

# Analysis of Impediments to Fair Housing Choice



## City of Scranton, Pennsylvania 2011

**Christopher A. Doherty, Mayor**

Linda B. Aebli, Executive Director

Office of Economic and Community Development

340 North Washington Avenue, Municipal Building

Scranton, Pennsylvania 18503

Phone: 570/348-4216, ext. 110 FAX: 570/348-4123 TDD: 570/348-4233

[www.scrantonpa.gov](http://www.scrantonpa.gov)

Prepared by:  
Community Development Services  
2215 Canterbury Circle  
Maryville, Tennessee 37803  
Phone 865/607-7174

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## Executive Summary

Scranton is a City, rich in history, located in Northeastern Pennsylvania. It is a community born of the iron and steel industry but maintained by the anthracite coal industry and railroads until the end of World War II. Scranton was among the largest Cities (38<sup>th</sup>) in United States at the beginning of the 20<sup>th</sup> Century with a population of over 102,000.

Present-day Scranton and the surrounding area had been inhabited by the native Lenape tribe, from whose language "Lackawanna" (or "le-can-hanna", meaning "stream that forks") is derived. Gradually, settlers from New England came to the area in the late 18th century, establishing mills and other small businesses, and their village became known as Slocum Hollow. Isaac Tripp, known as the first settler, built his home here in 1778, which still stands in the Providence section of the City.

The City was named after the Scranton family, industrialists during the mid-19th Century timeframe that remain prominent in the area today. In 1840, brothers Selden T. and George W. Scranton founded what would become the Lackawanna Steel Company. The company began producing iron T-rails in 1847 for the Erie Railroad in New York State. Soon after, Scranton became a major producer of these rails. The Delaware, Lackawanna and Western Railroad (DL&W) was founded in 1851 by the Scranton's to transport iron and coal products from the Lackawanna Valley.<sup>1</sup> Going hand in hand with industrial growth was a growth of immigrant population, primarily from Europe and Slavic Countries, which form the basis generally of the Scranton family make up today, in addition to a minimal influx of African Americans, Hispanics, and Asian Americans since the 1950s.

Located in Lackawanna County, Scranton is part of the Scranton/Wilkes-Barre/Northeast Pennsylvania Metropolitan Statistical Area ("NEPA"). With an estimated 2008 population of 72,026, Scranton is the largest of the six cities in the NEPA Region. The City is governed by a five member Council and strong Mayor. The City Mayor's office carries out the policies authorized by the City Council and keeps Council informed of Scranton's affairs. The City Office of Community and Economic Development is responsible for the

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<sup>1</sup> Wikipedia: [http://en.wikipedia.org/wiki/Scranton,\\_Pennsylvania](http://en.wikipedia.org/wiki/Scranton,_Pennsylvania)

Consolidated and Action Plans, as well as the lead Department regarding Fair Housing and coordination with the Scranton Human Relations Commission.

## Background

*Fair Housing* is the right of individuals to obtain the housing of their choice, free from discrimination based on race, color, religion, sex, disability, familial status, or national origin.

The right to Fair Housing is assured by the Federal Fair Housing Acts of 1968 and 1988, as amended, which makes it unlawful to discriminate in the sale, rental, financing, and insuring of housing.

This Impediment Analysis provides complete demographic information regarding population, race/ethnicity, labor force, unemployment, household make-up, income, tenure, age/condition, supply/demand, and affordability.

### **FAIR HOUSING COMPLAINTS IN SCRANTON SINCE 2000**

Even though discrimination in the private housing market is illegal, the practice persists to some degree. The City of Scranton's Fair Housing Strategy addresses discrimination in housing through the enforcement of the State and Federal Fair Housing Statutes. The Federal Fair Housing Laws prohibit discrimination in housing due to race, color, national origin, religion, gender, familial status, and disability while Scranton and the Commonwealth of Pennsylvania also considers ancestry, age, and sexual preference. Therefore, Pennsylvania Human Relations Commission ("PHRC") processed several more cases in Scranton than the "Teapots"<sup>2</sup> data revealed.

Within the City, the Scranton Human Relations Commission ("SHRC"), works closely with the PHRC, the agency is responsible for enforcement of fair housing laws, and the mediation/conciliation and the litigation of fair housing complaints. The PHRC provides services and programs aimed at improving relationships among all citizens of the State, while seeking to ensure equal opportunities in the areas of employment, housing, public accommodations, recreation, education, justice and governmental services.

The Commission also enforces the Pennsylvania State Fair Housing Act and is fully substantially equivalent with the Office of Fair Housing (Title VIII) within the U.S. Department of Housing and Urban Development. Further, the

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<sup>2</sup> "Title VIII Automated Paperless Office Tracking System" (TEAPOTS)

commission also serves as a resource to Community Development Block Grant recipients, such as Scranton, in helping them develop adequate Fair Housing plans. In addition, the commission also serves as a clearinghouse to disseminate information concerning Pennsylvania's employment law to citizens.

<b><i>Scranton Complaints 1/1/2000-6/30/2010</i></b>	
<b>Complaint</b>	<b>Number of Complaints</b>
Race	3
Race/Color	1
Race/Family Status	2
Race/Religion	1
Disability	11
Disability/Sex	1
National Origin	1
<b>Total</b>	<b>20</b>

<b><i>Scranton Outcomes 1/1/2000-6/30/2010</i></b>	<b><i>Number</i></b>
Cause Findings	10
No Cause Findings	4
Administrative and Other Closures	4
Pending (July 1, 2010)	2
<b>Total</b>	<b>20</b>

### **IMPEDIMENTS IDENTIFIED**

The Fair Housing Analysis Update for Scranton includes impediments to fair housing choice currently being addressed and the plans recommended to remedy them. The City's prior Analysis of Impediments was conducted in 1997 and included issues that are carried over to this update. This update is based on available public and private sector information from the City, the real estate, insurance and banking industries, the Scranton Housing Authority, and the Philadelphia HUD Offices of Fair Housing and Equal Opportunity and Community Planning and Development.

Specifically based upon the current data available, the following are the impediments and suggested actions that have been identified for the City. Of the three impediments, two are carried over and continuing over a longer term. The City will document and report its actions to HUD on the removal of impediments through the Consolidated Annual Performance and Evaluation Report ("CAPER") which is a part of the Consolidated Plan Process.

## **CONCLUSIONS AND RECOMMENDATIONS 1997**

The City of Scranton was and remained committed to equal housing opportunity. Despite its commitment and efforts over the years, there were some unfair housing practices, procedures or policies that existed in the City.

The City gathered and examined the existing data on policies, practices, procedures, patterns, and conditions affecting the location, availability, and accessibility of housing. Because of its findings, the City identified possible unfair housing practices. A summary of the identified impediments to fair housing choices in the City of Scranton and recommendations for minimizing or eliminating these impediments were as follows.

### **Scranton 1997 Impediments**

The City documented two principal impediments to fair housing choice. These impediments were as follows:

#### ***1. Attitudes and Not in My Backyard ("NIMBY")***

In the Scranton area, historic social patterns fostered residential segregation and economic disparity. Negative community attitudes contributed to restricting housing choice for minorities, certain ethnic groups, the disabled (group homes), assisted housing recipients, and/or households based on familial status. The so-called NIMBY syndrome presented a challenge to defuse the attitudes and hostility toward affordable housing and assisted housing to be located in neighborhoods that were not economically or racially isolated.

#### ***2. Lending Policies and Practices***

An analysis of the Home Mortgage Disclosure Act (HMDA) data indicated that within the area, financial institutions taking home mortgage applications needed to improve their lending performance by marketing their products to the entire community and developing new products to meet changing local credit, investment and service needs.

The HMDA data did not conclusively prove or identify the existence of discriminatory practices by lenders. There was reason to be concerned about the rejection rates for home mortgages for minorities compared to white applicants with similar incomes. The City needed to look for ways to reduce the number of rejections and increase homeownership opportunities for all minorities regardless of income.

### **ACTIONS TO ADDRESS IMPEDIMENTS**

Over the years since 1997, the City of Scranton expected to undertake and accomplish actions to address the identified impediments. The objective of the planned actions was to meet the housing needs of the protected classes as well as the unprotected classes to effectuate equal choice or fair housing. These actions included, but are not limited to, the following:

#### *Issue: Attitudes and NIMBY syndrome:*

1. Conduct public information/educational programs on housing rights, fair housing laws, complaint processes, and other fair housing issues (segregation and discrimination) for both housing providers and consumers.
2. Require potential homebuyers to attend a housing counseling program as a prerequisite to participate in the City's Homebuyer Assistance Program.
3. Refer potential homebuyers and other housing consumers with financial problems to local certified housing counselors and/or budget counselors.
4. The City sponsored a HOME Fair to reach out to potential homebuyers and invited banks and realtors

Using these strategies, the City has attempted to reduce the number of rejections and increase homeownership and fair housing opportunities for minorities and low and moderate-income persons as well as other protected classes.

#### *Issue: Lending Policies and Practices:*

1. Affirmatively market the City's Homebuyer Assistance Program to lending institutions to solicit and encourage coordination with their mortgage programs. This action should increase homeownership

- opportunities for low and moderate income households despite race, ethnicity, familial status, disability as well as age.
2. Increase affordable housing stock through the City's housing rehabilitation loan program(s) by building and strengthening partnerships and cooperative investment activities with financial institutions and non-profit housing providers.

### **ASSESSMENT OF ACCOMPLISHMENTS SINCE 1997**

In Scranton's Action Plan, the City integrated actions to encourage non discrimination and fair housing choice for all individuals into its annual activities and efforts to remove barriers to affordable housing. The City performed the following activities and conducted the following education/outreach effort on fair housing choice and distributed HUD pamphlets.

- Made fair housing materials available to the Public.
- Provided down-payment assistance and closing costs assistance to low and moderate-income homebuyers using ADDI and other funds.
- Referred potential first-time homebuyers for housing counseling to certified housing counselors and financial institutions.
- Increased and maintained affordable owner-occupied housing stock through the City's existing housing rehabilitation loan programs.
- Rehabilitated homes of disabled and elderly households to make the houses more accessible based on their physical limitations, thereby, enabling them to continue to reside in their homes.
- Referred landlords and eligible potential tenants to Scranton Housing Authority to obtain rental assistance through the Section 8 housing choice program.
- Contacted the Board of REALTORS to confirm their use of Fair Housing practices.
- Made available the Housing Rehabilitation brochure, which promotes the fair housing symbol and the City's adherence to this policy.

Over the years, the City has actively undertaken fair housing education and outreach activities. Considerable progress has been made to eliminate



residential segregation, low-income concentrations, biases, and other deterrents to housing opportunities.

## **2010 Impediments**

### ***Impediment # 1: Continue Safeguards Against Predatory Lending:***

*This impediment is based upon equal access to homeownership, affordable primarily to protected classes that are low moderate income, through the prevention of predatory lending practices.*

The importance of homeownership that is available at fair rate of financing cannot be overstated, both as a means to increase household wealth and as stabilizer in at-risk neighborhoods. Many lower-income households are prevented from owning their home unless they pay the outrageous interest rates of predatory lenders.

#### *Suggested Steps to Deal with this Potential Impediment:*

With the economic downturn during the past two to three years, together with the home foreclosures, the cost of housing remains largely a matter of economics in the private sector. It is possible for a public entity, such as the City of Scranton, to promote homeownership education and opportunities for prospective homeowners at low-moderate income levels. Through diligent marketing efforts to all socio-economic segments, the City of Scranton can provide information on available down-payment assistance and other homeownership programs as well as comprehensive information on access to loans at market interest rates. Local efforts must continue to include homeownership education and opportunities for prospective homeowners at the low-moderate income levels.

### ***Impediment # 2: Prevent Biased Pre-Qualification or Gate-Keeping of Protected Classes***

Biased Pre-Qualification or "Gate-keeping" describes the effort of rental agents to pre-qualify applicants by making sure that the applicant meets certain qualification standards before being shown the property. Then, based on the results of the prequalification, the rental agent shows only certain properties or adjusts the prices of properties in order to control where people live. Gate-keeping is more insidious than outright discrimination, because the applicant is very likely being discriminated against, but just does not know it. This kind of masked discrimination is unfair to both cities

and citizens because, by channeling certain races or ethnicities or those with disabilities into specific rental units, these agents are creating entire neighborhoods of a single race, ethnicity, or handicap. Scranton is a diverse City, and its neighborhoods should continue to reflect that diversity.

The greatest concern related to fair housing choice for protected classes is economic disparities.

***Suggested Steps to Prevent this Potential Impediment:***

1. Develop print and media campaign to provide education and outreach to a variety of groups on the fair housing law. This campaign should be carried out in a variety of languages.
2. Survey (including bi-lingual outreach, media, and education) the community to determine what is driving current housing patterns.
3. Continue to conduct lending and sales baseline audits to determine what role gate-keeping plays in the lower homeownership rates experienced by African Americans and Hispanics.

***Impediment # 3: Fair Housing Complaints filed by the Disabled***

PHRC and the SHRC continue to guard against discrimination of disabled residents (over half of the complaints).

***Suggested Steps to Prevent this Impediment:***

1. By providing education and outreach to inform disabled residents of their fair housing rights and testing, the public needs to be apprised of how the disabled rights are being violated. Regardless, SHRC will continue to assist in investigations and help resolve any and all complaints filed with PHRC or HUD.
2. PHRC continues to support the City and SHRC in providing education and outreach to a variety of groups on the Fair Housing law.

***Summary of Progress***

Access and Understanding the State and Federal Fair Housing Laws tell us that fair housing is within reach in Scranton; however, three impediments do not give the whole picture. Other barriers exist, but, regrettably, they are not quite within the realm of public control. Furthermore, they are not exclusive to the City of Scranton. These limitations are largely ones that exist within the individuals themselves, such as lack of education, language

barriers, suspicion of public agencies, and other cultural or social characteristics. Certainly cities can reach out to the less educated, to speakers of other languages, and to those who might not trust government; but overcoming these kinds of cultural impediments is, to a great extent, under the control of the citizens themselves. Each citizen, whether or not a member of a protected class, has the opportunity—and some would argue, the responsibility—to make fair housing a standard practice, by educating themselves and others of the right each American has to live in housing free of discrimination.

## SECTION I: Introduction and Methodology

### Introduction

Fair Housing is the right of individuals to obtain the housing of their choice, free from discrimination based on race, color, religion, sex, disability, familial status, or national origin. The right to Fair Housing is assured by the Federal Fair Housing Acts of 1968 and 1988, as amended, which makes it unlawful to discriminate in the sale, rental, financing, and insuring of housing.

Under the Fair Housing Act an aggrieved person may, not later than one year after an alleged discriminatory housing practice has occurred, file a complaint directly with the U.S. Department of Housing and Urban Development (HUD), or a State or local agency enforcing laws that are “substantially equivalent” to the Fair Housing Act. Upon the filing of such a complaint, HUD has the responsibility to serve notice of the complaint and conduct an investigation into the alleged discriminatory housing practice.

Since the “substantially equivalent” Pennsylvania Human Relations Commission (PHRC) is responsible for the enforcement of fair housing laws, the mediation/conciliation and the litigation of fair housing complaints, the PHRC provides services and programs aimed at improving relationships among all citizens of the state, while seeking to ensure equal opportunities in the areas of employment, housing, public accommodations, recreation, education, justice as well as governmental services and is empowered to accept complaints, serve notice of complaints, conduct investigations into alleged discriminatory housing practices, make determinations, and adjudicate cause findings.

In order to ensure the prevention and elimination of housing discrimination, HUD requires all governing authorities directly receiving Consolidated Plan Program funds to certify that the community, consortium or state will “affirmatively further Fair Housing” within their jurisdictions. This requirement is codified in the Consolidated Plan requirements under 24 CFR 91.225. Public agency obligations under the Act may be grouped into three categories:

**Intent:** The obligation to avoid policies, customs, practices, or processes whose intent or purpose is to impede, infringe, or deny the exercise of fair housing rights by persons protected under the Act.

**Effect:** The obligation to avoid policies, customs, practices, or processes whose effect or impact is to impede, infringe, or deny the exercise of Fair Housing rights by persons protected under the Act.

**Affirmative Duties:** The Act imposes a fiduciary responsibility upon public agencies to anticipate policies, customs, practices, or processes that previously, currently, or may potentially impede, infringe, or deny the exercise of Fair Housing rights by persons protected under the Act.

The first two obligations pertain to public agency operations and administration, including those of employees and agents, while the third obligation extends to private as well as public sector activity. In light of the recent, ground breaking Court decision regarding a class action Suit (United States Southern District Court of New York, USA *ex rel.* Anti-Discrimination Center of Metro New York, Inc., Plaintiffs against Westchester County, New York, Defendant) where basically the County's A.I. Certification and other actions, or lack thereof, were called to task and failed to show any anti-discriminatory results.

The Scranton Fair Housing Analysis of Impediments discusses the results of the earlier analysis of impediments and the steps the City intends to take to implement policies that will prevent and eliminate housing discrimination in the City.

## Methodology

The Analysis of Impediments (AI) conducted by the Community Development Services team involved a variety of data collection and analysis techniques, including:

- Analyzing demographic data available through the U.S. Census Bureau, as well as descriptive data pertaining to the Scranton housing market and trends in real estate over the past ten years.
- Examination of mortgage lending trends through the analysis of data available through the Home Mortgage Disclosure Act (HMDA).

Enacted by Congress in 1975 and implemented by the Federal Reserve Board's Regulation C, HMDA requires lending institutions to report public loan data. Using the loan data submitted by these financial institutions, the Federal Financial Institutions Examination Council (FFIEC) creates aggregate and disclosure reports for each metropolitan area (MA) that are available to the public at central data depositories located in each MA.

### **INTERVIEWS WITH LOCAL GOVERNMENT STAFF AND COMMUNITY REPRESENTATIVES.**

A review of source documents, including the initial AI, conducted in 1997, the 2010-2014 Consolidated Plan, HUD Fair Housing Records, as well as, the City's most recent CAPERs.

To begin an examination of current Fair Housing policies and strategies, this report will look at past accomplishments and look at the City of Scranton and other Pennsylvania communities to provide a basis of comparison between what the Scranton Fair Housing Plan proposes to do and further steps it can and should take to affirmatively further Fair Housing. The Consolidated Plan shows 60 organizations in the region that work in support of the City's public services, housing, and homeless programs including Lackawanna Neighbors, Northeast Pennsylvania Center for Independent Living, United Neighborhood Centers, Catherine McAuley Center, Catholic Social Services, St. Joseph's Center, Women's Resource Center, Community Intervention Center, Lackawanna County Housing Coalition, Neighborhood Housing of Lackawanna County, the City and County Housing Authorities, Community Intervention Center, Deutsch Institute, Boys and Girls Club, Friends of the Poor, Salvation Army, Bethel AME, Boys and Girls Club and the Greater Scranton Board of Realtors.

*Draft*

**Section II: Demographic and Economic Overview**

This Section profiles the City of Scranton’s demographic and housing trends by examining and mapping data from the 1990 decennial Census, 2000 decennial Census, American Community Survey 2008 and other relevant data. After describing demographic characteristics and trends, the section provides an analysis of the area’s housing market and a household’s ability to purchase a home. The section concludes with a synopsis of housing problems experienced by residents, such as cost burden, physical defects and overcrowding.

The following table provides an overview of the City of Scranton’s demographic and housing profile in 1990, 2000 and 2008. The population within the city decreased by 6.6 percent between 1990 and 2000 to reach 76,415 (from 81,805 in 1990), and fell again by 2008 to 72,026 (5.7 percent decrease). This occurred against a backdrop of slower decline in Lackawanna County (2.6 percent drop from 1990 to 2000, and an additional 1.9 percent decline to 2008).

At the same time, the number of households in Scranton declined by 4.1 percent from 1990 to 2000, and by another 4.9 percent by 2008. The slower decline in households than in population supports the decrease in household size (from 2.31 in 1990 to 2.11 in 2008).

From 1990 to 2000, the percent of persons 65 and older in the City of Scranton declined from 22.0 to 20.1 percent of the population, and fell again to 18.0 percent in 2008. Despite this loss of elderly population, the loss of population among youth and middle-aged individuals supports the slight rise of the median age of the population from 37.4 years in 1990 to 38.8 years in 2000 (estimated to have been 38.4 in 2008).

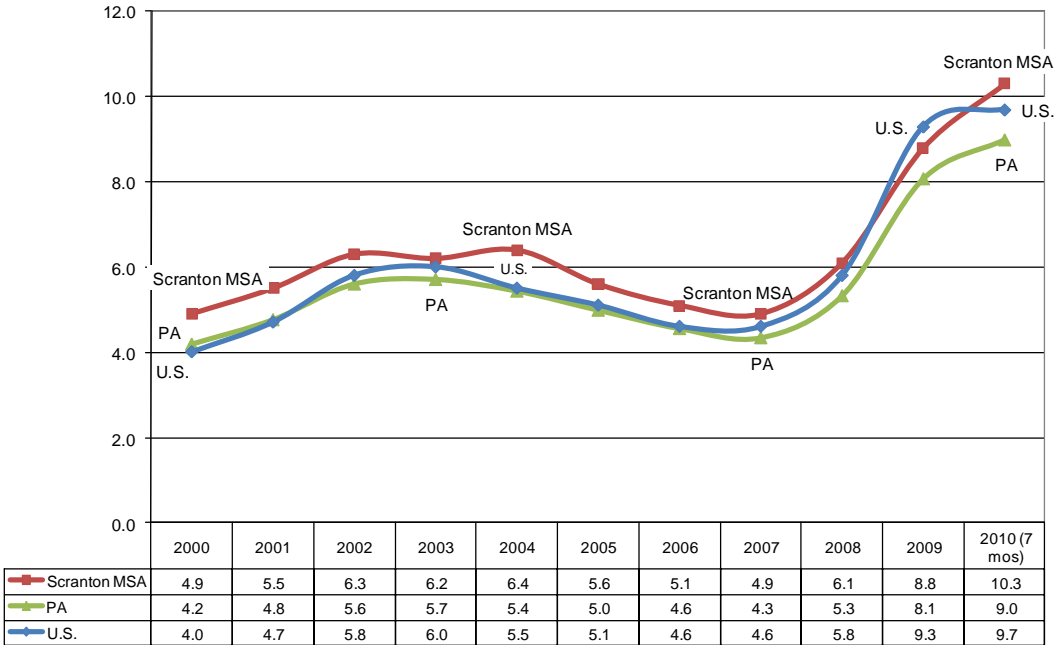
**Overall Profile: 1990, 2000 and 2008** *Draft*

	1990		2000		2008 estimate	
	Scranton	Lackawanna County	Scranton	Lackawanna County	Scranton	Lackawanna County
Population	81,805	219,039	76,415	213,295	72,026	209,194
Percent 65 or Older	22.0%	19.7%	20.1%	19.5%	18.0%	18.1%
Households	32,648	84,540	31,307	86,204	29,780	86,767
Housing Units	35,357	91,707	35,336	95,362	34,187	97,162
Percent of Vacant Units	7.7%	7.8%	11.4%	9.6%	12.9%	10.7%
Homeownership Rate	53.7%	67.0%	54.5%	67.6%	52.1%	64.6%

Source: Census 1990 and 2000, calculated from data extracted from Summary File 3, Tables H6 and H7; 2008 ACS.

The 1990 Census reported a labor force of 36,714 persons in the City of Scranton. In 2000, Census data reported a labor force of 35,403 and a local calculated unemployment rate of 7.3 percent (up from a calculated rate of 6.5 in 1990). American Community Survey 2008 data estimate 34,401 persons in the labor force. Bureau of Labor Statistics data show a 2008 unemployment rate of 6.1 percent in the MSA, up from 4.9 in 2000. By June of 2010, this rate had climbed to 10.3.

