board to assess the impact that various MPS policies have on the City and regional racial and economic segregation, particularly Chapter 220, the Neighborhood Schools Initiative, Open Enrollment, and the Milwaukee Parental Choice Program.

introduction

The following report, the "City of Milwaukee: Analysis of Impediments to Fair Housing" is required by the US Department of Housing and Urban Development (HUD) from all communities that receive Community Development Block Grant (CDBG) funds.⁶ To maximize the potential of this report, the City of Milwaukee must view it as more than just a requirement for receiving block grant funding. It should be used as a meaningful tool enabling the community to take steps to ensure equal access to housing opportunities for all persons in the City of Milwaukee.

According to Carolyn Peoples, Former Assistant Secretary of HUD's Fair Housing and Equal Opportunity Office, "Once the jurisdiction completes the AI, it must report on its implementation by summarizing the impediments identified in the analysis and describing the actions taken to overcome the effects of the impediments identified through the analysis in its Consolidated Annual Performance and Evaluation Report (CAPER). Although AIs are not submitted or approved by HUD, each jurisdiction should maintain its AI and update the AI annually where necessary. Jurisdictions may also include actions the jurisdiction plans to take to overcome the impediments to fair housing choice during the coming year in the Annual Plan that is submitted as part of the Consolidated Plan submission."⁷

Fair Housing

Fair housing is a civil right that guarantees equal housing opportunities for all persons regardless of race, color, religion, sex, disability, familial status, national origin, (under federal and state laws) source of income, age, ancestry, marital status and sexual orientation (under state law only).⁸ These categories, which are defined in the federal Fair Housing Act and the Wisconsin Open

⁶Under the Housing and Community Development Act of 1975, all recipients of Federal Community Development Block Grant (CDBG) funds, used for various housing and community development activities which primarily benefit low and moderate income persons, are required to certify that they will comply with Title VIII of the Civil Rights Act (also known as the Federal Fair Housing Act). HUD must ensure that all programs and activities relating to housing and community development are administered in a manner "affirmatively to further the purpose of Title VIII."

⁷As written in a 2003 HUD memo addressed to Entitlement Communities.

⁸In accordance with 24 CFR 570.904 fair housing choice is defined as the "ability of persons regardless of race, color, religion, sex, handicap, familial status or national origin, of similar income levels to have available to them the same housing choices." Impediments to fair housing are defined as, "any actions, omissions, or decisions, which restrict housing choice because of race, color, religion, sex, national origin, familial status or handicap."

Introduction

Housing Law, are known as "protected classes." An *impediment* to fair housing is anything that may hinder or prevent a person from having equal access to housing because of their membership in a protected class. Impediments may take the form of a city or other governmental entity's policy, practice or procedure, housing industry practices, or other societal factors.

Scope of the Study

The "City of Milwaukee: Analysis of Impediments to Fair Housing" contains several components. First, the study provides an analysis of demographic and economic characteristics in relation to their impact on fair housing. Next, the role metropolitan segregation and linguistic isolation play in Milwaukee are discussed. Following is a list of fair housing actions against the City in the last 10 years. Identification of impediments within the City of Milwaukee's policies, procedures and practices, within the policies of suburban governmental jurisdictions, and within the private markets including: mortgage lending, homeowners insurance, real estate sales and the rental market, are then identified. These impediments were identified through extensive research and interviews with community representatives. The report concludes with a series of recommendations designed to dismantle those impediments identified in the previous section.

demographic and economic characteristics

The City of Milwaukee's current housing conditions are created by a complex combination of factors, including illegal discrimination in the housing market, geographic preferences, demographic shifts, changes in the number and structure of households and the larger economy. The City of Milwaukee's demographic, economic, and social characteristics will be discussed in this section of the study, and connections will be made to those characteristics that are related to impediments to fair housing choice in the housing market.

In March 2003, the City published the *Milwaukee Urban Atlas*. This document is an excellent summary of 2000 census data for the City of Milwaukee and was used as a source for much of the demographic data in this section. In addition, geographic information science (GIS) maps are used in this report to map socioeconomic and housing market conditions and assist in highlighting patterns that may otherwise go unnoticed.

Further, in order to evaluate the demographic and economic characteristics of the City of Milwaukee it is often important to look at the entire Milwaukee Metropolitan Area (Milwaukee, Ozaukee, Washington and Waukesha Counties) to provide a larger context for analysis and to serve as a comparison to the City. In this section metropolitan Milwaukee is often analyzed and compared with the City of Milwaukee. Table 1 on the next page assists in illustrating the region's population trends.

demographic and economic characteristics

Table 1: Metropolitan Milwaukee Population Distribution

County	1980		1990		2000	
	Population	Percent	Population	Percent	Population	Percent
Milwaukee	964,988	69.1%	959,275	67.0%	940,164	62.6%
City of Milwaukee	636,295	65.9%	628,088	65.5%	596,974	63.5%
Suburbs	328,693	34.1%	331,187	34.5%	343,190	36.5%
Ozaukee	66,981	4.8%	72,831	5.1%	82,317	5.5%
Washington	84,848	6.1%	95,328	6.7%	117,493	7.8%
Waukesha	280,326	20.1%	304,715	21.3%	360,767	24.0%
Total	1,397,143	100.0%	1,432,149	100.0%	1,500,741	100.0%

As shown in Table 1, in 2000 the City of Milwaukee's population was 596,974, a decrease of 5% from 1990. Milwaukee County also experienced a 2% population loss during this time. In sharp contrast, surrounding suburban counties grew by 18.5% during the same period. Since 1970, the City of Milwaukee's proportion of the four-county region's population has been decreasing, even as the region grows in population. The primary reason for the City's declining population is out-migration, both to the suburbs and outside of the region.

demographic and economic characteristics: racial composition

Housing patterns in the City of Milwaukee and the surrounding region are racially segregated. In 2000, while only 40% of the entire metropolitan population resided in the City of Milwaukee, 85% of the metropolitan Milwaukee *minority* population resided there. According to the *Milwaukee Urban Atlas*, "Ninety-five percent of the area's African Americans, 75 percent of the area's Hispanics, but only 60 percent of the other racial minorities live in the City."⁹ The existence of segregated housing patterns in metropolitan Milwaukee is illustrated in that minority populations comprise 50% of the City of Milwaukee population, but only account for 3% of the population in outlying suburbs. The white population is growing in the suburbs, while shrinking in the City. The white population actually decreased by 29% during the 1990s in the City of Milwaukee. Conversely, most minorities are moving to or staying in the City.

Figure 1 illustrates that the vast majority of minorities reside in the City of Milwaukee. Even Milwaukee County, statistically the most diverse county, is not much more diverse than Ozaukee, Washington or Waukesha Counties, once the City's population is subtracted out.

An examination of demographic changes reveals dramatic increases in nonwhite residents in the City. Hispanics and Asians experienced the most pronounced increase in population between 1990 and 2000. During this decade the Hispanic population grew by 81.8%, thus becoming 12% of the overall population within the City of Milwaukee by 2000. Asians also experienced a marked increase, growing by 53.7% between 1990 and 2000. The Asian population now accounts for slightly less than 3% of the overall population in the City of Milwaukee. The African American population in 1990 was 189,408 persons, and has consistently had the largest population of any ethnic or racial minority category. From 1990 to 2000, the African American population grew by 16.4% (31,024 persons). The American Indian population decreased by 900 persons (17.3%) during the same period, and the white population dropped by 29% (110,725 persons) between 1990 and 2000. Because of the rapid growth of the minority populations and the decline in the white population during the 1990s, Milwaukee has become a city in which people of color comprise a majority of the population. Much of the Hispanic and Asian growth occurring is due to the influx of a foreign born population. As a result, services associated with facilitating smooth assimilation into mainstream society are in high demand and need to be continually evaluated and addressed. Table 2 summarizes the population growth characteristics experienced in the City of Milwaukee between 1980 and 2000.

The four maps on the following pages illustrate where whites, blacks, Latinos and Asians live in Milwaukee.

⁹ City of Milwaukee Urban Atlas

demographic and economic characteristics: racial composition

Figure 1: Metropolitan Segregation
The vast majority of minorities reside in the City of Milwaukee. Even Milwaukee County, statistically the most diverse county, is not much more diverse than Ozaukee, Washington or Waukesha Counties, once the City's population is subtracted out.

Metropolitan Milwaukee Segregation

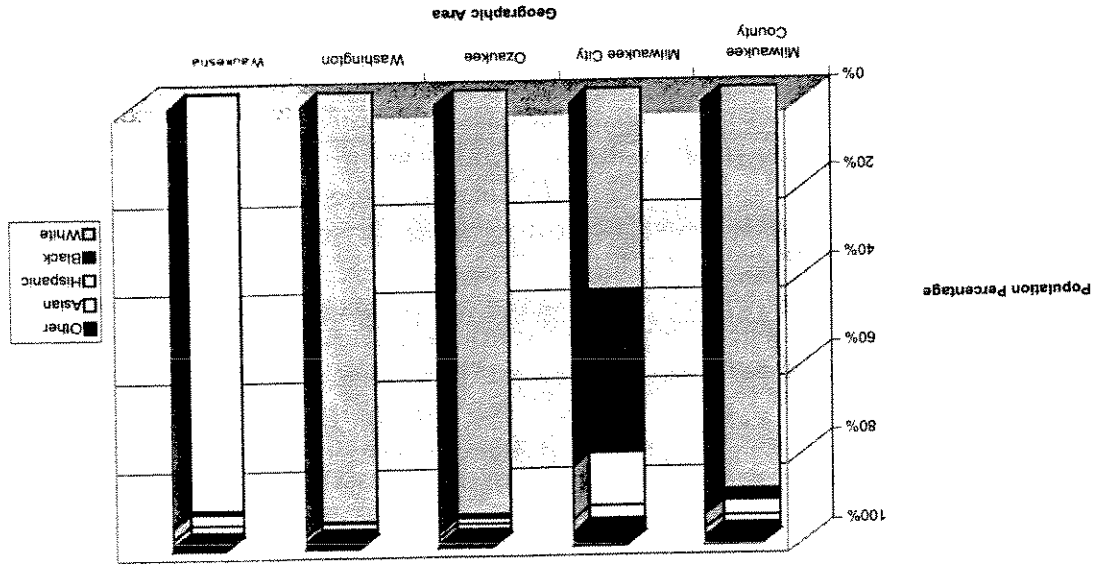


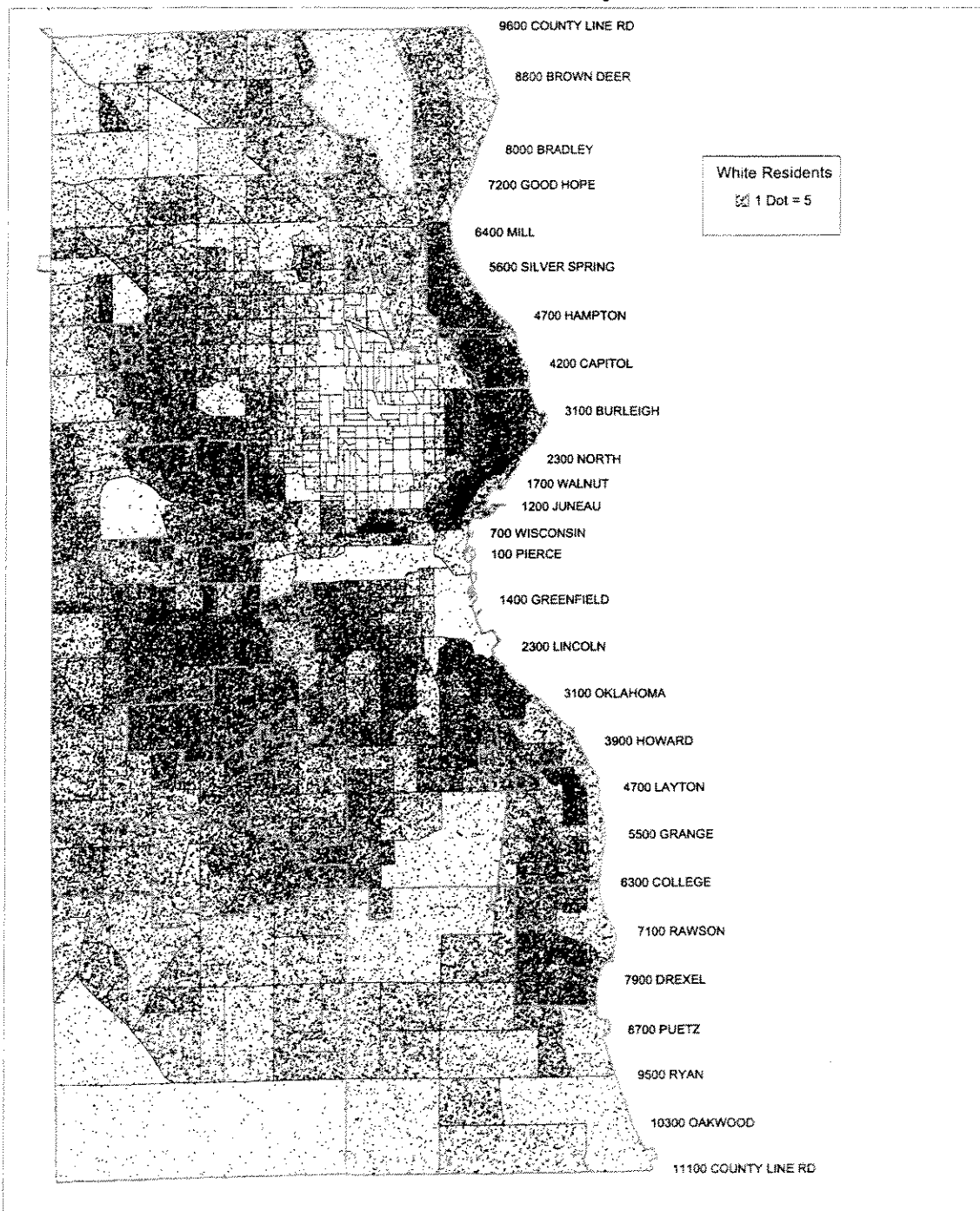
Table 2: City of Milwaukee Population by Race Over Time
This illustrates The population growth characteristics experienced in the City of Milwaukee between 1980 and 2000.

		1980		1990		2000	
Race,	Population	Percent	Population	Population	Percent	Population	
Hispanic	26,487	4.2%	39,409	6.3%	71,646	12.0%	
Hispanic	609,725	95.8%	588,679	93.7%	525,328	88.0%	
Not Hispanic	453,970	71.4%	381,714	60.8%	270,989	45.4%	
White	145,850	22.9%	189,408	30.2%	220,432	36.9%	
African American	4,859	0.8%	5,213	0.8%	4,313	0.7%	
American Indian	4,239	0.7%	11,429	1.8%	17,561	2.9%	
Asian or Pacific Islander	807	0.1%	915	0.1%	978	0.2%	
Other race							
Two or more races					11,055	2.1%	
Total	636,212	100.0%	628,088	100.0%	596,974	100.0%	

demographic and economic characteristics:

racial composition

Number of White Residents Milwaukee County



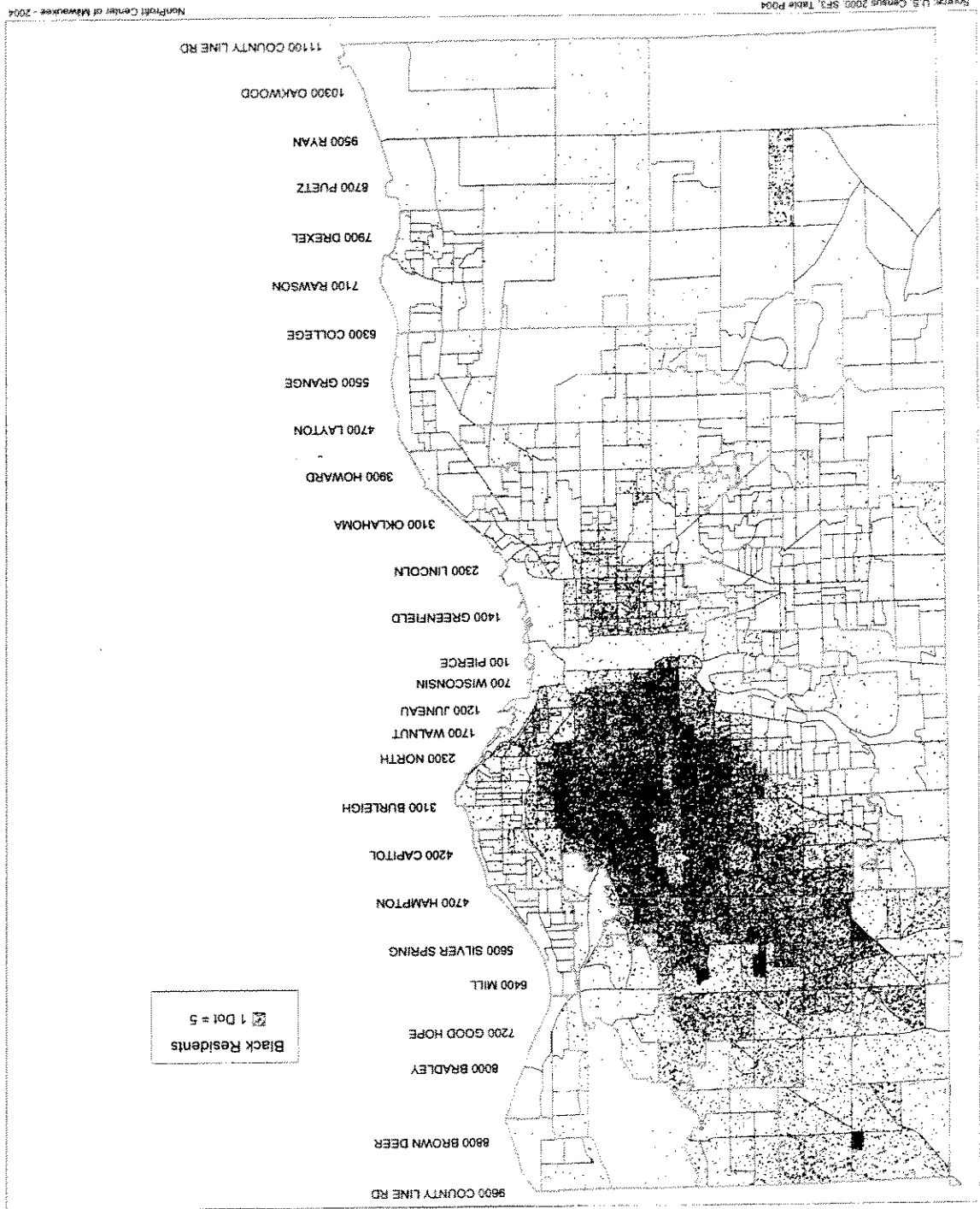
Source: U.S. Census 2000, SF3, Table P004

NonProfit Center of Milwaukee - 2004

demographic and economic characteristics:

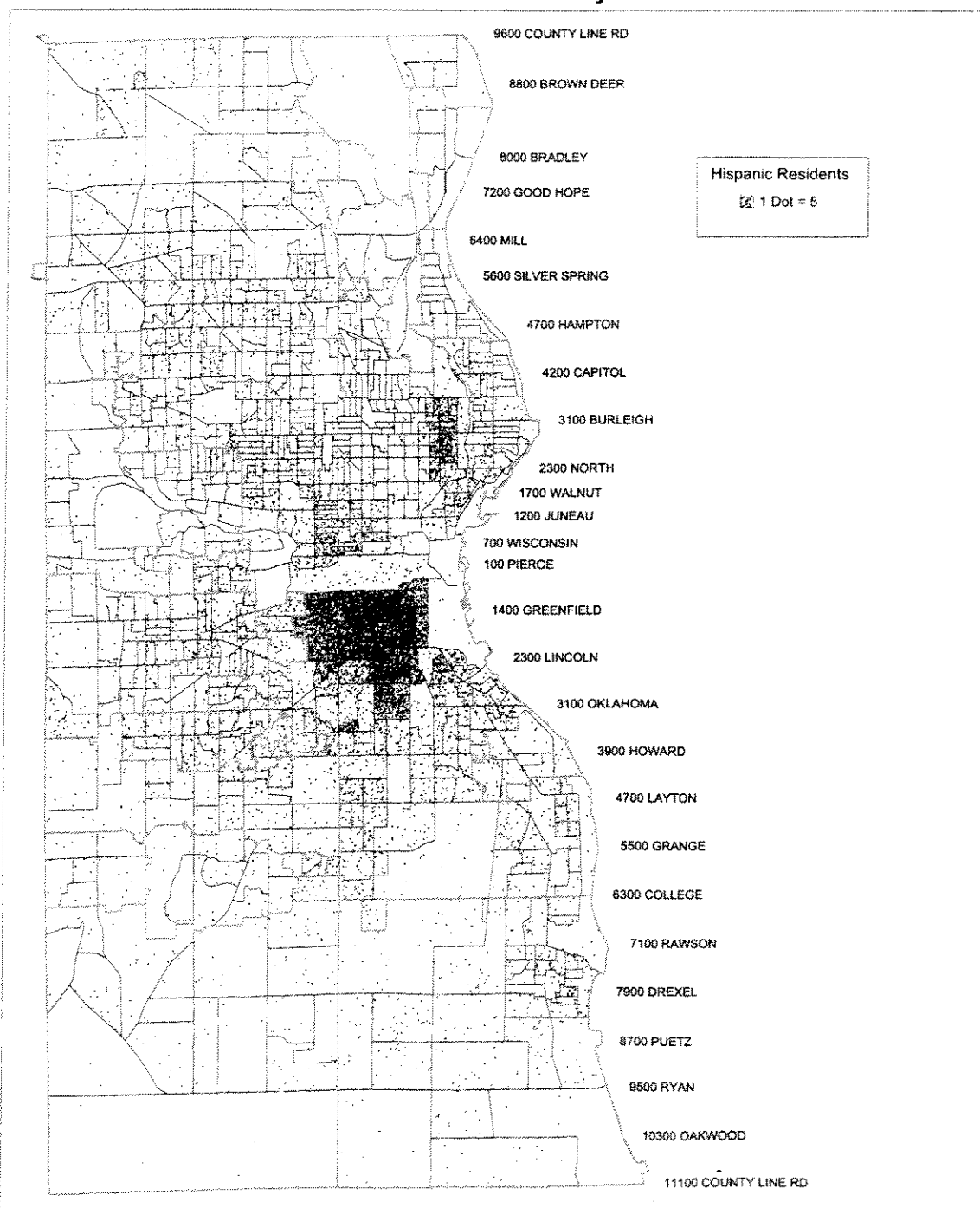
racial composition

Number of Black Residents
Milwaukee County



demographic and economic characteristics: racial composition

**Number of Hispanic Residents
Milwaukee County**



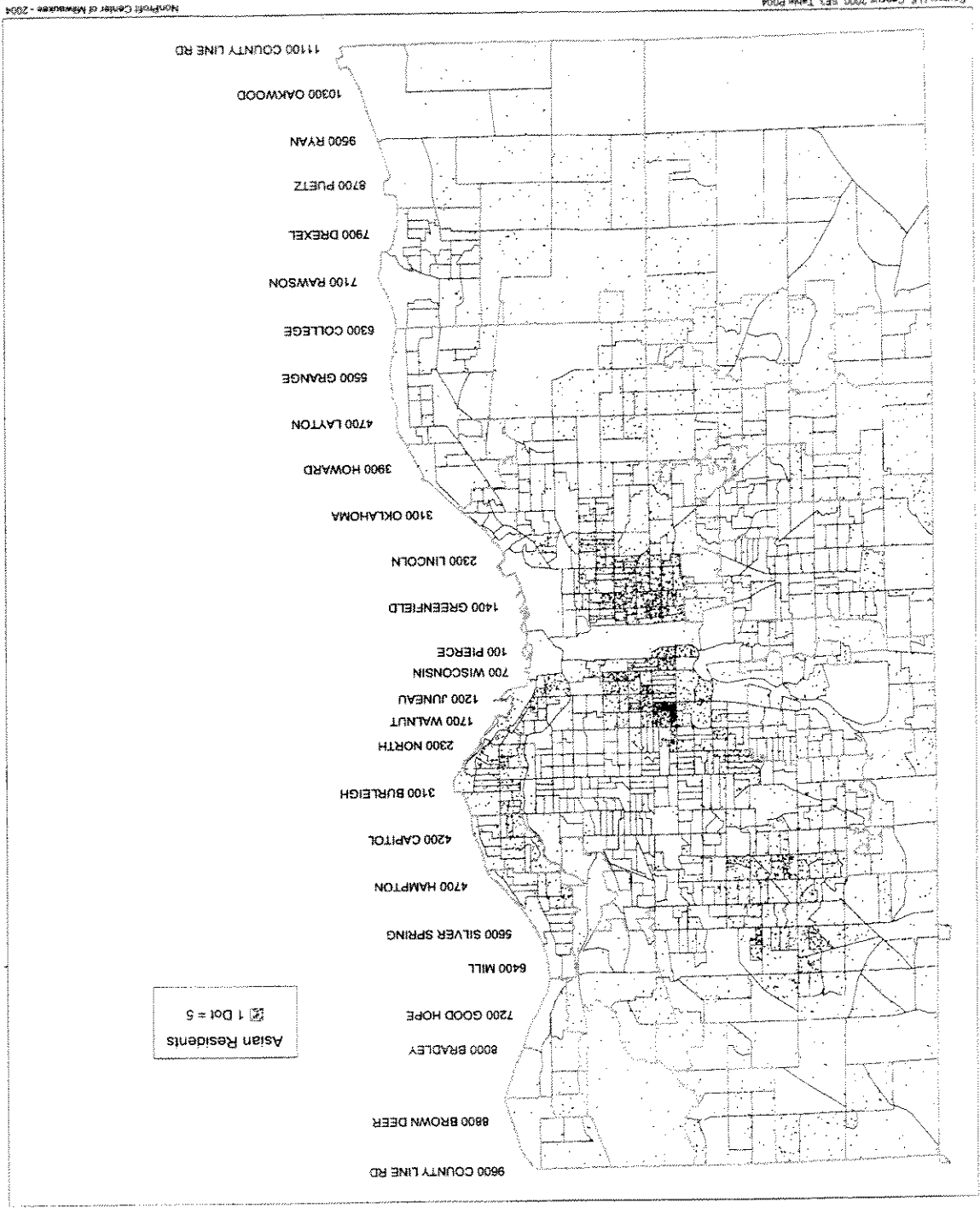
Source: U.S. Census 2000, SF3, Table P004

NonProfit Center of Milwaukee - 2004

demographic and economic characteristics:

racial composition

**Number of Asian Residents
Milwaukee County**



demographic and economic characteristics: household profiles

Throughout much of the US, an increase in households is occurring at a rate that exceeds population growth. This is due to a variety of factors, including the growing number of single-person and single-parent households, longer life expectancies and the rate of divorce. A result of this trend is smaller household size. Milwaukee housing patterns do not correspond seamlessly with this trend. The number of households in the City of Milwaukee decreased by 8,352 between 1990 and 2000, or 3.5%. However, the number of seven-person households increased by 13.4%, or by 725 households. In addition, six-person households have increased slightly by 12 households, which compares to a 13.1% loss for four-person households and 9.9% loss by three-person households. One-person households grew by 6.2% during the same period. This growth in larger households (6 or more persons) is significant because larger households require larger housing units in order to avoid overcrowded housing conditions.

