

# Analysis of Impediments to Fair Housing Choice



**City of Decatur, Illinois**

December 7, 2021

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## Contents

Introduction.....	2
Background .....	2
Methodology .....	2
Summary of Impediments.....	2
Recommendations.....	3
Data Overview .....	5
Demographic Data .....	5
Educational Attainment.....	8
Employment and Income Data .....	9
Housing Profile .....	15
Housing Characteristics.....	15
Housing Tenure .....	16
Current Fair Housing Legal Status .....	18
Fair Housing Law and Policy.....	18
Fair Housing in the Public and Private Sectors .....	19
Public Sector .....	19
Private Sector .....	23
Impediments to Fair Housing Choice .....	28
Recommendations.....	30
City of Decatur Impediments to Fair Housing Focus Group .....	32

## Introduction

### Background

The City of Decatur is a city of approximately 70,500 residents located in Macon County, Illinois. This analysis of the impediments to fair housing in Decatur serves two purposes:

- 1) to fulfill the City of Decatur's requirement to assess and analyze barriers to fair housing choice as part of a consolidated housing plan, in order to receive community development funds from the U.S. Department of Housing and Urban Development (HUD), and
- 2) to help the City of Decatur better understand its housing market and the needs of its residents in order to plan for its future.

The analysis of fair housing impediments and the accompanying recommendations can be used by the City of Decatur and other stakeholders to chart a path forward towards a housing market with more opportunities for all Decatur residents.

### Methodology

This report made use of input from focus groups as well as Census Bureau, Housing and Urban Development (HUD) data, and other sources of data to inform its analysis of impediments to fair housing and its recommendations for the City going forward. A focus group of service providers, property managers, residents, City staff, and others helped guide this report's direction and focus. Feedback from a diverse range of stakeholders and input from City staff is supplemented with data collected from the City of Decatur and other sources.

### Summary of Impediments

- **Rehabilitation of existing housing stock is often costly.** The age and condition of the housing stock in Decatur combined with low home values makes rehabilitation difficult. Many homes need costly repairs, but homeowners and landlords are not guaranteed a return on that investment. Deferred maintenance in homes is an issue that gets more costly over time and impacts the quality of available housing.
- **There is a limited supply of rental units; in particular, there is a need for affordable and appropriately sized units for a variety of vulnerable populations.** Rental subsidies like Housing Choice Vouchers and LIHTC are not extensive enough to meet the needs of low-income renters in the city. Although there are properties that are publicly subsidized, the number of units available are not sufficient to meet the needs of low-income residents of Decatur. There is a need for more efficiency and one-bedroom units for the homeless and unhoused population that is not being met by the subsidized or market rate housing market, as well as larger units for families.
- **Difficulty accessing credit (in particular for lower income households and racial and ethnic groups), as well as poor credit and rental history create challenges for accessing homeownership and rental opportunities.** Lack of access to credit keeps potential first time homebuyers from purchasing homes that would build household wealth and stability. For those where it might be less

expensive in the long term to own rather than to rent, the inability to be approved for an affordable mortgage keeps people renting rather than building equity through homeownership. Poor rental history also affects the ability of some Decatur residents to rent in areas that are desirable and at rental rates that they can afford

- **Housing Choice Voucher holders often have difficulty finding landlords that will accept their vouchers for units that meet their needs and meet the price range required by the vouchers.** Very low-income renters who receive Housing Choice Vouchers must contend with a limited housing stock that does not always meet their needs or the requirements of the Housing Authority to rent.
- **Perceptions of neighborhoods and schools creates difficulty in creating neighborhood confidence in certain areas.** The public perception of areas near the Downtown and around central Decatur creates challenges in renting and selling existing housing stock. Families looking for good schools for their children are likely to live on the outskirts of Decatur, due to local perceptions. These perceptions are making it more difficult to make investments in these areas.
- **Potential new housing development would have to compete with existing, inexpensive housing stock.** Housing development is a costly enterprise, and the cost to build and rent or sell new units may be higher than the return that developers would be likely to get. Without a subsidy to offset the costs, the cost of building new units is higher than the rents or sale prices that a developer could likely expect to receive. This discourages new development from taking place in Decatur.
- **Small, local developers have difficulty securing the necessary funds and work experience to begin larger projects.**
- **Low and stagnant wages and employment-related issues can lead to housing issues.** Access to jobs with adequate wages, benefits, and appropriate schedules can create barriers to housing for many Decatur residents. Childcare and transportation access both affect access to high-paying jobs, and wages affect residents' ability to pay rent or mortgage payments on quality homes.

## Recommendations

- **Expand housing counseling for first time homeowners, current homeowners, and prospective homeowners, as well as credit repair services.** Services like housing counseling and credit repair services can keep people in their homes, keep properties out of foreclosure, and help people have a wider variety of housing choice. Providing housing counseling and credit repair services for prospective homeowners, first time homeowners, current homeowners, and renters can expand fair housing choice. Three types of housing counseling are needed:
  - **Long-term housing counseling/credit building** for renters and other eligible households
  - **Counseling for new homeowners**
  - **Foreclosure counseling for existing homeowners**
- **Invest in home repair programs.** Many aging homes need rehabilitation and upkeep, ranging from small aesthetic improvements to major foundational upgrades. Home repair programs help property owners invest in properties that they might otherwise leave unattended. Subsidies for home repair can also serve to lower the vacancy rate, as they can help landlords and owner-occupied unit owners afford

much-needed upgrades. Ensure that housing counseling/property maintenance counseling is provided to new homeowners.

- **Continuum of care** services are needed particularly for homeless and vulnerable households to provide long-term sustainability and overcome multiple barriers beyond housing such as mental health, health care, etc. The City plays a vital role in convening continuum of care providers and increasing communication and coordination across agencies.
- **Coordinate with childcare and transportation services.** Access to well-paying jobs can be stymied by limited access to affordable childcare and reliable transportation services. Investing in childcare and transportation services can help increase the availability of workers and therefore help those workers earn more or higher wages. In particular, access to 24-hour services, transportation, and case management have been identified as important priorities to improve services to homeless individuals and households and connect to employment, temporary and permanent housing solutions.
- **Increase the supply of quality affordable housing, both market rate and subsidized.** There are not sufficient quality affordable units in Decatur to meet the current need. Both market rate and subsidized projects are needed to provide a wide range of housing choice for all Decatur residents. There should be a priority for rehabilitation of substandard and vacant housing stock to provide needed units, but some new construction of affordable housing may also be appropriate, depending on available funding.
- **Educate housing providers (landlords, property managers, etc.) on Housing Choice Vouchers.** Widespread acceptance of Housing Choice Vouchers is a way to create more housing choice for low-income Decatur renters. These vouchers (formerly known as 'Section 8' vouchers) create a level of affordability that renters are unable to find in market-rate housing. By educating landlords on the Voucher program, Decatur can create more opportunities for low-income renters to have lower cost burdens.
- **Educate landlords and tenants on their rights and responsibilities.** Education is an important aspect of housing choice for landlords and tenants alike. A clear understanding of rights and responsibilities creates less ambiguity and facilitates better communication. Educational seminars, housing organizations, and other education-based strategies can help both landlords and tenants fulfill their roles more responsibly.
- **Public placemaking to increase the confidence in neighborhood viability.** Strategic placemaking can be used as a tool to revitalize neglected spaces in Decatur. In neighborhoods where popular perceptions of safety and desirability are poor, initiatives like parklets, murals, and other community-building projects can assist in restoring confidence in these areas. By fostering a renewed sense of place, the city can buoy confidence in areas that have previously been overlooked. This approach can lead to renewed interest in development, upkeep, and general economic health.



## Data Overview

This section provides data on population, race and ethnicity, educational attainment, unemployment, occupation, income, poverty, and housing. Housing data includes number of units, vacancy, tenure, cost burden, and affordability. This data provides context for the current state of fair housing access in Decatur.

Due to the availability of data at the time this report was prepared, all Census Bureau data is from the American Community Survey 2015-2019 Estimates, unless otherwise noted.

## Demographic Data

### *Population Change*

Similar to many Central Illinois municipalities, the population of Decatur has been declining in recent years. Since 2010, the city has lost 5,600 residents, or 7% of its population. Macon County lost an additional 1,170 residents, for a total of 6% of its 2010 population.

*Table 1: Population Change*

	2010	2020	Net change	% change
City of Decatur	76,122	70,522	-5,600	-7%
Macon County	110,768	103,998	-6,770	-6%

Source: 2010 and 2020 Census

### *Race and Ethnicity*

Decatur's population is 71% White alone and 21% Black or African American alone. American Indian and Alaskan Native alone, Asian alone, Native Hawaiian and Other Pacific Islander, and Some other race alone each make up a small percentage of the community, with each of those groups accounting for between zero and 1% of the total population. Six percent of Decatur residents identify as two or more races.

*Table 2: Race*

Race	Number	Percent
One race	67,832	94%
White	51,508	71%
Black or African American	15,178	21%
American Indian and Alaska Native	193	0%
Asian	523	1%
Native Hawaiian and Other Pacific Islander	17	0%
Some other race	413	1%
Two or more races	4,527	6%

Source: American Community Survey, 2015-2019 Estimates

More than 2,000 residents identify as Hispanic or Latino, or 3% of the total population.<sup>1</sup>

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<sup>1</sup> Note that Latino or Hispanic Origin is a different question regarding ethnicity in the U.S. Census and reflects people of any race.

Table 3: Ethnicity

Ethnicity	Number	Percent
Hispanic or Latino Origin	2,092	3%

Source: American Community Survey, 2015-2019 Estimates

### Dissimilarity Index

The dissimilarity index is a score that measures the percentage of one group that would have to move neighborhoods or Census tracts in order to be distributed in the same way as the other group. In other words, it shows the percent of the White population that would need to move to majority non-White Census tracts to have racial parity. The dissimilarity rate in Macon County has generally trended downward, meaning a gradual lessening of housing segregation has been taking place in the county. In 2009 the rate was 51%, then it reached a low in 2015, at around 46.5%, and in 2019 was at 47%.

