

# Analysis of Impediments to Fair Housing in Billings Montana

By

the Center for Applied Economic Research

Montana State University-Billings

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## Introduction

This report is the end result of an analysis project which started in mid-2007. The City of Billings hired the MSU-Billings Center for Applied Economic Research to conduct an analysis of impediments for Fair Housing (FH), as is required by the US Department of Housing and Urban Development (HUD) every five years. CAER staff conducted focus groups, telephone surveys, and a large data analysis effort to understand the current conditions facing FH protected classes and identify potential impediments to fair housing.

In the process of developing this list of impediments we also developed strategies to mitigate these impediments. Some of these strategies came from those we surveyed. Others were our own creations. All of them were presented with the goal of giving guidance to the city without unduly tying its hands by binding it to a specific methodology. For example, where possible we do not explicitly state how city revenues should be spent.

We hope that this report helps Billings in its efforts to promote equitable housing opportunities for all residents.

Socio-Demographics and Economic Characteristics

Table 1. Yellowstone County Population Estimates<sup>1</sup>

	Total		Male		Female	
	2000	2006	2000	2006	2000	2006
All Residents	129,573	138,213	63,198	67,698	66,375	70,515
White Alone	122,070	128,230	59,530	62,802	62,540	65,428
Black Alone	628	1,300	389	719	239	581
Native Amer. & Alaskan Native Alone	4,135	5,324	1,984	2,577	2,151	2,747
Asian Alone	722	968	307	429	415	539
Native Hawaiian & Other Pac Islander Alone	73	85	40	43	33	42
Two or More Races	1,945	2,306	948	1,128	997	1,178
Non-Hispanic	124,750	132,025	60,698	64,518	64,052	67,507
Hispanic or Latino	4,823	6,188	2,500	3,180	2,323	3,008

The overall population of Yellowstone County grows at approximately 1.1% per year and it is assumed that the population of Billings grows at about the same pace, with the latest estimates placing the city population at just over 100,000. At the county level, 93% of the population is White, 4.5% is of Hispanic origin, and 3.9% is Native American or Alaskan Native. No other race or ethnicity represents one percent or more of the county population.

Overall, females make up 51% of the overall county population, and with the exception of African Americans (where 55% of the population is male) this ratio of 51 females to 49 males holds for other reported races and ethnicities.

Compared to the state of Montana as a whole, Yellowstone County has a larger percentage of Whites (93% compared to 91%), Native Americans or Alaska Natives (6.4% vs. 3.9%), and African Americans (nearly 1% compared to 0.4%)<sup>2</sup>.

The differences in population statistics between the county and the USA in whole are striking. If Yellowstone County's population was distributed by race or ethnic background in the same proportions as the USA, we would see the following:

- 14% fewer Whites
- 1,300% more Blacks or African Americans
- 84% fewer American Indians or Alaska Natives
- 320% more people of Latino or Hispanic Origin

The growth rates for different racial and ethnic population segments between 2000 and 2006 vary. While the white population grew at 1% per year, the

<sup>1</sup> <http://ceic.mt.gov/EstimatesCntyPop.asp>

<sup>2</sup> The total populations of other protected classes were too small to make meaningful comparisons.

Native American, Asian, and Hawaiian populations exhibited 5-6% annual growth and the Black population grew approximately 18% per year. Similarly, the population of those reporting Hispanic origin grew at 5% annually.

Table 2. 2006 Yellowstone County Age-Population Breakdown

Age	Total	Male	Female
0-17	33,095	17,107	15,988
18-34	30,304	15,118	15,186
35-64	56,077	27,744	28,333
65+	18,737	7,729	11,008
Total	138,213	67,698	70,515

A review of age characteristics shows that, while males outnumber females in the 0-17 age cohorts, females make up a larger fraction of the total population as we look at older residents, with females making up nearly 59% of the total population age 65 and over.

Table 3. Yellowstone County Disabled Population, Age 16-64<sup>3</sup>

Sensory	Physical	Mental	Self-Care	Leaving Home	Employment	Total
2,107	5,484	4,015	1,088	3,465	8,437	24,595

In the year 2000 the US Census Bureau reports that there were 23,057 Yellowstone County residents between the ages of 16 and 64 with a physical or mental disability (see Table 3). Assuming that their growth rate matched that of the general population, in 2006 we estimate that this population group grew to nearly 24,600. In addition, in 2000 there were 1,732 county residents under the age of 16 with sensory, physical, mental, and/or self-care disabilities, and we forecast that this number increased to approximately 1,850 in 2006. For residents 65 and over, in the year 2000, there were 12,294 reported to be disabled, and our estimates suggest that this number was approximately 13,100 in 2006.

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<sup>3</sup> 2000 Census

## Neighborhood-Level Demographic Characteristics

Race and ethnicity information is available from the US Census Bureau at the census block level of detail. This data can be used to build neighborhood-level race and ethnic populations. Unfortunately this information is collected only in the decennial census and thus the most recent data available is for the year 2000. In order to estimate a more recent picture of neighborhood characteristics, CAER staff used the county-level growth rates for each reported race or ethnic group to forecast neighborhood-level growth. For example, between 2000 and 2006, the county-level growth rate for residents reporting Hispanic ethnicity grew was 5% per year. We applied this growth rate to the reported Hispanic populations in each neighborhood to produce a neighborhood-level estimates for 2006 Hispanic populations. It is hoped that these estimates will help one better understand some FH-related issues.

Differences between overall population and the number of residents of specific racial or ethnic background are noted in the following neighborhood descriptions. Given that the data used in these tables are based upon projections, we do not list a statistical significant of observed differences.

Billings Heights

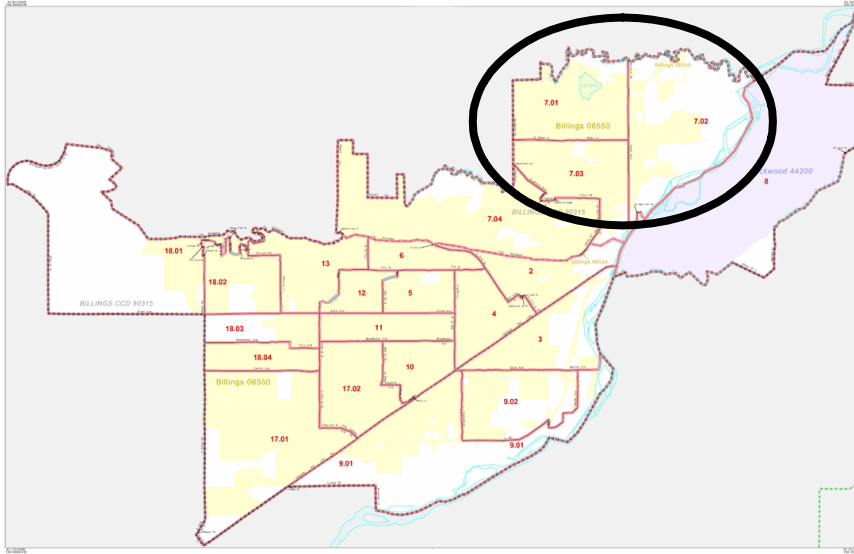


Table 4. Estimated 2006 Population Statistics for Billings Heights<sup>4</sup>

	Total	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian & Other Pacific Islander	Some other race	Two or More Races	Hispanic Origin
Population	16,170	14,575	63	491	108	6	154	299	473
% of Neighborhd	100%	90%	0%	3%	1%	0%	1%	2%	3%
% of City	16%	15%	0%	0%	0%	0%	0%	0%	0%
City-Wide %		86%	1%	4%	1%	0%	1%	2%	5%

The Billings Heights has a total population of 16,170 and represents 16% of the city's total residents. Projections show that for all of these racial or ethnic groups this neighborhood is within a few percentage points of the city-wide percentages.

<sup>4</sup> Neighborhood population statistics were constructed from 2000 census tract data available at: <http://www.ceic.mt.gov>. 2006 estimates were calculated by applying growth rates for each race or ethnicity based upon the 2000-2006 Yellowstone County growth rates calculated from: <http://ceic.mt.gov/EstimatesCntyPop.asp>.

Central Billings

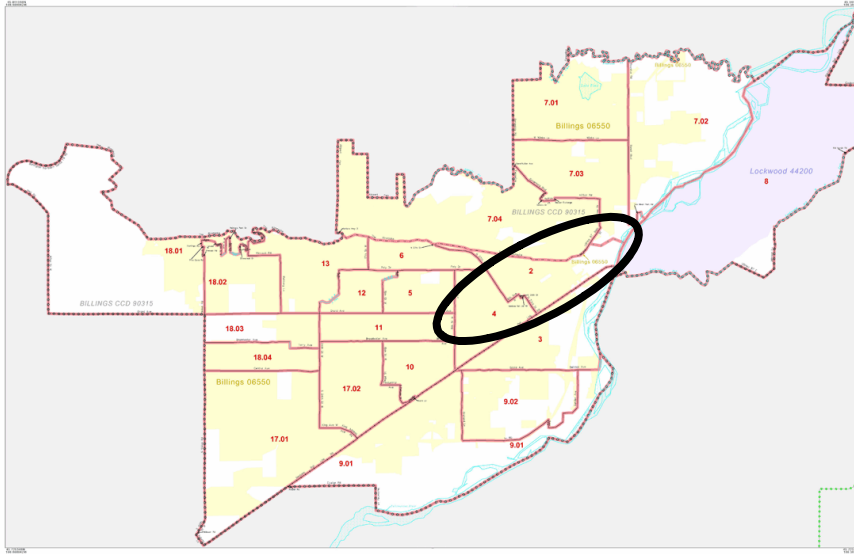


Table 5. Estimated 2006 Population Statistics for Central Billings<sup>5</sup>

	Total	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian & Other Pacific Islander	Some other race	Two or More Races	Hispanic Origin
Population	11,263	9,116	130	744	70	7	196	321	677
% of Neighborhd	100%	81%	1%	7%	1%	0%	2%	3%	6%
% of City	11%	9%	0%	1%	0%	0%	0%	0%	1%
City-Wide %		86%	1%	4%	1%	0%	1%	2%	5%

There are over 11,000 residents living in Central Billings, representing 11% of the city's population. This neighborhood is the home for a larger percentage of residents reporting American Indian and Alaska Native background than city-wide averages (7% compared to 4%).

<sup>5</sup> Neighborhood population statistics were constructed from 2000 census tract data available at: <http://www.ceic.mt.gov>. 2006 estimates were calculated by applying growth rates for each race or ethnicity based upon the 2000-2006 Yellowstone County growth rates calculated from: <http://ceic.mt.gov/EstimatesCntyPop.asp>.



