2014 ANALYSIS OF IMPEDIMENTS
TO FAIR HOUSING CHOICE FOCUS GROUP

SPONSORED BY MONTANA DEPARTMENT OF COMMERCE

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FIVE-YEAR CONSOLIDATED PLAN

TRANSCRIPT OF PROCEEDINGS

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MR. GAUDIN: Well, good morning, everyone.

MS. COPE: Good morning.

MR. GAUDIN: It's good to be here. My name is Rob Gaudin. I'm the Director of Research and Planning for Western Economic Services. It's a consulting organization out of the city of Portland.

The Commerce -- Department of Commerce has hired my firm to help them with a couple of different studies for this planning cycle, one of which is the Analysis of Impediments to Fair Housing Choice.

You know, for a few of you who were here yesterday, you've probably heard this already, but I've been working with Commerce for 28 years, and for the last 20 years we've been doing this particular study for them approximately every five years. So we're embarking upon this effort today.

This particular study is a requirement for receiving money from HUD for housing and community development purposes.

The idea is that they need to certify
that they're affirmatively furthering fair housing. Now, this is not like a little form you sign and you put it in a drawer and you're forever good with that.

You know, this is actually a three-step process. You need to actually conduct this Analysis of Impediments, or AI. It's a study of both quantitative and qualitative research, evaluation, inferences you might make from various qualitative types of situations. If you identify some impediments to fair housing choice, you need to take action and then report back to HUD. Generally speaking, that would be in your Consolidated Annual Performance and Evaluation Report.

But I do want to emphasize, especially for those callers who have -- are attending, that if you have a question at any time, just speak up, you know, please interrupt me. You know, this is really about an exchange of information. And I'm just not a speaker or a presenter, but it's also about how you feel. This is about your community. So, please, if I'm not being clear or if I'm
mistaken about the situation here in Kalispell, or whatever it is, just please take the opportunity to let me know how you feel.

You know, the intent here -- the entire purpose, really, is to take a look at the situation, you know, see if we can identify some impediments, and then make some recommendations about which Commerce can act upon.

You know, of course, in this process we begin to separate, you know, actions that occur in a private sector, whether that's banking and lending, or property management, or appraisals, or real estate agents, or what have you, and those which also happen in the public sector.

Maybe there's things about local planning and zoning, or policies and practices, or ways in which we've allocated resources and had certain things happen in the past. But we're really trying to assess, you know, what barriers there are to housing choice.

So to begin, really, I'm going to talk a little bit about the context, you know,
some fair housing information, what this means in terms of, you know, our preliminary findings. And again, as I mentioned, this is about an opportunity for you to provide input about this information, about this process, you know, what it means for you, what it means for the state, and so on.

It's important, however, to understand fundamentally what an impediment to fair housing choice means. Now, these are actions, omissions or decisions -- whether you're in the private sector or the public sector -- actions, omissions or decisions which restrict housing choice due to protected class status.

Now, different jurisdictions can have different protected classes. If you're a state or local government you could add them. Here, both state and federal law have this group: race, color, creed, religion, familial status, marital status, age, gender, disability and national origin.

So we're talking about actions, omissions or decisions which are strict or have the effect of restricting housing choice
for people in these groups.

You know, this study, this Analysis of Impediments, kind of got its start when the Consolidated Plan first came about, which was actually the reorientation of four programs, so that they would be all in the same planning cycle and application cycle; CDBG, HOME, ESG and HOPWA. That's when they got consolidated.

In the very beginning, you know, it was to try to make a fairly, you know, good-faith effort to evaluate these things. In 1996 HUD came out with a Fair Housing Planning Guide, you know, about how to do these. Montana's AI was in that guide. But over the years there has been a distinct evolution in what HUD expects to have happen. This particular evolution really kind of turned a corner just a few years ago.

In New York there's Westchester County, it's a pie-shaped county with a point that abuts the City of New York. And all these folks would drive into the city to work and then drive home.

Well, Westchester County gets money from HUD, and they're supposed to certify that
they're affirmatively furthering fair housing, when they did their study they said, Oh, man, we have an affordable housing crisis, we're gonna build affordable housing. That is also true. But where they built them and what they did, the consequence of their actions, increased concentrations of poverty, increased concentrations of racial and ethnic minorities.

So the Antidiscrimination Center of New York City sued them for falsely claiming the certification that they're gonna affirmatively further fair housing.