**Unemployment Rate History**



Source: Decennial Census (1990, 2000), 2006-8 ACS 3-year estimates, Bureau of Labor Statistics



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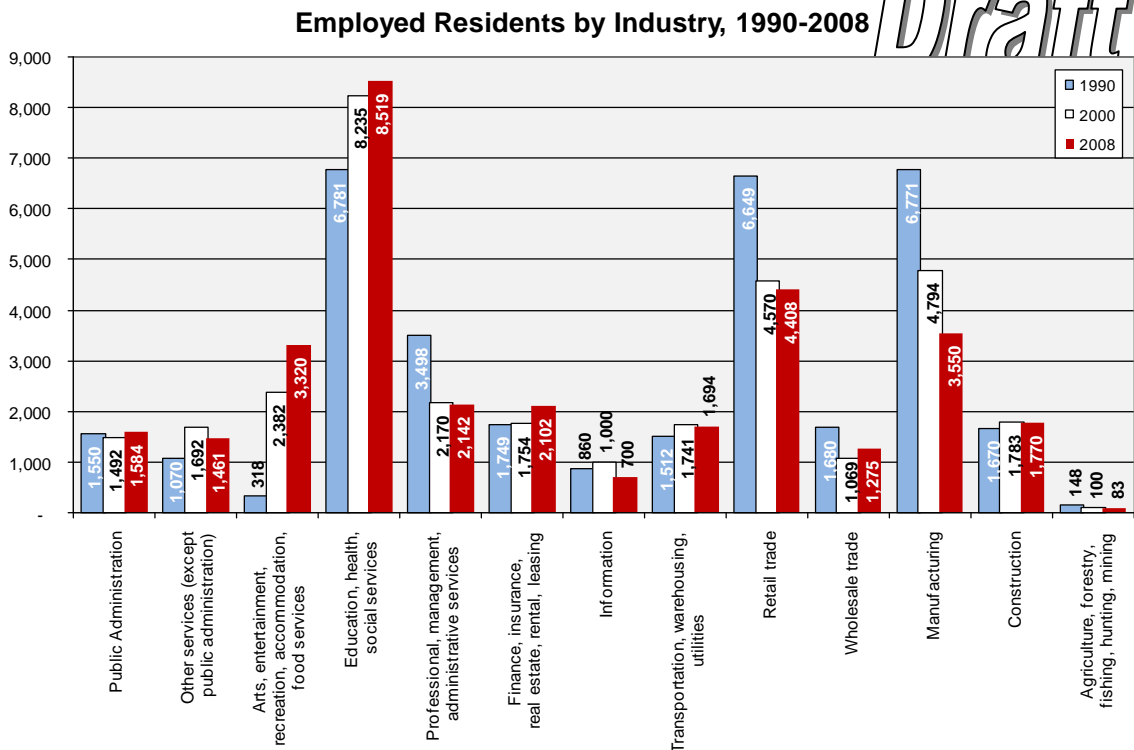
By comparison, in 2000, the unemployment rate for the state of Pennsylvania was 4.2 percent, just slightly higher than the national rate of 4.0. More recent data show the June 2010 unemployment rate for the state of Pennsylvania to be 9.0 percent, as compared to a national rate of 9.7 percent.<sup>3</sup> The graph below illustrates Scranton’s historically higher unemployment rate than that of the state and the nation, except in 2009, when Scranton’s unemployment rate briefly dropped below the national rate.

American Community Survey 2008 data showed that the largest numbers of residents within the City of Scranton were employed in the Education, health and social services industry (26.0 percent), followed distantly by Retail trade (13.4 percent) and Manufacturing (10.8 percent). Arts, entertainment, recreation, accommodation and food services rank a very close fourth place at 10.1 percent. The same industry ranked first in 2000 and 1990 (at 25.1 and 19.8 percent, respectively), while Manufacturing ranked second in both years, at 14.6 percent (2000) and 19.8 (1990). In the same years, Retail trade ranked third, at 13.9 and 19.4 percent, respectively. In 2000, Arts, entertainment, recreation, accommodation and food service ranked fourth, as in 2008, and employed 7.3 percent of workers, representing a remarkable leap from its position as 12<sup>th</sup> largest employer in 1990 (0.9 percent). The graph below shows the distribution of the City of Scranton employed residents by industry in all three years.

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<sup>3</sup> Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas, accessed 8/11/10.

*Draft*



Source: Decennial Census (1990, 2000), 2006-8 ACS 3-year estimates, Bureau of Labor Statistics

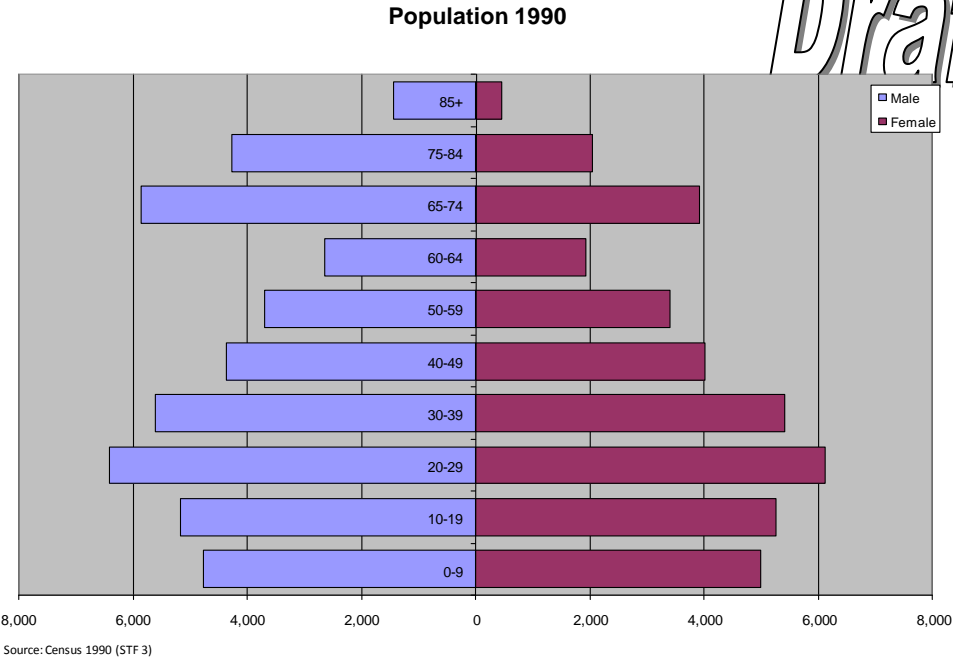
## Demographic Profile

### POPULATION

The population of the City of Scranton fell by 6.6 percent between 1990 and 2000 (from 81,805 to 76,415), while the population throughout Lackawanna County declined by just 2.6 percent. The following population pyramids display the change in the city’s age distribution during this time period.

As illustrated by the first pyramid, the two most populated cohorts in 1990 were those aged 20-29 years (15.3 percent) and 20-29 years (13.5 percent), followed by those aged 10-19 (12.8 percent), when these three groups together comprised 41.6 percent of the population. Another large cohort—those aged 0-9, comprising 11.9 percent of the population—combines to make up 53.5 percent of the population that together represents young families of parents and young children. Another significantly large cohort is that aged 65-74, which comprised 12.0 percent of the population in that year.

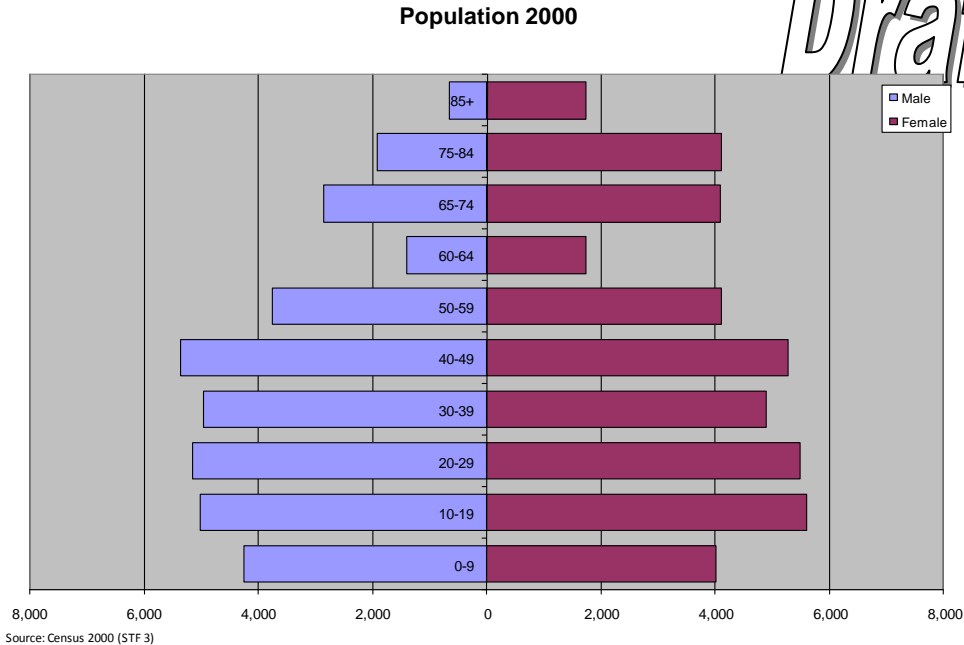
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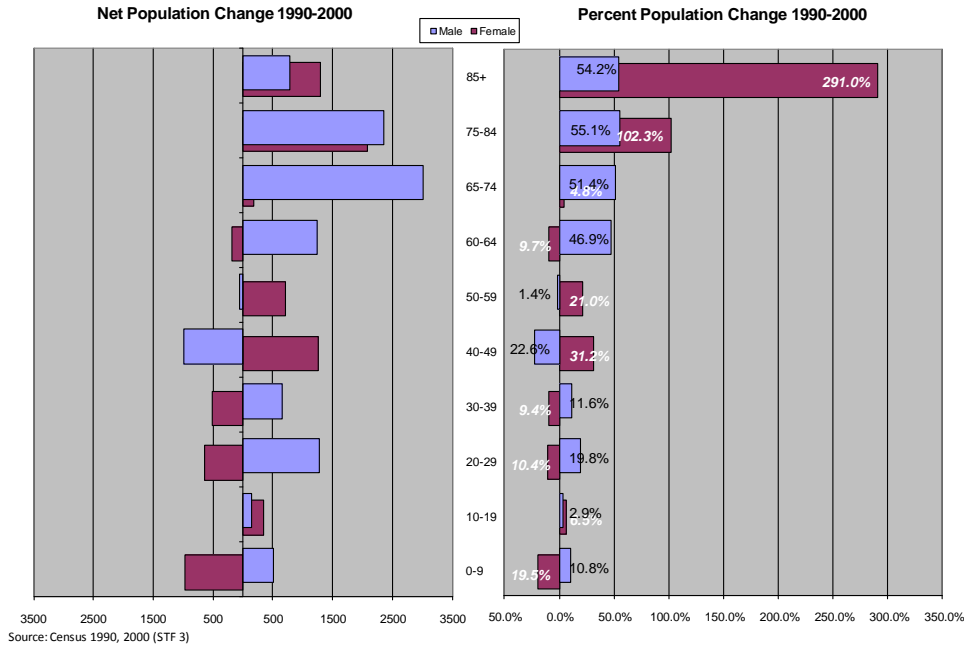
The 2000 pyramid (below) illustrates a significant shift in age distribution, as those aged 40-49, 20-29 and 10-19 now represent 13.9 percent each. Together, these three cohorts comprised 41.7 percent of the population. The cohort aged 30-39 (which had been the largest cohort in the preceding decade) had declined significantly to comprise 12.9 percent of the population (from 15.3). When combined with the three largest cohorts, together those aged from 10 to 49 comprised 54.7 percent of the population.

The cohort aged 40-49 gained the greatest number in the population, increasing by 3.6 points, gaining over 2,000 individuals from ten years earlier. At the same time, the cohort aged 65-74 lost the greatest number, declining by 3.9 points, losing nearly 3,000 individuals from ten years earlier.

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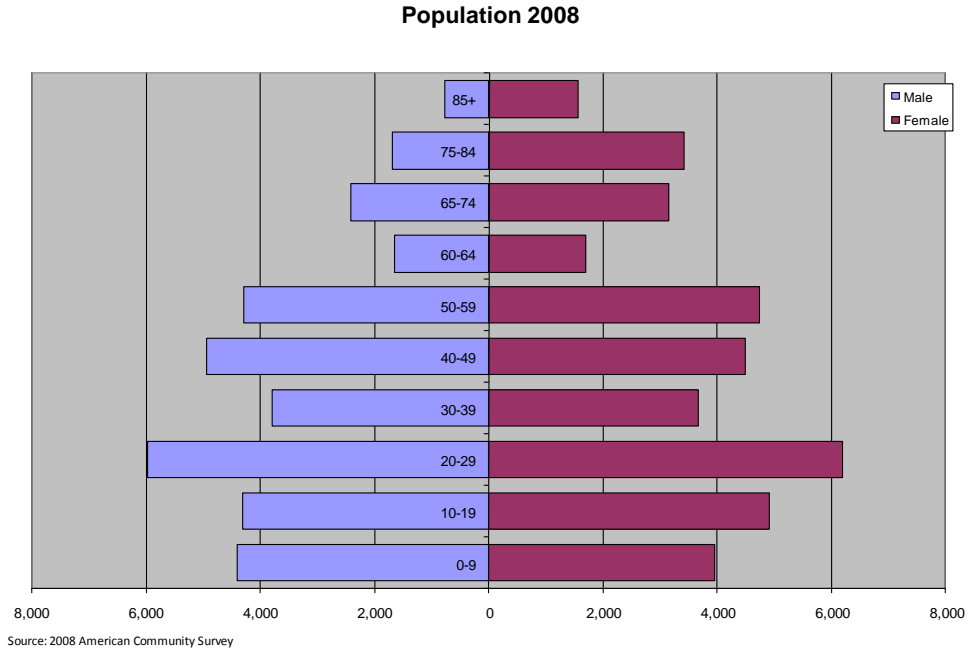


These changes are illustrated in the graph below, which shows the net and percent changes by cohort from 1990 to 2000. Blue bars on the left represent increase of male population, while red bars on the right represent increases among females. When the bars are reversed, this illustrates a loss in the population.



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American Community Survey 2008 data estimates indicate the largest cohort to be those aged 20-29, comprising 16.9 percent of the population. Those aged 10-19 are in the second largest, at 12.8 percent. By 2008, those aged 50-59 comprised the third largest cohort in the City of Scranton (12.5 percent).

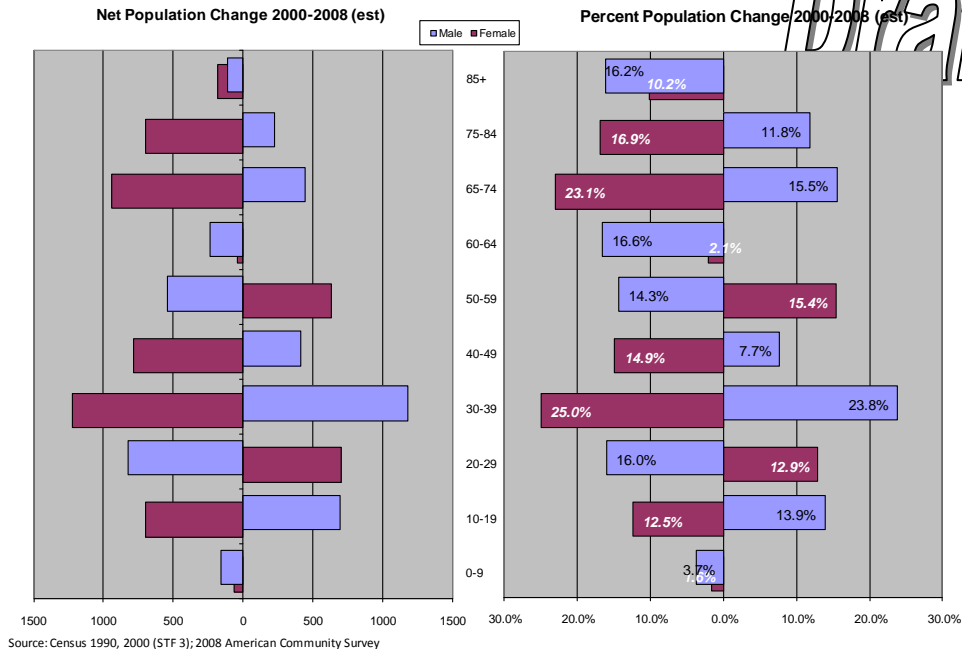


The greatest point gain was among persons aged 20-29, which increased by 2.98 points between 2000 and 2008. This same group was also the largest cohort in 1990, although it experienced a 1.42-point decline in 2000.

Where the three largest cohorts in 2000 were made up of those aged 20 to 49, (comprising 43.5 percent of the population), the three largest cohorts in 2008 were those aged from 10 to 29, and 40 to 49, inclusive, and comprised 42.8 percent of the population. At the same time, those aged 30 to 39 experienced the greatest population loss (2.6 points), with minimal gains and losses experienced among all other groups. In part, these shifts in the demographics support the increasing median age of the population over the study period.

These changes are illustrated in the graph below. Blue bars on the left indicate increase in the male population, whereas red bars on the right indicate increase in the female population. When the bars are reversed, this illustrates a loss in the population (for example, blue bars on the right represents loss of males).

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**RACE/ETHNICITY**

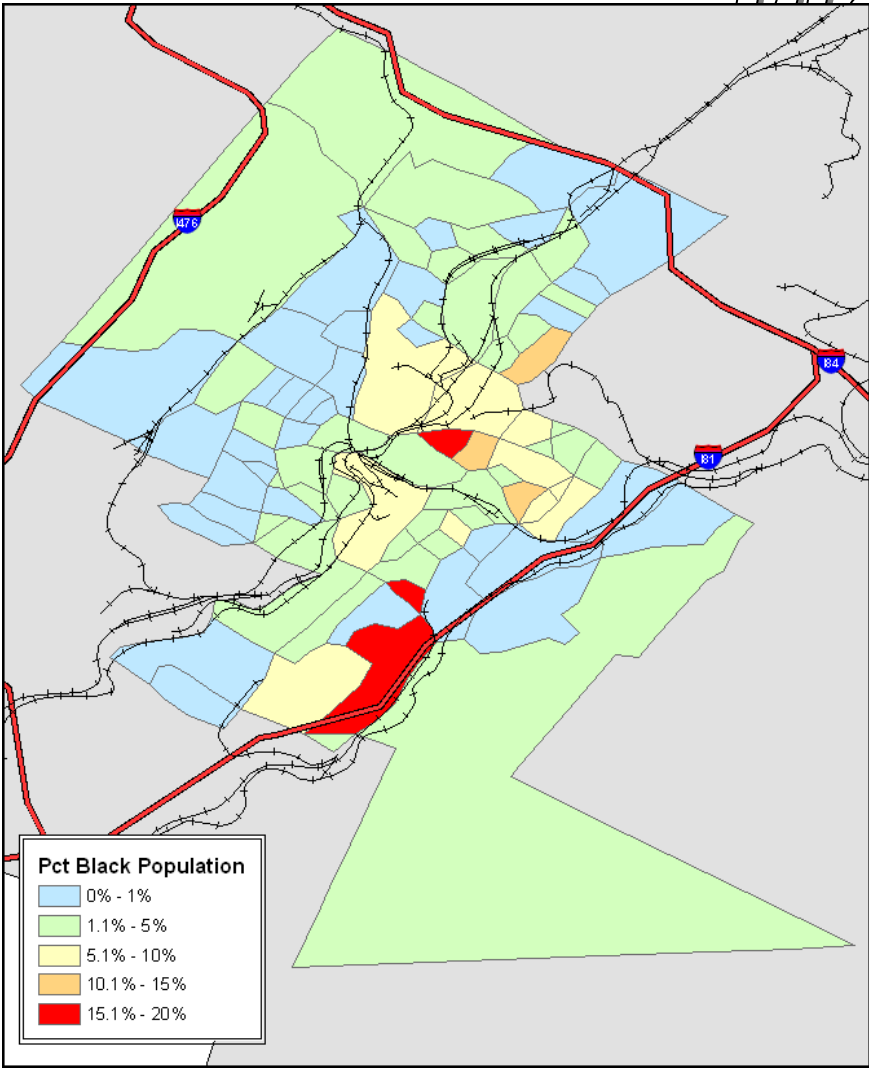
In 2000, the City of Scranton’s population was 93.7 percent White, 2.7 percent Black, 0.1 percent American Indian/Alaska Native, 1.0 percent Asian, 1.1 percent some other race, and 1.2 percent two or more races. The Hispanic population comprised 2.5 percent of the city’s total population.

2008 American Community Survey estimates indicate a slight shift in population composition, now showing the population to be 91.8 percent White, 3.8 percent Black, 0.1 percent American Indian/Alaska Native, 1.6 percent Asian, 2.2 percent Other and 0.5 percent two or more races. The Hispanic population had more than doubled to 5.9 percent.

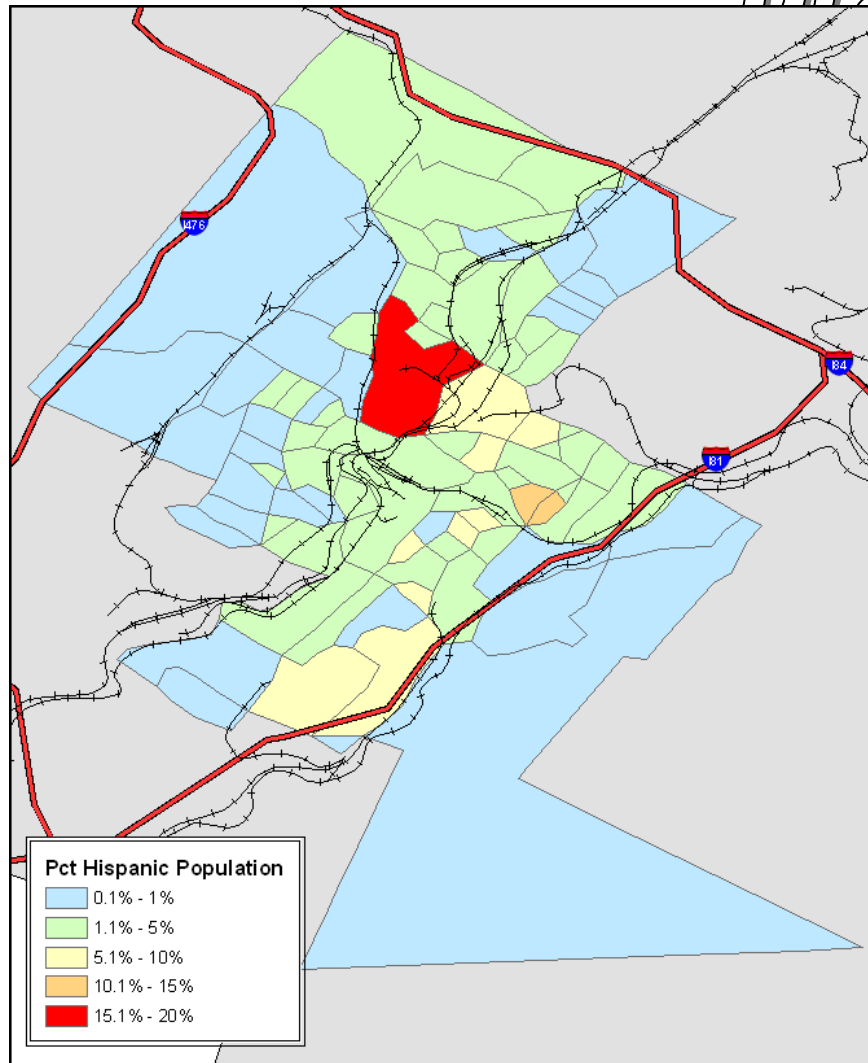
The map below illustrates the distribution of the black population in the City of Scranton in 2000. Shaded red on the map below, the highest concentration is indicated south of the city center (in block group 1029.00-3, bisected by I-81), and in block group 1002.00-2, located near the city center. Both of these block groups contain populations that are comprised of between 15 and 20 percent black residents.

Map 1: Percent Black Population (2000)

*Draft*



In 2000, the highest concentration of the city’s Hispanic population was in block group 1014.00-3, near the city center. This block group is comprised of between 15 and 20 percent Hispanic residents.

**Map 2: Percent Hispanic Population (2000)**

### HOUSEHOLD CHARACTERISTICS

While continuing to decline from 1990, families were still the most prevalent type of household, comprising 58.3 percent of all households in 2000. Of these, 63.7 percent were small (2 to 4 persons) family households. According to 2008 American Community Survey estimates, family households have become only slightly less prevalent in Scranton, declining to 58.1 percent of all households.

The table below shows the total number of households by type in the City of Scranton in 1990, 2000 and 2008. Households with persons 65 years or older accounted for 33.8 percent of all households in 2000.



