



Waterloo and Cedar Falls  
**Analysis of Impediments to Fair Housing Choice**



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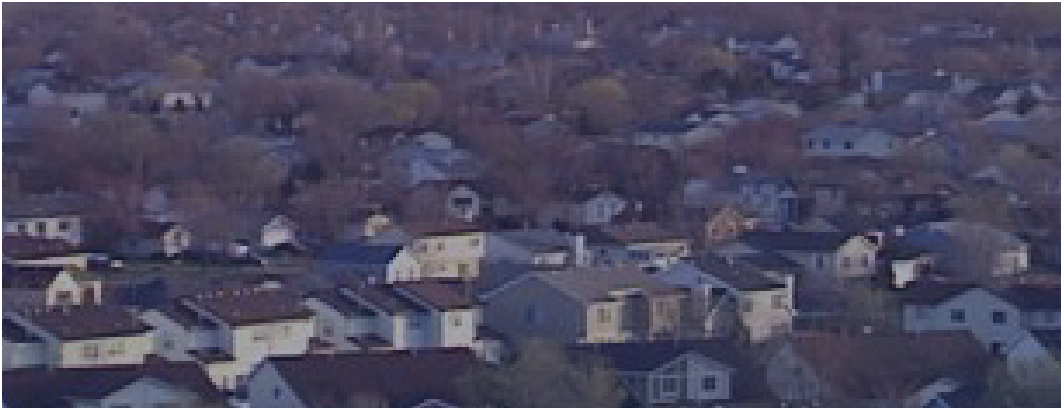
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# Introduction







# Introduction

## **What is Fair Housing Choice?**

Housing is considered a fundamental right; therefore, fair housing choice means equal and free access to residential housing. Different government levels have established protected classes—certain groups that are likely to experience discrimination in housing—to be protected from discrimination in housing where they can pursue personal, educational, employment or other goals. Because housing choice is so critical to personal development, fair housing is a goal that government, public officials and private citizens must embrace if equality of opportunity is to become a reality.

## **What is an Analysis of Impediments to Fair Housing Choice?**

An Analysis of Impediments to Fair Housing Choice (AI) is a review of a jurisdiction's laws, regulations, and administrative policies, procedures, and practices affecting the location, availability, and accessibility of housing. It is also an assessment of conditions, both public and private, affecting fair housing choice.

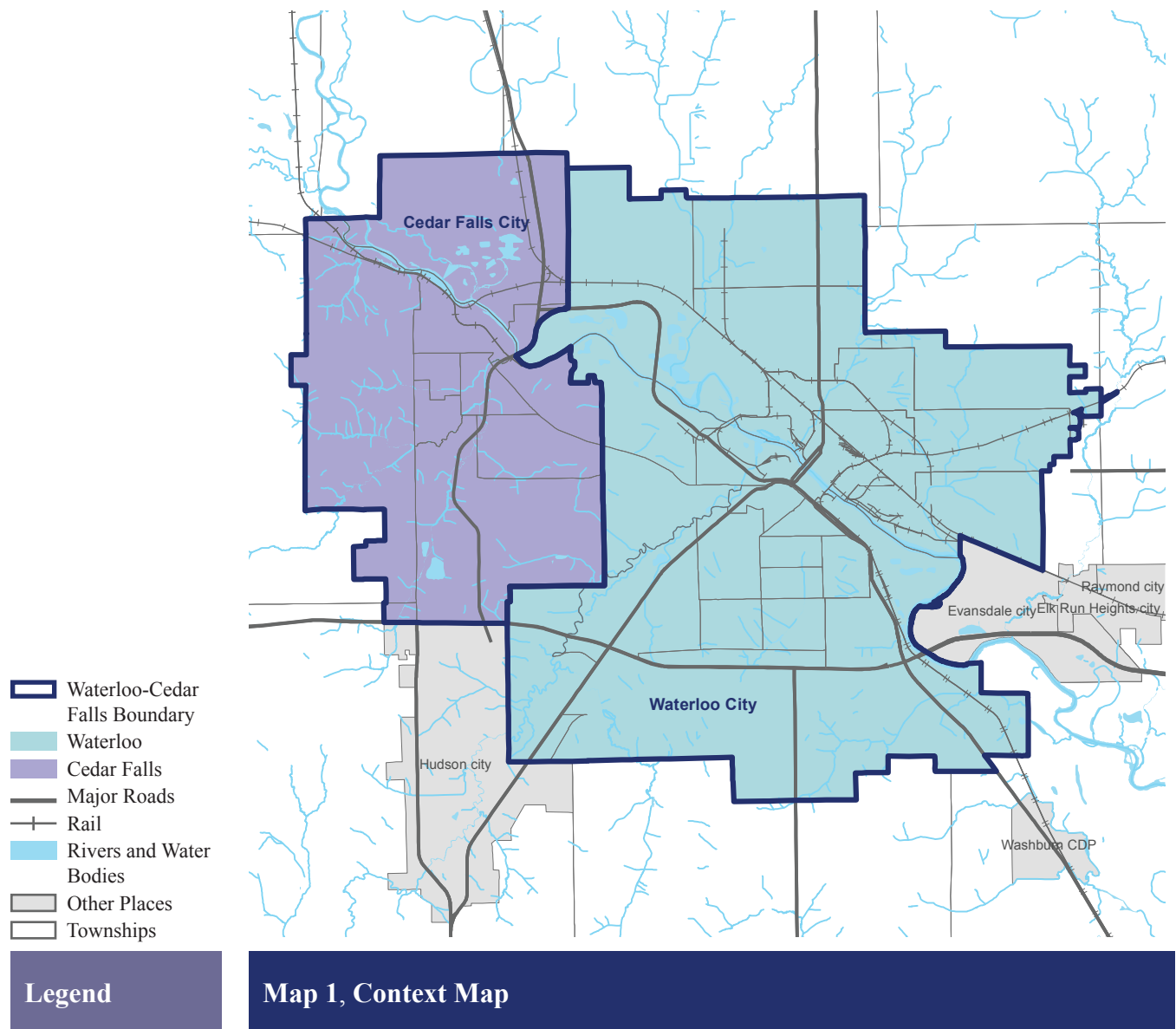
## **Why complete the Analysis?**

The cities of Waterloo and Cedar Falls have prepared an Analysis of Impediments to Fair Housing Choice to satisfy requirements of the Housing and Community Development Act of 1974, as amended. This Act requires the cities to “affirmatively further fair housing.” To comply, the cities must complete an AI and work to eliminate identified impediments.

## **Using this Section**

This section provides an explanation of fair housing choice and the AI. This section also includes legislative background concerning fair housing nationally and locally. Finally, a description of the methodology used and research data is included.

# Context Map





# About the Analysis of Impediments

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The Waterloo/Cedar Falls HOME Consortium has prepared an Analysis of Impediments to Fair Housing Choice to satisfy requirements of the Housing and Community Development Act of 1974, as amended. This Act requires that any community receiving HUD Community Planning and Development (CPD) program funds affirmatively further fair housing. As a result, the two cities are charged with the responsibility of conducting their CDBG and HOME programs in compliance with the federal Fair Housing Act. The responsibility of compliance with the federal Fair Housing Act extends to nonprofit organizations and other entities, which receive federal funds through the cities.

HUD entitlement communities receiving CPD funds are required to:

- Examine and attempt to alleviate housing discrimination within their jurisdiction;
- Promote fair housing choice for all persons;
- Provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, sex, disability, familial status, or national origin;
- Promote housing that is accessible to and usable by persons with disabilities; and,
- Comply with the non-discrimination requirements of the Fair Housing Act.

These requirements can be achieved through the preparation of an Analysis of Impediments to Fair Housing Choice. The AI is a review of a jurisdiction's laws, regulations, and administrative policies, procedures, and practices affecting the location, availability, and accessibility of housing, as well as an assessment of conditions, both public and private, affecting fair housing choice.

## **Who will use this document?**

Officials with the City of Waterloo and the City of Cedar Falls will use this document to guide the use of federal funds distributed to the cities.

## **Where does this Analysis cover?**

This Analysis of Impediments covers the Cities of Waterloo and Cedar Falls including government agencies as well as nonprofit organizations and other entities, which receive federal funds through the cities.

A map of the both cities is shown on the previous page.

# Fair Housing Choice

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Equal and unimpeded access to residential housing (housing choice) is a fundamental right that enables members of the protected classes to pursue personal, educational, employment or other goals.

Under federal law, fair housing choice is defined as the ability of persons of similar income levels, regardless of race, color, religion, sex, disability, familial status, or national origin, to have the same housing choices available. Persons who are protected from discrimination by fair housing laws are referred to as members of the protected classes.

This Analysis encompasses the following five areas related to fair housing choice:

- The sale or rental of dwellings (public and private);
- The provision of financing assistance for dwellings;
- Public policies and actions affecting the approval of sites and other building requirements used in the approval process for the construction of publicly assisted housing;
- The administrative policies concerning community development and housing activities, which affect opportunities of minority households to select housing inside or outside impacted areas; and
- Where there is a determination of unlawful segregation or other housing discrimination by a court or a finding of noncompliance by the U.S. Department of Housing and Urban Development (HUD) regarding assisted housing in a recipient's jurisdiction, an analysis of the actions which could be taken by the recipient to remedy the discriminatory condition, including actions involving the expenditure of funds made available under 24 CFR Part 570 (i.e., the CDBG program regulations) and/or 24 CFR Part 92 (i.e., the HOME program regulations).

As HUD entitlement communities, the cities of Waterloo and Cedar Falls have specific fair housing planning responsibilities. These include:

- Conducting an Analysis of Impediments to Fair Housing Choice,
- Developing actions to overcome the effects of identified impediments to fair housing, and
- Maintaining records to support the jurisdictions' initiatives to affirmatively further fair housing.

HUD interprets these three certifying elements to include:

- Analyzing housing discrimination in a jurisdiction and working toward its elimination;
- Promoting fair housing choice for all people;
- Providing racially and ethnically inclusive patterns of housing occupancy;
- Promoting housing that is physically accessible to, and usable by all people, particularly individuals with disabilities; and
- Fostering compliance with the nondiscrimination provisions of the Fair Housing Act.

This Analysis will:

- Evaluate population, household, income and housing characteristics by protected classes in the jurisdictions
- Evaluate public and private sector policies that impact fair housing choice
- Identify blatant or de facto impediments to fair housing choice, where any may exist, and
- Recommend specific strategies to overcome the effects of any identified impediments.

HUD defines an impediment to fair housing choice as any actions, omissions or decisions that restrict, or have the effect of restricting, the availability of housing choices based on race, color, religion, sex, disability, familial status or national origin.

This Analysis serves as the basis for fair housing planning; provides essential information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates; and assists in building public support for fair housing efforts. The elected governmental bodies in both Waterloo and Cedar Falls are expected to review and

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approve the Analysis and use it for direction, leadership, and resources for future fair housing planning. The Analysis will serve as a “point-in-time” baseline against which future progress in implementing fair housing initiatives will be judged and recorded.

# Laws and Regulations

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## What housing is covered?

The federal Fair Housing Act covers most housing. In some circumstances, the Act exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members.

## What does the Fair Housing Act prohibit?

In the sale and rental of housing, no one may take any of the following actions based on race, color, religion, sex, disability, familial status or national origin:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions or privileges for the sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting), or
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

In mortgage lending, no one may take any of the following actions based on race, color, religion, sex, disability, familial status or national origin:

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees
- Discriminate in appraising property
- Refuse to purchase a loan, or
- Set different terms or conditions for purchasing a loan.

Other prohibitions make it illegal for anyone to:

- Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right
- Advertise or make any statement that indicates a limitation or preference based on race, color, religion, sex, disability, familial status, or national origin. This prohibition against discriminatory advertising applies to single-family and owner-occupied housing that is otherwise exempt from the Fair Housing Act.

## Additional Protections for People with Disabilities

If someone has a physical or mental disability (including hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex and mental retardation) that substantially limits one or more major life activities, has a record of such a disability, or is regarded as having such a disability, a landlord may not:

- Refuse to let the disabled person make reasonable modifications to a dwelling or common use areas, at the disabled person's expense, if necessary for the disabled person to use the housing. Where reasonable, the landlord may permit changes only if the disabled person agrees to restore the property to its original condition when he or she moves.
- Refuse to make reasonable accommodations in rules, policies, practices or services if necessary for the disabled person to use the housing. For example, a building with a "no pets" policy must make a reasonable accommodation to allow a visually impaired tenant to keep a guide dog.

## Housing Opportunities for Families with Children

Unless a building or community qualifies as housing for older persons, it may not discriminate based on familial status. That is, it may not discriminate against families in which one or more children under the age 18 live with:

- 
- A parent or
  - A person who has legal custody of the child or children or
  - The designee of the parent or legal custodian, with the parent or custodian's written permission.

Familial status protection also applies to pregnant women and anyone securing legal custody of a child under age 18. Housing for older persons is exempt from the prohibition against familial status discrimination if:

- The HUD Secretary has determined that it is specifically designed for and occupied by elderly persons under a federal, state or local government program, or
- It is occupied solely by persons who are 62 or older, or
- It houses at least one person who is 55 or older in at least 80% of the occupied units, and adheres to a policy that demonstrates the intent to house persons who are 55 or older, as previously described.

A transition period permits residents on or before September 13, 1988 to continue living in the housing, regardless of their age, without interfering with the exemption.

# Local Regulations

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## **Iowa Civil Rights Act of 1965**

The Iowa Civil Rights Act of 1965 prohibits discrimination in the areas of employment, housing, credit, public accommodations and education. Discrimination, or different treatment, is illegal if based on race, color, creed, national origin, religion, sex, sexual orientation, gender identity, pregnancy, physical disability, mental disability, retaliation (because of filing a previous discrimination complaint, participating in an investigation of a discrimination complaint, or having opposed discriminatory conduct), age (in employment and credit), familial status (in housing and credit) or marital status (in credit). Consequently, persons residing in Iowa have more protection under state law than under federal law in the area of housing discrimination.

The Iowa Civil Rights Commission is a neutral, fact-finding administrative agency that enforces the Iowa Civil Rights Act of 1965, Iowa's anti-discrimination law. The Commission's vision is a state free of discrimination. The Commission's mission is to enforce civil rights through compliance, mediation, advocacy, and education while supporting safe, just, and inclusive communities.

The Commission fights discrimination by: (1) investigating and resolving discrimination complaints, (2) through the reconciliation of complaints by mediators and conciliators, (3) conducting a multi-faceted public education program, and (4) providing consultation and direction for communities wanting to identify and resolve diversity and discrimination issues locally.

## **City of Waterloo Fair Housing Ordinance**

The Waterloo Commission on Human Rights was formed in 1968. Under state law, every city

in Iowa with a population in excess of 29,000 is required to create a human rights commission. The City of Waterloo adopted a Fair Housing Ordinance (No. 4064) circa 1968. It covers all the federal and state protected classes. It was subsequently amended to include sexual orientation as a protected class.

Ten members are appointed to the Commission by the Mayor and confirmed by City Council. In the interest of interjecting fair housing into other policy initiatives of the city, a member of the Waterloo Human Rights Commission sits on the City's Planning and Zoning Commission.

The Waterloo Human Rights Commission is granted the power to, among other things, investigate and determine the merits of complaints alleging unfair or discriminatory practices in housing. The executive director of the Commission can issue subpoenas in the investigation of any complaint filed.

## **City of Cedar Falls Human Rights Ordinance**

The Cedar Falls Human Rights Ordinance was adopted in 2008 and covers all the state and federal protected classes. The Human Rights Commission was established with 11 members appointed by the Mayor and approved by City Council. Duties of the Commission include, among other things, the responsibility to investigate possible areas of discrimination, initiate complaints, seek judicial action and issue subpoenas in the furtherance of its obligations.

## Fair Housing and Affordable Housing

# Methodology and Data

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## Methodology

The firm of Mullin & Lonergan Associates, Inc. (M&L) was retained as consultants to conduct the Analysis of Impediments to Fair Housing Choice. M&L utilized a comprehensive approach involving the Waterloo/Cedar Falls HOME Consortium. The following sources were utilized:

- The most recently available demographic data regarding population, household, housing, income, and employment at the census tract and municipal level. Generally, data available as of January, 2014 was utilized in this report.
- Public policies affecting the siting and development of housing
- Administrative policies concerning housing and community development
- Financial lending institution data from the Home Mortgage Disclosure Act (HMDA) database
- Agencies that provide housing and housing related services to members of the protected classes
- Consolidated Plans, Annual Plans and CAPERs from the Cities of Waterloo and Cedar Falls
- Fair housing complaints filed with HUD and the Iowa Civil Rights Commission
- Real estate advertisements
- 2010 dissimilarity indexing for the cities as calculated by Mullin & Lonergan Associates
- Interviews and focus group sessions conducted with agencies and organizations that provide housing and housing related services to members of the protected classes

it was possible and practical to use decennial census data from 1960 through 2010.

In most cases involving analysis at the census tract level, the most recent data available were used. This generally was the 2008-2012 American Community Survey and was compared to data from the 2000 census. In all cases, the most current data available at the time this report was drafted was utilized.

## Using Census Data

Data from varying years are provided throughout the analysis. In most instances, the type of analysis presented dictated the date and source of data used. For example, for overall analyses of characteristics such as population,



# Development of the AI

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## **Lead Agency**

The lead agency was the City of Waterloo and Community Development Office. Staff in both cities identified and invited numerous stakeholders to participate in the process for the purpose of developing a thorough analysis with a practical set of recommendations to eliminate impediments to fair housing choice, where identified.

## **Agency Consultation**

Staff from the City of Waterloo and the City of Cedar Falls engaged in an extensive consultation process with local public agencies, nonprofit organizations and other interested entities in an effort to develop a community planning process for the AI.

On September 9-11, 2013, the consulting team conducted a series of focus group sessions and individual interviews to identify current fair housing issues impacting the various agencies and organizations. Comments received through these meetings and interviews are incorporated throughout the AI, where appropriate.

# Demographic Profile



# Population Trends

## ► Key Finding

Waterloo's population has remained relatively stable since 1990, but remains significantly lower than in 1970. Much of the population loss has occurred in neighborhoods in the center of the city.

## ► Key Finding

Population in Cedar Falls has expanded rapidly, increasing 32.6% over its 1970 population. Between 2000 and 2010, Cedar Falls grew 8.6%.

### Historic Growth in Black Hawk County

Waterloo and Cedar Falls are located within Black Hawk County, which was the fifth largest county in Iowa in 2012. Black Hawk County has experienced modest growth of 2.2% between 2000 and 2012, ranking 22<sup>nd</sup> in population growth in the state.

Growth in Black Hawk County has largely mirrored growth in Iowa as a whole from 1970 until 2010. While population in the county grew moderately between 1970 and 1980, it fell dramatically by 1990. Although the population increased in the following decades, Black Hawk County has not regained all of the residents it lost between 1980 and 1990.

### Historic Growth in Waterloo

Trends in Waterloo have followed the population changes seen in Black Hawk County as a whole. Waterloo, which represents approximately half of the county's total

population, also experienced an increase in population from 1970 to 1980, followed by a dramatic 12.5% decrease from 1980 to 1990. And similar to the county, Waterloo's 2012 population has not returned to its 1980 level.

Between 2000 and 2010, Waterloo experienced only a slight decrease in population.

### Historic Growth in Cedar Falls

While Black Hawk County and Waterloo have not fully recovered from the loss in population experienced between 1980 and 1990, Cedar Falls' population has grown 32.6%. The city's modest loss of residents during the 1980s was overshadowed by a growth rate of 14.5% between 1990 and 2010.

Figure 2 illustrates the percent change in population from 1970 for Cedar Falls, Waterloo, Black Hawk County and Iowa as a whole.