That started in 2006, it ended in 2009. Westchester County lost, so they had to pay the $50 million -- 50, 5-0 -- back to HUD for all the projects they built that contributed to the problem. They also had to spend 51 million more to pay off all the attorneys. And so the taxpayer had to come up with a hundred million and they're back to square one.

The fundamental issue for them is that they have completely lost their flexibility and their control over their programs. Now the New York court system tells
them how they're gonna spend their money.

    The rest of us in the county, however, get to be under HUD's magnifying glass about what we're doing to make sure we avoid these kinds of problems. So the scrutiny is significantly greater since that, so in the last five years.

    People at HUD really want to look at how our decisions are being implemented. Certain states are reviewing how their low-income housing tax credits are evaluated, their QAP, Qualified Application Plan.

    You know, there used to be a time when they'd give a little bit more points for areas of low income. Now they're shying away from that because we don't want to promote it just in lower-income areas. So there's been some shift just across the board.

    And those expectations from HUD have also increased. They also, in middle of last year, in July of last year, they issued a proposed rule to change it again, you know, the certification, and that hasn't been resolved yet, so we're operating under this little bit of cloud.
Some people at HUD are thinking that we're gonna do it the new way, and some people are thinking we're gonna do it the old way. But all those ways are evolving, so it's a little bit uncertain how this all turns out.

But the path we've chosen this time is to do the non-entitled areas of the state. You can barely see it. Missoula, Billings and Great Falls, those tiny little patches of white, are outside the study because entitlements, like states, they get funds directly from HUD, must also do their own AI. So we don't want to get crosswise with each of the communities, so we're doing the non-entitled portions of the state.

So the data, nearly everything -- except, of course, the next slide -- nearly everything else in this presentation relates to the non-entitled areas of the state.

Now, I just want to give some context. HUD's gonna look at, Hey, look, you know, we're growing really nicely over the years. When we begin to look at how the population has grown, which groups are growing quickly, which are growing more slowly,
non-entitled areas of the state, right? We're growing at 8.8 percent in the non-entitled areas, it's a little bit less than the more urbanized areas.

Nevertheless, you know, whites are growing the slowest. Some of these -- you know, Native Americans are growing at 9 percent, almost the average, they're the next largest minority, but Hispanics at 60 percent, still a small group, less than 20,000 people.

But HUD's gonna ask us, Okay, what about the legacy of decisions -- kind of like the Westchester County case -- have you changed in the distribution of the population from then to now, has there been any change?

You know, it's difficult to make good statements when this is a 2000 data and we have all these sets of Tribal lands. Well, of course, there's a reason for that, why there are high concentrations.

Now, throughout this series of discussions I'm gonna be having these maps colored in terms of disproportionate share.

The jurisdiction average will be in the -- kind of the light yellow. Ten
percentage points above that, which is this next green here, the 7.1 to 17 percent. If it gets above 17 percent, 10 percentage points above the average, that's a disproportionate share.

Do you have a question?

A PARTICIPANT: Yeah. It's not really a question. Is there any way we can make it a little bit darker, I mean not so light, so we could see it better?

MR. GAUDIN: I think we can turn the light right there off. Is that correct?

A PARTICIPANT: Sorry to interrupt.

MR. GAUDIN: That's quite all right. I was asked that question yesterday. Nah, nah, it's fine, so... Not sure it's clarified, but it's totally fine.

MS. CRIDER: And I'd just like to remind everybody, if you're gonna ask a question, for the court reporter please state your name.

MR. GAUDIN: While that's been being worked on, technical details, these darker colors, this kind of mottled -- the
middle one here, blue-green, darker blue,
these are all disproportionate concentrations,
over-concentrations. Now, of course, we have
the Tribal and trust lands and, of course,
there's over-concentration.

But the question is, Okay, that's our
legacy; what's happened in the last decade?
We do see some migration and
over-concentration outside some of the Tribal
lands, but not as much.

When we look at Hispanic -- I didn't
reproduce this Hispanic map right here -- we
only see one area of over-concentration,
that's West Yellowstone, that has appeared
since 2000.

Does that work better for you?

A PARTICIPANT: Yeah, thank you.

MR. GAUDIN: Okay, great. You
know, so HUD's gonna ask us, Are there certain
things about this migration or this change,
have we affected change positively or not?

Also kind of like to take a look at
poverty. You know, you guys are fortunate for
the non-entitled areas of the state, the
poverty rate actually declined a tiny bit
between the 2000 and the 2012 American Community Survey. I'm sure there's a few more people in poverty, but what we see is a poverty rate declining.