The *Milwaukee Urban Atlas* states that the "percentage of family households with children increased during the 1990s". The *Atlas* also states that minority family households are more likely to include children. These families fall into more than one protected class under federal and state fair housing laws. This presents potential fair housing implications given the challenges of ensuring housing choice both for families with children and for minorities.

African American households in Milwaukee were more likely to include children and grandchildren. This has considerable fair housing implications as under the State of Wisconsin Open Housing Law, intergenerational households, such as these, are considered a protected class.

As illustrated in Figure 3, minority households tend to be much larger than white households; as a result, they are more likely to require larger housing units. For example, white households have an average household size of about two persons in the City of Milwaukee. However, Milwaukee Asians have an average household size of about four persons, and African Americans have an average of about three persons per household. In comparison, the average household size in Wisconsin and the US is 2.5 persons.

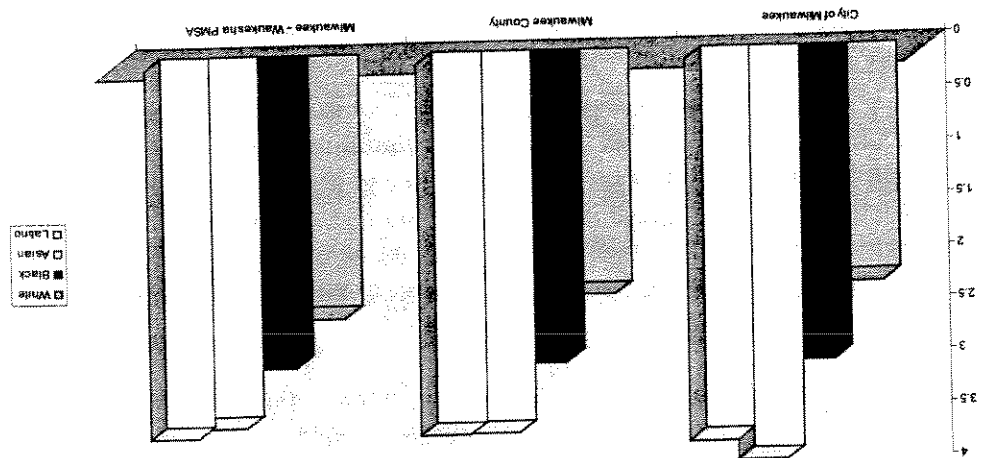
According to the *Milwaukee Urban Atlas*, "Although average household size declined, the 2000 census reported an increase in the percentage of households that lived in an overcrowded household. The traditional census definition of overcrowded household is a household that has more persons than the number of rooms it occupies. (Bathrooms and hallways are not included.) In 2000, 6 percent of the City's households were overcrowded compared with 4.3 percent in 1990 and 3.4 percent in 1980." The highest percentage of overcrowded households "are in the same areas with concentrations of large households (6 or more persons). The incidence of overcrowded households is higher in some south side areas, coinciding with the City's largest households. Smaller households can be overcrowded too. Neighborhoods nearer the edge of the City have larger housing units, but older, smaller households. These larger units will become available to larger households as the older households move out."¹⁰ The impacts of these conditions are

¹⁰ *Milwaukee Urban Atlas*

demographic and economic characteristics: household profiles

clearly fair housing concerns. It appears that overcrowding has increased in the City, thus affecting housing choices for larger families, particularly those with children.

Figure 2: Metropolitan Milwaukee Household Size
This figure illustrates that minority households tend to be much larger than white households in all parts of the metro area.



Changes to Milwaukee households in the 1990s include: "fewer households are families, an unmarried person heads more families, more children live in families headed by a male single parent, and more non-family households are headed by a male".¹¹

In addition, "the percentage of households headed by females gradually increased over the last 20 years from 35.9% in 1980 to 43% in 2000. Female-headed households are more common on the north and northwest sides. These areas have a high percentage of African American residents. Over half of African American households are headed by a female compared with about 20% of Asian households."¹² These households are particularly vulnerable to discriminatory practices in the housing market (including predatory lending) because of their race, gender, marital status and presence of children in the household.

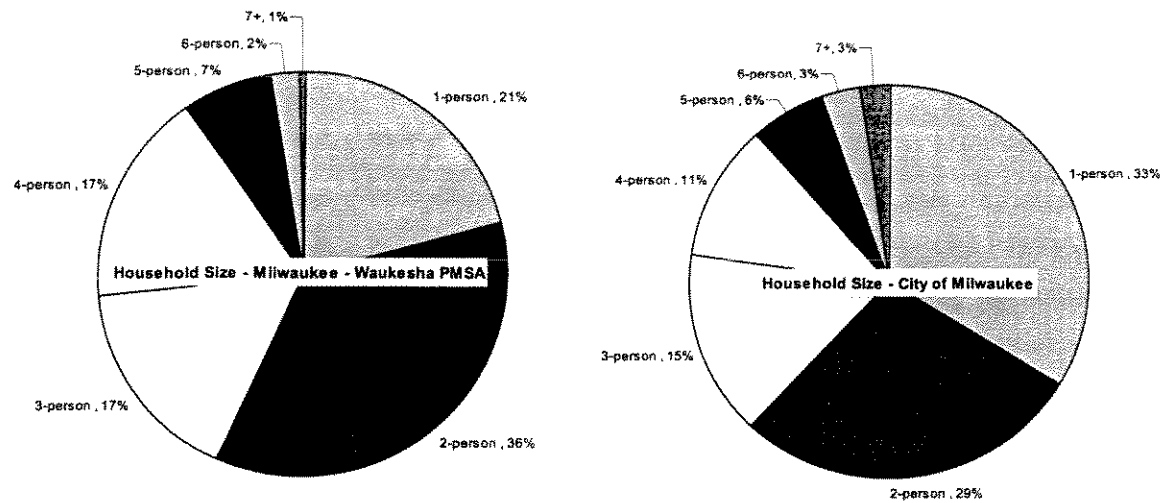
¹¹ Milwaukee Urban Atlas

¹² Ibid

demographic and economic characteristics: household profiles

Figure 3: Household Sizes, Metropolitan Area and the City of Milwaukee

This figure illustrates the proportions of different household sizes for both the City and the metropolitan area. The City's proportion of one-person households as well as six- and seven-person households is significantly greater than that of the metropolitan area.



demographic and economic characteristics: homeownership

The owner-occupancy rate increased slightly during the 1990s from 44.8% to 45.3%. Central city owner occupancy rates increased during this period, as well. According to the *Milwaukee Urban Atlas*, this increase in central city neighborhoods "... was due to demolition. Renter occupied units are more likely to be demolished; those units that remain are more likely to be owner occupied." A vast majority of central city residents are people of color, and the rental housing is most often more affordable housing, therefore demolition of rental units in the central city may have a greater impact on this population.

Table 3: Renters vs. Homeowners

		1980		1990		2000	
		Number	Percent	Number	Percent	Number	Percent
Total Housing Units		253,445		254,204		249,225	
Occupied		241,817	95.4%	240,540	94.6%	232,188	93.2%
By owner		114,205	47.2%	107,682	44.8%	105,235	45.3%
By Renter		127,612	52.8%	132,858	55.2%	126,953	54.7%
Vacant		11,628	4.6%	13,664	5.4%	17,037	6.8%

The *Milwaukee Urban Atlas* reports that homeownership rates increased for all racial and ethnic groups in the 1990s. Asians experienced the largest increase from about 25% in 1990 to 40% in 2000. About 33% of African American and Hispanic households owned their housing units in 2000 compared with 30% in 1990. All other minority group ownership rates increased from about 25% to about 30% by 2000. Whites experienced an increase from 52 to 56% in the 1990s. Despite the homeownership gains among all races and ethnic groups, there still exists a sizeable racial disparity. Solutions will be addressed in the *Recommendations* section.

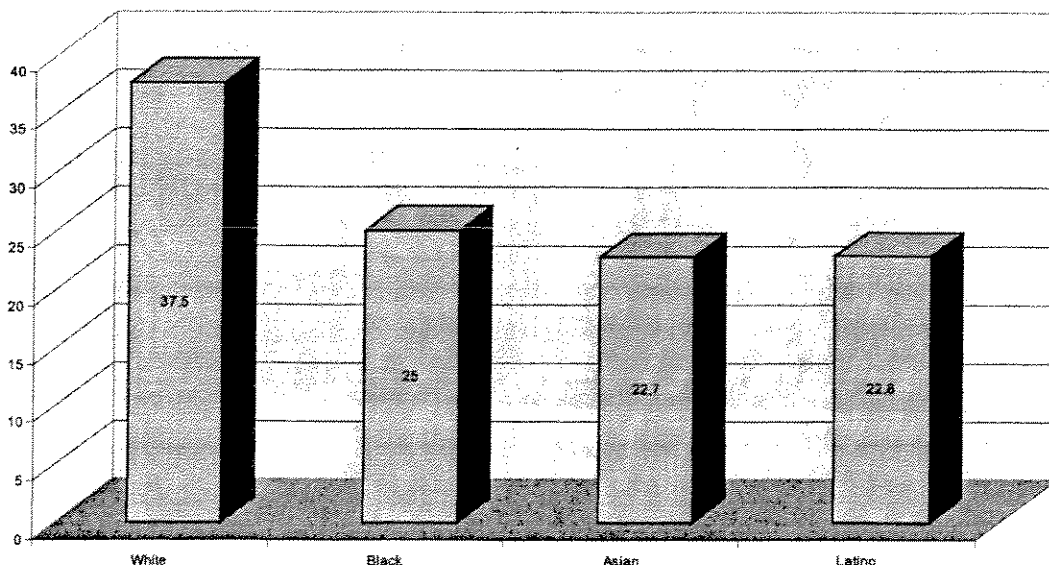
demographic and economic characteristics: age distribution

The median age for the City of Milwaukee residents is 30.6 years, which is significantly younger than both the United States' median age of 35 and the Wisconsin median age of 36. Median age by race and ethnicity varies significantly in Milwaukee, as shown in Figure 4 below. For instance, the median age for whites is 37.5. Asians have a median age that is 40% below that of whites, or 22.7. While Latinos have a median age that is 39% below whites, or 22.8. The median age of blacks is 33% lower than whites, or 25. The significantly younger median age of minority households presents many implications for future and current housing needs. Currently, larger units are needed to accommodate larger families with children. The younger median age of persons of color suggests that many of these persons are children, likely not yet owning or renting their own housing. Future implications of the younger median age are clear. As the children of these families become adults, they will likely continue and amplify the trends their parents and grandparents catalyzed: a strong need for affordable housing and larger housing units. Further, if minorities continue to experience a very low rate of suburbanization, it will be incumbent upon the City of Milwaukee to meet these housing needs.

In addition, there was a decrease in persons between 55 and 64 years old. This "implies less demand for housing units designed for elderly persons over the next ten years. There could be more demand for amenities that permit older persons to age in their existing units, however."¹³

Figure 4: Median Age By Race, City of Milwaukee

This figure illustrates the significantly younger median age of minority households.



¹³ Milwaukee Urban Atlas

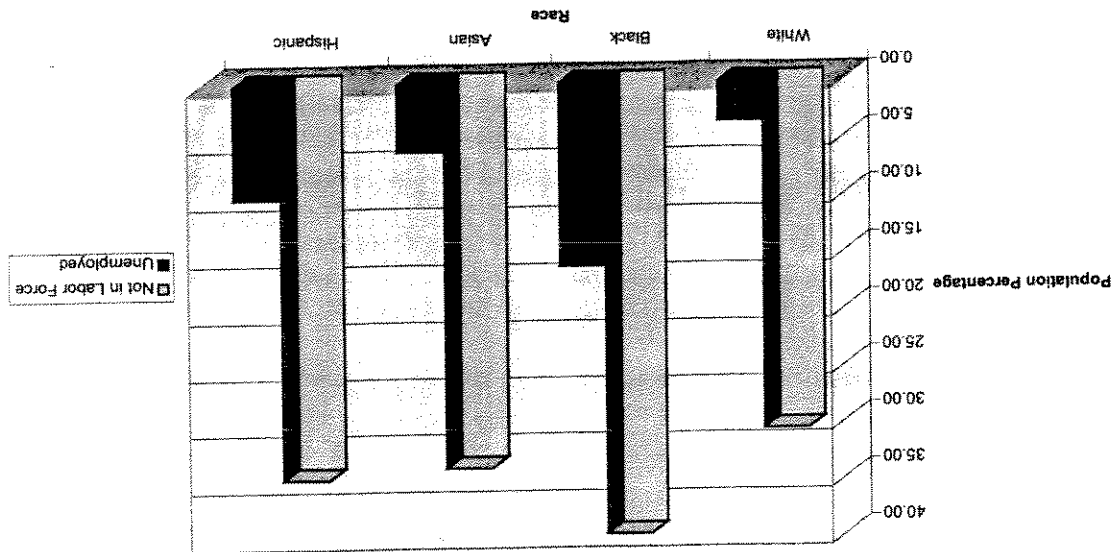
demographic and economic characteristics: employment and income

According to the *Milwaukee Urban Atlas*, the Milwaukee unemployment rate increased during the 1980 to 2000 period. An unemployed person in the labor force not working but actively seeking employment. Fully 9.4 percent of the City's labor force was unemployed at the time of the 2000 census compared with 8.9 percent in 1990 and 6.9 percent in 1980. The most recent increase was contrary to national and state trends. Unemployment rates for both the United States (6%) and Wisconsin (5%) decreased between 1990 and 2000.

The racial disparities in the unemployment rate are stark. The unemployment rate for blacks in the City of Milwaukee is more than three times higher than for whites. The unemployment rates for Latinos, American Indians and Asians is more than double that of whites.

Furthermore, on average, blacks and Latinos earn significantly less per year than whites.¹⁴ Given the relatively higher unemployment rates and lower incomes of African Americans and Latinos in Milwaukee, the need for affordable housing¹⁵ for these populations is clear.

Figure 5: Employment by Race, Metropolitan Milwaukee
Blacks are more than three times more likely to be unemployed and Latinos are twice as likely to be unemployed than whites.



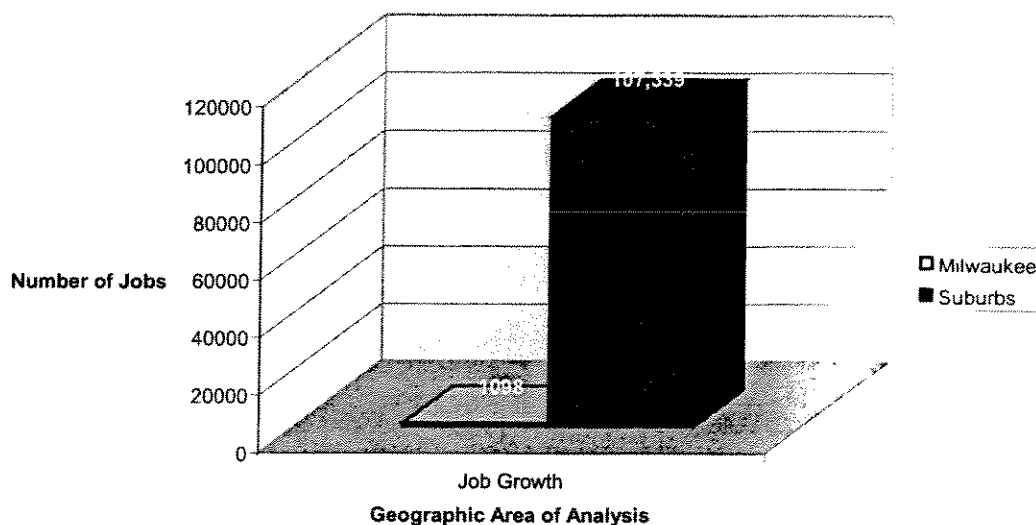
¹⁴ Black households in the Milwaukee area on the average earned 49 cents for every dollar earned by whites by the end of the decade, according to an analysis of the census data by the Lewis Mumford Center at the State University of New York at Albany. Latino households earned 66 cents for every dollar earned by whites.

¹⁵ *Affordable housing* is housing for which the occupant pays no more than 30% of his/her income.

demographic and economic characteristics: employment and income

Figure 6: Job Growth, City of Milwaukee and Metropolitan Area

As shown in this figure, almost all of the job creation in the metropolitan area has occurred in the suburbs.



The unemployment rate in the City of Milwaukee runs over five percentage points higher than in the suburbs. All of the net job growth in metropolitan Milwaukee since 1995 has occurred in the suburbs. Consequently, the metro Milwaukee labor market continues to suffer from a structural “spatial mismatch” between pockets of high unemployment (the City of Milwaukee) and locations of job growth (the suburbs). This disconnect exacerbates the concentration of poverty and highlights the need for desegregation activities on a regional or metropolitan level.

Marc Levine, Director of the University of Wisconsin Milwaukee’s Center for Economic Development states, “Racial disparities in unemployment continue to characterize the Milwaukee labor market. Among the cities and metropolitan areas surveyed by the U.S. Bureau of Labor Statistics, Milwaukee had the highest rates of black unemployment (18.5% in the city, 17.4% in the metro area) in 2001, the most recent data available.”¹⁶ According to the Milwaukee Journal Sentinel, “The African-American poverty rate in metropolitan Milwaukee is nearly seven times the rate for whites. Nationally, the rate is 3.1 times that of whites.”¹⁷

¹⁶ Levine, Marc, “Stealth Depression Joblessness in the City of Milwaukee Since 1990”, August 2003

¹⁷ Milwaukee Journal Sentinel, February 11, 2005

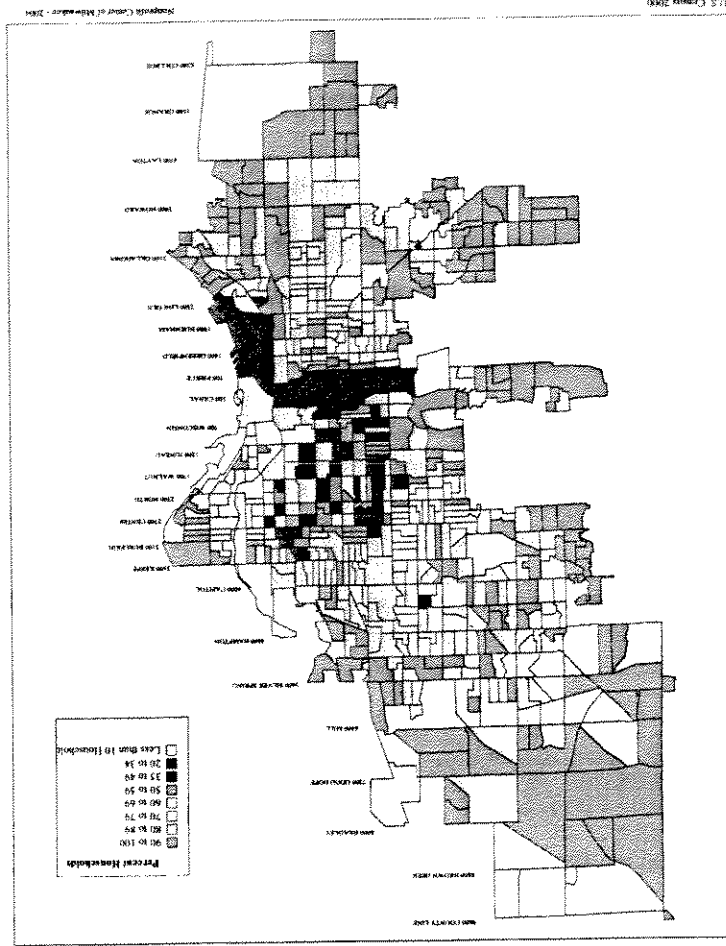
demographic and economic characteristics: employment and income

Transportation

As noted above, all of the net job growth in metropolitan Milwaukee since 1995 has occurred in the suburbs, while a significant majority of the unemployed labor force lives in Milwaukee's central city. This becomes a fair housing issue in view of the fact that the central city is predominantly African American in population, yet 32.3% of Milwaukee's black households do not own cars (see map below). This means that a significant portion of the African American population has limited access to the burgeoning job market, particularly in outlying communities that have inadequate public transportation services.

Connecting this available labor force with available jobs would require either appropriately priced housing in these high job growth communities affordable to persons in those jobs, or some form of transportation connecting Milwaukee to jobs. Currently the region's mass transit is not adequate to access employment outside Milwaukee County.

PERCENT OF HOUSEHOLDS
WITH AUTOMOBILES
MILWAUKEE



demographic and economic characteristics:

housing supply characteristics

The *Milwaukee Urban Atlas* reports that in the 1990s the number of housing units declined by 5000 units. The neighborhoods experiencing the highest loss of units were the central city neighborhoods. These were the same neighborhoods with a higher percentage of families with children as well as the highest rates of poverty and unemployment.

Housing values in the City were comparatively lower than in other areas. In 2000 the median value for a Milwaukee single-family owner occupied unit was \$80,400, compared to \$119,600 for the United States and \$112,200 for the State of Wisconsin.