Figure 1: Dissimilarity Index, Macon County



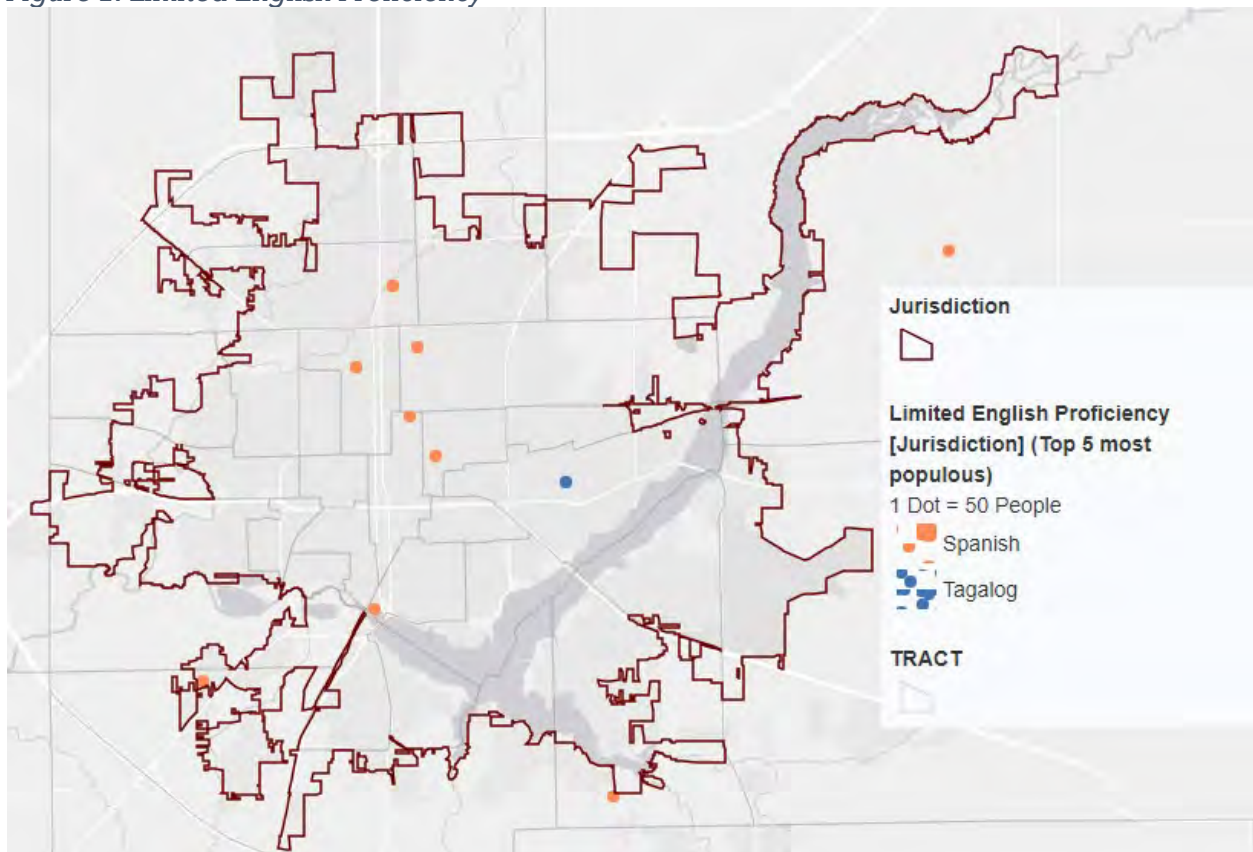
Source: <https://fred.stlouisfed.org/>, accessed October 1, 2021

### Limited English Proficiency

Limited English Proficiency refers to individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. Each dot on the map below represents 50 LEP individuals.

Residents' English proficiency and preferred language can impact housing opportunities as well as coordination of Fair Housing programs, initiatives, and services. Those with limited proficiency in English are mostly Spanish speakers, along with some Tagalog speakers.

*Figure 2: Limited English Proficiency*



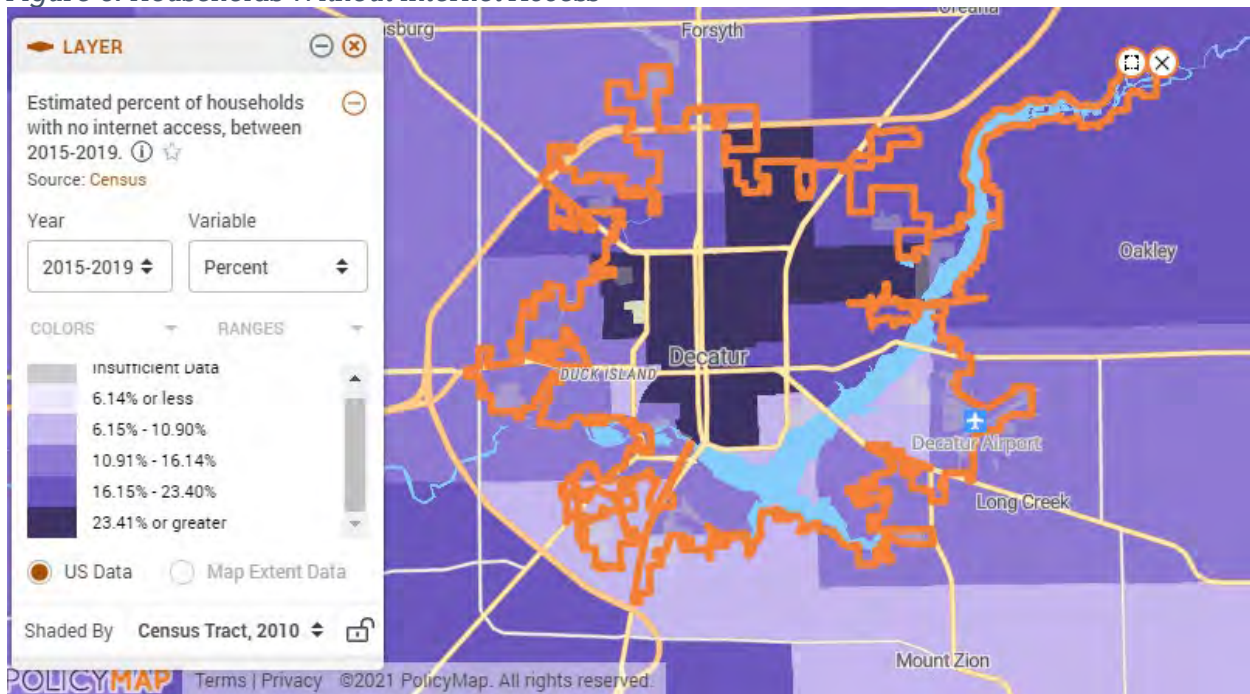
Source: HUD, <https://egis.hud.gov/affht/>, accessed October 1, 2021.

### *Internet Access*

*Figure 3 shows that there is a concentration of households with a lack of Internet access that generally corresponds with lower-household income Census Tracts (see Figure 7).*



Figure 3: Households Without Internet Access



Source: American Community Survey 2015-2019 Estimates, PolicyMap

## Educational Attainment

Most residents over the age of 18 are high school graduates or have attended some college. However, there are still over 5,700 adults over age 25 who do not have a high school diploma. This impedes job attainment, and therefore income levels and housing affordability.

Table 4: Educational Attainment

Educational Attainment	Number	Percent
<b>Population 18 to 24 years</b>		
Less than high school graduate	1,116	16%
High school graduate (includes equivalency)	2,704	38%
Some college or Associate's degree	2,894	41%
Bachelor's degree or higher	384	5%
<b>Population 25 years and over</b>		
Less than high school graduate	5,733	12%
High school graduate (includes equivalency)	17,877	36%
Some college or Associate's degree	16,232	33%
Bachelor's degree or higher	6,340	20%

Source: American Community Survey, 2015-2019 Estimates.

## Employment and Income Data

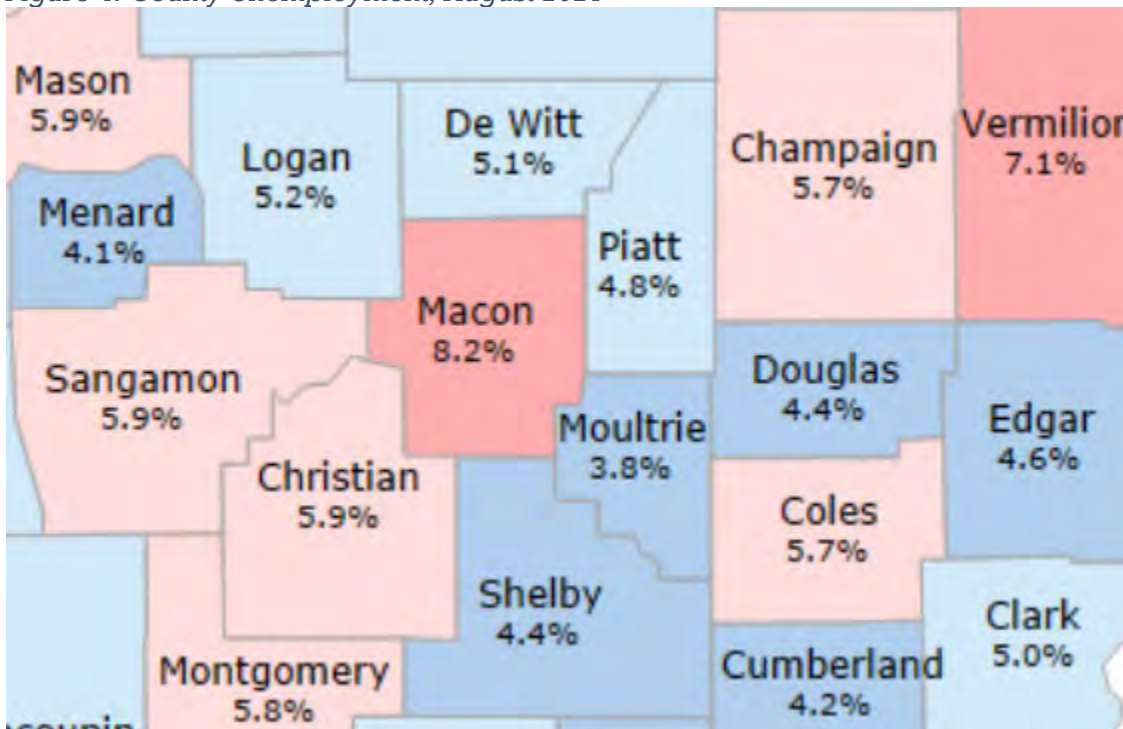
Unemployment in Decatur is higher than Macon County by 1.6%. The unemployment rate in the city has decreased since 2020 but is still higher than pre-pandemic rates. Prior to the outbreak of COVID-19, unemployment in the city was slowly decreasing. Compared to neighboring counties, Macon County has a higher unemployment rate.