But how is that distributed? Again, we're gonna use the same concept where these darker blue ones are over-concentrations of poverty. This is from 2000. And granted, 2000 and 2012 we also have a different set of census tracts.

But we see higher concentrations and less distribution. So we're shifting to higher concentrations of poverty in certain areas of the state.

What we also have at play -- and this is again -- this is not deflated, this is nominal values. What we do see, the number of households by income here. Lower-income households are substantially fewer in percentage and higher incomes households are substantially greater. In fact, those above a hundred thousand were double in percentage. So we do have a shifting. But that's not to say there aren't problems.

You know, part of what we're trying
to do is encourage, you know, the various banking laws and so on. We want to encourage our bankers to invest in all areas of our communities.

So in this exercise, in the last few years I've begun to gather Community Reinvestment Act information, right -- our bankers are supposed to invest in all the areas of our community -- and just to kind of take a look at how we can facilitate, you know, development and attractiveness of our communities by investing across the range of them.

And this -- the percent of business loans made in the non-entitled areas of the state, for those census tracts that are less than 50 percent of median family there's almost no investment down here.

So for those areas that are poverty, those areas that have difficulties, you know, we're basically keeping them there, as opposed to kind of encouraging some changes. So there are mechanisms available to us to help encourage that, maybe some changes in those investment patterns.
I do want to take a look at, you know, some of our housing choices. We have this legacy here kind of thing, number of households in the non-entitled areas of the state.

You know, occupied housing units grew 14 percent, total 17.4 percent. And, you know, homeownership slipped a little bit. This generally set the pattern for statewide as well.

But I am a little concerned about vacant housing units, you know, jumping 36 percent. That's comprised of units that, of course, are for sale or for rent. But down here we have these other vacant units. You know, there's a large portion in the non-entitled areas of the state, that 35 percent increase.

Now, those types of housing units are those which are not for sale or not for rent and not available to the marketplace. So we have some challenges ahead of us.

So during this time where we had total housing units, you know, increasing faster than our demand, what about some
production in terms of where we've placed, you
know, some of our assisted housing?

This just kind of responds to
Westchester County. Now in a state, this --
Westchester County is like one of our 56
counties, right, it's just a small county.
They have a lot more people.

But the idea here, you know,
project-based Section 8, Commerce gave me the
physical addresses of all their project-based
Section 8, and I attached the longitude and
latitude coordinate to it for those that are
outside of the entitlements and distributed
them across the state. I mean, these can be,
you know, four, eight or 36-unit facilities,
right, they could be small or large.

But the idea is, how have our set of
decisions over time distributed these
throughout the state? This tells me we really
haven't presented these things specifically in
concentrated areas, that we do not have the
same problem that Westchester County had.

You know, sure, you can't put one of
these units way out in the middle of nowhere,
where there's no infrastructure and there's no
sewer or water. At the same time, though, these are all gonna be in smaller communities. But it does seem to be distributed throughout the state.

I have a couple different ways to look at that. Section 8 vouchers, actually got the vouchers. We tried as best we could, 'cause the voucher is a dot. I mean, Missoula -- those are actually dots outside of town, but the dot itself is bigger than the house 'cause you couldn't see the dot otherwise.

But this is how those are clustered. More along, you know, where rental housing is available. But I don't necessarily see a pattern that they're only being used in a particular, you know, locale or a particular concentration associated with poverty. So this is also a good thing.

Sure, I mean, there are areas, particularly the northwestern part of the state, where we have a number of them, but scattered throughout the state. So this is also a good development.

We have some HOME investment. You
know, there are some concentrations in certain geographic areas around up here, around in Helena, but I don't see them concentrated necessarily near poverty.

Last, but not least, of that series of maps, low-income housing tax credit issues. Even with a past low-income QATs, we really don't see these concentrated in areas of poverty necessarily, they're distributed well around the state.

So my conclusion is, for Commerce's ability to influence their decision and their legacy of decisions, we don't really have the exposure like Westchester County has had. So that's actually a real good...

But part of this also is to evaluate a couple other pieces. You know, that's kind of some of our public decision-making. And it appears to be in line with our duty to certify that we're affirmatively furthering fair housing.

But there's also private sector markets. And first thing I want to do is kind of take a look at some housing complaint data.

The very first time I did this for
the State, back in 1994 or '93, I wrote a letter to HUD, asking for this housing complaint data 'cause it's controlled by them, and they didn't reply, didn't reply, didn't reply and didn't reply. Then I realized, Oh, that's right, I have to file a Freedom of Information Act request to get data from them to report back to them.

