

Final Report

**City of Billings  
Analysis of Impediments to  
Fair Housing Choice**

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April 5, 2002

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Analysis of Impediments to  
Fair Housing Choice**

**Prepared for**

City of Billings  
Community Development Office  
Parmly Billings Library, 4<sup>th</sup> Floor  
510 North Broadway  
Billings, Montana 59103

**Prepared by**

BBC Research & Consulting  
3773 Cherry Creek N. Drive, Suite 850  
Denver, Colorado 80209-3827  
303.321.2547 fax 303.399.0448  
[www.bbcresearch.com](http://www.bbcresearch.com)  
[pippin@bbcresearch.com](mailto:pippin@bbcresearch.com)

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**SECTION I.**  
**Introduction**

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# SECTION I.

## Introduction

This document is the final Analysis of Impediments to Fair Housing Choice (AI) for the City of Billings. This first section provides general background on AIs, outlines the research methodology used to complete this analysis, previews the organization of the remainder of the report, and acknowledges the assistance of key individuals.

### Analysis of Impediments Background

The AI is a U.S. Department of Housing and Urban Development (HUD)-mandated (24 CFR 91) review of impediments to fair housing choice in the public and private sector. The AI involves:

- A review of a City's laws, regulations, and administrative policies, procedures and practices;
- An assessment of how those laws, etc. affect the location availability and accessibility of housing; and
- An assessment of public and private sector conditions affecting fair housing choice.

According to HUD, impediments to fair housing choice are:

- Any actions, omissions, or decisions *taken because of* race, color, religion, sex, disability, familial status or national origin that restrict housing choices or the availability of housing choices.
- Any actions, omissions or decisions that have the effect of restricting housing choices or the availability of housing choices *on the basis of* race, color, religion, sex, disability, familial status or national origin.

Although the AI itself is not directly approved or denied by HUD, its submission is a required component of the City's Consolidated Plan performance reporting. HUD desires that AIs:

- Serve as the substantive, logical basis for fair housing planning;
- Provide essential and detailed information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates; and
- Assist in building public support for fair housing efforts both within a City's boundaries and beyond.

## Research Methodology

The study team has completed an eight-task scope of work as detailed below. Our research methodology included the collection and review of secondary data from City, State, Federal, private and non-profit sources, 27 key person interviews, and the analysis of results from 19 completed mail surveys.

BBC Research & Consulting's (BBC's) approach to this assignment was based upon the deliverables specified in the City of Billings' RFP, our experience in other jurisdictions and the methodologies recommended in HUD's Fair Housing Planning Guide, Vol. I.

**Task I. Project initiation.** BBC met with Community Development staff and members of the Fair Housing Committee and the Community Housing Resource Board. During this meeting, we refined work tasks and schedules, established reporting relationships and reviewed your expectations of the project. Specifically, in this task we also:

- Collected copies of past fair housing studies and other relevant City data;
- Discussed a format for the final report;
- Reviewed a draft survey instrument and discussed distribution of mail survey; and
- Identified potential candidates for key person interviews.

**Task II. Community data review.** BBC reviewed existing demographic information for the City of Billings. BBC prepared a similar analysis in 1999 for use in the City's Consolidated Plan. We updated this analysis with 2000 Census data and summarized this information in a concise community profile (see Section II. Socioeconomic Analysis).

**Task III. City policy review.** BBC compiled information about the City's current housing policies and programs that influence fair housing choice and impediments. We identified policies and programs implemented because of past housing studies. This task included a review of the procedures and materials used by the City to:

- Educate Billings residents about their fair housing rights;
- Process fair housing complaints; and
- Provide fair housing training.

**Task IV. Compliance data review.** BBC examined all available data regarding compliance with local, state and federal Fair Housing Law, including the Home Mortgage Disclosure Act (HMDA), the Fair Housing Act, the Community Reinvestment Act (CRA) and the Equal Credit Opportunity Act. This review included fair housing complaints, mortgage applicant data (collected under HMDA) and CRA data from local lenders.

**Task V. Mail survey and personal interviews.** BBC distributed a mail survey to individuals who are familiar with the Billings housing market and the housing needs of minority and disabled residents. We worked with Community Development staff to identify individuals and organizations that should be included in the survey. Participants included:

- Representatives of minority organizations;
- Housing industry representatives;
- CRA representatives from local banks;
- Local Realtors;
- Directors of programs to assist persons with developmental disabilities, physical handicaps, alcohol and chemical dependency problems, severe and persistent mental illness and domestic abuse problems;
- Representatives of non-profit organizations that serve low-income residents;
- Representatives of community associations; and
- Representatives from community action agencies and legal services offices.

BBC used two survey forms: one for local lenders, Realtors and property managers and one for other survey participants. The first survey included questions about their institutions' advertising and training as well as their observations about conditions in the community. The second survey form included questions about various possible forms of housing discrimination, the groups that may experience this discrimination and the resolution of any discriminatory incidents. It also included questions about awareness and effectiveness of fair housing complaint procedures.

Based upon the information gathered in the community profile, the City policy review, the compliance data review and the mail survey, BBC identified issues that required additional research. We used telephone and individual interviews to learn more about these issues. We conducted 27 key person interviews with housing advocates, community leaders, social service providers, government officials and others.

**Task VI. Identification of impediments.** During this task, BBC examined our findings from the first five tasks in order to determine what barriers to fair housing exist in Billings. Effects of these barriers have been characterized and the effectiveness of existing measures to overcome these barriers has been reviewed.

**Task VII. Recommendations.** After identifying impediments to fair housing in Billings, BBC recommended actions to overcome these impediments. These actions included modifications to existing City policies and programs, new City programs or new partnerships with private firms or non-profit organizations. These recommendations can assist the City as it drafts the Fair Housing Plan.



**Task VIII. Final report and presentation.** BBC first prepared a draft report summarizing our Analysis of Impediments and recommended actions and submitted it to City staff for review. After receiving comments, we prepared a final Analysis of Impediments (this document) and a revised list of actions. Community Development staff will be responsible for producing the final Fair Housing Action Plan.

## **Report Organization**

The balance of this document contains four sections and two appendices:

- Section II. Socioeconomic Analysis;
- Section III. Home Mortgage Disclosure Act Analysis;
- Section IV. Mail Survey and Interview Analysis;
- Section V. Summary and Recommendations;
- Appendix A. Mail Survey and Key Person Interview List; and
- Appendix B. Survey Instruments.

## **Acknowledgements**

The study team wishes to thank Jill Krueger and John Walsh at the City of Billings, and Russ Brown, Executive Director of the Community Housing Resource Board, for their assistance during our research. Additionally, 44 individuals completed mail surveys and/or consented to personal interviews. Their input was critical to this study, and they are among those identified in Appendix A. Mail Survey and Key Person Interview List.

**SECTION II.**  
**Socioeconomic Analysis**

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## SECTION II.

### Socioeconomic Analysis

#### Introduction

This section sets forth Billings' and Yellowstone County's current population and economic characteristics, and details trends over the period 1990 to 2002. It focuses on data that relate to persons who may fall into a HUD protected classification for fair housing: income, age, race and ethnicity, family structure and special needs.

#### Population Growth

Billings grew rapidly during the early and mid-1980s, and then experienced a slight population loss during the recession of the late 1980s. Though the city's growth was uneven, it was substantial. The 1990 Census count of 81,151 was a 21 percent increase over the 1980 total of 66,842.

Growth in the 1990s was steadier and more moderate. From 1990 to 2000, Billings' population increased by 11 percent, totaling 89,847 residents. PCensus, a demographic database that provides annual updates, estimated Billings' 2002 population at 92,147, which represents a 3 percent increase over the 2000 total. Yellowstone County as a whole grew 14 percent from 113,419 in 1990 to 129,352 in 2000. Growth from 2000 to 2002 increased minimally by 1 percent. Exhibit II-1 summarizes population growth in the study area.

*Exhibit II-1.  
Population Trends  
in Yellowstone County*

	1980 Census	1990 Census	2000 Census	2002 Estimate
Billings	66,842	81,151	89,847	92,147
Yellowstone County	108,035	113,419	129,352	131,006

Source:  
2000 U.S. Census Bureau and PCensus 2002  
Update.

As noted above, the 2002 population estimates for Billings and other parts of Yellowstone County are drawn from PCensus. This commercial database also provides annual estimates of age, income and racial distribution. These types of estimates are not provided by the U.S. Census Bureau and are helpful in understanding the area's housing market. The PCensus estimates are based on government data, commercial information such as the Equifax Consumer Marketing Database and the ADVO direct mail database, and regional econometric models. Unless otherwise noted, all 2002 population estimates are based on PCensus data.