Table 5: Unemployment Rate

Decatur Unemployment Rate		
	2015	7.7%
	2016	7.3%
	2017	6.2%
	2018	6.1%
	2019	5.7%
	2020	11.5%
	2021 (Aug)	9.8%

Source: Illinois Department of Employment Security, accessed October 1, 2021

Figure 4: County Unemployment, August 2021



Source: Illinois Department of Employment Security, accessed October 28, 2021

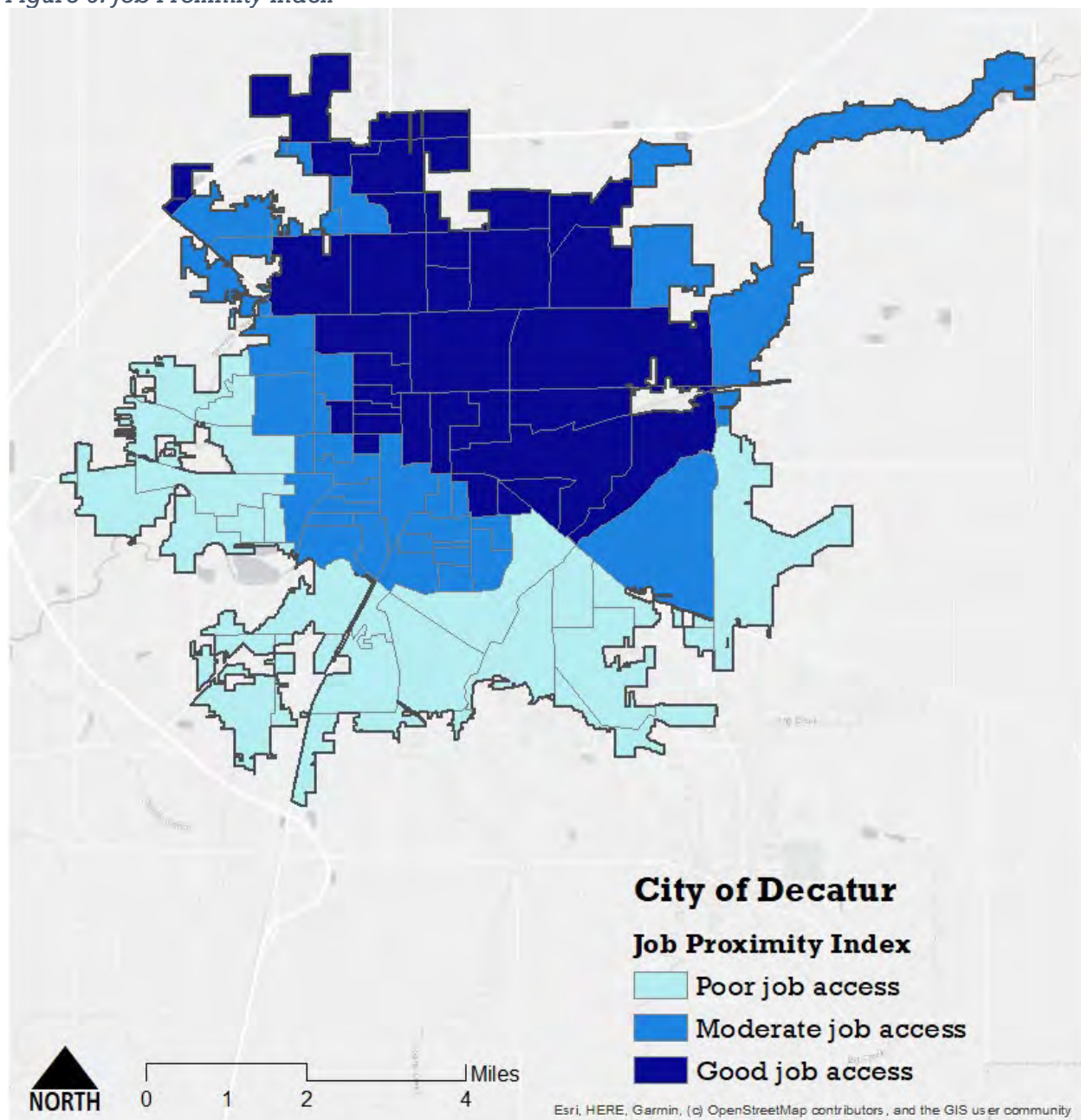
The largest employment sectors in Decatur are Educational services, health care, and social assistance (6,471 employed, or 23%) and Manufacturing (5,118 employed, or 18%). Retail trade jobs make up 12% of the total workforce employment, or 3,228 residents.

Table 6: Employment Sectors

Employment Sectors	Number	Percent
<b>Civilian employed population 16 years and over</b>	<b>28,097</b>	
Agriculture, forestry, fishing and hunting, and mining	256	1%
Construction	812	3%
Manufacturing	5,118	18%
Wholesale trade	968	3%
Retail trade	3,288	12%
Transportation and warehousing, and utilities	1,255	4%
Information	694	2%
Finance and insurance, and real estate and rental and leasing	1,092	4%
Professional, scientific, and management, and administrative and waste management services	2,323	8%
Educational services, and health care and social assistance	6,471	23%
Arts, entertainment, and recreation, and accommodation and food services	3,254	12%
Other services, except public administration	1,462	5%
Public administration	1,104	4%

Source: American Community Survey, 2015-2019 Estimates

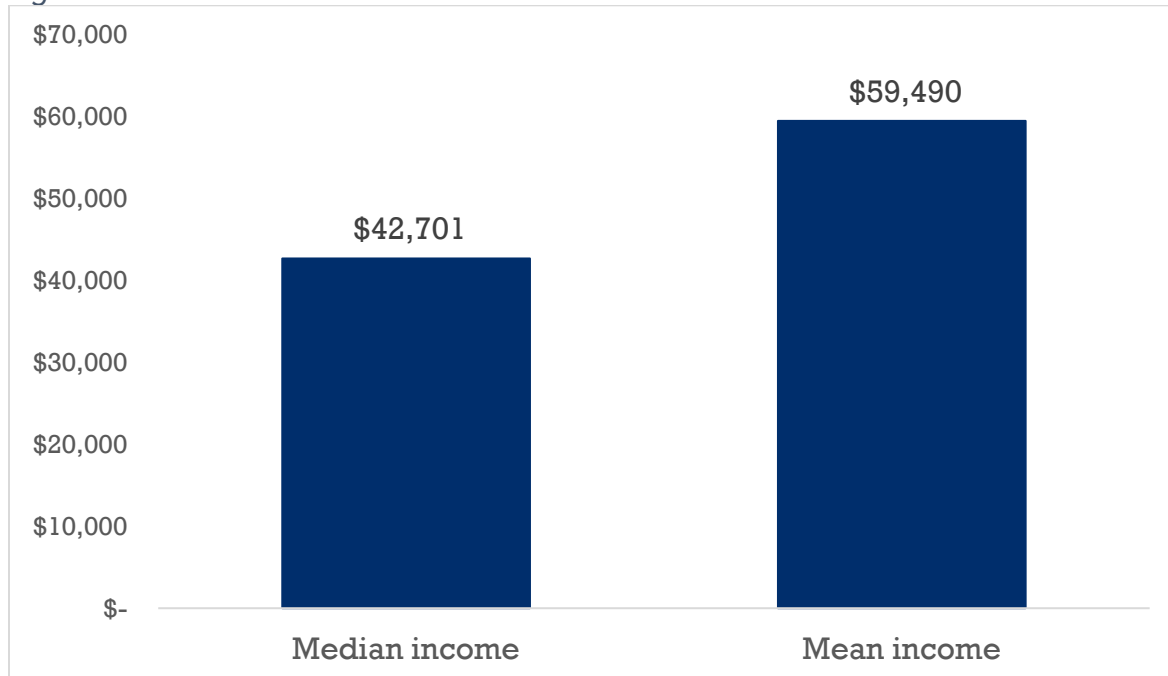
Figure 5: Job Proximity Index



Source: HUD, <https://hudgis-hud.opendata.arcgis.com/>

Median household income in the City of Decatur is \$42,701 and mean household income is \$59,490; in Illinois the median and mean household income is \$65,886 and \$92,395, respectively. Incomes in Decatur are lower than in the rest of the state.

*Figure 6: Median and Mean Household Incomes*

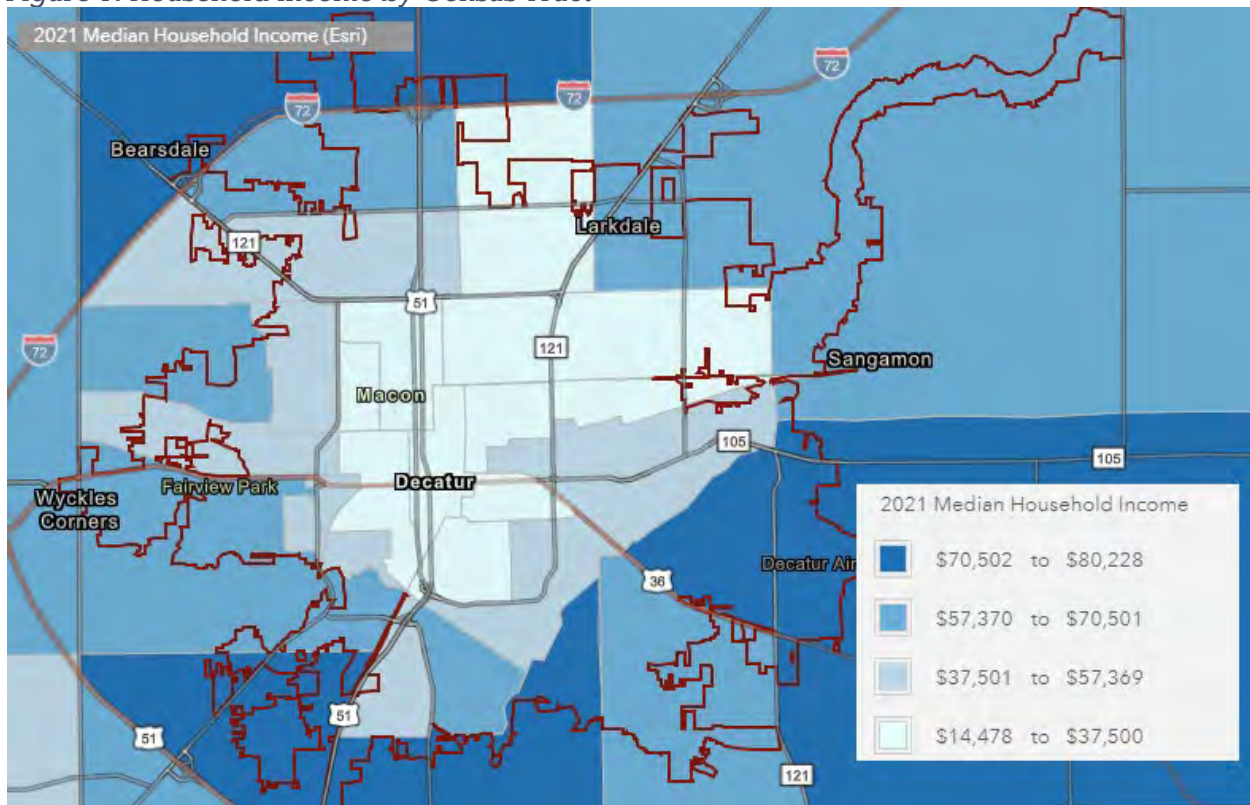


Source: American Community Survey, 2015-2019 Estimates

Incomes are lowest in central Decatur, and incomes tend to increase on the edges of the city. Areas close to downtown tend to have incomes below \$37,500, and Census tracts directly North and South of the city have median household incomes up to \$80,228.