South Billings

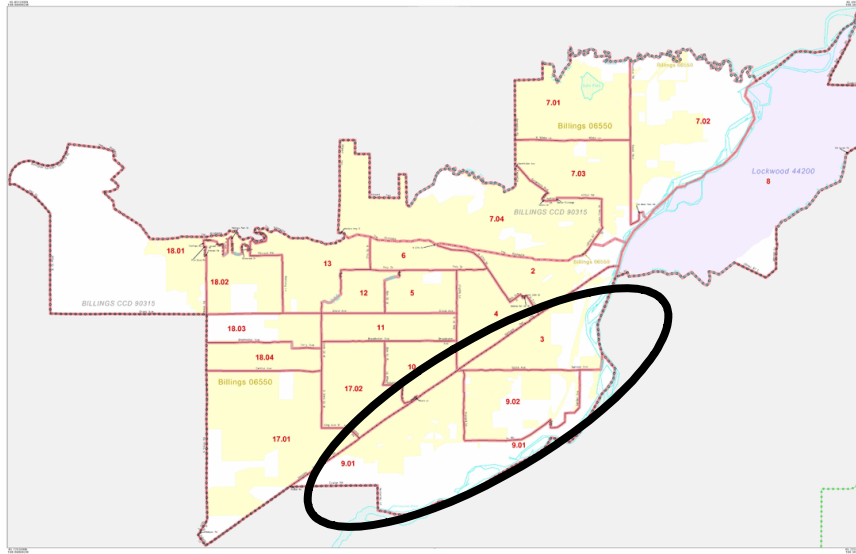


Table 6. Estimated 2006 Population Statistics for South Billings<sup>6</sup>

	Total	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian & Other Pacific Islander	Some other race	Two or More Races	Hispanic Origin
Population	12,739	8,303	315	1,141	54	10	572	518	1,826
% of Neighborhd	100%	79%	2%	9%	0%	0%	5%	4%	14%
% of City	13%	8%	0%	1%	0%	0%	1%	1%	2%
City-Wide %		86%	1%	4%	1%	0%	1%	2%	5%

South Billings is home for 13% of the city's population, with an estimated 12,739 residents. This neighborhood is home for approximately 8,300 White residents, which is 742 fewer than city-wide averages would suggest. Residents of Hispanic origin make up 14% of the population, considerably more than the overall Billings average of 5%. Similarly, Native Americans and Alaska Natives represent 9% of the neighborhood while being only 4% of the city population, and residents listing some other race account for 5% of the neighborhood population while only representing 1% of the overall Billings population. Overall, there are 892 more Non-White or Hispanic residents than overall Billings' averages would suggest.

<sup>6</sup> Neighborhood population statistics were constructed from 2000 census tract data available at: <http://www.ceic.mt.gov>. 2006 estimates were calculated by applying growth rates for each race or ethnicity based upon the 2000-2006 Yellowstone County growth rates calculated from: <http://ceic.mt.gov/EstimatesCntyPop.asp>.

Central-South Billings

A subset of adjoining census tracts which make up parts of Central and South Billings show even higher concentration of several FH Protected Classes.

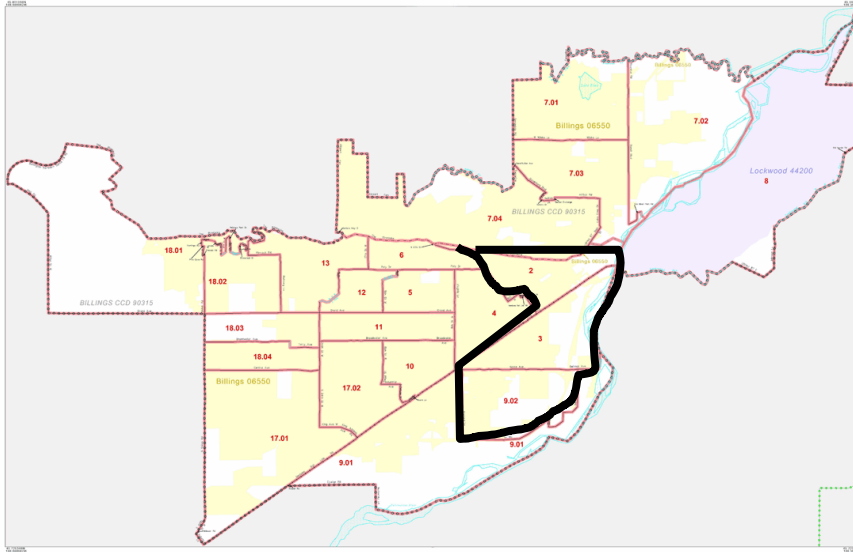


Table 7. Estimated 2006 Population Statistics for South-Central Billings<sup>7</sup>

	Total	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian & Other Pacific Islander	Some other race	Two or More Races	Hispanic Origin
Population	11,361	8,913	164	1,145	44	9	573	513	1,485
% of City	13%	11%	33%	37%	8%	24%	44%	28%	40%

This Central-South Billings region, which is home for 13% of the city's population, contains 37% of the residences for American Indians and Alaska Natives, 40% of the residences of individuals of Hispanic origin, and 44% of residents reporting two or more races.

<sup>7</sup> Neighborhood population statistics were constructed from 2000 census tract data available at: <http://www.ceic.mt.gov>. 2006 estimates were calculated by applying growth rates for each race or ethnicity based upon the 2000-2006 Yellowstone County growth rates calculated from: <http://ceic.mt.gov/EstimatesCntyPop.asp>.

West Billings

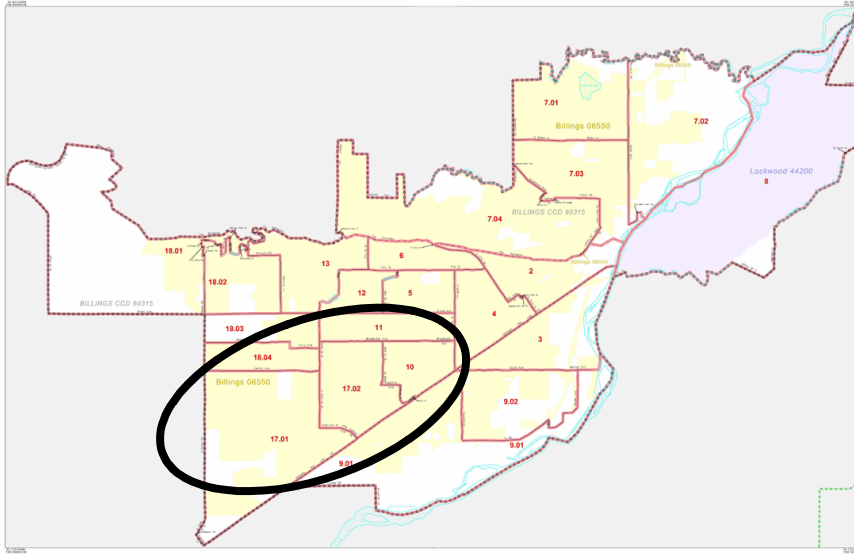


Table 8. Estimated 2006 Population Statistics for West Billings<sup>8</sup>

	Total	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian & Other Pacific Islander	Some other race	Two or More Races	Hispanic Origin
Population	30,643	27,286	263	918	201	10	267	608	1,089
% of Neighborhd	100%	94%	0%	3%	1%	0%	1%	2%	3%
% of City	31%	27%	0%	1%	0%	0%	0%	1%	1%
City-Wide %		86%	1%	4%	1%	0%	1%	2%	5%

The West Billings neighborhood is home for over 30,600 residents and accounts for 31% of the city’s population. This neighborhood is more White than city averages (94% vs. 86%), but the estimated populations of various races and ethnicities does not show large specific differences by race or ethnicity. Overall, there are 2,451 fewer Non-White or Hispanic origin residents than city-wide averages would suggest.

<sup>8</sup> Neighborhood population statistics were constructed from 2000 census tract data available at: <http://www.ceic.mt.gov>. 2006 estimates were calculated by applying growth rates for each race or ethnicity based upon the 2000-2006 Yellowstone County growth rates calculated from: <http://ceic.mt.gov/EstimatesCntyPop.asp>.

NorthWest Billings

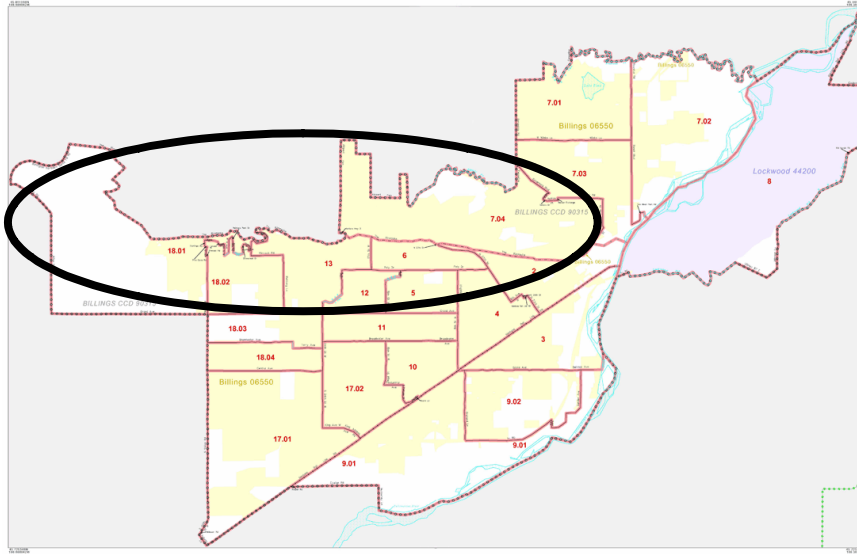


Table 9. Estimated 2006 Population Statistics for NorthWest Billings<sup>9</sup>

	Total	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian & Other Pacific Islander	Some other race	Two or More Races	Hispanic Origin
Population	28,606	26,416	186	560	240	10	168	389	636
% of Neighborhood	100%	92%	1%	2%	1%	0%	1%	1%	2%
% of City	29%	27%	0%	1%	0%	0%	0%	0%	1%
City-Wide %		86%	1%	4%	1%	0%	1%	2%	5%

Northwest Billings has a population of 28,606 and accounts for 29% of the total city population. Like West Billings, the percentage of White residents is somewhat higher than city-wide averages, and like West Billings, the number of Non-White residents or residents of Hispanic origin is somewhat lower than city-wide averages would suggest.

<sup>9</sup> Neighborhood population statistics were constructed from 2000 census tract data available at: <http://www.ceic.mt.gov>. 2006 estimates were calculated by applying growth rates for each race or ethnicity based upon the 2000-2006 Yellowstone County growth rates calculated from: <http://ceic.mt.gov/EstimatesCntyPop.asp>.