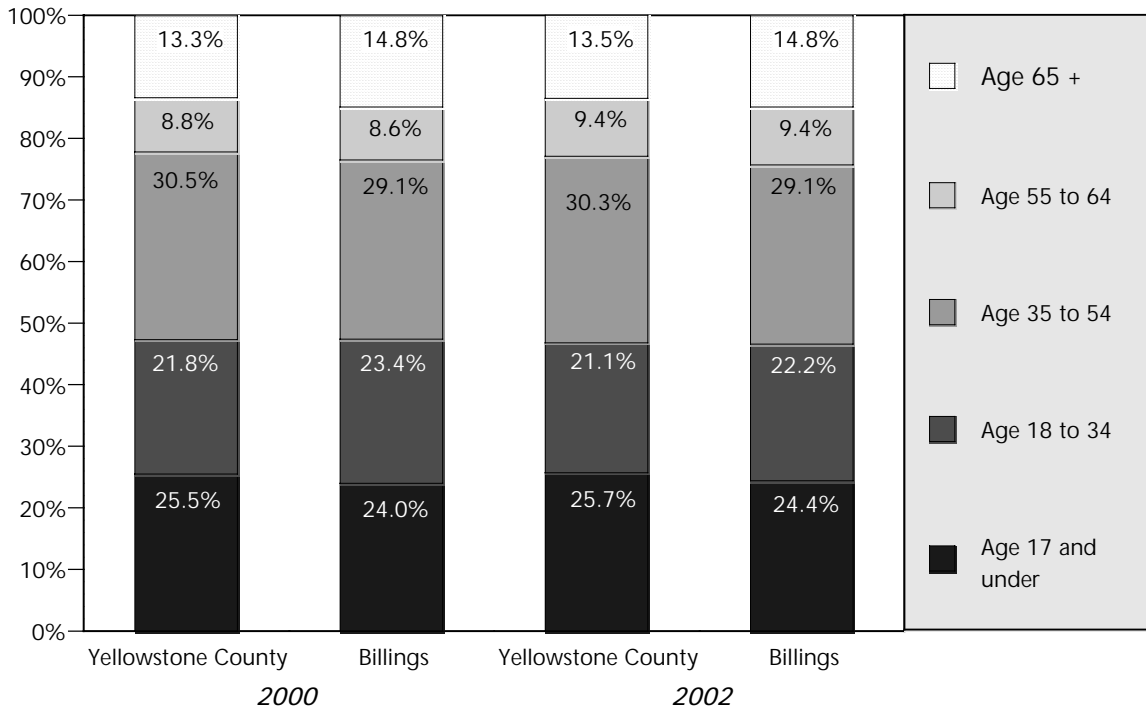
## Age Distribution

The average age of Billings' residents increased from 35.9 in 1990 to 36.8 in 2000. PCensus estimated that median age has remained relatively the same in 2002. The fastest growing age cohorts from 2000 to 2002 were those aged 55 to 64 (11.5 percent increase) and those aged 45 to 54 (5 percent increase). The only cohort that lost population was residents aged 18 to 34, with the largest decrease in residents aged 18 to 25 (4 percent decrease). All of these shifts reflect the aging of the baby boom generation.

The number of residents aged 75 and over increased 47 percent from 1990 to 2002. This elderly cohort now makes up 7.5 percent of the City's population. This reflects the overall trend toward increased life expectancy and the tendency of elderly residents of surrounding communities to move into Billings to be near the large medical centers.

Age distributions for Billings and Yellowstone County as a whole are presented below in Exhibit II-2.

*Exhibit II-2.  
Age Distribution of Population in Billings and Yellowstone County*



Source: 2000 U.S. Census Bureau and BBC Research & Consulting from PCensus, 2002 Update data.

## Race and Ethnicity

2000 Census data reports that minority population in Billings is 10 percent. Yellowstone County as a whole is 91 percent non-Hispanic white. Exhibit II-3 on the following page shows the races and ethnicities of Billings and Yellowstone County in 2000.

**Exhibit II-3.  
Race and Ethnicity, 2000**

Source:  
2000 U.S. Census Bureau.

	Yellowstone County	Billings
White	91.0%	89.9%
Black/African American	0.4%	0.5%
Native American	2.8%	3.2%
Asian and Pacific Islander	0.6%	0.6%
Hispanic	3.7%	4.2%
Other/Multiracial	1.5%	1.6%

Within Billings, minorities have been concentrated in South and Central Billings. Although these two areas have less than a quarter of the city’s population, they are home to almost half the City’s minority residents.

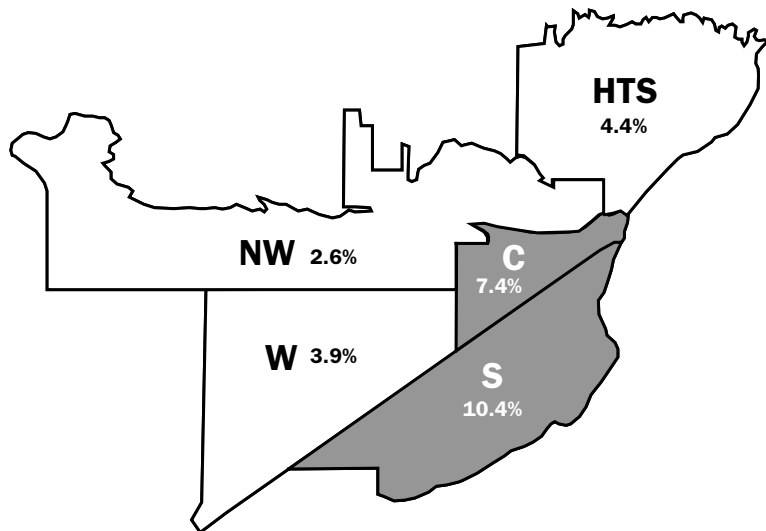
There are very few African American and Asian residents in Billings; each of these groups makes up less than 1 percent of the city’s population. Native Americans and other minorities account for 5 percent of the total.<sup>1</sup> The citywide Hispanic proportion is more than 4 percent. Exhibits II-4 below and II-5 on the following page show the proportion of Native American and Hispanic residents in the five areas of the City.

**Exhibit II-4.  
Proportion of Native American/Other Residents by Area, 2000**

Source:  
2000 U.S. Census Bureau.

**Citywide Proportion = 4.7%**

- Greater than Citywide Proportion
- Less than Citywide Proportion



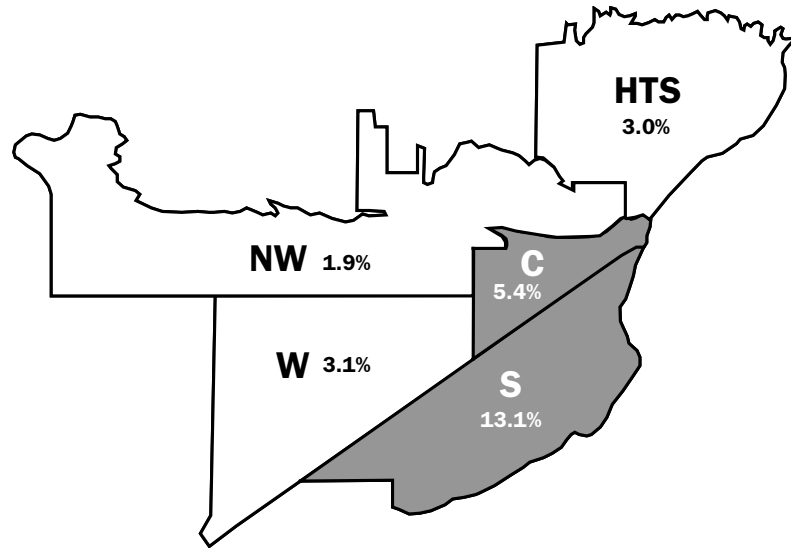
<sup>1</sup> Other minorities grouped in the Native American/Other category include Indian Americans, Arab Americans and persons of mixed race.

*Exhibit II-5.  
Proportion of Hispanic  
Residents by Area, 2000*

Source:  
2000 U.S. Census Bureau.

**Citywide Proportion = 4.2%**

- Greater than Citywide Proportion
- Less than Citywide Proportion



Although the minority population in Billings is small, it is growing at a faster rate than the White population. From 1990 to 2000, the number of minority residents increased 56 percent to 9,077. The non-Hispanic, white population increased 7 percent to 80,770.

### Income

Median income in Billings increased by almost 40 percent in the 1990s. Currently, 2002 median household income in Billings is \$35,602. Exhibit II-6 summarizes income data for the study area.

*Exhibit II-6.  
Household Income Trends*

	1990 Median Income	2000 Median Income	2002 Median Income	Increase 1990-2002	Increase 2000-2002
Billings	\$25,675	\$33,713	\$35,602	38.7%	5.6%
Yellowstone County	\$26,004	\$34,459	\$36,267	39.5%	5.2%

Source: BBC Research & Consulting from PCensus, 2000 and 2002 estimates.

Income levels vary widely in different areas of the City. The median household incomes in South and Central Billings were \$19,225 and \$21,676 in 1999. These were less than half of the median in Northwest Billings (\$48,443) and almost less than half of the median in Billings Heights (\$40,734).

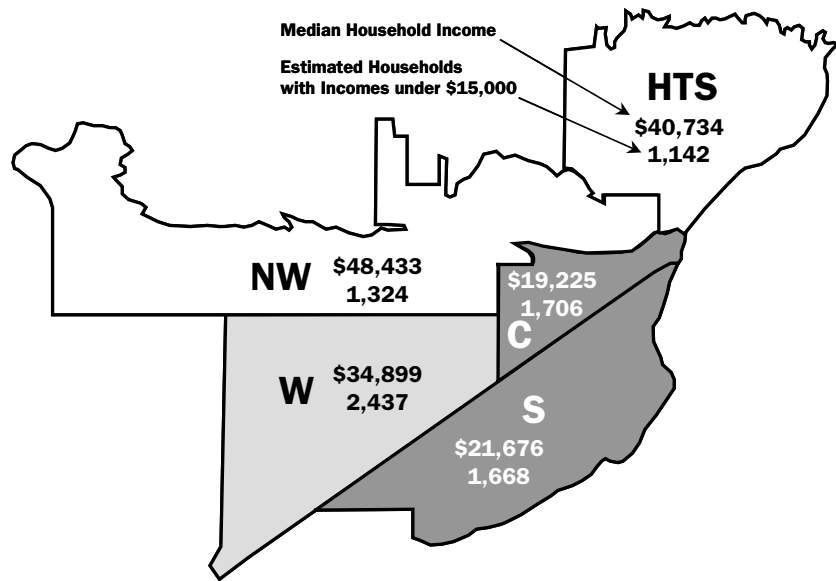
Almost 40 percent of households in South and Central Billings were estimated to have annual incomes of less than \$15,000 per year. Some of the Central Billings households with low incomes are composed of MSU-Billings students who live in apartments near campus. Students themselves may have very low incomes but their parents may be assisting with rent and other expenses. Exhibit II-7 on the following page presents income data by area.