*Households by Type**Draft*  
2008

Household Type	1990		2000		2008	
	Number	% of Total	Number	% of Total	Number	% of Total
Total Households	32,648	100.0%	31,307	100.0%	29,780	100.0%
Family Households	20,613	63.1%	18,265	58.3%	17,289	58.1%
Non-Family Households	12,035	36.9%	13,042	39.9%	12,491	41.9%
Large Families (5 or More)	N/A	N/A	2,372	17.8%	N/A	N/A
Small Families (2 to 4)	N/A	N/A	11,638	82.2%	N/A	N/A
65 and older (families & non-families)	N/A	N/A	10,596	35.6%	N/A	N/A

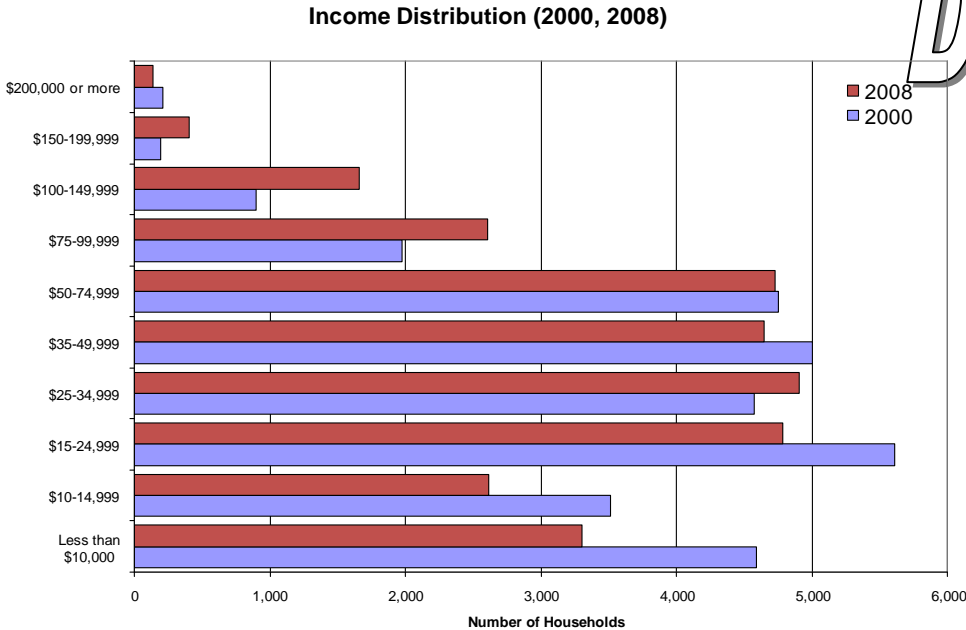
**INCOME PROFILE**

The City of Scranton's median household income in 2000 was \$28,805, which is 16.4 percent below the overall county median household income of \$34,438. In 2000, the income range with the highest number of households in the City of Scranton was \$15,000 to \$24,999, with 17.9 percent of the population earning in this range. The second highest earning level was \$35,000 to \$49,999, with 16.0 percent of households at this level. Nearly 15 percent of the households earned less than \$10,000.

By 2008, the median income was estimated to have risen to \$33,418—a 16.0 percent increase. At the same time, the median income in the county overall was estimated to be \$42,126, representing a 22.3 percent increase. The higher increase of the median income in the county resulted in a disparity of 20.7 percent between median incomes in the City and median incomes in the county.

ACS 2008 estimates indicate that the highest percent of households earned between \$25,000 and \$34,999 (16.5 percent), followed closely by those earning between \$15,000 and \$24,999 (16.1 percent) and from \$50,000 to \$79,999 (15.9 percent). Those earning less than \$10,000 fell to 11.1 percent. All higher income levels were estimated to have grown in both numbers and percent of the population between 2000 and 2008, except those earning more than \$200,000.

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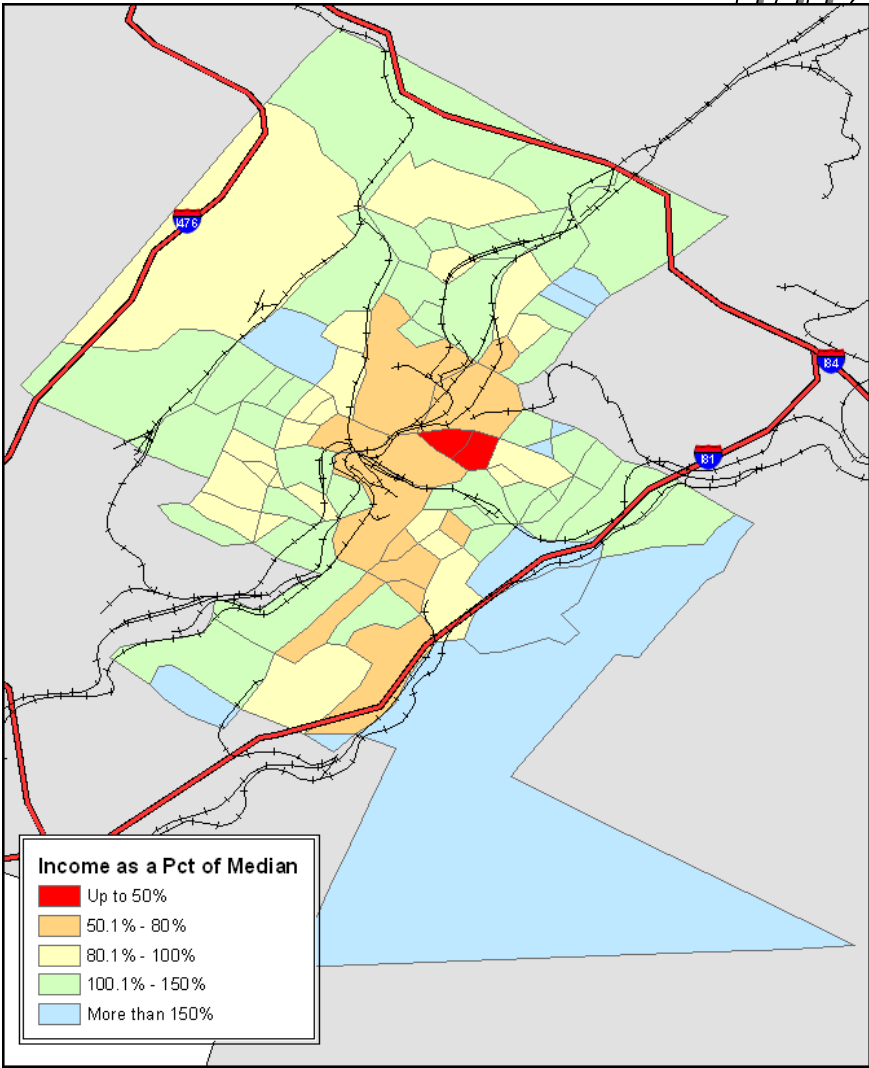


Source: Census 2000 (STF 3), 2008 American Community Survey

The map below geographically displays economic stratification in the City of Scranton, comparing each block group’s median income to that of the entire city. The block groups with the lowest median incomes (represented in red) are primarily located in areas with the highest concentrations of black and Hispanic residents. The wealthiest households predominate to the south of the city, outside of I-81.

**Map 3: Income Distribution (2000)**

*Draft*



According to HUD, the current (2010) median income for a family of four in the City of Scranton is \$56,500. The table below provides 2010 80% income limits by family size.<sup>4</sup>

***Income Limits 2010***

<b>Family Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Income Limit</b>	31,650	36,200	40,700	45,200	48,850	52,450

<sup>4</sup> U.S. Department of Housing & Urban Development: Annual Income Limits for Community Development Programs, March 2010

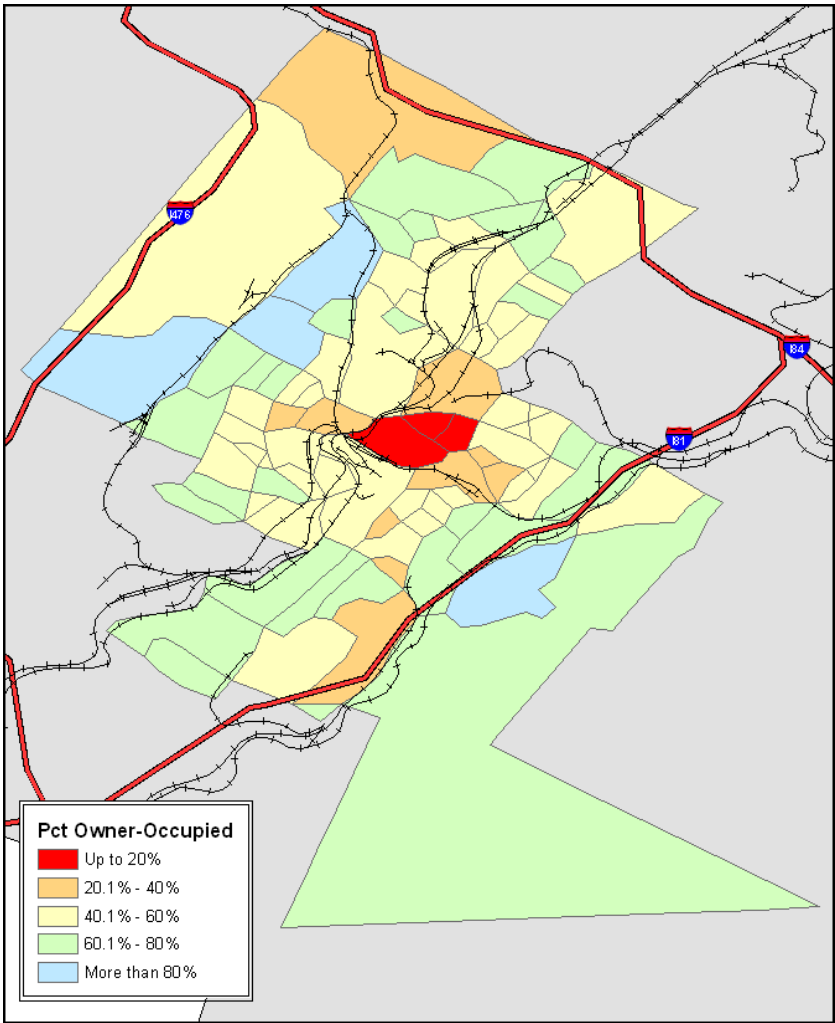
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**TENURE**

Tenure is calculated as tenant or owner occupancy as a proportion of occupied housing units. In 1990, the city's homeownership rate was 53.7 percent, which was more than 13 full points below the county rate of 67.0 percent, and considerably below the national rate of 66.2 percent. The rate has not changed significantly, increasing to 54.5 in 2000 and declining again to an estimated 52.1 in 2008. At the same time, homeownership in Lackawanna County rose to 67.6 percent in 2000 and is estimated to have declined to 64.6 percent in 2008. By that same year, the national rate had increased to 66.9 percent.

The map below shows the distribution of the 17,067 owner-occupied housing units throughout the City of Scranton in 2000.

**Map 4: Homeownership (2000)**



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**Draft**

While it is no surprise that areas with high income levels would also have high rates of homeownership, it is somewhat unexpected to discover the rather high homeownership rate of 61.7 percent combined with a median household income of just 75 percent of the city's median in block group 1030.00-2, an elongated rectangle-shaped block group located southwest of the city center illustrated in green above. The combination of high homeownership rates and low incomes, such as described by these findings, indicates stable populations living in homes of older construction that may no longer have mortgages, thus alleviating a housing payment.

Another block group of interest is 1003.00-1, located north of I-81 and adjacent to the KCS railroad tracks at its southern tip (shaded orange in the map above). This block group has a median income that is nearly 120 percent of the city's median, yet the homeownership rate is just 26 percent. Significantly, the block group's Black and Hispanic populations are both between 10 and 15 percent—among the highest concentrations citywide. While this may indicate that housing in the area is predominantly multi-family rental stock (thus, presenting few homeownership opportunities), this is an area that merits further investigation to positively ascertain that racial discrimination does not play a role in this anomaly.

In general, the City of Scranton has a lower homeownership rate (52.1 percent) than the national homeownership rate of 66.9 percent.

## Overview of Housing Supply

In 2000, there were 35,336 housing units in the City of Scranton, a net decline of 0.1 percent from 1990.<sup>5</sup> The housing stock fell by an additional 3.3 percent between 2000 and 2008 to an estimated 34,187 total housing units<sup>6</sup>.

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<sup>5</sup> Census 1990, Summary File 3, HO27: Tenure By Year Structure was Built (Housing Units) and Census 2000, Summary File 3, HO27: Tenure By Year Structure was Built (Housing Units),

<sup>6</sup> Census 2000, Summary File 3, HO27: Tenure By Year Structure was Built (Housing Units) and 2006-2008 American Community Survey 3-Year Estimates, B25034: Year Structure Built (Housing Units).

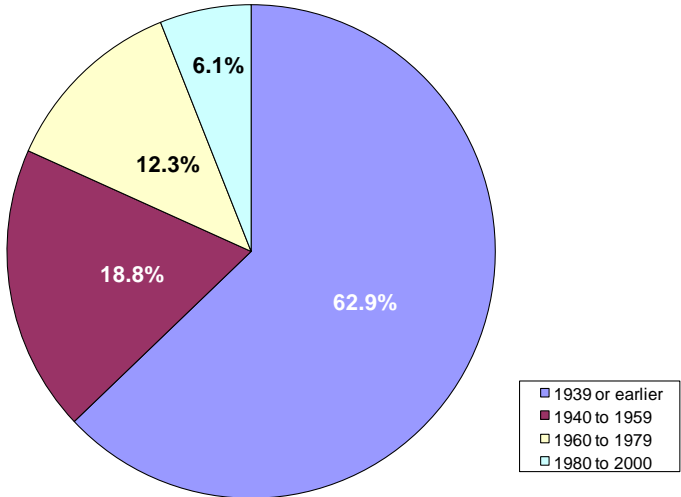
*Draft*

<i>Housing Units by Tenure</i>						
Units	2000		2008		Change	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	17,065	48.3%	15,505	45.4%	-1,560	-9.1%
Renter-Occupied	14,238	40.3%	14,275	41.8%	37	0.3%
Vacant	4,033	11.4%	4,407	12.9%	374	9.3%
Total	35,336	100.0%	34,187	100.0%	-1,149	-3.3%

**AGE AND CONDITION**

Based on the 2000 census, 81.7 percent of the total housing stock in the City of Scranton was built in 1959 or earlier, and is, therefore, now more than 50 years old. These data also indicate that nearly 94 percent of the housing stock was built prior to 1980, making lead-based paint a potential hazard.

Age of Housing Stock (2000)

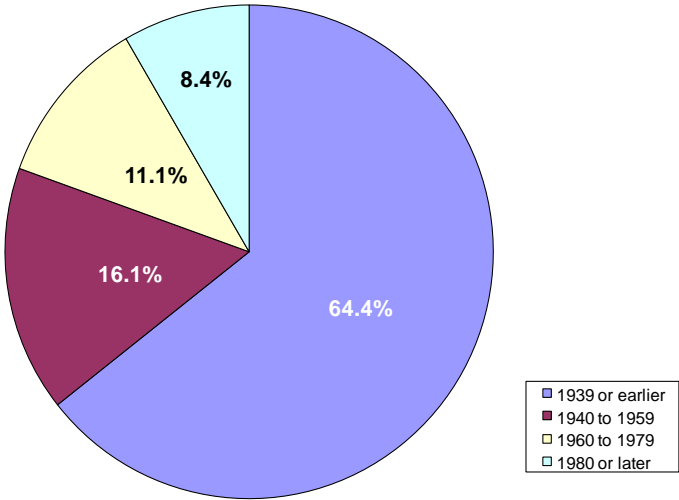


Source: Census 2000 (STF 3)

2008 American Community Survey estimates indicate that 80.5 percent of the city’s housing stock was built prior to 1959, suggesting that a few older housing units were lost from the housing inventory in the eight-year interim. Additionally, the percent of housing stock built prior to 1980 decreased to 91.6 percent, suggesting loss of some newer stock.

*Draft*

Age of Housing Stock (2008, est)



Source: 2008 American Community Survey

When compared to the national average of 56.0 percent built since 1980, the City of Scranton’s housing stock is considerably older than most. Most of the housing stock can be expected to need substantial financial investments in major structural systems to continue to remain sound and livable. For low-income owners, these repairs are frequently unaffordable, and deferred maintenance hastens the deterioration of their units. For low-income renters, their housing does not generate enough revenue for landlords to make improvements without raising rents.

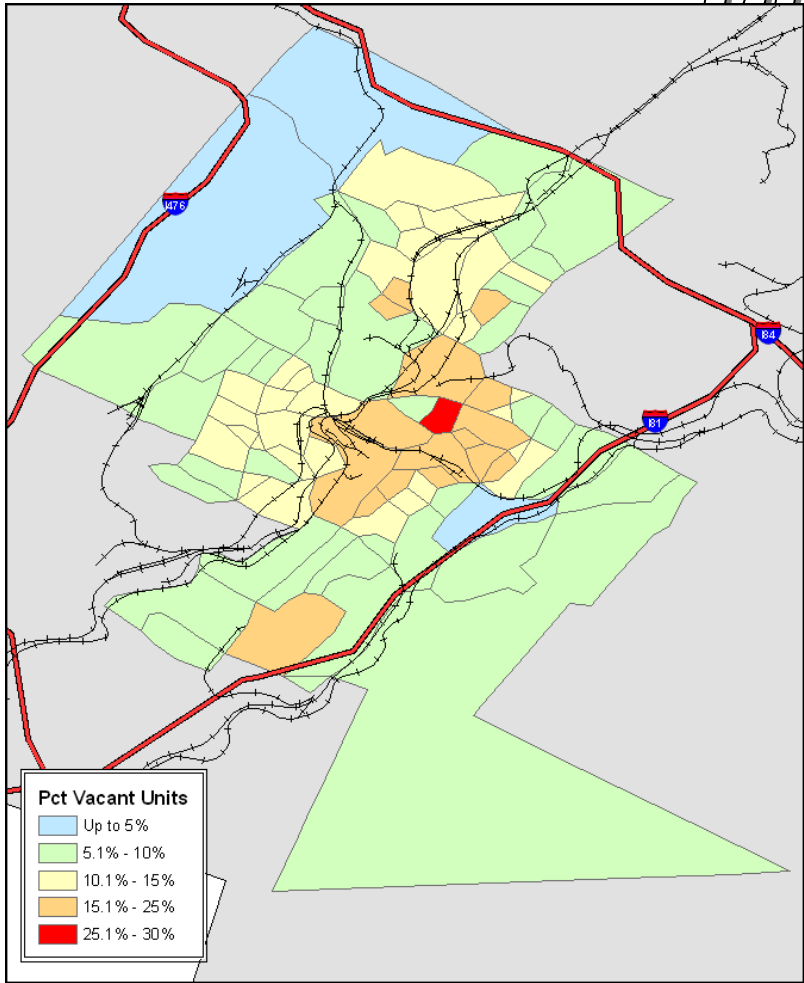
**VACANT UNITS**

Vacancy is a proportion of unoccupied units to all housing units. The map below shows the distribution of vacancies throughout the City of Scranton. The highest vacancy rate (29.1 percent) is found in block group 1020.00-1, near the city center. This particular block group also stands out as one of very low incomes (46.5 percent of the area median), and a very low rate of homeownership: of the 446 occupied housing units, just 16 are owner-occupied. Also significant is that this block group is comprised of 10 to 15 percent black residents.

Other areas of high vacancy are similarly located around the city center, although their median incomes are closer to that of the city.

Map 5: Percent Vacancies by Block Group (2000)

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Also significant is block group 1029.00-2 (shaded orange), located southwest of the city adjacent to I-81, which crosses at its southeast point. This area falls within the median ranges on the measures of homeownership, percent of area’s median income, and population composition. However, it is significantly high in terms of vacancy.

**HOUSING DEMAND VERSUS SUPPLY**

The following two graphs compare the housing demand versus the housing supply in the City of Scranton as of 2000. The first displays the total number of households distributed among their affordable home ranges (both rental and owned units). In this graph, the term *demand* represents the numbers of households at each income level shown (\$0-\$9,999, \$10,000-\$19,999, etc.). The term *supply* represents all housing units—that is, rented and

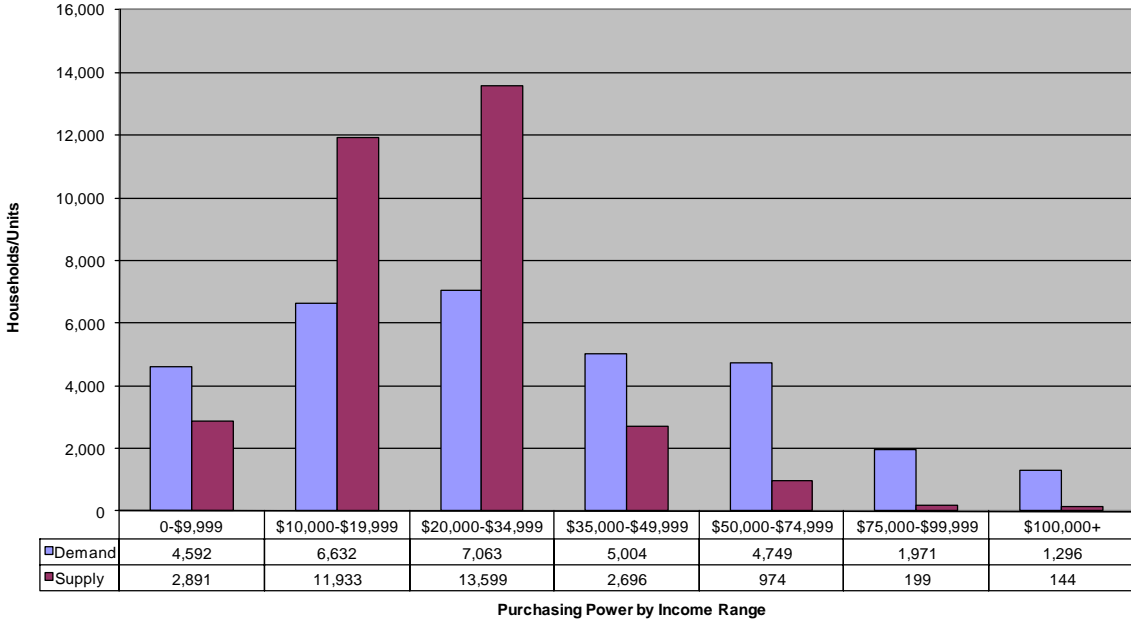


*Draft*

owned, occupied and vacant—valued at appropriate affordability for each income level.

In 2000 there were 4,592 households that earned less than \$10,000. Assuming that an affordable home value is roughly three times a household’s annual income, this income group can afford a home valued at no more than \$29,999. In 2000 in the City of Scranton, there were 2,891 homes valued in this range, falling short by nearly one-third in housing for households at this income level.

**Households by Purchasing Power Range versus All Units by Income Range\* (2000)**



Source: Census 2000 (STF 3)

\* for all households

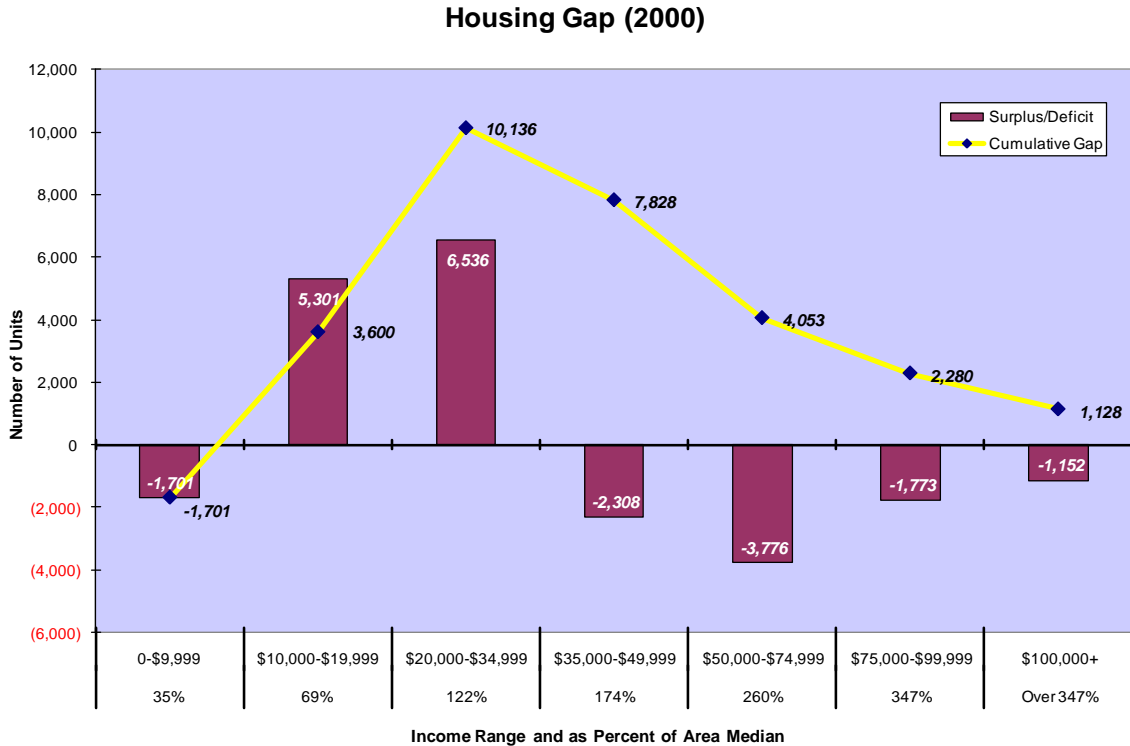
There is also a lower supply than demand for all income levels above \$35,000, illustrating that high-income households purchase homes below their affordability levels, causing them to compete for housing with those at lower incomes.

The graph below shows the gap between the supply and demand of housing units at each income level. For example, the demand for 4,592 units and supply of 2,891 (above) creates a gap of 1,701 units (see graph below and table above). In other words, there were 1,701 more households earning up to \$9,999 annually seeking housing than there were housing units in their affordability range.