So once I learned that, then it's always worked well because they have to do it within 22 days. The Denver office never charged anything, Atlanta charged me as much as $67.

But this is, again, for the non-entitled areas of Montana. I mean, look at all these years. We have ten years of data. 2014, of course, is a partial year. The total number of complaints is tiny, 125.

Now, the bases are those protected classes. They do follow retaliation in federal -- these are only federal protections, not states' protections. Retaliation is just a tracking mechanism. But in this reporting system they call it teapots [verbatim] for some reason. The basis of the complaint, you
can have more than one basis per complaint. I sorted it by most frequent bases here in the state's disability. Disability, race and familial status are traditionally the top three nationally, not necessarily in that record. But disability is certainly the number one reason for the complaints here. Of course, there are issues associated with these complaints, like what is the alleged action that occurred during the housing transaction. Here we have the total number of complaints, and you can have certainly more than one issue per complaint. There could be several things going on.

Failure to make reasonable accommodation is the most frequent. Granted, I sorted these, again, by frequency. Discriminatory refusal to rent, you know, rental, rental, rental.

Generally speaking, all the housing complaints that flow through HUD are gonna be related to rental markets. Not so much sales. Occasionally you'll see something. Occasionally you'll see some complaint about local government blocking something. But
usually it's about the rental market and it's a transaction that's gone astray between a rental provider, a property management company, or a mom-and-pop group and the prospective tenant.

Yes, ma'am.

MS. COPE: Rob, there's a question on the webinar here. And the person asking the question is Eric Kohring, K-o-h-r-i-n-g. He's stating, housing complaints should be included from Montana Fair Housing and the Human Rights Bureau and not just HUD.

MR. GAUDIN: That is correct. Don't hold your breath.

MS. COPE: Thank you.

MR. GAUDIN: Of those, you know, a certain number of them have been found to be with cause. After the complaint goes in, then HUD will go and take a look at it.

This is a pittance compared to the 125, only 47 were found to be with cause. In some years there were nothing. This implies that the fair housing infrastructure is not fully in place.
Now, the gentleman who had a comment was addressing these housing complaints. This is Montana Fair Housing data. We requested their information as well. They have the addition of a few of the state protections. They also track retaliation and harassment, and so on.

Their total complaints, considerably higher, approximately 90 complaints higher, over a similar period. Total number of bases, 309. So it's significantly greater levels of activity.

In the early days here, Montana Fair Housing was in Missoula and now it's in Butte. So there may be some geographic fielding of issues that may have changed there. Nevertheless, we have some information about those. Again, just like HUD's data, disability is far and beyond, you know, the main issue.

Pam Beam [phonetic] tracks design and construction as a basis in her data system. It's not really a protected class. But, you know, disability, familial status definitely in tune with HUD's information.
We have not received anything from Montana Human Rights Bureau. When we look at those with cause from Montana Fair Housing, we find a similar reduction in the number of complaints that were valid, or were determined to be with cause. Nevertheless, disability, familial status still coming out as the most frequent, but significantly fewer than those complaints that first came in.

But this does tell us some important things. Even with Montana Fair Housing with one location in Butte, you know, these last -- look at this. I think they started in Butte approximately in 2010, can't precisely remember. But, I mean, this is just not what I would expect to see across the entire state. Seven or nine or one, that's a small number.

Often a complaint -- this is -- I'm here in Kalispell and that's in Butte, and I can go to Denver. Why don't I just go down the block and find a new place.

MS. COPE: Rob --

MR. GAUDIN: Yes.

MS. COPE: -- there's a request by Nancy Harte to ask a question.
MR. GAUDIN: Please.

MS. COPE: Nancy, go ahead.

NANCY HARTE: Can you hear me?

MS. COPE: Now I can, Nancy, yep.

NANCY HARTE: You can hear me?

MR. GAUDIN: Yes.

NANCY HARTE: Okay, great. Hi Rob, this is Nancy. The standard that you have for fair housing is non-entitlement areas?

MR. GAUDIN: That is correct.

NANCY HARTE: That is correct, okay. So that would mean that -- would the Missoula bias be in there because we know it wouldn't be in there?

MR. GAUDIN: Missoula is not in this data.

NANCY HARTE: Okay. So, theoretically then, their moving from Missoula to Butte wouldn't necessarily affect that?