**Figure 1**  
Racial/Ethnic Composition of Cedar Falls, 2000 and 2012

	Iowa	Black Hawk County	Waterloo	Cedar Falls
1970	2,824,376	132,916	75,533	29,597
1980	2,913,808	137,961	75,985	36,322
% Change in Population, 1970-1980	3.2%	3.8%	0.6%	22.7%
1990	2,776,755	123,798	66,467	34,298
% Change in Population, 1970-1990	-1.7%	-6.9%	-12.0%	15.9%
2000	2,926,324	128,012	68,747	36,145
% Change in Population, 1970-2000	3.6%	-3.7%	-9.0%	22.1%
2010	3,046,355	131,090	68,406	39,260
% Change in Population, 1970-2010	7.9%	-1.4%	-9.4%	32.6%
% Change in Population, 2000-2010	4.1%	2.4%	-0.5%	8.6%

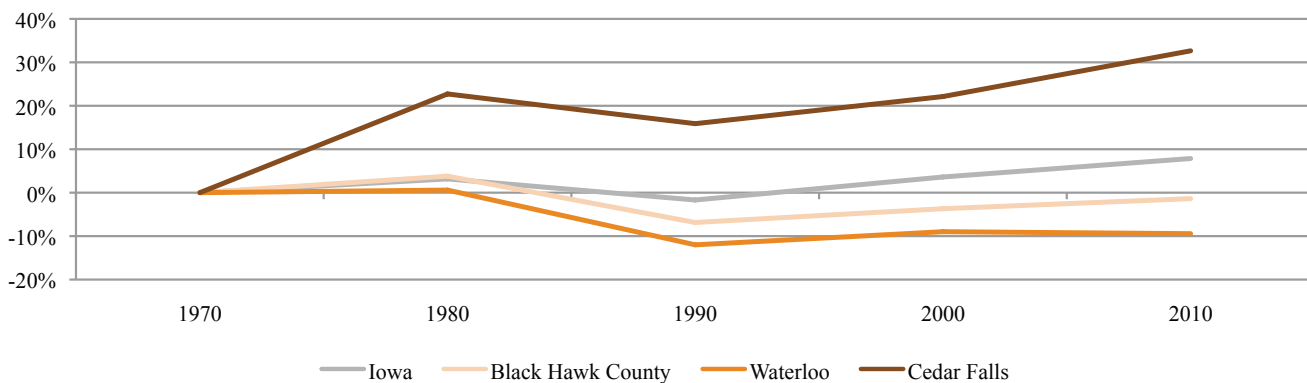
Source: National Historic Geographic Information Systems, NHGIS.org

### Recent Growth Patterns

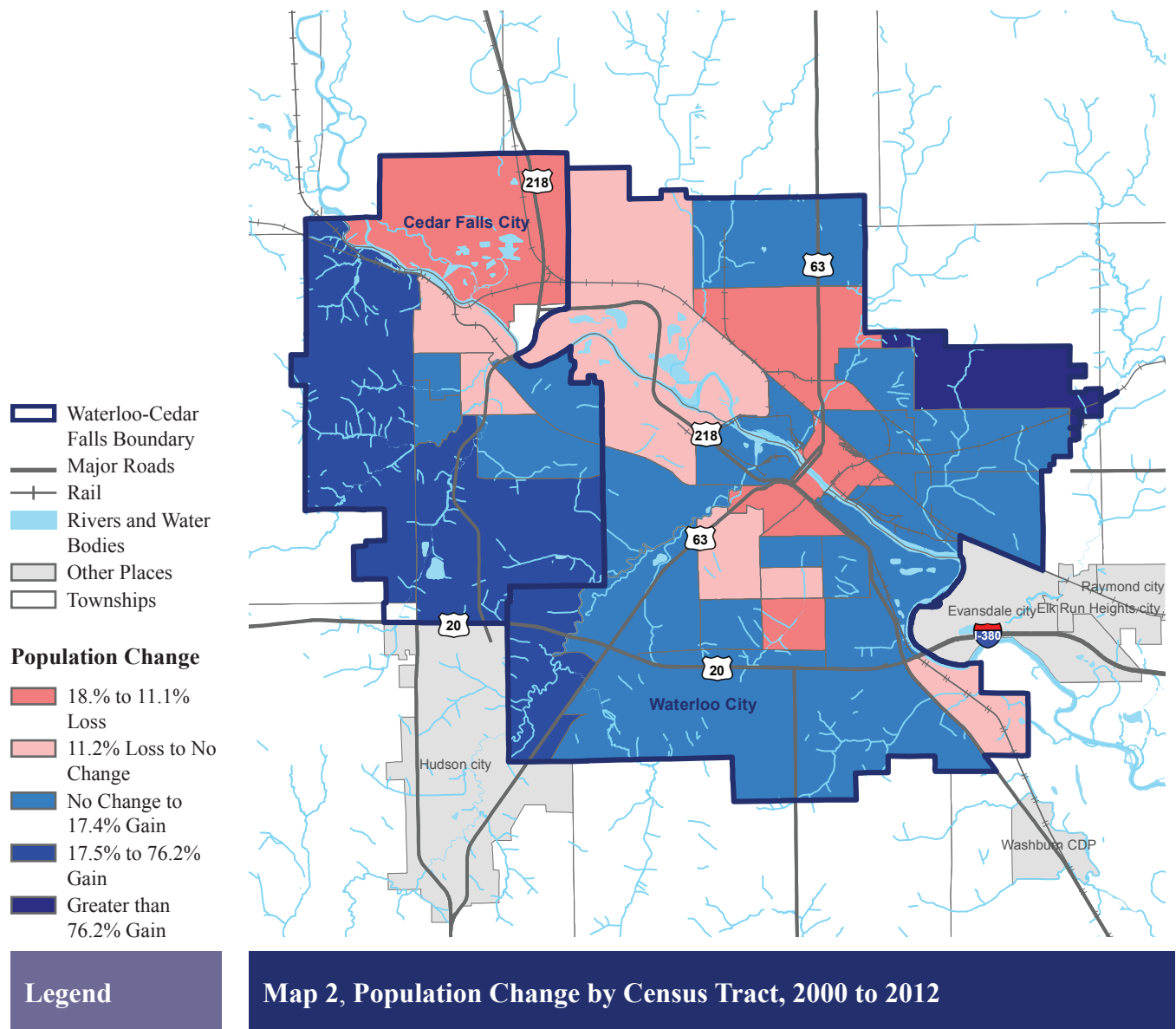
Map 2 on page 22 illustrates the change in total population by census tract in Waterloo and Cedar Falls between 2000 and 2012. The map shows that some areas within both cities are gaining population while other areas are declining.

Within Waterloo, the city center and neighborhoods just north and south of it are losing population while areas on the city's north and south fringes are gaining population. In Cedar Falls, the northernmost areas of the city are losing population while southern neighborhoods are growing rapidly.

**Figure 2**  
Population Growth in Cities, County and State, 1970-2010



Source: National Historic Geographic Information Systems, NHGIS.org



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# Racial and Ethnic Trends

## ► Key Finding

Racial minorities increased from 18.4% to 21.7% of Waterloo's population and from 4.9% to 6.3% of Cedar Falls's population between 2000 and 2012.

## ► Key Finding

Waterloo's Hispanic population more than doubled since 2000.

## Increasing Racial Diversity

Waterloo experienced increases in minority populations despite an overall decrease in population between 2000 and 2012. The city lost 0.7% of its population, led by a 4.8% decrease in White residents. Comparatively, the non-White population increased 17.3%, with Two or More Races increasing 51.9%, Asian/Pacific Islanders increasing 49.3% and Some Other Race increasing 40.6%. Non-White residents now account for 21.7% of the city's population.

Cedar Falls' population became increasingly diverse between 2000 and 2012. The city's overall population increase of 8.4% was driven by a 6.4% increase among Whites. In comparison, the non-White population grew 41.6%. Blacks were the greatest contributors to this change, increasing 68.3% since 2000. Non-White persons now account for 6.3% of the city's total population.

## Hispanic Population Growth

Within overall minority population growth, Hispanic population growth has been notably high, especially in Waterloo. In that city, which has lost population since 2000, the already sizeable Hispanic population more than doubled from 1,806 to 3,744 residents. The group now represents 5.5% of the city's total population, up from 2.6% in 2000.

Cedar Falls also experienced an increase in Hispanic population, with growth of 65.3% between 2000 and 2012. Despite this increase, the population remains relatively small and the percent increase in population is comparable to the increase in the Black population.

**Figure 3**  
Racial/Ethnic Composition of Waterloo, 2000 and 2012

	2000		2012		% Change, 2000-2012
	Number	Percent	Number	Percent	
Total	68,747	100.0%	68,248	100.0%	-0.7%
White	56,103	81.6%	53,418	78.3%	-4.8%
Non-White	12,644	18.4%	14,830	21.7%	17.3%
Black	9,529	13.9%	10,346	15.2%	8.6%
American Indian/Alaskan Native	150	0.2%	108	0.2%	-28.0%
Asian/Pacific Islander	621	0.9%	927	1.4%	49.3%
Some Other Race	989	1.4%	1,391	2.0%	40.6%
Two or More Races	1,355	2.0%	2,058	3.0%	51.9%
Hispanic*	1,806	2.6%	3,744	5.5%	107.3%

\*Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, Census 2000 Redistricting Data, 2008-2012 American Community Survey, (B02001, B03002)



**Figure 4**  
Racial/Ethnic Composition of Cedar Falls, 2000 and 2012

	2000		2012		% Change, 2000-2012
	Number	Percent	Number	Percent	
Total	36,145	100.0%	39,197	100.0%	8.4%
White	34,389	95.1%	36,711	93.7%	6.8%
Non-White	1,756	4.9%	2,486	6.3%	41.6%
Black	568	1.6%	956	2.4%	68.3%
American Indian/Alaskan Native	55	0.2%	71	0.2%	29.1%
Asian/Pacific Islander	591	1.6%	881	2.2%	49.1%
Some Other Race	148	0.4%	92	0.2%	-37.8%
Two or More Races	394	1.1%	486	1.2%	23.4%
Hispanic*	389	1.1%	643	1.6%	65.3%

\*Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, Census 2000 Redistricting Data, 2008-2012 American Community Survey, (B02001, B03002)

**Figure 5**  
Change in Population by Race/Ethnicity, Cedar Falls and Waterloo, 2000-2012



\*Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, Census 2000 Redistricting Data, 2008-2012 American Community Survey, (B02001, B03002)

## Areas of Concentration

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### ► Key Finding

Based on the city's definition, there are no areas of racial or ethnic concentration in Cedar Falls.

#### **Defining Racial and Ethnic Concentration**

Cedar Falls and Waterloo define areas of racial or ethnic concentration as census tracts in which the percentage of a single minority or ethnic group is at least 10 percentage points higher than the group's citywide average. For instance, Hispanics comprise 5.5% of Waterloo's total population. An area of Hispanic concentration in Waterloo would include a census tract in which 15.5% or more of residents are Hispanics.

Areas of racial and ethnic concentration were calculated separately for Cedar Falls and Waterloo. An area of Hispanic concentration in Waterloo is 15.5% or more while an area of Hispanic concentration in Cedar Falls is 11.6% or more.

#### **Areas of Racial and Ethnic Concentration within Cedar Falls**

Within Cedar Falls in 2012, Blacks accounted for 2.4% of the city's population, Asians accounted for 2.2%, and Hispanics accounted for 1.6%. Therefore, an area of Black concentration in Cedar Falls would be 12.4%, Asian concentration would be 12.2%, and Hispanic concentration would be 11.6%. No census tracts meet the threshold for an area of concentration. Figure 7 shows the racial and ethnic data in Cedar Falls.

#### **Mapping Areas of Racial and Ethnic Concentration**

Map 3 on page 29 illustrates the location of racially and ethnically concentrated areas in Waterloo. Areas of concentration are located primarily in the neighborhoods bordering downtown Waterloo to the north and east.

### ► Key Finding

There are ten areas of racial and ethnic concentration in Waterloo. These areas are located to the north and east of downtown Waterloo.

#### **Areas of Racial and Ethnic Concentration within Waterloo**

Within Waterloo in 2012, Blacks accounted for 15.2% of the city's population. Based on the stated definition, an area of Black concentration would include any census tract where the percentage of Black residents is 25.2% or higher. Nine census tracts meet this criterion.

Hispanic residents represent 5.5% of the city's population. An area of ethnic concentration would include any census tract in which the percentage of Hispanics is 15.5% or higher. Two census tracts meet this criterion.

One of the identified areas of concentration included both ethnic and racial concentrations. Figure 6 shows the racial and ethnic composition of all census tracts in Waterloo with areas of concentration highlighted in orange.

**Figure 6**  
Areas of Racial and Ethnic Concentration, Waterloo, 2012

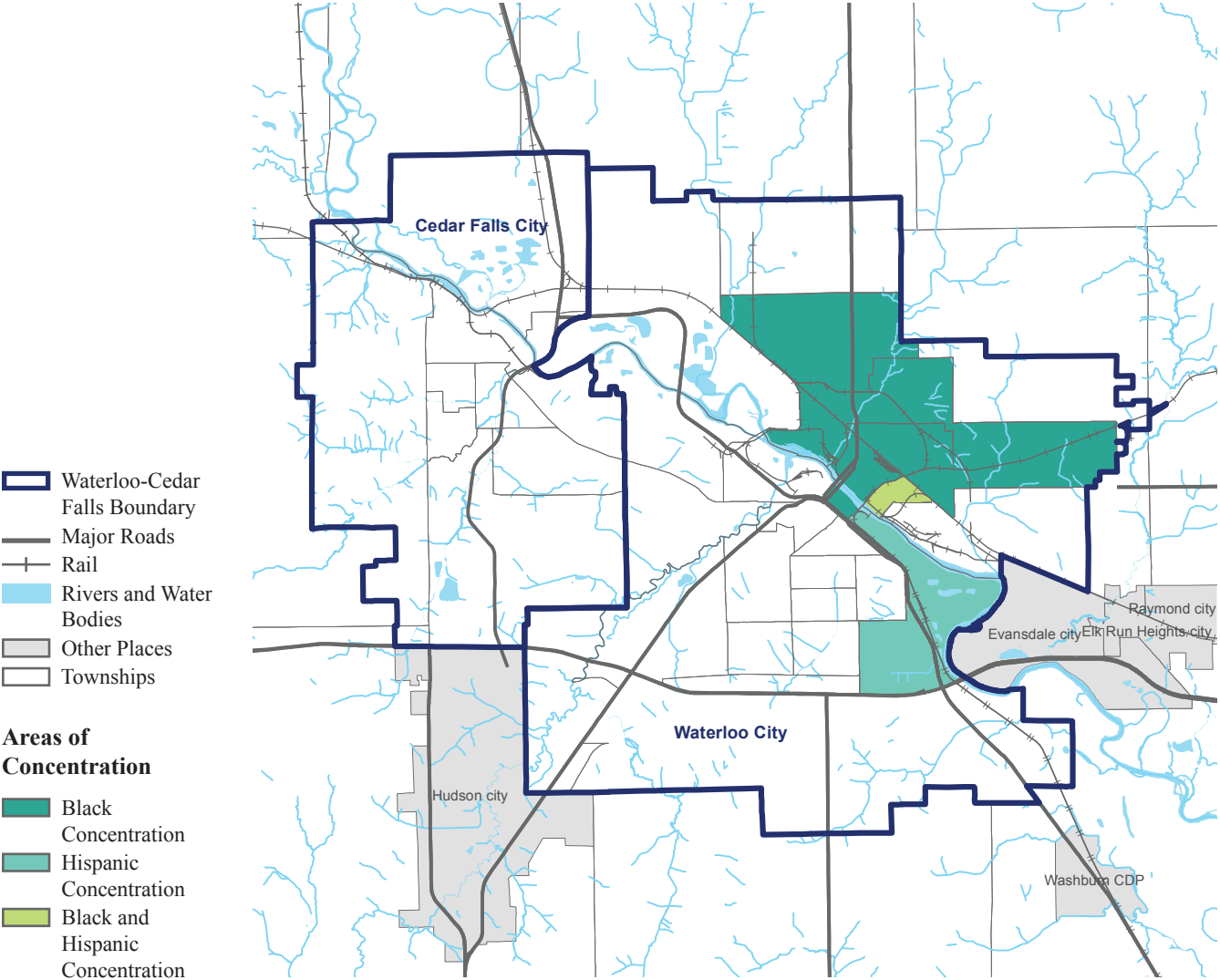
	Percent Black	Percent Asian	Percent Hispanic
Waterloo	15.2%	1.4%	5.5%
Threshold for AOC	25.2%	11.4%	15.5%
Census Tract 1	38.5%	0.0%	8.3%
Census Tract 10	2.7%	1.7%	6.0%
Census Tract 11	7.6%	0.0%	8.7%
Census Tract 12	2.2%	1.0%	1.3%
Census Tract 13.01	6.6%	3.8%	3.9%
Census Tract 13.02	5.9%	1.6%	1.0%
Census Tract 14	4.2%	1.7%	2.6%
Census Tract 15.01	8.2%	2.7%	2.6%
Census Tract 15.02	4.0%	0.8%	0.8%
Census Tract 15.03	3.2%	0.6%	0.4%
Census Tract 16	22.8%	2.8%	0.8%
Census Tract 17.01	56.6%	0.6%	3.1%
Census Tract 17.02	42.1%	0.4%	2.8%
Census Tract 18	88.6%	0.0%	3.6%
Census Tract 19	35.2%	0.3%	12.8%
Census Tract 2	10.6%	1.6%	11.7%
Census Tract 26.04	19.5%	0.0%	0.0%
Census Tract 27	0.0%	0.0%	0.0%
Census Tract 29.01	0.0%	0.0%	0.8%
Census Tract 3	13.8%	4.8%	6.4%
Census Tract 30.01	4.2%	0.0%	1.6%
Census Tract 30.02	0.0%	0.0%	0.0%
Census Tract 4	2.9%	0.6%	0.0%
Census Tract 5	29.0%	1.1%	11.5%
Census Tract 7	43.9%	4.2%	29.6%
Census Tract 8	9.3%	0.8%	12.7%
Census Tract 9	25.0%	0.0%	15.9%

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B02001, B03002)

**Figure 7**  
Areas of Racial and Ethnic Concentration, Cedar Falls, 2012

	Percent Black	Percent Asian	Percent Hispanic
Cedar Falls	2.4%	2.2%	1.6%
Threshold for AOC	12.4%	12.2%	11.6%
Census Tract 16 (part)	No Population	No Population	No Population
Census Tract 22	4.1%	0.9%	2.3%
Census Tract 23.01	4.1%	0.2%	1.9%
Census Tract 23.03	1.4%	1.2%	2.1%
Census Tract 23.04	0.3%	1.9%	1.9%
Census Tract 24	0.7%	1.0%	1.0%
Census Tract 25	4.1%	6.9%	0.2%
Census Tract 26.01	3.7%	2.3%	1.2%
Census Tract 26.03	2.2%	2.6%	2.3%
Census Tract 26.04 (part)	0.5%	0.0%	1.3%
Census Tract 30.02 (part)	No Population	No Population	No Population

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B02001, B03002)



Map 3, Areas of Concentration, 2012

# Segregation

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## ► Key Finding

Waterloo has a moderate level of segregation and Cedar Falls has a low level of segregation.

## ► Key Finding

Evidence shows that Cedar Falls is becoming more segregated even as its population increases and diversifies. Between 2000 and 2012, White-Black segregation increased 12.5 points.

### Defining Segregation

Residential segregation is a measure of the degree of separation of racial or ethnic groups living in a neighborhood or community. Typically, the pattern of residential segregation involves the existence of predominantly homogenous, White, suburban communities and low-income, minority, inner-city neighborhoods.

### The Effects of Segregation

Latent factors, such as attitudes, or overt factors, such as real estate practices, can limit the range of housing opportunities for minorities. A lack of racial or ethnic integration in a community creates other problems, such as reinforcing prejudicial attitudes and behaviors, narrowing opportunities for interaction, and reducing the degree to which community life is considered harmonious. Areas of extreme minority isolation often experience poverty and social problems at rates that are disproportionately high. Racial segregation has been linked to diminished employment prospects, poor educational attainment, increased infant and adult mortality rates and increased homicide rates.

### Measuring Segregation

The distribution of racial or ethnic groups across a geographic area can be analyzed using an index of dissimilarity. This method allows for comparisons between subpopulations, indicating how much one group is spatially separated from another within a community. The index of dissimilarity is rated on a scale from 0 to 100, in which a score of 0 corresponds to perfect integration and a score of 100 represents total segregation. The index is typically interpreted as the percentage of a minority population that would have to move in order for a community or neighborhood to achieve full integration.

In cases where the subgroup population is small, the dissimilarity index may be high even if the group's members are evenly dispersed.

### Segregation in Waterloo

With a 2012 White-Black dissimilarity index of 53.6, Waterloo qualifies as moderately segregated, based on national standards. The data indicates that in order to achieve full integration among White and Black residents, 53.6% of Black residents would have to move to another census tract within the city.

All of Waterloo's dissimilarity indices were within the standards for moderate segregation except the Two or More Race population, which qualified as low segregation.

### Segregation in Cedar Falls

Cedar Falls' 2012 White-Black dissimilarity index of 27.1 qualifies as low segregation. The dissimilarity indices in Cedar Falls for the Black and Hispanic populations were classified as low. Asian, Two or More Race, and Other Race populations had moderate segregation levels.

### Changing Patterns of Segregation

Since 2000, Waterloo's Black and Two or More Race populations became more integrated, while all other racial and ethnic groups became more concentrated and less integrated with Whites.

In Cedar Falls, all populations became significantly more segregated between 2000 and 2012.

**Figure 8**

Dissimilarity Index Rankings, Waterloo and Cedar Falls, 2000 and 2012

**Waterloo**

	2000			2012		
	DI with Whites	Population	% of Total Population	DI with Whites	Population	% of Total Population
White	---	56,103	81.6%	---	53,418	78.3%
Black	59.5	9,529	13.9%	53.6	10,346	15.2%
Asian	23.4	587	0.9%	37.4	927	1.4%
Other	45.8	989	1.4%	57.1	1,391	2.0%
Two or more races	29.4	1,355	2.0%	27.8	2,058	3.0%
Hispanic	40.8	1,806	2.6%	46.3	3,744	5.5%
Total	---	68,747	---	---	68,248	---

**Cedar Falls**

	2000			2012		
	DI with Whites	Population	% of Total Population	DI with Whites	Population	% of Total Population
White	---	34,389	95.1%	---	36,711	93.7%
Black	14.6	568	1.6%	27.1	956	2.4%
Asian	17.0	583	1.6%	32.7	856	2.2%
Other	16.8	148	0.4%	49.5	92	0.2%
Two or more races	13.2	394	1.1%	32.1	486	1.2%
Hispanic	10.0	389	1.1%	19.4	643	1.6%
Total	---	36,145	---	---	39,197	---

\*Hispanic ethnicity is counted independently of race.

Each dissimilarity index indicates the percentage of one of the two population groups compared that would have to move to different geographic areas to create a completely even demographic distribution in the city.

Source: U.S. Census Bureau, 2000 Census (P3, P4), 2008-2012 American Community Survey (B02001, B03001).

# Race, Ethnicity and Income

## Median Income

Household income is one of several factors used to determine a household's eligibility for a home mortgage loan or rental lease. In 2012, Waterloo's median household income was \$41,275, the lowest median income in Black Hawk County.

In Cedar Falls, the citywide median household income was \$48,727, representing the fourth-lowest median income for any city, town, or township in Black Hawk County in 2012.

highest median household income, earned almost \$8,000 less than Whites and nearly \$5,000 less than the citywide median in 2012. Some Other Race households earned 76.3% of what Whites earned and Black households earned only 58.7%. American Indians had the lowest median household income at \$22,000, or 49.4% of White median household income.

Consistent with lower median incomes among most racial and ethnic groups, poverty rates were also higher among these populations. American Indians had the highest poverty rate at 53.4%, followed by Blacks with 36.0%, and Two or More Races with 31.4%. Blacks, despite having the third-lowest median household income, had the second highest poverty rate.

In Cedar Falls, the median household income for Asians and Whites was higher than for all other groups. In 2012, Asian households had the highest median household income of \$57,917

## Key Finding

With the exception of Asians, minorities had significantly lower median incomes than Whites in both Waterloo and Cedar Falls.