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At the next level, the demand of 6,632 units and supply of 11,933 creates a gap of 5,301 units in excess of demand. When households from the income level below accept housing at a higher level than they can afford, the cumulative effect is ample housing for households earning less than \$20,000. Combining these with the deficit of 1,701 units from the previous income level creates a net surplus of 3,600 housing units for households at these two income levels combined.

A review of the cumulative housing supply and demand (yellow line) shows that in 2000 there was ample housing for all households, and cumulative surplus of 1,128 units (as of the 2000 Census). This surplus indicates that there are sufficient units for all households earning more than \$10,000 that accept living in housing at or below their affordability levels. However, the shortage of housing for households earning incomes above \$35,000 means that all households in Scranton are competing for housing priced in the affordability ranges that correspond to those earning between \$10,000 and \$34,999.



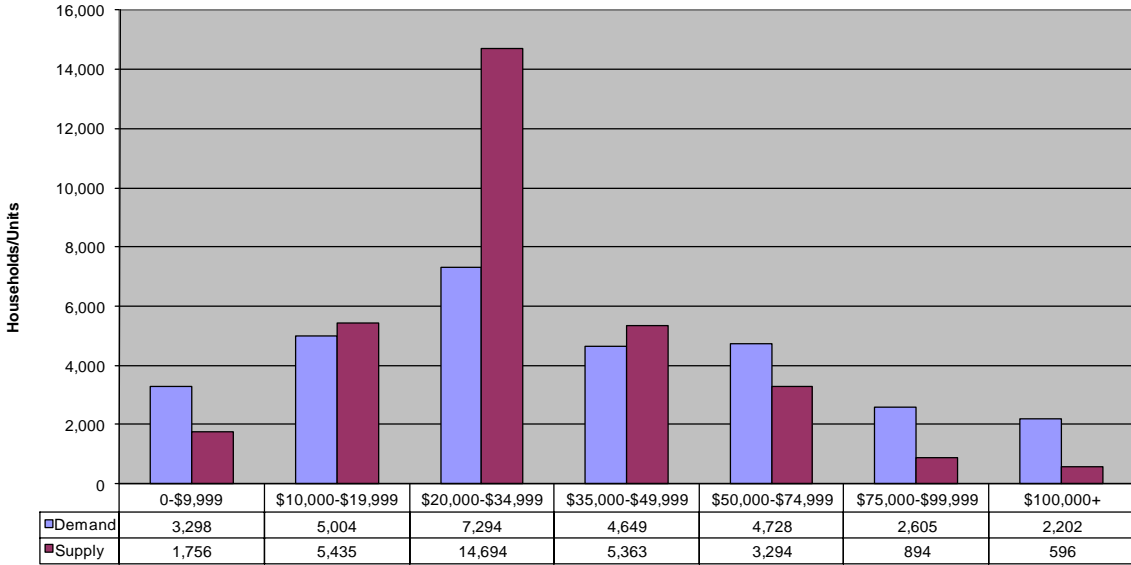
Source: Census 2000 (STF 3)

Estimates from the 2008 American Community Survey suggest the shifts illustrated in the following graphs. Housing availability appears to have

*Draft*

improved for households earning from \$35,000 to \$49,999, but still falls short of demand at the lowest and highest levels.

**Households by Purchasing Power Range versus All Units by Income Range\* (2008, est)**



Purchasing Power by Income Range

Source: 2008 American Community Survey

\* for all households

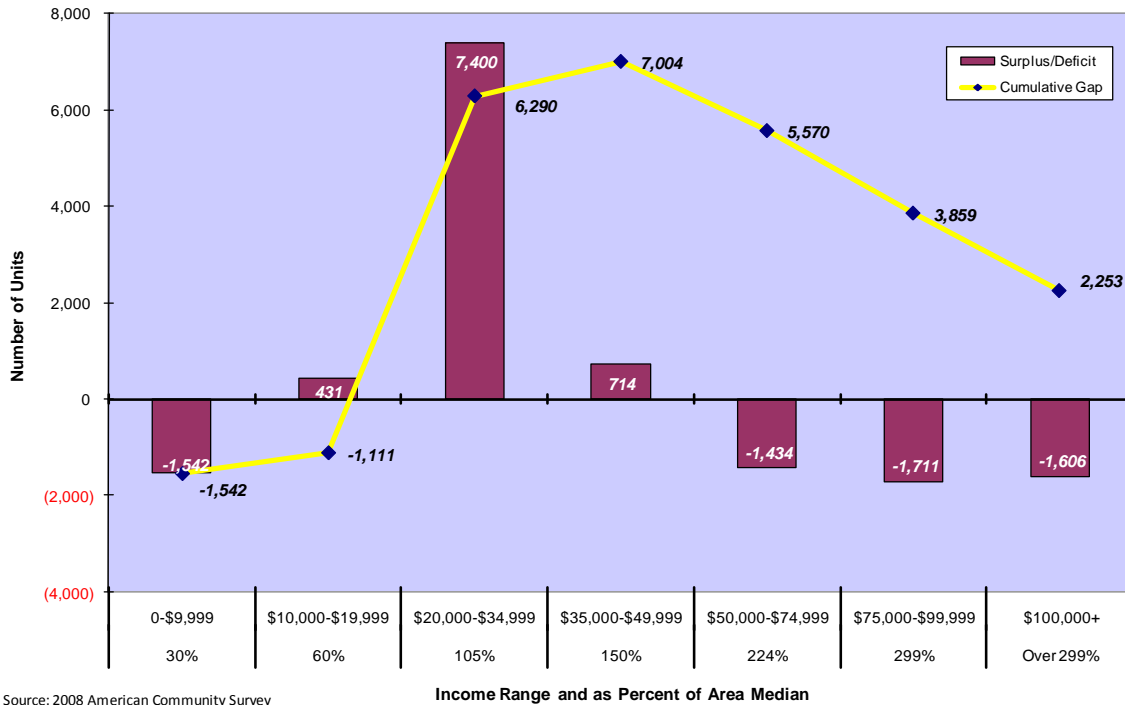
The demand for 3,298 units and supply of 1,756 at the lowest level reveals a gap of 1,542 units—somewhat smaller than the gap in 2000. Important to note is that a home priced at less than \$10,000 in 2000 was available to households earning up to 35 percent of the area’s median income. By 2008, this home was available to those earning up to just 30 percent of the area’s median income. Because the price of the home is held constant against a rising median income, the affordability measure decreases.

At the next price point, the demand for 5,004 units and supply of 5,435 units meets the needs of households earning from \$10,000 to \$19,999, but represents a continued deficit of housing for those with incomes below 30 percent of the area’s median. Relief for the unmet needs of the high demand and low supply does not occur until the excess of 7,400 housing units for those who earn 105 percent of the area’s median income (up to \$34,999). Furthermore, the continued shortage of housing units at the highest levels causes the highest earners to compete with those from lower income levels

*Draft*

for housing priced near and well above the median. Ultimately, the City of Scranton has an estimated net surplus of 2,253 housing units.

**Housing Gap (2008, est)**



### HOUSING AFFORDABILITY

Housing affordability is calculated as 30 percent of income for rent, and 28 percent of income for homeownership. The difference is to allow for additional costs, such as utilities, that are customarily included in a tenant household’s rent, but are borne by the household’s income as homeowners.

In the City of Scranton, the current median<sup>7</sup> cost for a home is \$109,900<sup>7</sup>. Presuming a down payment of 5 percent (\$5,495) and an interest rate of 4.0 percent, an estimated monthly payment (PITI) of \$498 makes the home affordable to a household earning \$21,343 (or 63.9 percent of the area’s median income).

According to the National Low-Income Housing Coalition’s “Out of Reach” database, in 2009, the City of Scranton’s median gross rent for a two-bedroom unit was \$639. As 30 percent of annual income, this rent would be

<sup>7</sup> Retrieved from [www.realtor.com](http://www.realtor.com), accessed 8/4/10.

affordable to a household earning \$25,560, or 76.5 percent of the area's median income. Three-bedroom rental housing was reported to cost \$810. Affording this rent requires an annual income of \$32,400, and is affordable to households earning 97.0 percent or more of the area's median income. In general, rental housing in the City of Scranton is affordable for those who earn an income near the city's median.

The first table on the following page illustrates the income needed to afford a home of the 2010 median home value in the City of Scranton, based on interest rates of 4.0 and 4.5 percent with a 5-percent down payment.

The second table illustrates the price of a home that households paying the 2009 Fair Market Rent (FMR) for two- and three-bedroom units can afford, if they were to own rather than rent. These charts assume an affordable rental housing cost to be 30 percent of a household's monthly income and an affordable ownership cost to be 28 percent.

Assuming a 28 percent affordability index, the results of the analysis show that a median-priced home in 2010 is affordable to a household earning between \$21,343 and \$22,641 (or from 63.9 to 67.8 percent of the AMI). This assumes that the household can provide a down payment of 5 percent.

This analysis further examines the affordability of rental housing in the City of Scranton in comparison to the cost of homeownership. A household paying the 2009 fair market rent (FMR) for a 2-bedroom rental unit with no funds available for a down payment can afford a home between 107 and 114 percent of the 2009 median home value in the City of Scranton; that is, a home priced between \$117,866 and \$125,031. A household paying the 2009 fair market rent (FMR) for a 3-bedroom rental unit with no funds available for a down payment can afford a home between 136 and 144 percent of the 2009 median home value in the City of Scranton, or one that is priced between \$149,407 and \$158,491. A current search of homes for sale revealed the lowest priced home in the City of Scranton to be \$7,500, with 214 homes priced below \$109,900.<sup>8</sup>

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<sup>8</sup> Search conducted 8/4/10 at [www.realtor.com](http://www.realtor.com).

*Homeowner and Rental Housing Affordability*

**Draft**

<b>Area Median Income</b>	\$ 33,418
<b>Affordable Monthly Housing Cost</b>	28% monthly income

**Homeowner Housing**

**Annual Wage (and % AMI) and Down Payment Needed to Buy Various Priced Homes (at 4.0% interest rate)**

	Sales Price	Down Payment	Mortgage Amount	Monthly Mortgage at 5.0% interest	Total Monthly Cost**	Required Annual Income	Percent of AMI
Median Value of Owner-Occupied Unit, 2010*	\$109,900	\$5,495	\$104,405	\$498	\$518	\$21,343	63.9%

**Annual Wage (and % AMI) and Down Payment Needed to Buy Various Priced Homes (at 4.5% interest rate)**

	Sales Price	Down Payment	Mortgage Amount	Monthly Mortgage at 5.5% interest	Total Monthly Cost**	Required Annual Income	Percent of AMI
Median Value of Owner-Occupied Unit, 2010*	\$109,900	\$5,495	\$104,405	\$528	\$549	\$22,641	67.8%

\* Median Home Value source: calculated from data retrieved from Realtor.com, retrieved 8/4/10  
 \*\* Includes property taxes, homeowner & mortgage insurance (if required)

**Rental Housing**

**Comparable Monthly Rent and Mortgage/Tax/Insurance Payments**

	Monthly Housing Expense	Comparable Monthly Mortgage	Affordable Purchase Price 4.75% interest	Affordable Purchase Price 5.25% interest	Required Annual Income	Percent of AMI
2009 FMR (2-bedroom)	\$639	\$596	\$125,031	\$117,866	\$25,560	76.5%
2009 FMR (3-bedroom)	\$810	\$756	\$158,491	\$149,407	\$32,400	97.0%

## HOUSING PROBLEMS

Draft

By Department of Housing and Urban Development (HUD) standards, there are three criteria by which a household is determined to have a housing problem:

If a household pays more than 30 percent of its gross monthly income for housing, it is considered *cost burdened*. HUD considers households that pay more than 50 percent of their income on housing costs to be *severely cost burdened*.

If a household occupies a unit that lacks a complete kitchen or bathroom, the unit has a *physical defect*.

If a household contains more members than the unit has rooms, the unit is *overcrowded*.

Based on HUD's definition, 32.8 percent of the City of Scranton renters (4,652) were cost-burdened in 2000, including 15.2 percent (2,156) who were severely cost-burdened. A significantly smaller percent of homeowners with a mortgage experience this housing problem: 24.2 percent (4,118) were cost-burdened, including 9.2 percent (1,566) who were severely cost burdened.

According to the 2000 Census, 122 households (0.4 percent) lacked adequate plumbing facilities—51 owners (0.3 percent) and 71 renters (0.5 percent). At the same time, 190 households (0.6 percent) lacked complete kitchen facilities—32 owners (0.2 percent) and 158 renters (1.1 percent).

Specific data on these conditions are not available in 2008 estimates.

In 2000, 239 (0.8 percent) of the City of Scranton households were overcrowded. These were comprised of 70 owner-occupied households, or 0.4 percent of all owner-occupied households. More than twice this number of tenant-occupied households were overcrowded: 169 or 1.2 percent of all renters.

American Community Survey estimates reported little change by 2008, indicating that overall, .08 percent of households were still overcrowded (230). A slight shift took place in the composition of overcrowded households, now comprised of 36 owners (0.2 percent of all owners) and 194 renters (1.4 percent of all renters).

## Recommendations

*Draft*

Increase housing options for households at the lowest and highest income levels to relieve the competition for median-priced homes.

Ascertain that low homeownership rates around the city are a reflection of a geographic area's function (i.e., commercial areas) and not a reflection of the race, ethnicity or income levels of its residents.



## SECTION III: Fair Housing Status, 2010

### HUD Fair Housing Enforcement Activity

HUD often directly investigates complaints of housing discrimination based on race, color, religion, national origin, sex, disability, or familial status. At no cost, HUD will investigate the complaint and attempt to conciliate the matter with both parties. If conciliation fails, HUD will determine whether "reasonable cause" exists to believe that a discriminatory housing practice has occurred. If HUD finds "no reasonable cause," the Department dismisses the complaint. If HUD finds reasonable cause, the Department will issue a charge of discrimination and schedule a hearing before a HUD administrative law judge (ALJ). Either party may elect to proceed in federal court. In that case, the Department of Justice will pursue the case on behalf of the complainant. The decisions of the ALJ and the federal district court are subject to review by the U.S. Court of Appeals. As of August, 2010 the following cases are being investigated by HUD Headquarters:

*TABLE 3-1: CASES UNDER INVESTIGATION NATIONALLY*

<b>HUD Charges 2010 Basis of Discrimination</b>		
<b>Case Number</b>	<b>Date Charge Issued</b>	<b>Basis of Charge</b>
05-09-0142-8; 05-09-0143-8	07-26-10	Disability
02-09-0997-8	06-17-10	Disability
05-09-0210-8	06-07-10	Disability
04-08-0484-8	04-07-10	Disability
02-09-0904-8	04-07-10	Disability
02-09-0753-8 and 02-09-0916-8	03/02/2010	Disability
02-09-0243-8	02-19-10	Disability
06-06-1162-8	10-08-09	Disability

05-10-0605-8 05-10-0606-8	09-30-10	Familial Status
04-08-0810-8 04-08-0813-8 04-09-0814-8	10-06-10	Familial Status
03-10-0163-8 03-10-2025-8 03-10-0162-8	08-05-10	Familial Status
01-10-0093-8	01-11-2010	Familial Status
08-07-0229-8	07-09-10	Familial Status
09-08-0480-8	06-10-10	Familial Status
02-09-0659-8; 02-09-0660-8	05-18-10	Familial Status
03-10-0065-8 03-10-0068-8	04-09-10	Familial Status
09-09-0598-8	12-10-09	Familial Status
01-09-0483-8, 01-09-0480-8, 01-09-0481-8, and 01-09-0482-8	12-01-09	Familial Status
05-09-1428-8	07-09-10	National Origin
01-10-0118-8	06-10-10	National Origin
04-08-1144-8	09-30-10	Race
04-08-1144-8	09-30-10	Race
04-08-0238-8/6	09-30-10	Race and Color
03-09-0035-8	09-08-10	Race and Color
03-08-0318-8	09-08-10	Race and Color
05-10-0519-805-10-0520-805-10-0522-805-10-0523-8	08-09-10	Race

10-08-0323-8	04-01-10	Race, national origin, familial status
05-09-0523-8	05-11-10	Race
04-09-0800-8 04-09-0801-8	12-17-09	Race
07-09-0268-8 & 07-10-0080-8	09-30-10	Sex

## SCRANTON TITLE VIII COMPLAINTS

### *FAIR HOUSING COMPLAINTS IN SCRANTON SINCE 2000*

Even though discrimination in the private housing market is illegal, the practice persists to some degree. The City of Scranton's Fair Housing Strategy addresses discrimination in housing through the enforcement of the State and Federal Fair Housing Statutes. The Federal Fair Housing Laws prohibit discrimination in housing due to race, color, national origin, religion, gender, familial status, and disability while Scranton and the Commonwealth of Pennsylvania also consider ancestry, age, and sexual preference.

Within the City, the Scranton Human Relations Commission, works closely with the Pennsylvania Human Relations Commission, the agency is responsible for enforcement of fair housing laws, and the mediation/conciliation and the litigation of fair housing complaints. The PHRC provides services and programs aimed at improving relationships among all citizens of the State, while seeking to ensure equal opportunities in the areas of employment, housing, public accommodations, recreation, education, justice and governmental services.

The Commission also enforces the Pennsylvania State Fair Housing Act and is fully substantially equivalent with the Office of Fair Housing (Title VIII) within the U.S. Department of Housing and Urban Development. Further, the Commission also serves as a resource to Community Development Block Grant recipients, such as Scranton, in helping them develop adequate Fair Housing plans. In addition, the commission also serves as a clearinghouse to disseminate information concerning Pennsylvania's employment law to citizens.

<i>Table 3-2 Scranton Complaints 1/1/2000-6/30/2010</i>	
<b>Protected Class</b>	<b>Number of Complaints</b>
Race	3
Race/Color	1
Race/Family Status	2
Race/Religion	1
Disability	11
Disability/Sex	1
National Origin	1
Total	20

It can be extremely difficult to detect unlawful discrimination, as an individual home-seeker, and the resolution of these complaints, following investigation, is also important to consider. Note, the following definitions:

**Administrative Closure**—Action taken as a result of a judicial proceeding, lack of jurisdiction due to untimely filing, inability to identify a respondent or locate a **complainant, or if a complainant fails to cooperate.**

**Conciliation**—Parties meet to work out a resolution. Meeting is generally initiated by the equivalent agency (PHRC) or HUD.

**Withdrawal/Relief**—Situation where the complainant wishes to withdraw without relief or there is relief granted following a resolution between the parties.

**No Reasonable Cause**—Although there may have been an action taken that appears to be discriminatory under the Fair Housing Law, there is not sufficient evidence uncovered as a result of investigation, to prove the action was in fact discrimination, or in other words one of “Reasonable Cause” to transfer to the U.S. DOJ, District Judge or the HUD Administrative Law Judge for a judicial ruling.

**Reasonable Cause**—As a result of investigation, that may also be considered in a conciliation or other attempted resolution action; there is sufficient evidence or “Reasonable Cause” to present the case to the (DOJ) District Judge or the HUD (ALJ), for a judicial ruling.

Table 3-3 provides the outcome of cases undertaken during the period 2000-2010.

<b><i>Table 3-3 Scranton Outcomes 1/1/2000-6/30/2010</i></b>	<b><i>Number</i></b>
Cause Findings	10
No Cause Findings	4
Administrative and Other Closures	4
Pending (July 1, 2010)	2
Total	20

#### *FAIR HOUSING AND ACTIONS TAKEN TO DEAL WITH DISCRIMINATION*

Even though discrimination in the private housing market is illegal, the practice still persists. The City of Scranton's Fair Housing Strategy addresses discrimination in housing through the enforcement of the City Ordinances.

Within the City of Scranton, PHRC is responsible for the enforcement of fair housing laws, the mediation/conciliation and the litigation of fair housing complaints. The City however, educates and trains citizens in fair housing law compliance and discrimination prevention. The PHRC receives, investigates, and monitors complaints of discrimination in housing and public accommodations.

## SECTION IV: Public Sector Analysis

### Overview

The Fair Housing Act generally prohibits the application of special requirements through land-use regulations, restrictive covenants, and conditional or special use permits that, in effect, limit the ability of minorities or the disabled to live in the residence of their choice in the community. If large-lot minimums are prescribed, if a house must contain a certain minimum amount of square feet, or if no multi-family housing or manufactured homes are permitted in an area, the results can exclude persons protected by the Act. If local mandates make it unfeasible to build affordable housing or impose significant obstacles, then a community must affirmatively work toward eliminating this type of impediment to fair housing choice.

The Fair Housing Acts of 1968 and 1988, as amended, also make it unlawful for municipalities to utilize their governmental authority, including zoning and land use authority, to discriminate against racial minorities or persons with disabilities. Zoning ordinances segregate uses and make differentiations within each use classifications. While many zoning advocates assert that the primary purpose of zoning and land use regulation is to promote and preserve the character of communities, inclusionary zoning can also promote equality and diversity of living patterns. Unfortunately, zoning and land-use planning measures may also have the effect of excluding lower-income and racial groups.

Zoning ordinances aimed at controlling the placement of group homes is one of the most litigated areas of fair housing regulations. Nationally, advocates for the disabled, homeless and special needs groups have filed complaints against restrictive zoning codes that narrowly define “family” for the purpose of limiting the number of non-related individuals occupying a single-family dwelling unit. The ‘group home’ arrangement/environment affords many persons who are disabled the only affordable housing option for residential stability and more independent living. By limiting the definition of “family” and creating burdensome occupancy standards, disabled persons may suffer discriminatory exclusion from prime residential neighborhoods.

The current Scranton Zoning Ordinance, the International Codes followed in Scranton, and other requirements appear to be in conformance with professionally accepted practices and not discriminatory.

### **SCRANTON DEPARTMENT OF LICENSES/INSPECTION/AND PERMITS, PLANNING COMMISSION, ZONING BOARD**

The Scranton Planning Commission is the organization responsible determining land use and zoning. Currently, the Planning Commission is participating in two regional planning efforts, one focusing on Luzerne and Lackawanna Counties and the other, the 11 communities in the Abington area and Dunmore. The main purposes of the joint planning effort are to promote the regional economy and minimize duplication of services.

The duties of the Zoning Board are to hear appeals from and review any order, requirement or decision based on zoning.

The LIP Department is responsible for overall administration and conducts construction inspections, and issues permits, as well as licenses, and grants variances to the requirements of the zoning ordinance when practical difficulties or unnecessary hardships result from carrying out the strict letter of the ordinance.

### **TRANSPORTATION**

Transportation links are an essential component to successful fair housing. Residents who do not have access to commercial areas are limited in where they can shop for goods and services, as well as seek employment. The converse is true as well. Inadequate transportation routes limit the selection of housing to neighborhoods within transportation service areas.

Main highways that service Scranton are Interstate 81, which runs north to Binghamton, New York and Ontario and south to Harrisburg and to its intersection with Interstate 40 in Tennessee; Interstate 84, which runs east to Milford and New England; Interstate 380, which runs south to Mount Pocono and Interstate 80 east to New York City and west to San Francisco; Interstate 476/Pennsylvania Turnpike Northeast Extension, which runs south to Allentown and Philadelphia; U.S. Route 6, which runs east to Carbondale and parallel to I-84 to New England and west to Erie; and U.S. Route 11, which terminates at Rouses Point, New York (U.S. - Canadian border) to the north and U.S. Route 90 in eastern New Orleans to the south.

The Wilkes-Barre/Scranton International Airport is located nearby and is serviced by American Airlines, Continental, Delta, United, and US Airways. Martz Trailways and Greyhound Lines provide coach bus transportation from its downtown station to New York City, Philadelphia and other points in the northeast. Private operators such as Posten Taxi and McCarthy Flowered Cabs service the Scranton area. They are hired by telephone through central dispatch and cannot be hailed on the street as in larger cities.

Rail transportation plays an important part in the city's history and continues to have an impact today. The Pennsylvania Northeast Regional Rail Authority is a bi-county creation of both Lackawanna County and Monroe County to oversee the use of common rail freight lines in Northeastern Pennsylvania, including one formerly owned by Conrail running from Scranton, through the Pocono Mountains towards New Jersey and the New York City market. One of its primary objectives is to re-establish rail passenger service via New Jersey Transit between Scranton and Hoboken, New Jersey by way of the New Jersey Cut-Off, with connecting service into Manhattan, New York.

The Canadian Pacific Railway (Delaware and Hudson division) operates the former DL&W line between Scranton and Binghamton, with frequent through trains often jointly operated with Norfolk Southern Railway. The Reading Blue Mountain & Northern Railroad services the former DL&W Keyser Valley branch in the City.

The Delaware-Lackawanna Railroad, as designated operator of county-owned rail lines, oversees the former Delaware and Hudson line from Scranton north to Carbondale, the former DL&W line east to the Delaware Water Gap and the former Lackawanna and Wyoming Valley Railroad third-rail interurban streetcar line south to Montage Mountain, Moosic. These are the lines hosting the seasonal passenger trains of both the Steamtown National Historic Site and the Electric City Trolley Museum and now under the jurisdiction of the new Pennsylvania Northeast Regional Rail Authority.