*Exhibit II-7.  
Household Income  
Data by Area, 1998*

Source:  
PCensus, 1999 Update.

**Proportion of Households  
with Income under \$15,000**

- 10.1% to 15.0%
- 15.1% to 35.0%
- 35.0% or more

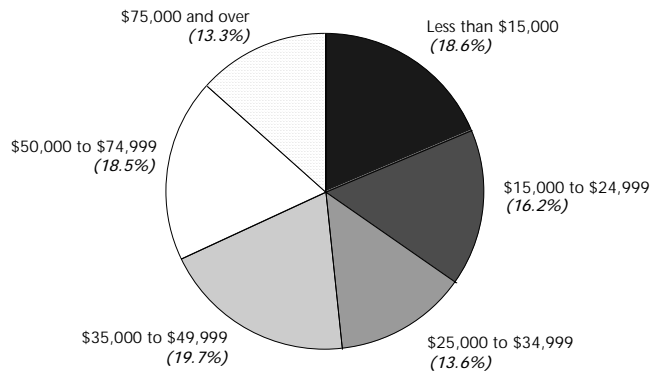


Overall income distribution in Billings is concentrated in the low and moderate-income categories. More than half of all households earn less than \$35,000 per year. In Northwest Billings, the City's wealthiest area, more than a third of all households earn less than \$35,000 per year. In Central and South Billings, almost three-quarters of all households earn less than \$35,000 per year.

Citywide, only 10 percent of households earned more than \$75,000 per year in 1999. PCensus estimated that in 2002 this would increase to little more than 13 percent. In Northwest Billings, the proportion is 22 percent. In South Billings, it is 3 percent. Exhibit II-8 summarizes citywide income distribution.

*Exhibit II-8.  
Billings Household Income  
Distribution, 2002*

Source:  
PCensus, 2002 Update.



## Family Structure

As in other areas of the country, average household sizes in Billings and Yellowstone County are decreasing. Billings, like other cities, has a higher proportion of one-person households and consequently has the smallest average household size (2.31 persons). Household size trends throughout the county are summarized in Exhibit II-9.

*Exhibit II-9.  
Average Household Size Trends*

Source:  
U.S. Census Bureau and PCensus, 2002 update.

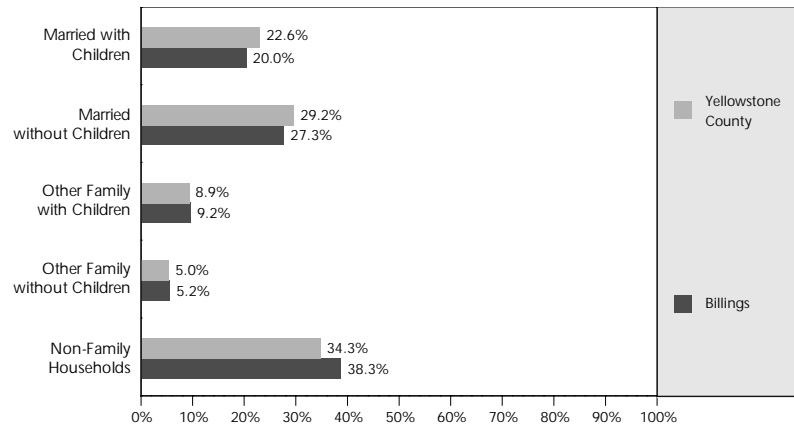
	1990	2000	2002
Yellowstone County	2.49	2.43	2.41
Billings	2.39	2.32	2.31

Within Billings, the average household size ranges from 1.8 in Central Billings to 2.6 in Billings Heights. Central Billings' relatively small household sizes can be attributed to student housing for MSU-Billings and the senior housing developments in the area.

Annually updated sources such as PCensus do not provide information about household composition. The latest available data on household characteristics come from the 2000 Census. Just as Billings had a smaller average household size, it also had more non-family households (individuals living alone or with roommates) than the rest of Yellowstone County. Billings also had a larger proportion of single-parent families. Exhibit II-10 summarizes 2000 household composition data.

*Exhibit II-10.  
Household Composition,  
2000*

Source:  
2000 U.S. Census Bureau.



## Special Needs Populations

BBC obtained data from several sources in order to arrive at estimates of Billings' residents in various special needs categories.

**Aging population.** Billings has an aging population. Unlike other places in the west, Billings is not attracting large numbers of young people, those aged 18 to 34 who are establishing careers and starting families, to replace the baby boomers who are entering middle age. As the baby boomers become empty nesters, there will be increased demand for alternatives to the large-lot, single-family house. Billings also has, and will continue to have, a relatively high share of elderly residents because of their need to live in close proximity to the local medical centers.



**Number of low-income households.** While average earnings per job and median incomes have been rising, Billings has a substantial number of low-income residents. Much of the employment growth in the 1990s has occurred in the retail and service sectors, which tend to have relatively low wages. Almost one-third of local households make less than \$25,000 per year. Almost 50 percent of these households make less than \$15,000 per year.

**Severe mental illness.** The National Institute for Mental Health (NIMH) estimates that 3 percent of the population, nationwide, experience severe and persistent disorders. With a county population of 131,006 in 2002, this suggests that approximately 3,930 Yellowstone County residents are severely mentally ill. Approximately 2,800 of those residents live in the City of Billings.

**Physically disabled.** Study team representatives obtained two estimates of persons with physical disabilities. A nationwide survey conducted in 1994-95 by the Census Bureau indicated that 9.9 percent of Americans have severe disabilities. The definition of severe disability was fairly broad and included people with developmental disabilities. Given this proportion, 9,100 people in the city and 13,000 people in the county would have physical or developmental disabilities.

The most relevant data for Billings comes from the 1990 Census, which provided the proportion of people with mobility and self-care limitations in each metropolitan statistical area. In the Billings MSA, 1.09 percent of people aged 16 to 64 and 1.46 percent of people aged 65 and over had a mobility or self-care limitation.

Applying these incidence rates to Billings' 2002 population produces the following estimates:

- 1004 people aged 16 to 64 with mobility or self-care limitations
- 1,345 people aged 65 and over with mobility or self-care limitations

**Developmentally disabled.** A representative from the State of Montana's Department of Public Health and Human Services stated that they provide services to nearly all developmentally disabled individuals in Yellowstone County. Their *Montana Developmental Disabilities Database* has active records for 553 individuals in Yellowstone County. If the proportion of developmentally disabled residents matches the overall proportion of population, about 390 of these residents live in the City of Billings.

**Substance abuse.** The State of Montana's Department of Public Health and Human Services surveyed substance abuse statewide in 1998. Their report estimates that 1.1 percent of Montana residents suffer from substance abuse or dependence. If this percentage holds true in the Billings area, approximately 1,000 city residents and 1,400 county residents abuse or are dependent on alcohol or illegal drugs.

**AIDS/HIV.** The State of Montana's Department of Public Health and Human Services surveyed the AIDS population in Montana in 1999. They report that Yellowstone County has 62 to 86 AIDS cases.

## Summary

The most recent estimates of special needs populations are presented below:

- 2,500 to 2,800 persons with severe mental illness in Billings
- 1,004 people aged 16 to 64 with mobility or self-care limitations in Billings
- 1,345 people aged 65 and over with mobility or self-care limitations in Billings
- 390 developmentally disabled persons in Billings
- 1,000 persons with substance abuse/addiction problems in Billings
- 62 to 86 persons with HIV/AIDS in Yellowstone County

The categories above overlap to some extent. For example, some of the people over 65 with mobility limitations are in low or moderate-income households and some of the people with severe mental illness may also have substance abuse problems.

## **SECTION III.**

### **Home Mortgage Disclosure Act Analysis**

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## SECTION III.

# Home Mortgage Disclosure Act Analysis

### Introduction

HUD recommends including an analysis of Community Reinvestment Act (CRA) ratings and Home Mortgage Disclosure Act (HMDA) data in an Analysis of Impediments to Fair Housing study. Used in conjunction, these data sets can identify, and then diagnose the reason for, any potential housing discrimination in lending. Each data set is reviewed in turn below.

### CRA Compliance

CRA requires that banks progressively seek to enhance community development within the area they serve. On a regular basis, banking institutions submit information about mortgage loan applications as well as materials documenting their community development activity. The records are then reviewed to determine if the bank satisfied CRA requirements. The assessment includes a review of the institutions' records as related to the following:

- Institution's Commitment to Evaluating and Servicing Community Credit Needs
- Offering and Marketing Various Credit Programs
- Record of Opening and Closing of Offices
- Discrimination and Other Illegal Credit Practices
- Community Development Initiatives

The data are evaluated, and a rating for each institution is determined. Ratings for institutions range from substantial noncompliance in meeting credit needs to an outstanding record of meeting community needs. The following table represents CRA Compliance for 39 financial institutions in Billings as of February 2002.