Housing in the City is also older than the median age in other parts of the State or country. As shown in Table 4, over 46% of the City of Milwaukee's housing was constructed before 1949; 36.6% was built between 1950 and 1969; and 16.7% was built after 1970. The median year that all structures were built in the City is 1951, compared with Wisconsin's median of 1965 and the United States' median of 1971. In general, older housing stock is often less expensive because it is more likely to be in disrepair or have greater maintenance needs.

Table 4: Housing Units by Year Structure Built, City of Milwaukee

Year Built	Number	Percent
Before 1940	83,742	33.6
1940 to 1949	32,596	13.1
1950 to 1959	56,820	22.8
1960 to 1969	34,418	13.8
1970 to 1979	24,935	10.0
1980 to 1989	9,710	3.9
1990 to 1994	3,301	1.3
1995 to 1998	2,705	1.1
1999 or later	988	0.4
Total	249,215	100.0

Table 5: Housing Unit Size, City of Milwaukee

Bedrooms	1980		1990		2000	
	Number	Percent	Number	Percent	Number	Percent
None	7,887	3.1%	7,625	3.0%	9,633	3.9%
1	44,988	17.7%	42,178	16.6%	42,087	16.9%
2	94,178	37.2%	93,069	36.6%	88,219	35.4%
3	79,463	31.4%	84,436	33.2%	80,346	32.2%
4	21,756	8.6%	21,387	8.4%	22,473	9.0%
5 or more	5,188	2.0%	5,509	2.2%	6,457	2.6%
Total	253,460	100.0%	254,204	100.0%	249,215	100.0%

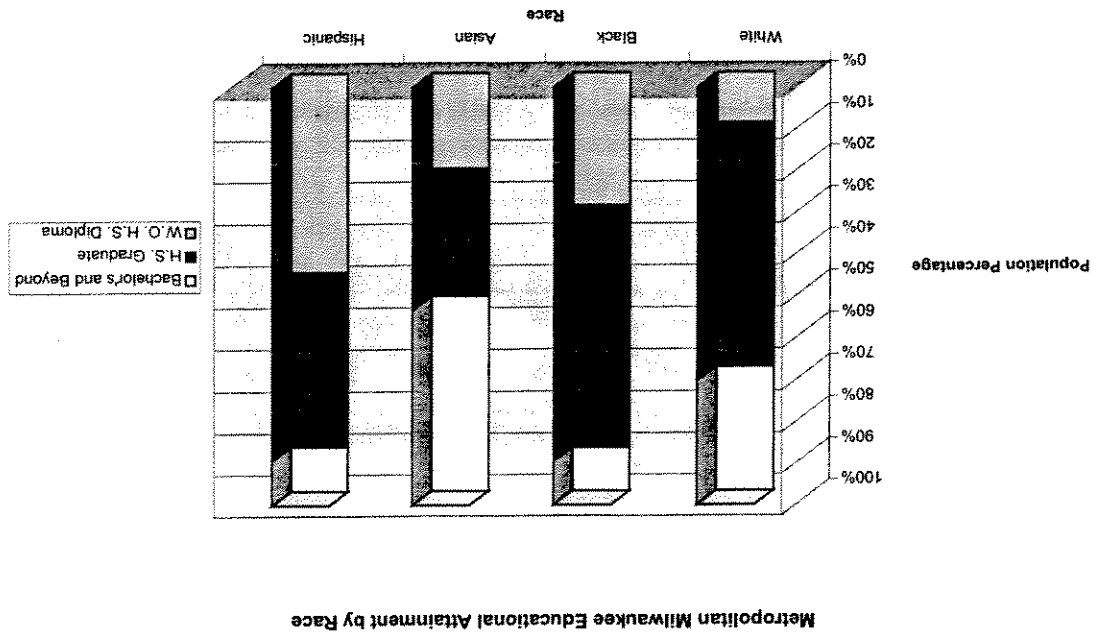
As illustrated in Table 5, the City of Milwaukee's housing is primarily composed of two- and three-bedroom units, which together make up 67.6% of the total housing units. The prevalence of two- and three-bedroom units is relevant given the need for larger housing units, particularly those of many larger Latino and Asian families.

demographic and economic characteristics: educational attainment

The *Milwaukee Urban Atlas* notes that, "More City residents 25 or older were high school or college graduates than in 1990. Fully 75% were high school graduates in 2000 compared with 72% ten years earlier."¹⁸ However, as illustrated in Figure 7, vast disparities in educational attainment are revealed when analyzed by race and ethnicity. For instance, Latinos are nearly 3 times as likely as whites not to have a high school diploma, and Asians and African Americans are over 2 times as likely as whites not to have a high school diploma.

Some of the disparity between whites, blacks, Asians and Latinos is due to an influx of immigrants from other countries. For instance, Hmong adults coming from a refugee camp in Thailand are unlikely to have received the equivalent of a high school education.

Figure 7: Educational Attainment by Race

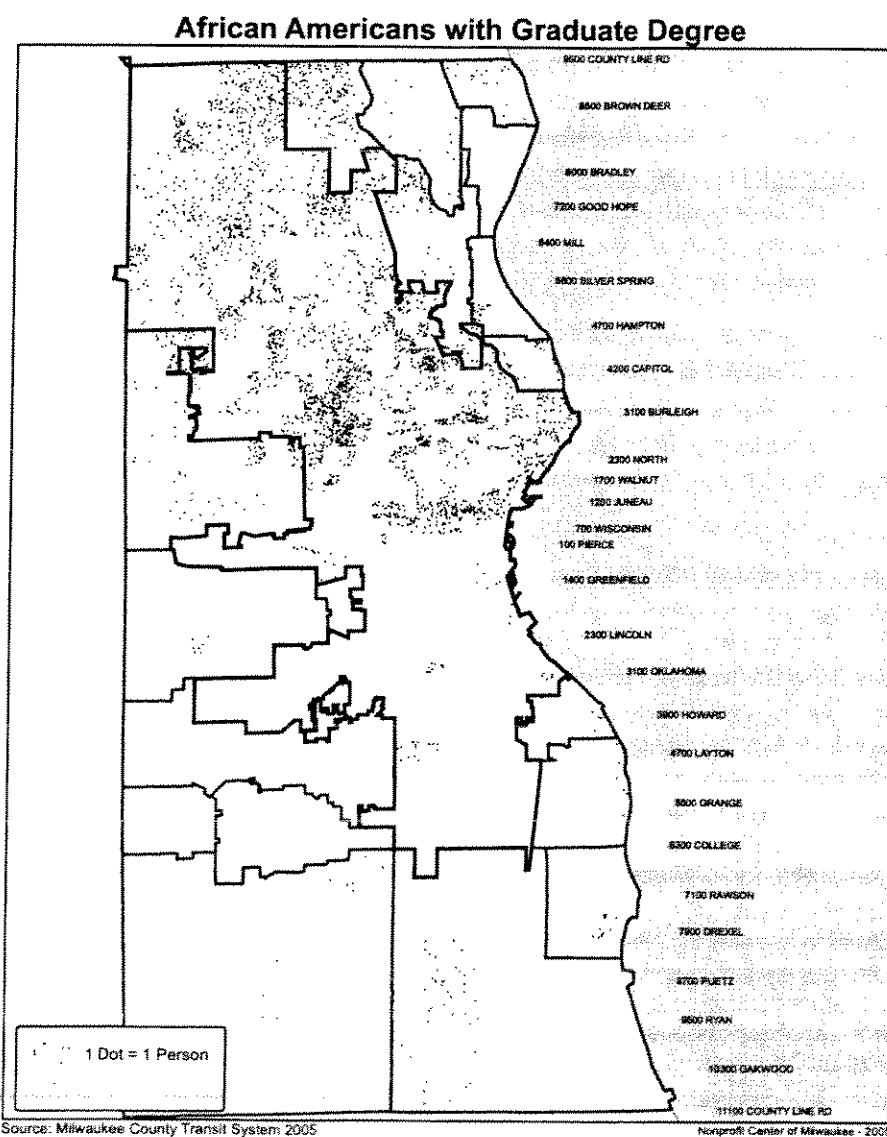


Disparities in education are important to fair housing for several reasons. First, persons with less education tend to have lower incomes than those with more education. This reduces the range of housing available to such households. Also, persons with less education are more likely to have very limited access to educational or financial resources that assist in purchasing a home or obtaining a loan.

demographic and economic characteristics

educational attainment

Blacks with college graduate degrees, more likely to have higher incomes than a lesser educated population, overwhelmingly reside in the City.



demographic and economic characteristics: metropolitan segregation

Legally sanctioned discriminatory housing practices created segregated and unequal neighborhoods and communities in Milwaukee. Although discrimination is no longer legal, it is still an endemic problem. Residential segregation persists due to ongoing discrimination, long-standing housing patterns, current and historic institutional barriers and economic disparities. Racial residential segregation in Milwaukee has contributed to economic disadvantage by reducing minorities' access to jobs, transportation, and retail establishments, as evidenced by many indicators of racial disparity that exist in southeastern Wisconsin.

Although the causes of segregation are complex, it is possible to identify three main factors that contribute to the current concentration of minority populations in the City of Milwaukee: (1) Discrimination: The most significant factor accounting for segregated housing patterns is a range of discriminatory practices on the part of various actors in the housing industry and government housing policy. (2) Economics: Housing costs tend to be higher in the suburbs and minority income tends to be lower than that of the majority population. (3) Choice: Some families choose to live in neighborhoods that are racially or ethnically homogeneous.¹⁹

Prior to the passage of the Fair Housing Act of 1968, various forms of discrimination and institutional racism were legal: racially restrictive covenants²⁰, redlining by banks and insurance companies²¹, discrimination in real estate and rental practices, racially segregated public housing, blockbusting²², Federal Housing Administration²³ and Veterans Administration mortgages, urban renewal²⁴, freeway construction, white flight²⁵, central city disinvestment, exclusionary zoning²⁶/NIMBYism²⁷ by the suburbs. Over a century of legalized discrimination and institutionalized

¹⁹ Jackson 1985; Massey and Denton 1993; Yinger 1996

²⁰ Racially restrictive covenants contractually required buyers of property to sell their homes only to people of particular races.

²¹ Redlining is a practice in which banks and/or insurance companies do not offer their products or services, or offer inferior products or services, within predominantly minority neighborhoods.

²² Blockbusting is the practice of inducing homeowners to sell their properties by making representations regarding the entry or prospective entry of persons of a particular race or national origin into the neighborhood.

²³ Underwriting guidelines for Federal Housing Administration (FHA) mortgages required that "properties shall continue to be occupied by the same social and racial classes" through the 1930s and FHA practices solidified dual housing markets for whites and blacks that persist today in cities across the country (Bradford 1979; Bradford and Cincotta 1992).

²⁴ Urban renewal, referred to by many as "Negro Removal," uprooted entire minority communities with little or no consideration or concern regarding the impact on the existing residents. Moreover, those plans often resulted in the discriminatory taking of property, thus stripping wealth and equity from these communities (Written testimony of Cheryl Ziegler, Director, Housing and Community Development Project Lawyers' Committee for Civil Rights Under Law, Before the Charleston City Council)

²⁵ The departure of white families usually from urban neighborhoods undergoing racial integration or from cities implementing school desegregation

²⁶ Exclusionary zoning are laws that establish maximum density and minimum lot size requirements restrict opportunities for low-income households, thus effectively discriminating against minorities.

²⁷ NIMBY is an acronym for "Not In My Back Yard." A term for a person who resists unwanted development, in this case, any development that may attract person of other races or classes.

demographic and economic characteristics: metropolitan segregation

racism created a system in which racial segregation was the only possible result.

Segregation has been costly to our region on several levels. It creates a continuous cycle of racial disparity. Housing segregation leads directly to inferior schools for minorities. Employment opportunities are denied to minorities who are isolated, often in declining and dangerous neighborhoods.²⁸ Access to quality health care and other vital services also declines dramatically in segregated environments. Discriminatory housing practices and the consequent segregation of housing patterns reduces home ownership opportunities for minorities and depresses the market values of the homes they do own. Compared to the housing wealth that whites have accumulated, the costs of such discrimination to African Americans and Latinos has been estimated to reach \$600 billion nationwide.²⁹ In Milwaukee, the costs have been estimated to be \$2.2 billion—\$31,000 per African American household and \$26,000 per Latino household.³⁰

Not only do the negative effects of segregation hurt the minority community, but the regional economy also suffers from segregation. Ensuring equal access to housing that is linked to high performing schools, sustainable employment, transportation infrastructure, and childcare is essential for securing an economically viable and sustainable region in Southeastern Wisconsin. Housing is a critical element that contributes to expanded social and economic opportunity for individuals and families. When it is affordable and linked to these other opportunities, it can serve as a conduit to improved life outcomes and an improved region.

Studies that rank segregation, integration, and dissimilarity levels in major metropolitan areas around the country are published frequently. For many years, Milwaukee has consistently been ranked among the top five most segregated metropolitan areas in the US. Some argue that the rankings that these studies calculate are meaningless, but that the real value of their promotion in the media lies in the continuation of a valuable and necessary dialogue about race and segregation in this region. Instead of worrying about if we are more segregated than other parts of the country, it is important that we concentrate on the causes and the consequences of this segregation in order to create policies that effectively address the problem.

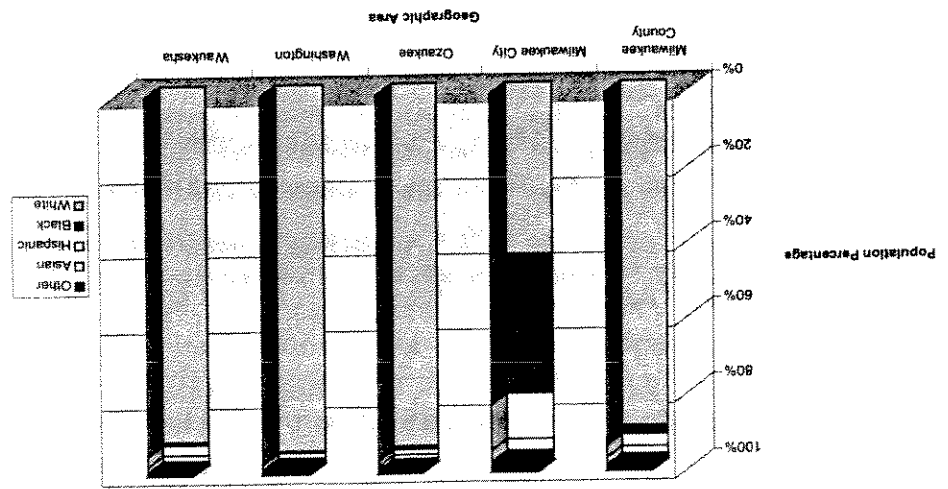
²⁸ Massey and Denton 1993

²⁹ Yinger 1995

³⁰ Madison and Squires 1996

demographic and economic characteristics: metropolitan segregation

Figure 8: Metropolitan Milwaukee Segregation
As shown in a previous section, very little racial or ethnic diversity exists outside the City of Milwaukee.



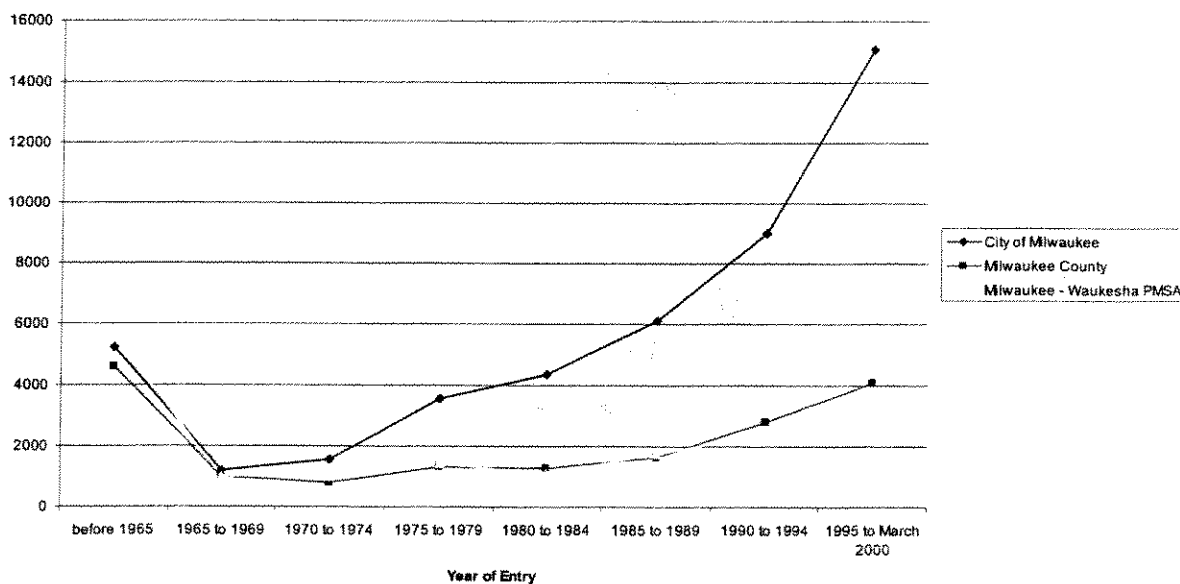
demographic and economic characteristics: linguistic isolation

A household in which no one speaks English well is *linguistically isolated*. Linguistic isolation hinders a person's ability to integrate economically, academically and socially into society and has stranded many non-English speakers in low-wage menial jobs.

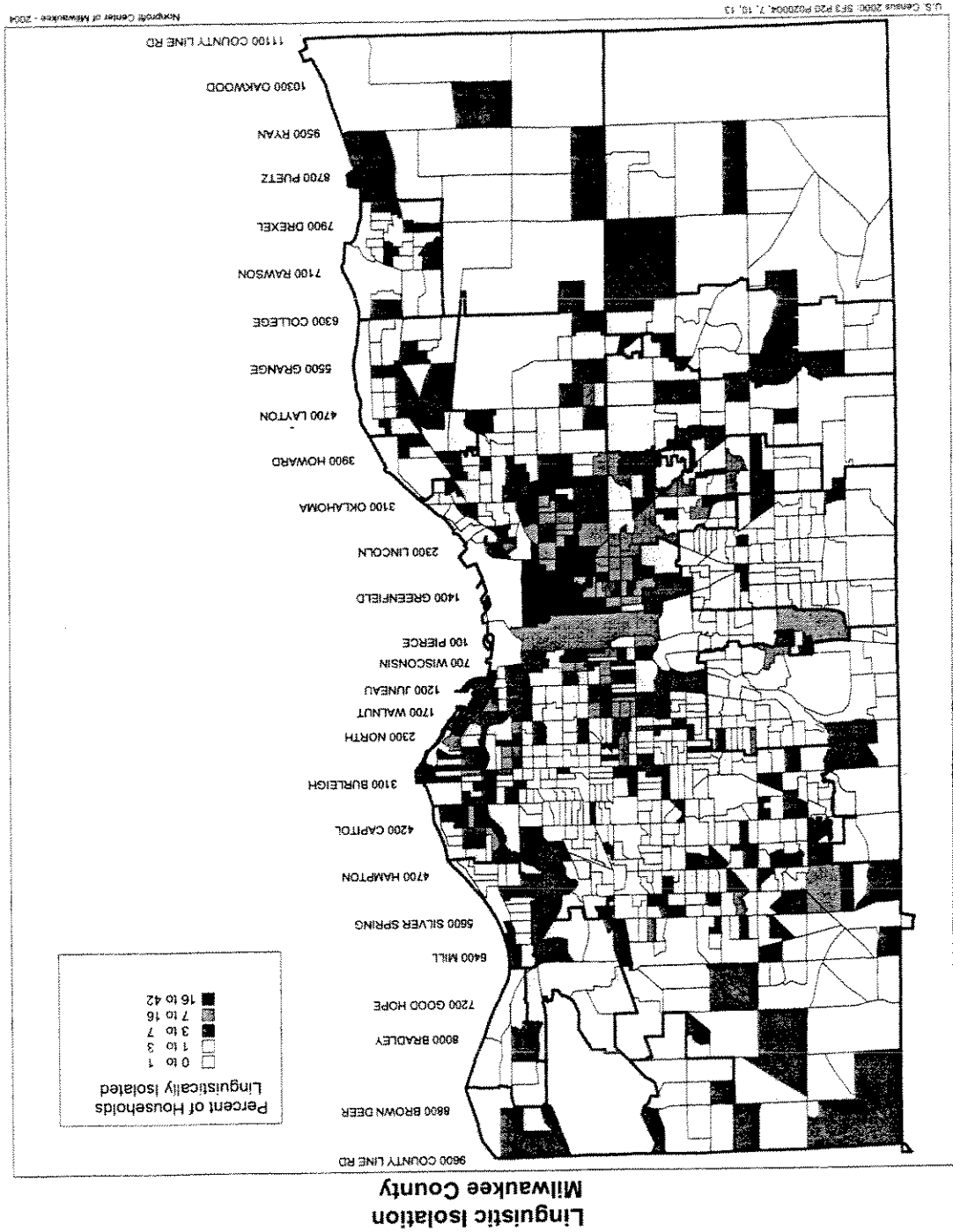
As shown on the map on the next page there are 46 census block groups in which 16-40% of the households are linguistically isolated. These isolated block groups also coincide with block groups with higher concentrations of Latinos. A population that is both minority and does not speak English well may face discrimination based on national origin as well as challenges related to obtaining housing, such as communicating effectively with a rental agent, real estate agent, mortgage lender or insurance agent.

Figure 9: Foreign Born by Geographic Area

As illustrated below, a vast majority of foreign born population resides in the City of Milwaukee.



demographic and economic characteristics: linguistic isolation



fair housing impediments

As mentioned in this report's introduction, an *impediment* to fair housing is anything that may hinder or prevent a person from having equal access to housing because of membership in a federal or Wisconsin protected class. Impediments may take the form of a city or other governmental entity's policy, practice or procedure, housing industry practices, or other societal factors.

This section describes fair housing impediments identified through MMFHC's research and interviews with community representatives. This section is organized into City of Milwaukee impediments, federal and state impediments, suburban policy impediments, and private market impediments. Some impediments fall under more than one category and are listed as such.

Fair housing impediments: city of milwaukee: procedures, policies and practices

Lack of Required Enforcement Mechanism for Complaints of Discrimination

The City of Milwaukee's Housing and Employment Discrimination Ordinance (Chapter 109 of the City of Milwaukee Ordinances) outlines enforcement procedures for complaints of illegal housing discrimination filed with the City. As of the time of this report, the Equal Rights Commission, as described in the Ordinance, has been merged into the Department of Employee Relations. Subsequently, the City does not have the capacity to conduct intake or investigation of housing discrimination complaints. Upon receipt of such allegations, complainants are referred to MMFHC, HUD or the Wisconsin Equal Rights Division.³¹ The absence of the operating Commission, as well as lack of access to the enforcement services outlined in the Ordinance, denies any local administrative recourse for persons seeking redress of fair housing violations in the City.

City of Milwaukee Housing and Employment Discrimination Ordinance

The local ordinance is an inadequate tool to effectively address housing discrimination in Milwaukee for several reasons. Listed below are some of the problematic aspects of the ordinance.

- **Declaration of Policy**

"Discrimination against any city resident (*emphasis added*) endangers rights and privileges of all".

This statement suggests that the protection is afforded only to persons who already reside in the City. Even though the definition of "complainant" is more expansive, this statement appears to exclude persons who experienced discrimination are attempting to move into the city.

- **Definition of "Familial Status" 109-3(9)**

The definition, although consistent with the Federal Fair Housing Act, is more restrictive than the Wisconsin Open Housing Law. Specifically, under the State law "family status" protects a household comprised of one or more minor or adult relatives. Therefore, this definition, unlike that contained in both the City ordinance and the Federal Act, offers protection to intergenerational or extended families (e.g. a household comprised of a grandparent, adult child and minor).

- **Behavioral Manifestations of a Mental Disability 109-3(10)d**

The definition contained in the City ordinance is an abbreviated version of language contained in the comments section of the Federal Regulations 24 CFR Part 14. As written, this language may give housing providers the misimpression that they may lawfully consider such behavioral manifestations without taking into account mitigating circumstances or making reasonable accommodations for that disability.