Finally, Scranton's main provider of regional public transportation is the County of Lackawanna Transit System (COLTS) running extensive service within the City and County service that reaches in all directions, including Luzerne County. COLTS operates a fleet of 24 peak service vehicles along 21 regularly-scheduled fixed routes on weekdays and 15 peak service vehicles along 20 routes on Saturdays. The route system is designed as a radial type which feeds all routes into the Scranton CBD. In addition to this service, COLTS also provides service to six outlying rural and suburban communities



through a deviated fixed route operation contracted to Northeastern Transit, Inc., a private operator selected through competitive proposals in July, 2009. Shuttle service along the Route 6 shopping corridor and a Job Access Reverse Commute/ Welfare-to-Work weekday evening service tailored to eligible low-to-moderate income employed individuals, are also provided under contract to NET.

Data compiled during 2010 shows that the typical COLTS' rider is female, without access to a car, who rides to and from work every day. While the majority are white (72%), a larger percentage are minorities or mixed race (28%). In preparing the 2007 update, the percentage of minority riders was 22%, an increase of 27% during the period to 2010.

Senior citizens, as of data compiled in 2010, constitute 52% of COLTS' overall ridership, while fare-paying passengers represent 48% of total ridership, a decrease of 6% in senior citizen riders in the intervening period (2007 to 2010), and an increase of 6% in fare-paying passengers (including revenue, physically/mentally-challenged, and transfers).

Bus service is provided to 30 municipalities in Lackawanna County and 3 Luzerne County communities. The 30 municipalities represent 91% of Lackawanna County's population. The service is provided by COLTS (24 municipalities) or Northeastern Transit, Inc. (6 municipalities under private contract). Service headways are based on peak requirements and loading conditions. This translates into more frequent service as one gets closer to the downtown area of Scranton. Within the Scranton CBD frequent service is provided by headway and duplication of service along heavily-used corridors. The majority of these corridors are in Census Tracts containing large percentages of minorities, including Tract numbers 1002, 1003, 1004, 1006, 1007, 1014, and 1029.

Headway along these routes is ½ hour. Routes in more suburban areas and areas further away from Scranton have 1 hour headways.<sup>9</sup>

### **CONSOLIDATED PLAN**

The City of Scranton carries out Federal programs administered by the U.S. Department of Housing and Urban Development. In FY 2010, the City published its Consolidated Five Year Strategic Plan, which addresses housing and community development needs during the period of FY 2010 to 2014.

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<sup>9</sup> Most of this Information was provided by the COLTS Director of Development.

The one-year Action Plan describes the activities to be undertaken during the fiscal year and how the City will use Federal and local resources to accomplish the stated objectives. The annual plan also describes how other community resources will be utilized to address the needs of the homeless, low to moderate income individuals and families, and other targeted populations. The 2010-2014 Consolidated Plan, that features extensive program targeting in the homeowner rehabilitation, homeownership, infrastructure, and public service areas, submitted to HUD for the program year beginning January 1st.

In effect, the Consolidated Plan serves as the City of Scranton's application for CDBG, HOME, and ESG funds supported by Housing Opportunities for Persons with AIDS (HOPWA) that is administered by the Commonwealth of Pennsylvania, as well as the Scranton Housing Authority.

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

Grants awarded to urban communities on a formula basis to support affordable housing and community development activities. The Community Development Block Grant (CDBG) program is used to plan and implement projects that foster revitalization of eligible communities. The primary goal of the program is the development of viable urban communities. Program objectives include the provision of decent housing, a suitable living environment and expanded opportunities principally for low- to moderate-income individuals and families. Scranton has been an entitlement community for over 36 years and receives its CDBG allocation directly from HUD:

- Acquisition/Rehabilitation
- Homebuyer Assistance
- Homeless Assistance
- Economic development
- Public Improvements
- Public Services

### **HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)**

Grants awarded for the development and rehabilitation of affordable rental and ownership housing for low income households. The HOME Investment Partnership (HOME) program is used to assist in developing affordable

housing strategies that address local housing needs. HOME strives to meet both the short-term goal of increasing the supply and availability of affordable housing and the long-term goal of building partnerships between state and local governments and nonprofit housing providers.

### **HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)**

As appropriate, funds awarded by HUD to the Commonwealth of Pennsylvania to design long-term comprehensive strategies for meeting the housing needs of low income people living with HIV/AIDS in Scranton.

### **EMERGENCY SHELTER GRANT PROGRAM (ESG)**

Grants awarded to implement a broad range of activities that benefit individuals and families who are homeless.

### **AFFORDABLE HOUSING NEEDS AND ACTIVITIES**

The Scranton Office of Economic and Community Development and Housing Programs are designed to implement various housing assistance strategies that include rehabilitation and down payment assistance. The City's community and neighborhood development activities are designed to:

Assist with neighborhood improvement projects

Assist homeowners, including elderly and disabled

Provide down payment and closing cost assistance to qualified homebuyers

Provide housing rehabilitation

Help low to moderate-income residents acquire needed information, knowledge and skills

Provision of public services

The City's community and neighborhood development activities are designed to assist with neighborhood improvement projects, provide public services, help low- to moderate-income residents acquire needed information, knowledge and skills to build their capacity, and enhance the provision of public services.

- Housing and neighborhood improvement needs and activities are described 2010-14 Consolidated Plan Strategic plan.
- Working with the local housing non-profits, provide HOME and CHDO funding to undertake an eligible HOME activities.

- Assistance to the homeless is provided through the ESG Program and various federally-funded SHP Programs through the Continuum of Care.

### **AFFORDABLE HOUSING PRIORITIES**

Faced with the reality of limited Federal and local government resources for housing, Scranton has been challenged to create comprehensive, affordable housing programs to meet the demands of priority needs households along the entire housing continuum—rental, ownership, special needs, supportive housing, etc. While the unmet need for rental housing for extremely low income households might suggest that all resources should be devoted to addressing this gap, resources must also be devoted to addressing the housing needs of low and moderate income households that have cost burdens and other housing problems to ensure the housing continuum is intact and flowing. This includes enabling more homeownership among these income groups, which the City has determined is important for stabilizing families and neighborhoods. It also includes preserving the existing affordable housing stock, also key for neighborhood revitalization particularly in the South Side and Hyde Park neighborhoods.

To meet the needs of households along the entire housing continuum, the City has identified the housing rehabilitation, new housing construction, homeless needs, and economic development training as its top priorities for using CDBG, HOME and other public funds between 2010 and 2014 for affordable housing.

### **INSTITUTIONAL STRUCTURE**

Scranton's Office of Economic and Community Development is the lead agency implementing the strategies for addressing housing and community development needs identified as part of its consolidated planning process. The Department, with Mayor and City Council approval, oversees the Scranton's allocation of CDBG, HOME and ESG funds and is responsible for maintaining records, overseeing work done using these federal funds and reporting information to HUD concerning the performance of these programs.

The Scranton Housing Authority is responsible for the development and maintenance of the City's public housing and Section 8 within the City. The member agencies of the Continuum of Care continue to address the ongoing needs of the homeless and persons with special needs. The City also

coordinates its efforts with other local, state and federal institutions to address specific needs or to implement new programs. Affordable housing in the City is provided through a combination of public agencies, nonprofit organizations, private sector developers and lenders. In many cases, individual housing providers focus their efforts on specific income groups, tenure types or on providing certain types of housing and supportive services.

### **LEAD-BASED PAINT HAZARD REDUCTION**

Lead poisoning is one of the worst environmental threats to children in the United States. While anyone exposed to high concentrations of lead can become poisoned, the effects are most pronounced among young children. All children are at higher risk to suffer lead poisoning than adults; but children under age six are even more vulnerable because their nervous systems are still developing. At high levels, lead poisoning can cause convulsions, coma, and even death. Such severe cases of lead poisoning are now extremely rare, but do still occur. At lower levels, observed adverse health effects from lead poisoning in young children include reduced intelligence, reading and learning disabilities, impaired hearing, and slowed growth.

Since the 1970s, restrictions on the use of lead have limited the amount of lead being released into the environment. As a result, national blood lead levels for children under the age of six declined by 75 percent over the 1980s and dropped another 29 percent through the early 1990s. Despite the decline in blood-lead levels over the past decade, recent data show that 900,000 children in the United States still have blood lead levels above 10µg/dL (micrograms of lead per deciliter of whole blood). These levels are unacceptable according to the Centers for Disease Control and Prevention (CDC) which lowered blood lead intervention levels for young children from 25µg/dL to 10µg/dL in 1991. Many of these lead-poisoned children live in low-income families and in old homes with heavy concentrations of lead-based paint. The CDC identified the two most important remaining sources of lead hazards to be deteriorated lead-based paint in housing built before 1978 and urban soil and dust contaminated by past emissions of leaded gasoline.

The national goal for blood lead levels among children ages six months to five years is to limit elevations above 15µg/dL to no more than 300,000 per year and to entirely eliminate elevations above 25µg/dL.

About half of the housing units in the City may have lead-based paint. Since the City undertakes the rehabilitation of limited to comprehensive rehabilitation of housing units (many of which were constructed prior to 1978), painted surfaces will be disturbed as part of this process. As such, the City is required to incorporate lead-based paint hazard evaluation, approved remediation/reduction strategies and clearance requirements for all housing structures built before 1978.

To reduce the potential for adverse health effects attributable to the rehabilitation of deteriorated lead-based paint surfaces, the City provides educational material. All customers receiving housing rehabilitation or homebuyer assistance from the City are informed about the potential health hazards posed by the presence of deteriorated lead-based paint, which includes information about protecting their families from this hazardous substance.

In addition, staff who oversee rehabilitation projects are trained to incorporate proper hazard reduction techniques into the treatment of lead-based paint. Instead of performing lead hazard evaluations on properties proposed for rehabilitation, it is City's policy to automatically presume that lead-based paint and/or lead-based paint hazards are present when the housing was built before 1978. Visual assessment, stabilization and standard treatment methodologies are employed to achieve clearance for each comprehensive rehabilitation project. The City will conduct one of the lead hazard reduction methods as routine to rehabilitation activity. If interim controls are required, conduct standard treatments in lieu of interim controls on all applicable surfaces, including soil, to control lead based paint hazards that may be present. If abatement is required, abate all applicable surfaces, including soil, to control lead based paint hazards that may be present. As the result of elevated lead poisoning cases that were reported by the local media, the City has stepped up its activities to elevate public consciousness regarding the adverse effects of lead poisoning in the City include and secure funding for lead hazard reduction activities.

### **PROPERTY TAX POLICIES**

Across the Country, older communities—with the support of the Federal government—have begun to invest in economic and community development programs designed to revitalize their urban cores. Scranton is no exception. The foundation upon which this kind of development is built is the ability to achieve fairness in the appraisal process within these

neighborhoods. Since the starting point for most bank appraisals is the tax department, discriminatory assessment practices can undermine a homebuyer's ability to secure mortgage financing in an amount commensurate with the property's true market value.

Although the Fair Housing Act specifically prohibits the consideration of the racial or ethnic composition of the surrounding neighborhood in arriving at appraised values of homes, no practical means exist to investigate violations of this kind. One reliable approach, however, is to review, periodically, the assessment policies and practices of the taxing jurisdiction since their valuations generally comprise the bases for private appraisals.

Property tax assessment discrimination against low-income groups occurs when lower value properties and/or properties in poorer neighborhoods are assessed for property tax purposes at a higher percentage of market value, on average, than other properties in a jurisdiction. Regressive assessments (the tendency to assess lower value properties at a higher percentage of market value than higher value properties) are not uncommon in this Country. They result from political pressures, practical problems in assessment administration and the use of certain inappropriate appraisal techniques. Assessments tend to remain relatively rigid at a time when property values are rising in middle income neighborhoods and are declining or remaining at the same level in low-income neighborhoods.

Inequities in property tax assessments are a problem for both lower-income homeowners and low-income tenants. Millions of low-income families own homes. Variations in assessment-to-market value ratios between neighborhoods or between higher and lower value properties can make a difference of several hundred dollars or more each year in an individual homeowner's property tax bill. In addition to causing higher property tax bills, discriminatorily high assessment levels can also have an adverse impact upon property values. Buyers are less likely to purchase a property if the property taxes are perceived as too high thereby making the property less attractive and reducing its market value.

Another common inequity is the assessment of multifamily dwellings at a higher ratio to market value than single family dwellings. This type of inequity may be considered a form of discrimination against low-income groups because a higher percentage of low-income than middle-income persons live in multifamily rental dwellings. The requirement to pay a higher assessment is passed on to the tenant in the form of higher rent. Quite

often, higher assessments also make it difficult for landlords to maintain property within the limits of the property's rent structure leading to substandard housing conditions.

Most jurisdictions rely heavily on a market value approach to determining value when conducting their property assessment appraisals. Under this approach, an appraiser compares recent sale prices of comparable properties within the area – in addition to site visits and a good deal of expert speculation – in arriving at an appraised value. The limitations inherent in market value approaches are many. Most prominent among them are the cumulative result of decades of discriminatory valuations, especially where the neighborhood is a minority one. Unless some radical re-appraisal process has been conducted within the preceding 10-year period, the present market value approach merely compounds past discrimination.

While the market value approach may operate successfully in some jurisdictions, a substantial percentage of jurisdictions rely primarily on a replacement cost approach in valuing properties. Making determinations of value based on comparable sales is a complex task, which requires considerable exercise of judgment. Assessor's departments, which must appraise every property within a jurisdiction, often do not find it feasible to make the detailed individual analysis required to apply the market value approach.

### **STRATEGIES TO MEET UNDERSERVED NEEDS AND BARRIERS TO AFFORDABLE HOUSING**

(The following information was taken from the Scranton 2010-2014 Consolidated Plan)

Low-income Hispanic or Latino renters, whose households meet the definition of "other," experience housing problems at a disproportionately greater rate (100%) than the total population of "other" low-income renters (80%). Also, 50% of moderate-income Hispanic or Latino renters, whose households meet the definition of "other," experience housing problems; this indicates an unfavorable disproportion when compared to the total population of moderate-income "other" renters, who experience housing problems at rate of 16.2%



## Priority Needs

The analysis of housing needs by income category and type of household indicates that extremely low-income and low-income families are struggling with heavy housing cost burdens to a much higher degree than moderate-income families. This fact becomes clearer upon further study of the problems faced by minority groups within these subcategories.

The housing market analysis indicates that Scranton's housing stock needs to be renewed. Older houses that cannot be rehabilitated should be demolished (especially if these homes are vacant); those older homes that can be "saved" should be unproved. The City also encourages new construction and helps to ensure that some of the newly constructed units are made available to extremely-low, low-moderate-income persons, as affordable housing.

The City encourages homeownership through its Homebuyers Program and has developed partnerships with lending institutions and nonprofit housing agencies to ensure that prospective homeowners do not fall victim to predatory lending and receive proper mandatory homeownership counseling. The City has found partnering with these institutions and nonprofit housing agencies have been very successful.

### **OBSTACLES TO MEETING UNDERSERVED NEEDS**

The most obvious obstacle to meeting underserved needs is a cultural/language barrier that exists between primarily English-speaking white persons, who comprise the overwhelming majority of the City's population, and persons to whom English is a second language (this barrier is most obviously present in the growing Hispanic/Latino community). For this reason, it has been important that all housing agencies place a priority on making their services easily accessible to these persons. In order to accomplish this goal, social service agencies have made informational materials and applications available in several languages, making interpreter/translator services available, and have looked favorably upon bilingual job applicants.

For the past several years absentee landlords have become an issue with the City. The City's Licensing, Inspections and Permits (LIPS) have implemented requirements that all landlords having 3 or more housing units register with the City. Landlords and homeowners often allow their properties to deteriorate over time, believing that the costs incurred to undertake certain

repairs or improvements will not be realized through an increase in the value of the home (and the resulting increase in the home's prospective sale price or market rents). Given the age of Scranton's housing stock, in the absence of frequent and substantial home rehabilitation projects, it will become increasingly difficult to provide an adequate amount of decent, affordable housing units.

However, the City if possible would like to investigate the prospect into bringing back the Rental Rehabilitation Program (RRP) that would result in motivating landlord to rehabilitate their rental properties with the help of federal funding. The previous Rental Rehabilitation Program matched the funds of the property owner. (Example, if a home contains 4 units, the landlord would provide \$5,000 per unit and the City would match the \$5,000 per unit for a total of \$20,000.00 in rehabilitation. The home needs to be brought up to code. If this program is resurrected it will be necessary to increase each unit by \$10,000 matched by \$10,000 due to the Lead Based Paint Abatement if no other funding is available.

## **STRATEGIES**

The City reevaluated its current housing programs, the homebuyer assistance program and the homeowner rehabilitation program. As a result both programs follow the affordability period for the HOME Program. The more rapid forgiveness of the deferred payment loans provided to families that participate in these programs in response to an abundance of problems that families who had participated in these programs in prior years were facing when trying to sell their homes.

We will encourage homeownership through a more generous homeownership assistance program and through homeownership outreach efforts undertaken in partnership with the Lackawanna Housing Coalition.

Scranton will continue its aggressive enforcement of code violations (including lead-based paint hazards) and strict monitoring of landlords, especially absentee landlords, in order to improve the condition of the existing housing stock. Vacant properties and hazardous structures will be condemned and demolished; the resulting vacant land will be redeveloped, perhaps as part of a scattered-site affordable housing project. Also, we will provide assistance to income-eligible families to carry out lead-based paint hazard control activities.

The City will continue its partnerships with lending institutions in order to ensure that affordable financing is available to potential homebuyers, especially those whose incomes are below 80% of the area median. We will also attempt to attract private investment in affordable housing initiatives through these partnerships.

We will continue our partnerships with nonprofit housing agencies, especially through active participation in the Lackawanna Housing Coalition's activities. We will attempt to develop, with these partners, a housing program to ease renters' cost burden. As part of this initiative, cooperative efforts to remove the language barrier will be undertaken.

## SECTION V: Fair Housing and the Private Sector

Homeownership rates are important to a community's financial well-being. Prospective homebuyers expect to have access to mortgage credit; and home ownership programs must be available without regard to discrimination, income, or profession. To truly live up to fair housing laws, all persons must have the ability to live where they want and can afford.

Access to mortgage credit enables residents to own their homes, and access to home improvement loans allows them to keep older houses in good condition. Access to refinancing loans allows homeowners to make use of the equity in their home for other expenses. Mortgage credit, home improvement loans, and refinancing loans together keep neighborhoods attractive and keep residents vested in their communities.<sup>10</sup>

### Lenders in the City of Scranton

Poor lending performance results in various long-term and far ranging community problems. Of these, disinvestment is probably the most troubling. Disinvestment in the City of Scranton by its lenders would reduce housing finance options for borrowers and weaken competition in the mortgage market for low-moderate income neighborhoods. High mortgage costs, less favorable mortgage loan terms, deteriorating neighborhoods, reduced opportunities for home ownership, reduced opportunities for home improvement and the lack of affordable housing are only a few of the consequences of inadequate lending performance. Financial decay in the business sector as well as in the private sector is also a result of disinvestment in the form of business relocation, closure, and bankruptcy. Full service local lenders that have traditionally served residents and businesses are one of the main elements that keep neighborhoods stable.

Significant changes are occurring in the lending market not only in the City of Scranton but throughout the United States. The number and type of lenders have changed over the last ten years, and many local lenders have been bought by national lenders. These national lending institutions are becoming increasingly more active locally, as their market share continues

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<sup>10</sup> Profile of Lima, Ohio, Federal Reserve Bank of Cleveland, Fall 2000.

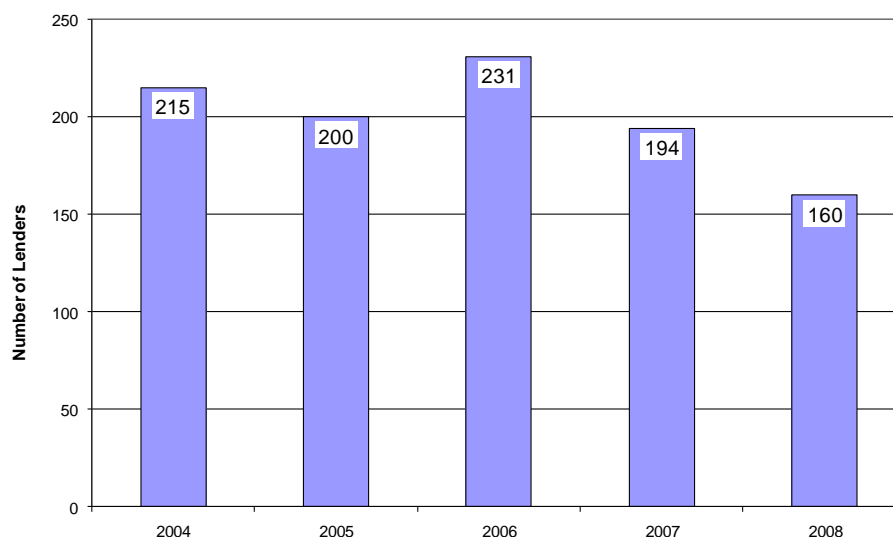
to grow, and recent government bail-outs to prevent lender failures have impacted conventional lending prospects for the future.

The substantial growth of the sub-prime market and the impact these lenders have on communities and neighborhoods continues. More and more we see local commercial banks lose market share to lenders outside the city.

In part, this is attributable to the advent of on-line loan services (such as Lending Tree, e-loan Ditech, and others) who submit applications on the borrower's behalf to several lenders. More favorable terms can often be available from remote lenders than can be found locally. HMDA data also reflect other impacts of the popularity of on-line loans. First, since several prospective lenders may report the same borrower's application, this results in an increase in the number of loan applications, often by three or four times the actual number of loans sought. Secondly, since each borrower ultimately chooses just one loan, the number of applications approved but subsequently declined also increases. These effects are evident in the data.

There were 160 financial institutions with a home or branch office in the City of Scranton, and whose data make up the 2008 aggregate report for the city. The number of all mortgage lenders in the City of Scranton has declined in recent years, dropping by an overall average of -6.3 percent each year since 2004. In 2008, there were 25.6 percent fewer lenders serving the area than in 2004.

Fig. 1. Number of Lenders



Source: HMDA, 2004-2008

The physical presence of financial institutions in communities facilitates relationships with banks, and the location of these institutions is a primary concern for a community. Areas left without branches or with access to only ATM machines must find alternative sources for services (such as check cashing businesses or finance companies), which can be more expensive than traditional financial institutions or credit unions.

**Number of Lenders  
Percent Change  
2004 to 2008**

2004 to 2005	-7.0%
2005 to 2006	15.5%
2006 to 2007	-16.0%
2007 to 2008	-17.5%

The number of all mortgage lenders in the City of Scranton showed an overall decline of 25.6 percent from 2004 to 2008. This pattern of lender activity depicted above closely mirrors a similar pattern nationwide that reflects the recent instability of the lending industry.

Table 1 shows the top five lenders in the City of Scranton and their 2008 market share for mortgage applications (all types and purposes). As lenders, these institutions wrote 19.5 percent of the residential lending business in the City of Scranton in 2008. With all other lenders with locations in the MSA harnessing another 10.3 percent, local lenders realized a total of 29.8 percent of the city's residential mortgage business in 2008. The remaining 70.2 percent went to lenders who do not have offices or branches in the City of Scranton. This means that the residential real estate lending marketplace in the City of Scranton is primarily served by remote lenders.