Household Characteristics

Table 10. 2005 Yellowstone County Household Characteristics<sup>10</sup>

HOUSEHOLDS BY TYPE	Total (% of Total)
Total households	40,526
Family households (families)	23,533 (58%)
... With own children under 18 years	10,698 (26%)
Married-couple families	18,125 (45%)
... With own children under 18 years	7,189 (18%)
Male householder, no wife present	1,136 (3%)
... With own children under 18 years	601 (1%)
Female householder, no husband present	4,272 (11%)
... With own children under 18 years	2,908 (7%)
Nonfamily households	16,993 (42%)
Householder living alone	13,680 (34%)
... 65 years and over	3,703 (9%)
Households with one or more people under 18 years	11,517 (28%)
Households with one or more people 65 years and over	9,524 (24%)

There are over 40,500 households in Yellowstone County, with 28% of them (11,517) housing children under 18 years of age (see Table 4). In over 800 of these households the children are not considered ‘family members’<sup>11</sup>. 34% of the county’s households are residents living alone, with 3,703 of these housing a single person age 65 or older. Assuming Billings’ 2005 household population breakdown is proportional to county-wide averages, this would represent<sup>12</sup>:

- 29,180 Billings households,
- 8,292 Billings households housing children under 18,
- 590 Billings households with non-family children under 18,
- 2,666 Billings households containing a single person over age 65

Family households represent 58% of the total county households, with over 5,000 of these households belonging to unmarried partners. Female householders (no spouse present) represent 11% of total households and are three times more prevalent than male-led households with no spouse present). Nearly 3,000 households (7%) consist of an adult female, no spouse, and children under 18 living at home. Again, assuming Billings’ breakdown is proportional to that of Yellowstone County, this represents:

- 16,944 family households in Billings,
- 3,076 female-headed Billings’ households with no spouse present,
- 2,094 female-headed households with children under 18.

<sup>10</sup> American Factfinders: [www.census.gov](http://www.census.gov). Percentages added.

<sup>11</sup> (11,517 households containing one or more person under 18) – (10,698 family households with own children under 18) = 819.

<sup>12</sup> Assuming the 2006 Billings population is 100,000, this represents 72% of the county’s population.

Housing Characteristics

Table 11. Billings Occupied Housing Units 2005

Occupied housing units	40,526
Owner-occupied	25,842
Renter-occupied	14,684

In 2005 there were an estimated 40,526 occupied housing units in Billings. Of these, 25,842 (64%) were owner-occupied and 14,684 (36%) were occupied by renters. There were also 2,915 mobile homes (7% of the total) owned or rented in Billings.

Table 12. Owner- vs. Renter-Occupied Housing by Zip Code<sup>13</sup>

	59101	59102	59105
Owner-Occupied (2005)	7,875 (54%)	12,101 (68%)	5,866 (72%)
Renter-Occupied (2005)	6,757 (46%)	5,702 (32%)	2,225 (28%)

A 1999 estimate of the percentage of owner- and renter-occupied housing units by Billings' zip code shows that rental housing makes up a larger percentage of total housing options in zip code 59101, which contains both Central and South Billings. Roughly one-half of the housing units in this zip code is rental-based, and the rental units in this zip code account for 46% of the total rental units in the city. In comparison, in zip code 59105 (Billings Heights neighborhood), owner-occupied dwellings outnumber rental units nearly 2:1.

<sup>13</sup> 2005 estimates are constructed by multiplying the 1999 owner- and renter- percentages by zip code by the 2005 city-wide counts of owner-occupied and renter-occupied housing units.

Table 13. Gross Rent as a Percentage of Household Income<sup>14</sup>

Percentage of Rental Units	Number (Percent)
Rent < 15.0 percent of Household Income	1,125 (8%)
Rent 15.0 to 19.9 percent	1,231 (8%)
Rent 20.0 to 24.9 percent	1,769 (12%)
Rent 25.0 to 29.9 percent	2,533 (17%)
Rent 30.0 to 34.9 percent	1,165 (8%)
Rent > 35.0 percent	6,079 (41%)
Not computed	782 (8%)

Affordability is a potential problem for many Billings’ renters. As shown on Table 12, for over 40% of the area residents, rent represents at least 35% of their household income. HUD considers rental or ownership costs exceeding 30% of household income ‘a burden’ and rental costs of 50% or more of household income is considered ‘a severe burden’.

Table 14. Billings Household Income with Benefits (2005)<sup>15</sup>

	# Households (Percentage)
Total households	40,526
Income less than \$10,000	5,042 (12%)
\$10,000 to \$14,999	2,201 (5%)
\$15,000 to \$24,999	6,685 (16%)
\$25,000 to \$34,999	4,949 (12%)
\$35,000 to \$49,999	6,548 (16%)
\$50,000 to \$74,999	7,752 (19%)
\$75,000 to \$99,999	3,068 (8%)
\$100,000 to \$149,999	3,113 (8%)
\$150,000 to \$199,999	705 (2%)
\$200,000 or more	463 (1%)

<sup>14</sup> American Factfinders: [www.census.gov](http://www.census.gov).

<sup>15</sup> *ibid*

Table 15. Billings Rental Unit Distribution (2005)<sup>16</sup>

GROSS RENT	# Units (Percentage)
Less than \$200	850 (6%)
\$200 to \$299	445 (3%)
\$300 to \$499	4,088 (28%)
\$500 to \$749	5,787 (39%)
\$750 to \$999	1,990 (14%)
\$1,000 to \$1,499	961 (7%)
\$1,500 or more	61 (0%)
No cash rent	502 (3%)

This rental burden can also be seen in income distributions (see Table 13). In 2005, one-half of Billings’s households had incomes of less than \$38,711, and approximately 25% (10,585) of these households had incomes, including benefits, of under \$20,000<sup>17</sup>. At the top end of this bottom income range, with benefits accounting for even 10% of these income estimates, the burden threshold would be \$450 in rental costs per month. As shown in Table 14, there are fewer than 6,000 available units in Billings with gross rental costs of under \$500 per month.

Table 16. USA Median Household Incomes (2006 Dollars)<sup>18</sup>

	Median Income	Pct All Households
All Households	\$ 48,451	
White alone	\$ 51,429	106%
White, not Hispanic	\$ 52,375	108%
Black	\$ 32,372	67%
American Indian and Alaska Native	\$ 33,762	70%
Asian	\$ 63,642	131%
Native Hawaiiin and Other Pacific Islander	\$ 49,361	102%
Some Other Race	\$ 38,372	79%
Two or More Races	\$ 42,213	87%
Hispanic Origin	\$ 38,747	80%

This HUD-defined rental burden most probably falls disproportionately upon FH protected classes. As show in Table 16, median incomes for several race- and ethnicity-based protected classes are 80% or less of the overall household median income. Montana’s median household income is \$7,000 or 15% below the US average, which compounds the problem locally.

<sup>16</sup> *ibid*

<sup>17</sup> Assuming approximately one-half of the 16% of households in the \$15,000 to \$24,999 category had incomes in the lower half of this range.

<sup>18</sup> From Income, Earnings, and Poverty Data From the 2006 American Community Survey, Table 1.



## Summary and Discussion

Assuming Billings' population breakdown is in general consistent with the data available for Yellowstone County, the city is home to more American Indians or Native Alaskans than state or national percentages would suggest. Our population of people reporting Hispanic or Latino origin is three-times lower than national averages would predict, and the number of Blacks or African Americans is minuscule compared to Montana or USA averages. Strong population growth in Latinos and African American populations will reduce this difference. The significant growth of American Indian and Native Alaskan populations, which has a Billings' population base larger than Montana's overall base and far greater than that of the USA, suggests that this FH protected class will become more important in terms of Fair Housing protection in the future.

The largest FH Protected Class in Billings is individuals with disabilities, and as the population ages this group will continue to grow unless improvements in the health of our elderly population improves faster than the growth rate of this demographic (which is unlikely). Unlike other Protected Classes, some of these individuals need specific housing features (accessibility, etc.), which complicates the issue.

South-Central Billings is home to a disproportional percentage of the members of several FH Protected Classes, while other Billings neighborhoods have much lower representation. For example, a resident who is an American Indian or Native Alaskan is five-times more likely to live in South-Central Billings than he or she is to live in North-West Billings.

There are 4,500 or more households in Billings where housing rental costs represent a burden or severe burden. These households pay over 35% of their income in rent, and there is evidence that they include a disproportional number of some FH Protected Classes.

## Municipal Regulatory Barriers to Fair Housing

Municipal regulatory barriers to fair housing typically come from rules or regulations which affect affordability. Complex permitting processes may keep from entities from building lower-cost housing<sup>19</sup>. Infrastructure costs and fee structures can bias developers toward higher-priced, low-density projects if fees are calculated at the per-unit instead of per-acre basis<sup>20</sup>. Failing to protect existing housing stock in the face of economic development or redevelopment can lead to a disproportional disruption to fair housing protected classes<sup>21</sup>. Given this potential for regulatory barriers, the following information is based upon a review of regulations and discussions with the city/county Planning and Community Services Department.

In general, county tax burdens do not facilitate affordable housing. The high reliance upon property taxes for Yellowstone county revenues increases housing prices and decreases affordability.

There are several issues relating to zoning and annexation regulations which may impact fair and affordable housing. Excluding lot fees, the two most economical forms of new housing construction in Billings are manufactured homes and Residential Multi-Family. RMF can be more affordable than single-family construction because the land-to-structure value is lower. RMF is allowed in all commercial zones except industrial and there are several RMF developments along commercial arterials, but in recent years they are not very successful.

Existing zoning rules may inhibit affordable RMF development. At greater densities than a duplex, a development may need special zoning approval. This is due, in part, to the fact that there can be considerable community resistance to rezoning property from, say, commercial to RMF, especially if the conversion could reduce property values or change the existing character of the neighborhood.

The Zoning Commission considers the 2003 Growth Policy when evaluating a proposed zoning change<sup>22</sup>. This document contains several goals to improve area housing affordability, but has very few mentions of other fair housing issues. Several of the other zoning criteria explicitly promote low population density development over the higher densities of RMF dwellings. The recently-revised subdivision rules also offer additional clarity, but make no mention of affordable or fair housing.

Annexation presents its own problems within the area. When annexations encompass large areas, such as all of the land between two intersections, the

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<sup>19</sup> Metropolitan Council 2007, "Best Practices Review – Housing Affordability and Regulatory Barriers".

<sup>20</sup> Builders Association of the Twin Cities 2000, "Fees, infrastructure Costs, and Density:...".

<sup>21</sup> American Planning Association, Apr. 2006. "Policy Guide on Housing".

<sup>22</sup> Zoning criteria listed in the description zoning change process on the Planning & Community Services Development website: <http://ci.billings.mt.us/Government/planning/land/zone.php>.

accompanying zoning may prevent future RMF development via infill. And when this pattern repeats to the next intersection, and the next, long stretches of Billings can be effectively blocked from future affordable housing.