Figure 7: Household Income by Census Tract



Source: ESRI

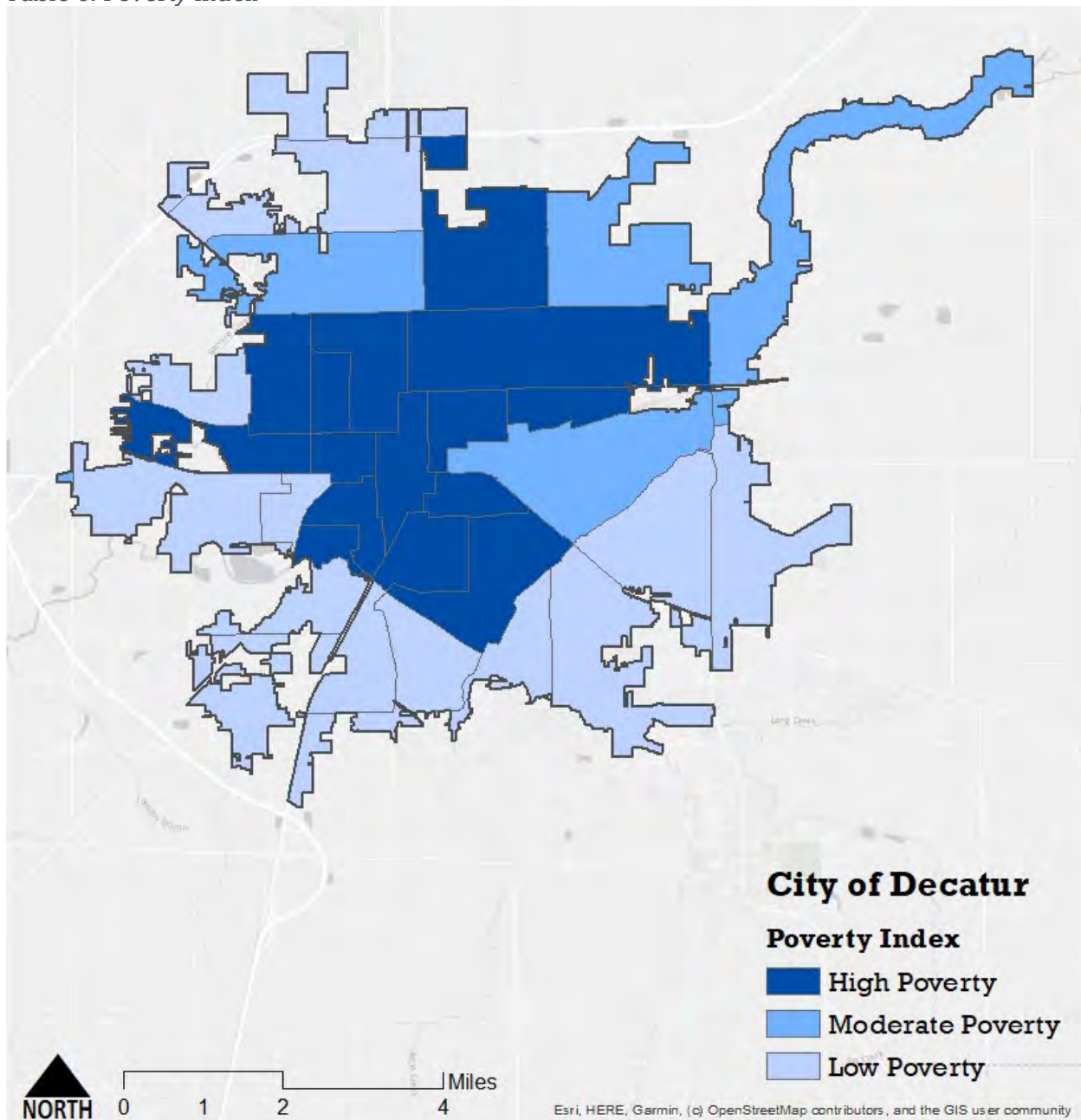
About 30% of Decatur residents make less than \$25,000 per year, and another 15% make more than \$100,000 per year. Nearly 1 in 4 Decatur residents live in poverty. Poverty is concentrated in central Decatur, with the lowest rates of poverty on the edges of the city. Low incomes limit residents' ability to afford quality housing and contribute to limited housing choice.

Table 7: Percentage of Households by Income Range

Income in the past 12 months (in 2019 inflation-adjusted dollars)	Percent
Less than \$10,000	11%
\$10,000 to \$14,999	7%
\$15,000 to \$24,999	13%
\$25,000 to \$34,999	11%
\$35,000 to \$49,999	15%
\$50,000 to \$74,999	17%
\$75,000 to \$99,999	11%
\$100,000 to \$149,999	9%
\$150,000 to \$199,999	3%
\$200,000 or more	3%

Source: American Community Survey, 2015-2019 Estimates

Table 8: Poverty Index



Source: HUD, <https://hudgis-hud.opendata.arcgis.com/>

# Housing Profile

## Housing Characteristics

### Vacancy Rates

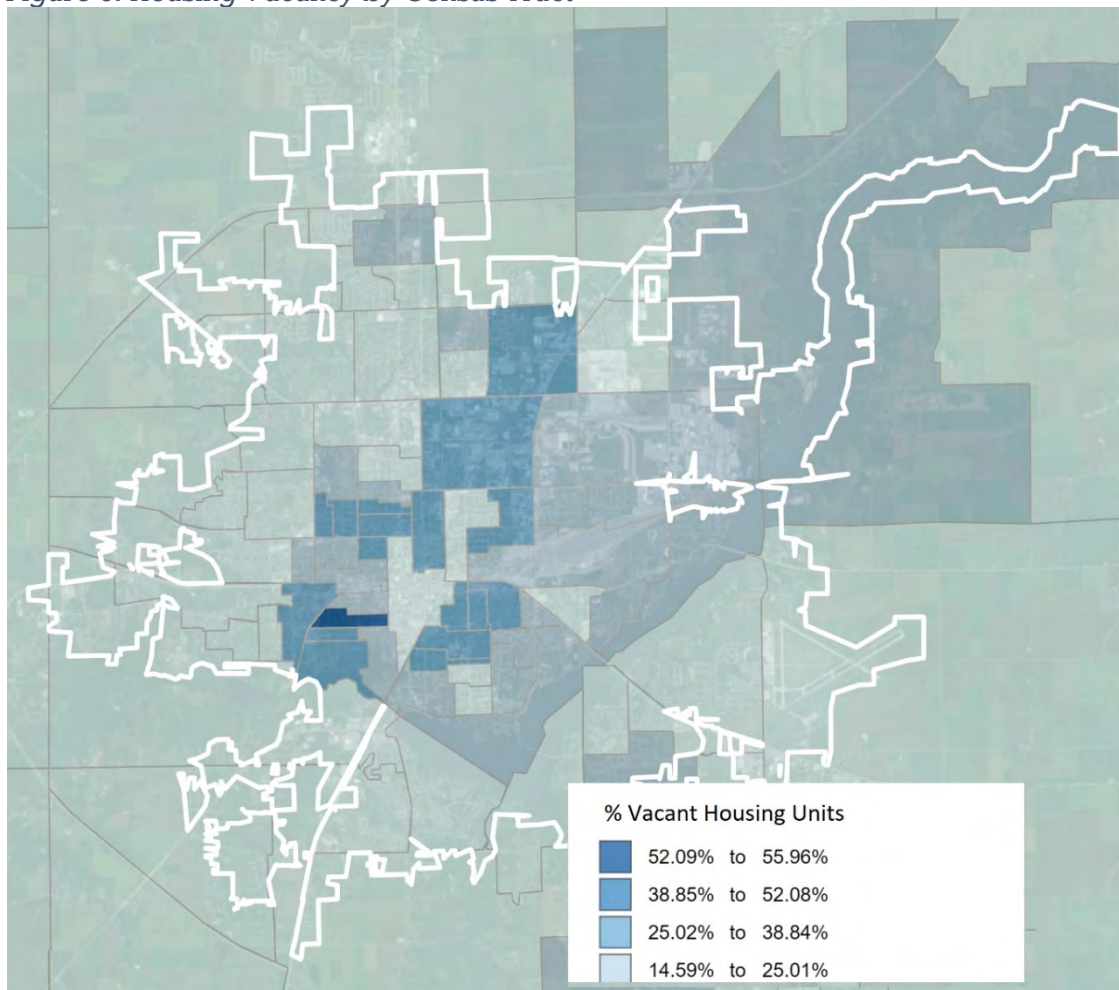
Vacancy rates are a cause for concern. Although vacancy rates decreased by one percent between 2010 and 2020, Decatur still has more than 4,200 vacant housing units. Decatur had 1,1150 less housing units in 2020 than in 2010, a three percent decrease. Had the City not annexed land during this period, the population would have further declined. Higher proportions of vacant housing are concentrated most heavily in the Southwestern area near central Decatur, with other significant areas towards the north as well.