MR. GAUDIN: Just because their one location was there -- in fact, I think in -- well, originally the fair housing group was in Great Falls, the Concerned Citizens -- Council for Concerned Citizens. And I think
by 2004 they had disbanded and it was only Montana Fair Housing out of Missoula then.

So I do not -- I mean, I do think that the location has something to do with it. You know, if someone's in Kalispell, where we are today, and they need to go to Missoula, it's easier than going to Butte or going to Billings or going to Miles City.

So the location would be better if there were multiple locations throughout the state. But, you know, the issue I mentioned a few slides ago about the infrastructure being somewhat limited, it does also mean that maybe we have not enough places to access the fair housing system.

NANCY HARTE: Right. But the little Billings and Great Falls aren't in the data?

MR. GAUDIN: No. That's correct.

NANCY HARTE: Okay, great.

Thanks, Rob.

MR. GAUDIN: Uh-huh. Okay. Well, I'm actually pleased to see that the question and answer thing works over the telephones. That's all good. Okay.
I also -- I guess my point here is that, regardless of whether it's HUD or Montana Fair Housing, and the Human Rights Bureau hasn't yet replied to our request for data. I hope they do; sometimes they don't. But nevertheless, what we do see is a kind of a preponderance for the housing complaints that run through the rental markets. And disability and familial status are kind of the frequent themes, who is getting discriminated against.

Generally speaking, that's gonna be, you know, refusal to make reasonable accommodation or modification, or simply saying, No, we can't have kids, or we can't have that many kids, something like that.

The other piece I wanted to take a look at is lending. Now, HMDA, Home Mortgage Disclosure Act, was passed by the U.S. Congress in the late '70s, and it gave lending institutions certain rules by which to report certain types of information for all mortgage applicants. Whether that was a home purchase or a home improvement or a refinancing, they needed to report this information.
Now, what I want to look at is those
which is a home purchase, right? I mean,
there's other things that come and go on in
home improvements and funny business in
refinancing, and so on. But, really, we're
trying to find out about our choice to elect
to purchase a home.

Within this, the lender, whether it's
a depository or non-depository institution,
they'll get the loan application and they'll
take a look at it and start assessing, you
know, the attributes of the loan applicant.

They can make a bunch of different
decisions. I apologize for the slides. There
are probably too many numbers and too many
letters and words, and so on. But these are
all the kind of decisions that they can make.

The top one on far left, they can
originate the loan. They can make the loan.
Everybody signs the papers, we go home, we
crack our bottle of champagne and celebrate
when I got my house.

They add these other things. These
closed for incompleteness, it's not, you know,
this or whatever.
The other one I'm concerned about is application denied, where the lender says no, it's a thumbs-down deal. So we have the originations and the denials, and that gives us a denial rate.

And this is what the denial rates have been over the last several years. 2012 is currently the most recently available Home Mortgage Disclosure Act data. It usually comes out late in the year. Later this year 2013 will come out.

But here we are, and the denial rates have fell way off. Now, denial rates around 15 percent are actually pretty good, so the denial rate today is nice. But you know what's interesting about this information, we know certain things about the applicants. Their gender, you know, their race, their ethnicity, where the houses are being applied for, you know, the census tracts.

So when we look at the distribution of denial rates using the same themes as -- and color themes as I had before, we see where kind of the concentrations of the denial rates are.
Home Mortgage Disclosure Act shifted from the 2000 census tracts to the 2010 census tracts in 2012, so I can't overlay the two. This is why. We see where denials are occurring. You know, they're more frequently up here. In 2012 we also see continuation in a few areas.

You have to be careful here interpreting a smaller number. When this says a hundred percent here it could be one loan that got denied. So I'm more concerned about the ones that are a little bit less blue.

But what I really am concerned about, it tells us the race and ethnicity of the borrower, or hopefully the borrower, and what we see here is who gets denied more often.

American Indians are a larger minority than these others. But whites are 17 percent and American Indians are 34 percent. You know, basically twice the denial rates.

It was probably 15 years ago when we did this study and we found that certain lenders were denying American Indians a hundred percent of the time on manufactured
housing that was sold near the Tribal lands because the banks were afraid that they would just hook it up to the truck and tow it, and then they have no recourse for recovery. I think the University of the Montana Law School has written some codes, some legal codes, to resolve that. There's been some resolution of that, but not in its entirety.

Part of the reason I like to choose 2004 in this Home Mortgage Disclosure Act data is because they actually correctly define Hispanic beginning that year. Prior to that, Hispanic, believe it or not, in this data system was erased. I was wrong. But they also added some other information about the attributes of the loan.