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- **Exceptions: Significant Facilities and Services 109-7 (5) a-3-a**

The City ordinance provides exemptions from the familial status portion of the law for housing for “older persons”. The City ordinance defines housing for older persons in an identical manner to both federal and state law, with the exception of section 109-7 (5) a-3-a which denotes a requirement that housing for persons 55 and older maintain significant facilities and services specifically designed to meet the needs of older persons. This exception, originally contained in both the federal and state laws, was subsequently amended and this exemption was removed.

- **Exceptions: Service Animals 109-7 (7)**

The definition of service animal is more restrictive than contained in the Federal Fair Housing Act. Specifically, in the local ordinance, persons with cognitive or mental disabilities would not be protected to legally obtain a service animal.

- **Exceptions: Service Animals 109-7 (7)a**

The provision allowing housing providers to impose “reasonable rental regulations” on service animals is vague and lacks clarity. It is also more restrictive than either the federal or state fair housing laws.

- **Exceptions: Owner occupied dwellings and Familial Status 109-7 (9)**

This exemption expressly excludes owner-occupied duplexes from complying with the familial status portion of the Ordinance. This is problematic for two reasons. First, it contradicts the State law that contains no exemptions for owner-occupied dwelling. This is confusing for housing providers, as they may believe they are compliant with the law if they discriminate against families with children in their duplex, however, they are indeed violating the State fair housing law. Secondly, this restriction excludes a very large segment of the City’s rental market for families with children. As the purpose of the fair housing laws is to expand housing choice, this provision is contradictory to the intent of the City’s fair housing policy.

- **Equal Rights Commission 109-15**

Although required by this statute, at the time of this report the City’s Equal Rights Commission was not operational.

- **Remedies 109-17(9)**

The statute is silent on what types of remedy and redress may be awarded if the complaining party prevails. Even though the statute outlines forfeitures that may be ordered, those monies are not recoverable by the victim of discrimination, but rather go to the City as

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a fine. Unlike federal or state law, this statute does not provide remedy in the form of economic or non-economic damages, injunctive relief or recoverable attorney fees. The absence of any clear remedy is an obvious disincentive for persons to utilize this law to redress discrimination in housing.

Accessible Housing Supply

While City policies may not be directly responsible for the shortage of accessible housing, such policies can be used to address this shortage.

Lack of Housing Units Accessible to Persons with Disabilities

There is a wide range of physical disabilities that can impede access to housing. Ensuring an adequate supply of accessible housing to meet the needs of persons with disabilities must be a City goal. While the actual number of accessible private housing units is not available, the need for such housing is apparent. According to the 2000 US Census, nearly 22% of the City of Milwaukee's population has a disability, and of that population, 25% have incomes below the poverty level. As shown in Figure 10, nineteen percent of people without a disability have incomes below the poverty level in the City of Milwaukee. People with disabilities are more than twice as likely to have incomes below the poverty level in both Milwaukee County and the four county metropolitan Milwaukee area. Furthermore, in the metropolitan area, people with disabilities are concentrated in the City of Milwaukee.

Often, persons with disabilities are more likely to be unemployed, or employed in lower paying jobs. Based on interviews with Independent Living Centers, persons with disabilities are proportionally more in need of affordable housing than those without disabilities.

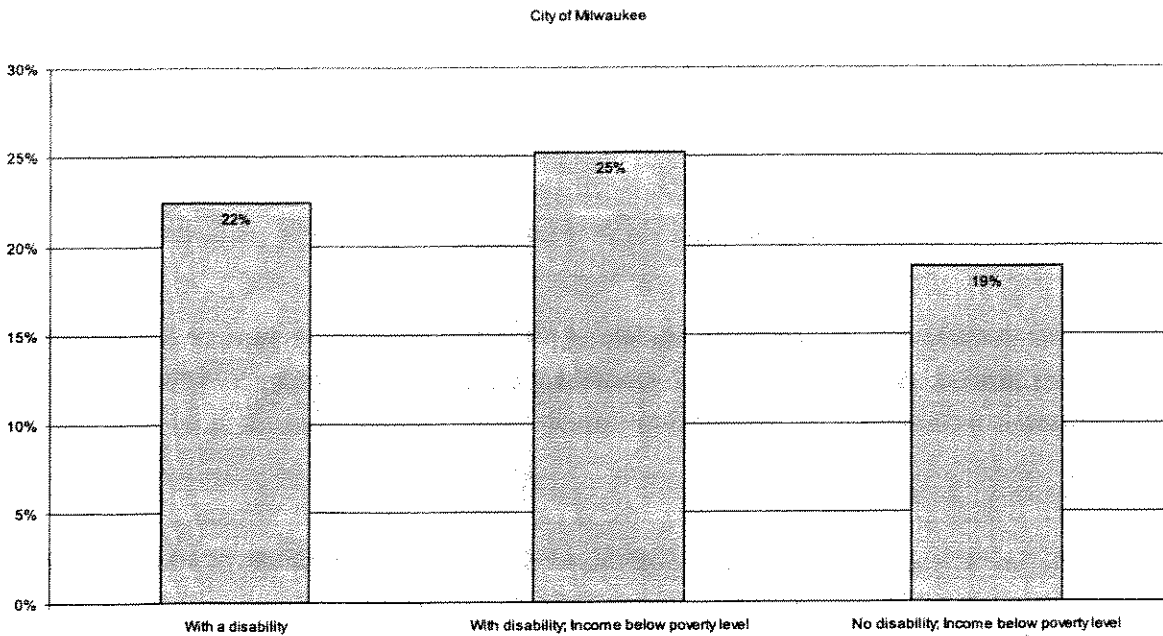
Milwaukee has a large proportion of older housing stock; nearly 70% of the City's housing was built in 1959 or earlier. Older housing units are less likely to be accessible to persons with physical disabilities and are more likely to have narrow hallways, small bathrooms, and steps; however, they are also more likely to be affordable. Newer homes are more likely to be accessible, but typically not affordable. This is a critical point, because as noted above, a disproportionate number of persons with disabilities are low-income.

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Figure 10: Persons with Disabilities and Persons Living in Poverty

One out of four persons with disabilities in Milwaukee live in poverty and require affordable housing.



When the Federal Fair Housing Act was amended in 1988, “disability” was added as a protected class. Moreover, the 1988 amendment required multi-family residences built for first occupancy after March 13, 1991, to have a variety of basic accessibility features, such as doorways and hallways of a certain width, an accessible entrance and accessible environmental controls. Over 96% of Milwaukee’s housing was built in 1990 or earlier, and therefore is not required to meet federal accessibility guidelines.³²

In addition, approximately 43,569 of the City of Milwaukee’s households were headed by individuals classified as elderly (65 and older). Homes owned by the elderly need to be made accessible, as many older adults have mobility impairments leading to difficulty entering and leaving their homes as well as moving efficiently inside them.³³

Substandard Housing

Information obtained from interviews suggests that area housing advocates are constantly frustrated by the repetition by City staff and officials that “Milwaukee has enough affordable housing”. While Milwaukee has ample housing that is *affordable* to those at middle income levels, and even some to those at lower incomes, the condition of that housing is often not taken into account.

³² There are additional provisions regarding rehabilitation of existing housing. Please see Chapter 101.132 of the Wisconsin Statutes for additional information.

³³ City of Milwaukee 2005-2009 Consolidated Plan

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Structural Quality and Substandard Housing

The age of a housing unit is not an absolute predictor of housing quality. However, it can be assumed that the older the housing structure, the greater the likelihood of code compliance problems. The majority of the units built before 1940 (33.6%) are located in the central city, as are the least expensive housing costs. Therefore, it is likely that among the reasons many of the homes are inexpensive may be a condition of disrepair.

According to past estimates of the Department of Neighborhood Services, 10,000 of Milwaukee's 249,215 housing units required more than routine maintenance. A survey of board-ups in 2004 by the Department of City Development identified over 700 boarded up homes in the City.³⁴

Overcrowded Housing

The U.S. Census defines *overcrowded* as a household that has more persons than the number of rooms it occupies. Although average household size declined, there was an increase in the number of households living in overcrowded housing. In 2000, 6% of the City's households were overcrowded compared with 4.3% in 1990. The incidence of overcrowded households is higher in some south side areas, coinciding with the City's largest households.

As discussed in an earlier section, most of the City's largest households lived in minority-dominated census tracts. Also, the highest concentrations of overcrowded households correspond to neighborhoods with high concentrations of Hispanics. Most lived in the parts of Milwaukee with the oldest housing stock.

Affordable Housing Supply

A shortage of affordable housing may not appear to be a fair housing issue on its face. However, the negative impact that lack of affordability has, particularly on persons with disabilities, people of color, families with children or the elderly cannot be ignored. An adequate supply of affordable housing, both for ownership and rental, is essential for an open and inclusive housing market in Milwaukee. Affordable housing is defined as when housing costs are no more than 30% of a household's gross annual income. As shown on the map on the next page, currently, 39% of Milwaukee's renter households pay 30% or more of their income for rent or mortgage payments. The affordability crisis becomes even clearer when it is revealed that 20% of Milwaukee's renter households spend more than 50% of their income on rent (see maps on following 2 pages). As a substantial number of older adults in the Milwaukee metropolitan area live on total household incomes between \$10,000 and \$15,000 per year, constantly rising rents is of great concern to this elderly population.³⁵

The City's Definition of Affordable Housing

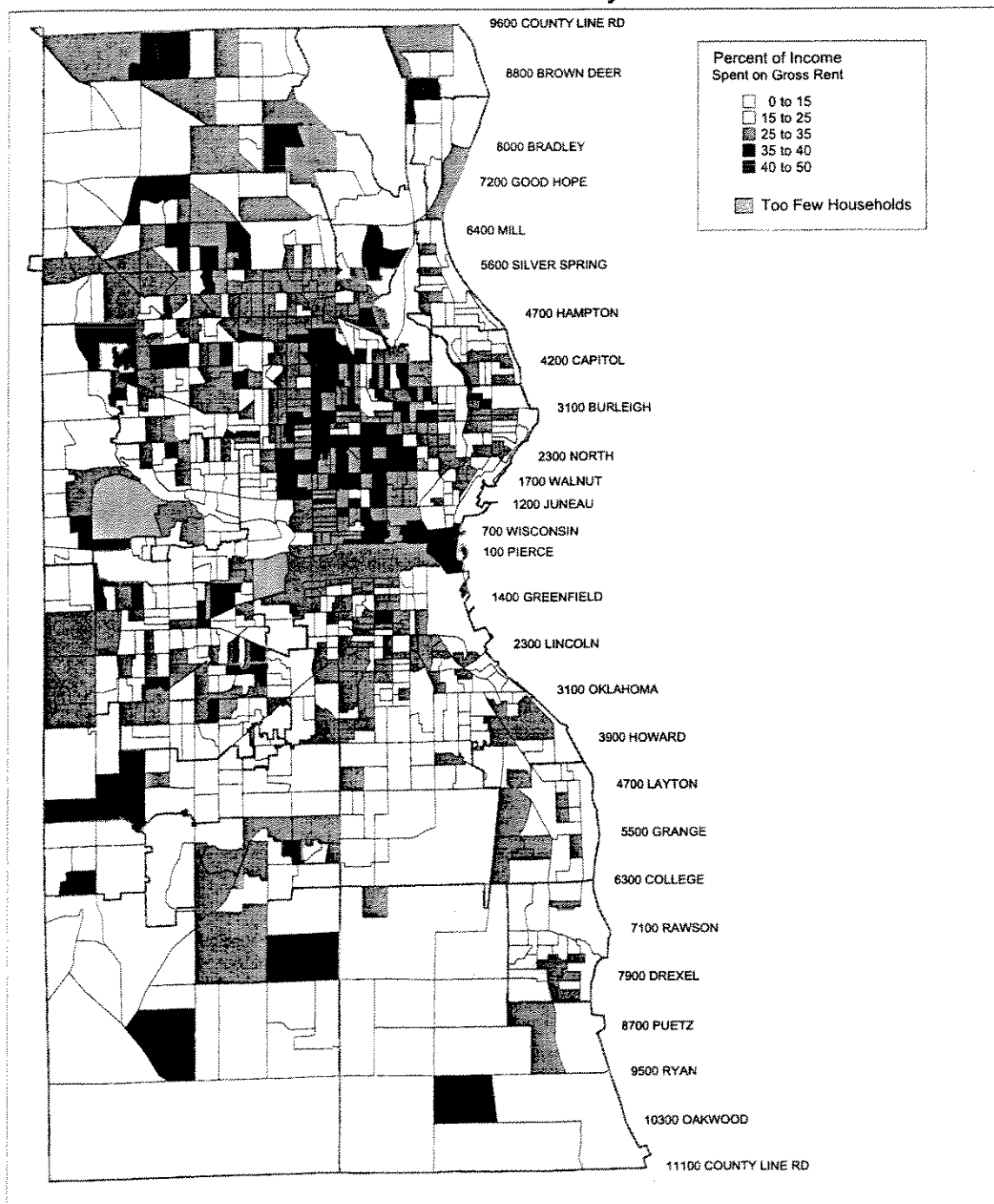
As mentioned in the previous section, advocates, developers and consumers alike view the City's assertion that "Milwaukee has enough affordable housing" with some skepticism. This myth has

³⁴ City of Milwaukee 2005-2009 Consolidated Plan

³⁵ Ibid.

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**Percent Income Spent on Gross Rent
Milwaukee County**

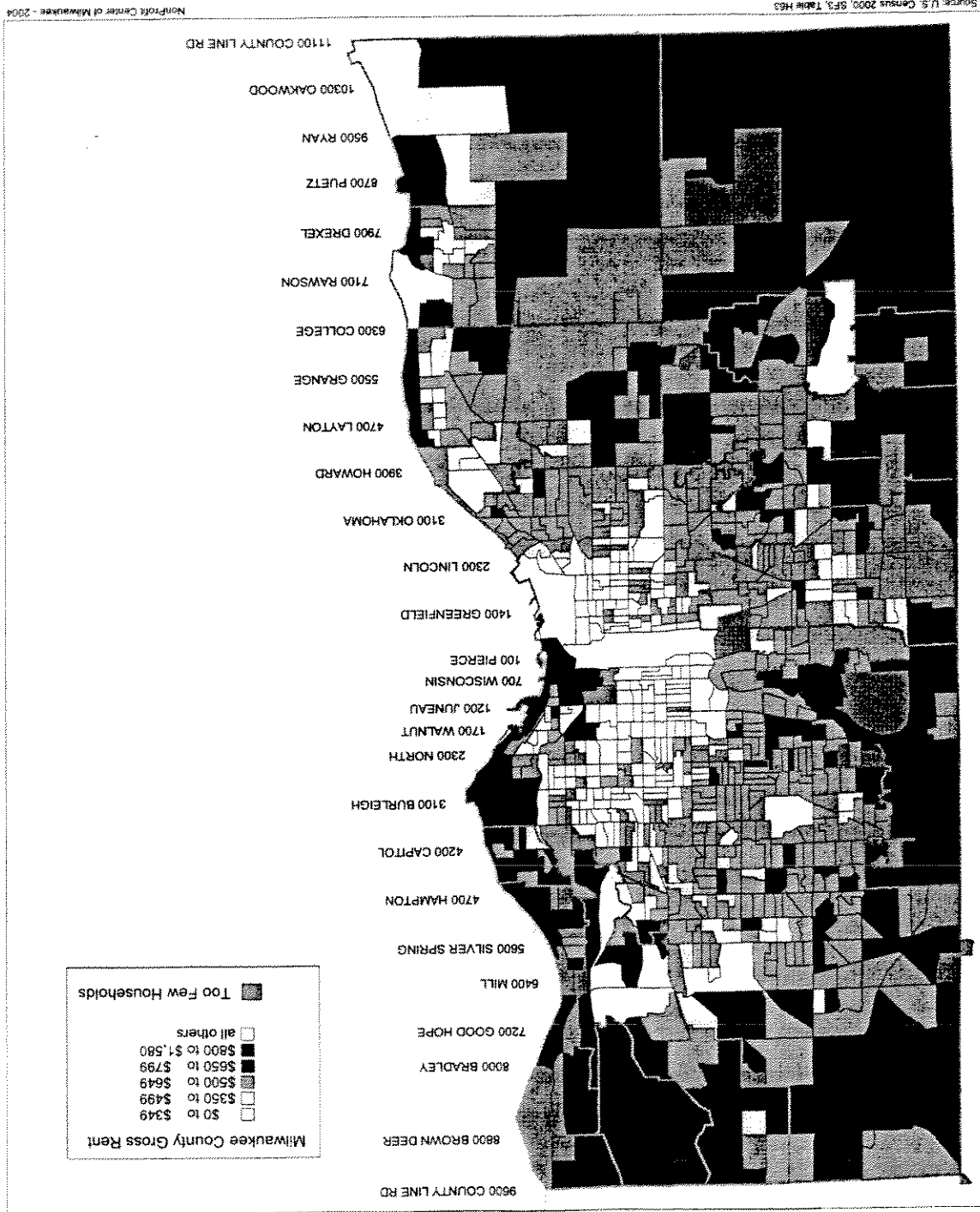


Source: U.S. Census 2000, SF3, Table H63

NonProfit Center of Milwaukee - 2004

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Median Gross Rents
Milwaukee County



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led several housing producers and advocates to say that the *City's definition of affordable* is an impediment to fair housing. In the City's Downtown Housing Market Study, completed in 2003, *affordability* was defined using the County's Median Income (CMI). Given that the County Median Income is considerably higher than the City's, the results of this study provided a skewed measure of affordability, suggesting that housing in the City of Milwaukee was very affordable. Second, as mentioned previously, most measurements of affordable housing stock do not take into account the quality of housing.

As shown on the map on the previous page, the most affordable housing (not taking *housing quality* into account) is concentrated in the central city. Given the huge City and regional income disparity between whites, blacks and Latinos discussed in a previous section, as well as the location of racial concentrations shown on dot density maps, we can conclude that the concentration of affordable housing contributes to racial segregation.

The Lack of Financial Resources to Build, Preserve and/or Rehabilitate Affordable Housing

The shortage of affordable housing is attributable, in part, to a lack of resources to build and preserve such units in Milwaukee. Constructing any type of affordable housing requires numerous subsidies. This layering of subsidies is common in affordable housing projects and is necessary to close the financing gap. Most developers currently obtain financing by combining federal money disbursed through local and state governments, a housing block grant program (HOME), and the Low Income Housing Tax Credit (LIHTC) program. In addition to this very complex nature of financing, the development of affordable housing is also highly competitive. Moreover, when financing and subsidy resources are scarce and a higher return on investment is unlikely, many developers prefer to build simpler and more profitable market rate housing developments.

Complex financing arrangements make the development of affordable housing difficult, and this situation is exacerbated by the fact that already inadequate funding sources are decreasing. The Milwaukee Community Development Block Grant (CDBG) Office historically funds \$12 million per year for affordable housing, but receives approximately \$36 million in funding requests each year. In addition, City HOME dollars – used to fund affordable housing – have decreased 22% between 2003 and 2004.

Housing Authority of the City of Milwaukee

Lack of Housing Choice Section 8 Rent Assistance Vouchers

Based on demand for the Housing Authority's Rent Assistance program, the inability to find suitable, quality affordable housing is a serious issue for many. When the Rent Assistance waiting list opens up, which occurs as infrequently as every five years, approximately 15,000 families apply. However the list only has room for 2000 families. Of those 2000 families, as many as 20% are not able to find a suitable unit, and have to forfeit their vouchers.

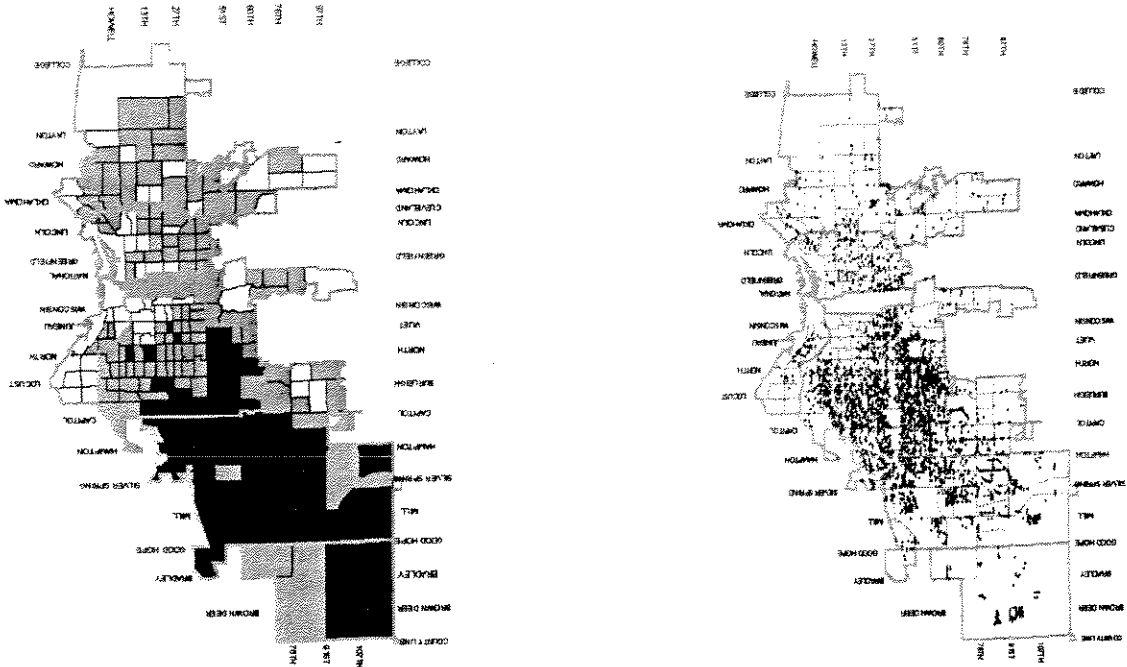
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For Fiscal Year 2005, the Bush Administration has proposed changes to the voucher program that would cut program funding by \$1.05 billion below the 2004 level. The City of Milwaukee Housing Authority (HACM) budget will be cut by \$2.4 million. The cuts would present housing agencies with two unappealing options: dropping families from the program and charging higher rents to voucher holders. Currently HACM authorized a total of 5312 vouchers under the Section 8 program but with HUD's cuts HACM can only support 4838, a cut of 474 vouchers. HACM has not been able to provide vouchers to any families on the waiting list for several months and likely will not be able to process any new applicants for some time to come.

Impediments to Participation in the Section 8 Housing Choice Voucher Program

Limited participation by housing providers in the Section 8 program is an obvious impediment to expanding housing choice in the area. The Wisconsin Open Housing Law does not consider the Section 8 program a part of the "source of income" protected class; therefore, landlords are not required to rent to tenants participating in that program. There are several reasons landlords may not want to participate in the program. Objections to participation may include: the program's paperwork requirements, the program's inspection requirements, or bias against low-income persons.

Limited landlord participation has far-reaching consequences, as it reduces the number of units available to persons seeking housing. In addition, when landlord participation is limited, Section 8 housing opportunities tend to be confined to areas already experiencing high levels of poverty and racial segregation. Therefore, the Section 8 program, which could be a tool to facilitate



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economic and racial integration, may only serve to increase residential segregation. The maps on the previous page illustrate the location of Section 8 voucher holders. Each dot on the map on the left represents where a Section 8 voucher holder lives. The map on the right shows the density of voucher holders. The darkest red representing the highest proportion of voucher holders to rental units.

Another impediment is HUD-mandated Section 8 program requirements. First, many housing units may not qualify for the Section 8 program if the rent is higher than HUD's allowable rent for an area. Second, once a household is approved for the Section 8 voucher, it has a limited time to find a unit that meets HUD's criteria. As mentioned above, up to 20% of households have to forfeit vouchers because they are unable to find a unit.

Zoning: Group Homes or Community Living Arrangements (CLA)

Community Living Arrangements by City definition refer to facilities licensed by the State of Wisconsin. According to the City's Zoning Ordinance 295-503-1(2)(h), to legally occupy a proposed CLA location in the City of Milwaukee, an occupancy permit must also be obtained from the City's Development Center. If the Development Center determines that a proposed CLA is within 2,500 feet of another CLA, an occupancy permit cannot be issued by the Development Center unless the City's Board of Zoning Appeals grants the applicant a special use.