Other city and county regulations also impact housing affordability. Fees for water and sewer hookup create disincentives for redevelopment along Brownfields. A developer weighs the 14 cents per square foot infrastructure fees for water and sewer hookup with lower fees for development outside the service boundaries. This produces a bias towards affordable housing, when built at all, being added outside of town.

It was suggested that the existing building conservation codes increase the costs of upgrading or renovating existing housing, and in this way prevent existing structures from being added to the stock of fair and affordable housing. The remediation of existing housing can be a powerful tool for decentralizing where protected classes live, especially in established (and full) neighborhoods. The Billings building conservation codes were adopted from the Montana building conservation code.

There is a question whether the city is enforcing minimum property standards. In an analysis by the Department of Revenue, 2,500 properties, most in South or Central Billings, were rated in fair or lower conditions. As an example, a fair rating is given to properties with collapsing fences and stairs without railings. A failure to enforce property standards can facilitate redlining by allowing rental owners to disinvest in property maintenance in an area populated by protected classes<sup>23</sup>.

Manufactured and mobile home developments represent a win/lose situation for affordable and fair housing issues. As a rental unit, an existing mobile home is among the most economical local housing. As a form of home ownership, it does not build wealth in the same way as a stick-built home (since the asset deteriorates more quickly), but it does represent a step along the path of home ownership and the associated benefits.

In Billings, environmental regulations increase the difficulty in adding mobile home units. Owners of these homes have additional regulations and annual reports which must be filed to the MT Department of Environmental Quality. While it appears that the City of Billings and Yellowstone County are not overtly against manufactured housing (some of this reporting is state-mandated), the additional regulations and other hurdles faced by the developers of recent mobile home parks suggest the city and county could do more to help facilitate this form of home ownership.

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<sup>23</sup> For example, a property owner may choose not to repair rental properties where protected classes live since these individuals have limited options to move.

Zoning and regulatory issues can also affect fair and affordable housing in the area of economic development. New commercial developments can raise surrounding property values to the point where landlords and owners sell out. If some of these are moderately-priced homes, this displacement will leave more residents without an affordable place to live. The City of Billings should be commended that it is taking this process seriously in the Cabela's construction project in South Billings, where a large number of units of affordable housing could be lost if neighboring mobile home parks were razed for additional retail.

## Financial Institution Performance

Discriminatory practices may prevent FH protected classes from purchasing collateralized loans. The US Federal Reserve Banks (FRB) are tasked with collecting loan applicant information and evaluating financial institutions in order to ensure that lenders treat all potential borrowers in a legal manner. Information on Billings-area lending performance is available under the FRB's Home Mortgage Disclosure Act and Community Reinvestment Act.

### The Home Mortgage Disclosure Act Data

Based upon Home Mortgage Disclosure Act (HMDA) regulations, the Federal Financial Institutions Examination Council (FFIEC) collects data on the number and disposition of mortgage and other home-collateralized loans. Data collected includes the following:

1. Number of loan applications received
2. Number of loans approved, accepted, and issued
3. Number of loans approved but not accepted
4. Number of loan applications denied
5. Number of loan applications withdrawn
6. Number of loan applications closed due to incompleteness

This information is available aggregated at the census tract level, and reported by most of the race-based FH protected statuses as well as income level. For the purposes of this analysis CAER staff chose to evaluate the performance of White Non-Hispanic loan applicants as compared to "all others", which included most FH protected classes<sup>24</sup>.

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<sup>24</sup> Is it possible, using the HMDA data, to evaluate applications by specific races or ethnicities. However, in Billings, due to confidentiality issues, most of these specific groups had too few applications to be reported.

Table 17. Billings Mortgage Applications (2005)<sup>25</sup>

Number of Loan Applications	Apps. Received	Loans Originated	Approved but not Accepted	Apps. Denied	Apps. Withdrawn	Closed: Incomplete
Government-Backed	697	592	24	44	35	2
Conventional	3348	2422	191	404	280	51
Refinance	4517	2372	298	1017	688	142
Home Improvement	1072	600	61	299	102	10
Percentage						
Government-Backed		85%	3%	6%	5%	0%
Conventional		72%	6%	12%	8%	2%
Refinance		53%	7%	23%	15%	3%
Home Improvement		56%	6%	28%	10%	1%

Table 17 presents the aggregated loan application data from 107 Billings financial institutions for the census tracts covering Billings. In 2005 there were 697 loan applications for FHA, FSA/RHS, or VA mortgages; 3,348 conventional mortgage applications, 4,517 applications for mortgage refinances, and 1,072 home improvement loan applications. The success rate for these applications ranged from 85% for the government-back loans to slightly more than one-half (53%) for refinance loans. Overall denial rates ranged from 6% for the government-backed loans to 28% for the home improvement loans.

<sup>25</sup> <http://www.ffiec.gov/hmdaadwebreport/AggTableList.aspx>

Table 18. Billings - Government-Backed Loan Approval/Denial (2005)

Race/Sex of Applicant	Loans Approved (Percentage)	Loans Denied, Withdrawn, Abandoned,
White Non-Hispanic (Total)	561 (88.6%)	72
Male	172 (89.1%)	21
Female	102 (87.9%)	14
Joint	287 (88.6%)	37
Other (Total)	55 (85.9%)	9
Male	6 (85.7%)	1
Female	10 (83.3%)	2
Joint	39 (86.7%)	6
<b>Income</b>		
LT 50% MSA Median	57 (80.3%)	15
50-79%	206 (90.0%)	22
80-99%	133 (86.4%)	21
100-119%	92 (91.1%)	9
120% or More	114 (89.1%)	14
Not Available	18 (85.7%)	3
<b>Sex</b>		
Female	112 (87.5%)	16
Male	178 (89.0%)	22

In order to evaluate the possibility of discriminatory lending practices, CAER staff created two new variables; an Approval variable which contained the sum of the number of loans originated (which implies it was approved) with the number of loans approved but not accepted, and a Not Approved variable which held the sum of the number of loan applications denied, withdrawn, or abandoned. By comparing Approval and Not Approved values one can evaluate lending institution behavior.

Table 18 shows the success rate of individuals FH protected classes in receiving government-backed loans. Overall, there was an 89% success rate in these applications. When looking at income level, the success rate for government-backed mortgages show a general trend of higher success rates for the higher incomes. And comparing by sex shows that male and female applicants had very similar success rates.

Using this data, we fail to find statistically-significance of loan approval vs. non-approval rates for White Non-Hispanic vs. Other or Female vs. Male. Testing loan success rates by income levels also did not identify a significant difference (Chi-Squared Test  $p=0.091$ ).

Table 19. Billings - Conventional Mortgage Loan Approval/Denial (2005)

Race/Ethnicity/Sex of Applicant	Loans Approved	Loans Denied, Withdrawn, Abandoned,
White Non-Hispanic (Total)	2486 (78.4%)	686
Male	631 (72.9%)	235
Female	487 (76.0%)	154
Joint	1368 (82.2%)	297
Other (Total)	127 (72.2%)	49
Male	19 (54.3%)	16
Female	22 (57.9%)	16
Joint	86 (83.5%)	17
<b>Income</b>		
LT 50% MSA Median	139 (53.1%)	123
50-79%	458 (71.9%)	179
80-99%	358 (74.9%)	120
100-119%	396 (79.0%)	105
120% or More	1293 (80.2%)	319
Not Available	138 (78.9%)	37
<b>Sex</b>		
Female	509 (75.0%)	170
Male	650 (72.1%)	251

Evaluating the 2005 data for convention mortgage loan applications in Billings, one can see differences in the success rates for some white non-Hispanic applicant categories compared to the “Other” category. For example, as shown in Table 19, Male or Female White Non-Hispanic applicants were nearly 20 percentage points more likely to be approved for a conventional mortgage than were Male or Female “Other” applicants. The difference in approval rates for White Non-Hispanic vs. “Other” falls just short of statistical significance (Fisher’s Exact t-Test  $p=0.061$ ). Similarly, the difference in Male-Female success rates is also not statistically-significant ( $p=0.227$ ).

Some or all of these perceived race- or ethnicity-based differences are probably due to lower average incomes or credit scores for these groups. Conventional loan approval rates increase as income increases, and this trend is statistically-significant (Chi-squared test  $p<0.001$ ). An applicant with a household income of less than 50% of the median income had a 50-50 chance of approval, while applicants from household incomes 20% or more above the Billings MSA median were approved three time out of four. More evidence of this is the fact that for Other applicants, Joint filers – which implies dual incomes – were 25 percentage points more likely to be approved than male or female filers.



Table 20. Billings - Mortgage Loan Refinancing Approval/Denial (2005)

Race/Sex of Applicant	Loans Approved (Percentage)	Loans Denied, Withdrawn, Abandoned,
White Non-Hispanic (Total)	2521 (59.7%)	1705
Male	562 (50.8%)	544
Female	449 (57.9%)	326
Joint	1507 (64.4%)	832
Other (Total)	149 (51.2%)	142
Male	27 (39.7%)	41
Female	18 (48.6%)	19
Joint	102 (56.0%)	80
Income		
LT 50% MSA Median	181 (40.5%)	266
50-79%	545 (50.6%)	532
80-99%	461 (59.0%)	321
100-119%	328 (52.1%)	302
120% or More	1161 (60.2%)	766
Not Available	200 (68.3%)	93
Sex		
Female	467 (57.5%)	345
Male	589 (50.2%)	585

The overall approval (and acceptance) rate for mortgage loan refinancing was 53% in 2005. As shown on Tables 20, White Non-Hispanic applicants were more likely to be approved (53% compared to 43%) and this difference was statistically significant (Fisher's Exact t-Test  $p=0.005$ ). Similarly, the difference between male and female applicant success rates was highly significant (Fisher's Exact t-Test  $p=0.001$ ), showing that male applicants were more likely to be approved than female applicants.

But as in the case of conventional mortgage loans, income differences may explain some or all of these differences. Lower income classifications were correlated with lower success rates, and the reported income levels show statistical-significance (Chi-squared Test  $p<0.001$ ).