*Exhibit III-1.  
CRA Ratings, Billings  
Financial Institutions,  
February 2002*

Source:  
FFIEC Interagency CRA Rating, February 11,  
2002.

<i>Rating</i>	<i>Number of Banks</i>	<i>Percent</i>
Outstanding	9	23%
Satisfactory	27	69%
Needs Improvement	3	8%
Substantial Noncompliance	<u>0</u>	<u>0%</u>
<i>Total</i>	<i>39</i>	<i>100%</i>

As shown above, 92 percent have a rating of satisfactory or better. This compares well with the national average, as does the fact that not a single bank reviewed in Billings was rated substantially noncompliant.

## HMDA Data Analysis

HMDA data consist of information about mortgage loan applications for banks, savings and loans, savings banks, credit unions and some mortgage companies.<sup>1</sup> The data contain information about the location, dollar amount, and types of loans made, as well as racial and ethnic information, income, and credit characteristics of all loan applicants. The data are available for home purchases, loan refinances, and home improvement loans.

HMDA data can provide a picture of how different applicant types fare in the mortgage lending process. These data can be used to identify areas of potential concern that may warrant further investigations. For example, by comparing loan approval rates of minority applicants with non-minorities that have similar income and credit characteristics, areas of potential discrimination may be detected.

The Federal Reserve is the primary regulator of compliance with fair lending regulations. When federal regulators examine financial institutions, they use HMDA data to determine if applicants of a certain gender, race or ethnicity are rejected at statistically significant higher rates than white male applicants. The Federal Reserve uses a combination of sophisticated statistical modeling and loan file sampling and review to detect lending discrimination.

**Loan Applications and Action Taken.** During the year 2000 there were 85 financial institutions that had home offices or branches serving the Billings metropolitan statistical area (MSA)<sup>2</sup>.

Exhibit III-2 below shows total loan applications during 2000 by loan type (government, conventional, refinance, home improvement), loan purpose, and action taken on the loan.

*Exhibit III-2  
Loan Applications Received, by Loan Type Billings MSA, 2000*

	<i>Government Guaranteed Home Purchase</i>	<i>Conventional Home Purchase</i>	<i>Refinance</i>	<i>Home Improvement</i>
Total Loan Applications	978	2,861	2,413	830
Loans Originated	83.3%	54.5%	44.3%	68.1%
Approved, not accepted	1.9%	11.3%	9.0%	8.2%
Denied	6.1%	29.2%	31.4%	20.8%
Withdrawn	8.0%	4.3%	12.0%	2.5%
Determined Incomplete	<u>0.6%</u>	<u>0.6%</u>	<u>3.3%</u>	<u>0.4%</u>
Total	100%	100%	100%	100%

Note: Does not include loans for multifamily properties or non-occupants.

Source: FFIEC HMDA Aggregate Reports, 2000, and BBC Research & Consulting.

<sup>1</sup> Financial institutions are required to report HMDA data if they have assets of more than \$30 million, have a branch office in a metropolitan area, and originated at least one home purchase or refinance loan in the reporting calendar year. Mortgage companies are required to report HMDA if they are owned by financial institutions or made at least 100 home purchase or refinance loans in the calendar year.

<sup>2</sup> HMDA data are available at the MSA level only, to preserve confidentiality. The Billings MSA includes all of Sweetwater County.

Most of the loan applications received during 2000 were for conventional loans for home purchases and loan refinancing.<sup>3</sup> Almost 30 percent of applications for conventional loans were denied; more than half were approved; and the remainder were either approved as loans but not accepted, withdrawn, or incomplete. Government backed loans for home purchases had higher approval rates than conventional loans (83 percent, compared to 55 percent), and conversely, a lower percentage of denials (6 percent compared to 29 percent). The denial rates for home improvement loans and refinancings (21 and 31 percent respectively) were slightly higher than both conventional and government backed loans. These denial rates are also higher than the national denial rates of 20 percent for home improvement loans and 30 percent for refinancings.

**Approval rates by race and income.** Exhibit III-3 on the following page presents denial rates by race and ethnicity, categorized by income level and loan type. It is important to note that because of the low percentage of minorities in Billings, the number of applications from minority groups is very small and there are not enough data to provide strong conclusions about loan approval rates by race. As such, the following information should not be interpreted as representative of lending practices in Billings.

For government guaranteed home purchase loans, minority applicants had higher denial rates than white applicants in both income categories. A better picture is provided by analysis of conventional loan denial rates during 2000 because there are slightly more applications for most racial and ethnic groups. For all income ranges, joint applicants had the lowest rate of conventional loan denials, followed by Asian, African-American, and white applicants. Joint and white applicants had the lowest denial rates in the low-income category as well as the moderate to high-income category. The difference in denial rate between white and other applicants is lower for moderate to high-income applicants than for low-income applicants, thus suggesting that income is a factor in lowering the gap between denial rates among borrowers of different races. Joint, Asian, and white borrowers also had the lowest rates of denial for loan refinances and home improvement loans.

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<sup>3</sup> Loans for multi-family properties or to non-occupants are excluded from this analysis.

Exhibit III-3.

Mortgage Loan Denial Rates by Race/Ethnicity and Income, Billings MSA, 2000

Race/Ethnicity	Government Guaranteed Home Purchases			Conventional Home Purchases		
	Low Income Applicants (>80% of median)	Moderate, Middle, and Upper Income Applicants (>80% of median)	All Applicants	Low Income Applicants (>80% of median)	Moderate, Middle, and Upper Income Applicants (>80% of median)	All Applicants
	American Indian/Alaskan Native	50%	0%	30%	73%	33%
African-American	N/A	N/A	N/A	N/A	0%	0%
Asian/Pacific Islander	17%	0%	14%	100%	0%	43%
Hispanic	8%	0%	6%	76%	43%	67%
White	9%	3%	6%	36%	12%	22%
Other	N/A	0%	0%	33%	33%	33%
Joint	20%	4%	9%	71%	0%	32%
Not Available	7%	8%	8%	66%	31%	51%
<b>Total:</b>	<b>9%</b>	<b>4%</b>	<b>6%</b>	<b>46%</b>	<b>15%</b>	<b>29%</b>

Race/Ethnicity	Refinances			Home Improvement		
	Low Income Applicants (>80% of median)	Moderate, Middle, and Upper Income Applicants (>80% of median)	All Applicants	Low Income Applicants (>80% of median)	Moderate, Middle, and Upper Income Applicants (>80% of median)	All Applicants
	American Indian/Alaskan Native	50%	14%	31%	33%	N/A
African-American	0%	N/A	0%	0%	100%	50%
Asian/Pacific Islander	40%	0%	25%	0%	0%	0%
Hispanic	40%	18%	31%	50%	0%	38%
White	23%	17%	19%	15%	9%	11%
Other	29%	38%	33%	N/A	N/A	N/A
Joint	15%	5%	9%	33%	14%	23%
Not Available	50%	43%	46%	51%	35%	40%
<b>Total:</b>	<b>33%</b>	<b>24%</b>	<b>27%</b>	<b>26%</b>	<b>16%</b>	<b>19%</b>

Source: FFIEC HMDA Aggregate Reports, 2000, and BBC Research & Consulting.

**Approval Rates by Minority Concentration.** Exhibit III-4 below examines how loan applications from different census tracts in the Billings market were treated in 2000. The tracts are grouped by proportion of minority residents. The HMDA shows that applicants in areas with a moderate percentage of minorities (10 to 20 percent) had lower acceptance and higher denial rates than areas with few minorities (less than 10 percent). Moreover, in areas with more than 20 percent minorities, far fewer loans were originated and more were denied.

*Exhibit III-4.  
Loan Disposition by  
Minority Concentration,  
All Loan Types Billings  
MSA, 2000*

Source:  
FFIEC HMDA Aggregate Reports, 2000, and  
BBC Research & Consulting.

<i>Concentration by Census Tract</i>	<i>&lt; 10% Minority</i>	<i>10-20% Minority</i>	<i>20-49% Minority</i>
Total Loan Applications	6,244	600	238
Loans Originated	59.0%	42.8%	28.6%
Approved, not accepted	8.6%	8.0%	18.1%
Denied	23.7%	39.2%	47.5%
Withdrawn	7.1%	8.8%	5.5%
Determined Incomplete	<u>1.6%</u>	<u>1.2%</u>	<u>0.4%</u>
Total	100.0%	100.0%	100.0%

A higher origination rate for non-minorities can be explained, in part, by non-minorities having higher incomes than minorities. Without a detailed analysis of each applicant (such data are unavailable in the HMDA records due to confidentiality), it is unclear if the reason for the difference is due to variables other than income that are considered in making the lending decision (e.g., credit history, debt to income ratios) or if discrimination in lending could be occurring.

**Approval rates by gender and income.** HMDA data are also available by gender and income. Denial rates on government-backed and conventional mortgage loans, as well as refinancings and home improvement loans, are shown in Exhibit III-5.