I got to back up. You know, the federal reserve says that you cannot conclusively say that our lenders are being discriminatory even though these patterns exist, be that as it may.

Now, stepping forward, the other attributes of the loans, starting in 2004, we can identify which loans are predatory in nature. These are HALs, high annual
percentage rate loans. They're at least three percentage points above the comparable treasury security at the time that the loan was made.

Notice here, when we had the bubble we had a lot more, almost -- more than 20 percent of all our loans were these predatory-style loans.

Now, here in Kalispell I'm sure that was more than that. You know, in some jurisdictions that I was working at at that time, it was like 35 and 40 percent, and they had really a bad situation.

Notice that we have had a fall-off in these predatory-style loans. There's been a little bit of recovery here since the last couple of years, so I'm a little bit concerned about that. Other jurisdictions have come back to be more than 12 percent of the base. So they're kind of making a resurgence.

The problem with this is that who gets these predatory-style loans. We can determine that, too. All right? It comes right back to this. Not only do these guys here -- not only do the American Indians get...
one of the higher denial rates, when they get
a loan they get a predatory loan. Almost --
well, a little more than a quarter of all
those loans were predatory-style in nature.

Now, I didn't drill down for this
presence, but I'm pretty sure it's the same
story. There are certain lenders that prey on
certain lower-income minority groups.

And right now I have AIs in doing New
Mexico and Mississippi, and it's the same
lenders doing different groups. In one group
it's blacks, in the other, in New Mexico, it's
American Indians. But it's the same lenders,
and they're all lending on manufactured
housing. So we have some problems with this
part of our market.

Okay, the federal reserve says you
can't say that they're deliberately doing
this, but what can we do to help them avoid --
I mean, what this says here is who carries the
foreclosure burden, right, who's got it on
their back. You know, Hispanics are also a
little bit higher. Blacks and Hispanics --
yes.

MS. COPE: Are these storefront
lenders or online?

MR. GAUDIN: They can be all kinds of things.

MS. COPE: Okay.

MR. GAUDIN: They are usually not the hometown banker. You know, your established hometown banker. You know, when we did this for Los Angeles County several years ago, it turned out to be a guy standing on the corner, talking in, you know, the same Spanish dialect and getting people to walk in the door, they build a trust, and then a -- so a predatory-style thing.

So, you know -- but they're a little bit fly-by-night sometimes. Many of those kinds of institutions are now gone, they went out of business, good riddance to them.

But nevertheless, you know, these things, what can we do about it? You know, sometimes people talk about financial literacy and what it means, and how do you get good credit and keep good credit and those kinds of things.

I had a customer in the South one time say, I want the list, and I can produce
the list of who makes these loans, and then --
but they didn't really have the -- you know,
the muscle to go after them. It's a big
muscle.

The last piece I want to address
here -- or nearly the last piece of our data
collection, we do have a Fair Housing Survey
ongoing. We started it a little bit later
than the Housing and Community Development
Survey that some of you learned about
yesterday. So we have, as of last week,
slightly less than a hundred.

Please, if you can, take a look at
this, send it to your friends and family, and
maybe we can get some more folks. What we do
have, you know, is a fairly broad array of
people participating, and I'm certainly hoping
we can get some more folks.

But let's take a look at what these
preliminary things are saying thus far.
Again, this is preliminary. You know, we
start out fairly simple, are these laws
difficult to understand or follow? You know,
enough people are saying yes, it tells me
that -- I mean, these are stakeholders, right?
They got solicited by Commerce to participate.
It wasn't Joe Six-Pack who saw it in the newspaper.

So we have stakeholders and enough stakeholders saying, Yeah, I don't really understand it that well. So it tells me there's a little bit of outreach education issues.

Do you think fair housing laws should be changed? Enough are saying, Well, I don't know, maybe. No or yes, there's some people who -- those who say yes will see what they're saying in a few minutes.

Are they adequately enforced? Some say yes, some say no.

One of the other types of things we ask about -- we had a bunch of private sector questions, and I just kind of wanted to touch base with you on these. It's a little bit early. You know, what kinds of things are severe impediments, what kinds of things are not at all impediments?

You know, when we look through this list, what we're really seeing is really very little that people see as an impediment to
fair housing choice.

You know, down here, lack of knowledge, that's the number one thing, according to our participants in the survey. Generally speaking, HUD has heard us say that for 20 years now, and they kind of expect us to do more than outreach and education. So, you know, we need to think about what more there might be for us to do. You know, we have issues. Sometimes there's people who build things that don't build completely right with ADA, you know, so maybe some audit testing is an appropriate type of thing.