Table 21. Billings - Home Improvement Loan Refinancing Approval/Denial (2005)

Race/Sex of Applicant	Loans Approved (Percentage)	Loans Denied, Withdrawn, Abandoned,
White Non-Hispanic (Total)	623 (62.6%)	373
Male	122 (51.9%)	113
Female	117 (56.8%)	89
Joint	381 (69.1%)	170
Other (Total)	38 (50.0%)	38
Male	5 (41.7%)	7
Female	7 (41.2%)	10
Joint	26 (55.3%)	21
<b>Income</b>		
LT 50% MSA Median	71 (51.4%)	67
50-79%	148 (55.8%)	117
80-99%	109 (53.2%)	96
100-119%	92 (53.5%)	80
120% or More	276 (67.0%)	135
Not Available	21 (75.0%)	7
<b>Sex</b>		
Female	124 (55.6%)	99
Male	127 (51.4%)	120

The performance of home improvement loan in 2005 show statistically-significant differences in loan approval rates and income distribution. As shown in Table 21, the "Other" category, which includes FH protected classes, were less likely to be approved for a home improvement loan (Fisher's Exact t-Test  $p=.037$ ), and there were statistically-significant differences in the approval rates of applicants from different income levels (Chi-squared Test  $p<0.001$ ). Approval rates for Female White Non-Hispanics were 15 percentage points more likely to be approved, but this was not significant as were White Non-Hispanic applications filing jointly compared to FH protected classes filing jointly.

Comparison with National Averages

In order to compare the performance of Billings-area mortgage loan institutions with national averages, national-level HMDA data was collected and analyzed using the same methodology as used for the Billings data. Using the results of this national-level analysis, we constructed a table showing the applicant/loan type pairs where the success rate of Billings lenders was at least as high as the national-level success (and in many cases much higher)<sup>26</sup>.

Table 22. Applicant/Loan Types Where Billings Performs At Least As Well As the National Averages (2005)

Race/Sex of Applicant	Gov. Backed	Conventional Mortgages	Refinanced Loans	Home Improvement
White Non-Hispanic (Tot)	X	X	X	X
Male	X	X		X
Female	X	X	X	X
Joint	X	X	X	X
Other (Total)	X	X		X
Male	X	X		X
Female	X	X		X
Joint	X	X	X	X
<b>INCOME</b>				
LT 50% MSA Median	X			X
50-79%	X	X	X	X
80-99%	X	X	X	X
100-119%	X	X		X
120% or More	X	X	X	X
Not Available	X		X	X
Female	X	X	X	X
Male	X	X	X	X

As shown in Table 22, Billings lenders approved a larger percentage of government-backed and home improvement loans than did US lenders overall. For conventional mortgages, Billings lenders approved as large of a percentage of loans for all applicant categories, but a smaller percentage of loans to the lowest income category and for applicants where income data was not available<sup>27</sup>.

<sup>26</sup> Since we did not construct confidence intervals for each applicant/loan pair, this analysis did not identify the applicant/loan type pairs where Billings’ performance was truly superior.

<sup>27</sup> In the case of applicants with income less than 50% of the median, the difference was small (53% compared to 56%) and is possibly not statistically significant. In the case of applicants where income data was not available, the difference was larger (68% vs. 57%).

In the mortgage loan refinancing category, a smaller percentage of male and female applicants in the Other category were approved in Billings than the national average. However, the applicant success for joint applications of either applicant group was similar to national averages. Also, when these applicants are evaluated based upon income, with the exception of those in the 100%-119% of median income class (where it was close), applicant approval rates are at least as high as they are for the US as a whole.

Statistical Analysis

In order to identify other possible patterns of lending discrimination, CAER staff used statistical analysis to evaluate whether there were significant differences between the success rates for the following comparisons:

- White Non-Hispanic vs. Other
- Male vs. Female
- White Non-Hispanic Male vs. Female
- Other Male vs. Female
- White Non-Hispanic Male vs. Other Female
- White Non-Hispanic Applying Jointly vs. Other Applying Jointly

Fisher’s Exact t-Tests were computed for each comparison. This test determines the probability that the differences between the success rate of one class (in this analysis either White Non-Hispanics or Males) and the failure rate of the other class (Other or Females) was solely due to chance. Probabilities below 0.05 are evidence that the difference between application success rates is statistically-significant.

Table 23. Results of Fisher’s t-Test Analysis of Billings Application Success Rates

	Government Backed	Conventional	Refinance	Home Improvement
White N-H vs. Other	$\rho = 0.319$	$\rho = 0.035$	$\rho = 0.003$	$\rho = 0.021$
Overall Male vs. Female	$\rho = 0.403$	$\rho = 0.115$	$\rho = 0.999$	$\rho = 0.842$
White N-H: Male vs. Female	$\rho = 0.442$	$\rho = 0.923$	$\rho = 0.999$	$\rho = 0.869$
Other: Male vs. Female	n.a.	$\rho = 0.708$	$\rho = 0.862$	$\rho = 0.637$
White N-H Male vs. Other Female	$\rho = 0.399$	$\rho = 0.037$	$\rho = 0.463$	$\rho = 0.273$
White N-H Joint vs. Other Joint	$\rho = 0.431$	$\rho = 0.676$	$\rho = 0.015$	$\rho = 0.039$

As shown in Table 23, for Conventional, Refinance, and Home Improvement mortgage-backed loans, there were statistically-significant differences in the overall approval rates of White Non-Hispanic applicants compared to Other applicants. In each case a higher percentage of White Non-Hispanic applicants were approved than were Other applicants. Similarly, for Refinancing and Home Improvement financial instruments, White Non-Hispanic Joint applicants were approved with greater frequency than Other Joint applicants, and this difference was statistically significant. Also, in the

Conventional mortgage market, White Non-Hispanic Male applicants were approved more frequently than Other Female applicants, and this difference was statistically-significant.

CAER staff also evaluated the statistical significance of how loan application success rates varied with higher income levels. This was necessary since many FH protected classes have lower median income levels than White Non-Hispanics and applicant income is a significant determinant of loan scoring<sup>28</sup>. For Conventional, Refinance, or Home Improvement loans, the Chi-squared analysis showed a statistically-significant difference in application success rates by income level. Applicants reporting higher incomes had higher application success rates.

Given the results of these statistical tests, one cannot definitively identify racial or ethnic bias in these collateral-backed housing loans. Government-backed loans show no significant evidence of racial or ethnic biases. While differences in success rates exist for Conventional, Refinance, and Home Improvement loans, they may be due to the lower average incomes of FH protected classes compared to the White Non-Hispanic applicant.

Table 24. Reason for Billings Mortgage Loan Denial

	Debt-to-Equity Ratio	Empl. Hist.	Credit Hist.	Collat.	Insuf. Cash	Unverif. Info.	Credit Ap. Incompl.	Mort. Insur. Denied	Other
Percentage of Denied Applicants.	12%	1%	28%	13%	2%	5%	9%	<1%	30%

The FFEIC also reports on the reported reasons for credit denial. As shown on Table 24, overall, 28% of those denied credit in Billings in 2005 were denied based upon credit history and another 12-13% were denied based upon insufficient equity compared to debts or insufficient collateral. This data is provided for various races or ethnicities, but this information was too sparse to permit CAER staff to analysis race- or ethnicity-based breakdowns.

### Subprime Mortgage Loans

The recent problems in the subprime loan markets present another area of possible disparate impact upon FH protected classes. Subprime loans typically have adjustable rates (ARMs) and/or higher interest rates, balloon payments, or other exotic features which make the holder more vulnerable to economic downturns. They also tend to be given to individuals with lower credit scores. In 2004 in Billings, 7% of the conventional home purchase mortgages were filled by subprime lenders, as were 16% of the conventional refinancing loans<sup>29</sup>.

<sup>28</sup> As is such factors as credit score.

<sup>29</sup> HMDA data from [www.dataplace.org](http://www.dataplace.org).

While there are several reasons why a borrower will chose a subprime lender and subprime mortgage loan, it is reasonable to assume that the main reason is because the borrower does not qualify for a conventional mortgage loan. However, in Billings in 2005, there is evidence that even a high income was not sufficient to qualify for a prime mortgage. High income Whites were denied conventional mortgage loans 9% of the time, while high-income Asians and Native Americans were denied 33% and 17% of the time respectively. As show in Table 7, there are many cited reasons for a mortgage application being denied. It is possible that these high income individuals were already under too much debt, had poor credit ratings, or low collateral.

The highest census-tract level concentration of subprime lending was in South Billings (Census Tracts 3), with over one-third of the conventional home mortgages written by subprime lenders. Tract 9.01, also in South Billings

Table 25. Percentage of Refinancing Mortgage Loans Filled by Subprime Lenders, 2004.

	White	African Amer/B lack	Asian	Hispanic Origin	Nat. Amer	Mixed Race	Other Race
Percentage of Subprime Refinance Loans	15%	20%	0%	48%	34%	21%	33%

As shown in Table 25, almost all FH protected classes for which data was available were more likely to receive their conventional refinancing mortgage loans from a subprime lender than were white borrowers. Native American borrowers were twice as likely to use subprime lenders than white borrowers, and borrowers of Hispanic origin were three times more likely to take out a subprime mortgage than Whites.

### The Community Reinvestment Act

Provisions of the Community Reinvestment Act (CRA) require banks to be evaluated and graded on how well they serve the lending needs of their local area<sup>30</sup>. One area of evaluation is evidence of discriminatory lending practices. As of 2006, the CRA has evaluation posted for 17 financial institutions in the Billings MSA. Using the most recent evaluation for each institution, two institutions are rated as Outstanding, 14 are rated Satisfactory, and one was rated as Needing Improvement<sup>31</sup>.

<sup>30</sup> <http://www.ffiec.gov/cra/default.htm>

<sup>31</sup> This evaluation was dated 1992 and no further ratings exist for this institution.

## Conclusion

In Billings, the percentage of loans approved for Fair Housing protected classes is in most cases at least as high as the national averages. However, some Fair Housing protected classes who apply for conventional mortgages, refinancing, or home improvement mortgage loans are less likely to be approved than are white, non-Hispanic applicants, and this difference is statistically-significant. The HMDA data show that application success rates are strongly associated with household income, both for Billings and the US overall. When evaluated either based upon income levels or joint applications (where it is assumed household income is relatively higher), higher incomes show higher success rates. Therefore, given the lower median incomes for most FH protected class applicants, and the importance of income in loan approval, these differences in application success rates shown in the HMDA data does not show widespread discriminatory lending practices.

Even with this conclusion, there are reasons for concern. The higher denial rates for some FH protected classes seeking conventional mortgages, even with high incomes, suggests more attention may need to be placed upon helping individuals and households develop or repair their credit. The reliance upon subprime lenders to provide mortgage loans to FH protected classes is a double-edged sword. It is unclear if, given lower incomes and possibly lower credit scores, these individuals had any alternative to the subprime market. In this way these lenders served an important role in increasing home ownership rates within the FH protected classes.

However, these loans can present more problems for these households. In the past decade 10% or more of these loans end in default by the borrower. Scheduled ARM adjustments are estimated to soon add hundreds of dollars to mortgage payments. Payment delinquency leading to foreclosure, with the possibility of bankruptcy, can seriously harm an individual's credit rating for a number of years.

Fair Housing Complaints Made to Montana Fair Housing Inc.