*Exhibit III-5.  
Loan Denials by Gender and Income, All Loan Types Billings MSA, 2000*

	<i>Male</i>	<i>Female</i>	<i>Joint</i>	<i>Gender N/A</i>	<i>All Applicants</i>
Total Loan Applications	1,263	1,027	3,046	1,340	<i>6,676</i>
0-50% of AMI	8.3%	12.5%	1.4%	12.5%	<i>6.7%</i>
50-79% of AMI	7.7%	5.2%	5.9%	13.4%	<i>7.6%</i>
80-99% of AMI	2.8%	2.5%	2.7%	8.0%	<i>3.8%</i>
100-119%	2.3%	1.2%	1.8%	4.0%	<i>2.3%</i>
120% +	<u>3.2%</u>	<u>0.7%</u>	<u>3.3%</u>	<u>8.4%</u>	<u>3.9%</u>
<i>Totals:</i>	<i>24.3%</i>	<i>22.0%</i>	<i>15.3%</i>	<i>46.3%</i>	<i>24.3%</i>

Source: FFIEC HMDA Aggregate Reports, 2000, and BBC Research & Consulting.

For lower income applicants, denial rates are 50 percent higher for female as male applicants. For all other income ranges, however, denial rates for female applicants are lower than those for male and joint applicants. The 2000 denial rates listed above do not provide evidence of gender discrimination in loan approvals.



*Reasons for Denial.* HMDA data also contain summary information on the reasons for denial by type of loan and applicant characteristics which can help explain some of the variation in approval rates among applicants. Exhibit III-6 on the following page shows the reasons for the denials of 2000 loan applications by race, gender, and income for conventional home purchase loans (too little data were available for other loan types).

*Exhibit III-6.*

*Reasons for Denial of Loan Applications, by Race, Gender and Income of Applicant, Billings MSA, 2000*

*Conventional Home Purchase Loans*

	Debt to Income Ratio	Employment History	Credit History	Collateral	Insufficient Cash	Unverifiable Information	Credit App. Incomplete	Other
<i>Race</i>								
American Indian/Alaskan Native	17%	N/A	67%	N/A	N/A	N/A	N/A	17%
African-American	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asian/Pacific Islander	67%	N/A	33%	N/A	N/A	N/A	N/A	N/A
Hispanic	25%	N/A	38%	13%	4%	N/A	13%	13%
White	21%	7%	45%	9%	N/A	N/A	1%	13%
Other	N/A	N/A	100%	N/A	N/A	N/A	N/A	N/A
Joint	43%	N/A	57%	N/A	N/A	N/A	N/A	N/A
Not Available	20%	N/A	33%	15%	3%	3%	5%	16%
<i>Gender</i>								
Male	23%	6%	45%	10%	3%	N/A	1%	13%
Female	19%	9%	49%	9%	1%	N/A	1%	7%
Joint (Male/Female)	30%	5%	46%	7%	7%	1%	1%	14%
Not Available	13%	6%	31%	15%	3%	3%	5%	16%
<i>Income</i>								
Very Low Income (<50% of median)	29%	11%	47%	7%	1%	N/A	1%	8%
Low Income (59-79% of median)	26%	5%	50%	7%	4%	N/A	1%	12%
Moderate Income (80-99% of median)	7%	N/A	53%	13%	N/A	N/A	N/A	16%
Middle Income (100-120% of median)	10%	6%	43%	9%	6%	N/A	2%	13%
Upper Income (120% of more)	12%	6%	26%	16%	7%	4%	6%	19%
Not Available	1%	N/A	38%	8%	15%	N/A	N/A	31%

Source: FFIEC HMDA Aggregate Reports, 2000 and BBC Research & Consulting.

As demonstrated in the exhibit, poor credit history is the major reason for application denials across race, gender, loan type, and for most income categories. High debt-to-income ratios are another primary factor.

**What do the data suggest?** There are many reasons that loan approval rates may vary for applicants in the same income brackets: credit ratings, net worth, and loan to debt ratios play a large role in the decision to deny or approve a loan. Without individual data about the applications analyzed above, it is difficult to assess the presence of discrimination by race, ethnicity, or gender. Disparities in approval rates between racial and ethnic groups or genders is not definitive proof of housing discrimination; rather, the presence of disparities suggests the need for further inquiry.

The data are also useful in determining what government sponsored programs might be needed to fill the gaps between what the private market is willing to provide and what is needed. Such programs might include the following:

- Education about loan requirements and budgeting, commonly offered through first-time homebuyer classes, may assist potential applicants in understanding how to improve their probability of receiving a mortgage loan.
- Education about good credit may help young people avoid credit problems that will hurt their chances of eventual home ownership. Credit counseling for those who already have debt problems is also important.
- Loan application approval rates for home purchases are much higher for government guaranteed loans. For borrowers with lower incomes, marginal credit, and/or little cash for downpayment, the availability of these loans can be key for obtaining homeownership. It is important that potential borrowers are educated about the availability of such loans and that lenders suggest government guaranteed loan options to applicants for whom conventional loans are not appropriate.
- Although the disparities in loan approval rates may be accounted for by credit histories, net worth and loan-to-debt ratios, these disparities highlight the importance of the CRA. Community groups and government officials could take an active role in encouraging increased CRA compliance activities by local banks.

## **SECTION IV.**

### **Mail Survey and Interview Analysis**

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## SECTION IV. Mail Survey and Interview Analysis

This section summarizes the results of 44 completed mail surveys and key person interviews. It is organized according to the major types of questions contained on the mail survey instruments, that were also asked during key person interviews. Quotes accompany several of the exhibits in this section to further illustrate the statistics. To preserve anonymity, these statements are not attributed to particular individuals but rather to categories of persons such as “Realtors” or “Social Service Providers.”

### Type of Respondent

A total of 92 mail surveys were distributed, and 19 were returned. This excellent response rate of over 20 percent is more than twice the standard survey research benchmark of 10 percent. The study team also conducted 27 key person interviews<sup>1</sup>. The individuals on our survey mailing list, and key person interview list, are arrayed alphabetically in Appendix A. Copies of the mail survey instruments can be found in Appendix B.

Exhibit IV-1 displays the type of respondent by occupation.

*Exhibit IV-1.  
Type of Respondent*

Note:  
Composite of mail survey and key person interview responses. Interviewees who also returned mail surveys are only counted once.

Source:  
BBC Research & Consulting.

<i>Type of Respondent</i>	<i>Number of Respondents</i>
Advocates/Social Service Providers	18
Lenders	7
Property Managers/Landlords	6
Government Officials	6
Community Association	4
Realtors	<u>3</u>
<i>Total:</i>	<i>44</i>

### Overall Fair Housing Situation

Exhibit IV-2 on the following page demonstrates that the vast majority of respondents who returned mail surveys or consented to a key person interview are aware of housing discrimination in Billings occurring at least sometime in the last five years.

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<sup>1</sup> Certain key person interviews were conducted as multi-person focus groups for the convenience of respondents, e.g. Housing Authority of Billings (HAB).

**Exhibit IV-2.  
Prevalence of Housing  
Discrimination**

Note:

Composite of mail survey and key person interview responses. Interviewees who also returned mail surveys are only counted once.

Source:

BBC Research & Consulting.

<i>Are you aware of anyone experiencing discrimination in obtaining housing in Billings over the past five years?</i>	<i>Number and Percent of Respondents</i>
Yes	30/77%
No	<u>9/23%</u>
<b>Total:</b>	<b>39/100%</b>

However, Exhibit IV-3 demonstrates that 57 percent of respondents believe the fair housing situation in Billings is better than five years ago. These individuals were drawn from all categories of respondent including the public sector, private sector and non-profits.

**Exhibit IV-3.  
Overall Fair Housing Situation**

Note:

Composite of mail survey and key person interview responses. Interviewees who also returned mail surveys are only counted once.

Source:

BBC Research & Consulting.

<i>Compared to 5 years ago, the fair housing situation in Billings is ...</i>	<i>Number and Percent of Respondents</i>
Better	25/57%
Worse	2/4%
Same	<u>17/39%</u>
<b>Total:</b>	<b>44/100%</b>

Similarly, the 39 percent of respondents who believe the fair housing situation in Billings has remained the same over the last 5 years were also spread among the public, private and non-profit sectors. There is no statistically demonstrable linkage between type of respondent and their opinion on the overall fair housing situation.

**Type of Housing Discrimination**

When questioned about the type of housing discrimination of which they are aware, respondents most frequently replied refusal to rent, sell or deal with members of a protected class (70 percent). Based on written comments on the mail surveys and key person interviews, this “refusal to rent, sell or deal” occurs most often to Native American or Hispanic persons, and to families with many children, or teenage children. Some landlords are purported to tell would-be renters that their property is “not suitable or appropriate” for these types of individuals, or to deny that a vacant unit exists despite advertising to the contrary.

The next most common type of housing discrimination cited by respondents was different conditions of sale or rent. Based on written survey comments and personal interviews, these “different conditions” typically fall into one of three categories: more stringent review of rental references and credit reports, higher damage deposit requirements, and less or slower attention to maintenance requests.

**Exhibit IV-4.  
Most Common Type of Housing  
Discrimination**

**Note:**

Composite of mail survey and key person interview responses. Interviewees who also returned mail surveys are only counted once. "Yes" percentages add to more than 100 percent because respondents could choose more than one reason.

**Source:**

BBC Research & Consulting.

<i>Type of Discrimination</i>	<i>Percent</i>
Refusal to Rent/Sell/Deal	70%
Different Conditions of Sale/Rent	50%
Refusal to Reasonably Accommodate	30%
Discriminatory Advertising	20%
Steering	20%
False Denial of Availability	20%
Denying Mortgage	0%

**Reason for Discrimination**

When questioned about the most common reasons for housing discrimination in Billings, respondents frequently replied race (58 percent), disability (23 percent), and familial status (13 percent). When housing discrimination occurs in Billings, survey respondents and key person interviewees overwhelmingly cite race as the most common reason. In particular, Native American persons are believed to face the brunt of racial discrimination.