Advocates of persons with disabilities have said that the intent of the 2,500-foot law is to prevent the *ghettoization* of group homes, but instead results as an impediment to group home siting. The City has been the defendant in at least one lawsuit regarding their CLA group home ordinance (as discussed in the *Fair Housing Litigation Involving the City* section). The City maintains that it is adhering to the State Statute 59.69 (15) (a) and (b), which requires no less than 2,500 feet between Community Living Arrangements. However, disability advocates say that each municipality has the right to decide whether to enforce the State's statute.

In a 1998 case³⁶ challenging the City of Greenfield's 2,500 foot ordinance, the federal district court found that the 2,500 foot community living arrangement spacing requirement under sec. 62.23(7)(i), Stats., has been preempted by the Federal Americans with Disabilities Act of 1990 and the Federal Fair Housing Amendment Act of 1988.

³⁶ In the companion cases of Vincent Z. by his Guardian, et al. v. Village of Greendale, City of Greenfield, State of Wisconsin and Wisconsin Dept. of Health & Family Services (U.S. Eastern District Case No. 96-C-1101) and Oconomowoc Residential Programs v. City of Greenfield and Village of Greendale (U.S. Eastern District Case No. 96-C-1112) (each decided on September 30, 1998) the federal district court found that the 2,500 foot community living arrangement spacing requirement under sec. 62.23(7)(i), Stats., has been preempted by the federal Americans with Disabilities Act of 1990, 42 U.S.C. secs.12101-12213 (ADA) and the Federal Fair Housing Amendment Act of 1988, 42 U.S.C. secs.3601-3631 (FFHA). 10/30/98.v

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CDBG Funding Policies

Some community development organizations have suggested that the Community Development Block Grants award process can be an impediment to maximizing resources for affordable housing production, rehabilitation and preservation. Issues specifically cited were:

Not Leveraging City Block Grants for Increased Private Investment
Lack of Adherence of CDBG to Priorities: An increasing amount of Block Grant dollars are going to fund City departments, as opposed to target area programs.

Lack of Post-purchase Counseling: Because currently no organizations in the City provide post-purchase counseling, Milwaukee jeopardizes its millions of dollars of neighborhood investment. Post-purchase counseling can educate and therefore prevent Milwaukee's homeowners from losing their homes to predatory lending³⁷. Millions of dollars of public and private funds, including CDBG dollars, are used to revitalize neighborhoods. If the national trend in the increase in foreclosures³⁸ continues, that money may be lost. The impact of predatory lending on a community is seen as property values are lowered (because of foreclosures and disinvestment), and the tax base is weakened. This further affects the infrastructure of a community, impacting the viability of schools, recreational facilities, transportation and other vital services for families with children. The issue of predatory lending will be discussed in the mortgage lending portion of the Private Market Impediments section.

Fair Housing Litigation Involving the City

In this section, the two major fair housing legal actions initiated against the City in the last ten years will be summarized.

U.S. Department of Justice v. City of Milwaukee

In February 1997, the United States Department of Justice sued the City of Milwaukee, based on its decision to deny a zoning variance to the Indian Council for the Elderly. The lawsuit alleged the City's action was impermissibly influenced by the discriminatory motives of local residents and a member of the Milwaukee Common Council representing the district in which the senior center was to have been constructed. The Indian Council of the Elderly sought the zoning variance to build a 49-unit housing complex and meal facility in southwest Milwaukee to serve elderly Native Americans and other senior citizens. Local residents and a member of the Milwaukee Common Council vocally opposed the construction because they believed that Native Americans would visit it, according to the lawsuit.

A settlement agreement between the United States and the City of Milwaukee resolved claims that

³⁷ A predatory loan is an unsuitable loan designed to exploit vulnerable and unsophisticated borrowers. Predatory loans are a subset of sub-prime loans. A predatory loan has one or more of the following features: 1) charges more in interest and fees than is required to cover the added risk of lending to borrowers with credit imperfections, 2) contains abusive terms and conditions that trap borrowers and lead to increased indebtedness, 3) does not take into account the borrower's ability to repay the loan, and 4) often violates fair lending laws by targeting women, the elderly, persons on fixed-income, minorities, and communities of color.

³⁸ In March 2005 there were 57% more foreclosures on American houses than in March 2004. Source: Foreclosure.com

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the City allegedly violated the Fair Housing Act by blocking the construction of the senior citizen housing development. As part of the settlement, the Indian Council for the Elderly was permitted to construct the facility. The agreement also required the City to pay \$340,000 to injured parties in compensation for damages they incurred because the City denied the zoning variance.³⁹

Oconomowoc Residential Programs and Wisconsin Coalition for Advocacy v. City of Milwaukee

In 2002 the U.S. Seventh Circuit Court of Appeals found that the City of Milwaukee failed to make a reasonable accommodation—required by the Americans with Disabilities Act and the Fair Housing Amendments Act—in denying a zoning variance for a group home. The proposed community living facility was intended for adults with traumatic brain injury or developmental disabilities. The plaintiffs, Oconomowoc Residential Programs (an operator of community-based residential programs), an advocacy group and two prospective residents of the home, sought a variance from a City ordinance that prohibited community living arrangements within 2,500 feet of one another. The plaintiffs claimed that the request was a reasonable accommodation necessary to allow people with brain injuries and developmental disabilities to live in a residential neighborhood. The court rejected the City's arguments that it reasonably accommodated group homes by permitting those in compliance with its spacing ordinance and by considering waiver applications. It also rejected the City's argument that plaintiffs' requested accommodation would impose undue financial or administrative burdens because of reports of investigations at other facilities operated by plaintiff corporation, the high volume of traffic and lack of sidewalks at the site, and a nearby river's flooding potential. The court found these arguments speculative and reliant on "blanket stereotypes" about disabled persons. The plaintiffs, the court held, met their burden of demonstrating that the variance was necessary to give them an equal opportunity to live in a residential neighborhood.⁴⁰

The Fair Housing Amendments Act prohibits local governments from applying land use regulations in a manner that will give disabled people less opportunity to live in certain neighborhoods than people without disabilities. Often, a community-based residential facility provides the only means by which disabled persons can live in a residential neighborhood, either because they need more supportive services, for financial reasons, or both. When a zoning authority refuses to reasonably accommodate these small group living facilities, it denies disabled persons an equal opportunity to live in the community of their choice.

³⁹ US Department of Justice press release, June 2001

⁴⁰ National Center on Poverty Law; www.povertylaw.org

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Milwaukee Public Schools (MPS)

Policies of public schools affect all areas of life. They are tied to the area's economy, housing market, transportation systems and health care, as well as other socioeconomic factors. Challenges facing MPS have generated a number of responses. Some of those responses have taken the form of the development of alternative school options for area students. Such options could serve to improve the desirability of MPS and thus increase housing opportunities and racial integration in the City.

Yet, it can not be discounted that some responses to MPS challenges have resulted in a classic "white flight" scenario, in which white parents move from an area, citing changes within the schools as one of the reasons to leave an integrated or predominantly minority school district. Although often the reasons stated for leaving the City may be related to the perceived quality of schools, in actuality these choices may be based more on race. This is evidenced in a recent study conducted by Professor Thomas Shaprio of Brandeis University. He surveyed 200 families in Boston, Los Angeles and St. Louis on various issues, including residential choice and schools. Shaprio concluded that although parents contend they choose neighborhoods based on the "reputation" of the local schools, in reality their definition of "quality schools" are tied more to the racial and class profile of the school system, rather than objective quality of education factors, as defined by the US Department of Education (surprisingly, Professor Shaprio found that very few parents conducted any independent research of the schools, such as visiting the schools themselves, determining class size or graduation rates).⁴¹

Some school initiatives were developed that, while well intended, may have a negative impact on the City's and the Region's racial and economic segregation. A description of four such initiatives is described below.

Chapter 220

Chapter 220 is a suburban/City school busing program in which minority students from the City can attend suburban schools and white students from the suburbs attend City schools. Encouraging voluntary school integration and improving minority student academic performance were the intended purposes of the program. According to the City's 1996 Analysis of Impediments to Fair Housing Report, "from the beginning the plan was almost totally unrelated to residential patterns. Children from both integrated and non-integrated neighborhoods were bused. The plan did not exempt integrated neighborhoods from busing. Neighborhood schools that reflected a natural pattern of integration were not protected. Since this program started, the schools have become less racially balanced and failed to produce anticipated academic gains."⁴² The report also cited that "critics of Milwaukee's school desegregation plan contend that the real problem is racially segregated housing. Instead of busing children, focus should be placed on integrating neighborhoods."⁴³

⁴¹ Shaprio, Thomas. *The Hidden Cost of Being African American*. New York: Oxford University Press, 2004.
⁴² City of Milwaukee Fair Housing Impediments Study, 1996
⁴³ Ibid.

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Neighborhood Schools Initiative

The Neighborhood Schools Initiative was a response to the high costs associated with Chapter 220's busing. MPS's initiative made improvements to schools in the densest neighborhoods to motivate parents to send their children to neighborhood schools rather than to rely on busing. While this initiative seems financially practical, no consideration was given to how this policy may impact already segregated neighborhoods.

Open Enrollment

Open Enrollment is a statewide program that allows children to attend schools outside of their districts. According to the Public Policy Forum, "Open enrollment as a successor to Chapter 220, would not contribute to greater diversity. In the 2001-2002 school year 85% of Open Enrollment participants were white, including 63% of the transfers from Milwaukee. Thus, unless Open Enrollment policy is changed to attract greater minority participation, the program will not help suburban district maintain their current levels of integration should Chapter 220 end."⁴⁴

The Milwaukee Parental Choice Program (MPCP)

The MPCP allows low-income children within MPS to transfer to private schools within the City's geographical limits that have registered as participating schools with the State Department of Public Instruction. In the Choice Program, the State pays the private school tuition of eligible students. Most critics of the Choice Program argue that MPCP siphons money away from Milwaukee Public Schools.

⁴⁴ *Choosing Integration: Chapter 220 in the Shadow of Open Enrollment*, Public Policy Forum, February 2003

Fair housing impediments: state and federal housing policies

While the City of Milwaukee is not directly involved in these state and federal impediments, it is essential that they be addressed because they impact the City's ability to "affirmatively further fair housing"⁴⁵ as required by HUD. In addition, it is important the City address these impediments in order to develop recommendations and local responses, as warranted.

Section 8 Housing Choice Voucher Availability

As mentioned previously, cuts in funding to the Section 8 program impede local communities' ability to assist their populations in finding quality, affordable housing. The lack of vouchers in the City's Rent Assistance Program, as previously discussed, demonstrates a need that far exceeds available resources.

No Regional Housing Strategy or Plan

Housing opportunity is a regional issue. Metropolitan Milwaukee needs to expand the range of housing options available, particularly for low- and moderate-income households. If a regional housing strategy were developed, the Southeastern Wisconsin Regional Planning Commission (SEWRPC), the regional planning organization, would be the appropriate organization to undertake the effort.

Constant Attack on the Community Reinvestment Act (CRA) by Banking Regulators

The Community Reinvestment Act is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. The CRA requires that each 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. CRA regulators (Office of the Comptroller of Currency, Office of Thrift Supervision, Federal Reserve Bank, Federal Financial Institution's Examination Council) regularly submit proposals to weaken the Community Reinvestment Act. Both urban areas and rural communities depend on CRA to leverage affordable housing and economic development.

Wisconsin's Smart Growth/Comprehensive Planning Law Efforts to Weaken Smart Growth

Wisconsin's Smart Growth law gives housing advocates the opportunity to be involved in housing-related decision-making in their communities. Over the last six years, comprehensive planning has ensured that citizens across the State have a voice in the future of their communities. Nearly one half of all of the communities in the State have adopted plans or are currently in the process of developing a plan.

⁴⁵ "Affirmatively further fair housing" (AFFH) is language that comes from the mandate of Section 808(e)(5) of the Federal Fair Housing Act which requires the Secretary of HUD to administer the Department's housing and urban development programs in a manner to affirmatively further fair housing. The extent of the AFFH obligation has never been defined statutorily. However HUD defines it as requiring a grantee to (1) Conduct an AI, (2) Take actions to overcome impediments identified through the AI, and (3) Maintain record reflecting the analysis and actions taken.

fair housing impediments: state and federal housing policies

Several bills have been introduced in the State legislature over the last 4 years to either eliminate Smart Growth or lessen its effectiveness. Weakening this law threatens the opportunity for housing advocates to play a role in their communities' housing policy development, therefore, threatening the opportunity for a greater variety of housing choices.

No Enforcement Mechanism in State's Smart Growth Comprehensive Planning Law

The State law contains *goals* in its Smart Growth Housing Element, which if implemented by a community would expand affordable housing opportunities. Specifically, the law includes the language, "provide a range of housing choices that meet the needs of persons of all income levels and of all age groups and persons with special needs, policies and programs that promote the availability of land for the development or redevelopment of low-income and moderate-income housing, and policies and programs to maintain or rehabilitate the local governmental unit's existing housing stock."⁴⁶ The law, however, is void of any mechanism to enforce that provision. Subsequently, there are no consequences for municipalities failing to include affordable housing, or the means of implementation, in their plans.

Lack of Resources and Incentives for Developers to Build for the Lowest Income Households

As mentioned in the previous section, most resources for the development of affordable housing are federal programs. Resources for the building of new rental housing have lagged far behind the demand, resulting in the shortage of affordable rental housing in many communities, including Milwaukee. Production of new low-income housing today is primarily achieved through the Low Income Housing Tax Credit (LIHTC) Program. This is the most utilized program for the production of affordable housing, but insufficient to overcome the affordable housing shortage, especially for the lowest income families.

Wisconsin Housing and Economic Development Authority (WHEDA) LIHTC Allocation Scoring
WHEDA's tool for scoring LIHTC applicants, the Qualified Allocation Plan (QAP), gives preference to development projects that have community support. For example, a developer of a LIHTC project must have a letter from the mayor or village president of a community in support of their affordable housing proposal. Under WHEDA's current tax credit scoring policy, it is likely communities that already have affordable housing will continue to allow its development. However, those communities that have a shortage of affordable housing, even though there is a need for it, can continue to deny its development. This policy has the potential to limit housing opportunity and contribute to the concentration of poverty that exists in some communities.

The process of obtaining low-income housing tax credits in Wisconsin is highly competitive and can only be done through WHEDA. Even though the *local support* category is just 6% of the total QAP scoring, this can be enough to eliminate a project, thus preventing its construction in a community in which it may be greatly needed. This policy, in effect, is an impediment to housing opportunity in Milwaukee and throughout the State.

⁴⁶ Wisconsin State Statutes Chapter 66: General Municipality Law, 66.1001 Comprehensive planning.

Fair housing impediments: state and federal housing policies

No Infrastructure Between Medicare/Medicaid and Section 8 Vouchers

Researchers and practitioners have repeatedly demonstrated that people with severe disabilities living in institutions can live successfully in the community. To succeed, they need decent, safe, and affordable housing as well as access to the supports and services they want and need to live as independently as possible. Unfortunately, as mentioned earlier, people with disabilities are disproportionately poor – particularly those individuals who must rely on Supplemental Security Income. For low-income people with disabilities, affordable housing means subsidized housing that is either developed or rented through government housing programs.

Medicare/Medicaid programs pay the very high costs to house low-income, disabled persons in nursing homes. A recently released federal government study⁴⁷ documented that between October and December of 2004, over 1,168 people in Milwaukee County with physical disabilities were physically able and desired to move out of the nursing home in which they resided. However, the study noted that because they are low-income, they lack the resources for independent housing and other services. Ironically, the government pays much more for nursing home services than it would for a Section 8 voucher and other supportive services combined. For instance, Medicare/Medicaid may pay \$4000 a month for a person to live in a nursing home, when in fact the government could be paying \$1500 a month for a Section 8 Housing Choice Voucher and some supportive services. The problem is Section 8 is administered by HUD and Medicare/Medicaid is administered by the Department of Health and Human Services. Currently no infrastructure exists between these federal departments to allow disabled persons to move out of nursing homes utilizing a Section 8 voucher.

fair housing impediments: suburban policies

While the level of segregation within the City of Milwaukee has been disputed, it is evident that metropolitan Milwaukee remains one of the most hyper-segregated areas in the country. No other metropolitan area in the country has proportionately fewer minority residents in its suburbs⁴⁸. As mentioned in the previous section, much of this segregation is due to *historic*, now illegal, policies by the federal government and practices by the housing industry. However, *current* policies, practices and procedures of these municipalities ensure that the cycle of segregation continues.

As described in the previous section, the three most agreed upon causes of residential segregation are discrimination, economics, and choice. The concept of *choice* is not manifested in suburban municipal policy, however, *discrimination* and *economics* are.

In the case of suburban⁴⁹ impediments to fair housing, illegal discrimination under the fair housing laws and legal discrimination based on household income often become intertwined and difficult to parse out. This is why very few lawsuits have been successfully brought against municipalities on the basis of fair housing discrimination.

Discrimination/Discriminatory Policy

While discrimination exists in suburban *private* rental, sales, insurance, and lending markets, it is not overt in *municipal* policy with the exception of policies designed to limit children moving into a community.

Opposition to Housing for Families with Children

Through their housing policies, it is evident that some suburban communities have moved to reduce housing opportunities for families with children. The argument in such cases is that if the population of school age children increases, the suburb will then incur a cost for the construction of new schools. Consequently, some suburbs are enacting exclusionary zoning ordinances as a response to this concern. These ordinances may have the result of excluding households with children because of provisions that limit or prohibit the construction of multi-family housing; not allowing the construction of multi-family housing units larger than 2 bedrooms; and assess school impact fees to the developer. The effects of these ordinances on families with children are clear fair housing impediments.

Economics/Affordable Housing

The high cost of housing in the suburbs is an impediment to fair housing choice. The restrictive effect of such housing costs leaves the City the only option for households of low, moderate and middle incomes. Milwaukee has the largest income disparity between whites and blacks in the U.S. According to the American City Business Journals, blacks in Milwaukee make 49 cents for every dollar whites make.⁵⁰ This income disparity means African Americans are more likely to

⁴⁸ Racial Integration in Urban America: A Block Level Analysis of African American and White Housing Patterns, University Wisconsin – Milwaukee – Employment and Training Institute, January 2003

⁴⁹ Suburban, for the sake of this report, pertains to every municipality in the Metropolitan Statistical Area other than the City of Milwaukee.

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be negatively impacted by policies that increase the cost of housing. Although some policies may appear to be based on economic status, rather than race, they nevertheless may have the effect of excluding minorities from suburban housing opportunities.

NIMBYism

NIMBY is an acronym for "Not in my backyard", a strong exclusionary sentiment that exists among some metropolitan Milwaukee residents. For example, residents may oppose a low-income housing tax credit development for families because they fear (erroneously) it will bring crime or lower property values. This opposition is strongly communicated to elected officials and is then manifested into municipal policy, taking various forms: in overly restrictive growth management systems, unnecessary processing delays and excessive permitting procedures. Indicators of NIMBY impacts may also be evident in the number of times that staff recommendations for development approval are overturned by a planning commission or council, or the rate at which proposals for affordable housing development are approved in comparison to the rate of approval for other types of development proposals. Recent NIMBY examples from the region were cited in the Public Policy Forum's "Embracing Diversity" report:⁵¹

- In Milwaukee County, the Village of Brown Deer battled with developer Brisben Cos. over a proposed 256-unit apartment and townhouse tax-credit project. The issue led to a move to recall two trustees in 1999 and to a heated election the following spring.
- A lawsuit was filed in June of 2000 against the Milwaukee County Village of Bayside over its decision to stop the construction of a new group home.
- The Waukesha County community of New Berlin drew protests over a possible rezoning of a residential area to accommodate multi-family housing. Residents objected to the possibility of increased traffic, crime and pollution.
- A proposed housing development of 12 homes priced at \$98,000 to \$110,000 in the City of Mukwonago met resistance because it was viewed as government-subsidized housing. The final proposal resulted in fewer homes being built at a cost of \$150,000 to \$170,000.

Impact Fees

Impact fees are fees levied on the developer of a project by a city, county, or other public agency as compensation for impacts the project will produce. They are often used for infrastructure costs. A 1991 HUD report states, "impact fees are regressive because they are assessed on a per unit basis rather than a percent of the value of the home. Those looking for affordable housing are forced to absorb fees that are a substantial percentage of the sales price of any home they may purchase."⁵² In the document, "Identifying and Mitigating Local Regulatory Barriers to Affordable Housing in

⁵⁰ According to an analysis of the census data by the Lewis Mumford Center at the State University of New York at Albany.
⁵¹ *Embracing Diversity, Housing in Southeastern Wisconsin*, February 2002, Public Policy Forum
⁵² *Not in My Backyard* (examined the impact of regulatory barriers on affordable housing), HUD, 1991

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Waukesha County, Wisconsin”⁵³, the authors specifically note, “...because of high fee schedules, developers choose to build only high-end single family houses because the fees can be absorbed more easily in the sales price.” A barrier is therefore created that impedes the development of affordable housing and also limits participation by minority homeowners. Also, because impact fees are passed on more easily to homebuyers than to renters, there may be a disincentive to develop multi-family housing. Disincentives to build multi-family housing will limit housing choice in a community.

Exclusionary Zoning Codes

Exclusionary zoning consists of development regulations that result in the exclusion of low- and moderate-income and minority families from a community. Exclusionary zoning practices include: excessively low housing density requirements, large minimum lot size zoning, any minimum house size restriction, unrealistic or infeasible apartment density zoning, prohibitions on accessory apartments, little or no land zoned for affordable or multi-family housing, special-use permits and spacing requirements for group homes, discriminatory treatment of manufactured housing, and unreasonable and expensive building code requirements for rehabilitation projects.

One organization familiar with exclusionary zoning is the Habitat for Humanity in Waukesha County. Habitat has had many frustrations attempting to carry out their mission of providing affordable housing. At the time of this report, Habitat was attempting to build a single-family home on an infill lot in the City of New Berlin. However, New Berlin’s zoning ordinance states that new construction in that district must be at least 1,250 square feet with an attached garage (even though the district has mostly smaller homes with no garages). In order to remain affordable, Habitat homes are typically smaller than 1,250 square feet and do not have an attached garage. This zoning requirement is effectively eliminating the presence of low-income persons in this community.

Exclusionary Public Housing or Section 8 Rent Assistance Vouchers

Public housing or Section 8 rent assistance vouchers are the only possible forms of access to affordable housing in some municipalities. Some predominately white suburban housing authorities restrict the availability of public housing and vouchers to residents of that community. By restricting these programs to current residents, these policies effectively exclude participation by people of color, who comprise such a small proportion of the suburban populations. This is a prime example of policies that have racially discriminatory effects. The intent of such policies may not necessarily be to prevent participation by nonwhites in these programs, but the result has a discriminatory impact on those populations.

Inadequate Transportation

⁵³ *Identifying and Mitigating Local Regulatory Barriers to Affordable Housing in Waukesha County, Wisconsin*, Schuetz, Mary Kay and White, Sammis B, 1992

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As discussed previously, there is a "spatial disconnect" between unemployed persons and suburban job growth in the metropolitan Milwaukee area. The high number of black households concentrated in the inner city, who do not own cars, exacerbates this problem. There is a need to connect this available labor force with available jobs. Possible solutions include creating appropriately priced housing in high job growth communities that is affordable to persons in those jobs and developing transportation alternatives to connect City of Milwaukee residents to suburban employment. Currently the region's mass transit is not adequate to access jobs outside Milwaukee County. The reasons for this are because transit schedules outside Milwaukee County are not conducive to many work schedules and because many suburbs are not accessible by transit.

Impacts of Suburban Policies on Milwaukee and Southeastern Wisconsin

There are far-reaching and deleterious effects of the suburban policies described above. They have exacerbated the concentration of minority persons, affecting housing and employment opportunities and other quality of life issues.