But these are private sector issues, and the people don't see much in the way of severity. But for those that do, we have some comments.

Public sector issues, you know, the very severe impediments not really too much. Inadequate access to public transportation, that was one of our questions. Generally speaking, in an urbanized environment with a mass transit system, you're going to see if the way in which your mass transit system is laid out so that people who live in

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lower-income areas can have access to employment opportunities. And that's kind of a way to facilitate, you know, their ability to choose -- get in a job, then allows them to have greater opportunity to choose to live elsewhere if they wish to do so.

In a large state like Montana, with so little infrastructure outside -- you know, transportation infrastructure outside the entitlement areas, you know, some of these questions aren't necessarily quite as valid.

Nevertheless, you know, access to employment opportunities are a problem sometimes as other things. But we've not really seen the richness of the narrative about what the public sector can really help us accomplish in kind of overcoming some of our goals.

A couple things that we also touch upon, is the respondent aware of any local, kind of, city or county fair housing ordinance. A few say yes, but mostly people are kind of going, Well, I haven't got -- skip that question 'cause I don't really know.

How about policies or practices to
affirmatively further fair housing? A few yes, a bunch no. You know, this is telling me we lack, A, some fair housing infrastructure; B, back to the same thing about outreach and education. And specific areas, some people said yes, a lot of people said, Really -- I don't really know. So we're missing some information.

You know, we asked folks early in the survey to qualify themselves. Many professions, whether you're a banker or a realtor, or so on, you have the opportunity in your training and your continuing education to get exposure to fair housing training. And so we've asked folks, did you have this exposure? We have a bunch of people that say yes, some say don't know. Have you participated? Well, no, not as much.

You know -- and then later we're asking about awareness of testing, and that just falls right off. You know, there doesn't seem to be very much, we don't see many complaints, so why would there be much testing?

Is there sufficient outreach in
education? There's always somebody that says there's too much, so we got one here that said too much.

Generally, the sentiment is there just isn't quite enough. And fair housing testing in the state, you know, really, people don't know because -- again, it comes back to the fair housing infrastructure. We have a tiny piece of it to serve a massive geographic area, and Pam's just like one person in one office kind of thing. I'm sure she has a couple people with her.

Just some comments that some of our respondents have shared. You know, people are talking about adding additional fair housing protections such as what you might see in national news, and so on, right now.

People also talked about the fact that, yes, discrimination does exist, that we have a lack of local resources. Same kind of theme we're seeing throughout all of this. We don't have an infrastructure in place to do anything.

And there has been another theme kind of being brought out. I know it's, so far,
only less than a hundred folks have replied. But landlords simply do not comply or do not feel they need to comply. It's my property, I can do whatever I want. And I think it's more just a lack of awareness of what their rights and obligations are to prospective tenants and so on.

So at this point I have a kind of a notions about preliminary findings of impediments. You know, this list can probably grow.

But in the private sector, of course, we see, you know, in the rental markets discriminatory terms and conditions, failure to make reasonable accommodation, certainly lack of understanding of fair housing law. We have higher denial rates, kind of problematic for our American Indians, and higher incidence of predatory-style loans for the same groups.

The questions are, of course, what can we do about these things, and that's where I'm open to ideas. In the public sector, you know, it's -- Montana is such a huge state, and how do we kind of put our arms around this, you know, lack of protections for
selected subpopulations. Maybe that's something we can think about, insufficient outreach and education, testing of course as well.

So beyond these things, you know, what roles can the State have? I mean, we are also -- we haven't quite finished it. We're also calling a selection of smaller non-entitlement communities and conducting interviews about how they define family and a residential dwelling. We're kind of just trying to see if there's incidences where larger families might be discriminated against because the local regulations say there can't be more than six people or something like that. And I'm not gonna say which community has that 'cause that's not really the point.

The point is to see if there's some frequency associated with that and whether we need to kind of reach out to some of our non-entitlement units of local government and talk to them about kind of coming more in terms with, you know, our duty to certify that we're affirmatively furthering fair housing.

And, you know, that's really where
I'm at with this right now. I'd be happy to answer any questions, clarify any matters. It's -- we're not done with this because the list is a little bit short. I expect to add some more to both these two things if I can get a little bit more definition from the survey about what our public sector responsibilities are, in particular about how we might enhance our practices for, you know, affirmatively furthering fair housing.