Montana Fair Housing (MFH) is a non-profit organization which responds to allegations of housing discrimination and is one of the main conduits for Billings' residents' complaints<sup>32</sup>. Discrimination allegations received by Montana Fair Housing are investigated, and MFH assists in referring seemingly valid complaints to the proper state or local legal venue.

Table 26. Allegations of Fair Housing Discrimination: 2002-2006

	2002	2003	2004	2005	2006
Age	6	4	0	0	1
Design/Construction	0	1	1	0	1
Familial Status	18	17	13	8	8
Gender	7	5	5	0	0
Harassment	2	4	1	2	0
Latino	1	0	0	0	0
Marital Stat.	3	6	0	0	5
Mental Disability	6	9	15	9	17
Origin	15	19	12	9	8
Phys. Disability	9	8	7	6	15
Race	7	8	9	6	8
Religion	0	0	0	0	1
Retaliation	0	0	0	0	1
Total	74	81	63	40	65

Ms. Pam Bean of Montana Fair Housing provided summary information on the 323 Billings area housing discrimination allegations handled by her organization in the years 2002 through 2006. This information is shown on Table 26. The total number of allegations per year ranged from 40 to 81, with an average of 65 allegations filed per year.

<sup>32</sup> <http://www.fairhousing.montana.com/>.



Table 27. Statistics on Allegations of Fair Housing Discrimination: 2002-2006

	Total	Average
Familial Status	64	12.8
Origin	63	12.6
Mental Disability	56	11.2
Phys. Disability	45	9.0
Race	38	7.6
Gender	17	3.4
Marital Status	14	2.8
Age	11	2.2
Harassment	9	1.8
Design/Construction	3	0.6
Latino	1	0.2
Religion	1	0.2
Retaliation	1	0.2

An analysis of FH allegations by discrimination type shows that complaints of Familial Status or National Origin discrimination were the most frequent, with an average of nearly 13 complaints per year (see Table 27). Allegations of discrimination based upon mental or physical disabilities averaged 11 and 9 instances per year respectively, and allegations of racial discrimination averaged almost eight cases per year. Cumulatively, over 80% of the complaint allegations in 2002-2006 were Familial Status, National Origin, Disabilities, or Race.

## HUD Enforcement of Fair Housing Regulations and HUD Research

As part of this analysis, CAER staff prepared and submitted a Freedom of Information Act (FOIA) request to the Region VII Office of the U.S. Department of Housing and Urban Development (located in Denver, CO.). A copy of HUD's response and the data sheets provided are included in Appendix A. The FOIA request asked for the number and types of discrimination investigations conducted or in progress in Billings Montana since 2002.

The information provided for each case included the following:

- Names of the plaintiffs (not listed for active cases)
- Filing date
- Complaint type
- Closing date
- Reason for closure

The data provided lists a large number of complaint types. Billings complaints fell into the following general categories:

- Refusal to Rent or Negotiate Rentals
- Discriminatory Ads or Statements
- False Availability in Rentals
- Discrimination in Terms/Conditions or Agreements
- Coercion
- Non-Compliance in Design or Construction
- Failure to Make Reasonable Accommodations

Table 28. Summary of HUD Enforcement Activities 2002-2007

Type of Complaint	Year Filed						Total
	2002	2003	2004	2005	2006	2007*	
Refusal to Rent	3	1	3	2	2	2	13
Refusal to Negotiate Rental	1	0	0	0	0	0	1
Discrim. Ads, Statements	4	0	0	1	0	1	6
False Avail.: Rental	0	0	0	0	1	0	1
Discrim. Terms, Cond.	1	1	3	0	1	1	7
Discrim. in Terms/Agree.	7	4	1	2	2	0	16
Coercion	1	2	1	1	1	0	6
Non-Compliance: Design/Constr.	0	0	11	0	0	0	11
Reasonable Accommodations	2	2	1	4	3	1	13
<b>Total</b>	<b>19</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>10</b>	<b>5</b>	<b>74</b>

Table 28 summarizes the number of cases filed in 2002-2006 and partial results for 2007<sup>33</sup>. There were a total of 74 cases filed, with the number of cases opened each year ranging from 19-20 in 2002 and 2004 to 10 cases in 2003 and 2005-2006. One or more complaint concerning Refusal to Rent or Reasonable Accommodations was filed in each year. Discrimination in Terms & Conditions or Terms & Agreements complaints was filed in five out of the six possible years. It is obvious that Non-Compliance in Design and Construction was a HUD enforcement priority in 2004, since all 11 cases were filed in that year.

Table 29. Frequency of Fair Housing Complaints Filed 2002-2007

Type of Complaint	# Complaints (% Complaints)
Discrim. in Terms/Agree.	16 (22%)
Refusal to Rent	13 (18%)
Reasonable Accomod.	13 (18%)
Non-Compliance: Design/Constr.	11 (15%)
Discrim. Terms, Cond.	7 (9%)
Discrim. Ads, Statements	6 (8%)
Coercion	6 (8%)
Refusal to Negotiate Rental	1 (1%)
False Avail.: Rental	1 (1%)

Overall, Discrimination in Rental Terms and Agreements was the most frequent complaint, with 16 cases opened between 2002 and 2007. Refusal to Rent and Failure to Make Reasonable Accommodations complaints were each filed 13 times, and Non-Compliance: Design and Construction cases were filed 11 times. Discriminatory Terms & Conditions, Discriminatory Ads or Statements, and Coercion each represented a little less than 10% of the

<sup>33</sup> As of mid-May, 2007.

cases, and there was one complaint each for Refusal to Negotiate Rental and False Availability in a Rental.

Summing related categories, it appears that problems associated with a physical rental structure or how it is used by the tenant were the reason for one-third of the total complaints, while another one-third of the complaints pertain to the perception of discrimination in the rental or tenancy agreement.

Table 30. Complaints Filed by Fair Housing Protected Class 2002-2007

	Year Filed						Total (Percentage)
	2002	2003	2004	2005	2006	2007*	
Black	1	0	0	0	1	0	2 (2%)
Native Amer.	1	1	0	0	2	0	4 (4%)
Female	0	6	0	0	2	0	8 (8%)
Harassment	0	5	0	0	0	0	5 (5%)
Hispanic	0	0	0	0	0	0	0 (0%)
Mental	3	0	4	8	6	3	24 (26%)
Physical	8	5	12	6	2	2	35 (38%)
Religion	0	0	0	0	0	0	0 (0%)
Retaliation	2	0	0	0	0	0	2 (2%)
Familial Status	4	2	4	0	0	2	12 (13%)
Total <sup>34</sup>	19	19	20	14	13	7	92 (100%)

An analysis of complaints made show that nearly two-thirds of the complainants were protected due to Mental or Physical disabilities (see Table 3). Familial status was reported in 13% of the cases, and fewer than 10% of the cases referenced any of the other protected classes.

<sup>34</sup> Totals are greater than the number of complaints because some of the complaints referenced more than one protected class.

Table 31. Listed Reason for Closing Complaints 2002-2007

	Jurisdiction	No Cooperation	Withdraw W/O Resolution	Closed: in Trial	Resolved: Agreement	Resolved: Withdrawn	No-Cause	Consent Order	Total (Pct.)
Refusal to Rent	0	0	1	0	7	1	3	0	12 (17%)
Refusal to Negotiate Rental	0	1	0	0	0	0	0	0	1 (1%)
Discrim: Ads, Statements	0	0	0	0	5	0	0	0	5 (7%)
False Avail.: Rental	0	0	0	0	0	0	1	0	1 (1%)
Discrim. Terms and Conditions	0	0	0	0	4	0	3	0	7 (10%)
Discrim. in Terms/Agree.	0	3	1	0	6	1	5	0	16 (23%)
Coercion	0	0	0	1	1	1	3	0	6 (9%)
Non-Compliance: Design/Construct.	1	0	2	0	3	0	1	1	8 (12%)
Reasonable Accomod.	0	3	1	1	4	0	4	0	13 (19%)
Total	1	7	5	2	30	3	20	1	69 (100%)

During the same time period HUD reports that 69 fair housing complaints were closed. As shown on Table 31, in 30 cases (43%) the resolution was an agreement between the parties. In 20 cases (29%) investigation were unable to find cause for the complaint. A lack of cooperation was the listed closure status for 7 cases (10%).

Table 32. Complaint Resolution by FH Protected Status Summary

	# Cases Closed		
	Total	Net No-Cause	Net No Cause, Failed to Cooperate, or Withdrawn
White	0	0	0
Black	2	2	0
Native Amer.	4	0	0
Asian	0	0	0
Male	0	0	0
Female	8	1	0
Harassment	5	0	0
Color	0	0	0
Hispanic	0	0	0
Mental	24	19	16
Physical	32	26	17
Religion	0	0	0
Retaliation	2	2	2
Familial Status	10	9	8
Total	87	59	43

Table 32 shows the reported reason why cases were closed for relevant FH protected classes. The third and fourth columns of Table 5 show the number of remaining cases after subtracting the number of cases found to be without cause (column 3) or No Cause/Failure to Cooperate/Case Withdrawn (column 4).

Between 2002 and 2007, 28 (32%) of the Billings discrimination cases were found to not be FH discrimination and thus closed. This included 100% of the cases filed on behalf of Native Americans or people claiming Harassment, 88% of the cases filed on behalf of Females, 25% of the cases involving Mental classes, and 19% of the cases involving Physical classes.

From the data provided it is impossible to know how many of the cases closed for No Cause were in fact closed due to a lack of evidence. Similarly, one cannot tell from the information provided if cases closed due to No Cause, Failure to Cooperate, or Withdrawn were actual discrimination. What the data does show that less than 50% of the cases closed between 2002 and 2007 reached some type of resolution. Of these 33 (77%) were due to FH discrimination towards physical or mental protected classes and 19% were due to discrimination complaints based upon Familial Status.

## The HUD Housing Discrimination Study of 2000

The Housing Discrimination Study (HDS) which was started by HUD in 2000 include Billings, Great Falls, and Missoula in the list of cities studied<sup>35</sup>. HUD use 'secret shoppers' to see if Native Americans experienced discrimination when seeking housing. In Billings, 50 rental tests were conducted out of 121 tests in Montana and 297 tests overall. While there were also sales tests conducted in other states, there were no secret shoppers for home purchasing used in Montana.

In the Phase III report, HUD states that "... American Indian renters were significantly more likely to be denied information about available housing units than comparable whites. Other forms of adverse treatment were generally not statistically significant." The effect of this steering is to reduce the likelihood that a Native American will end up living in some parts of the community (the ones they are steered away from) and typically means these individuals will end up concentrated in particular neighborhoods despite having the income and desire to live elsewhere.