## Median Income and Poverty

In Waterloo, the median household income for Asians and Whites was significantly higher than for all other racial and ethnic groups. In 2012, Asian households had the highest median income of \$58,611, followed by Whites at \$44,549. Hispanic households, with the next

**Figure 9**

Median Household Income and Poverty Rates by Race/Ethnicity, 2012

	Waterloo		Cedar Falls	
	Median Household Income	Poverty Rate	Median Household Income	Poverty Rate
Citywide	\$41,275	18.4%	\$48,727	19.4%
White	\$44,549	14.0%	\$49,900	18.6%
Black*	\$26,140	36.0%	\$22,750	25.8%
American Indian**	\$22,000	53.4%	-	-
Asian**	\$58,611	29.4%	\$57,917	11.2%
Some Other Race*	\$31,484	26.7%	\$26,397	66.3%
Two or More Races*	\$23,235	31.4%	\$41,000	13.2%
Hispanic* ***	\$36,875	29.2%	\$25,919	48.3%

\* Sample size for this racial/ethnic category is less than 1,000 in Cedar Falls.

\*\* Sample size for this racial category is less than 1,000 in both Cedar Falls and Waterloo.

\*\*\* Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, Census 2000 Redistricting Data, 2008-2012 American Community Survey, (B02001, B03002)



while Whites had the second highest at \$49,900. Black households, with a median income of \$22,750, earned only 45.0% of the White median household income, and the Hispanic median household income of \$25,919 was equivalent to 51.9%. All minorities in Cedar Falls, however, comprise fewer than 1,000 residents, making these figures unreliable.

As suggested by the lower median incomes among Blacks and Hispanics, some minority groups in Cedar Falls experienced poverty at greater rates than Whites. As shown in Figure 9, the Black, Hispanic, and Some Other Race populations all had poverty rates higher than 25%. Some Other Race households had an extraordinarily high poverty rate of 66.3%, which was more than double the poverty rate of Black households, despite Some Other Race households having a slightly higher median household income. The high margin of error for

the data on Some Other Race households could account for this high poverty rate.

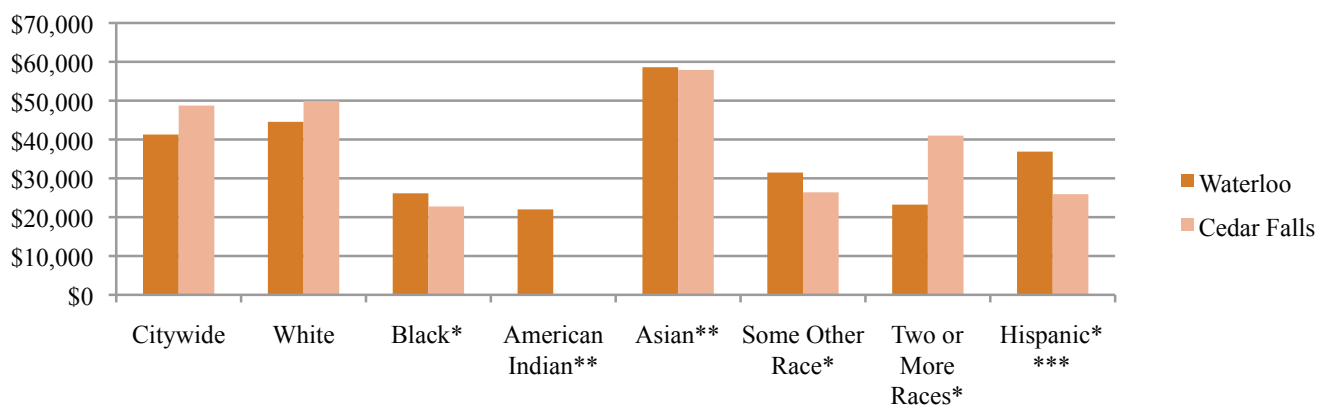
### Income Distribution

Among all households in Waterloo, distribution across income brackets largely correlates with data on MHI and poverty, as shown in Figure 11 and Figure 12. Two or More Race, Black and Some Other Race households were the most likely to earn less than \$25,000. Those three population groups also had descending pyramids of income, with each higher income bracket having fewer households than the previous one. Hispanic and White households had relatively even income pyramids, with less pronounced groupings of high- or low-income households. Asian households were particularly notable in Waterloo because of the extremely high peaks in high- and low-incomes. Despite having the highest median income of any racial

### Key Finding

With the exception of Some Other Race, all minority groups in Waterloo experienced poverty rates more than double that of Whites.

**Figure 10**  
Median Household Income by Race/Ethnicity, 2012



\* Sample size for this racial/ethnic category is less than 1,000 in Cedar Falls.

\*\* Sample size for this racial category is less than 1,000 in both Cedar Falls and Waterloo.

\*\*\* Hispanic ethnicity is counted independently of race.

Source: U.S. Census Bureau, Census 2000 Redistricting Data, 2008-2012 American Community Survey, (B02001, B03002)

## Race, Ethnicity and Income (cont'd)

### ► Key Finding

All minority populations were more likely than Whites to have annual incomes of less than \$25,000 in both Waterloo and Cedar Falls, with the exception of Asians and American Indians in Cedar Falls.

or ethnic group, 35.1% of Asian households earned less than \$25,000 per year. This is roughly equal to the 37.4% of households that earn between \$50,000 and \$74,999. Thus, despite the high median household income, there is a significant low-income Asian population that may have difficulties attaining housing.

Among all households in Cedar Falls, distribution across income brackets also largely correlates with information on poverty and MHI. Because of the low minority populations

in Cedar Falls, data on income categories is subject to large margins of error. Among the largest minority groups—Blacks, Asians, and Hispanics—the data presented matches information on median income and poverty. Black households overwhelmingly (70.9%) earned less than \$25,000 and had very few upper-income households. Similarly, Hispanic households were largely concentrated in lower-incomes with 88.7% of households earning less than \$50,000.

**Figure 11**  
Household Income Distribution by Race, 2012

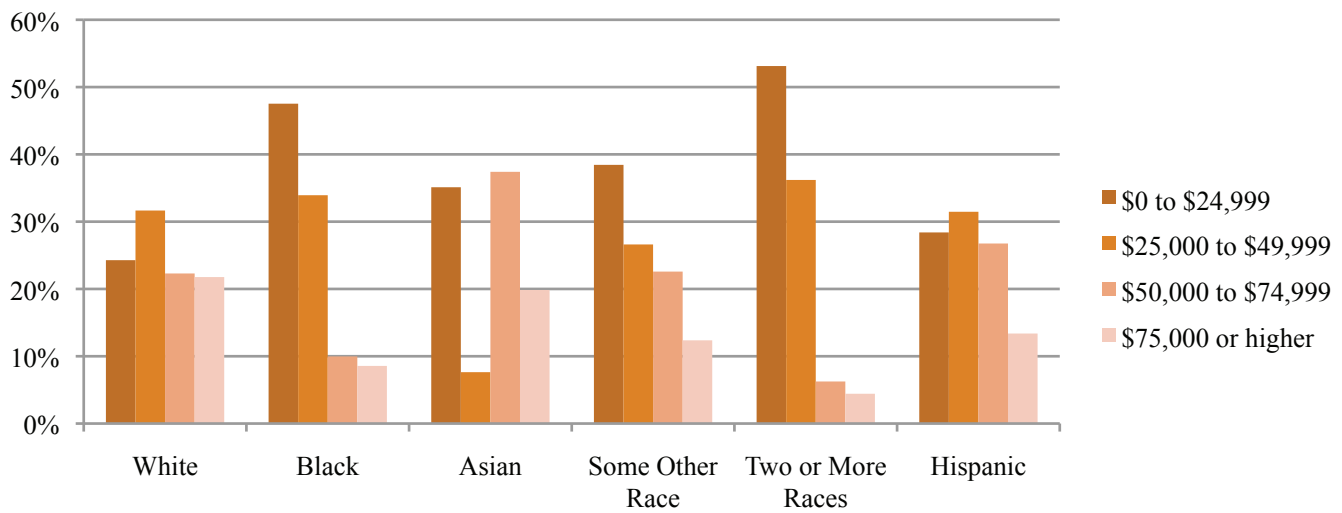
Waterloo	Total Households	\$0 to \$24,999	%	\$25,000 to \$49,999	%	\$50,000 to \$74,999	%	\$75,000 or higher	%
Total	28,656	8,081	28.2%	9,095	31.7%	5,880	20.5%	5,600	19.5%
White	23,636	5,738	24.3%	7,482	31.7%	5,271	22.3%	5,145	21.8%
Black	3,970	1,887	47.5%	1,347	33.9%	396	10.0%	340	8.6%
American Indian	32	17	53.1%	8	25.0%	7	21.9%	0	0.0%
Asian	262	92	35.1%	20	7.6%	98	37.4%	52	19.8%
Some Other Race	372	143	38.4%	99	26.6%	84	22.6%	46	12.4%
Two or More Races	384	204	53.1%	139	36.2%	24	6.3%	17	4.4%
Hispanic	912	259	28.4%	287	31.5%	244	26.8%	122	13.4%

Cedar Falls	Total Households	\$0 to \$24,999	%	\$25,000 to \$49,999	%	\$50,000 to \$74,999	%	\$75,000 or higher	%
Total	14,341	3,637	25.4%	3,642	25.4%	2,412	16.8%	4,650	32.4%
White	13,613	3,351	24.6%	3,464	25.4%	2,302	16.9%	4,496	33.0%
Black	258	183	70.9%	44	17.1%	0	0.0%	31	12.0%
American Indian	3	0	0.0%	3	100.0%	0	0.0%	0	0.0%
Asian	285	39	13.7%	73	25.6%	99	34.7%	74	26.0%
Some Other Race	92	27	29.3%	42	45.7%	0	0.0%	23	25.0%
Two or More Races	78	37	47.4%	16	20.5%	11	14.1%	14	17.9%
Hispanic	203	89	43.8%	91	44.8%	0	0.0%	23	11.3%

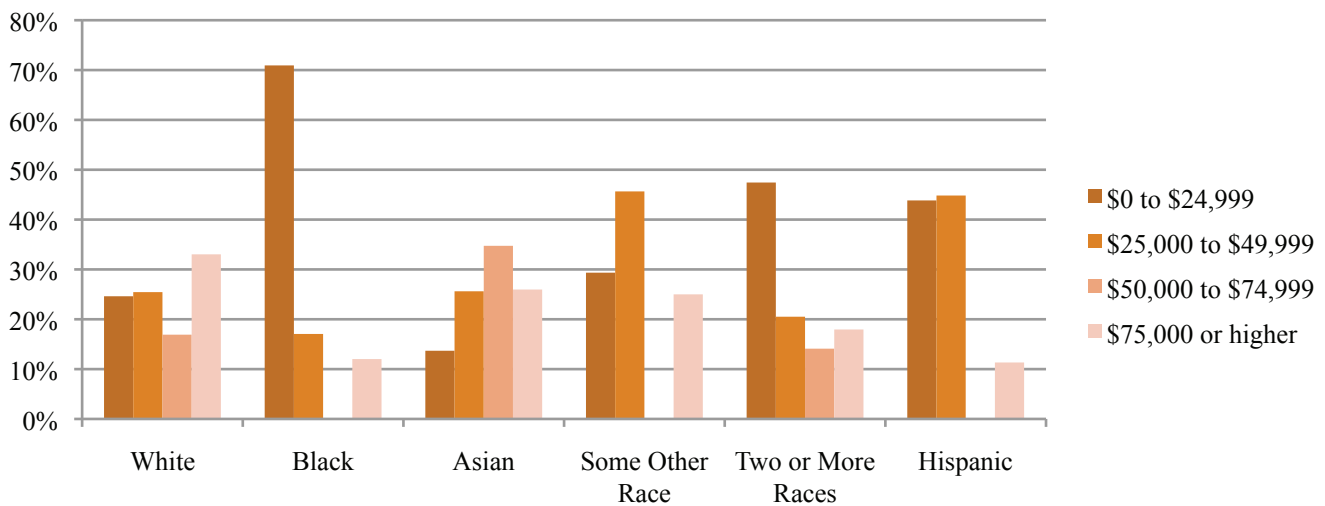
Source: U.S. Census Bureau, 2008-12 American Community Survey (B19001, B19001A, B19001B, B19001C, B19001D, B19001E, B19001F, B19001G, B19001H)

**Figure 12**  
Household Income Distribution by Race, Waterloo, 2012



Source: U.S. Census Bureau, 2008-12 American Community Survey (B19001, B19001A, B19001B, B19001C, B19001D, B19001E, B19001F, B19001G, B19001I)

**Figure 13**  
Household Income Distribution by Race, Cedar Falls, 2012



Source: U.S. Census Bureau, 2008-12 American Community Survey (B19001, B19001A, B19001B, B19001C, B19001D, B19001E, B19001F, B19001G, B19001I)

## Racially/Ethnically Concentrated Areas of Poverty

### **Concentrations of Low-to-Moderate Income Persons**

The Community Development Block Grant (CDBG) program includes a statutory requirement that at least 70% of funds invested benefit low and moderate income (LMI) persons. As a result, the U.S. Department of Housing and Urban Development (HUD) provides the percentage of LMI persons in each census block group for entitlements such as the Waterloo and Cedar Fall. HUD 2012 LMI estimates reveal that 24 census block groups in Waterloo and 7 census block groups in Cedar Falls had concentrations of LMI residents and met the definition for LMI status.

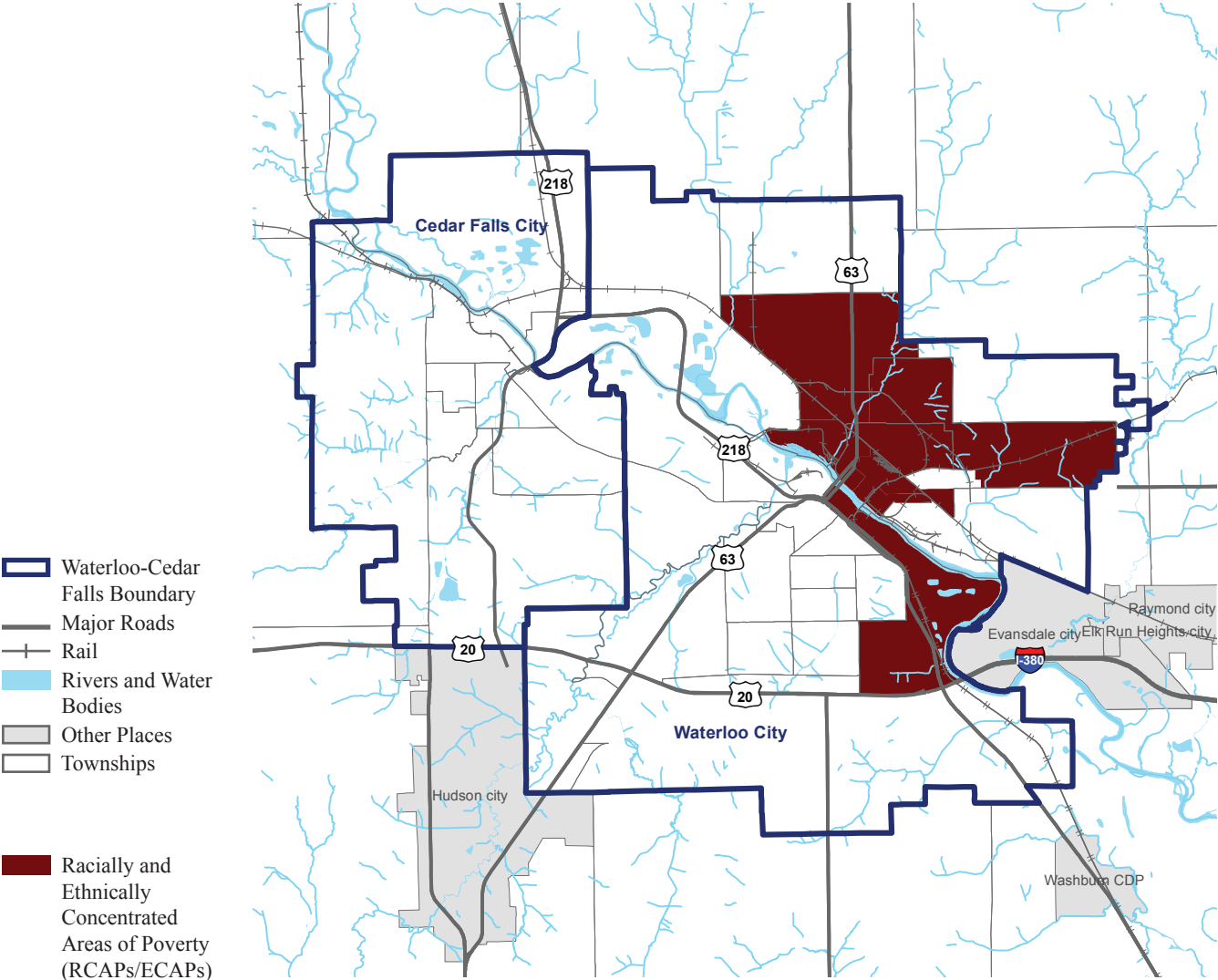
### **► Key Finding**

There are ten racially or ethnically concentrated areas of poverty in the study area. All are located within the City of Waterloo.

### **Racially/Ethnically Concentrated Areas of Poverty**

Areas in which LMI concentrations overlap with racial and ethnic concentrations are considered racially/ethnically concentrated areas of poverty (RCAP/ECAPs). Of those previously identified areas of racial and ethnic concentration, all ten overlap with areas of low-and-moderate income concentrations. All of these areas are located in Waterloo, in neighborhoods to the north and east of the downtown.

Map 4 illustrates the RCAP/ECAPs in Waterloo. It is within these RCAP/ECAPs that housing, income, and other characteristics will be analyzed.



Legend

Map 4, Racially and Ethnically Concentrated Areas of Poverty

# Disability and Income

## ► Key Finding

Of individuals with at least one disability, the rate of poverty generally decreased with age.

### Defining Disability

As defined by the Census Bureau, a disability is a long-lasting physical, mental or emotional condition that can make it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

The Fair Housing Act prohibits discrimination based on physical, mental or emotional handicap, provided “reasonable

accommodation” can be made. Reasonable accommodation may include changes to address the needs of disabled persons, including adaptive structural (e.g., constructing an entrance ramp) or administrative changes (e.g., permitting the use of a service animal).

### Disability in Waterloo and Cedar Falls

In 2012, 13.8% of all Waterloo residents age 5 and older reported having at least one disability. Trends show the likelihood of having a disability increases with age among residents 65

**Figure 14**  
Disability and Poverty by Age, 2012

	Waterloo	Cedar Falls
Total:	67,153	34,751
Under 5 years:	4,919	1,995
With a disability:	0	0
Percent with a disability below poverty	0.0%	0.0%
5 to 17 years:	11,269	4,334
With a disability:	820	179
Percent with a disability below poverty	41.8%	17.3%
18 to 34 years:	16,914	12,371
With a disability:	1,372	267
Percent with a disability below poverty	37.6%	33.3%
35 to 64 years:	24,862	11,094
With a disability:	3,475	1,259
Percent with a disability below poverty	32.5%	22.6%
65 to 74 years:	4,542	2,504
With a disability:	1,330	368
Percent with a disability below poverty	5.3%	0.0%
75 years and over:	4,647	2,453
With a disability:	2,244	998
Percent with a disability below poverty	13.8%	4.1%

Source: U.S. Census Bureau, 2010-2012 American Community Survey, (B18130)

to 74 years old, 29.3% have disabilities, among residents 75 years and older, the rate jumps to 48.3%.

In comparison, 8.8% of all Cedar Falls residents reported having at least one disability in 2012. Similarly, older residents are more likely to have a disability, with 40.7% of residents 75 and older reporting a disability.

### Median Income and Poverty

According to the National Organization on Disabilities, a significant income gap exists for persons with disabilities, given their lower rate of employment. As seen in Figure 15, disabled individuals between 5 and 17 years were the most likely to live in poverty in Waterloo. In this group, 41.8% of those with at least one

disability were living in poverty. The percent of persons with a disability living in poverty generally decreased with age.

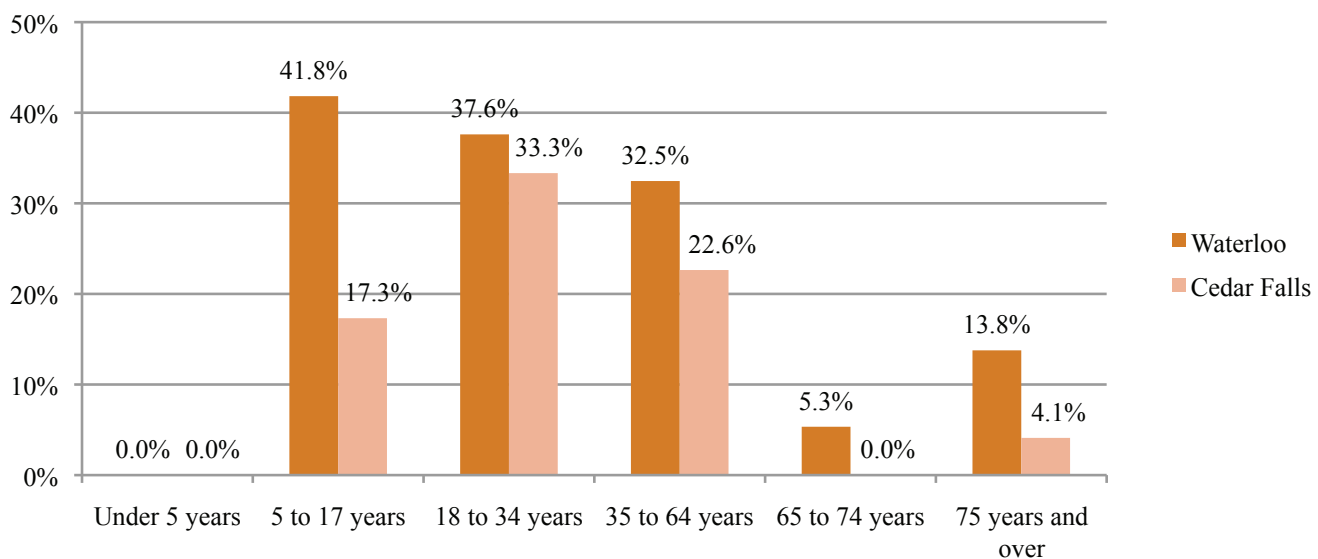
In Cedar Falls, persons with a disability between 18 and 34 were the most likely to live in poverty, with 33.3% in poverty. Beyond this age group, rates of poverty generally decreased with age.