Table 9: Vacancy Rate

Year	Housing units	Occupied units	Vacant units
2010	36,580	31,762 (87%)	4,818 (13%)
2020	35,430	31,180 (88%)	4,250 (12%)

Source: 2010 and 2020 Census

Figure 8: Housing Vacancy by Census Tract

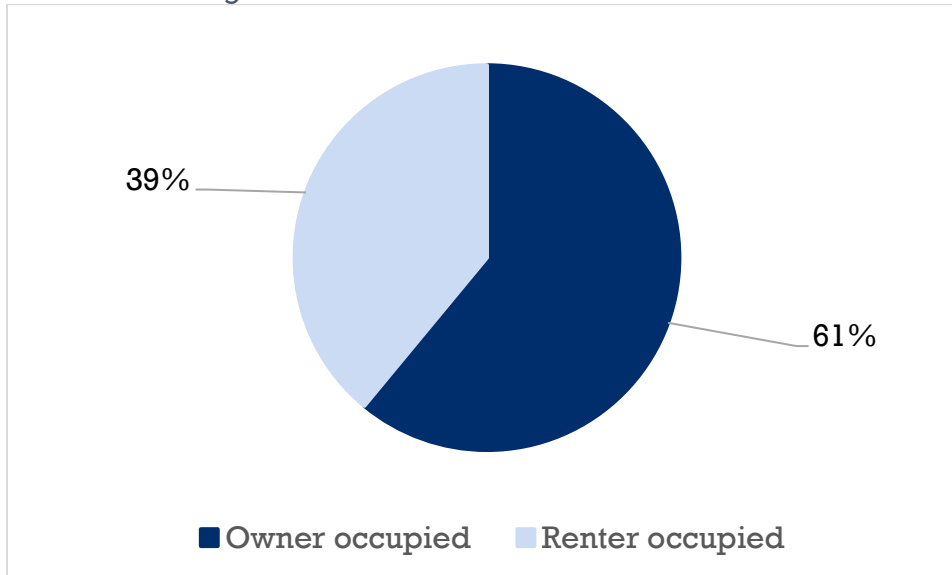


Source: ESRI, American Community Survey 2015-2019 Estimates

## Housing Tenure

Decatur is a majority-homeowner community, with 61%, or more than 19,000, owner-occupied housing units. However, there are still many renters in Decatur; 39%, or more than 12,000 housing units, are renter-occupied.

Table 10: Housing Tenure



Source: American Community Survey, 2015-2019 Estimates

## Cost Burden

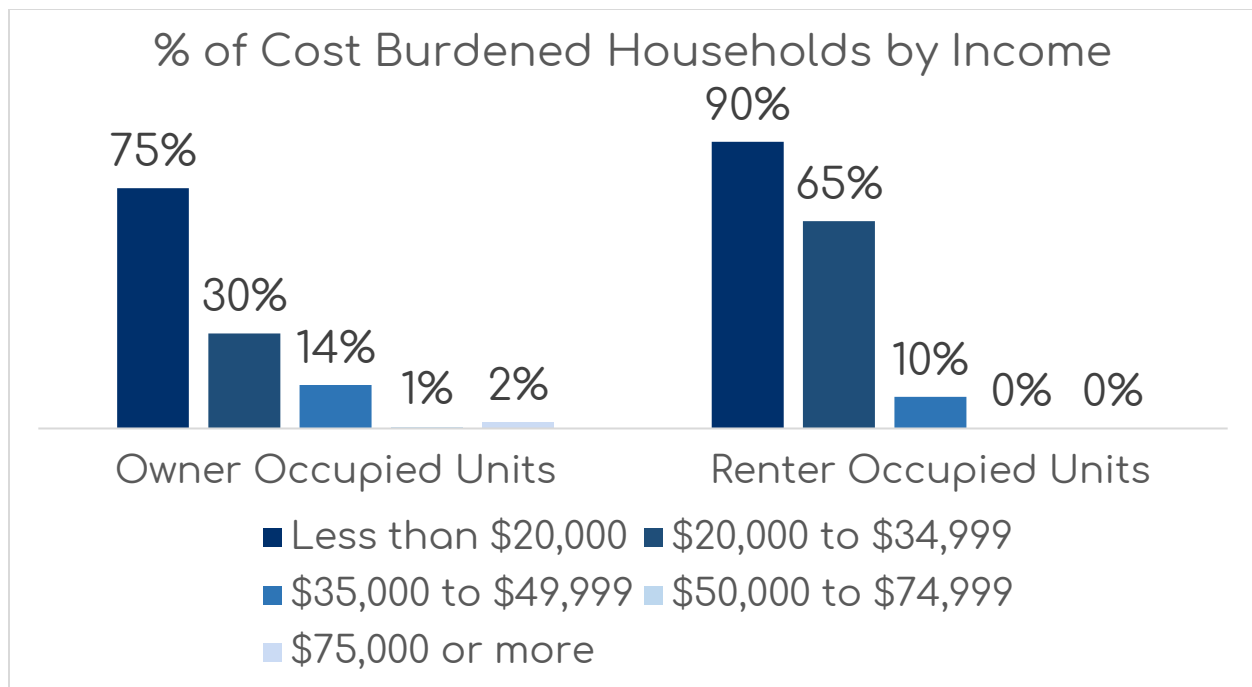
Decatur homeowners in general have low rates of cost burden. Only 17%, or about 18,800, of homeowners spend more than the recommended 30% of their income on housing costs. For renters, that percentage jumps to 49% of rental units, or about 6,000 units. Nearly half of Decatur's renting population is paying more than recommended every month on housing costs such as rent, utilities, etc.

Table 11: Cost Burden

	Homeowners	Renters
Total units	18,854	11,517
>30% income on housing costs	3,121	5,597
Percent cost burdened	17%	49%

Source: American Community Survey, 2015-2019 Estimates

When broken down by income, the data shows that low-income renters and homeowners are very likely to be cost burdened. 75% of homeowners and 90% of renters making less than \$20,000 per year spend too much on housing. The percentage of cost burdened homeowners drops dramatically as income increases; only 30% of homeowners making between \$20,000 and \$34,999 per year are cost burdened, compared to 65% of renters in the same income range. Generally, cost burden issues disappear as households increase their incomes. Both renters and homeowners have nearly nonexistent cost burden issues once incomes increase to \$50,000 or more.



Source: American Community Survey, 2015-2019 Estimates



## Current Fair Housing Legal Status

### Fair Housing Law and Policy

The Illinois Human Rights Act was passed in 1979. It prohibits discrimination in employment, real estate (housing) transactions, access to financial credit, and public accommodations. The Illinois Department of Human Rights (IDHR) is “is responsible for enforcing the anti-discrimination provisions of the Act,” and the Illinois Human Rights Commission (IHRC) is “responsible for reviewing and making decisions on complaints of discrimination after IDHR's investigation has found substantial evidence of unlawful discrimination.”<sup>2</sup>

Federal fair housing legislation covers race, color, religion, gender, national origin, familial status (families with children), and disability. In Illinois, the law provides additional protected classes, including ancestry, age, military or military discharge status, marital status, protective order status, pregnancy status, arrest record and sexual orientation.

The IDHR's website provides Illinoisians the ability to file a charge with them and has a Frequently Asked Questions page that helps answer questions anyone might have about how to file a discrimination charge. Resources and links to outside information are provided, and documents are also available to help file a charge in Spanish.

According to the City of Decatur, there have been no formal fair housing reports in recent years.

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<sup>2</sup> Illinois Department of Human Rights,  
[https://www2.illinois.gov/dhr/FilingCharge/Pages/FAQ\\_Section\\_1.aspx#Q2](https://www2.illinois.gov/dhr/FilingCharge/Pages/FAQ_Section_1.aspx#Q2), accessed October 20, 2021.

## Fair Housing in the Public and Private Sectors

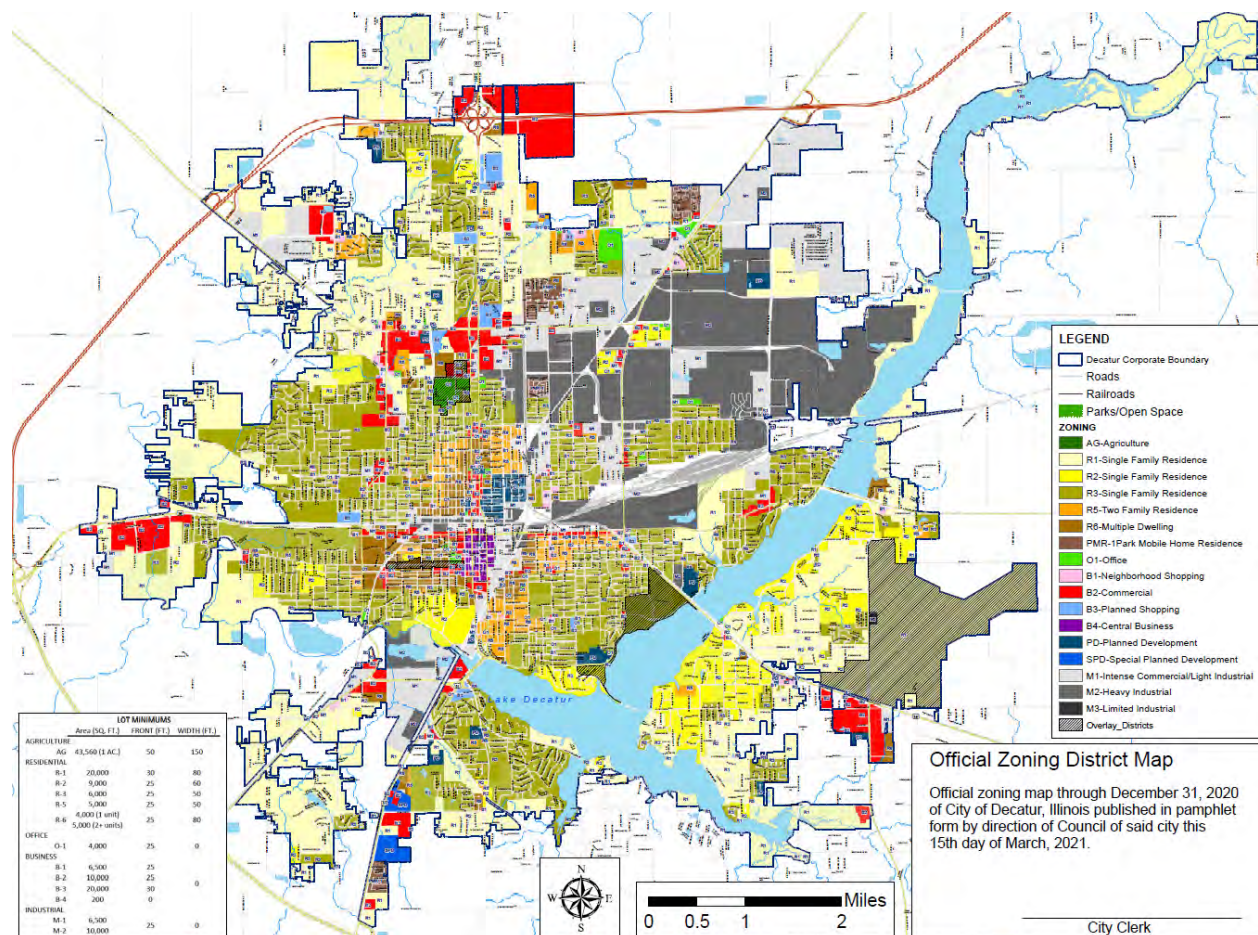
There are factors that can hinder fair housing access in both public and private sectors in Decatur. In the public sector, this includes zoning, transportation and access to subsidized housing. In the private sector, this includes lending practices reflected by Home Mortgage Disclosure Act (HMDA) data.