Discrimination based on "Disability" refers to a landlord's purported unwillingness to allow architectural modifications, companion animals or frequent site visits to tenants by caseworkers. Discrimination based on "familial status" refers to a landlord's unwillingness to rent to families with children, especially large numbers of children or teenage children.

**Exhibit IV-5.  
Most Common Reason for  
Discrimination**

**Note:**

Composite of mail survey and key person interview responses. Interviewees who also returned mail surveys are only counted once. "Yes" percentages add to more than 100 percent because respondents could choose more than one reason.

**Source:**

BBC Research & Consulting.

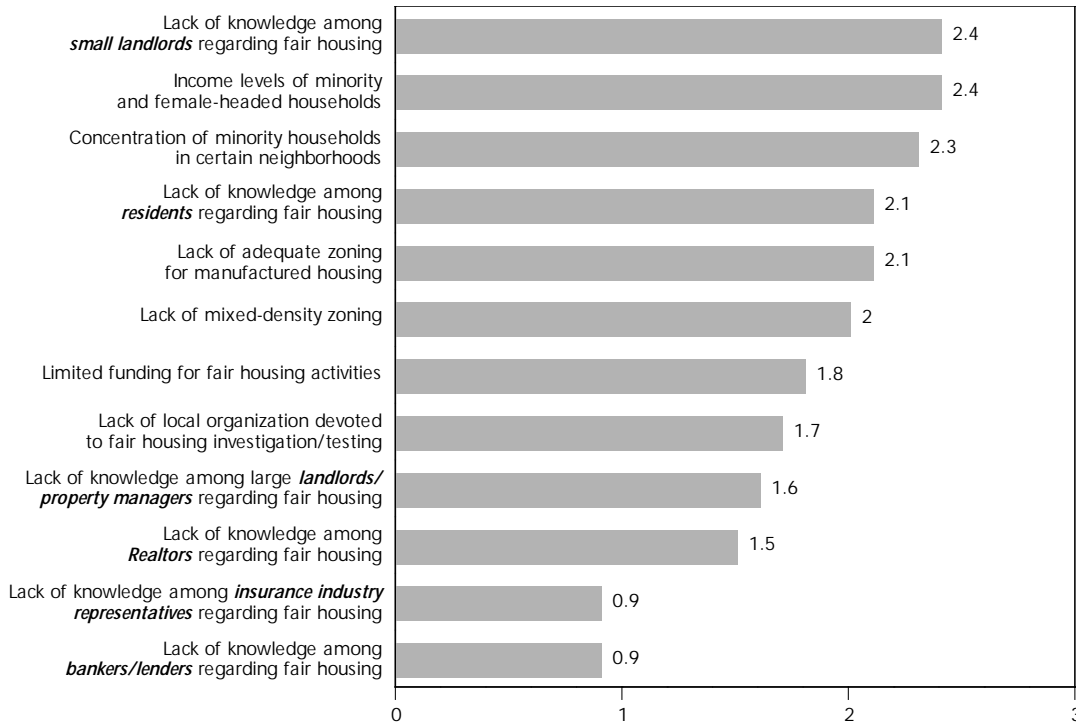
<i>Reason for Discrimination</i>	<i>Percent</i>
Race	58%
Disability	23%
Familial Status	13%
National Origin	6%
Marital Status	6%
Sex	6%
Age	5%
Religion	0%

Among the less common reasons for housing discrimination in Billings are marital status, national origin and sex (all 6 percent), and age (5 percent). The most frequently cited form of discrimination based on either "marital status" or "sex", refers to alleged instances of landlord's requesting sexual favors for the right to sign a lease, or in lieu of a security deposit. Other instances of discrimination based on "marital status" or "sex" may be reluctance to rent or sell to single or divorced women. Discrimination based on "age" refers to students' difficulty obtaining rentals, especially if several students plan to share a unit. No respondent identified religion as a reason for housing discrimination. Montana Fair Housing received 75 allegations of housing discrimination in Billings in FY 2000, of which over 50 percent were based on disability and familial status.

## Type of Impediment

Respondents were asked what they believed the barriers to housing choice were in Billings, and to rate those impediments on a scale of zero to three in which zero is not a barrier, and three is a serious barrier. Exhibit IV-6 arrays these barriers and their average score, from highest (most serious) to lowest (least serious).<sup>2</sup>

*Exhibit IV-6.  
Severity of Barriers to Fair Housing in Billings*



Note: 0 = not a barrier, 1 = a minor barrier, 2 = a modest barrier, 3 = a serious barrier.

Source: BBC Research & Consulting.

The two highest scoring (most serious) impediments are “lack of knowledge among *small landlords* regarding fair housing” and “income levels of minority and female-headed households” both at 2.4 which falls between a modest and serious barrier to fair housing.

Three other impediments also posted average scores above 2, signifying a modest to serious barrier: “concentration of minority households in certain neighborhoods” (2.3), “lack of adequate zoning for manufactured housing” (2.1), and “lack of knowledge among *residents* regarding fair housing” (2.1).

<sup>2</sup> All of the data in the exhibit are based on key person perceptions. Billings’ residents were not surveyed as part of this analysis.



The three lowest scoring (least serious) impediments all involved real estate industry professionals: lack of knowledge among Realtors (1.5), insurance industry representatives (0.9), and bankers/lenders (0.9). Scores under 2 (limited funding, lack of local testing, Realtors) indicated a minor to modest barrier. Scores under 1 (insurance industry, bankers/lenders) indicate a minor to non-existent barrier.

### Fair Housing Inquiry Process

Respondents were asked what path fair housing inquiries typically take in Billings. Exhibit IV-7 demonstrates that half of all inquiries known to respondents resulted in Montana Fair Housing being contacted. Montana Legal Services (44 percent) and the Billings Community Housing Resource Board (33 percent) were the next most frequent points of contact for fair housing inquiries.

*Exhibit IV-7.  
Organization Contacted  
Regarding Fair Housing  
Inquiries*

Note:  
Composite of mail survey and key person interview responses. Interviewees who also returned mail surveys are only counted once. Percentages add to more than 100% because respondents could identify more than one organization.

<i>Referral Organization</i>	<i>Percent Contacted in "All, Most or Some" Cases</i>
Montana Fair Housing	50%
Montana Legal Services	44%
Billings CHRB	33%
Montana Human Rights Bureau	25%
HUD FHEO	17%
Other organizations	17%
Billings Human Relations Commission	9%

Source:  
BBC Research & Consulting.

HUD’s Fair Housing and Equal Opportunity Office (17 percent), “other organizations” (17 percent) and the Billings Human Relations Commission (9 percent) were contacted least frequently. Respondents indicated that “other organizations” are typically social service or advocacy groups not primarily involved with fair housing.

Exhibit IV-8 on the following page begins to quantify the number of fair housing inquiries in Billings on an annual basis. The exhibit is not complete, as all of the organizations listed above do not track fair housing inquiries in Billings on a regular or consistent basis. Due to the variability of data, it is possible that inquiries made at the organizations listed below may be duplicated. It is also important to note that the figures below represent initial inquiries. As there are no consistent data that record the type of inquiry made, it is not possible to distinguish between official fair housing complaints and general questions from the public.

**Exhibit IV-8.  
Frequency of Initial Citizen  
Inquiries in Billings**

**Note:**

Other organization receive fair housing inquiries in Billings; some inquiries may have been filed with more than one organization.

*These figures represent initial inquiries. Not all inquiries were complaints, and no data exists to distinguish the number of resulting fair housing complaints from general inquiries.*

**Source:**

BBC Research & Consulting based on agency records and key person interviews.

<i>Organization Receiving Inquiry</i>	<i>Average Number/Year</i>
Montana Fair Housing	75+/-
Community Housing Resource Board	35-45
Montana Legal Services	20-30
Friendship House	20-25
Montana Human Rights Bureau	5 +/-
HUD FHEO	5 +/-
<b>Total:</b>	<b>160-185</b>

Due to the incomplete record keeping referenced above, the figure of 160-185 fair housing inquiries annually in Billings should be considered a rough estimate of what actually occurs. Some inquiries are taken to more than one entity, and others focus more on general housing availability questions than on fair housing complaints. The study team attempted to gather fair housing inquiry information from other Montana cities; however, no comparison was possible after it became readily apparent that no uniform standard for reporting exists statewide.

Since FY 2000, a total of 7 formal fair housing complaints from Billings were filed with HUD. Of these, four investigations are currently still open and three are closed. Over the same time period, the Montana Human Rights Bureau had 9 complaints filed. Of these, 6 investigations are still open and 3 closed. Both HUD and Montana Human Rights Bureau complaints can result in legal action, settlements or dismissal for sufficient evidence. Montana Fair Housing does not process formal claims, but assists in the filing of housing discrimination complaints with HUD and the Montana Human Rights Bureau.