Map 5 on page 40 illustrates the census tracts with higher percentages of residents reporting a disability in Waterloo and Cedar Falls. Those residents are largely concentrated in Waterloo in the center of the city. Generally, these areas also coincide with RCAPs/ECAPs.

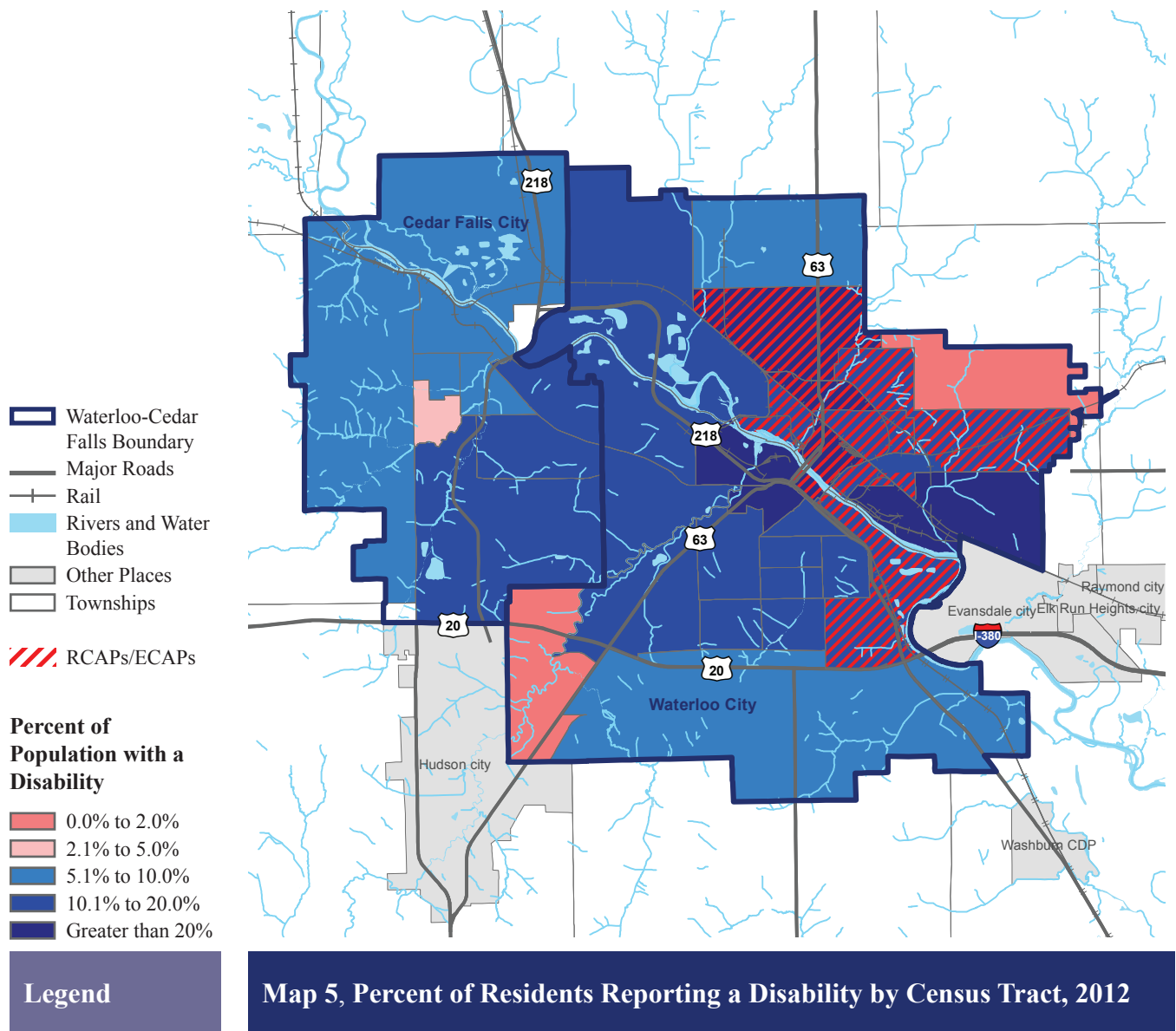
### ► Key Finding

Persons with disabilities are generally concentrated in neighborhoods in the center of Waterloo. Generally, these areas coincide with RCAP/ECAPs.

**Figure 15**  
Percent of Persons with a Disability in Poverty, 2012



Source: U.S. Census Bureau, 2010-2012 American Community Survey, (B18130)





## Ancestry and Income

### Foreign-Born Residents

It is illegal to refuse housing based on place of birth or ancestry. Census data on native and foreign-born populations revealed 6.4% of Waterloo residents and 3.6% of Cedar Falls residents in 2012 were foreign-born. Foreign-born populations can be susceptible to discrimination due to language or cultural barriers. Additionally, these residents may not know their rights concerning fair housing choice or the appropriate legal channels to address discriminatory actions.

Of the foreign-born population in Waterloo, 14.2% live in poverty compared to 18.4% of people in poverty in the city as a whole. In Cedar Falls, 22.1% of the foreign-born population live in poverty compared to 19.4% of people in poverty citywide.

**Figure 16**  
Foreign-Born Population and Poverty, 2012

Foreign Born Population	Waterloo		Foreign Born Population	Cedar Falls	
	% of Total Population in Poverty	% of Foreign-Born Population in Poverty		% of Total Population in Poverty	% of Foreign-Born Population in Poverty
4,289	18.4%	14.2%	1,223	19.4%	22.1%

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B06012)

# Familial Status and Income

## Defining Family

The Census Bureau divides households into family and non-family households. Family households are married couple families with or without children, single-parent families, and other families made up of related persons. Non-family households are either single persons living alone, or two or more non-related persons living together.

Title VIII of the Civil Rights Act of 1968 protects against gender discrimination in housing. Protection for families with children

was added in the 1988 amendments to Title VIII. Except in limited circumstances involving elderly housing and owner-occupied buildings of one-to-four units, it is unlawful to refuse to rent or sell to families with children.

## Family Composition

Between 2000 and 2012, the proportion of female-headed households in Waterloo increased 7.4%, and female-headed households with children increased 9.4%. Even more pronounced, the proportion of male-headed

**Figure 17**  
Households by Type and Presence of Children, 2000-2012

		Waterloo			Cedar Falls		
		2000	2012	% Change 2000-2012	2000	2012	% Change 2000-2012
Total Households		28,169	28,656	1.7%	12,833	14,341	11.8%
Family Households		17,744	17,086	-3.7%	7,561	8,030	6.2%
Married Couple Families	Total	12,971	11,848	-8.7%	6,279	6,728	7.2%
	With own children under 18 years	5,169	4,438	-14.1%	2,644	2,550	-3.6%
	No own children under 18 years	8,033	7,410	-7.8%	3,723	4,178	12.2%
Other Families		4,412	5,238	18.7%	1,185	1,302	9.9%
Male Householder (no wife)	Total	963	1,209	25.5%	269	350	30.1%
	With own children under 18 years	553	1,209	118.6%	108	350	224.1%
	No own children under 18 years	410	552	34.6%	161	204	26.7%
Female Householder (no husband)	Total	3,752	4,029	7.4%	968	952	-1.7%
	With own children under 18 years	2,458	2,688	9.4%	661	562	-15.0%
	No own children under 18 years	1,223	1,341	9.6%	279	390	39.8%
Non-family		10,425	11,570	11.0%	5,272	6,311	19.7%

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B18130)

households with children increased 118.6%. By comparison, married couple family households with children declined 14.1%. Overall, family households decreased 3.7%, while non-family households increased 11.0%.

Comparatively, Cedar Falls' population was largely opposite. Female-headed households decreased 1.7%, and female-headed households with children decreased 15.0%. While male-headed households increased 30.1% and male-headed households with children increased 224.1%, the total number of married couple families also increased 7.2%. Married couple families with children declined 3.6%. Overall, family households in Cedar Falls increased 6.2% and non-family households increased 19.7%.

units to families with children. In Waterloo, 38.0% of female-headed households lived below the poverty line in 2012, and 47.0% of female-headed households with children lived below the poverty line. While female-headed households with children comprised 8.3% of the all Waterloo households in 2012, they comprised 60.0% of all households living in poverty.

Similarly, in Cedar Falls, 36.1% of female-headed households, and 52.0% of female-headed households with children lived below the poverty line. Female-headed households with children comprised 4.0% of all households and 52.5% of all households living in poverty.

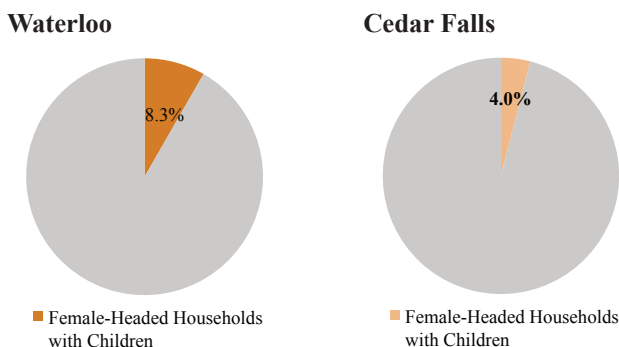
### ► Key Finding

In Waterloo, female-headed households with children accounted for 60% of all households living in poverty. In Cedar Falls, this group accounted for 52.5% of all households living in poverty.

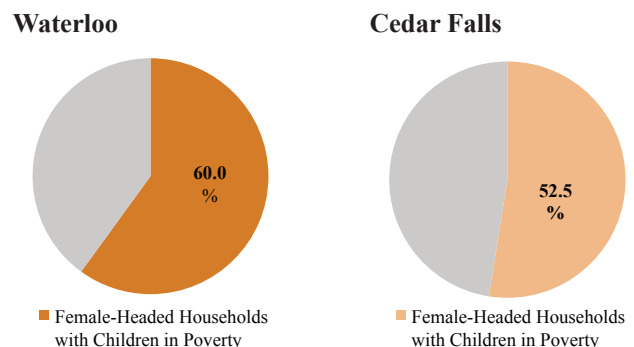
### Families in Poverty

Female-headed households with children often experience difficulty in obtaining housing, primarily as a result of lower incomes and the unwillingness of some landlords to rent their

**Figure 18**  
Female-Headed Households with Children as Percent of Total Population, 2012



**Figure 19**  
Female-Headed Households with Children in Poverty as Percent of Households in Poverty, 2012



Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B17012)

# Persons with LEP

## Defining LEP

Persons with limited English proficiency (LEP) are defined as persons who have a limited ability to read, write, speak or understand English. HUD uses the prevalence of persons with LEP to identify the potential for impediments to fair housing choice due to their inability to comprehend English. Persons with LEP may encounter obstacles to fair housing by virtue of language and cultural barriers.

To assist these individuals, it is important that a community recognizes their presence and the potential for discrimination, whether intentional or inadvertent, and establishes policies to eliminate barriers. It is also incumbent upon HUD entitlement communities to determine the need for language assistance and comply with Title VI of the Civil Rights Act of 1964.

## Language Groups

American Community Survey (ACS) data reports on the non-English language spoken at home for the population five years and older. In Waterloo, there were 2,785 persons who spoke English less than “very well” in 2012, representing 4.4% of the population over five years old. Approximately 43% of those who

spoke English less than very well were native Serbo-Croatian speakers and 42.8% were native Spanish speakers. This represents 1.89% and 1.87% of the City’s total population over five years old, respectively.

In Waterloo, the Serbo-Croatian and Spanish speaking residents with LEP numbered more than 1,000, but less than 5% of the population.

In Cedar Falls, 525 persons had LEP in 2012, representing 1.4% of the total population. No single language group represented more than 1,000 persons or 5% of the population.

## ► Key Finding

In Waterloo, 2,785 residents had limited English proficiency (LEP) in 2012. Approximately 43% of persons with LEP spoke Serbo-Croatian, and an additional 42.8% spoke Spanish.

**Figure 20**

Language Spoken at Home by Ability to Speak English, 2012

Language Spoken	Waterloo		Cedar Falls	
	Number of Persons with LEP	Percent of Total Population	Number of Persons with LEP	Percent of Total Population
Total Persons with LEP	2,785	4.4%	525	1.4%
Serbo-Croatian	1,197	1.89%	-	-
Spanish	1,192	1.87%	-	-

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B16001)

# Protected Classes and Unemployment

## Unemployment Rates

In 2012, the unemployment rate in Waterloo was 8.4%, which was higher than both the statewide rate (5.6%) and Black Hawk County's rate (7.3%). Cedar Falls had a lower unemployment rate at 7.0%, which was still higher than the statewide rate, but lower than the county's unemployment rate.

ACS estimates spanning recent years provide detailed data by gender and race, indicating some differences in employment rates among groups. In Waterloo, women experienced unemployment at a lower rate than men, with 6.0% of women unemployed compared to 8.6% of men. Females with their own children, however, were unemployed at a rate of 9.3%. Rates were higher among racial minorities, with

unemployment at 24.5% for Two or More Race residents and 15.3% for Blacks. Asians had the lowest unemployment rate at 6.8%.

In Cedar Falls, unemployment was generally lower than in Waterloo. The 1.9% unemployment rate of females with children was especially low. The exception was Two or More Race and Black residents, with unemployment rates of 43.0% and 34.9%, respectively.

Higher unemployment, whether temporary or permanent, will mean less disposable income for housing expenses. The Two or More Race and Black populations are likely to have the least amount of disposable income for other expenses due to their high rates of unemployment in both cities.

## ► Key Finding

With the exception of AIAN and Asians in Waterloo and Some Other Race and Asians in Cedar Falls, minorities were more likely to be unemployed than White residents.

**Figure 21**  
Households by Type and Presence of Children, 2000-2012

	Waterloo				Cedar Falls			
	Total	In labor force	Employed	Unemployment rate	Total	In labor force	Employed	Unemployment rate
Race and Hispanic or Latino Origin								
Population 16 years and over	53,483	66.3%	60.6%	8.4%	33,546	66.7%	62.0%	7.0%
White	43,724	66.2%	61.5%	6.9%	31,771	66.7%	62.4%	6.4%
Black or African American	7,141	63.7%	54.0%	15.3%	636	61.6%	40.1%	34.9%
AIAN	83	44.6%	44.6%	0.0%	71	19.7%	18.3%	7.1%
Asian	632	65.2%	60.8%	6.8%	687	74.8%	73.7%	1.6%
Some Other Race	960	82.6%	75.1%	9.1%	92	75.0%	75.0%	0.0%
Two or More Races	943	76.5%	57.7%	24.5%	264	62.5%	35.6%	43.0%
Hispanic	2,354	72.5%	63.6%	12.4%	488	88.7%	80.5%	9.2%
Sex								
Population 20 to 64 years	40,471	79.9%	73.9%	7.3%	24,576	80.1%	76.1%	4.9%
Male	19,862	82.9%	75.6%	8.6%	12,156	84.0%	78.7%	6.2%
Female	20,609	76.9%	72.3%	6.0%	12,420	76.3%	73.7%	3.5%
Females with own Children	4,051	79.5%	71.8%	9.3%	1,503	63.9%	62.7%	1.9%

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (S2301)

# Housing Inventory

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## ► Key Finding

The housing inventory in Waterloo increased 5.3% between 2000 and 2012.

### **Trends in Housing Units in Waterloo**

In general, the housing market in Waterloo has expanded slowly since 2000, with 1,572 new units constructed through 2012, representing a 5.3% increase.

Despite this overall increase, housing unit change has not been uniform across the city. Housing has increased quickly on the northern and southern fringes of the city while neighborhoods in and near downtown have lost units. This information is listed in Figure 22 and illustrated in Map 6 on page 49.

## ► Key Finding

The housing inventory in Cedar Falls increased 14.4% between 2000 and 2012.

### **Trends in Housing Units in Cedar Falls**

In Cedar Falls, the housing stock has been expanding more rapidly. The city gained 1,905 units between 2000 and 2012, representing a 14.4% increase in the housing stock.

Two census tracts lost housing units in Cedar Falls in this time period. One was located along the northern border of the city and the other was located in the city center. The fastest growing census tracts are located in the southern half of the city. This information is listed in Figure 23.

**Figure 22**

Trends in Housing Inventory, Waterloo, 2000-2012

	Housing Units, 2000	Housing Units, 2012	Percent Change in Housing Units, 2000-2012
Waterloo	29,499	31,071	5.3%
Census Tract 1	1057	948	-10.3%
Census Tract 10	1576	1652	4.8%
Census Tract 11	1215	1288	6.0%
Census Tract 12	1090	1109	1.7%
Census Tract 13.01	1818	1970	8.4%
Census Tract 13.02	1581	1738	9.9%
Census Tract 14	1961	2005	2.2%
Census Tract 15.01	1390	1504	8.2%
Census Tract 15.02	1664	1819	9.3%
Census Tract 15.03	1639	1728	5.4%
Census Tract 16	1263	1270	0.6%
Census Tract 17.01	929	905	-2.6%
Census Tract 17.02	1123	1119	-0.4%
Census Tract 18	622	641	3.1%
Census Tract 19	883	937	6.1%
Census Tract 2	1324	1293	-2.3%
Census Tract 26.04	134	155	15.7%
Census Tract 27	11	38	245.5%
Census Tract 29.01	437	420	-3.9%
Census Tract 3	1440	1503	4.4%
Census Tract 30.01	1697	2252	32.7%
Census Tract 30.02	29	38	31.0%
Census Tract 4	715	756	5.7%
Census Tract 5	695	681	-2.0%
Census Tract 7	650	649	-0.2%
Census Tract 8	1697	1705	0.5%
Census Tract 9	859	948	10.4%

Source: U.S. Census Bureau, 2000 Census, (H001), 2008-2012 American Community Survey, (B25001)

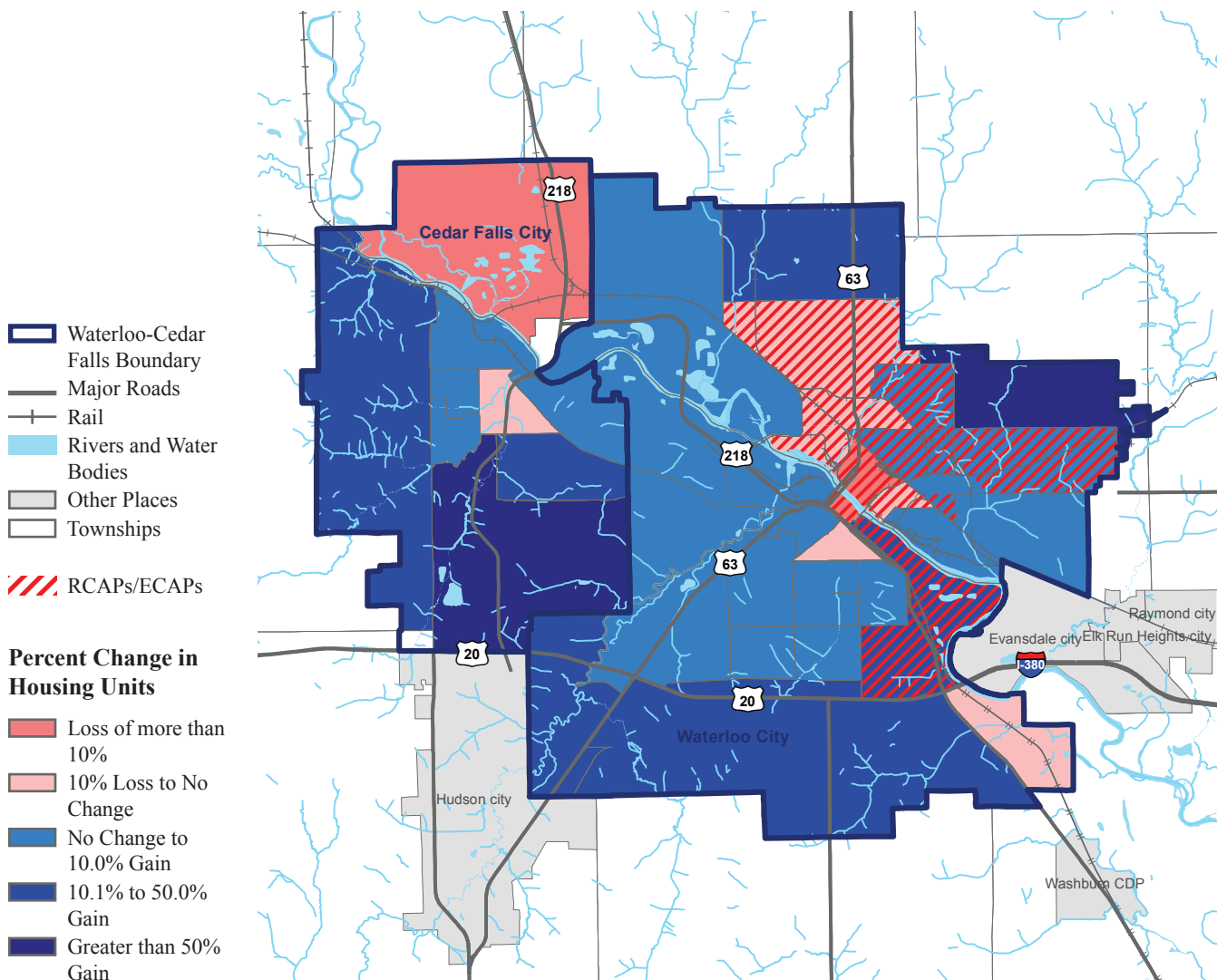
**Figure 23**

Trends in Housing Inventory, Cedar Falls, 2000-2012

	Housing Units, 2000	Housing Units, 2012	Percent Change in Housing Units, 2000-2012
Cedar Falls	13,271	15,176	14.4%
Census Tract 16	0	0	No Housing Units
Census Tract 22	1876	1981	5.6%
Census Tract 23.01	956	900	-5.9%
Census Tract 23.03	545	566	3.8%
Census Tract 23.04	1084	1126	3.8%
Census Tract 24	1823	1921	5.4%
Census Tract 25	2220	2504	12.8%
Census Tract 26.01	1173	1926	64.2%
Census Tract 26.03	2474	3343	35.1%
Census Tract 26.04	1119	909	-18.8%
Census Tract 30.02	0	0	No Housing Units

Source: U.S. Census Bureau, 2000 Census, (H001), 2008-2012 American Community Survey, (B25001)





**Map 6, Change in Number of Housing Units by Census Tract, 2000-2012**

# Types of Housing Units

## Housing Types

In 2010, the American Community Survey reported there were 31,071 occupied housing units in Waterloo. Of these, 22,560, or 72.6%, were single-family units and 7,590, or 24.4%, were multi-family units. Additionally, 3.0% of the housing stock consisted of mobile homes. Figure 24 details Waterloo's and Cedar Falls' housing stock.