Table 6: Metropolitan Milwaukee Social and Economic Characteristics

This table provides a summary of the vast disparities between the City and the suburbs, such as: poverty, unemployment, education, income, etc. It is probably that many of the policies identified in this section have contributed to these disparities. Note: In this table inner-ring refers to the communities that physically border the City of Milwaukee. Outer-ring refers to all other municipalities in the 4-County region.

Social Health in 2000		City of Milwaukee	Inner-ring Suburbs	Outer-ring Suburbs
Below Poverty	21%	5%	3%	3%
Near Poor	11%	4%	3%	3%
Unemployed	9%	3%	3%	3%
Not in Labor Force	36%	32%	28%	28%
Without High School Diploma	25%	12%	9%	9%
Median Household Income	\$32,216	\$59,153	\$63,929	1%
Percent Black	37%	3%	\$311,041	32%
Average Sale Price of Homes	\$116,814	\$226,124		43
Percent of Metropolitan Population	44%	24%		
Number of Municipalities	1	14		

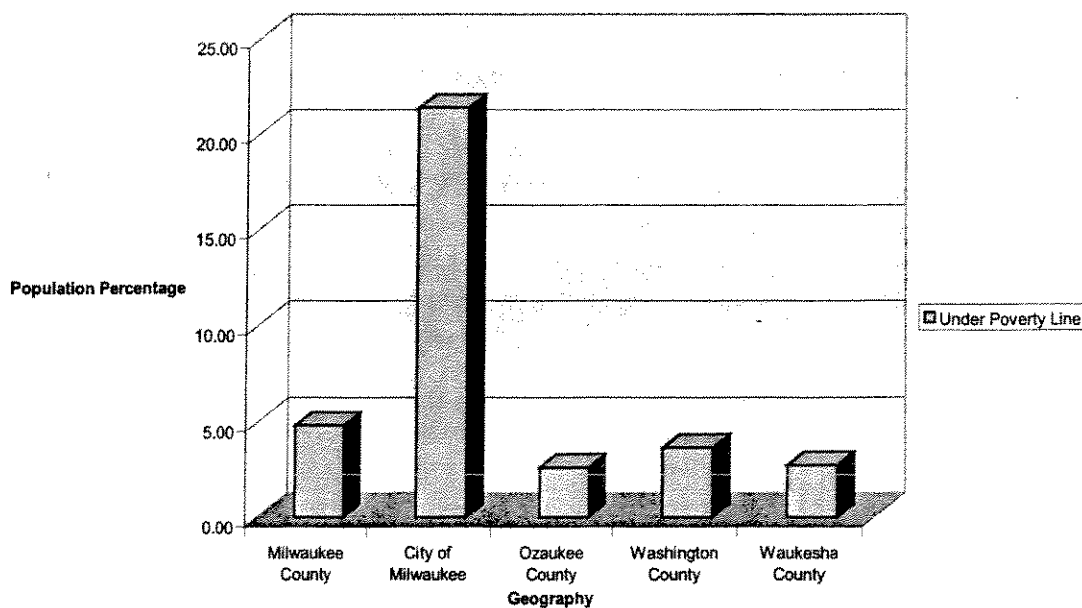
Table 6 clearly demonstrates that access to socioeconomic indicators is related to location of residence. Persons residing in the City are 7 times more likely to live in poverty than are persons who reside in outer-ring suburbs. (Figure 11 provides a comparison of poverty levels by location of residence) Additionally, people who live in the City are 3 times more likely to be unemployed than are people who live in either the inner- or outer-ring suburbs. Educational attainment disparities between city and suburban residents are evident when comparing the number of high school graduates by location. City residents are more than twice as likely as inner-ring suburbanites and almost 3 times more likely than outer-ring suburbanites not to have a high school diploma. The

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median household income for persons residing in outer-ring suburbs is almost twice that of City of Milwaukee residents. The table specifically demonstrates that the centralization of minority neighborhoods limits the ability of minorities to access all the available labor and housing market opportunities.

In addition, employment opportunities in central cities have been changing over time and that has put working class minorities at a disadvantage. Most jobs that do not require a high school diploma or college degree have moved into the suburbs. If African-Americans are not looking outside the cities for jobs in the suburbs, they will face high rates of unemployment. According to Stephen Ross, an assistant professor of economics at the University of Connecticut, "if you are unemployed often or you have long spells of unemployment, then it is going to be more difficult to find a job in the future."⁵⁴

Figure 11: Poverty for City of Milwaukee, Milwaukee, Ozaukee, Washington and Waukesha Counties



For those African Americans who want access to opportunities in the suburbs, housing discrimination and the lack of integrated neighborhoods may discourage them from actually moving there. Commuting between the City of Milwaukee and its suburbs is an option, but it has limitations for many households. Specifically, some households do not own a vehicle and depending on mass

⁵⁴ University of Connecticut, *Advance*, September 1998

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transit may require more travel time than people are willing to spend. Furthermore, given the geographic limitations of the region's mass transit system, such commuting may not be possible. The impact of residential patterns on employment opportunities may also manifest in other ways. For example, Professor Ross suggests, "Members of the African-American community may have less information about job opportunities because their job networks are oriented around the central city where they live..." This in turn may limit their earning power as Professor Ross states, "If mobility is limited and minorities do not choose the most favorable combination of job and residence available, this difference may directly affect wages, housing price and commuting distance."

Professor Ross also discusses the nexus between housing segregation and discrimination in the labor market. He posits that employers' decisions to hire minorities may depend on the diversity of the neighborhood in which the jobs are located. Specifically, he suggests that in diverse communities, employers may be more likely to employ a diverse work force than in segregated housing market areas.

In addition, employment opportunities in central cities have changed, to the disadvantage of working class minorities. Most jobs that do not require a high school diploma or college degree have moved into the suburbs. If African-Americans, who experience disproportionately low levels of educational attainment (as described in an earlier section of this report), are not able to access jobs in the suburbs, they will face high rates of unemployment.⁵⁵

Suburban exclusionary policy forces affordable housing to be located in the very few communities that will allow it. The impact of this disproportionate amount of affordable housing falls squarely on the shoulders of the City of Milwaukee in the form of concentration of poverty, disparate incomes along racial lines, educational attainments, the ability to build wealth, and the ability to access quality employment, as well as access to other life-improving services.

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Discrimination in the housing market is identified by social scientists and civil rights organizations as the major contributor to residential racial segregation.⁵⁶ Private market impediments are obstacles to fair housing in the housing production, mortgage lending, homeowners insurance, rental and home sales markets. Though the City of Milwaukee is limited in its ability to directly address private market impediments, it can take a leadership role in bringing these issues to the public's attention. The following discussion identifies several private market impediments that must be addressed.

Housing Producers

Housing production in the private market is based on incentives that are usually monetary. Subsequently, one of the impediments to fair housing in housing production is the lack of programs that provide such incentives to developers.

Accessibility: Inadequate Production of Rental and For Sale Units

The lack of accessible housing is an impediment to persons with disabilities. As mentioned previously, one reason not enough accessible units are built is the lack of incentives made available to housing producers. In addition, Milwaukee is not exempt from a statewide impediment - local building inspection departments do not always effectively enforce laws that require accessible construction, such as the Americans with Disabilities Act, the Federal Fair Housing Act, and Section 504.

Affordability: Inadequate Supply of Affordable Housing

The lack of affordable housing, both private and subsidized, is an impediment to fair housing choice. Because low-income persons are more likely to be people of color, persons with disabilities, elderly or families with children, this is a fair housing concern. Thirty-nine percent of the households (49,376) in Milwaukee currently pay more than 30% of their income toward rent; in short, over a third of Milwaukee households reside in unaffordable housing, resulting in harm to their overall economic well-being.

Unit Size: Lack of Larger Units

A lack of larger units (3-bedrooms or more) is a fair housing impediment because it impacts at least two protected class groups - families (with children and extended), as well as minority households, many of which tend to be larger than white households. The dearth of these larger units also affects families who are low-income, as they do not have the range of choices available to families with higher income. The result of this impediment is also overcrowded housing, primarily among new immigrant families who may be doubling up, have larger families, or be living as an extended family with several generations under one roof.

⁵⁶ Massey and Denton, 1993.

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Mortgage Lending

Discrimination in mortgage lending prevents or impedes home seekers from obtaining the financing normally required to purchase a home. Racial discrimination in the home loan industry can be based either on the race of the loan seeker or on the racial composition of the neighborhood where the home being purchased is located. This latter form of discrimination is commonly referred to as mortgage redlining.

Discrimination in the home loan industry can take several forms, including: outright denial of a loan; discouraging a loan seeker from applying; less favorable rates and terms; long processing times; and exclusionary underwriting guidelines. Loan policies can also have a discriminatory effect on minorities when qualifying standards are more stringent than warranted to secure a loan. Discrimination can also occur external to the lending institution itself, specifically, in the appraisal of the home, in the underwriting of private mortgage insurance, and in the practices and procedures of the secondary loan market. The lack of loan origination offices in minority and central city areas is also a form of redlining.

In order to combat some of the practices described below, the Metropolitan Milwaukee Fair Housing Council (MMFHC) established a Community and Economic Development Program in 2001. MMFHC addresses fair lending and anti-predatory practices through its program component, Strategies to Overcome Predatory Practices (STOPP), which is a consortium of community organizations, housing counseling agencies, lenders, housing industry and government representatives. STOPP initiates activities through complaint intake and investigation, a rescue fund to assist victims of predatory lending, research, and outreach and education to the community.

As part of the STOPP program, Milwaukee residents can tap into the Consumer Rescue Fund (CRF). Through the CRF, MMFHC works with the National Community Reinvestment Coalition (NCRC), community based organizations, corporations and responsible lenders to remediate problem loans and offer consumers a "fresh start". The CRF assists and educates consumers who feel they have been victimized by mortgage lenders. The CRF loans often help borrowers avoid bankruptcy or foreclosure.

Predatory Lending Practices

Deregulation of the banking industry in the late 1990s, along with the lending vacuum created when banks left predominantly minority neighborhoods, has left many of Milwaukee's central city neighborhoods vulnerable to predatory lending practices.

A predatory loan is an unsuitable loan designed to exploit vulnerable and unsophisticated borrowers. Predatory loans are a subset of sub-prime loans. A predatory loan has one or more of the following features: 1) charges more in interest and fees than is required to cover the added risk of lending to borrowers with credit imperfections, 2) contains abusive terms and conditions that trap borrowers and lead to increased indebtedness, 3) does not take into account the borrower's ability to repay

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the loan, and 4) often violates fair lending laws by targeting women, minorities, and communities of color.⁵⁷ Since 2002, MMFHC has received almost 500 complaints of predatory lending; 90% were based on race.⁵⁸

Lack of Spanish and Hmong-speaking Lenders

For persons new to this country who do not speak English, or are more comfortable speaking another language, obtaining a home mortgage can be even more stressful than normal. Because non-English speaking persons seeking a mortgage often have to rely on their children or other family members to translate, errors and misunderstandings are more likely to occur.

Lack of Flexible Underwriting to Accommodate Persons with No Credit History

Persons new to this country often do not have established credit required to obtain a prime mortgage. In addition, both housing industry and advocacy representatives suggest that some African Americans do not have an established relationship with a conventional bank or financial institution. These situations do not make these groups any less likely to be able to responsibly take on a mortgage, however these situations do make it difficult for lenders to use conventional underwriting guidelines to give them a mortgage.

Analysis of Home Mortgage Disclosure Act⁵⁹ Data

The following analysis of home purchase lending utilizes the City's most recent Home Mortgage Disclosure Act (HMDA) analyses, the 2002 and 2005 *City of Milwaukee Annual Review of Lending Practices of Financial Institutions*, as well as other reports on conventional, subprime and refinance lending in Milwaukee. This section illustrates and compares lending patterns in Milwaukee's Target Area (TA) with lending elsewhere in the region. The lending TA is home to households with lower income than elsewhere in the City, and has lower property values and fewer homeowners. Census tracts in the TA overlap with those with the highest concentration of minority households and highest concentrations of poverty. Therefore, assessment of the TA is a useful tool for analyzing fair housing and fair lending issues.

Loan Originations and Denials

Although residential lending per thousand households in the City's TA occurs only about half as often as in the metropolitan area, lending in the TA did grow at a faster rate from 1999 to 2003 than elsewhere in the metropolitan area or City of Milwaukee. Loans per thousand households grew 34% in the TA during this time period, while increasing 21% in the City and 12% in the metropolitan area. Crediting "favorable interest rates, TA outreach, and loan counseling efforts" the 2005 *City of Milwaukee Annual Review of Lending Practices of Financial Institutions* also notes that conventional loan applications rose by 169% between 1994 and 2003. In contrast, home improvement loan originations have declined by 62% in the TA during the same time period, compared to a decline of 45% elsewhere in the metropolitan area. The 2005 *City of Milwaukee Annual Review of Lending Practices of Financial Institutions* suggests that this decline may be

⁵⁷ From the National Community Reinvestment Coalition website, www.ncrc.org

⁵⁸ Metropolitan Milwaukee Fair Housing Council, 2005.

⁵⁹ The Home Mortgage Disclosure Act (HMDA) requires banks, savings and loan associations, and other financial institutions to publicly report detailed data on their home lending activity.

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due to the rising popularity of home equity loans and home equity lines of credit to finance home improvement. The report goes on to propose that "if home equity lending is part of the explanation for the decline in home improvement loans, this may be a sign of a strengthening housing market and increasing values within the TA."⁶⁰ Perhaps, then, residents to the TA have reaped some of the benefits of the strong housing sales market of the early 2000's, as have other residents of the metropolitan area.

Denial rates for conventional loan applications in the TA continue to be high (20% in 2003, compared to 16% in 1994) but have dropped in recent years (from a peak of 28.5% in 2000). In contrast, the denial rate for conventional loan applications in the entire metropolitan area is only 7.9%.⁶¹

In short, conventional lending patterns in the TA have undergone significant positive changes in the past several years, but continue to merit attention, assistance and analysis. The TA lending market has to make considerable improvements before its population enjoys the economic stability and credit opportunities available in other parts of the metropolitan area.

Subprime Lending

The availability of subprime loans increases the homeownership options for people with less than perfect credit. Yet, subprime lenders also charge higher rates and fees on their loans, in order to compensate for the added risk that they take on – the risk that the borrower might not pay back the loan.

However, many subprime loans may become predatory loans. This happens when the interest rates and fees rise above a justified level, in order to compensate for blemished credit, and/or loan terms applied that are not in the interest of the borrower are added to the transaction. Predatory loans exploit vulnerable borrowers.

In 2000 subprime lending made up 26.5% of conventional loans in the TA, but only 6.3% of conventional loans in the Metro area. Of the refinance loans, 43.6% of the loans in the TA were subprime, compared with 12.4% in the Metro area. "Nationally, 6.6% of conventional loans and 17% of refinancing loans are subprime, based on information from the HUD."⁶²

Lending Gap

Although loan application denial rates for both whites and minorities dipped between 2000 and 2003, metropolitan Milwaukee still has the greatest racial denial rate disparity of the 50 largest metropolitan areas in the US. Milwaukee area minorities are 3.1 times more likely than whites to be denied a home loan. The data behind this disparity are complex. While metropolitan Milwaukee whites experience a loan denial rate much lower than elsewhere in the country (7.4% in metropolitan Milwaukee compared to 13.8% for the national average), minorities in the metropolitan Milwaukee area are denied loans at a slightly higher rate than the national average

⁶⁰ City of Milwaukee 2005 Annual Review of Lending Practices of Financial Institutions

⁶¹ Ibid.

⁶² City of Milwaukee 2002 Annual Review of Lending Practices of Financial Institutions

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(23.1% in metropolitan Milwaukee compared to 21.7% nationally).⁶³ In short, part of the reason that such a large disparity exists has to do with the fact that Milwaukee whites are so successful in obtaining compared to their counterparts elsewhere. Milwaukee minorities' denial rate is much more similar to the national average denial rate of minorities.

Credit history (either evidence of bad credit or having no credit history) is the single most significant factor in home loan denials. Other reasons include income-to-debt ratio, employment history and incomplete applications. In 2003, minorities were 3 times more likely than whites to be denied due to credit history, a drop from 2001, when minorities were 4 times more likely than whites to be denied a home loan for this reason.⁶⁴

Interestingly, the denial rate disparity grows in higher income brackets: metropolitan Milwaukee minorities with more than 120% of the metropolitan area median income are 3.6 times more likely to be denied a home loan than similarly situated whites. Further, according to the 2005 *City of Milwaukee Annual Review of Lending Practices of Financial Institutions*, "minority applicants with earnings over 120% Metro Area median income are more likely to be denied a loan (16.5% denial rate) than white applicants with incomes of 50% to 80% of the Metro Area median income (9.4% denial rate)."

Metropolitan Milwaukee has some of the greatest racial disparities in subprime lending in the U.S.; Milwaukee blacks are 8.5 times more likely to receive a subprime purchase and over 8 times more likely to receive a subprime refinance loan than are whites.⁶⁵ Hispanics are almost 3 times more likely than whites to receive either subprime purchase or refinance loans.⁶⁶ Milwaukee Asians are twice as likely as whites to receive a subprime refinance loan – the highest Asian-white disparity in the nation.⁶⁷ Subprime lending is also heavily concentrated in minority neighborhoods; homeowners in predominately minority neighborhoods are almost 12 times more likely to receive a subprime refinance loan than homeowners in predominately white neighborhoods.⁶⁸ Even more alarming is evidence showing that upper-income blacks are more likely to be denied prime rate loans than moderate-income whites, which has the effect of driving blacks into the subprime market.⁶⁹ As a result, up to half of black Milwaukeeans who receive subprime refinance loans could qualify for prime rate loans.⁷⁰ The National Community Reinvestment Coalition (NCRC) reported in March 2003 that of 25 metropolitan areas, Milwaukee is the "worst city" for home purchase and refinance loans.⁷¹ This trend bears no signs of dissipating. The number of mortgage applications by minority

⁶³ *City of Milwaukee 2005 Annual Review of Lending Practices of Financial Institutions*

⁶⁴ Ibid.

⁶⁵ ACORN. *Separate and Unequal 2004. Predatory Lending in America*. 2004.

⁶⁶ ACORN, 2004.

⁶⁷ Bradford, May 2002.

⁶⁸ ACORN, 2004.

⁶⁹ Johnson-Elie, Tannette. "Home loan disparities between blacks, whites tell familiar tale." *Milwaukee Journal Sentinel*

⁷⁰ Stotmeister, Dan, Marv Kamp and Jeff Larvik, presentation at the Wisconsin Fair Housing Network's Fair Housing Conference, April 6, 2001.

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families in Milwaukee County to subprime lenders more than doubled between 2002 and 2003⁷², and subprime loan originations increased 60% during that same time period.⁷³

⁷¹ NCRC, *America's Best and Worst Lenders*, 3/13/03.

⁷² Gores, Paul, "Minority, low-income households flock to costly, high risk loan," *MIS*, 11/02/04.

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Homeowners Insurance

Homeowners insurance is a requirement for a home mortgage; therefore, the impact of discrimination in the insurance industry is reflected in racial and ethnic homeownership rate disparity, already an impediment in Milwaukee. Racial discrimination in the provision of insurance not only denies fair housing choice, but also fosters disinvestment and the deterioration of neighborhoods. Discrimination in the provision of homeowners insurance can take many forms. Insurance redlining is described as the systematic refusal of insurers to issue policies and/or providing inferior terms and conditions on property in certain neighborhoods, based on racial stereotypes or other non-market criteria. Redlining is also demonstrated in higher rates for properties in minority neighborhoods, the relocation of insurance agencies outside of defined areas and the selective placement of agents on the basis of race. Minimum policy requirements and restrictions or penalties on older homes also have a discriminatory impact on older inner city, largely minority neighborhoods.

Equal access to homeowners insurance has been a concern in the Milwaukee area since the mid-1960s, when insurance companies began to withdraw services from the inner city. Allegations of redlining in Milwaukee's inner city escalated to the point that in 1983 the Community Housing Resources Board initiated a study that concluded that insurance redlining was evident in Milwaukee County.⁷⁴ Later, two University of Wisconsin-Milwaukee professors, Gregory Squires and William Velez, published a number of studies that demonstrated the persistence of discrimination and redlining in the homeowners insurance market of Milwaukee.⁷⁵

Formal complaints and lawsuits against providers of homeowners insurance began to emerge in the late 1980s when the local branch of the National Association for the Advancement of Colored People (NAACP) and eight African American homeowners filed a federal lawsuit against American Family Insurance Company (AFI) alleging redlining. In 1994, based on testing conducted by the Metropolitan Milwaukee Fair Housing Council (MMFHC), the National Fair Housing Alliance filed complaints with HUD against Allstate, State Farm and Nationwide Insurance Companies alleging that these three insurers engaged in discriminatory insurance practices.⁷⁶

At the conclusion of a two-year investigation MMFHC filed complaints with HUD against Liberty Mutual, Aetna, Travelers and Prudential Insurance Companies in 1997, alleging insurance redlining. Unable to resolve these complaints through HUD, MMFHC subsequently filed and settled lawsuits against Liberty Mutual and Travelers Insurance (which had purchased Aetna). The lawsuit against Prudential Insurance Company is still pending at the time of this report.⁷⁷

The subsequent resolution of these lawsuits and HUD complaints provided far-reaching changes in the manner in which these companies provided homeowners insurance and the availability of such products in the Milwaukee area. The companies agreed to modify their underwriting guidelines in order to maximize the ability of residents of predominantly minority and racially integrated

⁷³ Fairness in Rural Lending, April 2005.

⁷⁴ William R. Tisdale and Carla Wertheim, "Giving Back to the Future" in *Organizing Access to Capital*, edited by Gregory D. Squires. Philadelphia: Temple University Press, 2003.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

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neighborhoods to procure comprehensive and affordable homeowners insurance products. Additionally, many of the companies agreed to provide funding for community and economic development activities in order to remedy the effects of their past acts of discrimination.⁷⁸

Despite the plethora of academic studies and legal action taken, individual complaints concerning discrimination in the issuance of insurance are relatively rare.⁷⁹ Insurance discrimination can be subtle, and without knowledge of underwriting policies and/or rate standards, it is difficult for homeowners seeking insurance to know that they have received unfavorable treatment.

Language Barriers in Obtaining Homeowners Insurance

In order to obtain comprehensive homeowners insurance, it is imperative to have a clear understanding of insurance products and property needs. The area of homeowners insurance can be very complex and technical; some homeowners may be confused or lack knowledge about the proper coverage necessary for their property. This can be exacerbated when homeowners speak languages other than English, or for whom English is a second language. In Milwaukee, the shortage of Hispanic and Spanish-speaking insurance agents can be an impediment not only to minority homeownership, but also for obtaining proper insurance coverage for this group of consumers.

⁷⁸ William R. Tisdale and Carla Wertheim, "Giving Back to the Future" in *Organizing Access to Capital*, edited by Gregory D. Squires. Philadelphia: Temple University Press, 2003.

⁷⁹ Metropolitan Milwaukee Fair Housing Council, 2005.

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Real Estate Purchase and Rental Markets

A major impediment to housing choice is discrimination in the sale and rental of housing. Racial discrimination remains the major form of discrimination in the housing market, as evidenced by MMFHC complaint data which indicates allegations of racial discrimination are the most frequently filed complaints.⁸⁰ Since 1978, MMFHC has conducted intake of more than 6000 complaints from individuals alleging violations of fair housing laws. Evidence generated by systemic investigations and complaints shows that despite legislation and enforcement efforts, discrimination remains a pervasive fact in the Milwaukee area. Since 1990 MMFHC filed 12 patterns and practices lawsuits in federal court that alleged practices of racial discrimination the rental market.⁸¹

It is difficult to assess the severity of the problem of discrimination in the sale of homes in Milwaukee on the basis of the number of complaints that have been reported to the City or fair housing enforcement agencies. Typically most people who are denied housing or offered unfavorable terms because of discrimination do not realize that discrimination has occurred. In other cases, people may be aware or suspect discrimination, but they may not know where to file a complaint, do not feel that it will be remedied, or do not want to be confrontational. In other cases people may feel vulnerable and fear retaliation.