The HDS also evaluated discrimination against several other FH protected classes, including African Americans and Hispanics. These tests did not include Billings or Montana, and focused upon larger urban areas, but they are still worth mentioning. Hispanic renters faced discrimination in one-quarter of the tests, and this level of discrimination (again mainly steering) has not changed since a previous test in 1989. Both Hispanic and African Americans homebuyers experienced discrimination, but the level of discrimination against African Americans fell compared to the previous study.

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Discrimination in Metropolitan Housing Markets: National Results from Phase 1, Phase 2, and Phase 3 of the Housing Discrimination Study (HDS), found at <http://www.huduser.org/publications/hsgfin/hds.html>.

## Focus Group Results

In August, 2007, two focus groups were held in order to identify and develop FH issues. There were a total of 20 participants in the two sessions, with participants including representative of FH advocacy organizations and property managers. The focus groups were led by CAER staff. General questions were asked to start the conversation, but the topics were allowed to flow as long as the talk was felt to be germane to fair housing issues.

Based on information conveyed by the focus groups, the following potential impediments to fair housing in the Billings area were identified:

**Income and credit history-** In many instances, it may appear that a protected class is being discriminated against but the real reason is concern on the part of the landlord about the potential tenant's ability or willingness to pay rent. Since many of the protected classes in Billings have a lower median income, these individuals perceive that they are being discriminated against when ability to afford the rent is really the issue. A potential tenant's rental history is also used by landlords. Landlords are leery about renting to tenants that have poor credit and a poor rental history. Unfortunately, many of these potential tenants are protected classes.

When the inventory of available housing shrinks, as when there is a refinery project which calls for a large number of temporary workers, property owners can enforce higher standards as to who to rent to.

**Conflicting Obligations of Property Managers** Property managers are concerned about their obligation to the owner of the property. There are conflicts between trying to be responsible to the property owner and trying to live up to the fair housing laws. Damage to the property can occur if too many people are occupying too little space, but technically the law says that you can't deny a family that has 6 kids the opportunity to rent, even if it is a 2 bedroom apartment. In addition, child safety issues may exist for a particular property, but safety issues may also be used to disguise FH violations based upon familial status.

**Landlord Liability** There is a concern for landlords and property managers with respect to renting property to people with criminal records or addiction issues. Since addiction may be considered a protected disability, property managers cannot discriminate in renting, but this can cause significant problems in a neighborhood and serious liability concerns for landlords should these tenants re-offend within the neighborhood. Drug addiction issues may increase the likelihood that the property could be used as a drug lab or that drugs may be dealt out of the home. Landlords and managers feel they have legitimate concerns about whether they could be named in a legal action.



**Difficulty in Reporting Violations** There is the feeling that there is a lack of easy reporting of Fair Housing violations. There appears to be no central source that the general public can find easily. People are unsure of the process and are fearful that if they report a violation, other landlords will be unwilling to rent to them. For example, on the city of Billings website, there is no clear option to report a fair housing complaint. There is a link to HUD through the Community Development page but this is difficult to find. Under the Living page, there is no link to Fair Housing.

**Lack of Local Authority** There is no authority within the city to determine whether violations are occurring or whether the problems are not fair housing violations. There is no readily known community group or local Fair Housing board to report violations to. The "Did You Know" columns in the paper are a start but many people don't get the paper and therefore don't see these.

**More Education Needed** Many felt that more education for landlords is necessary, especially for the small "Mom and Pop" landlords. Suggestions were made to provide incentives for landlords to attend the training in the form of a credit on the water bill for one to two months. Licensing of landlords was suggested but they were unsure of how to implement or enforce this.

Some attendees were concerned that at City Council meetings, comments have been made that indicate a lack of understanding on the part of the council about fair housing. Suggestions were made to educate city council members about the protected classes for fair housing.

Education for landlords and property owners should include cultural awareness and what types of information may be asked for and used to make the rental decision. Education for potential renters should include what information to be ready to provide to the property manager or landlord.

**Failure to Make Complaints** Individuals who believe they have been discriminated against must be willing to file complaints (and carry them through). However it is felt that protected classes do not file because these individuals fear retaliation or even homelessness. In addition, individuals may hesitate to complain to an out-of-town agency such as Montana Fair Housing or HUD.

**The Tracking of Complaints** Focus group members did not know how to track fair housing complaints and responses. There was also no clear statistical evidence that fair housing education reduces the number of fair housing violations.

**Misleading Advertising** People with disabilities (primarily physical) are being misled about the availability of accessible housing. Housing is being advertised as accessible but really isn't. Part of the existing supply of accessible housing is being rented by individuals without disabilities, reducing

the pool of available, accessible housing for those with disabilities. Fair housing protected classes have significant difficulty finding usable housing. There are also sometimes similar issues with service animals.

## Fair Housing Telephone Survey

In July and August, 2007, CAER staff conducted a telephone survey of representatives of those agencies, organizations, and businesses who are affected by fair housing regulations. The questions asked were determine how these individuals, who represented the companies, agencies, and organizations which come into contact with individuals who may face housing discrimination, viewed Billings' area fair housing issues. (A copy of the survey instrument is included in an appendix of this document.) Out of the 70-plus individuals and organizations identified, CAER staff was able to contact 50 individuals from the identified groups who were able and willing to take the survey.

The summarized survey results are presented below. Every respondent did not respond to every question, and the reported percentages are based upon the number of individual who did choose to answer each question.

Question 1. In your opinion, compared to five years ago, the fair housing situation in Billings is:

Better	Worse	Same
40%	11%	45%

Only 11% of those surveyed felt that, compared to five years ago, the fair housing situation in Billings was deteriorating. Nearly one-half reported that the situation was about the same and 40% reported that it was improving.

Question 2. Are you aware of anyone experiencing discrimination in obtaining housing in Billings in the past five years?

Overall, only one-quarter (26%) of the respondents reported being personally aware of someone in the past five years facing discrimination in finding housing in Billings.

Question 2a. If you answered yes to Question 2, which of the following was the reason for the discrimination?

Reason	Pct.
Race	13%
Disabilities	11%
National Origin	9%
Familial Status	6%
Age	4%
Sex	4%
Marital status	2%
Religion	0%

The types of discrimination that these individuals reported varied, with no single protected group being identified by more than a handful of the respondents. This was due to the small sample size who answered this question.

Question 3. Are you aware of anyone experiencing the following in Billings in the past five years?

Reason	Pct.
Provider refused to deal	17%
Provider/Lender directed to certain neighborhoods	17%
Refusal to make reasonable accommodations	17%
Other negative experiences	17%
Falsely denied available housing	13%
Provider offered different conditions for sale or rental	13%
Discriminatory Advertising	4%
Mortgage lender discriminated in denying mortgage	2%

When asked about awareness of the types of actions which are may represent housing discrimination, respondents most frequently identified housing provider and/or lenders refusing to sell or deal, directing individuals to specific neighborhoods, refusing to make reasonable accommodations, or other negative experiences. Seventeen percent of the respondents reported each of these potential types of discriminatory actions.

Question 4. Of the incidents of housing discrimination you are aware of, what action was taken, if any?

Action Taken	Pct.
Reported to Montana Fair Housing	23%
Contacted Montana Legal Services	13%
Reported to HUD Office of Fair Housing and Equal Opportunity	11%
Contacted Billings Community Housing Resource Board	6%
Contacted other organizations	6%
Reported to Billings Human Relations Commission	2%

In approximately one-quarter of the possible housing discrimination incidents reported by those surveyed, the incident was reported to Montana Fair Housing, and in another 13% the incident was reported to Montana Legal Services. In 11% of the incidents the issue was reported directly to the HUD office on Fair Housing.

Question 5. Do you think that some fair housing violations in Billings are not reported?

When asked if they thought that some FH violations were not reported, 87% of those surveyed said "Yes".

Question 5a. What do you think are the reasons people do not report incidents of housing discrimination?

Reasons	Pct.
Don't know where/how/that they can do.	46%
Fear of retaliation.	29%
Powerless to do anything, it won't be fixed.	22%

The most frequent responses to reasons for violations not being reported were related to idea that those individuals being discriminated against did not know where to go, what to do, or even that the incident was actionable. 29% of the individuals reported that a fear of retaliation was the cause. And in 22% of the answers the general concept was that the possibly injured parties felt powerless to complain or that complaints would not lead to action.

Question 6. What are the best ways of communications with the people your organization services regarding fair housing rights?

Method	Pct.
Face-to-face meetings	48%
Make Media Available	39%
Classes and meetings	30%
Direct Marketing	20%

This question asked the respondent about the best methods of communicating FH information to people in his or her organization. Nearly one-half of those surveyed mentioned one-on-one contact or personal meetings. In around 40% of the cases the respondents identified strategically-located brochures, posters, or informational packets. For 30% of those surveyed classes or meetings were the best way to make contact with this information, and direct marketing, via mail or email, was the preferred method for 20%.

Question 7. In your opinion, what actions should be undertaken in Billings to address fair housing discrimination?

Action	Pct.
Education	64%
Access for tenants	9%
Enforcement	9%

Around 2-3rds of those surveyed identified education as the best way to address fair housing discrimination in Billings. Access, such as a confidential place to file complaints (or a hotline) was mentioned by 9% of respondents, and visible enforcement of FH discrimination cases were identified by another 9%.

Question 8. Who should be responsible for taking these actions (as you defined in the previous question)?

Who should be responsible?	Pct.
City of Billings	30%
Landlords or Real Estate Agencies	19%
Montana Fair Housing	17%
Other Levels of Government	13%

Thirty percent of those questions identified the city of Billings as the entity that should be responsible for fair housing issues. Nearly 20% of the respondents identified buyer or lender organizations, landlords and property managers as who should be responsible. 17% of those surveyed identified

Montana Fair Housing, and in 13% of the answers state or federal government entities were mentioned.

Question 9. Please evaluate the following as an impediment to fair housing in Billings. (Yes/No/Don't Know)

Impediments	Pct.
Lack of knowledge among residents regarding fair housing.	79%
Lack of knowledge among small LLs/prop. mgrs. regarding fair housing.	68%
Income levels of minority and female-headed households.	60%
Limited funding for fair housing activities.	60%
Concentration of minority households in certain neighborhoods.	47%
Lack of mixed-density zoning.	40%
Lack of knowledge among large LLs/prop. mgrs. regarding fair housing.	38%
Lack of adequate zoning for manufactured housing.	36%
Lack of local organization devoted to fair housing investigation/testing.	36%
Other	28%
Lack of knowledge among Realtors regarding fair housing.	21%
Lack of knowledge among bankers/lenders regarding fair housing.	17%
Lack of knowledge among insurers regarding fair housing.	9%

A lack of knowledge about fair housing issues among residents and small landlords or property managers was identified by the majority of respondents as impediments to FH in Billings. Landlords and property managers with larger portfolios of properties were half as likely to be identified as an impediment. Less than one-quarter of the respondents reported that a lack of knowledge among realtors, bankers and lenders, or insurers was a FH impediment.