In Cedar Falls, the housing stock consists of a slightly lower percentage of single-family homes and slightly higher percentages of multi-family and mobile homes. The city's single-family stock comprises 63.0% of the total housing stock while multi-family housing comprises 35.0% and mobile homes comprise 4.4%.

Both Waterloo and Cedar Falls consist primarily of single-family residences.

southern half of the city. While the percent of multi-family units is more generally dispersed among the various census tracts, there are still greater concentrations of multi-family units in downtown and the city's southern half.

In general, Waterloo's multi-family housing is not clustered in racially or ethnically concentrated areas of poverty, but is more generally dispersed throughout the city.

Cedar Falls' multifamily housing is both numerically and as a percentage clustered from the center of the city to the south. The northernmost portions of the city have the lowest number of multi-family units.

## Multifamily Housing

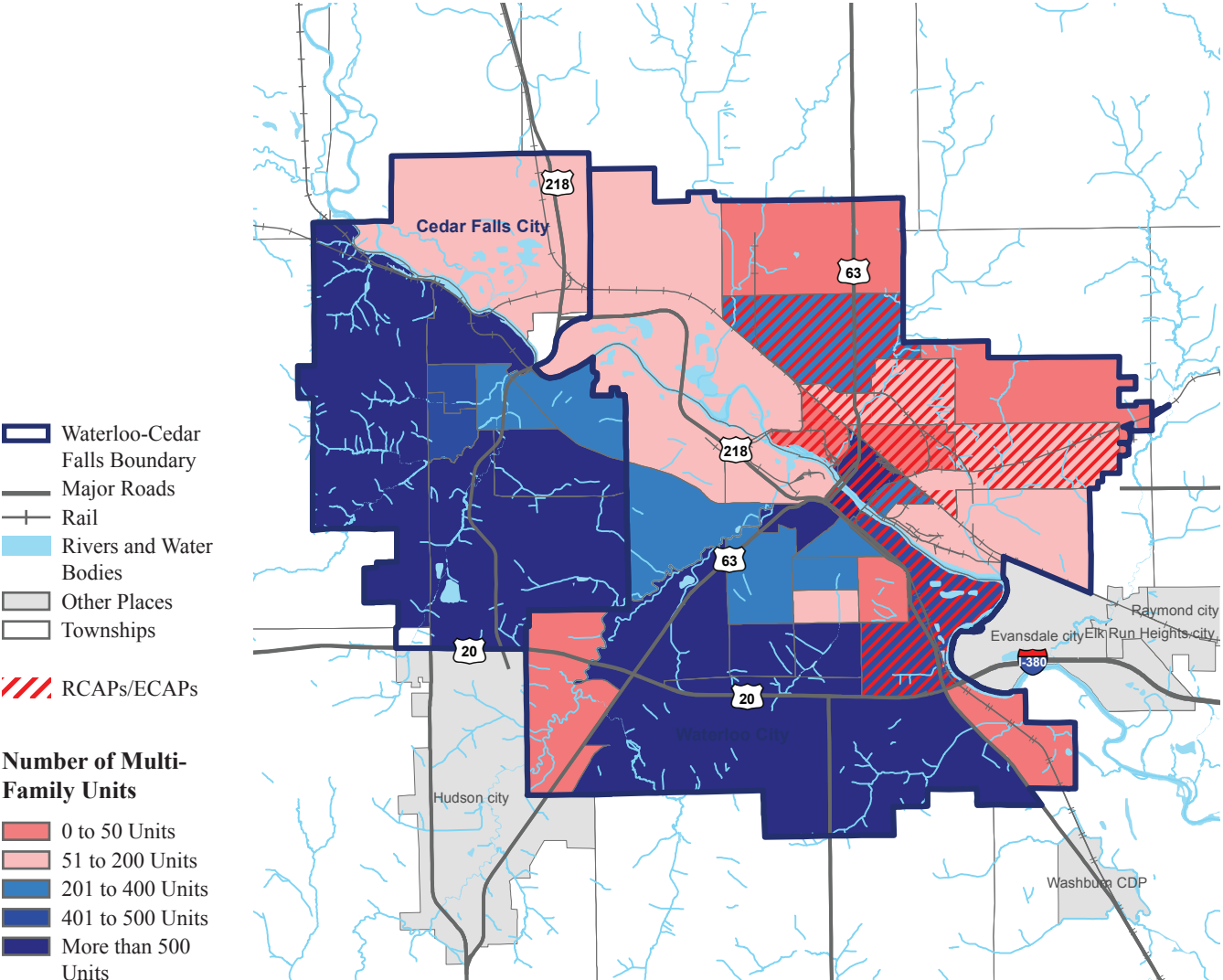
Map 7 on page 51 and Map 8 on page 52 illustrate census tracts with the most multi-family units and those census tracts with the most multi-family units as a percent of all units.

In Waterloo, the highest number of multi-family units are located in downtown and along the

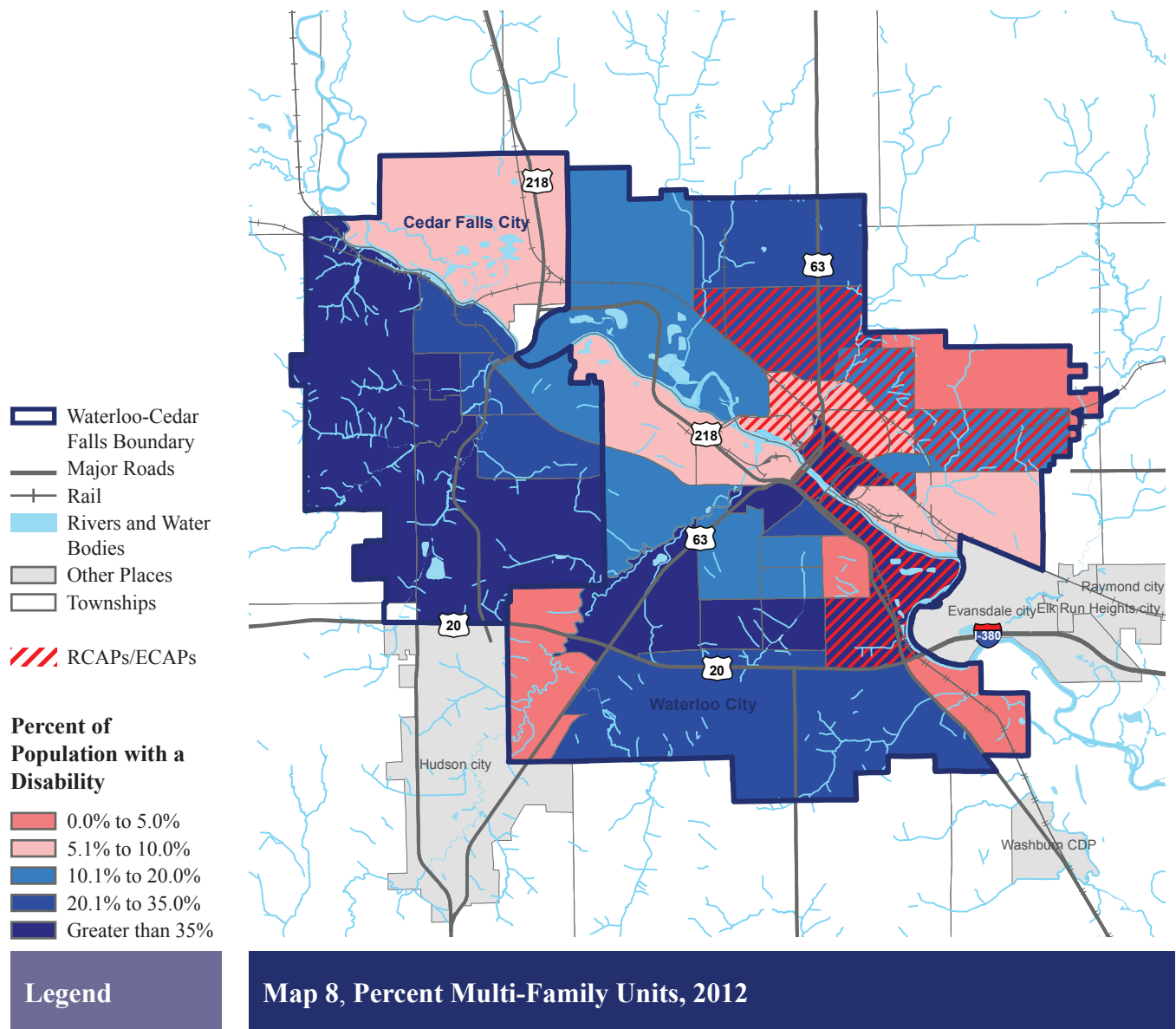
**Figure 24**  
Units in Structure, 2012

	Total	Total Single-Family	1, detached	1, attached	Total Multi-Family	2 to 4	5 to 9	10 to 19	20 or more	Mobile home	Boat, RV, van, etc.
Waterloo	31,071	22,560	21,266	1,294	7,590	2,350	1,866	1,599	1,775	921	0
% of total	---	72.6%	94.3%	5.7%	24.4%	31.0%	24.6%	21.1%	23.4%	3.0%	---
Cedar Falls	15,176	9,568	9,053	515	5,310	1,518	1,070	1,599	1,123	668	0
% of total	---	63.0%	94.6%	5.4%	35.0%	28.6%	20.2%	30.1%	21.1%	4.4%	---

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B25024)



Map 7, Number of Multi-Family Units, 2012



# Protected Classes and Homeownership

## The Benefits of Homeownership

The value in home ownership lies in the accumulation of wealth as the owner's share of equity increases with the property's value. Paying a monthly mortgage instead of rent is an investment in an asset that is likely to appreciate. According to one study, "a family that puts 5 percent down to buy a house will earn a 100 percent return on the investment every time the house appreciates 5 percent."

in Waterloo, only Some Other Race households had a higher homeownership rate than Whites.

Cedar Falls' 64.6% overall homeownership rate was slightly lower than Waterloo's likely as a result of the presence of UNI student renters. Whites had the highest homeownership rate at 66.1%, while all minorities had significantly lower homeownership rates. Blacks had the lowest rate at 20.5% followed by Hispanics at 24.6%. Figure 25 illustrates homeownership by race and ethnicity in Waterloo and Cedar Falls.

## ► Key Finding

In both Waterloo and Cedar Falls, Blacks had a homeownership rate less than half that of Whites.

## Minorities and Homeownership

Historically, minorities tend to have lower homeownership rates than Whites. In Waterloo, 71.3% of White households owned their homes in 2012, while most minorities had significantly lower homeownership rates. Two or More Race households had the lowest homeownership rate at 26.6%. Blacks had the second-lowest homeownership rate of 34.0%, less than half the White homeownership rate. Among minorities

**Figure 25**  
Homeownership by Race, 2012

	Total		White		Black		Asian	
	Total	Owner occupied	Total	Owner occupied	Total	Owner occupied	Total	Owner occupied
Waterloo	28,656	65.3%	23,636	71.3%	3,970	34.0%	262	48.5%
Cedar Falls	14,341	64.6%	13,613	66.1%	258	20.5%	285	42.1%

	Total		Some Other Race		Two or More Races		Hispanic	
	Total	Owner occupied	Total	Owner occupied	Total	Owner occupied	Total	Owner occupied
Waterloo	28,656	65.3%	372	76.3%	384	26.6%	912	62.2%
Cedar Falls	14,341	64.6%	-	-	-	-	203	24.6%

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B25024)

# Foreclosure Trends

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## **National Foreclosure Data**

In January of 2014, foreclosures affected one in every 1,058 houses in the United States. States primarily in the south, west and industrial Midwest had significantly higher foreclosure rates. Figure 26 shows a map of foreclosure rates in the US. Darker blues indicate higher foreclosure rates.

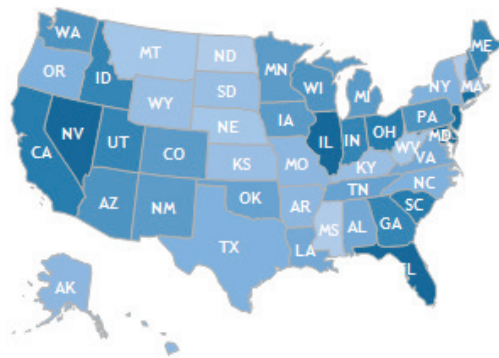
## **Foreclosure in Iowa**

Within the State of Iowa, there were varying rates of foreclosure. For example, Black Hawk County's rate was one in every 1,307 housing units, almost equal to the statewide average. Other counties such as Mills and Polk had significantly higher rates at one in 434 and 656 housing units, respectively. Other counties in the northern half of the state and along its southern edge had significantly lower foreclosure rates.

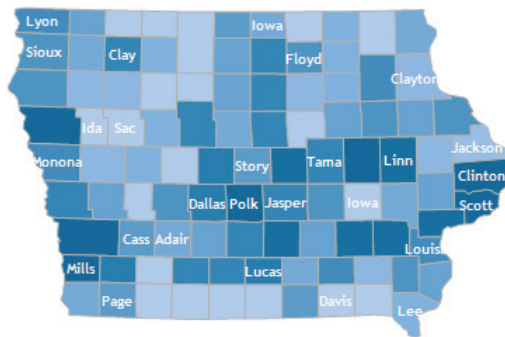
## **Foreclosure within Black Hawk County**

Waterloo's rate of one in every 2,639 homes was significantly better than the statewide and county averages. Cedar Falls had an even lower rate with one in every 4,077 properties in foreclosure. Much of the remainder of the county did not have significant population to serve as a reliable comparison.

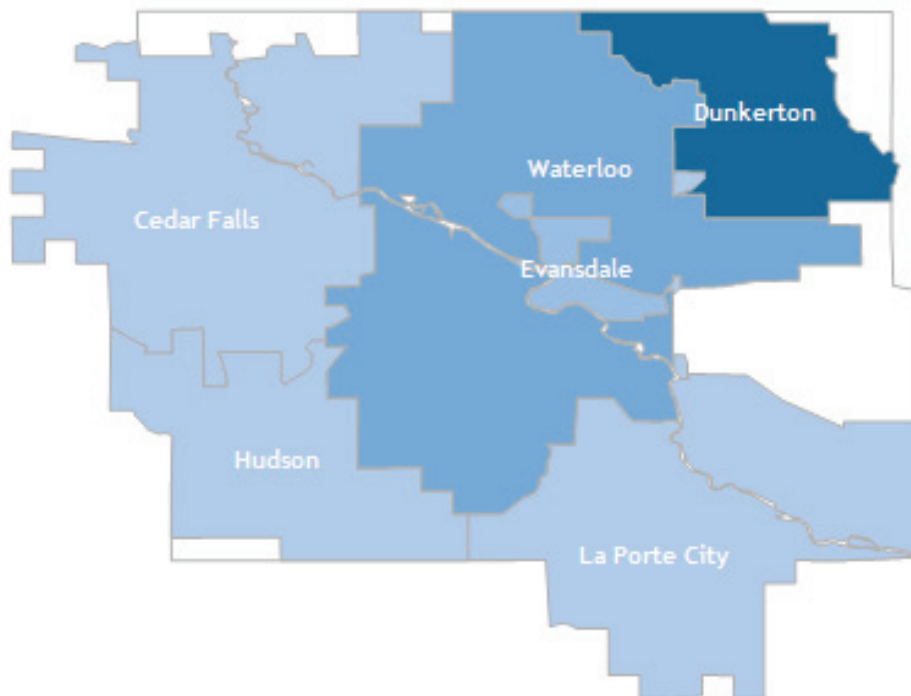
**Figure 26**  
Foreclosures in USA, 2012



**Figure 27**  
Foreclosures in Iowa, 2012



**Figure 28**  
Foreclosures in Black Hawk County, 2012



Source: Realtytrac.com. Legends were not provided with data, but darker colors indicate a higher number of foreclosures

# Protected Classes and Larger Households

## ► Key Finding

Minorities tend to have larger families than Whites. In Waterloo, 63.6% of Black families have three or more persons compared to 50.1% of White families. In Cedar Falls, 69.6% of Black families have three or more persons compared to 48.8% of White families.

## Household Size and Fair Housing

Larger families may be at risk for housing discrimination on the basis of race and the presence of children (familial status). A larger household, whether or not children are present, can raise fair housing concerns. If there are policies or programs that restrict the number of persons that can live together in a single housing unit, and members of the protected classes need more bedrooms to accommodate their larger household, there is a fair housing concern because the restriction on the size of the unit will have a negative impact on members of the protected classes.

## Household Size in Waterloo

In Waterloo, minorities were significantly more likely than Whites to live in families with three or more persons. Hispanic households had the highest rate of larger family households, at 83.1%. Among minorities, Blacks and Asians had the lowest percentage of larger families at 63.6% each. This is more than 13 percentage points higher than White families. Overall, a majority of the city's families are comprised of three or more persons.

**Figure 29**  
Families with Three or More Persons, 2012

Waterloo	Family households	Families with Three or More Persons	% Families with Three or More Persons
Total	17,233	9,180	53.3%
Whites	13,854	6,936	50.1%
Blacks	2,566	1,631	63.6%
Asian	162	103	63.6%
Other	351	286	81.5%
Two or more races	221	167	75.6%
Hispanic	715	594	83.1%

Cedar Falls	Family households	Families with Three or More Persons	% Families with Three or More Persons
Total	8,091	4,038	49.9%
Whites	7,642	3,728	48.8%
Blacks	148	103	69.6%
Asian	180	124	68.9%
Other	30	23	76.7%
Two or more races	82	55	67.1%
Hispanic	114	76	66.7%

Source: U.S. Census Bureau, 2010 Census (SF1, P28A, P28B, P28C, P28D, P28E, P28F, P28G, and P28I)



### Household Size in Cedar Falls

Much like Waterloo, Cedar Falls' minorities have higher percentages of families with three or more persons. In Cedar Falls, Other Race families have the highest rate of larger families at 76.7%. Hispanics have the lowest rate of larger families among minority groups at 66.7%, but this remains significantly higher than the citywide average of 49.9%.

Figure 30 illustrates the percent of family households with three or more persons in both Waterloo and Cedar Falls.

Similarly in Cedar Falls, 10.4% of all units are renter-occupied with three or more bedrooms compared to 50.9% of all units being owner-occupied large units.

The lack of rental units capable of accommodating larger families in both Waterloo and Cedar Falls presents an obstacle to housing for members of the protected classes, which tend to have low homeownership rates and larger families.

### ► Key Finding

Waterloo and Cedar Falls have fewer rental units capable of housing large families. Of Waterloo's housing, rental units with three or more bedrooms comprise 8.1%. In Cedar Falls, these units comprise 10.4% of all units.

### Housing Stock for Larger Families

To adequately house larger families, a sufficient supply of larger dwelling units consisting of three or more bedrooms is necessary. In Waterloo, there are fewer options to rent a unit to accommodate larger families. Of the city's housing stock, 8.1% of units are rentals with three or more bedrooms. By comparison, 42.7% of all units were comprised of owner-occupied units with three or more bedrooms.

**Figure 30**  
Housing Units by Number of Bedrooms, 2012

	Waterloo				Cedar Falls			
	Renter occupied		Owner Occupied		Renter Occupied		Owner Occupied	
	# units	% of all units	# units	% of all units	# units	% of all units	# units	% of all units
0 to 1 bedroom	3,190	11.1%	552	1.9%	1,506	10.5%	227	1.6%
2 bedrooms	4,430	15.5%	5,939	20.7%	2,074	14.5%	1,742	12.1%
3 or more bedrooms	2,320	8.1%	12,225	42.7%	1,497	10.4%	7,295	50.9%
Total	9,940	34.7%	18,716	65.3%	5,077	35.4%	9,264	64.6%

Source: U.S. Census Bureau, 2008-2012 American Community Survey, (B25042)

# Cost of Housing

## ► Key Finding

In both Waterloo and Cedar Falls, the decrease in median household income combined with stable or increasing rents and housing values, has made housing more expensive.

Increasing housing costs are not a direct form of housing discrimination. However, a lack of affordable housing does constrain housing choice. Residents may be limited to a smaller selection of neighborhoods or communities because of a lack of affordable housing outside those areas.

### Median Housing Value, Rent and Income in Waterloo

Median household income in Waterloo in 2000, when adjusted for inflation, was \$46,983. The citywide median housing value was \$90,129, while the median gross rent was \$644.

Between 2000 and 2012, median housing value increased 13.6%, while median gross rent decreased 1.4%. During this same period, median household income decreased 13.6%, falling more than \$5,000. Given this decrease in median household income, housing became less affordable in Waterloo over this period.

### Median Housing Value, Rent and Income in Cedar Falls

Inflation-adjusted median household income in Cedar Falls in 2000 was \$55,436. The citywide median housing value was \$141,257, while the median gross rent was \$678.

Between 2000 and 2012, median housing value increased 13.8% while median gross rent, which decreased in Waterloo during this time, increased 6.6%. During this same period, median household income decreased 12.1%, falling more than \$7,000. As in Waterloo, both rental and for-sale housing became less affordable in Cedar Falls.

Figure 31 and Figure 32 show the change between 2000 and 2012 in median gross rent, median housing value and median household income in both Waterloo and Cedar Falls.