But I'm open for any questions, any comments. Nancy, please chime in with anything you might have and offer on that respect, even though I know you're in Missoula.

MS. COPE: I'm dying to ask a little bit more clarity on these vacant houses in the state. I mean, what is the real picture of those? They're just -- there's that many houses sitting there, they're not seasonal houses, they're not being -- no one's living there, they're just sitting there; is that what it is?

MR. GAUDIN: Yes. That is correct.
MS. COPE: Is it like the parents have moved into assisted living, the kids live out of state, it's just sitting there in case they want to come back someday, or are they unlivable or...?

MR. GAUDIN: There's all of the above.

MS. COPE: Okay.

MR. GAUDIN: For, if you will, pioneer housing, you know, that was built a long time ago, and it's outside far away from services, that's an isolated unit, that will likely collapse in time.

MS. COPE: Those old farmhouses sitting out there?

MR. GAUDIN: Yes, that's right. And I remember in one of our early focus groups we were talking about this exact problem in a small town that had been losing some population, and these homes were fine, but they couldn't rent them because there was no one there to rent, so they're empty.

And in time, those units become dilapidated because there's nobody's there to take care of them. In those cases, mom and
dad, grandma and grandpa have all passed away
or moved away and the kids are in California,
or something. And there's -- may even be an
issue about who actually owns the property
now.

On top of all those things -- now,
that's a case where we have some redevelopment
opportunity 'cause they might be homes in the
small area of a part of town.

There are also the complications from
the foreclosure crisis. And for those homes
that are caught up in that, sometimes those
homes are so badly trashed now that they're
not worth much to fix. I mean, it's really
difficult to fix.

And so there's, you know, an embedded
base now in something that we need to think
about how do we kind of clean up this, if we
can, and what do we do about it. So that's a
housing production issue associated more with
a consolidated plan.

MS. COPE: Yep, this is Rob.

NANCY HARTE: Rob, this is Nancy.

MR. GAUDIN: Yes.

NANCY HARTE: Hey, Rob?
MR. GAUDIN: Yes.

NANCY HARTE: Hi, this is Nancy. I have a comment regarding the question, really. In Missoula, for the City, we just finished our AI for the Consolidated Plan, and just occurred yesterday, great.

One of the things that we did was, Missoula is an entitlement city, but of course we have all the county area out there. And our office administer spoke with the City and the County, so that's part of the reason why we have an interest in the State plan as well.

I think, as you talked about in terms of checking in with some of those smaller communities about their regulations is really important. One of the things that we found in doing our AI was that there was sometimes a disconnect between the office that says the regulations permitting red zones and those kinds of things and how that plays out in fair housing.

We had a really good discussion and actually developed an action plan to work with that other office to make sure that fair housing is incorporated into -- or at least,
you know, on their minds and suppose they're being written.

And sometimes it's really subtle in the way that it has played out in terms of it's not an obvious discriminatory act, but it's something that might lead to that, so...

I find your interest to do that -- and I know it takes some digging, but I think it's a really good, important part of the whole process.

MR. GAUDIN: Thank you.

If you all think of anything else -- if you're like me, that great question never comes to me until after the meeting -- please send Jennifer Olson a note, and I'm sure I'll get it and I can get back to you, at your earliest convenience.

I want to thank you very much for coming today. I know you didn't have a whole lot to say but, you know, I certainly appreciate your presence here and, you know, your interest. So thank you very much.

MS. COPE: Thank you very much, Rob. I learned a lot. I really appreciate it.
MR. GAUDIN: You're welcome.

MS. COPE: Thank you. Thanks you guys for coming.

A PARTICIPANT: Thanks for having us.

MS. CRIDER: I have some flyers in the back regarding the surveys. If you wanted to take some of those, I know that we would really appreciate it. Especially the Fair Housing Survey, we really want to get those numbers out.

MS. COPE: And spread them around to all your e-mail lists and stuff.

(Meeting concluded at 9:58 a.m.)
COURT REPORTER'S CERTIFICATE

STATE OF MONTANA  )
                   : ss
County of Flathead  )

I, NANCY J. SKURVID, Registered
Professional Reporter, residing in Kalispell, Montana, do hereby certify:

That the foregoing proceedings were reported by me in shorthand and subsequently reduced to writing; that the foregoing pages represent a true and accurate record of the proceedings to the best of my ability.

DATED this 21st day of August, 2014.

/s/ Nancy J. Skurvid
Nancy J. Skurvid