### Public Sector

#### Zoning

Most residential zoning in Decatur is for single family residences. Seventy-one percent of residential lots are zoned for single family use. There are areas of two-family residential zoning, mostly around central Decatur, and a few areas where multifamily units and mobile homes are permitted. The lack of multi-family residential zoning can limit opportunities for new affordable housing development by developers.

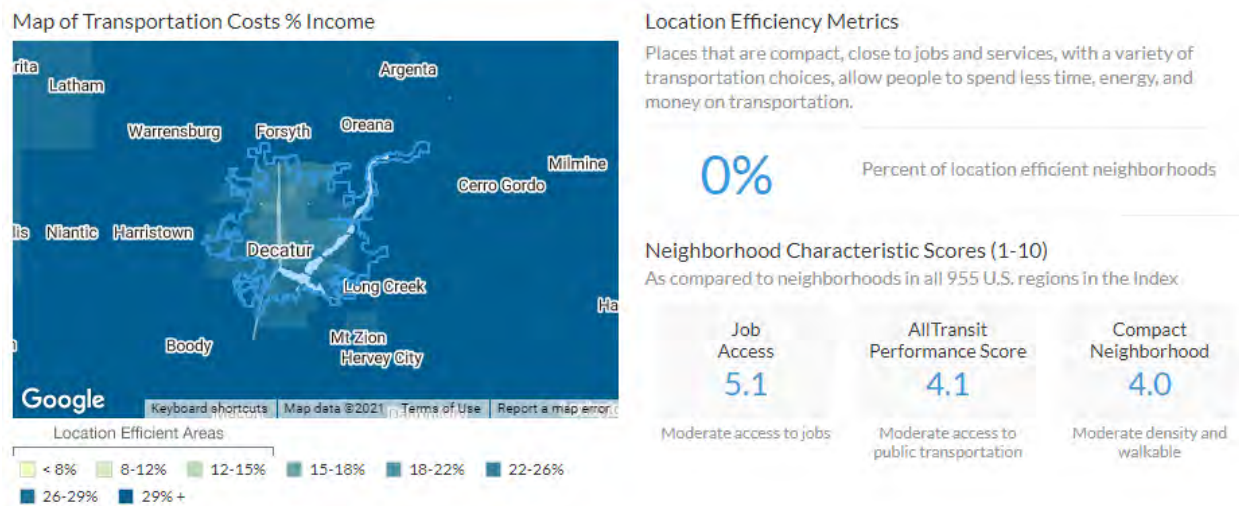
Figure 9: Zoning Map



## Housing + Transportation Index

Compared to other neighborhoods in the United States, Decatur scores a 4.1/10 on overall transit access, and according to the Housing + Transportation Index, 0% of neighborhoods are “location efficient” which are defined as compact, close to jobs and services, and have a variety of transportation services. Transportation costs in the city can be high because most residents must rely on automobiles for everyday life.

Figure 10: Housing + Transportation Index



Source: CNT, <https://htaindex.cnt.org/>

## Subsidized Housing

As shown in Table 11, there are 1,612 total units of subsidized housing including 1,568 units of units for low-income households, far less than the number of 15,250 low-income residents.

Table 12: Subsidized Housing

PROPERTY NAME	TOTAL UNITS	LOW INCOME UNITS
HICKORY POINT APTS	80	80
BRISTOL GARDENS	144	144
OAKWOOD ESTATES OF DECATUR	80	80
WABASH CROSSING PHASE I	206	199
ROOSEVELT APTS	75	75
SOUTHERN HILLS/ORLANDO APTS	212	212
SPRING CREEK TOWERS	137	137
EAGLE RIDGE OF DECATUR SLF II	37	28
WABASH CROSSING RENTAL PHASE II	175	175
EAGLE RIDGE OF DECATUR SLF	76	76
HERITAGE PLACE AT LAKESHORE APTS	80	68
WABASH CROSSING PHASE III	90	90
WILLOW HEIGHTS APTS	64	63
OXFORD HOUSE	156	141
<b>TOTAL</b>	<b>1,612</b>	<b>1,568</b>

Source: HUD, <https://hudgis-hud.opendata.arcgis.com/>

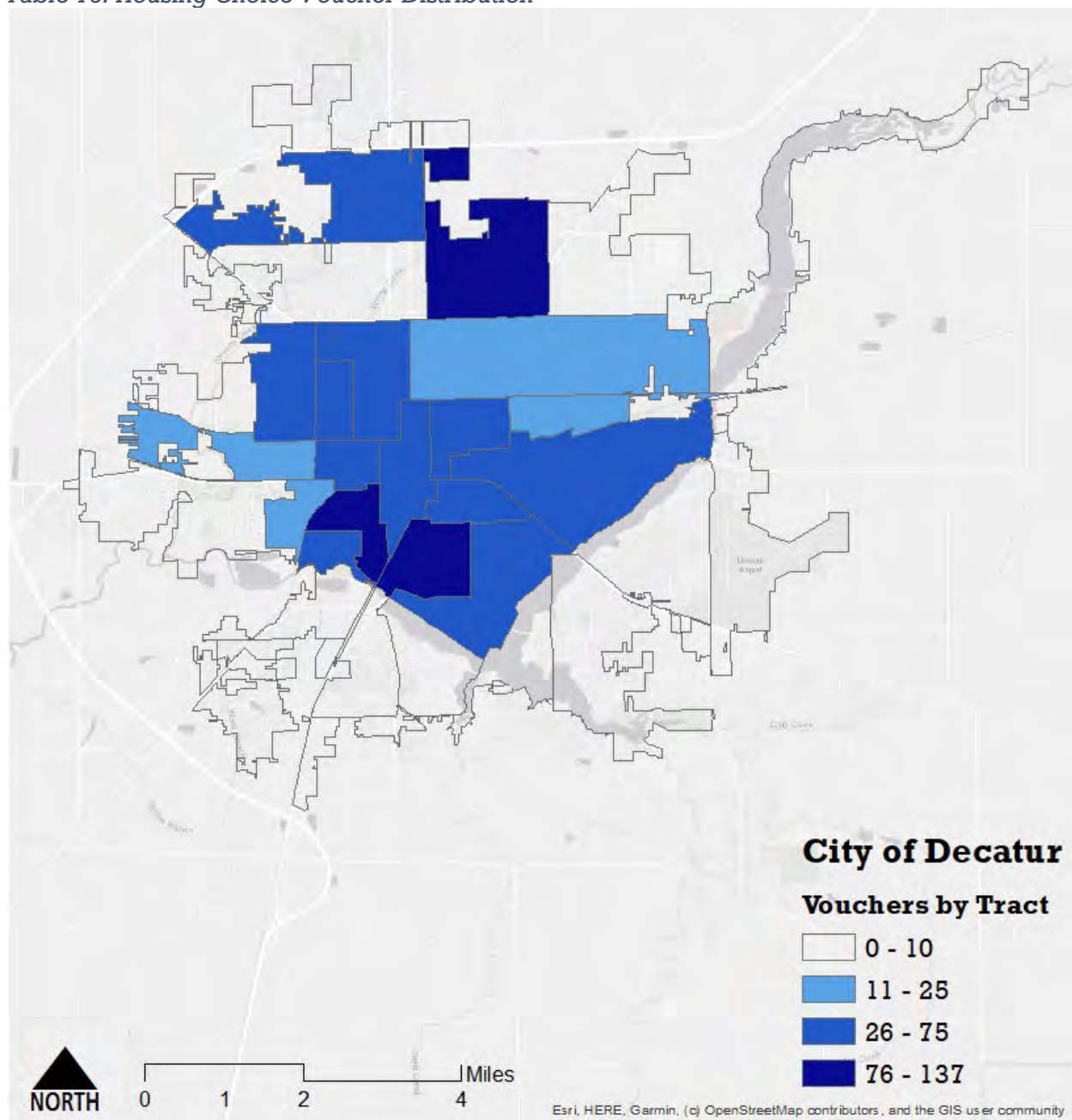
The Housing Choice Voucher program, administered by local public housing agencies through federal Housing and Urban Development (HUD) funds, provides vouchers to very low-income families, the elderly, and the disabled to find housing on the private market.<sup>3</sup>

HCVs are most common on the Near Westside of Decatur and in one pocket on the Northside of Decatur; the edges of the city have little to no vouchers in use. (To protect the confidentiality of HCV recipients, tracts with 10 or fewer voucher holders are omitted from HUD data). Areas in central Decatur are more likely to see moderate voucher use, between 26 and 75 vouchers in use.

<sup>3</sup> HUD, "Housing Choice Vouchers Fact Sheet," [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/about/fact\\_sheet](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet), accessed November 3, 2021.



Table 13: Housing Choice Voucher Distribution





## Private Sector

### *Lending Practices*

Mortgage lending practices from private banking institutions help show the landscape of credit access in the Decatur Metropolitan Statistical Area (MSA). Affordability and housing choice for potential homeowners can often be limited by access to affordable loans.

### *Loans Originated by Purpose*

When residents of Decatur applied for loans in 2020, nearly half of them apply for home purchase purposes. Another 29% apply for refinancing. Less than 200 applied for home improvement loans.

*Table 14: Loans Originated by Purpose, 2020*

<b>Loan Purpose</b>	<b>Number</b>	<b>Percent</b>
Home purchase	2,092	48%
Home improvement	193	4%
Refinancing	1,256	29%
Cash-out refinancing	570	13%
Other purpose	130	3%
Not applicable	102	2%

Source: Federal Financial Institutions Examination Council, <https://ffiec.cfpb.gov/data-browser/>

### *Loans Originated by Type*

Most loans in the Decatur MSA are conventional loans, or loans that are not guaranteed by public entities. About a quarter of loans are insured by either the Federal Housing Administration (FHA) or Veterans Affairs (VA).

*Table 15: Loan Purpose, 2020*

<b>Loan Type</b>	<b>Number</b>	<b>Percent</b>
Conventional (not insured or guaranteed by FHA, VA, RHS, or FSA)	3,173	73%
Federal Housing Administration insured (FHA)	737	17%
Veterans Affairs guaranteed (VA)	385	9%
USDA Rural Housing Service or Farm Service Agency guaranteed (RHS or FSA)	48	1%

Source: Federal Financial Institutions Examination Council, <https://ffiec.cfpb.gov/data-browser/>

### *Action Taken*

After applications were submitted, more than 2,800 (65%) were approved and a loan was originated. Ten percent of applications for loans were denied, and another 10% of applications were withdrawn by the applicant. In 9% of cases, the loan was purchased.