**Figure 31**

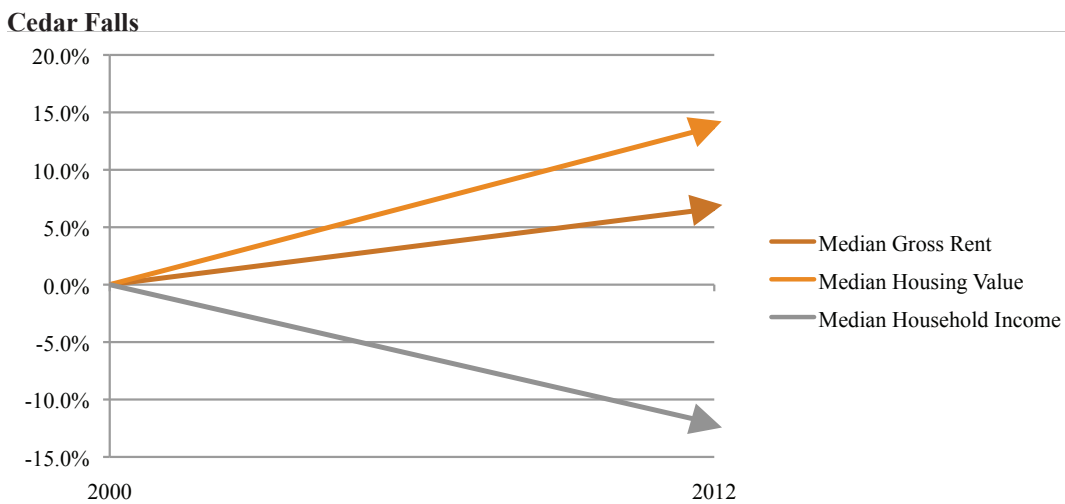
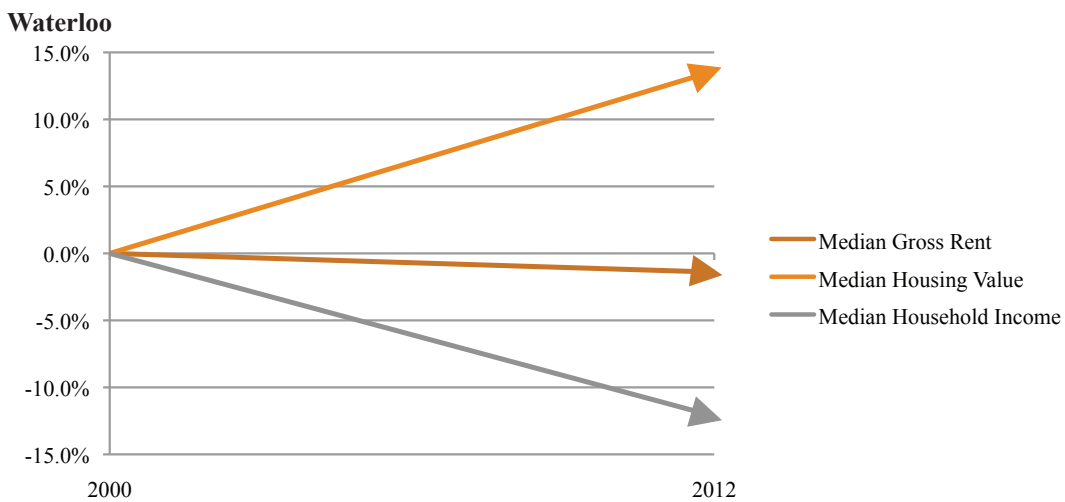
Trends in Median Housing Value, Rent and Income, 2000-2012

Waterloo	Median Gross Rent	Median Housing Value	Median Household Income	Cedar Falls	Median Gross Rent	Median Housing Value	Median Household Income
2000	\$644	\$90,129	\$46,983	2000	\$678	\$141,257	\$55,436
2012	\$635	\$102,400	\$41,275	2012	\$723	\$160,700	\$48,727
% Change 2000-2012	-1.4%	13.6%	-12.1%	% Change 2000-2012	6.6%	13.8%	-12.1%

Source: U.S. Census Bureau, 2000 Census (SF-3, H76, H63, P53), 2008-12 American Community Survey (B25077, B25064, B19013); BLS.gov

Note: All dollar amounts are 2012 inflation-adjusted.

**Figure 32**  
Percent Change in Housing Affordability Factors, 2000-2012



Source: U.S. Census Bureau, 2000 Census (SF-3, H76, H63, P53), 2008-12 American Community Survey (B25077, B25064, B19013); BLS.gov

# Sales Housing

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## ► Key Finding

The maximum affordable home purchase price for households in Waterloo and Cedar Falls earning the median income is less than the 2012 median sales price for a home.

## ► Key Finding

In both Waterloo and Cedar Falls, Blacks and Hispanics earning the median household income could not afford to buy a home selling for the median purchase price.

### Calculating Affordable Purchase Price

One method used to determine the inherent affordability of a housing market is to calculate the percentage of homes that could be purchased by households at the median income level. It is possible also to determine the affordability of the housing market for each racial or ethnic group in Waterloo and Cedar Falls. To determine affordability (i.e., how much mortgage a household could afford), the following assumptions were made:

- The mortgage was a 30-year fixed rate loan at a 4.0% interest rate,
- The buyer made a 10% down payment on the sales price,
- Principal, interest, taxes and insurance (PITI) equaled no more than 30% of gross monthly income,
- Property taxes were levied at 4.182%, and
- \$500 of additional consumer debt was assumed

Figure 33 details the estimated maximum affordable sales prices and monthly PITI payments for Whites, Blacks, Asians, and Hispanics.

### Affordable Purchase Price in Waterloo

In 2012, a household earning the median income in Waterloo could not afford a home selling for the median sales price of \$96,750. Black households had the lowest affordable purchase price of all racial/ethnic groups at \$23,750, or more than \$70,000 lower than the median sales price. This effectively restricts them from becoming homeowners. Hispanic households had an affordable purchase price of \$64,515, significantly lower than the median sales price. White households had a maximum affordable purchase price just slightly below the median sales price, while Asian households with the highest median household income had

an affordable purchase price more than \$50,000 higher than the median sales price.

### Affordable Purchase Price in Cedar Falls

Cedar Falls households earning the median income are equally unable to afford a home at the median sales price in 2012. Black households in Cedar Falls have an extremely low maximum affordable purchase price of just \$11,960, which eliminates them from homeownership opportunities. Hispanic residents have only a slightly higher affordable purchase price of \$25,200, still too low to buy a home.

White households earning the median household income could afford a home at \$125,360, almost \$20,000 less than the median sales price. Only Asian households earning the median household income of \$57,917 could afford to purchase a home in Cedar Falls at the median sales price of \$144,590.

The information on maximum affordable purchase price for both Waterloo and Cedar Falls is displayed in Figure 33.

**Figure 33**  
Maximum Affordable Purchase Price by Race/Ethnicity, 2012

Waterloo	Median Household Income	Mortgage Principal & Interest	Monthly Mortgage Payment Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Maximum Affordable Purchase Price
Waterloo Total	\$41,275	\$349	\$275	\$80	\$704	\$81,225
White Households	\$44,529	\$402	\$317	\$80	\$799	\$93,575
Black Households	\$26,140	\$102	\$80	\$80	\$262	\$23,750
Asian Households	\$58,611	\$632	\$498	\$80	\$1,210	\$147,050
Hispanic Households	\$36,875	\$277	\$218	\$80	\$575	\$64,515
2012 Median Sales Price: \$96,750*						

Cedar Falls	Median Household Income	Mortgage Principal & Interest	Monthly Mortgage Payment Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Maximum Affordable Purchase Price
Cedar Falls Total	\$48,727	\$518	\$324	\$80	\$922	\$120,460
White Households	\$49,900	\$539	\$337	\$80	\$956	\$125,360
Black Households	\$22,750	\$51	\$32	\$80	\$163	\$11,960
Asian Households	\$57,917	\$683	\$427	\$80	\$1,190	\$158,850
Hispanic Households	\$25,919	\$108	\$68	\$80	\$256	\$25,200
2012 Median Sales Price: \$144,590*						

\*Median Sales Price from PolicyMap.com. Based on annual data for 2012.

Sources: U.S. Census Bureau, 2008-12 American Community Survey (B19013, B19013A, B19013B, B19013I); PolicyMap.com; Calculations by Mullin & Lonergan Associates, Inc.

# Rental Housing

## ► Key Finding

Between 2000 and 2012, Waterloo lost 62.9% of its most affordable rental units, and Cedar Falls lost 63.4%.

## ► Key Finding

Minimum-wage and single-income households cannot afford a housing unit renting for the HUD Fair Market Rent in Waterloo and Cedar Falls.

### Loss of Affordable Rentals

Waterloo and Cedar Falls have both experienced a significant decrease in affordable rental units from 2000 to 2012. The total number of rental units in Waterloo increased 9.0% between 2000 and 2012; however, the number of lower-cost rental units with rents of less than \$500 decreased by 3,275, or 62.9%. The most expensive category of units, those costing \$1,000 or more, increased by 688, or 250.2%.

In Cedar Falls, the total number of rental units increased 13.0% while the number of lower-cost units decreased by 1,454 or 63.4%. As with Waterloo, Cedar Falls' most expensive rental stock increased by 898 or 236.3%. Although there are limitations with the data, it can be assumed that the majority of "losses" are the result of rental increases over a period of 12 years.

### Fair Market Rent and Affordability

The National Low Income Housing Coalition provides annual information on the Fair Market Rents (FMR) and affordability of rental housing in each HUD Metro FMR Area.

In the Waterloo-Cedar Falls area, the FMR for a two-bedroom apartment is \$624. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$24,960 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$12.

In Waterloo and Cedar Falls, a minimum wage worker earns an hourly wage of \$7.25. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 66 hours per week, 52 weeks per year. Alternatively, a household must include 1.7 minimum wage earners working 40 hours per week year-round in order to make the two-bedroom FMR affordable.

In Waterloo and Cedar Falls, the estimated average wage for a renter is \$10.09. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 48 hours per week, 52 weeks per year. Otherwise, working 40 hours per week year-round, a household must include 1.2 workers earning the average renter wage in order to make the two-bedroom FMR affordable.

**Figure 34**  
Loss of Affordable Rental Housing Units, 2000-2012

	Waterloo				Cedar Falls			
	2000	2012	# Change 2000-2012	% Change 2000-2012	2000	2012	# Change 2000-2012	% Change 2000-2012
Total	8,879	9,681	802	9.0%	4,405	4,977	572	13.0%
Less than \$500	5,208	1,933	-3,275	-62.9%	2,293	839	-1,454	-63.4%
\$500 to \$699	3,162	4,097	935	29.6%	1,352	1,400	48	3.6%
\$700 to \$999	600	2,688	2,088	348.0%	571	1,460	889	155.7%
\$1000 or more	275	963	688	250.2%	380	1,278	898	236.3%

Source: U.S. Census Bureau, 2000 Census (SF3, H62), 2008-2012 American Community Survey, (B25063)

# Housing Market Analysis

## Household Growth and Housing Availability

Previous analysis of household change has shown that Waterloo's growth has been minor, increasing 1.7% between 2000 and 2012. In comparison, Cedar Falls has grown 11.8%. While the number of minority households is growing in both Waterloo and Cedar Falls, both cities remain predominantly White, non-Hispanic. Increasing minority households, with lower median household incomes and lower homeownership rates, will alter both communities' housing needs.

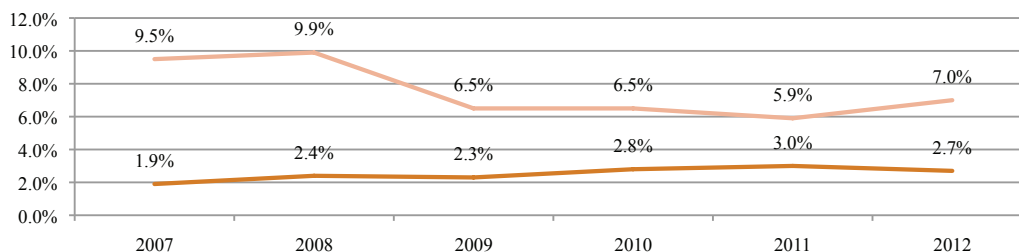
## Vacancy

In Waterloo, homeowner vacancy rates and rental vacancy rates show different patterns of change over the last decade. Rental vacancy rates fell sharply between 2008 and 2009 before stabilizing and slightly increasing between 2011 and 2012. This is consistent with national trends showing a tightening rental market as a result of the recession. The 2012 vacancy rate of 7.0% is relatively healthy, allowing mobility among renters.

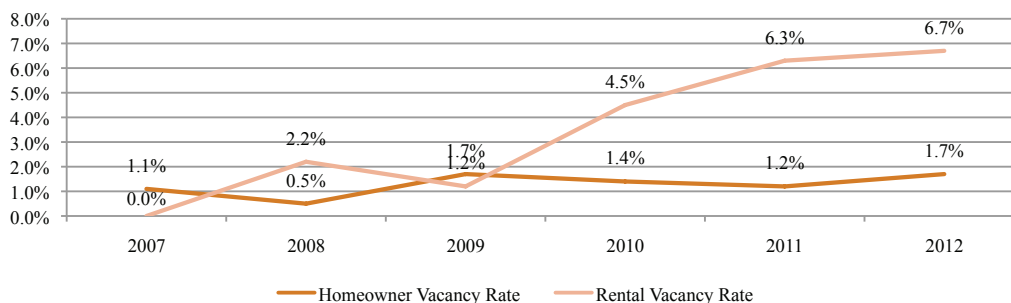
Homeowner vacancy rates have increased steadily since 2007 before a slight decline

**Figure 35**  
Vacancy Rate, 2007-2012

### Waterloo



### Cedar Falls



Sources: U.S. Census Bureau, 2005-07 American Community Survey, 2006-08 American Community Survey, 2005-09 American Community Survey, 2006-10 American Community Survey, 2007-11 American Community Survey, 2008-12 American Community Survey, (DP04).

### ► Key Finding

With homeowner vacancy rates of 2.7% in Waterloo and 1.7% in Cedar Falls, both cities have tight markets for single-family homes. This situation tends to exert upward pressure on sales prices.

between 2011 and 2012. The 2.7% homeowner vacancy rate remains tight for single-family housing.

In Cedar Falls, the rental vacancy rate has slowly climbed to a more sustainable rate since 2007 when the rate stood at 0%. Such a low vacancy rate was unsustainable and only recently has the vacancy rate risen to a level that is healthy.

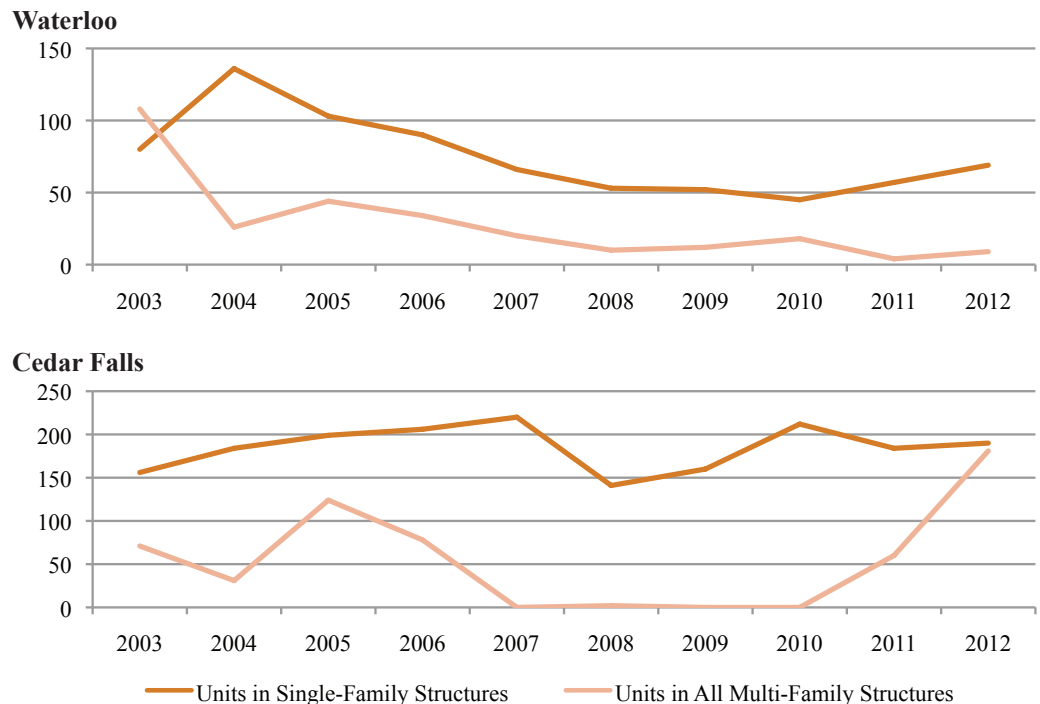
The homeowner vacancy rate in Cedar Falls has remained between 1% and 2% since 2008. Similar to Waterloo, this is an extremely tight homeownership market.

### Building Permits

In Waterloo, data on building permits for single-family homes is largely inconsistent with national trends. Generally, the national recession and collapse of the housing market caused single-family building permits to drop dramatically beginning in 2008. In Waterloo, however, single family building permits began a fairly steady decline from their peak in 2004 before bottoming out in 2010 and beginning a steady increase.

Also inconsistent with national trends, there has not been a major spike in building permits for

**Figure 36**  
Building Permits, 2003-2012



Source: HUD, State of the Cities Data System, 2014



multi-family units in Waterloo in the aftermath of the recession. In many communities, the housing collapse made home purchases infeasible, forcing many would-be homebuyers to rent their home. This has led to a construction boom among apartments in many places. Because of Waterloo's high rental vacancy rate heading into the recession, any increase in renters has largely been absorbed by the existing stock.

Cedar Falls' permit data is more consistent with national housing trends. The collapse of the housing market is evident by a sharp decline in building permits for single-family homes between 2007 and 2008, followed by a slow climb. Recent permit data shows the number of single-family building permits levelling off.

Also consistent with national trends is the uptick in multi-family building permits following the recession. Developers in Cedar Falls have responded to an increase in renters with new apartment buildings in the city.

# Records of Housing Discrimination



# Records of Housing Discrimination

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This section analyzes the existence, prevalence, and details of fair housing complaints or compliance reviews where a charge of discrimination in the housing market has been made. Additionally, this section reviews the existence of any fair housing discrimination suits or housing-related concerns filed by either the United States Department of Justice or any private plaintiffs.

Citizens of Waterloo and Cedar Falls can receive fair housing services from a variety of local agencies, the most prominent of which are the Waterloo Commission on Human Rights and the Cedar Falls Human Rights Commission. These groups provide education and outreach, distribute educational materials, sponsor community events to recognize diversity as a positive community asset, process fair housing complaints, and in some cases investigate complaints regarding alleged discrimination complaints within the community.

## Existence of Fair Housing Complaints

In any given community, the number of fair housing complaints may significantly under-represent the actual occurrence of housing discrimination. There are several reasons for this trend. Firstly, persons who are discriminated against may not file complaints because they are not aware that discrimination is against the law and that legal solutions exist to address the issue. Secondly, persons discriminated against may understand that discrimination is illegal, but are unaware of where or how to file a complaint. Thirdly, persons who are discriminated against may prioritize their objective of finding decent housing, and prefer to avoid expending the time and energy necessary to file and follow through with a housing complaint. According to the Urban Institute, 83% of those who experience housing discrimination do not report it because

they feel that nothing will be done. Therefore, education, information, and an effective referral system regarding fair housing issues remain critical in order to equip persons with the ability to understand and report discriminatory practices and impediments to fair housing.

## Fair Housing Testing in the Cities of Waterloo and Cedar Falls

Testing is the practice of sending pairs of people into the same situation in order to determine the presence of discrimination. In the context of fair housing, pairs of people—one person being a member of a protected class and one not being a member of a protected class—are sent to look for housing in the same community to determine whether the landlord offers equal treatment to both. Examples of discriminatory behavior include the amount of time a housing provider spent with each tester, the courtesies extended, the terms offered, the number of units shown, the location of units suggested, the type of questions asked by the housing provider, the documentation requested, the follow-through of the housing provider, the comments made, and any attempts at steering. Testing may be conducted on any protected class characteristics, but may focus on members of the community that have reported increased discrimination or groups that have been increasing in population.

Testing on fair housing practices last occurred in the City of Waterloo in April 2008. HUD authorized a \$25,000 grant to the Iowa Civil Rights Commission, which was engaged to perform non-punitive testing on familial status and race. Landlords were informed in advance that the tests would occur through notices in the local newspaper. The Iowa Civil Rights Commission selected 20 available rental units at random from advertising in the local newspaper to test through phone conversation. Of the 20 tests, six (30%) indicated evidence of possible discrimination. Four of these instances were on the basis of race, one instance was on the basis of familial status, and one instance on the basis of both race and familial status. As a result of the testing project, the City of Waterloo Commission on Human Rights initiated a complaint against one of the housing providers. The Iowa Civil Rights Commission followed up on these results by working with the local landlord organization to broaden the landlords' understanding of fair housing requirements at the local, state, and federal levels.

Testing has not been conducted since 2008, despite stakeholder claims that landlords frequently engage in steering, particularly steering towards Cedar Falls and away from Waterloo.

### **Local Involvement in Fair Housing Lawsuits**

Neither the City of Waterloo nor the City of Cedar Falls are involved in any housing discrimination lawsuit, nor is there any pending unlawful segregation order involving either City.

# Review of Public Sector Policies



# Public Sector Policies

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This section analyzes the impediments to fair housing choice in the public sector. This includes any and all policies, practices, or procedures that restrict housing choices or the availability of housing choices based on race, color, religion, sex, disability, familial status, or national origin. In Waterloo and Cedar Falls, protection is also extended to persons based on pregnancy, creed, sexual orientation, and gender identity. Policies, practices, and procedures that appear neutral but indirectly and/or unintentionally operate to deny or adversely affect the provision of housing to members of these protected classes still constitute impediments to fair housing choice.

The analysis of impediments is a review of impediments to fair housing choice. Impediments to fair housing choice are defined by HUD as any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin. These seven classes are known as “protected classes”, and policies, practices, or procedures that operate to deny or adversely affect the provision of housing based upon these classes may constitute such impediments. This includes policies, practices, or procedures that appear neutral or unintentionally have discriminatory consequences.

A critical component of the analysis of impediments is an examination of public policy in terms of its impact on housing choice. This section evaluates public policy in the cities of Waterloo and Cedar Falls in order to determine opportunities for expanding fair housing choice.