Moreover, it is important to remember that 92 percent of respondents believe that there are fair housing problems not reported in Billings due to the fear of retribution, concern about finding another unit in the tight rental housing market, and the general perception that “paperwork and court are a hassle.” (Advocate)

Some respondents also indicated that disabled clients sometimes “fear their inability to communicate effectively with outside agencies due to their disability.” (Social Service Provider) Others believe that some Billings residents have lost confidence in the system: “I think people feel that nothing will happen so they don’t report it.” (Social Service Provider)

**Communications and Training**

Survey respondents and key person interviewees were asked to identify the best method for communicating fair housing issues and receiving training. Since these questions were “open-ended,” a statistical tabulation is not possible. However, the survey and interview remarks illustrate the following main points:

- “The best way to provide continuing education is with monthly meetings, news releases targeted seminars and clinics, and pamphlets with clearly highlighted phone number to appropriate agencies.” (Property Manager)

- “Mailings and personal contact.” (Advocate)
- “Face-to-face instruction with visuals for at least 20 minutes.” (Social Service Provider)
- “Continually explaining rights to citizens via brochures and briefings.” (Advocate)
- “Speak to people in person regarding their rights and responsibilities.” (Housing Provider)
- “Directly face-to-face so that you can explain a person’s rights fully and answer questions.” (Advocate)
- “The public meetings should be informal so people aren’t intimidated.” (Social Service Provider)
- “Radio, TV and billboard ads work really well.” (Social Service Provider)

### **Additional Actions**

Survey respondents and key person interviewees also provided “open-ended” remarks on what additional actions should be taken to promote fair housing in Billings, and who should be responsible for those actions.

- “More education for all sectors – tenants, landlords, agencies, private sector and advocacy groups – done by CHRB and Montana Fair Housing in cooperation with housing providers and lenders.” (Property Manager)
- “Continue to educate – what might seem redundant is still necessary. Speakers and program directors need to be more knowledgeable. Disability issues need to be more clear.” (Landlord)
- “Don’t let it slip. Keep the awareness alive.” (Lender)
- “We have a good start. Keep up the hard work.” (Lender)
- “More training and more enforcement by the CHRB.” (Advocate)
- “There need to be consequences if a report turns out to be true.” (Social Service Provider)
- “Continue fair housing education for property owners and managers.” (Advocate)
- “It’s critical that the Community Development Department keep funding the CHRB as they have been doing.” (Advocate)
- “There needs to be more follow-up on reports of possible discrimination by CHRB, Montana Fair Housing and HUD.” (Housing Provider)

- “The Housing Authority should continue to be involved.” (Advocate)
- “The City should provide more funding to adequately investigate complaints.” (Social Service Provider)
- “We need clear access to local, direct assistance by the CHRB or some other agency and publicly active enforcement by the City or Montana Fair Housing.” (Advocate)
- “All landlords need to be certified by the State or Federal government.” (Advocate)
- “Grass roots awareness is the key.” (Advocate)

**SECTION V.**  
**Summary and Recommendations**

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# SECTION V.

## Summary and Recommendations

This section summarizes the impediments to fair housing choice identified in our research, characterizes “positive news” and “areas for improvement” for the City, and concludes with recommended actions that could be included in Billings’ Fair Housing Plan.

### Summary of Impediments

The first column in Exhibit V-1 contains a comprehensive list of *potential* impediments to fair housing choice in Billings. It is based on HUD Fair Housing Planning Guide recommendations, our experience conducting AIs for other jurisdictions, and the advice of City and CHRB staff.

The next two columns in Exhibit V-1 indicate whether a majority of mail survey respondents and key person interviewees deemed the impediment present and serious in Billings. For example, any potential impediment with marks in both columns was cited by a majority of respondents as both present and serious. On the other hand, potential impediments with no marks in either column were not frequently cited as being present or serious in Billings.

*Exhibit V-1.  
Potential Impediments to Fair Housing in Billings*

	<i>Frequently Cited</i>	<i>Rated Serious</i>
1. Income levels of minority and female-headed households	■	■
2. Concentration of minority households in certain neighborhoods	■	■
3. Lack of mixed-density zoning		
4. Lack of adequate zoning for manufactured housing		■
5. Limited funding for fair housing activities		
6. Lack of local organization devoted to fair housing investigation/testing	■	
7. Lack of knowledge among <i>residents</i> regarding fair housing	■	■
8. Lack of knowledge among <i>large landlords/property managers</i> regarding fair housing	■	
9. Lack of knowledge among <i>small landlords</i> regarding fair housing	■	■
10. Lack of knowledge among <i>Realtors</i> regarding fair housing	■	
11. Lack of knowledge among <i>bankers/lenders</i> regarding fair housing		
12. Lack of knowledge among <i>insurance industry representatives</i> regarding fair housing		

Source: BBC Research & Consulting.

Exhibit V-1 demonstrates that, in the eyes of the majority of mail survey respondents and key person interviewees, four barriers to fair housing are both present and serious in Billings. These four barriers are:

- Income levels of minority and female-headed households;
- Concentration of minority households in certain neighborhoods;
- Lack of knowledge among *residents* regarding fair housing; and
- Lack of knowledge among *small landlords* regarding fair housing.

Of these impediments, the first two have been nearly omnipresent in past fair housing research we have conducted or reviewed. One (low-income) clearly leads to the other (neighborhood concentration). Although “low-income” is not a HUD protected class for fair housing, the prevalence of this barrier reinforces the continued need for economic development and affordable housing development in Billings.

## Positive News

There is some positive news about the state of fair housing in Billings. Based on the research summarized in Exhibit V-1, and the study team’s review of secondary data, we find the following:

- 57 percent of respondents believe that the fair housing situation in the City has improved over the last five years.
- City policies were mentioned very infrequently by respondents as a barrier to fair housing. This is consistent with our review of Billings’ zoning regulations; these regulations allow modular housing in every residential zoning classification district and do not impose disparate lot size, yard, height or setback requirements on any form of manufactured housing.
- There appears to be a generally high level of awareness about fair housing rights and responsibilities among real estate professionals (i.e., property owners, property managers, Realtors, lenders, and insurers) in Billings. All industry trade associations routinely conduct fair housing training for their membership, and several large lenders supplement this with in-house training.
- Fair housing literature (including Spanish language brochures) is widely available at government offices, advocacy groups and social service providers.
- Billings’ Community Housing Resource Board is actively publicizing fair housing in the print and electronic media, and through operating a speakers’ bureau.
- CRA scores are excellent for most Billings’ banks.

## Areas for Improvement

Despite the above positive news, several “areas for improvement” remain regarding fair housing in Billings. For example:

- 77 percent of respondents are aware of at least one case of housing discrimination occurring in Billings during the last five years.
- There are approximately 160-185 fair housing inquiries from the public in Billings annually. Some of these inquiries may lead to formal fair housing complaints.
- 92 percent of respondents believe that some cases of housing discrimination are not reported in Billings due to fear of retribution, lack of faith in the system, or concern about finding another unit in the tight housing market.

- Fair housing brochures in English and Spanish (not just posters) are not widely available at realty offices and lending institutions.
- There is no organization located in Billings that is primarily responsible for providing direct fair housing assistance to complainants (e.g. serving as an ombudsman or offering complaint referral or enforcement assistance). The path a formal inquiry or complaint takes is not standardized, nor are the channels through which renters or homebuyers can seek advice or direct assistance.
- There is widespread consensus among respondents that not all landlords receive fair housing training, especially small “mom and pop” operators who do not join a landlords association. There is further agreement that these small property owners account for a disproportionate amount of fair housing complaints in Billings.
- There is widespread consensus among respondents that fair housing training in the real estate industry does not encompass all staff (especially front-line staff that deal with the public) that may deal directly with members of a protected class.
- Despite banks’ good CRA performance, minority and low-income households are still disapproved for home loans at a higher rate than non-minority and higher income households. Poor credit histories are likely a major culprit in this disparity.

### **Recommended Actions**

Based on the “positive news” and “areas for improvement” summarized above, and our experience conducting fair housing research in other jurisdictions, we recommend the following actions for the City’s consideration and possible inclusion in Billings’ Fair Housing Action Plan.

- All mortgage lenders in Billings should be encouraged to distribute landlord association membership information and fair housing brochures to potential rental investors.
- All Realtors in Billings should be encouraged to distribute landlord association membership information and fair housing brochures to potential rental investors.
- Landlord associations should be encouraged to do more outreach to potential “mom and pop” members.
- Industry trade associations (i.e., Realtors, landlords, insurers, bankers) and large companies conducting in-house training should be encouraged to “broaden” their fair housing training to encompass all staff who have contact with the public not just senior professionals
- Industry trade associations (i.e., Realtors, landlords, insurers, bankers) and large companies conducting in-house training should be encouraged to use an increased variety of fair housing trainers (e.g., new speakers on new topics) to keep sessions fresh and encourage more attendance.



- The CHRB should continue its broad spectrum of education and public relations activities, perhaps benchmarking its efforts by more specifically tracking the number of persons directly and indirectly reached each month.
- Billings needs a local organization or point of contact dedicated primarily to providing direct fair housing assistance to complaints (e.g., ombudsman, complaint referral and/or enforcement assistance).
- The City should continue emphasizing the production of *dispersed site* affordable housing with CDBG, HOME, LIHTC and leveraged dollars including bank CRA funds.
- The City and lenders should continue supporting new homebuyer workshops that emphasize the important role of a good credit history in obtaining a mortgage.

## **APPENDIX A.**

### **Mail Survey and Key Person Interview List**

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## APPENDIX A.