Table 16: Action Taken, 2020

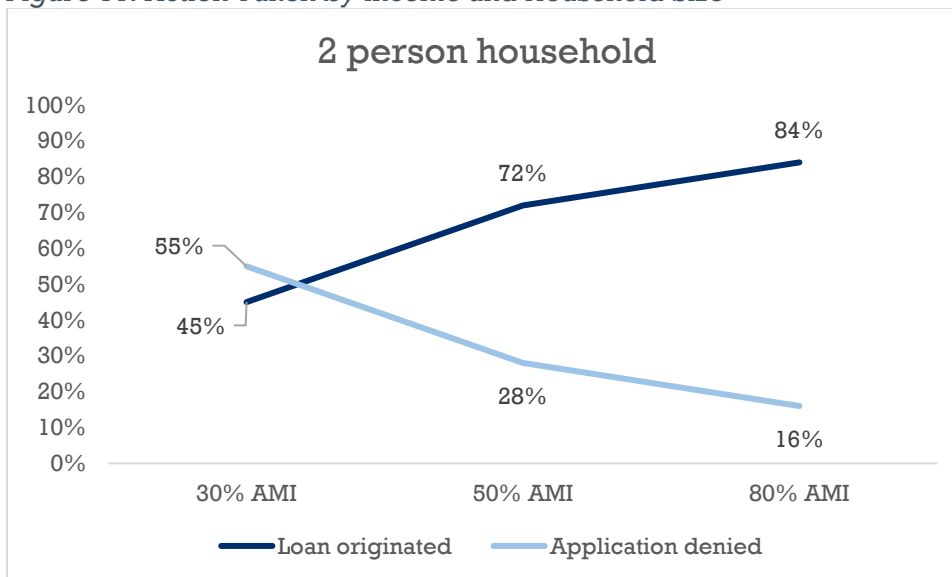
Action Taken	Number	Percent
Loan originated	2,812	65%
Application approved but not accepted	117	3%
Application denied	454	10%
Application withdrawn by applicant	428	10%
File closed for incompleteness	126	3%
Purchased loan	406	9%
Preapproval request denied	0	0%
Preapproval request approved but not accepted	0	0%

Source: Federal Financial Institutions Examination Council, <https://ffiec.cfpb.gov/data-browser/>

### Action Taken by Income

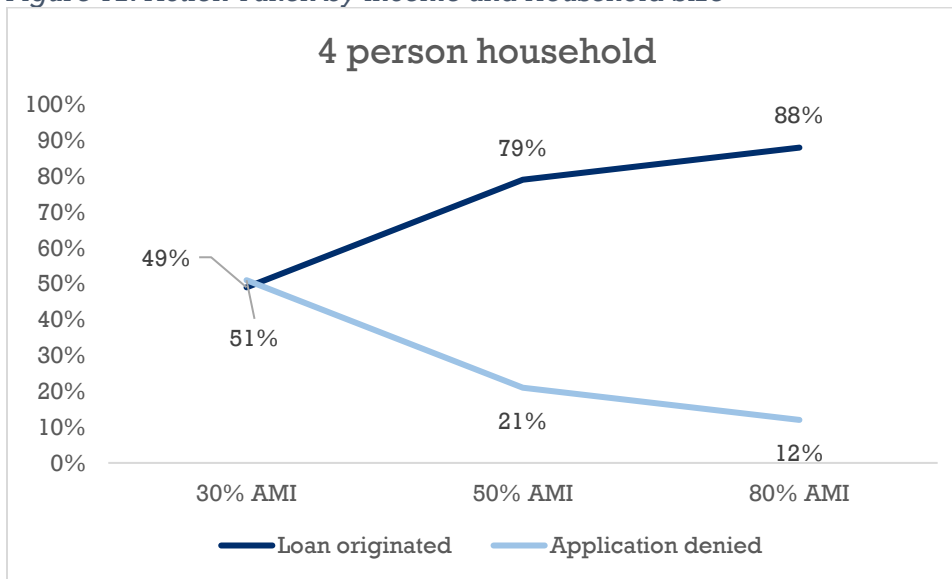
There is a correlation between income and loan denials in. In general, as incomes increase, the rate of application denials decrease. For households making less than 30% of the Area Median Income (AMI) for Vermilion County, about half were denied. For two-person households, only 16% of applications from 80% AMI households were denied, and 12% for four-person households in the same income range.

Figure 11: Action Taken by Income and Household Size



Source: Federal Financial Institutions Examination Council, <https://ffiec.cfpb.gov/data-browser/>

Figure 12: Action Taken by Income and Household Size



Source: Federal Financial Institutions Examination Council, <https://ffiec.cfpb.gov/data-browser/>

#### Action Taken by Race

There are disparities in both the rate of applicants and the rate of loan originations. Black or African American applicants comprise 8% of total applicants, despite making up 21% of Decatur residents. White residents also have higher rate of loan originations than other racial groups in the area. Seventy-three percent of White applicants had their application approved and a loan was originated, compared to 54% Black or African American applicants, and 60% of all of Decatur applicants.

Table 17: Action Taken by Race, 2020

Action Taken	Decatur	American Indian or Alaska Native	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	White
Loan originated	60%	7 (58%)	27 (55%)	146 (54%)	2 (50%)	2,347 (73%)
Application approved but not accepted	2%	0 (0%)	2 (4%)	6 (2%)	0 (0%)	94 (3%)
Application denied	12%	2 (17%)	6 (12%)	77 (28%)	0 (0%)	300 (9%)
Application withdrawn by applicant	12%	3 (17%)	9 (18%)	28 (10%)	1 (25%)	317 (10%)
File closed for incompleteness	4%	0 (0%)	4 (8%)	12 (4%)	1 (25%)	91 (3%)
Purchased loan	10%	0 (0%)	1 (2%)	3 (1%)	0 (0%)	50 (2%)
Preapproval request denied	0%	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Preapproval request approved but not accepted	0%	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Source: Federal Financial Institutions Examination Council, <https://ffiec.cfpb.gov/data-browser/>

Similarly, 50% of Hispanic or Latino loans were originated versus 72% of Not Hispanic or Latino loans were originated.

*Table 18: Action Taken by Race, 2020*

Action Taken	Hispanic or Latino	Not Hispanic or Latino
Loan originated	37 (50%)	2,476 (72%)
Application approved but not accepted	1 (1%)	98 (3%)
Application denied	19 (26%)	361 (11%)
Application withdrawn by applicant	14 (19%)	339 (10%)
File closed for incompleteness	2 (3%)	106 (3%)
Purchased loan	1 (1%)	55 (2%)
Preapproval request denied	0 (0%)	0 (0%)
Preapproval request approved but not accepted	0 (0%)	0 (0%)

Source: Federal Financial Institutions Examination Council, <https://ffiec.cfpb.gov/data-browser/>



## Impediments to Fair Housing Choice

- **Rehabilitation of existing housing stock is often costly.** Much of the housing stock in Decatur is both deteriorating and aging. The age and condition of the housing stock in Decatur combined with low home values makes rehabilitation difficult for a variety of reasons. Many homes, especially those in central Decatur, need costly repairs, but homeowners and landlords are not guaranteed a return on that investment. Furthermore, banks are hesitant to provide loans to do necessary work on homes for the same reason; the low value of homes stymie attempts to invest in housing, since many homes often require construction and rehabilitation that is more expensive than the value of the home itself. Deferred maintenance in homes is an issue that gets more costly over time and impacts the quality of available housing. Continued deferred maintenance contributes significantly to the deterioration of the existing housing stock in Decatur.
- **There is a limited supply of rental units; in particular, there is a need for affordable and appropriately sized units for a variety of vulnerable populations.** Rental subsidies like Housing Choice Vouchers and LIHTC are not extensive enough to meet the needs of low-income renters in the city. Although there are properties that are publicly subsidized, the number of units available are not sufficient to meet the needs of low-income residents of Decatur. Community feedback indicated that there is a need for more efficiency and one-bedroom units, in particular for the unhoused population. The needs of this population and other low-income Decatur residents are not being met by the subsidized or market rate housing market. Of affordable rental units, it is often difficult for some low-income residents to meet the qualifications required of landlords or the Housing Authority.
- **Difficulty accessing credit (in particular for low-income and some racial and ethnic minorities), as well as poor credit and rental history create challenges for accessing homeownership and rental opportunities.** Lack of access to credit keeps potential first time homebuyers from purchasing homes that would build household wealth and create stability for families and households. For those where it might be less expensive in the long term to own rather than to rent, the inability to be approved for an affordable mortgage keeps residents renting rather than building equity through homeownership. Poor rental history also affects the ability of some Decatur residents to rent in areas that are desirable and at rental rates that they can afford. Access to affordable credit and past rental history can have serious impacts on the economic mobility and housing status of residents, keeping residents out of housing choices that would provide them with greater affordability flexibility.
- **Housing Choice Voucher holders often have difficulty finding landlords that will accept their vouchers for units that meet their needs and meet the price range required by the vouchers.** Very low-income renters who receive Housing Choice Vouchers must contend with a limited housing stock that does not always meet their needs or the requirements of the Housing Authority to rent. In addition to the limited housing options in Decatur in general, voucher users face added difficulties of finding willing landlords and units that will pass inspection and meet affordability requirements. The combination of these factors creates more difficult rental environment than other, market-rate renters in Decatur.

- **Perceptions of neighborhoods and schools creates difficulty in creating neighborhood confidence in certain areas.** The public perception of areas near the Downtown and around central Decatur creates challenges in renting and selling existing housing stock. Families looking for good schools for their children are likely to live on the outskirts of Decatur, due to local perceptions. Low neighborhood confidence can create a cycle of disinvestment, and with more “desirable” areas close by, many Decatur residents choose to move to where they believe their needs will be best met. These perceptions are making it more difficult to make investments in these areas.
- **Potential new housing development would have to compete with existing, inexpensive housing stock, and small, local developers have difficulty securing funds and experience.** Housing development is a costly enterprise, and the cost to build and rent or sell new units may be higher than the return that developers would be likely to get. Without a subsidy to offset the costs of construction, the cost of building new units is higher than the rents or sale prices for which a developer could market their units. This discourages new development from taking place in Decatur, while current housing stock deteriorates. For smaller, newer developers, the lack of activity in housing development in Decatur makes it difficult to get the necessary experience and funds to initiate projects.
- **Low and stagnant wages and employment-related issues can lead to housing issues.** Access to jobs with adequate wages, benefits, and appropriate schedules can create barriers to housing for many Decatur residents. The expense and availability of childcare is an issue for many working families, and limited transportation options reduce worker availability for certain jobs. For those looking for work in the manufacturing sector, shift schedules do not align with public transportation schedules, forcing people to rely on personal vehicles to get to and from work. Childcare and transportation access both affect access to high-paying jobs, and wages affect residents’ ability to pay rent or mortgage payments on quality homes.