## **Policies Governing Investment of Funds for Housing and Community Development**

Housing choice can be affected by the manner in which public staff and financial resources are allocated to housing-related projects. Furthermore, the decline in federal funding opportunities for affordable housing for lower-income households has shifted much of the challenge of affordable housing production to state, county, and local governments. This situation means that local policy and investment is an increasingly important component of fair housing.

The recent Westchester County, NY fair housing settlement reinforces the importance of expanding housing choice in areas outside of high-poverty areas and/or racially concentrated areas. Westchester County violated its cooperation agreements with local units of government that prohibit the expenditure of CDBG funds for activities in communities that do not affirmatively further fair housing within their jurisdiction or otherwise impede the County’s action to comply with its fair housing certifications. While local public policy within the Cities of Waterloo and Cedar Falls do not offer a comprehensive solution to desegregation within their own jurisdictions, it must ensure that its entitlement funds are applied in ways that are consistent with this goal and affirmatively further fair housing.

The City of Waterloo and City of Cedar Falls both receive federal entitlement funds from HUD in the form of:

**Community Development Block Grant (CDBG):** The primary objective of this program is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, primarily for low and moderate-income persons. Funds can be used for a variety of activities, including: housing rehabilitation,



homeownership assistance, lead-based paint detection and removal, construction or rehabilitation of public facilities and infrastructure, removal of architectural barriers, public services, rehabilitation of commercial or industrial buildings, and loans or grants to businesses.

#### **HOME Investment Partnerships Program**

**(HOME):** The HOME program provides federal funds for the development and rehabilitation of affordable rental and ownership housing for low and moderate income households. HOME funds can be used for activities that promote affordable rental housing and homeownership by low and moderate-income households, including reconstruction, moderate or substantial rehabilitation, homebuyer assistance, and tenant-based rental assistance. The Cities of Waterloo and Cedar Falls have formed a HOME Consortium, which allows governments that would not otherwise qualify for funding to join with contiguous units of local government to meet the minimum threshold for funding. The representative and lead entity is the City of Waterloo, and as such, the City of Waterloo assumes overall responsibility for compliance with the HOME Program requirements.

#### **Neighborhood Stabilization Program 3**

**(NSP3) (Waterloo only):** The NSP3 program provides funding to areas with high levels of foreclosure and abandonment. The program funds the purchase and redevelopment of foreclosed and/or abandoned residential properties. These funds may benefit households whose income is up to 120% of the area median. These funds will directly benefit the geographic area with many high cost loans, particularly in Census tracts 7, 8, 18, and 19 (high cost loans

were listed as an impediment identified in the 2009 analysis of impediments).

In FY2013, the City of Waterloo received \$1,190,399 in CDBG funding and \$435,368 in HOME funding. Additionally, the City of Waterloo received \$850,570 in NSP3 funding in FY2012. This represents approximately an 11% decrease in CDBG funding and 14% decrease in HOME funding from FY2011. The City of Cedar Falls received \$265,976 in CDBG funding in FY2013, with additional money carrying over from flood relief funds. In FY2015, Waterloo expects to receive \$1,010,471 in CDBG funding and \$424,712 in HOME funding. Cedar Falls expects to receive approximately \$250,000 in CDBG funding and \$50,000 in HOME funding in FY2015. These allocations represent large cuts in recent years that reflect nationwide reductions in funding distributed through HUD programs.

The Waterloo-Cedar Falls Consortium's Five-Year Consolidated Plan for 2015 prioritizes increasing affordable housing, reducing discriminatory barriers, investment in community development activities, and integrating low and moderate-income residents throughout the city. Households with low income (less than 50% of median area income) extremely low income (less than 30% of median area income), and special needs individuals were identified as segments of the community facing the greatest challenges and should therefore receive high priority in the expenditure of federal funds. This includes at-risk children and youth, low-income families, the homeless, persons threatened with homelessness, the elderly, and persons with disabilities.

A critical aspect of CDBG and HOME funding is addressing racial or ethnic groups in low-income categories that have a disproportionately greater need than the needs of that income category as a whole. When examining housing needs using HUD CHAS data, the 2015 Consolidated Plan identified the following categories:

*Disproportionately Greater Need: Housing Problems*

- Black households: low-income and moderate-income
- Asian households: moderate-income
- American Indian and Alaska Native households: extremely low income (small sample size)

*Disproportionately Greater Need: Severe Housing Problems*

- Asian households: moderate-income
- Hispanic households: moderate-income

*Disproportionately Greater Need: Housing Cost Burden*

- Pacific Islander households with housing cost burden paying under 30% of income on housing
- Black/African American households paying between 31-50% of income on housing
- Asian and American Indian and Alaska Native households with household cost burden paying above 51% of income on housing

The new 2015-2019 Waterloo/Cedar Falls HOME Consortium's Five-Year Consolidated Plan and 2015 Annual Action Plan for Housing and Community Development emphasizes similar priorities. This plan identifies a wide variety of high-priority needs, particularly providing affordable housing options. This will help the Waterloo-Cedar Falls HOME Consortium address the rising gap between increased housing costs and stagnant local incomes. The Waterloo-Cedar Falls HOME Consortium plans to address the area's affordable housing needs through:

Single-family rehabilitation programs

- Emergency repair program for owner-occupied housing units
- Low Income Housing Tax credit program
- Community Development Down Payment Assistance program for low-income and very low-income first-time homebuyers, particularly in the Consolidated Urban Revitalization Area (CURA) in Waterloo
- Operation Threshold: Foreclosure Prevention Program
- Operation Threshold: Weatherization-Plus Program
- Operation Threshold: Tenant-Based Rental Assistance Program
- Iowa Heartland Habitat for Humanity Program
- Consumer credit counseling services
- Exploring the feasibility of establishing additional transitional housing and/or permanent supportive housing facilities.

The Five-Year Consolidated Plan bases these factors on a comprehensive analysis to determine local needs based on available data indicators and community outreach. Housing needs continue to be a top priority in the Waterloo-Cedar Falls area, and were also a priority in the previous Five-Year Consolidated Plan.

CDBG dollars in the past have blended with funding from FEMA and special CDBG-DR (disaster recovery) to provide relief for flood victims and alleviate the infrastructure problems caused by the 2008 flooding. Almost all of the recovery money has been spent, and only a few demolitions are left to be completed.

Waterloo and Cedar Falls typically provide fair housing activities such as education, outreach, complaints investigation, and testing through the Iowa Civil Rights Commission. Each city also maintains their own Human Rights Commission.

### **Project Proposal and Selection**

In the City of Waterloo, the Community Development Department is responsible for the administration of the CDBG grant program, as well as the development of its Consolidated Plan, Annual Action Plan, and Consolidated Annual Performance and Evaluation Report (CAPER) documents. In the City of Cedar Falls, the CDBG program is significantly smaller and administered by the Department of Developmental Services. The Waterloo-Cedar Falls HOME Consortium manages jointly HOME funding. Homelessness-related programs and projects are managed by the Black Hawk County Local Homeless Coordinating Board (LHCB), which serves as the region's Continuum of Care organization.

## Appointed Boards and Commissions

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The sensitivity to and prioritization of fair housing issues in a community is often determined by those in positions of public leadership. Housing needs, goals, and objectives are often evaluated by board members and directorships in a network of agencies, groups, and individuals involved in housing matters. Expanding fair housing choice requires a team effort, and adequate public leadership is a prerequisite to strategic action.

In order to affirmatively further fair housing, the Cities of Waterloo and Cedar Falls should continue to monitor and promote participation by members of the protected classes in public decision-making bodies. Therefore, members of the protected classes should be adequately represented on boards and commissions that influence issues related to housing and land use in Waterloo and Cedar Falls. The following boards and commissions were identified as influencing issues related to fair housing and land use:

### **Cedar Falls Human Rights Commission**

The Cedar Falls Human Rights Commission receives, investigates, and conciliates complaints alleging unlawful discriminatory practices in Cedar Falls. Appointments to this 10-member commission are made in consideration of representing a variety of protected classes. As of April 2014 the Commission consisted of two white males, four white females, two black males, and one Asian male. Two of the members of the Commission reported a disability.

### **Waterloo Commission on Human Rights**

The City of Waterloo Commission on Human Rights was formed in 1968 with the adoption of the City's Fair Housing Ordinance. In the interest of interjecting fair housing into other policy initiatives of the City, a member of the Waterloo Commission on Human Rights sits on the City's Planning and Zoning Commission. The stated mission of the Commission is to promote and protect the personal dignity of all Waterloo citizens and eliminate any discriminatory barriers that prevent them from reaching their full productive capacities. The Commission seeks to make compliance and education a meaningful and visible strategy towards the elimination of the effects of discriminatory practices in Waterloo. Periodic highlights and quarterly reports are published and distributed regularly. The Commission has received funding through HUD's Fair Housing Assistance Program (FHAP) since 2001. Membership on the Commission was racially diverse and consisted of four white males, one white female, and three black females. None of the Commission members reported a disability.

### **Waterloo Community Development Board**

The mission of the Waterloo Community Development Board is “to seek, through the administration of the Department of Housing and Urban Development Community Development Block Grant Program, other federally funded programs and other funding, the development of a viable community by assisting in the provision of decent, safe housing in a suitable living environment; expanded employment opportunities through economic development activities; to aid in the prevention or elimination of slum and blighted areas within the City; and to meet other urgent Community Development needs. Further, the Waterloo Community Development Board will coordinate with local officials and other agencies and funding sources to make the most of our resources”. As of April 2014, the Community Development Board had seven members. Membership was racially diverse and included three white males, two white females, one black male, and one black female. None of the members reported disabilities.

### **Cedar Falls Housing Commission**

The Cedar Falls Housing Commission is comprised of seven members and acts in an advisory capacity to City Council on special projects designed to meet the affordable housing needs of low income families, the elderly, and persons with disabilities. The Commission initiates and examines proposals for the improvement of housing conditions in the City and, when necessary, makes specific recommendations to City Council. As of April 2014 the Commission consisted of three white males, three white females, and one black male. One of the Commission members reported a disability.

**Waterloo Planning, Programming, and Zoning Commission**

The City of Waterloo's Planning, Programming and Zoning Commission (PP&Z) serves as an advisory body to City Council, primarily responsible to provide for the orderly growth and development of the community through the systematic development of a comprehensive plan and implementation program. Waterloo's PP&Z Commission consists of eight members, including representatives of the school board, human rights commission, and the community development board alongside six citizens of the City. As of April 2014 the board was composed of four white males, three white females, and one black male. None of the board members reported a disability.

**Waterloo Zoning Board of Adjustment**

The City of Waterloo's Zoning Board of Adjustment is comprised of five members, primarily responsible for granting variances from any requirements of the City's zoning ordinance and for hearing appeals of decisions made by planning and zoning staff. As of 2014 the board was composed of two white males and three white females. None of the board members reported a disability.

**Cedar Falls Planning and Zoning Commission**

The Planning and Zoning Commission in Cedar Falls is a nine-member board appointed by City Council, primarily responsible for the review and approval of all zoning ordinance revisions, preliminary and final plats, rezoning requests, public right of way vacation, easement vacations, development site plans and street naming requests. As of April 2014, the Commission consisted of five white males and four white females. None of the Commission members reported a disability.

**Cedar Falls Zoning Board of Adjustment**

The Board of Adjustment in Cedar Falls includes seven members appointed by City Council, serving as a quasi-judicial body that provides relief from interpretations of the City's zoning ordinance, through review of applications pertaining to a variance or a special exception permit. As of April 2014 the board consisted of four white males and three white females. None of the board members reported a disability.

### Summary of Representation Levels

Across all housing-related boards and commissions described here for Cedar Falls, 29 out of 33 total members, or 87.8%, are white. Three black members represented 9% of boards and commissions, which is slightly higher than the 2.4% population share within Cedar Falls. One Asian member represents 3% of boards and commissions, roughly equivalent to the 2.2% population share of Asians within Cedar Falls. There were 18 males (54.5%) and 15 females (45.4%) represented on the boards and commissions of Cedar Falls, indicating that males are slightly overrepresented.

Across all housing-related boards and commissions described here for Waterloo, 30 out of 37 total members, or 81%, are white. This is slightly over the City's share of 78.3%. Seven of the 37 total members, or 18.9%, were black. This is slightly over the 15.2% population share of blacks within the City of Waterloo. There were 21 males (56.7%) and 16 females (43.2%) on all boards and commissions, indicating that males are slightly overrepresented. No board members had a disability, indicating inadequate representation of disabled persons on housing-related boards and commissions.

One board member in Waterloo was ethnically Bosnian, representing the small Balkan community in the area. Hispanics were underrepresented within both Waterloo and Cedar Falls housing-related boards and commissions, with no members serving on any boards.

# Language Accommodation

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HUD's guidance relative to Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency", stipulates that a community can achieve compliance by providing certain services for limited English proficiency (LEP) language groups with more than 1,000 persons or 5% of the population to be served. As noted in an earlier section of this report no language group exceeds 1,000 speakers or 5% of the population. Although there is no requirement to develop a Language Access Plan (LAP) for persons with LEP, HUD entitlement communities are responsible for serving persons with LEP in accordance with Title VI of the Civil Rights Act of 1964. Preparation of a LAP is the most effective way to achieve compliance.

The Waterloo-Cedar Falls HOME Consortium leaves language accommodation to the discretion of individual departments, which conduct outreach and inclusion efforts appropriate to the populations they serve. However, a dedicated outreach specialist is absent from either City's staff. Even if materials in one's native language are accessible, the absence of someone who speaks your language represents a barrier to accessing programs and services.

To determine the extent to which it is adequately reaching and serving its target populations, the Community Development Departments in Waterloo and Cedar Falls should complete an LAP. An LAP involves a four-factor analysis to evaluate the need for translation and/or other accommodations based on four factors:

- The number of people or persons with LEP to be served or likely to be encountered by the program
- The frequency with which persons with LEP come into contact with the program
- The nature and importance of the program, activity, or services provided by the program, and
- Resources available to the grantee versus costs of language accommodation

Given the high growth rate of the Hispanic population within the study area, completing a four-factor analysis before language accommodation issues arise may be beneficial for community development and planning.



# Zoning

In Iowa, the power behind land use decisions resides with municipal governments through the formulation and administration of local controls. These include comprehensive plans, zoning ordinances and subdivision ordinances. The zoning ordinances of both cities were reviewed to identify provisions that may potentially impede fair housing choice. The analysis was based on topics raised in HUD's Fair Housing Planning Guide, which include:

- The opportunity to develop various housing types (including apartments and housing at various densities)
- The opportunity to develop alternative designs (such as cluster developments and planned residential developments)
- The treatment of mobile or modular homes, and if they are treated as stick-built single family dwellings
- Minimum lot size requirements
- Dispersal requirements and regulatory provisions for housing facilities for persons with disabilities (i.e. group homes) in single family zoning districts
- Restrictions on the number of unrelated persons in dwelling units based on the size of the unit or the number of bedrooms.

It is important to consider that the presence of inclusive zoning does not necessarily guarantee the fairness of a zoning ordinance.

## Age of Ordinance

Generally speaking, the older a zoning ordinance, the less effective it will be. Older zoning ordinances have not evolved to address changing land uses, lifestyles, and demographics. However, the age of the zoning ordinance does not necessarily mean that the regulations impede housing choice by members of the protected classes.

## Waterloo

The City's zoning ordinance was adopted in 1969 and was last amended in 2013.

## Cedar Falls

This zoning ordinance originated in 1970 and has been amended numerous times since then. It was last amended in 2013. However, the Cedar Falls Planning and Zoning Commission has been investigating and planning for a major overhaul of the zoning code within the next few years.

## Residential Zoning Districts

The number of residential zoning districts is not as significant as the characteristics of each district, including permitted land uses, minimum lot sizes, and permitted housing types. However, the number of residential zoning districts is indicative of the municipality's desire to promote and provide a diverse housing stock for different types of households at a wide range of income levels.

### *Waterloo*

The City has a total of six residential zoning districts. They include:

- R-R, Rural Residence District
- R-1, Residence District
- R-2, One and Two Family Residence District
- R-3, Multiple Residence District
- R-4, Multiple Residence District, and
- R-P, Planned Residence District.

The City also has three non-residential zoning districts in which residential structures are permitted. They include:

- A-1, Agricultural District
- C-2, Commercial District, and
- C-P, Planned Commercial District.

### *Cedar Falls*

The City has a total of eight residential zoning districts. They include:

- R1-SF, Single-Family Residence District
- R-1, Residence District
- R-2, Residence District
- R-3, Multiple Residence District
- R-4, Multiple Residence District
- R-5, Residence District
- R-P, Planned Residence District, and
- MU, Mixed Use Residential District.

The City also has three non-residential zoning districts in which residential structures are permitted. They include:

- C-1, Commercial District
- C-2, Commercial District, and
- C-3, Commercial District.

The built-out status of Waterloo and Cedar Falls have limited the amount of developable land overall. Stakeholders cite difficulty in obtaining available sites for affordable housing as a common barrier to development. However, infill, redevelopment, and adaptive reuse of space (particularly former school sites) have facilitated the creation of additional housing units. The dominant housing type constructed is detached single-family, both renter and owner-occupied.

### **Permitted Residential Lot Sizes**

Because members of the protected classes are often also in low income households, a lack of affordable housing may impede housing choice by members of the protected classes. Excessively large lot sizes may deter development of affordable housing. A balance should be struck between areas with larger lots and those for smaller lots that will more easily support creation of affordable housing. Finally, the cost of land is an important factor in assessing affordable housing opportunities. Although small lot sizes of 10,000 square feet or less may be permitted, if the cost to acquire such a lot is prohibitively expensive, then new affordable housing opportunities may be severely limited, if not non-existent.

### *Waterloo*

In Waterloo, new single family housing development can occur on lots as small as 6,000 square feet if the dwelling unit is a single family unit located in the R-2, R-3 or R-4 districts. A slightly larger minimum lot size of 9,000 square feet is required in the R-1 district for the same type of dwelling. Minimum lot sizes continue to increase up to 8,000 or 10,000 square feet in these same districts. (The largest minimum lot size requirement is three acres in the A-1 district.) The smaller minimum lot size of 6,000 square feet is of a size small enough to provide opportunities for affordable housing within the City. For multi-family housing development, the minimum lot size is 6,000 square feet for a two-family dwelling in the R-2, R-3 or R-4 districts. The small minimum lot size per dwelling unit in the multi-family residential districts is also small enough to provide affordable housing opportunities in Waterloo.

*Cedar Falls*

The smallest minimum lot size on which a new home can be constructed in Cedar Falls is 4,000 square feet if located in an R-2, R-3 or R-4 district. The range extends up to 10,000 square feet in the R-1 and R-3 districts. Significantly larger lot sizes are required in the R-5 district. For multi-family housing development, the minimum lot size is 10,000 square feet in the R-3 district and 8,000 square feet in the R-4 district. These ranges provide a variety of choice for new affordable housing development in Cedar Falls. According to the City planning director, newer subdivisions include 12,000-square foot lots. However, the older Cedar Heights neighborhood (circa 1930-1940), comprised of smaller lots, remains a highly marketable and stable residential neighborhood.

**Definition of Mobile Home**

Defining the use of mobile homes differently or restricting their location to areas other than those where stick-built single family housing is permitted does not specifically impede housing choice by members of the protected classes. However, there is a correlation between low income households and members of the protected classes. By limiting a low cost housing option, restrictions on mobile homes may disproportionately impact members of the protected classes.

*Waterloo*

The City's zoning ordinance includes the definitions for manufactured home, modular home and mobile home. A manufactured home is defined as a factory-built structure meeting the specifications of the National Manufactured Home Construction and Safety Standards Act of 1974. In Waterloo, manufactured homes are subject to the same standards as site-built dwellings. Furthermore, a mobile home is considered a manufactured home if it has been converted to real property and is taxed as a site-built dwelling. A modular home is a factory-built dwelling that meets the Iowa State Building Code; in Waterloo, this type of dwelling is also subject to the same standards as a site-built dwelling.

*Cedar Falls*

The zoning ordinance includes definitions for factory-built housing, manufactured home, mobile home, and modular home. Factory-built housing is defined as any dwelling unit constructed in a manufacturing facility and includes mobile homes, manufactured homes, and modular homes. Manufactured homes, modular homes (once certified by the State), and mobile homes (once converted to real property and taxed as a site-built dwelling) are all regulated as site-built single-family dwelling units in the zoning ordinance.

### Definition of Family

Restrictive definitions of family may impede unrelated individuals from sharing a dwelling unit. Defining family broadly advances non-traditional families and supports the blending of families who may be living together for economic purposes. Restrictions in the definition of family typically cap the number of unrelated individuals that can live together. These restrictions can impede the development of group homes, effectively restricting housing choice for the disabled. However, in some cases, caps on unrelated individuals residing together may be warranted to avoid overcrowding, thus creating health and safety concerns.

Both Waterloo and Cedar Falls define family as “one or more persons occupying a single dwelling unit, provided that unless all members are related by blood, marriage, or adoption, no such family shall contain over four (4) persons.”

In both instances, the reason for limiting the number of unrelated persons is to prevent the overcrowding of students in single family homes, although exchange students and children in foster care are exempted. Effectively, the definition means that a household containing more than four unrelated people may not live together. This is especially noteworthy in Cedar Falls, home to the University of Northern Iowa. Many communities that are home to students seeking off-campus housing use a cap on the number of unrelated individuals living together in an attempt to regulate student housing and preserve stable neighborhoods surrounding a college campus. However, this restriction also adversely affects those living in non-traditional families or vulnerable populations who may suffer from increased housing costs and be priced out of the community.

### Regulation of Group Homes for People with Disabilities

Group homes are residential uses that do not adversely impact a community. Efforts should be made to ensure group homes can be easily accommodated throughout the community under the same standards as any other residential use. Of particular concern are those that serve members of the protected classes such as the disabled. Because a group home for the disabled serves to provide a non-institutional experience for its occupants, imposing conditions are contrary to the purpose of a group home. More importantly, the restrictions, unless executed against all residential uses in the zoning district, are an impediment to the siting of group homes in violation of the Fair Housing Act.