Further, MMFHC complaint data reveal that members of all protected classes experience discrimination in the housing market throughout metropolitan Milwaukee. Complaints on the basis of disability and familial status follow complaints of racial discrimination as the most frequently filed with MMFHC.⁸² This is corroborated by information from other social service agencies and community-based organizations; for instance, according to Karen Avery, the Associate Director of *IndependenceFirst*, her agency takes more calls related to housing for people with disabilities than on any other issue and housing-related calls have more than doubled between 2002 and 2004.⁸³

Lack of Spanish and Hmong-speaking Real Estate Brokers

As discussed in the section on homeowners insurance, it is essential for non-English speaking, or limited English speaking persons to have access to housing professionals who are bi- or multilingual. This assures that all homeseekers are afforded the same information and service when purchasing housing. With the burgeoning Hmong and Spanish-speaking populations in Milwaukee, it is important to ensure an equal level of service be available to alleviate this impediment to fair housing choice.

Advertising and Marketing of Homes

Advertisements of rental units or homes for sale may contain overt or subtle forms of discrimination. Advertisements that state restrictions such as "Adults Only" or "English speaking preferred" are obvious examples of such discrimination. The most common form of advertisements that pose an

⁸⁰ Metropolitan Milwaukee Fair Housing Council, 2005.

⁸¹ Although one lawsuit is still pending adjudication, the remaining 11 were either settled or ruled favorably for the plaintiff.

⁸² Metropolitan Milwaukee Fair Housing Council, 2005.

⁸³ Personal correspondence with Karen Avery, April 24, 2005.

fair housing impediments: private market

impediment to fair housing communicate racial, religious, marital, family, sexual orientation, and other preferences that dissuade persons from applying for housing.

In Milwaukee, recent examples of discriminatory advertising identified by MMFHC are printed advertisements and "For Rent" signs that have included phrases such as "Adults Only". Other advertisements identified by MMFHC have included phrases such as "Married Couples" and "Christian handyman preferred". MMFHC has filed complaints with administrative enforcement agencies in order to ensure compliance in housing markets concerning these types of violations.⁸⁴

The proliferation of such illegal advertisements was far greater prior to 1990 when MMFHC began to file a number of administrative complaints against publishers and housing providers who placed such ads. As a result of these enforcement actions, there has been a marked decrease in the presence of such advertisements in local and generally distributed newspapers.

Additionally, the restrictive geographic placement of advertisements, for the purpose of limiting readership to a selected group of people, can also be an impediment to fair housing. For example, some housing providers may prefer to place advertisements in publications that do not have a broad distribution in order to prevent attracting nonwhite applicants. Another form of advertising that may serve to limit or discourage applicants is the use of only white models in advertisements. This can convey a very subtle, but powerful, message as to housing providers' tenant preferences.

⁸⁴ Metropolitan Milwaukee Fair Housing Council, 2005.

recommendations

The most critical element of the “Analysis of Impediments to Fair Housing” is the *Recommendations* that are provided for local communities to address and remedy the barriers identified. This section, therefore, should be used as a starting point for the City to develop and implement a comprehensive fair housing action plan. The following recommendations for the City are not in any order of priority.

Recommendation #1: Facilitate the Production of Affordable Housing

Fund an Affordable Housing Production Task Force

The City should establish and fund an Affordable Housing Production Task Force. This task force, comprised of private and not-for-profit housing experts, would be charged with identifying and securing federal and private funds to help subsidize the development of low-income and affordable housing.

Utilize Tax Incremental Financing (TIF) to Produce Affordable Housing

The City should be more assertive in its use of TIF to create more affordable housing units. TIF approval evaluation criteria could prioritize residential development projects that include affordable housing. Partnerships with local community development groups and affordable housing developers (such as Local Initiatives Support Corporation and the West End Development Corporation) should be established to research more creative ways for the City to use TIF to produce affordable housing. TIF could be an effective tool to better meet Milwaukee’s need for more affordable housing units.

Reevaluate the City’s Supply of Affordable Housing

The City is in a difficult position in terms of its supply of affordable housing. Due to several factors such as urban disinvestment, demand, and suburban exclusionary policies, a majority of the region’s affordable housing supply is disproportionately located in the City. This disparity in the location and provision of affordable housing means that households with lesser means and greater social service needs locate in the City of Milwaukee. The concentration of this population in the City not only causes a strain on the City’s resources, but also creates a concentration of poverty in the central part of the region – the City. The City should reevaluate its supply of affordable housing and take steps to promote affordable housing within its own borders and advocate for affordable housing development within suburban areas.

Redefine “Affordable Housing”

Milwaukee should create a new definition of affordable housing using accurate and reliable indicators. Important issues to take into account should include: income of City of Milwaukee residents (as opposed to using the County Median Income), quality of housing units, and availability of housing. Using this new definition, the City should conduct an accurate assessment of its livable,

affordable housing supply. In addition, a projection of the supply of affordable housing, given rent and property value increases over the next 10 years, should be completed.

Recommendation #2: Advocate for Changes in State and Federal Programs to Expand Affordable Housing Options

Advocate for Additional Section 8 Housing Choice Vouchers

The City of Milwaukee should facilitate a meeting with local HUD officials, as well as Wisconsin's US Senators and Representatives, to discuss the adverse impact of recent HUD actions. Specifically, these discussions should emphasize the deleterious effects of the HUD budget cuts and administrative changes within the Section 8 Voucher Program on the City and its residents. The City of Milwaukee should advocate for additional Section 8 Vouchers or alternative means to meet the need of low-income residents.

Advocate for Affordable Housing Production Resources

The City of Milwaukee should facilitate a meeting with state and federal elected officials to advocate for additional financing resources to build affordable housing, particularly for extremely low-income persons. The City should also research successful models of affordable housing production in other communities for possible replication in the City of Milwaukee.

Advocate for Revisions to WHEDA's Low Income Housing Tax Credit (LIHTC) Program Allocation Scoring

WHEDA's tool for scoring LIHTC applicants, the Qualified Allocation Plan (QAP), gives preference to development projects that have community support. As discussed in a previous section, this *community support* allows a municipality to oppose needed affordable housing. The City of Milwaukee should advocate that WHEDA develop a scoring mechanism that (1) calculates the need for affordable housing based on the wages and salaries of the employment opportunities in that municipality and (2) eliminates the provisions by which developments receive additional scoring points awarded for community support of projects. For example, if a community has a large supply of expensive, unaffordable housing, yet a workforce with many low-paying retail jobs, points could be awarded based on the need in that community for housing which is affordable to those low wage earners.

Advocate for the Creation of an Improved Infrastructure between Medicare/Medicaid and Section 8

According to a report by the Centers for Medicare and Medicaid a number of persons with disabilities in Milwaukee County desired to move out of nursing care facilities. Although they were physically able to do so, they lacked the financial resources to make such a transition. The City should meet with representatives of HUD and the Department of Health and Human Services to explore options that would allow those persons, desiring to do so, to move out of nursing care facilities and be integrated into the community.

Advocate for a Strengthened Smart Growth Law

The City should continue to advocate for a strengthened Smart Growth Law. The State's Smart

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Growth Law contains a goal that all communities include in their required comprehensive plan, a plan for housing that includes housing for persons at all income levels and needs. If all communities in the four county region were to do this, Milwaukee would not have a disproportionate amount of the regions' affordable housing.

Advocate for a Regional Housing Strategy

Many southeastern Wisconsin communities outside of Milwaukee are under pressure to find a new source of water and are looking at Lake Michigan as the solution. The City of Milwaukee, which has access to Lake Michigan, has a disproportionate share of the region's affordable housing and is looking at the rest of Southeastern Wisconsin to also address this issue. The City should leverage its Lake Michigan access to convince the rest of the region to provide greater housing cost diversity.

The development of a *Regional Housing Strategy* could be incorporated into further water negotiations with western suburbs. Communities should plan for an adequate amount of housing to serve all income levels, particularly income levels represented by the salaries and wages of the employers in each community. SEWRPC would be the likely organization to complete such a study, however because of SEWRPC's historic focus on suburban issues, Milwaukee should play a primary role in this planning effort to ensure urban issues are properly addressed.

Recommendation #3: Encourage Landlord Participation in the Housing Choice Voucher Program

The Housing Authority of the City of Milwaukee (HACM) staff should conduct a review of where current voucher holders are living. Areas that are underrepresented by voucher holders should be identified, and targeted for increased landlord recruitment.

Recommendation #4: Facilitate the Production and Modification of Accessible Units

Utilize Tax Incremental Financing (TIF) to Produce Accessible Housing

The City should more assertively use TIF to create more accessible housing units for persons with disabilities. For instance, TIF approval evaluation criteria could prioritize residential development projects that include accessible housing. The City should partner with local Independent Living Centers and other disability rights advocacy groups to research more creative ways for the City to use TIF to produce affordable, accessible housing.

Recommendation #5: Re-establish Means to Enforce the City's Housing and Employment Discrimination Ordinance

The City should re-establish the capacity to receive, investigate and adjudicate complaints of unlawful housing discrimination. This local enforcement component would complement the services provided by MMFHC and provide victims of discrimination a local source of remedy. The local ordinance outlines an enforcement process which is not currently being implemented or

made available to persons wishing to file a complaint.

Recommendation #6: Review and Amend the City of Milwaukee Housing and Employment Discrimination Ordinance

The City of Milwaukee should thoroughly review and amend its Housing and Employment Discrimination Ordinance (Chapter 109 of the City of Milwaukee Ordinances) to ensure that it is consistent with existing state and/or federal fair housing laws. Particular attention should be devoted to providing remedies for victims of housing discrimination. Currently, the ordinance is explicit regarding civil forfeitures, but is vague about remedies that the victim of discrimination may recover. Absent these types of recoveries, there is little incentive for persons to file with the City, versus other public enforcement agencies whose laws include compensatory damages, injunctive relief and recovery of attorneys' fees.

The following are recommendations, which will better protect persons' fair housing rights.

- **Declaration of Policy**
Instead of "Discrimination against any city resident (*emphasis added*) endangers rights and privileges of all", the City should amend its ordinance to a more inclusive declaration of policy stating "Discrimination against any person..."
- **Definition of "Familial Status" 109-3(9)**
The City should amend its definition of Familial Status to be equivalent to the Wisconsin Open Housing Law. Specifically, under the State law "family status" protects a household comprised of one or more minor or adult relatives. Therefore, this definition, unlike that contained in both the City ordinance and the Federal Act, offers protection to intergenerational or extended families (e.g. a household comprised of a grandparent, adult child and minor).

- **Behavioral Manifestations of a Mental Disability 109-3(10)d**
The City should make language in this portion of the Ordinance very clear. As written, this language may give housing providers the misimpression that they may lawfully consider such behavioral manifestations without taking into account mitigating circumstances or making reasonable accommodations for that disability.

- **Exceptions: Significant Facilities and Services 109-7 (5) a-3-a**
The City should amend its ordinance, which currently provides exemptions from the familial status portion of the law for housing for "older persons", to be consistent with state and federal laws. This exception was removed from state and federal laws.

- **Exceptions: Service Animals 109-7 (7)**
The definition of service animal is more restrictive than contained in the Federal Fair Housing Act. In order to provide more expansive coverage to all persons with disabilities, the City should amend this portion of the city ordinance to mirror the Federal Fair Housing Act, which protects the rights of persons with cognitive or mental disabilities to legally

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obtain a service animal.

- **Exceptions: Service Animals 109-7 (7)a**

The City should amend this portion of the law allowing housing providers to impose "reasonable rental regulations" on service animals to mirror the language in the Federal regulations, which is more specific and provides better guidance for housing providers and consumers.

- **Exceptions: Owner occupied dwellings and Familial Status 109-7 (9)**

This exemption expressly excludes owner-occupied duplexes from complying with the familial status portion of the Ordinance. The City should make its ordinance consistent with State law, which contains no exemptions for owner-occupied dwelling.

- **Remedies 109-17(9)**

The City should amend its ordinance to provide adequate remedies for persons experiencing discrimination in the City. In federal and state laws, compensatory damages (economic or non-economic), injunctive relief or recoverable attorney fees can be awarded.

Recommendation #7: Support of Comprehensive Fair Housing Services

Continued Support of Metropolitan Milwaukee Fair Housing Council

The City should continue support of the Metropolitan Milwaukee Fair Housing Council, which provides comprehensive fair housing services in the areas of direct assistance to victims of housing discrimination, investigations of systemic forms of illegal discrimination, outreach and education throughout the community, anti-predatory lending activities, and community and economic development issues. As part of this partnership, the staff of the Common Council and appropriate city departments should be trained and familiarized with the services of MMFHC to facilitate referrals of fair housing and fair lending issues from local residents.

Mobility Program

The City should establish a program that provides assistance to persons desiring to make pro-integrative housing moves, either in the rental or sales markets. Assistance would take the form of counseling about non-traditional neighborhoods, neighborhood tours, community profiles to market City neighborhoods and financial incentives, such as down payment or security deposit assistance. This would also include a Mobility Assistance Program for Housing Choice Voucher Holders to help facilitate economic integration and residential desegregation.

Fund a Regional Equity Audit

The City should fund a Regional Equity Audit. The racial and economic disparities that exist between City residents and residents of suburban communities are vast. The disparities encompass all aspects of quality of life, such as: education, housing and employment, as well as access to health care, transportation and other services. A variety of sources have documented these inequities in a variety of ways, but documenting only informs the public of the problem, it does nothing to solve or recommend solutions. The Regional Equity Audit would be a project to research and

investigate procedural or policy actions undertaken by other communities that have the result of furthering or reinforcing suburban/City racial and economic segregation. Housing, education and transportation are the most notable quality of life aspects in which a community's exclusivity is a major reason for continued disparities.

Recommendation #8: Continue Support and Increase Participation in MMFHC's Anti-Predatory Lending Program

The City of Milwaukee's support of MMFHC's anti-predatory lending program, Strategies To Overcome Predatory Practices (STOPP), is a critical component to combat illegal lending practices in the City of Milwaukee. This collaborative network of lenders, housing counseling agencies, community groups, Legal Aid Society and government representatives has successfully initiated measures to reduce these abusive loans in the City. It is therefore imperative for the City to continue its financial support and increase its direct participation in STOPP's efforts.

Recommendation #9: Support Consumer Rescue Fund for Victims of Predatory Lending

The City of Milwaukee should use its relationships with responsible area lenders, urging them to work with MMFHC and Fannie Mae to participate in a Consumer Rescue Fund (CRF). CRF loans remediate and refinance predatory loans by providing the consumer a loan they can afford, and is appropriate for their circumstances.

Recommendation #10: Fund Post-purchase Counseling

The City should fund post-purchase counseling services conducted by viable homebuyer counseling agencies, in order to successfully combat predatory loans in Milwaukee. These counseling services assist in preventing foreclosure, as well as educate homeowners about refinancing options for more affordable and suitable loans.

Recommendation #11: Support for Housing Trust Fund

The City of Milwaukee should support the development of a local Housing Trust Fund (HTF) — a new, ongoing, dedicated source of revenue to support affordable housing. The HTF would be administered by the City and support a wide range of housing. This would include permanent housing services for the homeless, the development and preservation of affordable rental units as well as supporting the creation of new homeowners and preserving the homes of existing homeowners.

Recommendation #12: Advocate for Open and Inclusive Real Estate and Rental Markets

The City of Milwaukee should advocate for more open and inclusive home rental and sales markets by working with the housing industry to accomplish the following:

- Work cooperatively with the real estate industry and its trade associations to develop ways for local agents to become more familiar with Milwaukee City neighborhoods. For example, facilitating a relationship between local real estate professionals and community groups to

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conduct neighborhood tours and other activities to promote stable neighborhoods.

- The City should continue to include MMFHC fair housing presentations as part of its citywide training for rental housing providers.
- The City should continue to have its Housing Authority and Section 8 staff trained by MMFHC on the provisions of fair housing laws and remedies available to their clients.
- Encourage greater efforts on the part of the real estate and rental industries to hire and train minority and bilingual real estate and rental professionals.
- Encourage more active participation by providers of rental housing in local rent assistance programs to expand locational choice for low-income and minority residents

Recommendation #13: Continue Production of Annual Report of Lending Practices in Milwaukee

The City Office of the Comptroller should continue to produce and distribute its annual report of lending activity in Milwaukee. This report, *City of Milwaukee Annual Review of Lending Practices of Financial Institutions*, has proven to be a valuable resource in analyzing lending patterns.

Recommendation #14: Promote Integrated Neighborhoods through Inclusionary Zoning

An inclusionary zoning ordinance is a tool designed to increase the economic integration of a community. It is a land use regulation mandating a percentage (usually 15-20%) of the housing units in any project above a given size, be affordable to people of low and moderate incomes. The City (preferably in cooperation with surrounding communities in the region) should work with Milwaukee housing organizations and the local housing industry to research an inclusionary zoning ordinance that produces a maximum of affordable units. The City could research the successful use of such inclusionary zoning in other communities to replicate for use in its jurisdiction. In situations in which an ordinance is unfeasible, the City should incorporate income diversity using affordable housing requirements in housing development agreements, particularly in high-housing cost areas.

Recommendation #15: Outreach to Linguistically Isolated and Bilingual Communities

The City should facilitate the formation of a partnership with organizations that serve non-English speaking or limited English-speaking persons, to develop a pro-active approach to reach these linguistically isolated populations on fair housing and fair lending issues.

Recommendation #16: Review Zoning Ordinance Regarding Community Living Arrangements

The City should partner with disability advocacy groups, such as the Wisconsin Coalition for Advocacy, *IndependenceFirst* and others, to review and analyze the Community Living Arrangements section of its zoning ordinance. The language should be reviewed in terms of current

and future legal implications and potential liability of the City, as advocates have successfully challenged similar municipal ordinances elsewhere as violations of the Federal Fair Housing Act.

Recommendation #17: Identify and Overcome Housing Production Impediments

The City should convene discussions with for-profit and not-for-profit housing producers and lenders regarding impediments to the production of accessible, affordable, and large (4 or more bedrooms) housing units. Further, this consortium should identify the challenges in producing such housing, as well as develop recommendations for policy changes (on the federal, state, and local level). A secondary outcome of this consortium is to educate for-profit developers about current tools available for the production of this housing. Lastly, this coordinated approach may be used to encourage for-profit and not-for-profit housing developers to consider partnering on affordable, accessible, and large unit housing projects.

Recommendation #18: Review Milwaukee Public School Policies That Contribute to Segregation

The City should work with the Milwaukee Public School Board to assess the impact that various MPS policies have on the City and regional racial and economic segregation, particularly Chapter 220, the Neighborhood Schools Initiative, Open Enrollment, and the Milwaukee Parental Choice Program.

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appendix a: methodology

Data Methodology

GIS Mapping

The mapping process consisted of downloading tabular data from the U.S. Census Bureau's American Fact Finder Summary File 1 and 3. Summary File 1 provides data taken from the entire population, while Summary File 3 provides data taken from a sample of one and six households, and the "population and housing long form has subjects such as income and education" (U.S. Census Bureau 2002). The data were then imported into MS Excel, manipulated to derive sums or central tendencies, and then the data attributes were illustrated with a geographic information system by linking the attribute data to the corresponding geographic coordinates. The final maps consisted of dot density maps and color ramp maps. Each dot in the dot density maps corresponds with a certain number of data observations, so a dense formation of dots would correspond with a higher density of the particular data attribute being mapped and a sparse formation would correspond with a lower density. The color ramp maps attempt to capture the intensity and concentration of various data attributes by utilizing various color combinations.

Interview Methodology

Interviews were conducted with a variety of public and private organizations, representing housing suppliers (real estate professionals, housing developers, lenders, etc.) and housing consumers. The purpose of the interviews was to elicit a full spectrum of input regarding impediments to fair housing. The groups interviewed were selected based on their knowledge or experience of the housing industry or their work with housing issues and populations that would likely be affected by limited housing choice.

Between June and October 2004, interviews were conducted with:

- ❑ Milwaukee Lesbian, Gay, Bisexual, Transgender Community Center, Neil Albrecht
- ❑ IndependenceFirst, Karen Avery and Brian Peters
- ❑ Local Initiative Support Corporation, Leo Ries
- ❑ Community Advocates, Jessica Schreiber, Coretta Miller, Erin Quandt
- ❑ Interfaith Conference of Greater Milwaukee, Heidi Rattner and Marcus White
- ❑ Housing Authority of the City of Milwaukee, Sherry Reed Daniels
- ❑ Housing Authority of the City of Milwaukee, Steve Falek

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- University of Wisconsin Milwaukee - Center for Workforce Development, Department of Urban Planning, Dr. Sammis B. White
- Gerald Sobczak, expert in landlord issues
- Greater Milwaukee Association of Realtors, Marne Wischniewski, Scott Bush and Mike Ruzicka
- Milwaukee Urban League, Norma Madison
- Gorman and Company, Tom Capp
- Hennessy Group, John Hennessy
- Interfaith - Family Caregiver Support Network, Pat Bruce
- United Community Center, Fernando Campos
- Urban Lending Group (name temporary), Gerald Williams
- Milwaukee Realtors, Gerald Williams
- Metropolitan Builders Association, Gina Hansen
- Hmong American Friendship Association, Nengmay Vang
- Wisconsin Coalition for Advocacy, Monica Murphy
- Rock Pledl, private attorney
- Jan Smokowicz, City Attorney's office
- William H. Lynch, private attorney
- Joyce Mallory, former MPS School Board member

In each interview the context of HUD's AI requirement to entitlement communities was explained, as well as how the AI is used, and what it should contain. Then the interviewee was asked to identify:

1. City practices, procedures and policies that are impediments to fair housing;
2. Private market fair housing impediments, such as lending, rental market, real estate market, homeowners insurance market, appraisal market, housing production and design issues.
3. External impediments such as suburban, state, federal actions or policies

appendices

appendix b: timeline

Timeline of Federal, State and Local Policies that Impacted Milwaukee's Segregated Housing Environment:

The following is a timeline which identifies major federal, state and local policies as well practices in the housing industry which have made an impact, either positive or negative on housing choice and our current segregated housing environment.

1896

Plessy v. Ferguson

Separate and Equal Doctrine established "The object of the (14th) amendment was undoubtedly to enforce the absolute equality of the two races before the law, but in the nature of things it could not have been intended to abolish distinctions based upon color, or to enforce social, as distinguished from political equality, or a commingling of the two races upon terms unsatisfactory to either." (Majority Opinion)

1910

Racially restrictive covenants, enforceable by courts of law, begin appearing on property deeds in Milwaukee and throughout the United States

1911-1915

Realtors instructed not to contribute to race mixing. (1913)

Racial Zoning used to segregate races: Ordinance passed in 1914 in Louisville, Kentucky: "An ordinance to prevent conflict and ill-feeling between the white and colored races in the City of Louisville, and to preserve the public peace and promote the general welfare, by making reasonable provisions requiring, as far as practicable, the use of separate blocks, for residences, places of abode, and places of assembly by white and colored people respectively."

1916-1920

Use of racially restrictive covenants becomes common in Milwaukee area. (1919)

Example: In the City of Wauwatosa (Washington Highlands area), "At no time shall the land included in the Washington Highlands or any part thereof, or any building thereon be purchased, owned, leased or occupied by any person other than of white race. This prohibition is not intended to include domestic servants while employed by the owner or occupant of any land included in the tract."