## Recommendations

- **Expand housing counseling for first time homeowners, current homeowners, and prospective homeowners, as well as credit repair services.** Services like housing counseling and credit repair services can keep people in their homes, keep properties out of foreclosure, and help people have a wider variety of housing choice. Counseling and credit repair provide people with the education, tools, and credit history needed to have long-term stability and wealth-building opportunities. Providing housing counseling and credit repair services for prospective homeowners, first time homeowners, current homeowners, and renters can expand fair housing choice; it can increase the number of homeowners, increase the amount of people in quality housing, and keep people in their homes.
- **Invest in home repair programs.** Many aging homes need rehabilitation and upkeep, ranging from small aesthetic improvements to major foundational upgrades. The cost of this rehabilitation can be prohibitive, in particular in cases where the cost of rehabilitation is greater than the value of the home. Feedback from focus groups indicated that homeowners and landlords can have difficulty securing loans due to this issue. Home repair programs help property owners invest in properties that they might otherwise leave unattended. Subsidies for home repair can also serve to lower the vacancy rate, as they can help landlords and owner-occupied unit owners afford much-needed upgrades. Home repair programs can create incentives for homeowners and landlords to invest in Decatur's deteriorating housing stock.
- **Continuum of care** services are needed particularly for homeless and vulnerable households to provide long-term sustainability and overcome multiple barriers beyond housing such as mental health, health care, etc. The City plays a vital role in convening continuum of care providers and increasing communication and coordination across agencies. In particular, access to 24-hour services, transportation, and case management have been identified as important priorities to improve services to homeless individuals and households and connect to employment, temporary and permanent housing solutions.
- **Invest in childcare and transportation services.** Access to well-paying jobs can be stymied by limited access to affordable childcare and reliable transportation services. Costs for both can be prohibitive for many Decatur residents and limit the types of jobs that people can have. Investing in childcare and transportation services can help increase the availability of workers and therefore help those workers earn more or higher wages. When childcare and transportation issues are alleviated or solved, workers have greater availability for work and can earn more and keep themselves and their families housed.
- **Increase the supply for quality affordable housing, both market rate and subsidized.** There are not sufficient quality affordable units in Decatur to meet the current need. Both market rate and subsidized projects are needed to provide a wide range of housing choice for all Decatur residents. Increasing the supply of quality affordable housing does not necessarily mean that new construction is required; there are many units in Decatur that are not on the market due to abandonment, not meeting code requirements, and general deterioration. There should be a priority for rehabilitation of substandard and vacant housing stock to provide needed units,

but some new construction of affordable housing may also be appropriate, depending on available funding.

- **Educate housing providers (landlords, property managers, etc.) on Housing Choice Vouchers.** Widespread acceptance of Housing Choice Vouchers is a way to create more housing choice for low-income Decatur renters. These vouchers (formerly known as 'Section 8' vouchers) create a level of affordability that renters are unable to find in market-rate housing. By educating landlords on the Voucher program, Decatur can create more opportunities for low-income renters to have lower cost burdens. Vouchers are a way to create more affordability, but voucher holders need access to units that will accept their vouchers.
- **Educate landlords and tenants on their rights and responsibilities.** Education is an important aspect of housing choice for landlords and tenants alike. A clear understanding of rights and responsibilities creates less ambiguity and facilitates better communication. Educational seminars, housing organizations, and other education-based strategies can help both landlords and tenants fulfill their roles more responsibly. By holding workshops and ensuring that education on landlord and tenant rights and responsibilities is easily accessible, housing choice can be expanded.
- **Public placemaking to increase the confidence in neighborhood viability.** Strategic placemaking can be used as a tool to revitalize neglected spaces in Decatur. Rather than accept decline, placemaking can serve as a tool to reinvigorate areas that have fallen by the wayside. In neighborhoods where popular perceptions of safety and desirability are poor, initiatives like parklets, murals, and other community-building projects can assist in restoring confidence in these areas. Neighborhood vitality is something that is built by community-members and can be assisted by City support. By fostering a renewed sense of place, the city can buoy confidence in areas that have previously been overlooked. This approach can lead to renewed interest in development, upkeep, and general economic health.

## City of Decatur Impediments to Fair Housing Focus Group

October 7, 2021 – 3PM - 4:30 PM

### *In attendance:*

Ali Begazo, Teska Associates  
Vickie Buckingham, City of Decatur  
Greg Crowe, City of Decatur  
Alan Dusterhausen, Millikin Heights  
Scott Goldstein, Teska Associates  
Richelle Irons, City of Decatur  
Jon Kindseth, City of Decatur  
Tricia Knierim, Swartz Properties  
Sera Lebeau, DHA  
Tim Macken, Woodford Homes  
Cordaryl “Pat” Patrick, City of Decatur  
Ed Smith, Habitat for Humanity  
Fred Spannaus, Spannaus Consulting  
Darsonya Switzer, Dove, Homeward Bound  
Danielle Taylor, CICD

### *Introductions*

### *Presentation of Data*

Scott Goldstein began a presentation and went over existing conditions for the city, including population change, household change, median income, poverty rate, and unemployment rate. He also went over current housing market conditions, including housing units, median housing value and rent, housing tenure, vacant units, housing demand and affordability, and Zillow Home Value Index over time. Maps of City-owned land, code violations, and vacant housing were shown.

### *Impediments to Fair Housing Discussion*

Scott explained to focus group participants that the purpose of this study is twofold:

1. To fulfill the City of Decatur’s requirement to assess and analyze barriers to fair housing choice as part of a consolidated housing plan, in order to receive community development funds from the U.S. Department of Housing and Urban Development (HUD)



2. To help the City of Decatur better understand its housing market and the needs of its residents in order to plan for its future

### ***What are affordability challenges for homeowners and renters?***

For homeowners –

- Some say that there are few affordability challenges. Costs are low in comparison with other parts of the country
- Others say that maintenance, roof replacement, HVAC repairs are all expensive and contribute to deterioration

For renters –

- For “high-barrier” renters, there is a need for small units for single adults. Most homeless individuals in Decatur are single adults and it’s very difficult for them to find efficiencies and one bedrooms because they just don’t exist
- Service providers should look at alternative arrangements that include case management and multiple adults in one home
- Many renters cannot qualify for the housing that is available – in particular, Wabash Crossing (HOPE VI development)
- The Housing Authority has changed its standards for criminal background checks
- Path to homeownership for renters is stymied by an inability to get a loan
  - Habitat generally has \$425-\$650 monthly payments depending on the unit
- Landlords who accept vouchers are trying to get as much money as possible
- Trisha from Schwartz management says that the company manages 2,300 units. Median rent of \$683 seems high to her, she says that there is a large range of \$450-\$1,200; one bedrooms range from \$450-\$500 depending on the unit
- Some think that the above numbers seem low – many low-income tenants are being charged more than that for poor quality units
- Landlords no longer live locally and no longer want to rent in Decatur
- There is not enough housing stock for applicants, especially since COVID-19
- Denials – previous landlord references and credit issues
- People who refuse to rent in Central Decatur because of violence

In general –

- Wages have declined or remained stagnant
- Aging in place on a fixed income can be costly – people who may have physically performed maintenance on their homes before now have to pay someone else to do it
- Multi-family units are dated, there are a lot of single family homes
- The solution? Education and jobs

### ***What are the challenges for housing development?***

- Because of the low price of existing housing stock, new development would be competing with existing stock
- Perception of school district – real estate agents push people to Forsyth and Mt. Zion because they have better schools

- Habitat for Humanity wants to get into development, but they are still trying to get funding. They also have difficulty finding applicants to apply AND to qualify for Habitat homes
- If the City funded the rehab, would Habitat be able to get more people to qualify? Yes.
- Barriers for service provision keeps low and fixed income folks from getting into developments
- There is a 3 year Salvation Army program, but there is a gap w with income. Many people don't quite meet income requirements and need to make more money to get into homes – there's a need to meet that gap so we can get people into homes
- Scott summarized that meeting participants are saying that there needs to be public investments to bring down the cost of loans

***What are areas that need more affordable housing repair? Housing services? Code enforcement?***

- The center city/urban core need repair, services, and code enforcement
- “Teetering” neighborhoods:
  - Southeast from Downtown
  - By Prairie Avenue Christian Church to 22<sup>nd</sup> St
  - Cantrell from 22<sup>nd</sup> – 16<sup>th</sup> ; 1800-1900 blocks “have gone to heck in the past 15 years”
  - Major corridors – Cantrell St leads to Nelson Park and Devon Amphitheater (new investments)
  - Going North on Garfield – still have lots of owners (stability) up to GMH
  - Between MacArthur and Home Park ; South Shores – FHA postwar housing that is aging
- Participants feel that you will have more luck trying to stabilize areas w/ owners rather than renters
- Participants remarked that many first-time homebuyers who qualify for low income loans are one paycheck away from losing it all – they need help with repairs so that they can afford to keep up their homes
- Built in safety measures for landlords who haven't met the cashflow threshold they need to do repairs on their units

***How are for-sale and rental units being marketed? How do people find out about affordable units? (e.g., word of mouth, Realtors, Zillow, etc.)***

- The representative from Swartz Properties said that website, word of mouth, people who drive by the office and stop in, are the most common ways of finding out about available units
- Social service providers put listings on ILHousingSearch.Org

***What barriers are there to finding well-paying jobs?***

- Childcare, especially for single parent households
- Transportation – hours and bus routes. For residents working at Caterpillar or other manufacturing jobs, there is no way to get there and back since the bus stops at 7
- No “dial a ride” on demand transit
- Benefits is a hindrance to finding a good job

***What are housing challenges for the disabled and senior community?***

- Lack of 1 bedroom units

- It is very difficult for Housing Choice Voucher (HCV) clients in these categories – the Housing Authority raised the limit because they were unable to get people into Crystal Gardens, which has high prices for 1 bedrooms but is nice and safe
- There is a need for different types of housing for seniors – potentially downtown
- Accessibility is an issue

***What are housing challenges facing homeless individuals and families?***

- 95% of homeless individuals are single adults
- There is a need to do things unconventionally and get creative
- Services are key
- Homeward Bound, Heritage, DHA all provide services
- Permanent Supportive Housing is needed, but to build PSH you need capital, services, and operating costs covered
- No Community Housing Development Organization in Decatur

Scott thanked all participants for their time and reminded everyone that their feedback is very important in writing this Impediments to Fair Housing Report.