**Five Largest Lending Institutions**

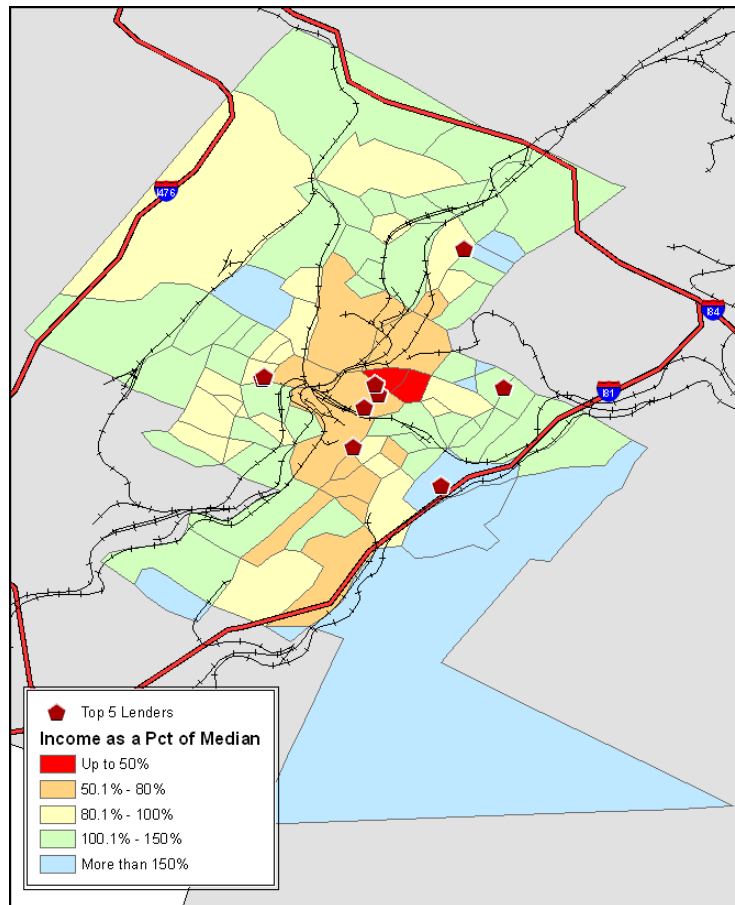
Institution	Branches/ Offices	% Market Share 2008
HFC COMPANY LLC	1	6.18%
WACHOVIA BANK NA	3	4.04%
FIDELITY DEPOSIT & DISCOUNT BK	2	3.44%
PENN SECURITY BANK & TRUST CO.	5	3.28%
PNC BANK N.A.	2	2.53%
TOTAL	13	19.5%

Source: HMDA, 2008

The map on the following page illustrates the locations of the five top local lenders in the City of Scranton. Sited around the city center, they are readily accessible by residents at all but the highest income levels. The City of Scranton's highest-volume lenders are scarce in the northern and

southernmost tracts; however, most prospective borrowers who earn over 80 percent of the area's median income have access to other sources of funds, such as might be found through remote or on-line brokers, who accommodate their needs remotely without the need for face-to-face interaction.

**Map 6: Lenders in Neighborhoods**



According to HUD's Subprime Lender criteria, 21.3 percent of the lenders active in 2008 lending in the City of Scranton were subprime lenders. Generally located outside the state, their services are most often sought electronically through on-line brokers. These lenders are easy to access nationwide, making it convenient to shop for loans; and the local absence of top-tier accessibility can make the subprime market generally more attractive for local borrowers.

## LENDING ACTIVITY IN THE CITY OF SCRANTON, 2004-2008

The statistical databases used for this analysis were 2000 decennial census data, the 2008 American Community Survey and the Home Mortgage Disclosure Act (HMDA) data for the years 2004 to 2008, inclusive. HMDA data on loan activity are reported to document home purchase, refinancing, and home improvement loans. The broadest measure of lending activity is total market activity, which covers all three categories of home loans (purchase, refinance, and home improvement). In this report, if the loan purpose is not specified in the text or figures, the reference is to total market activity.

### *Loan Applications Percent Change 2004 to 2008*

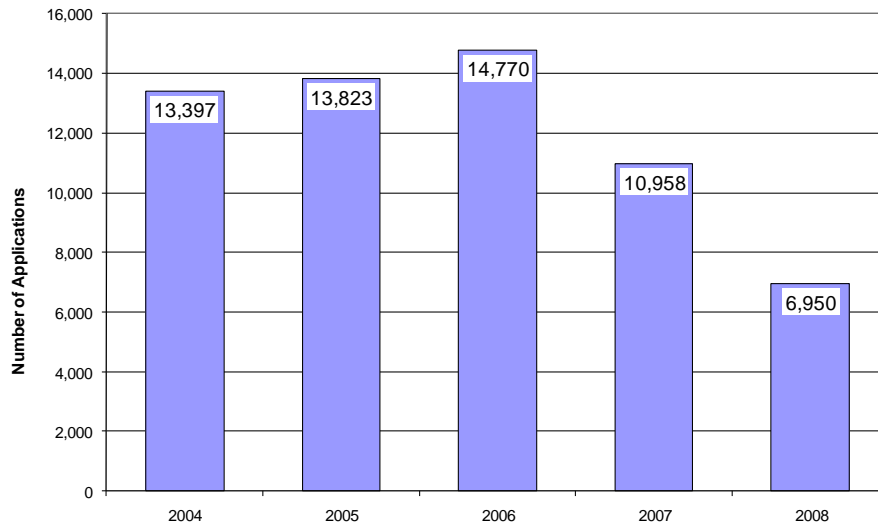
2004 to 2005	3.2%
2005 to 2006	6.9%
2006 to 2007	-25.8%
2007 to 2008	-36.6%

During the strong economic trends prior to 2005, there was a boost in income and employment, which generated a higher demand for homeownership and other mortgage related activities. Mortgage interest rates were quite low and there was a rush to refinance homes and to do home-improvement projects. Not surprisingly, mortgage loan activity in the City of Scranton showed strength over this same time period and the total number of applications submitted to lenders in the City of Scranton was quite high. In 2006, however, data indicate the start of a declining trend in loan application activity over the prior year, and a significant drop of 36.6 percent in 2007. This timeframe roughly corresponds with United States military involvement in Iraq. The uncertainty of its outcome may have resulted in residents viewing commitment to a new mortgage a low priority. The striking 36.6 percent decline in 2008 illustrates the effect of the end of favorable interest rates and the threat of an uncertain economy.

The applications represented here are for all loans: conventional, government-backed, refinance, home improvement for owner-occupied, single-family dwellings.



Fig. 2. Home Mortgage Applications, All Types



Source: HMDA, 2004-2008

Approval rates<sup>11</sup> declined between 2004 and 2006 (Figure 3) and then rose slightly, unlike denial rates, which rose throughout the study period. The decline in borrower behavior and conservative lender response is indicative of general economic conditions nationwide. In 2004, 15.6 percent of all loans were originated (not shown separately), while 5.7 percent of loans approved were declined by the applicants. Since that time, origination dropped to 13.8 percent in 2006, but returned to nearly 16.0 by 2008, while applicant decline of approved loans dropped off to 4.6 percent, and rose to 5.0 by 2008. The rate of denials rose to 36.0 percent by 2008, from 30.2 percent in 2006. Withdrawals peaked in 2005 at 23.9 percent, while incomplete applications (interpreted as a sign of a borrower's reluctance to commit finances) were unpredictable, from a low of 4.0 percent in 2005, a high of 8.5 percent the following year, and returning to 4.6 percent in 2008.

<sup>11</sup> Approved loans are those that originated (culminated in a closing) as well as those approved by the lender but subsequently declined by the borrower.

**Fig. 3. Actions Taken on Applications**  
**All Applications, All Loan Categories**

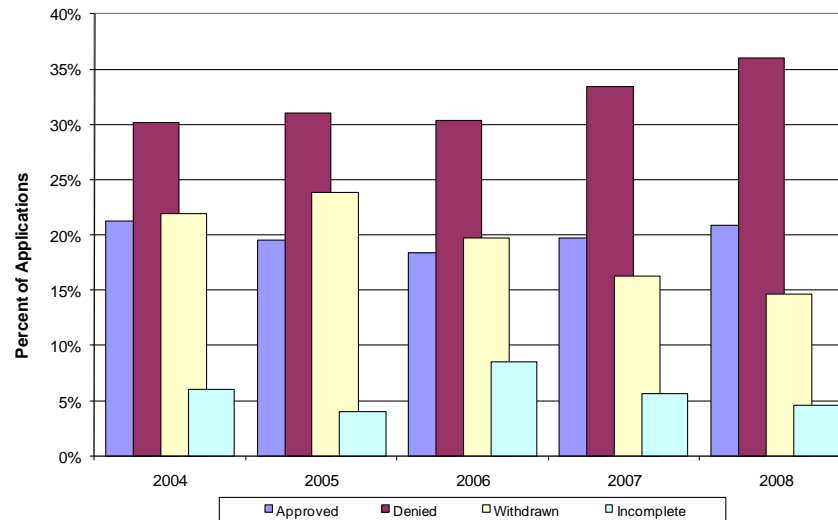
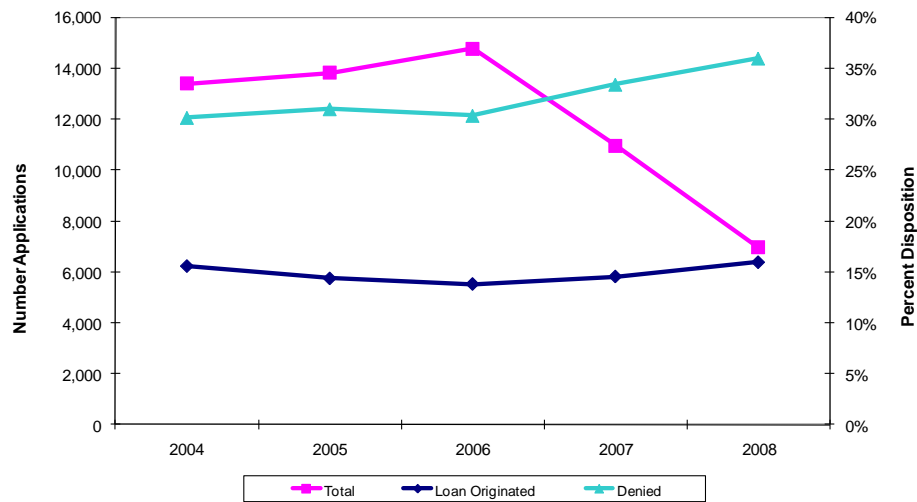


Figure 4 shows the relationship among percent of applications, originations and denials for the five-year period in the City of Scranton. Despite the rapidly declining number of applications since 2005 (reading the axis on the left, and also see Figure 2, above), rates of originations remained relatively stable at around 14 or 15 percent (reading the axis on the right).

Denials increased in number by more than one-third; however, when viewed in the context of the falling number of applications, the percent of denials rose from 30.2 percent in 2004 to 36.0 percent in 2008.

In this illustration, Originations are those loans that culminated in a closing. Loans that were approved but subsequently declined by the borrower have been subtracted from the total number approved (shown above). As anticipated, the number of loans declined by the borrower fell from 5.7 percent to 4.9 percent from 2004 to 2008 (not shown separately).

Fig. 4. Change in Applications Submitted, Originations and Denials



Source: HMDA, 2004-2008

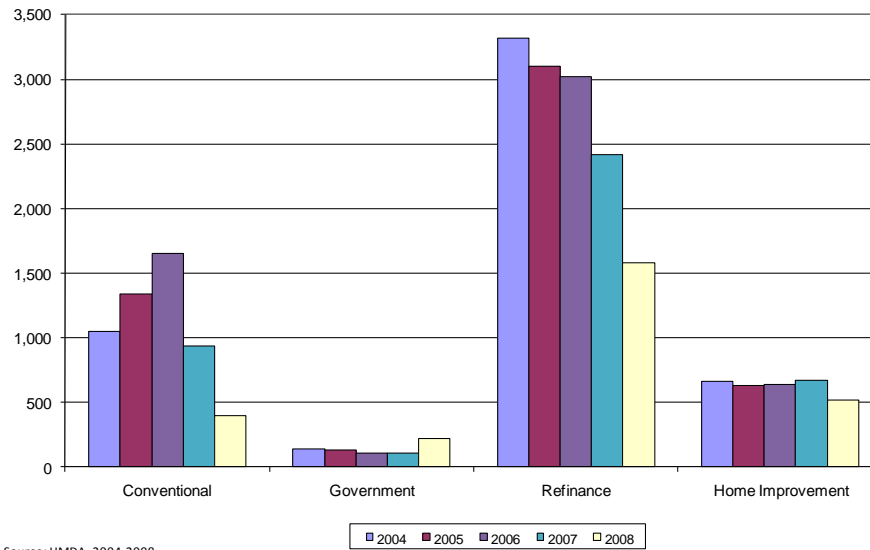
One factor that might contribute to a change in the rate of loan originations is the difference in the types of loans applicants seek. A review of applications by type (Figure 5) reveals that refinancing was the most sought-after loan type throughout the five-year period.

Refinancing is a common way for homeowners to access cash. Interestingly, the decline in interest rates in 2005 does not appear to have increased refinance application activity. Despite the drop in applications for refinances, this continued to be the most sought after loan type.

The gradual increase in conventional applications from 2004 through 2006 coincides with the lower interest rates available in those years. The sudden decline to fewer than 1,000 applications in 2007 and fewer than 400 in 2006 (a drop of over 62 percent since 2004) as compared to a smaller decline in applications for refinances (of just over 52 percent) reiterates efforts of borrowers seeking to take advantage of low interest rates to extract equity from their existing homes rather than committing to a new purchase. The increase in the use of on-line lending brokers likely helped fuel the ease of seeking out loans until cautions about an unstable economy stopped the flow.

Elsewhere around the nation, home improvement loan applications are the least sought-after product. In the City of Scranton, however, these were in higher demand than government loans. Government loans represented between 1.9 and 2.7 percent in all years prior to 2008, when they leapt to 8.1 percent.

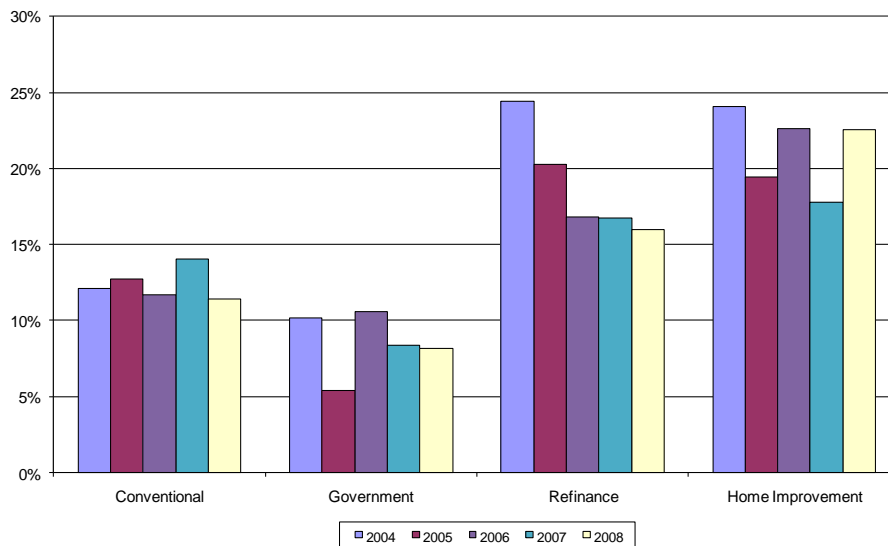
Fig. 5. Applications by Type



Source: HMDA, 2004-2008

Conventional home purchase loans are a strong indicator of how many families are able to purchase single-family housing in the city. The denial rate for these loans has remained steady near 12 percent, with the exception of 14.0 percent in 2007 (Figure 6). Government loans maintain their position as lowest in rate of denials, but by a very small margin below convention loans, with the exception of 2005, when just 5.4 percent of government were denied. Otherwise, government loans fluctuated between a high of 10.6 percent in 2006 and a low of 8.2 percent in 2008.

Fig. 6. Denial Rates by Type of Loan



Source: HMDA, 2004-2008

Applicants for both refinance and home improvement loans already have equity in their homes and have histories as borrowers. For these reasons, securing additional financing ought to be easier. In general, there are two reasons why homeowners apply for refinance loans. One involves borrowing funds in the amount of the existing mortgage at a lower interest rate so that the homeowner's monthly mortgage payment is lower. Certainly, this type of loan is favorable, since the homeowner will be spending less income on the home's mortgage and, theoretically at least, more money in the local economy. The second type is one in which the homeowner extracts accumulated equity in order to afford a large-ticket expense, such as a wedding or a new vehicle, or to consolidate accumulated smaller debts. This type of refinance can be viewed less favorably, since the owner is disinvesting in the property by withdrawing accumulated wealth. From a lender's point of view, this reduction in the owner's equity represents a higher risk for the lender. After a peak of 24.5 percent in 2004, the rate of denials for refinance applications has been steadily declining to a low of 16.0 percent in 2008.

Historically home improvement loan applications have the highest rate of denials, but this may be due to the fact that lenders use the home improvement category to report both second mortgages and equity-based lines of credit. Although home improvement loans may be a means for financially ailing homeowners to generate funds for needed repairs, in the City of Scranton denial rates were exceptionally high in 2004 (24.1 percent). An important consideration in this area is the fact that more than 80 percent of Scranton's housing stock is more than 50 years old. Reinvestment in the form of home improvement is crucial to maintaining the supply of comfortable—and ultimately sellable—homes. Without improvements, homeowners are unable to command a fair market value once they decide to sell. Declining denial rates on these types of loans may reflect changing policies in the lending industry, but this is still an area that may warrant some attention in the City of Scranton when it occurs. The associated disinvestment can have an undesirable effect on the community when it takes place in great numbers.

When loans are denied, lenders record the reasons for these decisions. Figure 7 shows the percent of denials by reason for the period from 2004 to 2008 for all loans of all types. In all years, the most common reason for denying loans continues to be the applicant's Credit History. Apart from the

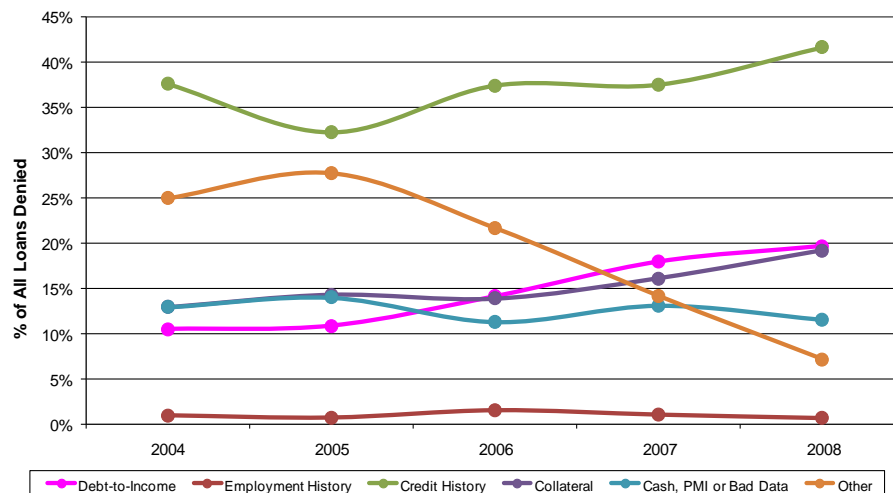
slight decline to 32.3 percent in 2005, this rate has consistently ranged between 37 and 42 percent.

In earlier years, the second most common reason for denial was “Other” reasons<sup>12</sup>, which showed a dramatic decline as reason for denial from its recent high of 27.8 percent in 2005 to an historic low of 7.2 percent in 2008. However, this pattern appears to be consistent across markets nationwide and most likely is a function of recent changes in HMDA reporting criteria or analysis methodology, or changes in the definition of “Other” reasons. Still, the decline of denials for this reason since 2005 as a reason for denial is noteworthy.

Debt-to-Income ratio (19.7 percent in 2008) and Insufficient Collateral (19.2 percent) have been steadily rising since 2005; however, much of the difference appears to have been absorbed by “Other Reasons” through the years, again alluding to the redefinition of this category.

Employment history continues to be the least common reason for denials, and, despite small fluctuations, accounted for between just 0.7 and 1.5 percent of denials in any year.

Fig. 7. Reasons for Denial of Applications



Source: HMDA, 2004-2008

<sup>12</sup> This category was redefined in 2004 and now includes reasons that were independently specified in prior years. Consequently, denials for “Other” reasons increased for all applicants in 2004 and 2005, and have been declining since then.

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## *Analysis by Race and Ethnicity*

### DENIALS

This analysis seeks to determine whether there is disparity among loan applications received from black, white and Hispanic white applicants. Ideally, the percentages of loan applications received would mirror the percent of population of each racial group. As described in the demographic section, Scranton's 2000 population was comprised of 93.7 percent White, 2.7 percent Black and 2.5 percent Hispanic residents. American Community Survey data indicate a slight shift to 91.8 percent White, 3.8 percent Black and 5.9 percent Hispanic residents.

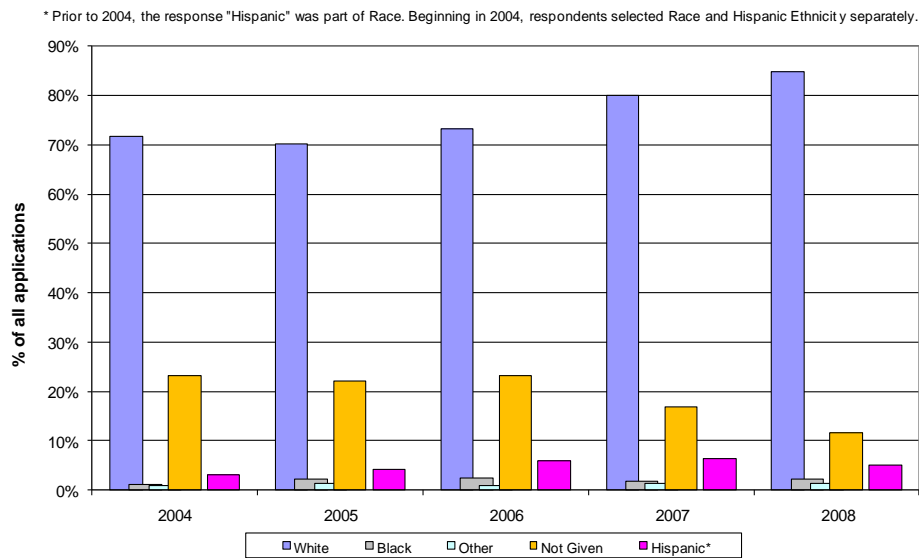
In 2008 the percent of applications made by white consumers was 84.8 percent, somewhat higher than the lowest rate of 71.2 percent in 2005 (Figure 8). At the same time, the rate of applications from black consumers rose only slightly from 1.13 percent in 2004 to a recent high of 2.5 percent in 2006 (and 2.2 in 2008). While the rate of applications from white consumers is slightly below their 91.8 percent representation in the population, the rate of applications from black consumers is just two-thirds that of the city's black population (nearly 4 percent in 2008). Black applicants may be underrepresented as consumers in lending in the City of Scranton, but their very small numbers in the population make a robust analysis difficult.

Despite the fact that between 11.7 and 23.3 percent of applicants did not provide their race over the study period, if they had all been white (as is suggested by the nearly equal increase among white applicants as drop in Not Given), the proportion of black applicants would not be altered, thus maintaining a rate that is below the representation of black residents in the population. It is not possible for them to all have been black because the resulting ratio would exceed the proportion of the black population in Scranton. Without further research, it is not possible to determine whether black consumers incur barriers to the lending market in the City of Scranton.

Hispanic applicants have been represented at a rate that is near that of their composition in the population, but this appears to be declining slightly. In 2004, 3.1 percent of the applications were from Hispanic consumers, which exceeded their 2.5 percent representation in the population. The rate rose steadily to 6.4 percent by 2007 (and dropped slightly to 5.1 in 2008), while 2008 American Community Survey data estimate the Hispanic population to

have been 5.9 percent by that year. What is significant is that, in all years, the percent of loan applications received from Hispanic applicants exceeds their representation in the population. This finding signals good news for lending marketplace access for Hispanic applicants, who do not appear to suffer any barriers to accessing the lending market in the City of Scranton.

**Fig. 8. Applications by Race and Ethnicity**



Source: HMDA, 2004-2008

When examining reasons for denial among only white applicants, poor credit history maintains its position as the most common (Figure 9a). In 2006, Other reasons began a decline which continued through the analysis period.<sup>13</sup>

At the same time, Debt-to-Income Ratio and Insufficient Collateral began to rise, both outpacing Other reasons by 2007, increasing by nearly half—from around 14 percent in 2004 to 20 percent in 2008. This combination suggests consumers' attempts to extract equity through refinancing at a time when real estate prices had begun to stagnate and interest rates had started to rise.

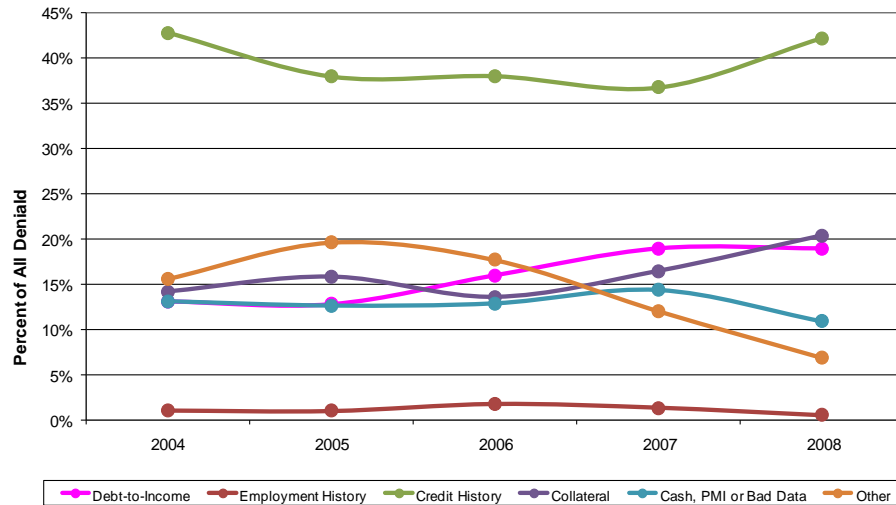
The combined category of Insufficient Cash, Inability to Secure PMI or Bad Data remained steady over the period, fluctuating between a low of 10.9 in 2008 and a high of 14.4 the year before. This combined category speaks to

<sup>13</sup> This is likely a function of the 2004 redefinition of the components that make up "Other" reasons.



the funds required to secure a loan and illustrates a shortage of available cash among perspective borrowers.