### Mail Survey and Key Person Interview List

<i>First Name</i>	<i>Last Name</i>	<i>Organization</i>
		Anderson Property Manager
		Repac Property Manager
		Advantage Property Management
		Debtor Company
		Dobitz Rentals
		Rick Eastman Rentals
		HDA Management
		MBM Properties
		Metro Management
		Professional Management
		Rainbow Property Management
Dale	Abell	Property Manager
Mary Lou	Affleck	Fannie Mae
Jim	Aldrich	Montana Association for the Blind
Pat	Amill	LIFTT
Jan	Atwell	Regional Services for the Disabled
Maria	Beltran	Montana Legal Services
Earl	Bennett	Bennett Realty
Becky	Bey	Yellowstone Aids Project
Raymond	Blackman	1 <sup>st</sup> Citizen's Bank
Wanda	Bronson	Housing Authority of Billings
Lucy	Brown	Housing Authority
Steve	Brown	
Russ	Brown	Community Housing Resource Board
Kelly	Bruggeman	First Interstate Bank
Michael	Burns	Housing Authority of Billings
Bob	Charette	Indian Peoples Action
Roger	Clawson	
Lois	Dalton	LVW
James	DeFoe	
David	Dickbernd	
Rick	Eastman	
Myles	Egan	Best Realty
Ian	Elliot	
Sandy	Ellis	Housing Authority of Billings
John	Evans	First Interstate Bank
Don	Foster	St. Vincent De Paul Society
Zara	Frank	Special Training for Exceptional People (STEP)
Florence	Garcia	Student Opportunities Services MSU - Billings
Quentin	Gilham	Multicultural Student Services, MSU - Billings

<i>First Name</i>	<i>Last Name</i>	<i>Organization</i>
Gib	Glasson	Housing Authority of Billings
Frank	Golden	Realtors/ERA
Carmen	Gonzalez	Friendship House
Diann	Grantham	The Little Shell Tribe of Chippewa Indians of MT
Dave	Hagstrom	Community Leadership Development
Janyce	Haider	Easter Seal Society - Goodwill, Inc.
Ervin	Hanks	Eastern Montana Landlords Association
Cathy	Hanser	Empire Bank
Jim	Harris	Yellowstone Bank
Robert	Heiny	Montana Center on Disabilities
Linda	Henry	Montana Center on Disabilities
June	Hermanson	Center on Disabilities
Gary	Huffmaster	Yellowstone County Office of Human Svcs - Family Assit. Division
Casey	Joyce	BSEDA
Don	Jore	Descro Neighborhood Task Force
Sister	Kate	Kateri Indian Ministry
Mark	Kennedy	City Councilman
Hazel	Klein	A Haus of Realty, Inc.
Dick	Klein	Yellowstone Property Managers
Carol	Kraft	Montana Landlords Association
Linda	Lara	Housing Authority of Billings
Carla	Lawrence	Tumbleweeds
Janet	Ludwig	Montana Legal Services
Susan	Lupo	Yellowstone County
Margaret	MacDonald	
Lewis	Martin	Bureau of Indian Affairs
Berice	Mason	Yellowstone County Extension Service
Major Rex	McCulley	The Salvation Army
Sarah	McNamara	HomeWord
Rhonda	Miller	Regional Services for the Disabled
Leon	Pattyn	Southwest Corridor Neighborhood Task Force
Johnathon	Peart	Habitat for Humanity
Linda	Pease	
Jan	Peterson	Western Security Bank
Wanda	Pond	Billings American Indian Council
Larry	Quigley	Empire Bank
Tammy	Rasmussen	HRDC
Delos	Reyes	Bureau of Indian Affairs - Social Services
Mark	Richland	
Andrew	Rio	
Linda	Robbins	Family Service, Inc.
Robert	Ross	Mental Health Center
Aldo	Rowe	Wells Fargo
Darrell	Rud	School District 2
Sue	Rydquist	Intermountain Mortgage
Judy	Schneider	District VII HRDC

Robert	Schraeger	Tamarack Property Managers
Art	Scibelli	Downtown Billings Partnership
<i>First Name</i>	<i>Last Name</i>	<i>Organization</i>
Claudia	Stephens	Montana Migrant Council
Connie	Stevenson	YWCA
Thelma	Stiffarm	Montana Wyoming Tribal Leaders Council
Howard	Sumner	Howard Sumner Real Estate
Valarie	Switzer	Housing Authority of Billings
Mike	Tuss	North Elevation Neighborhood Task Force
Maria	Valandra	First Interstate Bank
John	Van Norman	
Karen	Vaughn	Billings Gazette
Betty	Waddell	Montana Association of Churches
Patty	Webster	Housing Authority of Billings
Trina	White	Real Estate by Hamwey
Rod	Wilson	Montana Association of Realtors
Sandy	Wong	Western Security Bank
Mark	Wright	Property Manager
Michael	Yakawich	South Side Neighborhood Task Force
Louise	Zokan	Bureau of Indian Affairs - Social Services

**APPENDIX B.**  
**Mail Survey Instruments**

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## Billings Fair Housing Survey: Advocacy/Service/Housing Organizations

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

- Better       Worse       The same

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

- Yes       No

2a. If you answered "Yes" to Question 2, which of the following was the reason for the discrimination? (Check all that apply.)

- |  |  |
|--|--|
| <input type="checkbox"/> Race            | <input type="checkbox"/> Marital status  |
| <input type="checkbox"/> National origin | <input type="checkbox"/> Familial status |
| <input type="checkbox"/> Religion        | <input type="checkbox"/> Age             |
| <input type="checkbox"/> Disability      | <input type="checkbox"/> Sex             |

3. Are you aware of anyone experiencing the following in Billings in the past five years? (Check all that apply.)

- Housing provider, lender or insurance agency refused to rent, sell or deal with a person
  - Housing provider falsely denied that housing was available
  - Housing provider used discriminatory advertising
  - Housing provider treated buyers/renters differently in the terms or conditions of sale or rental occupancy
  - Home mortgage lender discriminated in denying mortgage
  - Housing provider or lender directed persons to certain neighborhoods
  - Housing provider refused to make reasonable accommodations for disabled tenant
  - Any other negative experience (please specify)
- 

4. Are you aware of any other potential fair housing violations in Billings?

- Yes       No

4a. If yes, please list:

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5. Of the incidents of housing discrimination noted in the previous questions, what action was taken?

	All Cases	Most Cases	Some Cases	No Cases	Don't Know
a. Reported to the Montana Human Rights Bureau	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Reported to HUD Office of Fair Housing and Equal Opportunity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Reported to Billings Human Relations Commission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Contacted Montana Fair Housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Contacted Montana Legal Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Contacted Billings Community Housing Resource Board (CHRB)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Contacted other organization (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

- Yes       No

6a. If you answered "Yes" to Question 6, what do you think are the reasons that some people do not report incidents of housing discrimination?

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7. What are the best ways of communicating with the people your organization serves regarding fair housing rights?

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

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9. Who should be responsible for taking these actions?

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10. Please evaluate the following possible barriers to fair housing in Billings on a scale of 0 to 3, (0=not a barrier, 1=a minor barrier, 2=a modest barrier, 3=a serious barrier)

	0	1	2	3
a. Income levels of minority and female-headed households	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Concentration of minority households in certain neighborhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Lack of mixed-density zoning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Lack of adequate zoning for manufactured housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Limited funding for fair housing activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Lack of local organization devoted to fair housing investigation/testing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Lack of knowledge among <i>residents</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Lack of knowledge among <i>large landlords/property managers</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Lack of knowledge among <i>small landlords</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Lack of knowledge among <i>Realtors</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Lack of knowledge among <i>bankers/lenders</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Lack of knowledge among <i>insurance industry representatives</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Other barriers (please specify)				
<hr/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<hr/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank You For Your Assistance.



**Billings Fair Housing Survey:  
Real Estate Professionals  
(Lending, Property Management, Real Estate)**

**Impediments to Fair Housing in Billings**

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

- Better     Worse     The same

2. Please evaluate the following possible barriers to fair housing in Billings on a scale of 0 to 3, (0=not a barrier, 1=a minor barrier, 2=a modest barrier, 3=a serious barrier)

	0	1	2	3
a. Income levels of minority and female-headed households	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Concentration of minority households in certain neighborhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Lack of mixed-density zoning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Lack of adequate zoning for manufactured housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Limited funding for fair housing activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Lack of local organization devoted to fair housing investigation/testing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Lack of knowledge among <i>residents</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Lack of knowledge among <i>large landlords/property managers</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Lack of knowledge among <i>small landlords</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Lack of knowledge among <i>Realtors</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Lack of knowledge among <i>bankers/lenders</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Lack of knowledge among <i>insurance industry representatives</i> regarding fair housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Other barriers (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Methods of Improving Fair Housing in Billings**

3. Please list the activities/publications that are most helpful to your business in understanding/complying with fair housing requirements and which government agency/non-profit/professional association is responsible for them.

Activity/Publication	Group Responsible
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4. What is the best way to communicate with people in your field about fair housing issues?

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5. Has your business discovered any means of fair housing education or promotion that you'd like to recommend to other businesses? If so, what are they?

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6. In your opinion, what, if any, additional actions should be undertaken in Billings to address fair housing discrimination?

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7. Who should be responsible for taking these actions?

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8. Do you have any other feedback about fair housing or other real estate issues in Billings?

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9. What aspect of the real estate industry do you work in? (Please check all that apply.)

- |   |  |
|---|--|
| <input type="checkbox"/> Residential sales            | <input type="checkbox"/> Rental property owner |
| <input type="checkbox"/> Property management          | <input type="checkbox"/> Lending               |
| <input type="checkbox"/> Other (please specify) _____ |  |

**Thank You for Your Assistance**