While not specifically a FH issue, income levels of protected classes was identified as a barrier by 60% of those surveyed, and the same number also felt that limited funding for fair housing activities was also an impediment.

The location of available housing received multiple votes. Concentration of protected class households into certain neighborhoods and the lack of mixed-density zoning was reported to be an impediment by 47% and 40% of those answering respectively. Inadequate zoning regulations for manufactured homes were reported by over one-third of those taking the survey.

For more than one-third of those surveyed, the lack of locally-based FH investigative or testing staff was a reported impediment.

## Discussion of Survey Results

Those answering the survey did not have a clear idea of whether FH conditions in Billings were improving, remaining the same, or deteriorating. Relatively few of them had personal knowledge of someone who had been discriminated against in the past five years, which could be due to: the mix of survey respondents, the degree to which the FH protected classes do not discuss these events with these individuals, or that there is relatively little FH discrimination. But when asked more generically about FH claims, those surveyed reported knowing about a wide variety of discriminatory actions that took place locally. Survey responses also reinforce the concept that there is no local contact for potential FH violations.

There is much agreement that at least some FH discrimination is not reported, and the reasons why distill to a lack of knowledge among the FH protected classes concerning their rights, and a disbelief that reporting will help, not hurt them. This type of education was deemed most important.

The City of Billings must recognize that those involved with FH issues expect it or some other level of government to be the responsible party for educating the public concerning FH rights and responsibilities. And while the telephone survey did not go into details on how this education should take place, it appears that FH advocacy should include face-to-face meetings to convey the message.

In terms of specific impediments to FH in Billings, two threads run through the results. First, those surveyed identify residents and small landlords or property owners as the groups most needing more education. Second, non-FH issues, such as affordability and general zoning restrictions, are seen as potential FH impediments.



## Impediments to Fair Housing in Billings

Based upon the research and analysis conducted as part of this project, in conjunction with other data and analysis conducted at the MSU-Billings Center for Applied Economic research, we present the following list of likely impediments to Fair Housing in Billings Montana in 2007. These impediments are listed in order of severity, with the largest probably impediments listed first. Along with each impediment is a discussion of the evidence supporting it and suggestions for mitigation actions which may be taken by the city of Billings.

Impediment #1: Many members of protected classes do not appear to understand their housing rights under the Fair Housing regulations.

Anecdotal information from local groups and statistics from Montana Fair Housing and HUD enforcement activities shows that Billings' residents who fall into FH protected classes do not understand their rights under the Fair Housing regulations. Interviews and survey results point to the need for continued education efforts. HUD-funded studies have shown that steering is the most frequently experienced form of discrimination. Given the many facets of this type of discrimination, continued education in recognizing it and other forms of discrimination will be needed<sup>3637</sup>.

Strategy #1: Continue to assist in the production and dissemination of consumer education on Fair Housing issues. This educational effort should include the following topics:

- Who is protected by FH Regulations?
- The many ways that FH rights can be violated.
- Who to report FH issues to?
- Why reporting will make a difference.

Several good suggestions were made by individuals interviewed or surveyed for this project. Among those concerning consumer education was the idea of a standard description of the types of information that a potential housing renter or buyer can legally be asked and should be ready to provide. It is recognized that the city currently provides funding and support for these tasks, and this strategy does not necessarily imply an expansion of funding.

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<sup>36</sup> [http://www.huduser.org/publications/hsgfin/hds\\_phase1.html](http://www.huduser.org/publications/hsgfin/hds_phase1.html).

<sup>37</sup> <http://www.billingsgazette.net/articles/2003/11/18/state/export131765.txt>.

Strategy #2: Reevaluate the effectiveness of existing educational materials.

Questions were raised about the effectiveness (and validity) of some of the educational materials that are currently being used. It is understood that, given the small budgets available for Fair Housing education, it can be difficult to find or produce FH brochures or pamphlets. But we suggest that the city considers consulting with an expert in Social Marketing, such as Dr. Sarah Keller at MSU-Billings, to see if the materials are sufficient for the intended audience.

Strategy #3: Plan for increasing significance of age-related disabilities.

As discussed in the Socio-demographic section of this report, the population of Billings is aging and age-related disabilities may become an increasing fraction of the total local FH protected class population. As noted in the Montana Fair Housing section, disability complaints are already one of the largest categories.

Given how long it takes to make large changes to the housing stock, it may be important to increase the focus on facilitating Universal Design and other mobility-related retrofits in the area housing stock.

Impediment #2: Some landlords, property owners, and realtors do not act consistent with knowledge of Fair Housing regulations.

Montana Fair Housing and HUD enforcement actions, as well as the recent HUD study of Native American discrimination, demonstrate that some landlords, property owners, and realtors do not always act in ways which follow Fair Housing regulations. While some of these instances are willful violations, others represent a lack of understanding of Fair Housing rules and how to reconcile Fair Housing compliance with other legal liability issues<sup>38</sup>. Survey and focus group results identify small landlords and property managers – representing only a few units for each – as being less likely to understand FH rules.

Strategy #4: Assist on educate landlords, property owners, and realtors on their Fair Housing responsibilities.

The focus groups and survey results identify small landlords as being less likely to have been reached by existing fair housing outreach efforts, and these individuals should be targeted in future efforts. Like the previous impediment, educational efforts should include what a description of what types of information a landlord is permitted to require, and what types of questions or comments are prohibited by FH regulations. In addition,

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<sup>38</sup> As stated by one focus group member: "... half of the Fair Housing complaints I've seen I chalk up to either ignorance or stupidity by the landlord or property owner/manager, not intentional discrimination."

cultural awareness education should be included to clear up cultural-based misconceptions which can lead to cultural or familial status FH violations.

Several of those interviewed suggested that the city place a licensing requirement on landlords and property owners, in order to insure that these individuals could prove they understood FH rules. We are neutral to this, but if the city chooses to explore this approach we suggest offering small cost-savings, such as municipal water rate reductions or reduced access to credit scoring services, as a way to reduce the resistance to licensing.

Strategy #5: Increase the awareness among Native Americans and other protected classes of the location of available housing units.

Information is a powerful tool, and new technology is decreasing the cost of making complex information available and usable. Something as simple as an up-to-date list of the number of available/affordable units, by neighborhood, would show the prospective renter or buyer what is out there and reduce the likelihood of steering.

Impediment #3: Income, credit, and housing affordability issues are tied to fair housing issues.

In Billings as elsewhere around the US, members of FH protected classes tend to have lower incomes, reducing their housing choices. Credit history issues make matters worse. Competition for available housing can leave a protected class member feeling they were the victim of housing discrimination, but low incomes or a poor credit history can make it difficult to prove a violation.

Strategy #6: Actions which improve housing affordability or average incomes will also reduce an impediment to fair housing. Economic issues become noise which prevents organizations representing fair housing from identifying housing discrimination. When the city evaluates such initiatives as local affordable housing efforts, it should give credit to how affordable housing benefits fair housing.

Strategy #7: Education on using credit and maintaining credit scores are needed. Outreach to those FH protected class members holding volatile adjustable mortgages, if successful, may prevent some of these individuals from losing their homes. Outreach to tell protected classes why credit history is important would raise awareness of the problem. Education on how to improve an individual's credit score when she is making financial and budget decisions could reduce the problem of housing affordability.

Impediment #4: Lack of funding hampers the effectiveness of local services working on behalf of fair housing protected classes.

Surveys and interviews suggest that constituents expect the city to be the focal point of fair housing education and enforcement. The City of Billings Community Development department is understaffed and under funded to handle fair housing activities. Insufficient money is available to be distributed to organizations involved in local fair housing outreach. The Community Development Division has provided support for the Community Housing Resource Board (CHRB), which is tasked with disseminating Fair Housing information. This funding comes from Community Development Block Grant (CDBG), HUD Fair Housing Initiative Programs, and Home Investment Partnership Program (HOME) funding. Additionally, Billings Community Development staff support Fair Housing activities via marketing activities and grant writing.

According to a table produced by Billings' Community Development staff, in 2003-2004, CDBG and HOME funding which was directed to Fair Housing initiatives represented 1.66% of the total CDBG and HOME funds received by Billings (see Comparison of Neighboring States in Appendix C.). This is a larger fraction than the percentages dedicated to Fair Housing by the majority of communities in Montana and surrounding states<sup>39</sup>.

However, we understand that such funding levels may not be sustainable in the future, and the city must consider new ways of assisting or supporting fair housing. Thus, ...

Strategy #8: Revise the existing funding model for fair housing education.

In some ways, this strategy represents a codification of a process that is already taking place. If existing and future city government budgets are unlikely to be able to expand their contributions to fair housing educational funding, the city must become the catalyst for overall fair housing funding for education efforts. It could sometimes provide a base level of support or seed capital for a promising new initiative, and in later years use its influence to do such things as solicit additional funding or leverage other city-funded activities to include, where practical, fair-housing education.

The Billings Community Development Department has been diligent and innovative in its efforts to leverage its scarce resources. The revised mission statement speaks to this issue. Its consistent support of the Community Housing Resources Board (CHRB) efforts, and the number of housing projects it facilitates via HOME and CDBG funding, shows it is serious about doing what it can to support fair housing. But its limited funding still hampers what is available and forces staff to make difficult choices.

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<sup>39</sup> In approximately 40 of the 50 jurisdictions, no Fair Housing funding was provided from these sources.

Impediment #5: The lack of hard data concerning the effectiveness of specific fair housing programs hampers the goal of improving the delivery of fair housing services.

It is only when we reach the level of actual complaints filed or mortgage loans denied that we find any hard data on the local fair housing conditions. For example, there is little solid data on the number of FH protected class members assisted, or on how well the educational outreach to area landlords improved their understanding of FH regulations.

The need for a quantifiable tracking database has been listed in the Community Development Division Fair Housing Annual Report since at least 2003. This work must continue.

Strategy #9: All FH outreach and education efforts should include measurable goals. Funding should be tied to the collection of effectiveness measurements.

This topic has also been a feature of previous Community Development Division Fair Housing Annual Reports, and it remains valid. It is very likely that one or more of the current local efforts at FH outreach and education are not producing the desired results. However, without measurement and verification, it is difficult to tell what is working and what isn't. It is better to fund four projects where money is available to determine if each is having the intended results than is to fund five or six projects, year after year, with no way to identify or measure success.

Useful measurements could include test scores before and after training, or survey-based estimates which show that learning has occurred from the educational efforts.

There is a continued need for Fair Housing advocacy and outreach in Billings, and the suggested strategies, based upon the analysis of local conditions and input from groups and individuals serving FH protected classes, will help to meet this need. The city should be commended for its work so far and also urged to continue to work with stakeholders to achieve fair housing goals.