**Fig. 9a. Reason for Denial of Application  
White Applicants**



Source: HMDA, 2004-2008

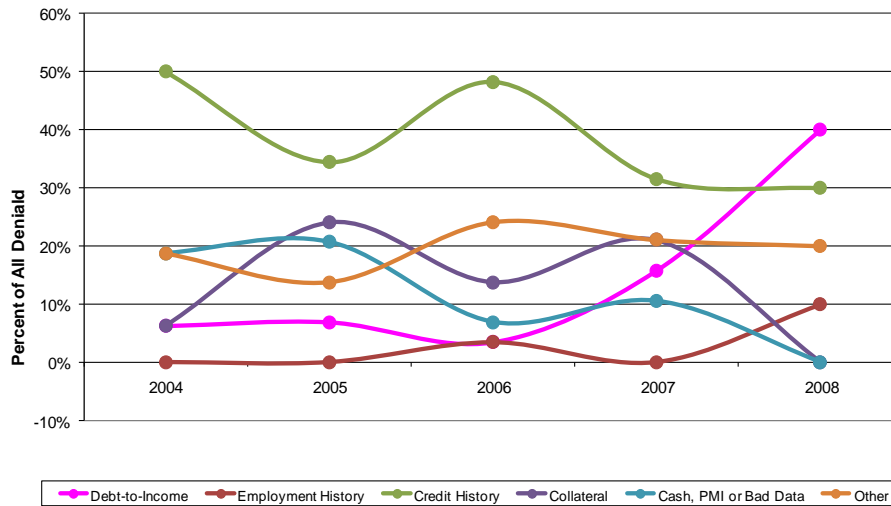
The graph below illustrates denial reasons for applications from black consumers; however, their comparatively small numbers in the population warrant caution in analysis. Over the analysis period, the number of applications received from black applicants numbers between 58 and 132.

As with white applicants, credit history was the most common reason for loan denials among black applicants (Figure 9b) until 2008, when this reason was outpaced by Debt-to-Income. Denials for this reason peaked twice at nearly 50 percent during the analysis period (in 2004 and 2006), when it outpaced denials for applications from white consumers. It was less frequently applied to black applicants in other years, when it remained above 30 percent.

The frequency of denial reasons varies from year to year, with Other reasons, along with Insufficient Cash, inability to secure Private Mortgage Insurance (PMI) and Bad Data being second in frequency in 2004. Insufficient Collateral was the second reason in 2005, Other reasons in 2006, and both of these together in 2007. Credit History was second in 2008, when Debt-to-Income rose to the most common reason.

Employment History remains low as a reason for denial of loans. Further analysis is difficult because of the small representation of black residents in Scranton (less than 4 percent of the population).

**Fig. 9a. Reason for Denial of Application  
Black Applicants**



Source: HMDA, 2004-2008

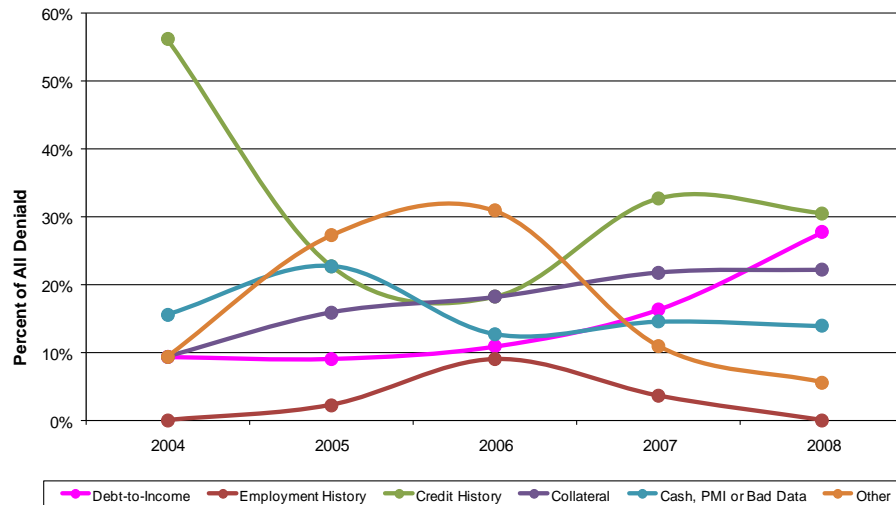
The graph below illustrates denial reasons for Hispanic applicants; however, as is the case with black applicants, their comparatively small numbers in the population warrant a cautious analysis. Over the analysis period, applications from Hispanic consumers numbered between 136 and 313.

Unlike applications from white and black consumers—whose applications were primarily denied for poor Credit History—those from Hispanic applicants were less frequently denied for this reason in some years. Only in 2006 were applications from Hispanic consumers denied for this reason more frequently than from white and black.

In 2005 and 2006, denials for Other reasons rose to become most frequent, but this may be attributable to the change in the definition of this category. Denials for Insufficient Cash, inability to secure PMI or Bad Data generally declined over the analysis period. The pattern closely mirrored that of black applicants, but this reason was more prevalent among Hispanic applicants.

While Employment History continues to be the least frequent reason for denials, the pattern among Hispanic applicants closely mirrors that of black applicants—peaking in 2006 to more than three times that of black applicants.

**Fig. 9a. Reason for Denial of Application  
Hispanic Applicants**



Source: HMDA, 2004-2008

Asian applicants are quite infrequent in the City of Scranton and their small number makes identifying trends over the five-year period difficult—there were between 24 and 80 applications from Asian consumers in any year of the study period. As described in the Demographic overview (Section 2 of this report), Asians make up just 1 percent of the city’s population. Still, since 2004 they have accounted for between just 0.2 and 0.6 percent of loan applications—a rate that is no more than about one-half of their representation in the population. While this may signal low access to the lending marketplace, this may also be a reflection of cultural traditions that promote “lending circles” through which individuals rely on social networks to help them acquire funds for large purchases. But this means that when they do seek loans through conventional channels, they are often perceived to have poor credit history through lack of participation in the conventional credit marketplace.

While there are some inconsistencies with regards to reasons of denial for one race over the other, in general, rates of reasons for denial somewhat closely mirror those for all races combined (Figure 7).

When compared by race, on average, white applicants were most frequently denied for the reasons of Credit History by a difference of 7 points over any other group. White applicants were also more frequently denied due to Debt-to-Income ratio, but the difference was just over 1 point.

On average, Other reasons were most frequently cited for denial of applications from black consumers by a difference of more than 5 points. Black applicants are denied less frequently on all other measures across all groups.

On average, Hispanic applicants are most frequently denied on the basis of Insufficient Collateral, exceeding other groups by nearly 5 points. Hispanic consumers are also more frequently denied on the basis of Insufficient Cash, inability to secure PMI or Bad Data, than other groups by nearly 5 points; and, while Employment History is the least frequent denial reason, Hispanic applicants are frequently denied for this reason than any other group. While small, the 2-point difference means that this reason is more than twice as common for Hispanic consumers than white.

While these findings become apparent through lending data, they may not necessarily be a sign of discrimination in lending, but a signal of discrimination in other areas. For example, the high rate of denials for Insufficient Collateral or Cash, along with no PMI and Bad Data (as found among Hispanic consumers) or "Other" reasons (as found among black consumers) may suggest a lack of opportunities to maintain steady employment that would yield an adequate wage to avoid incurring high debts. This may be an area of concern and may warrant monitoring in the City of Scranton.

While the results of this analysis may indicate specific patterns that might suggest unfair practices in the lending industry with regards to the application process, the very small representation of black and Hispanic consumers makes it difficult to arrive at any robust conclusions. But access to loan applications is only a small piece of the lending picture.

#### PURPOSE OF LOAN

In 2008, of all denied applications for home purchase, 72.6 percent were from white applicants and 2.7 were from black applicants. An additional 9.6 percent were from those who chose not to give their race. Overall, 15.1 percent were from Hispanic applicants.

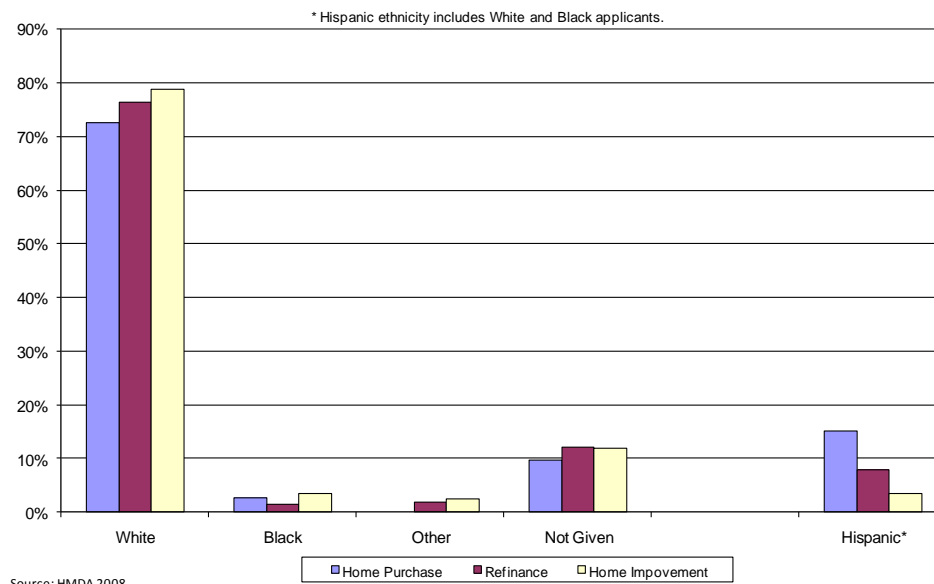
Of all refinance applications denied, 76.5 percent were from white applicants, 1.9 percent were from applicants who did not give their race, and 1.5 were from black consumers. An additional 12.1 percent were from applicants who chose not to give their race. From among all applicants, 8.0 percent were from Hispanic applicants.

In that same year, 78.8 percent of all applications denied for home improvement loans were from white applicants, while 3.4 percent were from black consumers. An additional 11.9 percent chose not to give their race, and 2.5 were from those who identified themselves as Other. Overall, 3.4 percent were Hispanic.

Despite the fact that nearly 10 percent of homebuyers, over 12 percent of applicants for refinance loans, and an additional 12 percent of those seeking home improvement loans did not report their race, we may comfortably presume that these applicants were more likely to have been white or Asian, but unlikely to have been black. Nonetheless, any conclusions attempted from comparing data in these areas may be critically flawed.

Significant to note is the greater proportion of loans for home improvement than for purchase among white borrowers, and the reverse pattern for Hispanic borrowers. This may be significant in that these homes may require maintenance. Conversely, since this category also includes equity loans and lines of credit, this may be an illustration of applicants seeking to extract cash from the equity in their homes. This is an area that merits vigilance.

**Fig. 10. Denial Rates by Race and Purpose of Loan**



### *ANALYSIS BY INCOME*

Low- and moderate-income households make up a substantial portion of the City of Scranton's total households. According to the description in the demographic section of this report, 25.9 percent of the city's residents

earned under \$15,000 annually, and another 17.9 percent earned from \$15,000 to \$25,000 in 2000. As compared to a median income of \$28,805, this means that 43.8 percent of the population earned less than 86.8 percent of this amount. By 2008, 19.8 percent of the population earned less than \$15,000, with an additional 16.1 percent earning less than \$15,000. As compared to a median income of \$33,418, 35.9 percent of the population earned less than 74.8 percent of this amount. Because homeownership is the most effective way to increase personal net worth and assets, it is especially essential for these households to have access to credit for home loans.

In the City of Scranton, of the 2,088 loans originated in 2004, 31.0 percent went to low- and moderate-income borrowers combined: 10.4 percent to those households earning less than 50 percent of the area's median and 20.6 percent to those earning from 50 to 80 percent (Figure 11). Of the 1,110 loans originated in 2008, just 9.7 percent went to low- and moderate-income households combined, with approvals evenly divided between those earning less than 50 percent and those earning from 50 to 80 percent of the area's median (4.9 percent each).

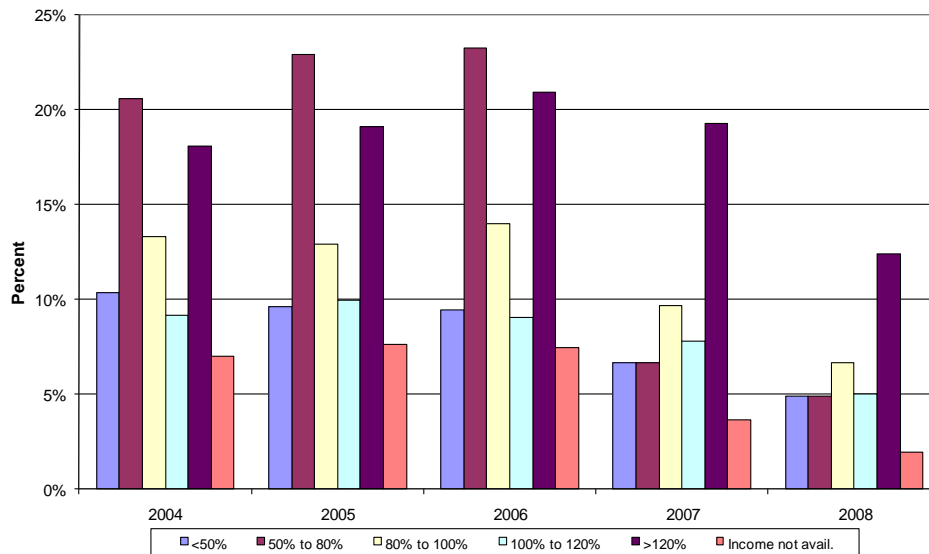
By 2008, 35.8 percent of all loans originated, as compared to 78.5 in 2004. About one-half of the 43-point difference was felt among low-income borrowers (earning from 50 to 80 percent of the area's median income) whose origination rate fell by 21 points.

Households earning 80 percent to 100 percent of the area median received just 13.3 percent of the loans originated in 2004, and subsequently saw approval rates decline to 6.7 percent by 2008. From 2004 to 2006 the highest proportions of loans went to those earning between 50 and 80 percent of the area's median—20.6, 22.9 and 23.3 percent, respectively. Since then, the highest proportions of loans have gone to those earning over 120 percent of the city's median—19.3 percent in 2007 and 12.4 percent in 2008, dropping 5.7 points between years.

While it is not difficult to understand that those whose earnings exceed 120 percent of the area's median would be more likely to secure loan approval, the graph below illustrates the disparities that exist among income levels. In earlier years (2004 to 2006), those earning between 50 and 80 percent of the area's median income were approved more frequently than any other group. In 2007 each of the lower two income levels experienced an approval rate of exactly 6.7 percent; a pattern that was repeated in 2008 with each

level experiencing an approval rate of exactly 4.9 percent. This pattern is not unique to Scranton and may be the result of a policy directive in the lending industry.

Fig. 11. Approvals by Median Income



Source: HMDA, 2004-2008

While the trend has been declining over the years, on average, 5.5 percent of applicants' incomes are not available. While there are several reasons why incomes may not be reported, it is unlikely that these applicants would be from low or moderate income levels. Applicants who earn incomes near the median are more likely to be required to verify income; whereas, those at the highest level often do not face this requirement. It is, therefore, almost certain that this refers to the highest earners. This means that in 2008, an additional 1.9 percentage points can be added to that of higher income group, bringing the highest earners' approval rate to 25.1 percent in 2004 and 14.3 percent in 2008, illustrating even further disparity among income groups in loan approvals.

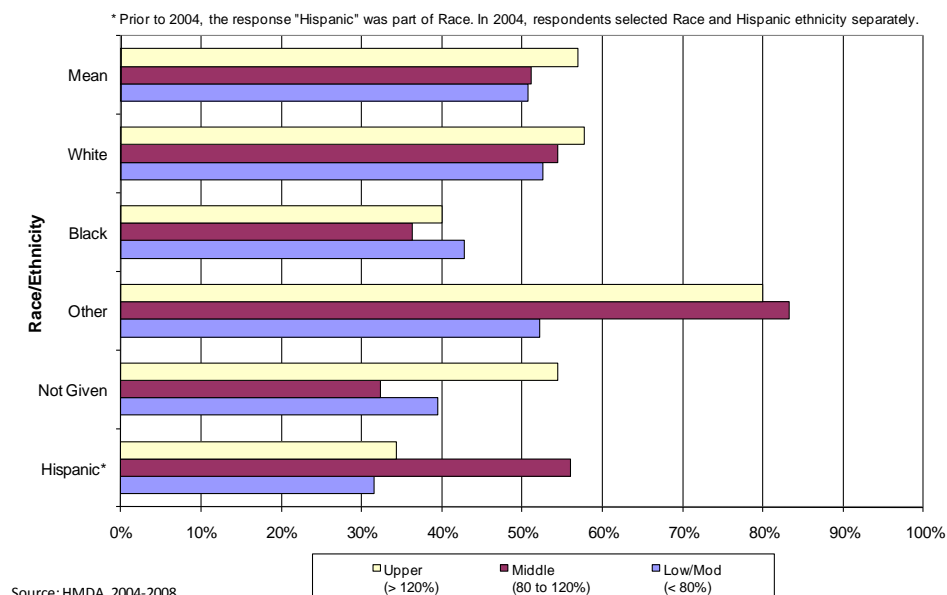
An examination of approval rates by income by race can prove to be a revealing tool. The uppermost bars on the graph shown in Figure 12 represent the mean rate of approvals for each income group (Low/Mod, Middle and Upper), regardless of race.

White and Other applicants (represented by the second and fourth sets of bars) were both consistently above the mean at all income levels. White applicants were 6 points higher overall, while Other applicants were nearly 57 points higher. Hispanic applicants earning between 80 and 120 percent of

the area median were also above the mean. Hispanic applicants at the highest income level fell nearly 23 points below the mean, while those at the lowest income level were more than 19 points below the mean. Overall, Hispanic applicants were almost 37 points below the mean. While these numbers may appear alarming, the rather small representation of Hispanic consumers in the population must be kept in mind.

Black applicants were well below the mean, falling almost 40 points below the mean overall, and below the mean at all income levels, representing the greatest disparity of all given racial groups. Applicants who did not specify race also fell below the mean at all income levels, with an aggregate difference of over 32 points. While it appears that black applicants are less likely to be approved at any income level, since there is no way to know who declines to specify race, this cannot be positively ascertained.

**Fig. 12. Approval Rate by Race and Income**



While this analysis reveals distinct racial differences in rates of approval, it is difficult to disentangle race from income, especially in light of the high rate of applicants who did not specify their race (ranging from 11.7 to 23.3 percent across all years). Still, there appears to be evidence that race plays some role in loan approval in the City of Scranton, which may or may not be specifically attributable to overt discrimination in lending.

Conventional wisdom points to structural factors that serve to restrict access to the services that accompany participation in the homeownership and mortgage arenas. When prospective homebuyers are prevented from



accessing the appropriate opportunities, structural discrimination takes place. Obvious examples of these factors may be steering in the real estate industry, a lack of earning opportunities in the labor market, or poor educational opportunities that can limit access to incomes that might improve creditworthiness. While these examples are easy to cite, most structural discrimination is quite unintentional, very subtle and extremely difficult to identify.

## **ALTERNATIVE LENDING SOURCES**

### *Sub-Prime Lenders*

While conventional lenders focus their marketing efforts on consumers with few or no credit blemishes (those with “A” credit), an alternative source of loan funds for consumers with lower credit scores (“B” or “C” credit) is sub-prime lending institutions. While sub-prime lenders simplify the application process and approve loan applications more quickly and more often, these lenders also charge higher interest rates to help mitigate the increased risk in lending to consumers with poorer credit histories. Interestingly, consumers who borrow from sub-prime lenders often do qualify for loans from conventional lenders, but succumb to marketing tactics that encourage them choose sub-prime institutions over conventional. Recent studies by Freddie Mac, the government-sponsored entity that purchases mortgages from lenders and packages them into securities that are sold to investors, show that between 25 percent and 35 percent of consumers receiving high cost loans in the sub-prime market qualify for conventional loans.<sup>14</sup> This may be a result of the loss of conventional lenders in the community. Having fewer lenders from which to choose, consumers select those that are conveniently located, even at a higher price.

### *“Payday Lenders”*

Another source of loans is check cashing or “payday” lenders. Check cashing outlets (such as currency exchanges) cash payroll, government, and personal checks for a fee. Their popularity increases as customers lose access to banks or cannot afford rising fees associated with the inability to maintain minimum balance requirements. Consumers use these outlets for their banking needs and are charged for the services they receive. These businesses offer temporary “payday loans” by accepting a postdated check

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<sup>14</sup> Information for this discussion provided by Miami Valley Fair Housing Center.

from the customer, who receives the funds immediately, minus a fee. When used regularly, these fees can equate to double-digit interest rates. Payday lending is not an issue in Scranton.

Although these services tend to be located in areas of highest minority and low-income concentration, they are also found in very close proximity to local lenders. Customarily, however, they fill the void left by banks that do not service an area or have moved from it.

### *Predatory Lenders*

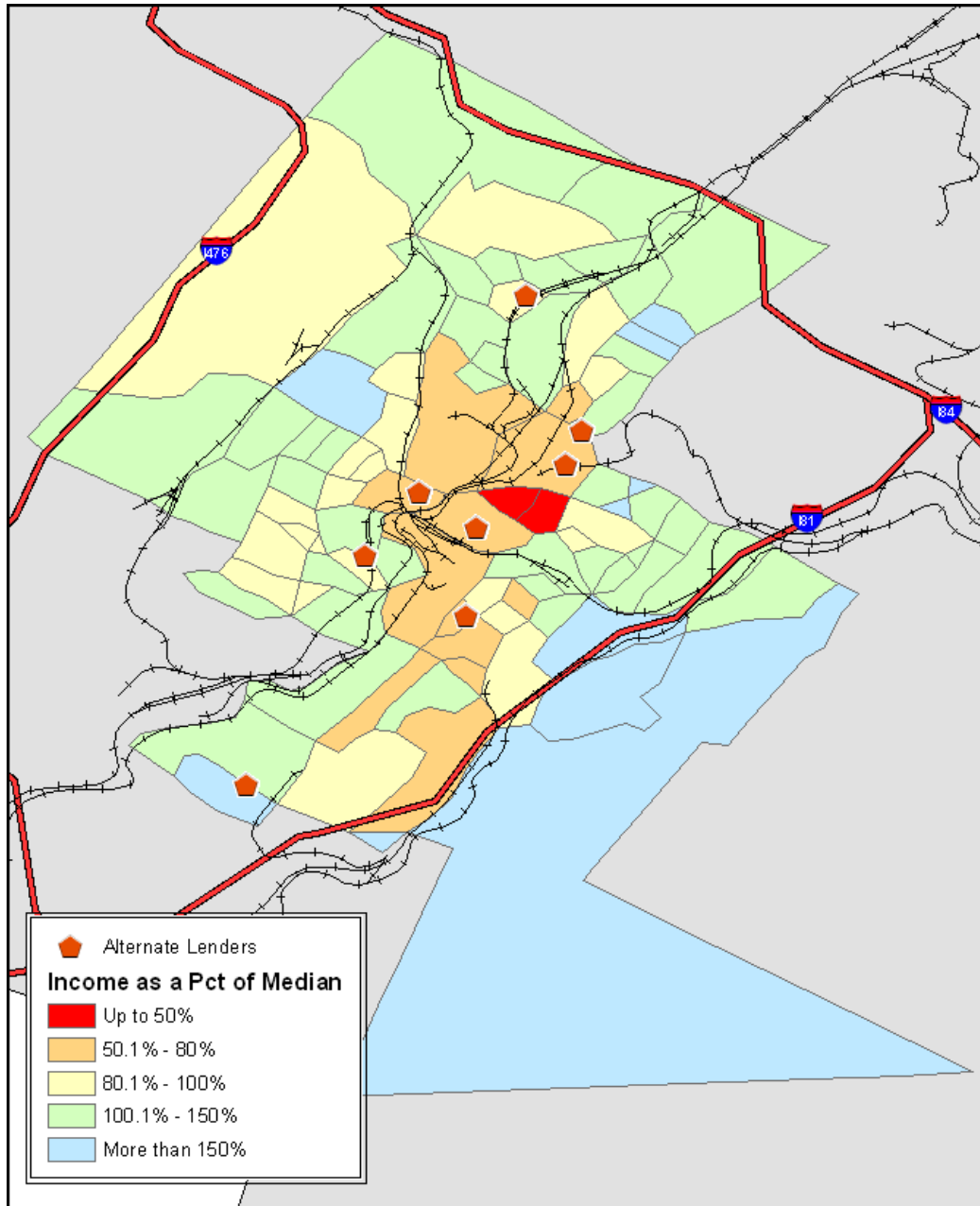
While most sub-prime lenders serve a need by targeting borrowers with sub-par credit histories, some go too far. Those that do are known as predatory lenders. Lending becomes predatory when lenders target specific populations (such as low-income, minority, or elderly homeowners), charge excessive fees, frequently refinance the loan, and often mislead the borrower. Since wealth is often tied to property ownership, this system threatens to deprive residents of their assets by overextending their home's equity and, in some cases, foreclosing on the homes of people who cannot afford the high interest rates and associated fees.