1921-1925

Garden Homes Housing Project developed as affordable housing on outskirts of Milwaukee. Blacks excluded from participation. (1921)

Milwaukee Mayor and Wisconsin Banking Commissioner work with white lenders to ensure that a separate credit market is established for African Americans. (1923)

Realtor Code of Ethics (Article 34): "A Realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality or individuals whose presence will clearly be detrimental to property values in that neighborhood." (1924-1950)

Milwaukee Board of Realtors meet to propose City Negro District, a "Black Belt" to restrict movement of blacks in Milwaukee. (1924)

1931-1935

Stanley McMichael's "Appraising Manual" becomes the standard for the appraisal profession "Social or racial changes" are listed among signs of "invasion by incompatible uses" under the causes of "blighted" areas and appraisers are advised to observe whether there are "undesirable racial elements in the neighborhood" and, if so, whether they are likely to expand in a way that may injure the property. (1931)

Frederick Babcock's The Valuation of Real Estate: "Among the traits and characteristics of people which influence land values, racial heritage and tendencies seem to be of paramount importance." (1932)

The Federal Housing Administration (FHA) Underwriting Manual includes emphasis on race having adverse impact on property values. (1932)

Federal Home Owners Loan Corporation (HOLC), part of the FHA, established a rating system for neighborhoods with "residential security maps" which included four categories. The least desirable areas, where financing was not available, were black neighborhoods which were coded "Red." This is the origin of the practice later adopted by public and private lenders known as "redlining". (1933)

FHA begins providing "model" race restrictive covenants and requires use in obtaining FHA financing. (1934)

Federal Public Housing Project proposed (Parklawn) in Milwaukee. Land contains race restrictive covenants and City decides to exclude blacks. (1935)

Wisconsin State Legislature defeats a bill that would have rendered race restrictive covenants unenforceable, a bill aimed at opening up Parklawn Public Housing Project to blacks. A State Senator who opposed this bill stated: "This measure will destroy every lake resort, every real estate development in the state by letting down the bar to Negroes." (1935)

1936-1940

Frederick Babcock contributes theories of "inharmomious racial groups" to revisions of FHA Underwriting Manual. (1936)

Following a visit by Eleanor Roosevelt, Milwaukee city officials agree to set aside a small number of units on a segregated basis (6 units in one building) at Parklawn Public Housing project for

Negro residents. (1937)

Public housing project in suburban Greendale does not admit Blacks. (1937)

FHA Underwriting Manual (1938):

"Areas surrounding a location are investigated to determine whether incompatible racial and social groups are present, for the purpose of making a prediction regarding the probability of the location being invaded by such groups. If a neighborhood is to retain stability, it is necessary that the properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally contributes to instability and a decline in values."

Group of 18 African American homebuyers denied financing to purchase properties on northwest side of Milwaukee due to race restrictive covenants required by FHA. (1940)

1941-1945

A Legal Guide for Wisconsin Real Estate Brokers adopted Realtor Code of Ethics as standard for all real estate licensees doing business in the State of Wisconsin.

"A Realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality or individuals whose presence will clearly be detrimental to property values in that neighborhood." (1942)

Doherty v. Rice - Wisconsin Supreme Court

Reversed lower court decision which refused to enjoin black family from living in an area where a covenant prohibited ownership or occupation by "anyone not a member of the caucasian race". (1942)

City of Milwaukee issues permits for two "Negro Housing Projects" with 42 units. Never built until Hillside Public Housing constructed at proposed site. (1943)

Public opposition to providing temporary housing for Barbadian War Workers in suburban Hales Corners. (1944)

Veteran's Administration (VA) mortgage loan program adopted FHA's discriminatory underwriting standards. (1944)

Plan to build "Negro Housing" in white area in Milwaukee thwarted by city officials after opposition by 200 whites. The white mob was led by a real estate agent who stated: "Negroes should be kept segregated as they are by the government in army camps". (1944)

When a black family attempted to move into a white neighborhood in Milwaukee, a meeting of white neighbors was convened and the family was "invited" to leave the area. One of the white residents stated, "the army puts them in a certain place in training, and that's where they belong.... the government puts darkies all in one place in war." (1944)

Plans by African American families to build on lots located on northwest side of Milwaukee were stopped. City officials unsuccessfully tried to designate land for playground. When that failed,

the City Attorney ruled race restrictive covenants are enforceable and would prevent blacks from occupying the land. (1944)

1946-1950

Citizen's Governmental Research Bureau found that 67.7% of the dwellings occupied by blacks in Milwaukee are in need of major repairs or are unfit for use, compared with 6.5% of the dwelling units occupied by the city's white population.

Report by Citizen's Government Research Bureau finds that 90% of land in the City of Milwaukee deeded since 1910 contains race restrictive covenants. (1946)

Federal Office of the Housing Expeditor report finds it difficult to locate sites for "Negro Housing" because of racial deed restrictions and opposition from local residents: "Location of sites for housing for Negroes presents a difficult problem. The majority of the Negro population now is concentrated in the 6th Ward in downtown Milwaukee. This is a blighted area and although there are a few scattered vacant lots, favorable mortgage financing would be difficult to arrange without redevelopment of a large section. Development of vacant land in the outlying areas may be possible but deed restrictions and opposition from residents would likely be encountered in many sections." (1947)

Blacks excluded from Realtor Boards formed the National Association of Real Estate Brokers (NAREB) also known as the Realists. (1947)

Shelley v. Kramer (1948)

Made race restrictive covenants unenforceable in courts but did not outlaw use of covenants as private agreements.

Speech by Wisconsin Assistant Attorney General to Madison Realty Association reassures Realtors that Shelley v. Kramer does not outlaw use of race restrictive covenants. (1949)

Black veteran and family forced to move from Veteran's Trailer Park in the Milwaukee suburb of Greenfield, Wisconsin after 400 of the 1500 white residents staged demonstration. (1949)

None of the Veteran's Housing Projects constructed in Milwaukee will accept black veterans and all black veterans were referred to Hillside Public Housing project in black neighborhood. (1949)

Realtors amend Ethical Code to read: "A Realtor should not be instrumental in introducing into a neighborhood, a character of property or use, which will clearly be detrimental to property values in that neighborhood." (1950)

1951-1955

Race restrictive covenants continue to be placed on properties throughout 1950's and into the 1960's.

State of Wisconsin passes legislation prohibiting enforcement of race restrictive covenants. (1951)

Village of Menomonee Falls, a Milwaukee suburb, scales down development of pre-fab homes from 1000 to 100 after residents express fears that "colored residents might become part of the community". (1954)

Brown v. Board of Education ruled that "Separate is Inherently Unequal". (1954)

Revisions to FHA Underwriting Manual, direct references to race dropped, but meaning is largely unchanged in rating neighborhoods:

"...if the occupancy of the neighborhood is changing from one user group to another, or if the areas adjacent to the immediate neighborhood are occupied by a user group dissimilar to the typical occupants of the subject neighborhood or a change in occupancy is imminent or probable, this risk should be reflected in the rating." (1955)

Between 1930 and 1950, 3 out of 5 homes purchased in US were financed by FHA, yet less than 2% of the FHA loans were made to non-white buyers. The NAACP reported in 1961 that only 2% of FHA loans made in the US since 1946 were made to blacks.

Zeddie Hyler, the first African American to move to Wauwatosa, suffered \$800 damage to his unfinished home and received threatening and abusive phone calls. (1955)

1956-1960

Black real estate agents and brokers not permitted to join Milwaukee Board of Realtors. Nationally, out of 1229 Boards of Realtors with 58,744 members, only 8 Boards permitted blacks to join and there were fewer than 25 black Realtors in the nation. (1956)

African American soldier in the 401st Missile Battalion turned away from 28 mobile home parks in Milwaukee area. Soldier forced to sell trailer and ultimately reassigned to Oklahoma military base. (1957)

Building Boards and Aesthetic Boards formed in many Milwaukee suburbs to maintain standards and approve building plans and some Boards try to prevent blacks from building in communities throughout the 1950's and 1960's.

An African American school teacher seeks approval to build home in the suburb of Wauwatosa: Comments from two Wauwatosa Building Board members:

"They (Negroes) ought to have to build way better than the houses around them. There's depreciation just by their moving in."

The Federal Highway Act launches a major road construction program that encourages many middle-class Americans to relocate to the suburbs and destabilizes many poor urban areas. (1956)

Alderwoman Vel Phillips becomes Milwaukee's first black alderperson. (1956-1971)

Starting in 1957 when Milwaukee's inner city schools were being remodeled or were overcrowded, African American children were bused "intact" from overcrowded schools to "host" schools where they were taught in their own classrooms with their own teachers and kept separate for lunch

periods and on the playground. (1957)

Sol Ackerman, City of Milwaukee urban renewal coordinator, received 40 denials from suburbs requesting that they build a small component of low-cost homes for families displaced by expressways and urban renewal. (1957)

By 1960 the City Housing Authority had built only 1,880 public housing units—less than half the average number of low-income housing units built per 1,000 residents for 15 other large cities. (1960)

Four hundred white residents of Milwaukee's south side assemble to voice opposition to public housing proposed in their neighborhood based on the fact that blacks might occupy the housing. (1960)

1961-1965

African American Activist Lloyd Barbee leads a 13 day "Sit-In" at the Wisconsin Capital to protest for fair housing. (1961)

President Kennedy signs Executive Order 11063 (1962)

Ordered the Federal government to take "all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin in federally financed or insured housing programs."

Alderwoman Phillips introduced for the first time an open housing ordinance in the Common Council calling for the prohibition of discrimination in the sale or lease of housing in the city. She introduced the bill four times thereafter, but it was always defeated 18 to her 1 vote. (1963)

The Civil Rights Act is passed. Title VI of the 1964 Civil Rights Act prohibits discrimination in all programs receiving federal assistance, including housing. (1964)

In protest over the fact that black school-aged children were becoming more and more segregated, State Representative Lloyd Barbee organized the Milwaukee United for School Integration Committee (MUSIC), which conducted a three-day boycott of MPS by black parents and children.

Attempt to stop African American home builder from building a home in suburban Mequon by re-routing an existing road through his land. House was built, but builder unable to build other homes in area. Mayor stated a "Negro Building Ban" was in effect from 1961-64.

City of Greenfield rejects apartment complex due to race. (1963)

Milwaukee Board of Realtors admits first African American Realtor as member. (1963)

A Milwaukee Urban League statement in 1965 pointed to the increasing segregation of not only the children but the teachers: "86.5% of Negro teachers and 90.3% of Negro students are assigned to schools in the area bounded by Capitol Drive on the North, 27th Street on the West, Wisconsin Avenue on the South and Lake Michigan on the East; a situation which reflects a predominant assignment of Negro teachers to 'Negro' schools."

Wisconsin Passes Open Housing Law (1965)

-Prohibited Discrimination in Housing

(Note: At that time, it was estimated that only 25-33% of the housing in the City of Milwaukee was covered by the new law.)

-Prohibited Testing

(Note: Wisconsin is the only State in the US to include testing prohibition in State fair housing law.)

-Provided \$10-200 Fine for Violators

(Note: At that time, it was unlawful in Wisconsin to deny your dog or cat proper shelter with a maximum \$500 fine and a year in jail.)

Father James Groppi and the NAACP Youth Commandos picketed the home of Circuit Court Judge Robert C. Cannon because of the judge's membership in the all-white Eagles Club of Milwaukee (the Eagles had an all-white membership provision written into its national by-laws). (1965)

Attorney Barbee filed a lawsuit in U.S. Federal District Court on behalf of 32 African American parents and children and nine white children (amended in 1968 to include a class of children represented by Attorney Irvin Charne) charging a denial of the children's right to an equal educational opportunity by virtue of Milwaukee Public School Board's policies and actions. (1965)

1966-1970

Village of West Milwaukee rejects creation of Housing Authority because as one Village official stated "You can't hold back race, color or creed". (1966)

Milwaukee Journal article concluded "urban renewal was responsible for forcing many families into moving out of one slum into another." (1966)

Father James Groppi and NAACP Youth Commandos lead 145 days of Open Housing Marches in Milwaukee in an effort to force City of Milwaukee to pass Open Housing Law (August 28, 1967 to January, 1968)

White Milwaukee citizens successfully petition the City of Milwaukee to hold a referendum which stated: "That the Common Council of the City of Milwaukee shall not enact any ordinance which, in any manner, restricts the right of owners of real estate to sell, lease or rent private property." (1967)

James Otey, an African American resident of Milwaukee, files a lawsuit challenging the constitutionality of the referendum and asks a Federal Court to restrain the City of Milwaukee from holding the property rights referendum. (1967)

FHA changed its policy both locally and nationally and started to actively encourage lenders to make FHA insured loans in the inner city. (1967)

A race riot broke out in Milwaukee that ended with three people killed. (1967)

The *Kerner Commission Report* attributed the cause of riots across the country to anger with the conditions of racial oppression and economic deprivation that had been allowed to fester in

ghettos for 60 years. "What most white Americans have never understood, and what most black Americans can never forget, is that white institutions created the ghetto, white institutions maintain the ghetto, and white institutions condone it." The report stated the nation was becoming "two societies" - separate and unequal. (1968)

The attitudes of whites were openly hostile regarding the open housing ordinance in Milwaukee, and an organized opposition developed that was able to amass 27,000 signatures petitioning the Common Council to put the ordinance to the test of a popular vote in the form of a citywide referendum. (1968)

District Court Judge Robert Tehan issued a permanent injunction against holding such a referendum on the constitutional grounds that it would be in violation of the equal protection clause of the 14th Amendment. Judge Tehan stated, "Race is a factor of almost transcendent significance [when black] home buyers or lessees, wishing to leave the inner City, are faced with barriers of discrimination which few have been able to overcome. When housing outside the inner City is sought, attributes otherwise crucial in choosing buyers and tenants, such as ability to pay, educational background, demeanor, reliability and stability, are not even investigated by sellers and landlords after the color of the applicant is discovered." (1968)

The Wauwatosa Common Council turned down nearly \$1 million in Community Development Act funds for fear that acceptance of it would require the building of up to 200 low- and moderate-income housing units. (1968)

Housing Act of 1968 establishes the Government National Mortgage Association (Ginnie Mae) to expand availability of mortgage funds for moderate-income families using government-guaranteed mortgage-backed securities.

Estimated that 400 private citizen based fair housing organizations existed in U.S. (1968)

Federal Judge in Wisconsin rules Milwaukee's proposed property rights referendum is unconstitutional. (1968)

Dr. Martin Luther King Jr. murdered. (April 4, 1968)

Federal Fair Housing Act passed in Congress and President signed into law. (April 11, 1968)

City of Milwaukee passes Open Housing Ordinance after defeating it six times in previous votes taken between 1962 and 1968. (April 30, 1968)

Decision in Jones v. Mayer (1968)

The Supreme Court ruled that under the Civil Rights Act of 1866 "All citizens of the United States shall have the same right, in every State and Territory, as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold, and convey real and personal property."

Only 12 fair housing organizations in existence in U.S. (1970)

Exclusionary zoning and restrictive building codes adopted by Milwaukee suburbs in order to

restrict affordable housing, fear of blacks moving in cited. (1970-80)

The Housing and Urban Development Act of 1970 provides federal financial support to encourage the creation of new communities with housing for all income levels. To make public housing more affordable to the poorest tenants, the 1969 Brooke Amendment caps rent payments at 25% of income. However, the amendment also tends to make public housing an option of "last resort," with a concentration of poor families. (1970)

A 1970 study, "Black Powerlessness in Milwaukee Institutions and Decision-Making Structures," documented the lack of formal authority, influence, and discretionary use of funds available to African Americans. There were no African Americans in policy making positions in business and industrial concerns, law firms, banks, stock brokerage firms and insurance firms; no blacks serving as presidents, financial secretaries, or business representatives of local unions. There were only five blacks elected to City, County or State public office out of 121 from the Milwaukee area.

In the 1970s all Milwaukee suburbs failed to accept their "fair share" of low-to moderate-income housing as recommended by the Southeastern Wisconsin Regional Planning Commission.

After reviewing federal housing policy and programs, Congress passes the Housing and Community Development Act. This legislation rewrites the U.S. Housing Act of 1937, making the Section 8 rent subsidy program the major vehicle for federal housing assistance. The 1974 act also folds urban renewal, Model Cities, and other development programs into the Community Development Block Grant program. (1974)

Montgomery County, Maryland, passes the country's first inclusionary zoning law. In exchange for density bonuses, developers of more than 50 units must make 15% of their units affordable. (1974)

In New Jersey, a series of court decisions involving the City of Mount Laurel litigation required every municipality to provide its "fair share" of affordable housing generates enormous controversy. (1974)

Federal Fair Housing Act amended to prohibit sex discrimination in housing. (1974)

Wisconsin Open Housing Law amended to prohibit sex discrimination in housing. (1975)

U.S. v. Wisconsin (1975)

Court found that the anti-testing provision in Wisconsin Open Housing Law "chills the exercise of the right to equal housing opportunity" and conflicts with the principal objective of the Fair Housing Act.

1976-1980

Major racial steering lawsuit filed against the four largest real estate companies in Milwaukee based on testing evidence in Sherman Park Community Association et al. v. Wauwatosa Realty et al. (1977)

The City of Milwaukee Housing and Redevelopment Authority under Mayor Meier carried out inequitable relocation policies when it came to moving African American families who were to

be displaced because of construction of public housing and urban renewal. African Americans were almost always relocated within the inner city and were sometimes returned to a situation of doubling-up and overcrowded conditions. The City's failure to carry out a policy that would help find alternative housing in other parts of the city strengthened the strong patterns of segregation that already existed in Milwaukee. (1976)

Congress passes the Community Reinvestment Act. (1977)

HUD financed the Housing Market Practices Survey (HMPS) conducted in Milwaukee which found racial discrimination widespread in sale and rental of housing. (1977)

Metropolitan Milwaukee Fair Housing Council (MMFHC) organized. (1977)

1976-1980

U.S. v. American Institute of Real Estate Appraisers (1977)

-Fair Housing Act applies to real estate appraisers

-Promulgation of standards, which cause appraisers and lenders to treat race and national origin as a negative factor in determining value of dwelling and soundness of home loans may make housing unavailable

-Settlement requires revision of textbooks and adoption of new policy statements of non-discrimination

MMFHC files dozens of lawsuits based on complaints filed. (1978-1980)

Wisconsin Open Housing Law amended. (1979)

-Anti-testing language removed from law

-Penalties increased to \$10,000

-Marital status, source of income, age, and disability added

-Right to file lawsuits in state courts

Hartford attempts to block construction of 16 units of Farmers' Home Administration (FHA) housing for farm workers. (1980)

Racially motivated opposition to proposals to build new subsidized housing emerges in many suburban communities including Cudahy, Franklin, Glendale, Menomonee Falls, New Berlin, Sussex, South Milwaukee, Waukesha, and Wauwatosa.

Milwaukee County's rent assistance program was found to have maintained waiting lists that provided preferences for white home seekers. The Metropolitan Milwaukee Fair Housing Council brought suit against the County in the U.S. Federal District Court in the case of Holland v. Milwaukee County. Such practices, however, remained an issue, with whites having many more housing choices than minorities within the metropolitan housing market. (1980)

1981-1985

Wisconsin becomes first State in US to prohibit discrimination in housing based on sexual orientation. (1982)

City of Waukesha requires developer of subsidized apartment complex to build tall fence

around development in white suburban neighborhood. Lawsuit filed to challenge discriminatory requirement. (1983)

Milwaukee School Board filed a federal lawsuit against 24 suburban school districts to try to gain area wide school integration. The suburbs were charged with maintaining all-white school systems in the Milwaukee metropolitan area and perpetuating a pattern of housing segregation. In 1987, after two years of negotiations and 10 days of court testimony, an out-of-court settlement was reached which involved busing of upwards of 4,500 African American students to suburban schools at state expense under Chapter 220. (1984)

Housing Office of Milwaukee Area Technical College accused of discriminating against minority students in provision of off campus housing. (1985)

Cross burnings and other acts of racial harassment in suburban communities of Brown Deer, Oak Creek, St. Francis, South Milwaukee, Wauwatosa and West Allis reported to MMFHC. (1980-1988)

1986-1989

Congress enacts the Low-Income Housing Tax Credit program, which awards tax credits competitively through the states to private housing providers. This program has become the principal mechanism for preserving and producing affordable housing. (1986)

Complaint filed against City of Waukesha for discriminatory residency preference in Section 8 Existing Rental Assistance Program. (1988)

Congress amends Fair Housing Act. (1988)

- Added familial status and disability
- Created formal administrative hearing process
- Expanded of powers of Department of Justice
- Eliminated cap on punitive damages, added civil penalties

A Pulitzer Prize winning series of articles in the *Atlanta Constitution* in 1988 found Milwaukee with the highest black-to-white mortgage home loan rejection rate in the county with blacks being rejected four times as often as whites. Subsequently, with assistance from the City of Milwaukee, a Fair Lending Coalition was formed to gain greater cooperation from banks and lending institutions in offering home loans and home repair loans under the Federal Community Reinvestment Act.

Twenty-three out of 25 Milwaukee suburbs rejected a proposal by the City of Milwaukee to place two units of public housing in each suburb. (1989)

1990-1998

The HOME Investment Partnerships Block Grant program is devised to assist state and local governments in providing low-income housing. Intermediary organizations, such as the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation, are created to assist private providers. (1990)

A landmark case of home insurance redlining emanated from the City of Milwaukee in 1990. A

lawsuit was filed in the US Federal District Court by the City of Milwaukee, Attorneys William Lynch and James E. Hall, Jr., representing the ACLU, and the NAACP challenging the home insurance policies sold by the American Family Insurance Company. Documents were filed showing that white agents were told by their superiors, both orally and in writing, to avoid selling insurance to blacks. The merits of the lawsuit were first rejected by the US District Court in Milwaukee, but on appeal the US Seventh Circuit Court of Appeals in Chicago ruled that inferior insurance policies or charging more money for less coverage in a confined geographical area amounted to a violation of the Fair Housing Act of 1968. A monetary award of \$5 million was granted to compensate the homeowners and \$9.5 million was granted for housing programs in Milwaukee. (1990)

Eleven out of 18 Milwaukee suburbs had fewer than one percent African Americans living within their borders; only two suburbs had as high a percentage as five to seven percent minority residents. (1991)

Milwaukee County Board of Supervisors approved a fair housing ordinance. (1992)

HOPE VI (Homeownership and Opportunity for People Everywhere) program is created to replace distressed public housing with mixed-income developments. (1993)

MMFHC filed HUD complaints against four major homeowners insurance companies, alleging practices of redlining. (1997)

America's homeownership rate reaches a new record high of 67.7% in the third quarter of 2000. A total of 71.6 million American families own their homes—more than at any time in American history. (1998)

2004

Congress passes the American Dream Down Payment Act, administered under HUD's HOME Investment Partnerships program. The act enables eligible low-income families who are first-time homebuyers to receive a maximum down payment assistance grant of either \$10,000 or 6% of the purchase price of the home, whichever is greater. (2004)

Sources:

National Building Museum, "Affordable Housing: Designing an American Asset" Exhibit, February 28 – August 8, 2004
Fred Freiberg, Director of Field Services, HELP USA, New York, New York; Founding Executive Director of Metropolitan Milwaukee Fair Housing Council
Ruth Zubrensky, researcher, taken from excerpts of "A Report on Past Discrimination Against African Americans in Milwaukee, 1835-1999"

appendices

appendix c: cdbg-funded activities

The City of Milwaukee funds the activities listed below through their Community Development Block Grant program and HOME program:

Hard Housing Costs

- ☐ Housing Rehabilitation
- ☐ Housing Production
- ☐ Catalytic Project Areas
- ☐ DNS Receivership Program
- ☐ Code Enforcement – NIP, Graffiti, Interns
- ☐ Landlord/Tenant Compliance
- ☐ Property Management/Landlord Training
- ☐ Receivership Program
- ☐ Targeted Code Enforcement Inspectors
- ☐ Neighborhood Improve Project
- ☐ HomeSource
- ☐ Minor Home Repair
- ☐ Security Installation
- ☐ Tool Loan
- ☐ Graffiti Removal
- ☐ Handicapped Accessible Ramps
- ☐ HICAP (Loan Loss Reserve Fund)
- ☐ Front Door Initiative (Pilot)
- ☐ Deferred Payment Home Rehab Loan Program
- ☐ Rental Rehab
- ☐ Sewer Laterals – Lindsay Heights
- ☐ TINS
- ☐ Community Gold Program

Housing Counseling/ HOPWA

ESG Activities: Transitional shelter/ Shelter and supportive services, domestic violence/case management, legal assistance

Fair Housing/Fair Lending Activities (as broken down on City reporting documents)

- ☐ Intake, investigation, counseling and referral of allegations
- ☐ Conduct specialized fair housing seminars
- ☐ Conduct fair housing presentations
- ☐ Provide referrals of non-fair housing concerns
- ☐ Provide Technical Assistance services
- ☐ Meet with EOC members and staff
- ☐ Conduct intake, investigation, coordination of counseling, referral and resolution of predatory lending allegations
- ☐ Provide information and referral service for non-predatory lending calls
- ☐ Community Outreach for STOPP