Mainstream financial institutions often unwittingly exclude the very groups targeted by predatory lenders when they market loan products. Additionally, unknowing consumers find themselves at a disadvantage due to a lack of financial savvy. The lending process can be complicated, and often consumers are ill-prepared to deal with the large volume of paperwork required for the loan process. Most predatory lenders use their clients' inexperience to their advantage, however, and do not provide quality counseling for consumers seeking their products. They use the consumers' ignorance as their opportunity to reap profits. In the end, borrowers pay substantially higher interest rates and purchase unnecessary credit, life, and disability insurance products.

Sub-prime lenders charge higher rates to compensate for higher risk. While these types of loans and lenders provide an important service to those without opportunities, these institutions have been associated with predatory lending nationally and are a source of potential concern locally. When compared to the list of sub-prime lenders provided by HUD, there were 34 identified within the City of Scranton that wrote loans in 2008, representing 21.3 percent. In addition, 8 unique personal lending sources were identified, including pawnshops, "payday" lenders, personal and title loan establishments, and others. These are located primarily along a northeast-

to-southwest line through the city, roughly following the rail lines. Although quite visible in low- and moderate-income areas, they also appear in higher-income areas where they may serve populations of all income levels.

**Map 7: Locations of Other Lenders in the City of Scranton**



## Other Private Entities that Impact Fair Housing Choice

### REAL ESTATE AND HOUSING DEVELOPMENT INDUSTRY

The nation's economy continues to mount a sustained economic recovery and the incoming President of Greater Scranton Board of Realtors working in conjunction with the National Association in support of Fair Housing and eliminating impediments that bar future growth in the City.

Foremost among these impediments is the absence of homes that young workers can afford. In the past few years, home prices have skyrocketed while household incomes have risen moderately. This has put affordable homes out of reach of more and more Scranton households.

Rental and owner homes were considered unaffordable if rent or owner costs consumed 35% or more of household income. The census defines owner costs to include mortgage payments and associated costs of homeownership such as property taxes and insurance. The 35 percent yardstick for affordability was selected because it conforms closely to guidelines promulgated by the U.S. Department of Housing and Urban Development. HUD has determined that a place to live should consume no more than 30 percent of household income.

Local real estate brokers indicated knowledge of the Fair Housing Act and other laws governing fair housing. The real estate industry depends largely on marketing through the internet, and therefore much of the direct contact has been eliminated from the sales process.

### HOMEOWNERS INSURANCE INDUSTRY

Fair housing is about expanding the housing choice for those restricted by economic, social, political, and other forces. The persistence of unfair housing underlies unequal education, unequal access to jobs, unequal income, and redlining. Redlining is an exclusionary practice of real estate agents, insurance companies, and financial institutions that exists when there is a lack of activity by [an] institution to extend credit or coverage to certain urban neighborhoods because of their racial composition; or they are denied because of the year-to-year change in racial composition and the age of structure in a neighborhood regardless of the creditworthiness or

insurability of the potential buyer and policy holder or the condition of the property.”<sup>15</sup>

Over 40 years ago, an observation was made that “insurance is essential to revitalize our [American] cities. It is the cornerstone of credit. Without insurance, banks and other financial institutions will not—and cannot—make loans. New housing cannot be repaired. New businesses cannot expand, or survive. Without insurance, buildings are left to deteriorate, and services, goods and jobs diminish.”<sup>16</sup> This statement can accurately describe many cities in 2008 as well as those in 1968. Investigations and statistical and applied research throughout the United States has shown that residents of minority communities have been discouraged in pursuit of homeownership, while many predominantly white neighborhoods have been successful in attracting those seeking the American dream of owning a home.

Discrimination in the provision of housing insurance has a lasting effect on the vitality of America’s neighborhoods. Many traditional industry underwriting practices which may have some legitimate business purpose also adversely affect minorities and minority neighborhoods. While more recent studies have found little evidence of differential treatment of mortgage applications, evidence does suggest that lenders may favor applicants from Community Reinvestment Act (CRA)-protected neighborhoods if they obtain PMI. The requirement of obtaining this additional type of insurance may actually mask lender redlining of low-income and minority neighborhoods. For loan applicants who are not covered by PMI, there is strong evidence that applications for units in low-income neighborhoods are less likely to be approved. Furthermore, these potential homeowners are more likely to be subject to policies that provide more limited coverage in case of a loss, and are likely to pay more for comparable policies.

Another critical factor in marketing of insurance is the location of agents. Most of the property insurance policies sold by agents are to insure within neighborhoods in which the agent is located. Studies have shown that the

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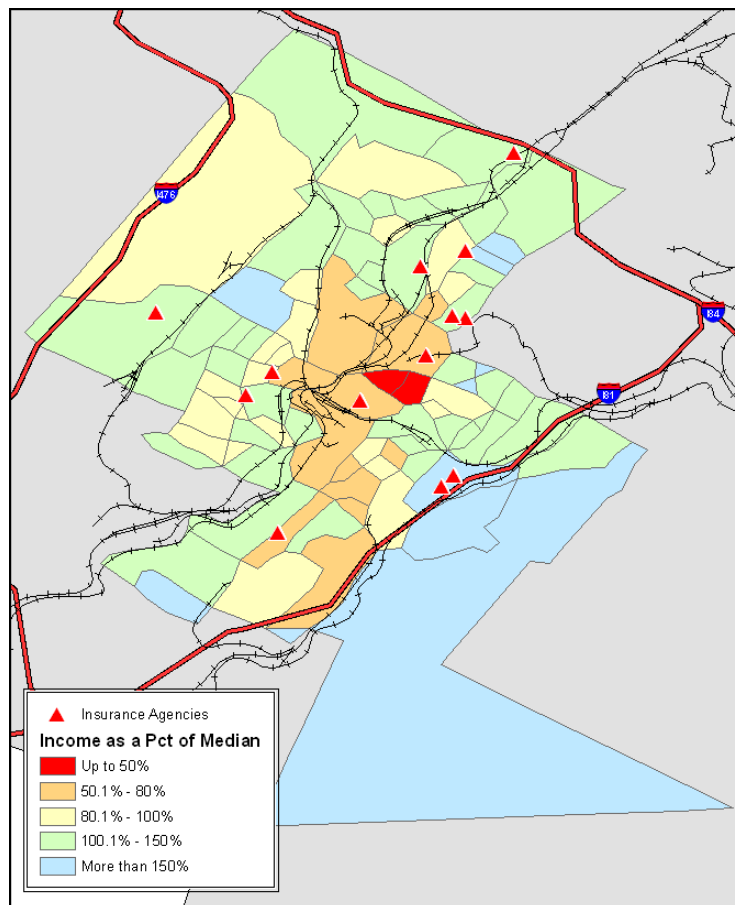
<sup>15</sup> Hutchinson, Peter M., James R. Ostas, and J. David Reed, 1977, A Survey and Comparison of Redlining Influences in Urban Mortgage Lending Markets. AREUEA Journal 5(4):463-72.

<sup>16</sup> National Advisory Panel on Insurance in Riot Affected Areas, 1968.

distribution of agent locations was clearly related to the racial composition of neighborhoods.

A review of the local Scranton Yellow Pages<sup>17</sup> shows that the insurance companies who provide homeowners insurance are well distributed through the city. Their distribution makes their services accessible to households across the breadth of the city, but those who reside in the remote north and south portions of the city must do business with insurance agents outside their neighborhoods.

**Map 8: Location of Insurance Agencies in the City of Scranton**



## INTERNET ADVERTISING

The real estate industry depends a great deal on marketing through the Internet, thereby eliminating much of the initial direct contact. An internet search of 60 real estate agencies yielded just five with functioning websites,

<sup>17</sup> On-line review of [www.yellowpages.com](http://www.yellowpages.com), accessed 8/11/10.

all of which contained photographs of white human models. Considering that Scranton's population is nearly 92 percent white, the fact that illustrated advertisements included no non-white models is within the expected range.

However, of the five websites viewed, just two (40 percent) displayed the HUD fair housing logo somewhere on the opening web page. This may serve as a barrier to some home-seekers by deterring prospective customers from seeking the services of real estate professionals to locate housing, thereby denying themselves the fair and equal treatment provided by professionals who are trained in protecting equal housing opportunity and Fair Housing regulations.

### **PRINT MEDIA ADVERTISING**

In the context of fair housing, discriminatory advertising is any advertising that indicates any preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status or national origin, or an intention to make any such preference, limitation, or discrimination. Overt or tacit discriminatory preferences or limitations are often conveyed through the use of particular words, phrases, or symbols. The principle newspaper in the City, the Scranton Times-Tribune, is a full supporter of Fair Housing and properly display the HUD logo as well as a statement that the Paper reserves the right to edit any copy that does not conform to the Fair Housing Regulations. The newspaper's real estate supplement and web site [www.realestate570.com](http://www.realestate570.com), "the Home Source", are fully compliant.

### **THE GENERAL PUBLIC**

Scranton has proactively sought to educate the general public in Fair Housing by distributing bilingual (Spanish) brochures and participating in events focusing on fair housing rights and landlord/tenant rights, holding training sessions.

**Draft**

## Section VI: Summary of Progress and Conclusions

This section presents the Fair Housing Analysis Update for the City of Scranton 2010-2014 Consolidated Plan. It includes existing impediments to fair housing choice currently being addressed and suggestions for removing them. This update centers on subjects based on Public/Private information regarding the real estate, insurance and banking industries, housing authority, and the local HUD Offices of Fair Housing and Equal Opportunity, Community Planning and Development, and Public Housing. As the plans are undertaken each year and progress reported in the City's CAPER, they should be tracked by the City's performance measurements system by reflecting resources, goals, output, and outcome for each recommendation or potential impediment.

### **IMPORTANT**

This section presents the Fair Housing Analysis Conclusions for the Scranton 2010-2010 Consolidated Plan. It includes actions taken to address impediments to fair housing choice presented in Scranton's initial Analysis of Impediments prepared in 1997.

The update centers on Public/Private information regarding the real estate, insurance and banking industries, Scranton Housing Authority, Pennsylvania and Scranton Human Relations Commissions, and the Philadelphia HUD Office of Fair Housing and Equal Opportunity and Community Planning and Development.

Progress continues to be made on the issues developed in 1997, reported annually in the City's Consolidated Annual Performance Evaluation Report (CAPER).

### **Summary of Progress Since 1997**

Access and Understanding the State and Federal Fair Housing Laws tell us that fair housing is within reach in Scranton; however, analyzing impediments alone do not give the whole picture. Other barriers may exist, but, regrettably, they are not quite within the realm of public control. Furthermore, they are not exclusive to the City of Scranton. These limitations are largely ones that exist within the individuals themselves, such as lack of education, language barriers, suspicion of public agencies, and





other cultural or social characteristics. Certainly cities can reach out to the less educated, to speakers of other languages, and to those who might not trust government, and the City of Scranton does this; but overcoming these kinds of cultural impediments is, to a great extent, under the control of the citizens themselves. Each citizen, whether or not a member of a protected class, has the opportunity—and some would argue, the responsibility—to make fair housing a standard practice, by educating themselves and others of the right each American has to live in housing free of discrimination.

## **PROGRESS REGARDING IMPEDIMENTS**

### *IMPEDIMENTS IDENTIFIED*

The Fair Housing Analysis Update for Scranton includes impediments to fair housing choice currently being addressed and the plans recommended to remedy them. The City's prior Analysis of Impediments was conducted in 1997 and included issues that are carried over to this update. This update is based on available public and private sector information from the City, the real estate, insurance and banking industries, the Scranton Housing Authority, and the Philadelphia HUD Offices of Fair Housing and Equal Opportunity and Community Planning and Development.

Specifically based upon the current data available, the following are the impediments and suggested actions that have been identified for the City. Of the three impediments, two are carried over and continuing over a longer term. The City will document and report its actions to HUD on the removal of impediments through Annual Reports which are a part of the Consolidated Plan Process.

### *CONCLUSIONS AND RECOMMENDATIONS 1997*

The City of Scranton was and remained committed to equal housing opportunity. Despite its commitment and efforts over the years, there were some unfair housing practices, procedures or policies that existed in the City.

The City gathered and examined the existing data on policies, practices, procedures, patterns, and conditions affecting the location, availability, and accessibility of housing. Because of its findings, the City identified possible unfair housing practices. A summary of the identified impediments to fair housing choices in the City of Scranton and recommendations for minimizing or eliminating these impediments were as follows.

**Draft**

### *SCRANTON 1997 IMPEDIMENTS*

The City documented two principal impediments to fair housing choice. These impediments were as follows:

#### **1. Attitudes and NIMBY**

In the Scranton area, historical social patterns fostered residential segregation and economic disparities. Negative community attitudes or biases also contributed to restricting housing choice for minorities, certain ethnic groups, the disabled (group homes), assisted housing recipients, or households based on familial status. The so-called NIMBY syndrome presented a challenge to defuse the attitudes and hostility toward affordable housing and assisted housing to be located in neighborhoods that were not economically or racially isolated.

#### **2. Lending Policies and Practices**

An analysis of the Home Mortgage Disclosure Act (HMDA) data indicated that within the area, financial institutions taking home mortgage applications, needed to improve their lending performance by marketing their products to the entire community and developing new products to meet changing local credit, investment and service needs.

The HMDA data did not conclusively prove or identify the existence of discriminatory practices by lenders. There was reason to be concerned about the rejection rates for home mortgages for minorities compared to white applicants with similar incomes. The City needed to look for ways to reduce the number of rejections and increase homeownership opportunities for all minorities regardless of income.

### **ACTIONS TO ADDRESS IMPEDIMENTS**

Over the years since 1997, the City of Scranton expected to undertake and accomplish actions to address the identified impediments. The objective of the planned actions was to meet the housing needs of the protected classes as well as the unprotected classes to effectuate equal choice or fair housing. These actions included, but are not limited to, the following:

*Issue: Attitudes and NIMBY syndrome:*

1. Conduct public information/educational programs on housing rights, fair housing laws, complaint processes, and other fair housing issues

**Draft**

(segregation and discrimination) for both housing providers and consumers.

2. Require potential homebuyers to attend a housing counseling program as a prerequisite to participate in the City's Homebuyer Assistance Program.
3. Refer potential homebuyers and other housing consumers with financial problems to local certified housing counselors and/or budget counselors.

Using these strategies, the City has attempted to reduce the number of rejections and increase homeownership and fair housing opportunities for minorities and low and moderate-income persons as well as other protected classes.

***Issue: Lending Policies and Practices:***

1. Affirmatively market the City's Homebuyer Assistance Program to lending institutions to solicit and encourage coordination with their mortgage programs. This action should increase homeownership opportunities for low and moderate income households despite race, ethnicity, familial status, disability as well as age.
2. Increase affordable housing stock through the City's housing rehabilitation loan program(s) by building and strengthening partnerships and cooperative investment activities with financial institutions and non-profit housing providers.

**ASSESSMENT OF ACCOMPLISHMENTS SINCE 1997**

In Scranton's Action Plan, the City integrated actions to encourage non discrimination and fair housing choice for all individuals into its annual activities and efforts to remove barriers to affordable housing. The City performed the following activities and conducted the following education/outreach effort on fair housing choice and distributed HUD pamphlets.

- Made fair housing materials available to the Public.
- Provided down-payment and closing cost assistance to low and moderate-income first-time homebuyers using HOME and other funds.
- Referred potential first-time homebuyers for housing counseling to certified housing counselors and financial institutions.



- Increased and maintained affordable owner-occupied housing stock through the City's existing housing rehabilitation loan programs.
- Rehabilitated homes of disabled and elderly households to make the houses more accessible based on their physical limitations, thereby, enabling them to continue to reside in their homes.
- Referred landlords and eligible potential tenants to Scranton Housing Authority to obtain rental assistance through the Section 8 housing choice program.
- Contacted the Board of REALTORS to confirm their use of Fair Housing practices.
- Made available the Housing Rehabilitation brochure, which promotes the fair housing symbol and the City's adherence to this policy.

Over the years, the City has actively undertaken fair housing education and outreach activities. Considerable progress has been made to eliminate residential segregation, low-income concentrations, biases, and other deterrents to housing opportunities.

## 2010 Impediments

### ***Impediment # 1: Continue Safeguards Against Predatory Lending:***

*This impediment is based upon equal access to homeownership, affordable primarily to protected classes that are low moderate income, through the prevention of predatory lending practices.*

The importance of homeownership that is available at fair rate of financing cannot be overstated, both as a means to increase household wealth and as stabilizer in at-risk neighborhoods. Many lower-income households are prevented from owning their home unless they pay the outrageous interest rates of predatory lenders.

*Suggested Steps to Deal with this Potential Impediment:*

With the economic downturn during the past two to three years, together with the home foreclosures, the cost of housing remains largely a matter of economics in the private sector. It is possible for a public entity, such as the City of Scranton, to promote homeownership education and opportunities for prospective homeowners at low-moderate income levels. Through diligent marketing efforts to all socio-economic segments, the City of Scranton can

Draft

provide information on available down-payment assistance and other homeownership programs as well as comprehensive information on access to loans at market interest rates. Local efforts must continue to include homeownership education and opportunities for prospective homeowners at the low-moderate income levels.

### ***Impediment # 2: Prevent Biased Pre-Qualification or Gate-Keeping of Protected Classes***

Biased Pre-Qualification or "Gate-keeping" describes the effort of rental agents to pre-qualify applicants by making sure that the applicant meets certain qualification standards before being shown the property. Then, based on the results of the prequalification, the rental agent shows only certain properties or adjusts the prices of properties in order to control where people live. Gate-keeping is more insidious than outright discrimination, because the applicant is very likely being discriminated against, but just does not know it. This kind of masked discrimination is unfair to both cities and citizens because, by channeling certain races or ethnicities or those with disabilities into specific rental units, these agents are creating entire neighborhoods of a single race, ethnicity, or handicap. Scranton is a diverse City, and its neighborhoods should continue to reflect that diversity.

The greatest concern related to fair housing choice for protected classes is economic disparities.

#### ***Suggested Steps to Prevent this Potential Impediment:***

1. Develop print and media campaign to provide education and outreach to a variety of groups on the fair housing law. This campaign should be carried out in a variety of languages.
2. Survey (including bi-lingual outreach, media, and education) the community to determine what is driving current housing patterns.
3. Continue to conduct lending and sales baseline audits to determine what role gate-keeping plays in the lower homeownership rates experienced by African Americans and Hispanics.

### ***Impediment # 3: Fair Housing Complaints filed by the Disabled***

PHRC and the SHRC continue to guard against discrimination of disabled residents (over half of the complaints).

#### ***Suggested Steps to Prevent this Impediment:***

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1. By providing education and outreach to inform disabled residents of their fair housing rights and testing, the public needs to be apprised of how the disabled rights are being violated. Regardless, SHRC will continue to assist in investigations and help resolve any and all complaints filed with PHRC or HUD.
2. PHRC continues to support the City and SHRC in providing education and outreach to a variety of groups on the Fair Housing law.

### ***Summary of Progress***

Access and Understanding the State and Federal Fair Housing Laws tell us that fair housing is within reach in Scranton; however, three impediments do not give the whole picture. Other barriers exist, but, regrettably, they are not quite within the realm of public control. Furthermore, they are not exclusive to the City of Scranton. These limitations are largely ones that exist within the individuals themselves, such as lack of education, language barriers, suspicion of public agencies, and other cultural or social characteristics. Certainly cities can reach out to the less educated, to speakers of other languages, and to those who might not trust government; but overcoming these kinds of cultural impediments is, to a great extent, under the control of the citizens themselves. Each citizen, whether or not a member of a protected class, has the opportunity—and some would argue, the responsibility—to make fair housing a standard practice, by educating themselves and others of the right each American has to live in housing free of discrimination.

## SUMMARY

Access and Understanding the State and Federal Fair Housing Laws tell us that fair housing is within reach in Scranton; however, three impediments do not give the whole picture. Other barriers exist, but, regrettably, they are not quite within the realm of public control. Furthermore, they are not exclusive to the City of Scranton. These limitations are largely ones that exist within the individuals themselves, such as lack of education, language barriers, suspicion of public agencies, and other cultural or social characteristics. Certainly cities can reach out to the less educated, to speakers of other languages, and to those who might not trust government; but overcoming these kinds of cultural impediments is, to a great extent, under the control of the citizens themselves. Each citizen, whether or not a member of a protected class, has the opportunity—and some would argue, the responsibility—to make fair housing a standard practice, by educating themselves and others of the right each American has to live in housing free of discrimination.

## IMPORTANT CONSIDERATIONS

During this review of the City of Scranton, some situations were discovered that, while not qualifying as impediments, per se, indicate a certain amount of unfairness and have the potential to foster unfair housing practices.

Several key housing related groups in the City—OECD, the non-profit assistance and development sector and the City Housing Authority—must all work continually with the private sector to promote and explain the requirements of the Fair Housing Act. Local housing providers do receive calls when an alleged violation occurs, provide information on the Act, and provide guidance on how to lodge a formal complaint. Complaints relative to projects funded with federal dollars are directed to HUD and all other situations are investigated by PHRC, as an equivalent agency to HUD as described in the Introduction.

Throughout the year, the City and local housing providers must work together to promote fair housing, hold conferences, distribute materials, educate both tenants and landlords, and continually strive to limit the local violations to the Fair Housing Act.

Discussions are and should continue to be held with the Chamber of Commerce, government officials, Realtors® and individuals regarding discriminatory practices and complaints lodged and resolved successfully

through mediation. The more widely distributed resolved complaints are the higher the educational value to the community.

The City joins with Realtors® to disseminate current information on fair housing as training tools for housing industry professionals. In general, Realtors in the home sales portion of the business do not currently utilize the Equal Opportunity logo effectively in either print or electronic media.

Home Mortgage Disclosure Act (HMDA) data suggests that the lending practices of major lending institutions in the City do not always appear to be fair, reporting some disparities in accessibility to home mortgage financing by race, income and geographic concentration. The City encourages lenders to participate in educational workshops on Fair Housing/Equal Opportunity.

One frequent threat to Fair Housing is the development of housing options for special needs populations. In some instances, residents place significant pressure on local elected officials and zoning officers to deny variances, permits, etc.

As housing markets expand and become more competitive in the City, instances of NIMBY-ism, or “not in my backyard”, may become more common. Whether it is neighborhood opposition to density, low-income housing or housing for special population groups, obtaining a site and approval by communities is difficult. In many cases, the process leads to greater costs, making it difficult to maintain affordability for those who need them. In an effort to open the doors wider to fair housing options for all individuals, the City works closely with local public housing providers, landlords, non-profits government, service providers, and funding institutions to assess the housing needs and promote an organized mechanism for addressing these needs.

At the same time, discussion about limiting sprawl, improving social service delivery centers, and placing special need populations back in the community will continue. This discussion will result in continued conflicts between identifying appropriate housing for those who need the most assistance and finding a place for them to live. Therefore, it will be important to continue to provide community education to ensure the ability to continue to develop affordable housing that will also take into account economic and health issues that are directly related the problems of deteriorated housing including the presence of lead based paint and the literacy that relates to employability of the low/moderate income community in the City.



Implementation of activities includes:

1. Developing fair housing brochures and flyers
2. Disseminating fair housing brochures and flyers throughout the community, via conferences, housing fairs, information racks in public facilities, etc.
3. Reviewing proposed policies in the City land use plans, codes, and zoning
4. Recommending the inclusion of policies allowing for a diversity of housing types and locations
5. Reviewing existing zoning and land development policies for possible revisions to permit more affordable housing
6. Reviewing successful models for developing new low- and moderate-income housing by other communities and private developers.

Finally, the City through the Scranton and Pennsylvania HR Commissions guides the work of fair housing enforcement and outreach strategies. By approaching the issue of fair housing in a comprehensive way, the City identifies the most effective means to achieving compliance and enforcement through outreach, advocacy, investigative services, and testing. All of these efforts contribute to a more educated citizenry relative to increased public awareness and understanding of the issue of fair housing and of the appropriated corrective resources available to residents of the City.