Waterloo and Cedar Falls define and regulate group home slightly differently. Waterloo separates group homes into “Voluntary Supervised”, “Voluntary Unsupervised”, and “Involuntary Supervised”, while Cedar Falls does not make this distinction. Waterloo allows some group homes by right, while some are allowed by special permit and some are allowed by state code. For R-3 districts in Waterloo—which constitutes a significant share of the City’s geographic area—group homes must obtain approval of a special permit by the Board of Adjustment after review by the Commission [Ordinance 4554]. Regardless of type, all group homes must be located at least 600 feet from a one-family or two-family home and 1,000 feet from any other school, adult use, other group home, or other halfway house [Ordinance 4554]. Cedar Falls allows group homes in every district and does not require a special permit or additional administrative processing.

Waterloo has three classifications for group homes, and in addition has a separate land use for a “Family Home.” Family homes in both Waterloo and Cedar Falls are referred to as single family dwelling units providing care for the mentally retarded under Iowa Code Chapter 135C or as a child foster care facility under Iowa Code Chapter 137 to provide room and board, personal care, rehabilitation services, and supervision within a family home for not more than eight mentally retarded individuals. In both communities, this type of land use also refers to homes for other individuals protected by the Fair Housing Act.

Both cities permit group homes by-right in all single family residential districts without placing additional regulatory restrictions on the land use. Because group homes are classified by their own unique land use, applicants for group homes are not subject to the four-person cap enforced for unrelated individuals without disabilities.

When restrictions such as these exist in communities, it is typically for the purpose of avoiding the saturation of more affordable neighborhoods with group homes. However, eliminating all properties within 600 feet of an existing group home for consideration significantly limits housing choice for people with physical and mental disabilities, because this provision applies only to unrelated persons with disabilities living together as a household but not to unrelated persons without disabilities.

The issue of siting group homes was at the heart of a 2007 settlement between Sarasota County, Florida and the US Department of Justice.

The settlement resulted from multiple lawsuits charging that the County’s 2004 decision not to allow multiple group homes on the same street amounted to discrimination. While the County cited a policy to avoid concentration of community residential homes, the Department of Justice contended that the enforcement of state law was inappropriate, as these should be “family” homes not requiring licensing or separation. The settlement did not constitute an admission of wrongdoing, but the County agreed to pay \$760,000 in damages and implement additional fair housing training, procedures, and monitoring.

### **Nuisance Premises Ordinance**

Waterloo's Chronic Nuisance Property ordinance, amended by the City Council in 2013, empowers the Police Department to hold landlords, managers, and building owners accountable for encouraging or permitting criminal activity on their properties. It allows the Waterloo Police Department to deem a property to be a "nuisance property" after it generates three calls for police service in one year that result in an arrest, probable cause for an arrest, a citation, or a warning. Once a property is declared a nuisance, the property owner is mailed a letter requiring them to submit a written plan of action to abate the nuisance. Failure to submit the plan within 10 days results in a \$100 fine and a charge of \$50 per hour of police service for any future calls made to the property.

Despite being well-intentioned, this ordinance creates strong incentive for landlords to evict entire tenant households whenever a tenant, household member, guest, or other person on-site is accused of criminal or other nuisance activity. Results from the Shriver National Center on Property Law in its August 2013 report "The Cost of Being Crime Free" indicate that the threat of eviction or other penalties as a result of calls to the police can deter crime victims, especially victims of domestic violence, from seeking assistance or reporting crimes. Importantly, calls from victims of domestic violence are exempted from this ordinance. However, victims of domestic violence may not be aware of this exemption and still be deterred from seeking the help they need in an emergency situation.

Additionally, maintaining such an ordinance allows for discriminatory enforcement practices that target certain tenants and/or properties for reasons that may not be legitimate. The Shriver Report also concludes that such nuisance ordinances may violate fair housing laws because members of the protected classes are disproportionately likely to experience the harmful impact of these ordinances. The City of Waterloo should conduct a detailed review of its Nuisance Premises Ordinance to determine whether its enforcement is inconsistent with applicable fair housing laws.

## **Rental Inspection Ordinance**

### *Waterloo*

In early 2013 an extensively debated ordinance in Waterloo was approved by City Council. Key components of this ordinance include required landlord licensing, registration of all rental units, a required inspection every three years instead of the previous five, and mandated that lease agreements include a “crime-free addendum”, making it easier for landlords to evict problematic renters. Landlords are also required to submit information about tenants. An older ordinance from 1994 states that units that receive two substantiated complaints regarding Housing Code violations will be put on an annual inspection schedule for three years.

Although Waterloo City Council did adopt a related complimentary protective ordinance making it illegal for landlords to evict victims of domestic abuse who called the police or created disturbance, requiring a “crime-free addendum” to be added onto the lease makes bystanders in these households more vulnerable to the actions of a single problematic tenant. Many of these bystanders may be children or unsuspecting family members. Because landlords must pay for each additional police call after three calls to the same property, it creates an even stronger incentive to evict problem tenants.

### *Cedar Falls*

Recently, the City of Cedar Falls initiated a Rental Housing Inspection Program in which all rental units are inspected. As part of the enforcement mechanism, the City places the burden of tenant behavior on the landlord and will assess points against a landlord’s rental license rather than penalize a disruptive tenant. If a landlord loses his license, he can no longer rent properties in Cedar Falls. This is a central issue in the city where many of the UNI students live in off-campus housing.



# Public Housing and Voucher Programs

## Waterloo

Waterloo Housing Authority serves the City of Waterloo. WHA has 1,056 authorized vouchers with 1,000 vouchers issued. The waiting list is currently open, although there are currently 2,900 applicants on the waiting list, translating to approximately a 4.5 year wait for new applicants. Out of 27 vouchers issued by WHA, only 7 will typically be able to find housing. WHA qualifies 80 people off its waiting list every other month. Out of this number, 40 will qualify for a voucher but only 20 will find a housing unit to rent.

WHA has a Section 8 homeownership program, which allows the tenants to purchase a home with their Section 8 voucher. The home ownership option is limited to 3% of the total Section 8 voucher program budgeted by WHA in any fiscal year. This excludes disabled or elderly families. This program strengthens home ownership amongst members of the protected classes in Waterloo.

Based on data provided by the City's Consolidated Annual Performance and Evaluation Report (CAPER), the racial and gender breakdown of total tenants served by WHA in FY2013 is included in Figure XX below.

Relative to the City of Waterloo, black households are significantly overrepresented in public housing, accounting for 65.58% of tenant households but only 15.2% of the total households in WHA's service area. Female-headed households are also significantly overrepresented, many of whom are likely to be single mothers. According to the WHA executive director, WHA does not have a problem attracting landlords to the Section 8 program, most landlords are willing to make modifications to accommodate the needs of voucher holders with disabilities, and keep their rental units in good condition.

WHA also owns and manages Ridgeway Towers, a 50-unit senior development with 48 one-bedroom units and 2 two-bedroom units. Eligible tenants must be at least 62 years of age and meet income guidelines set by HUD. All units are currently occupied. Tenants are expected to pay 30% of their monthly income, after adjustment for medical expenses, and utilities are furnished. Additional services include blood pressure screening and various on-site exercise/physical health programs. A bus stop is in very close proximity to Ridgeway Towers, providing seniors with access to public transportation. WHA does not have a preference policy for admissions to this facility.

	Hispanic	White	African-American	Asian	American Indian	Male Head of Household	Female Head of Household
Total # in WHA	6	308	608	1	4	145	857
Percentage in WHA	0.64%	33.22%	65.58%	0.1%	0.43%	14.47%	85.52%
Percentage in City of Waterloo	5.5%	78.3%	15.2%	1.4%	0.2%	N/A*	N/A*

*\*Within the City of Waterloo 40.3% of households are married couples living together. 14.9% had a female householder with no husband present and 5.1% had a male householder with no wife present. In addition, 39.8% of households are non-families.  
Source: City of Waterloo Housing Authority*



Five of the 50 units at Ridgeway Towers are fully accessible to persons with mobility impairments. Another three units are designed for persons with sight and hearing disabilities. WHA can also make modifications to their units whenever there is a need and routinely moves tenants to accessible units as need arises. WHA completed a Section 504 Needs Assessment in 1989; the transition plan was updated in 1994.

#### **Cedar Falls**

Cedar Falls Housing Authority does not own or manage any public housing units. It does administer a Section 8 Housing Choice Voucher Program with authorization for 326 vouchers; of these, 215 vouchers have been issued. A complaint form for tenants for discrimination is included in a packet given to Section 8 voucher holders. There are approximately 400 people on the waiting list and only 3 names on the list turn over each month. The waiting list is currently closed. The length and slow turnover of the waiting list for vouchers in Cedar Falls supports the needs stated in the Consolidated Plan for more affordable rental units in Cedar Falls. Cedar Falls Housing Authority has a preference for households with children under age 18 who are in the home at least 51% of the time, elderly persons age 62 or over, and disabled persons.

Prospective tenants frequently cite difficulty finding affordable housing in Cedar Falls. Applicants often cannot find appropriately-priced housing because landlords can much more easily rent to college students. The housing market in Cedar Falls is generally stronger than Waterloo, and some landlords may price themselves out of the program in areas in Cedar Falls where the market may bear the higher rent. Although Cedar Falls Housing Authority sends landlords a packet about working with Section 8, there is no person-to-person training for landlords provided.

# Public Transportation

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Public transit is critical for households without a vehicle. These households are primarily low and moderate income households. If public transportation is inadequate or absent, these households are at a significant disadvantage in accessing jobs and services. Access to public transit is critical to these households. Without convenient access, employment is potentially at risk and their ability to remain housed is greatly impacted.

In 2012, there were 3,132 households without access to cars in Waterloo, comprising 11.9% of all households. This is an increase from 2000, when 2,879 households, or 10.2% of all households, were classified as without access to cars. Within this demographic, 215 households used public transportation as their primary means of commuting to work. In Cedar Falls, 3,687 households (18%) were classified as without access to cars. However, this includes a significant number of college and graduate students that skew this data. Within this demographic, 50 households in Cedar Falls used public transportation as their primary means of commuting to work. In both cities, renters were far more likely to be transit-dependent than homeowners.

While public transit is available in Waterloo and Cedar Falls, it remains a relatively unpopular means of travel to work. The vast majority of workers—84.4% in Waterloo and 78.1% in Cedar Falls (a figure distorted by on-campus students)—commute alone in personal vehicles. More residents in both cities walk to work than ride the bus, likely due to the walkability of neighborhoods where jobs are located and to the limited hours of bus service.

The Iowa Northland Regional Council of Governments (INRCOG) is the metropolitan planning organization (MPO) for the Black Hawk Metropolitan Urbanized Area, which includes the cities of Waterloo, Cedar Falls, Evansdale, Hudson, Elk Run Heights and Raymond. As the region's designated MPO, INRCOG completed the 2040 Long-Range Multi-Modal Transportation Plan in November of 2013. This document is designed to establish needs and identify key issues for regional transportation for a long-term horizon.

Among the many goals established by the INRCOG plan are to:

- Support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency.
- Increase the safety of the transportation system for motorized and non-motorized users.
- Increase the security of the transportation system for motorized and non-motorized users.
- Increase the accessibility and mobility of people and for freight.
- Protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns.
- Enhance the integration and connectivity of the transportation system, across and between modes, for people and freight.
- Promote efficient system management and operation.
- Emphasize the preservation of the existing transportation system.

The Metropolitan Transit Authority (MET) provides 10 fixed-route bus service routes within Waterloo and Cedar Falls. The routes run primarily in neighborhood-based loops, but free transfers allow passengers to switch buses as necessary to reach destinations across the entire service area. Much of the area's affordable housing stock, including the Ridgeway Towers public housing development in Waterloo, is easily accessible by bus.

Regular adult fare on MET fixed-route buses is \$1.50 per trip, or \$50 for a monthly pass. Seniors, students and those with Medicare cards ride for \$0.75 or can purchase a monthly pass for \$45. As of April 2008, MET's fleet consisted of 44 vehicles, all of which were wheelchair-accessible, including a wheelchair ramp or lift, a mobile radio and often an accessible fare box. Busses have integrated features to achieve compliance with the Americans with Disabilities Act (ADA).

Currently, service runs from 5:45 a.m. to 5:45 p.m. on weekdays and 9:15 a.m. to 5:45 p.m. on Saturdays. MET does not provide Sunday service, and often does not provide mid-day service on many of its routes. The availability of transit during the evening and weekend hours is important in ensuring that second- and third-shift workers have reliable ways to and from work. MET's limited evening hours and lack of service on Sundays present an obstacle to transit-dependent persons, potentially narrowing their housing choice options to areas closest to work. This situation was emphasized by several nonprofit agencies interviewed for the AI who reinforced the difficulty which many homeless and very low income persons have when trying to secure employment. With entry-level positions requiring second-shift, third-shift and weekend work, it becomes impossible to obtain and maintain a job without a car in an area with severely limited public transportation.

MET used to address this problem through the Prime Time Pass program, a collaboration with the Black Hawk Center for Independent Living to provide an after-hours and weekend paratransit service for elderly, low-income and disabled persons. The program was primarily designated to serve people riding to work, but it was also available for other purposes. This program ended on April 15, 2012, after 12 years of operating, due to a lack of funding. While Prime Time Pass had funding for 1,300 riders each month, ridership actually exceeded that amount with 1,500 monthly riders.

The popularity of this program in addition to its immediate need for low-income, disabled, and otherwise disadvantaged members of the community makes this program's return critical for the Waterloo-Cedar Falls area. Improvements such as these can strengthen the network of available transportation to the region's residents. This translates to more employment opportunities for lower income persons who rely on public transit to access jobs, thus increasing the array of affordable housing options from which they can choose. However, limited federal funding will continue to restrict the degree to which Waterloo and Cedar Falls can expand its services and availability of programs such as Prime Time Pass, despite their popularity.

# **Review of Private Sector Policies and Practices**



# Mortgage Lending Trends

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This section analyzes the impediments to fair housing choice in the private sector. This includes any and all policies, practices, or procedures that restrict housing choices or the availability of housing choices based on race, color, religion, sex, disability, familial status, or national origin. In Waterloo and Cedar Falls, protection is also extended to persons based on pregnancy, creed, sexual orientation, and gender identity. Policies, practices, and procedures that appear neutral but indirectly and/or unintentionally operate to deny or adversely affect the provision of housing to members of these protected classes still constitute impediments to fair housing choice.

The Fair Housing Act prohibits lenders from discriminating against members of the protected classes in granting mortgage loans, providing information on loans, imposing the terms and conditions of loans (such as interest rates and fees), conducting appraisals, and considering whether to purchase loans. Unfettered access to fair housing choice requires fair and equal access to the mortgage lending market regardless of race, color, national origin, religion, sex, familial status, disability, or any other statutorily protected basis.

An analysis of mortgage applications and their outcomes can identify possible discriminatory lending practices and patterns in a community. Home Mortgage Disclosure Act (HMDA) data contains records for all residential loan activity reported by banks pursuant to the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Any commercial home mortgage loans annually must report all residential loan activity to the Federal Reserve Bank, including information on applications denied, withdrawn, or incomplete by race, sex, and income of the applicant. This information is used to determine whether financial institutions are serving the housing needs of their communities.

The most recent HMDA data available for the Waterloo-Cedar Falls HOME Consortium study area is for 2012. The data included for this analysis is for three years, 2010 through 2012, and constitutes all types of applications received by lenders by improvement mortgage applications for single-family to four-family dwellings and manufactured housing units across the entire study area. The demographic and income information provided pertains to the primary applicant only. Co-applicants were not included in the analysis.

# Using HMDA

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## **Home Mortgage Disclosure Act**

Under the terms of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (F.I.R.R.E.A.), any commercial lending institution that makes five or more home mortgage loans must report all residential loan activity to the Federal Reserve Bank under the terms of the Home Mortgage Disclosure Act (HMDA). The HMDA regulations require most institutions involved in lending to comply and report information on loans denied, withdrawn, or incomplete by race, sex, and income of the applicant. The information from the HMDA statements assists in determining whether financial institutions are serving the housing needs of their communities. The data also helps to identify possible discriminatory lending practices and patterns.

## **Using HMDA**

The most recent HMDA data available for Waterloo and Cedar Falls is from 2010 to 2012. Reviewing this data helps to determine the need to encourage area lenders, other business lenders and the community at large to actively promote existing programs and develop new programs to assist residents in securing home mortgage loans. The data focuses on the number of homeowner mortgage applications received by lenders for home purchase of one-to-four family dwellings and manufactured housing units across census tracts in the cities. Because data is only available at the census tract level, some data is captured outside the city. Generally, tracts were included to expand the amount of data, rather than restrict it. The information provided is for the primary applicant only. Co-applicants were not included in the analysis. In addition, where no information is provided or categorized as not applicable, no analysis has been conducted due to lack of information.

# Mortgage Trends

Figure 37 for Waterloo and Figure 38 for Cedar Falls summarize three years of HMDA data by race, ethnicity, and action taken on the applications, followed by detailed analysis. Grouping all three years of data into the analysis increases the likelihood that differences among groups are statistically significant. This is especially important in view of the data on mortgage application denials, which also suggests differences according to race and ethnicity.

Despite grouping three years of data, some data sets still include small sample sizes, especially in Cedar Falls. This is due to the generally low population of minorities in the city in general. This may cause some of the outcomes to be statistically invalid. In cases with low sample

sizes, the information and analysis has been marked as such.

## Purpose of Loan Applications

Across Waterloo during the last three years, lenders received 3,997 home purchase mortgage applications, 6,594 applications for mortgage refinancing and 483 applications for home improvement equity loans.

Home purchase loans were the most likely to be successful, with 63.3% of loans originated (i.e., approved). This represents a higher rate of origination than refinancing loans and home improvement loans. While 63.3% of home purchase loans were originated, a significant number were withdrawn/incomplete (21.5%).

**Figure 37**  
Cumulative Mortgage Summary Data Report, Waterloo, 2010-2012

	Total Applications		Originated/ Approved		Approved Not Accepted		Denied		Withdrawn/ Incomplete	
	#	%	#	%	#	%	#	%	#	%
Loan Purpose										
Home purchase	3,997	36.1%	2,532	63.3%	223	5.6%	363	9.1%	859	21.5%
Refinancing	6,594	59.5%	3,818	57.9%	300	4.5%	956	14.5%	1,367	20.7%
Home Improvement	483	4.4%	240	49.7%	36	7.5%	171	35.4%	30	6.2%
Loan Type										
Conventional	8,199	74.0%	5,263	64.2%	447	5.5%	1,019	12.4%	1,349	16.5%
FHA	2,551	23.0%	1,148	45.0%	100	3.9%	419	16.4%	836	32.8%
VA	313	2.8%	174	55.6%	12	3.8%	49	15.7%	68	21.7%
FSA/RHS	11	0.1%	5	45.5%	0	0.0%	3	27.3%	3	27.3%
Property Type										
One to four-family unit	10,928	98.7%	6,556	60.0%	536	4.9%	1,417	13.0%	2,241	20.5%
Manufactured housing unit	146	1.3%	34	23.3%	23	15.8%	73	50.0%	15	10.3%
Total	11,074	100.0%	6,590	59.5%	559	5.0%	1,490	13.5%	2,256	20.4%

Source: Home Mortgage Disclosure Act, 2010-2012



## Mortgage Trends (cont'd)

An additional 5.6% were approved and not accepted by the applicant, and 9.1% were denied.

Refinancing loans were less likely than home purchase loans to be approved but not accepted by the applicant, at 4.5%; however, they were significantly more likely to be denied, with a denial rate of 14.5%.

Home improvement loan applications had a much lower percentage of applications withdrawn/incomplete, but a significantly higher percentage denied. With a denial rate of 35.4%, a home improvement loan was more than three times more likely to be denied than a home purchase loan.

Within Cedar Falls, the results were similar. Refinancing had the highest number of total applications at 4,822, followed by 2,480 home purchase applications, and 211 home improvement applications.

Home purchase applications had the highest origination and lowest denial rates of all loans, with 70.2% of home purchase loans approved and only 4.5% denied. This origination rate is higher than Waterloo's 63.3% rate.

Home improvement loans, which accounted for the fewest applications, had the second-highest origination rate of 68.2%. This is significantly higher than Waterloo's 49.7% origination rate. Cedar Falls' home improvement denial rate of 16.1% was less than half of Waterloo's.

**Figure 38**

Cumulative Mortgage Summary Data Report, Cedar Falls, 2010-2012

	Total Applications		Originated/ Approved		Approved Not Accepted		Denied		Withdrawn/ Incomplete	
	#	%	#	%	#	%	#	%	#	%
Loan Purpose										
Home purchase	2,480	33.0%	1,742	70.2%	95	3.8%	113	4.6%	515	20.8%
Refinancing	4,822	64.2%	3,180	65.9%	170	3.5%	345	7.2%	1,031	21.4%
Home Improvement	211	2.8%	144	68.2%	10	4.7%	34	16.1%	19	9.0%
Loan Type										
Conventional	6,606	87.9%	4,604	69.7%	251	3.8%	374	5.7%	1,288	19.5%
FHA	752	10.0%	366	48.7%	16	2.1%	101	13.4%	251	33.4%
VA	153	2.0%	95	62.1%	8	5.2%	16	10.5%	26	17.0%
FSA/RHS	2	0.0%	1	50.0%	0	0.0%	1	50.0%	0	0.0%
Property Type										
One to four-family unit	7,473	99.5%	5,047	67.5%	268	3.6%	479	6.4%	1,565	20.9%
Manufactured housing unit	40	0.5%	19	47.5%	7	17.5%	13	32.5%	0	0.0%
Total	7,513	100.0%	5,066	67.4%	275	3.7%	492	6.5%	1,565	20.8%

Source: Home Mortgage Disclosure Act, 2010-2012

Refinancing loans had the lowest origination rate in Cedar Falls, yet almost two-thirds (65.9%) were approved. A loan application in Cedar Falls for any purpose was more likely to be approved than any mortgage application in Waterloo.

in Cedar Falls at 32.5% compared to the 6.5% denial rate overall; however, the low number of applications for manufactured homes in both cities could skew these rates.

### ► Key Finding

In Waterloo, 23% of mortgage loans approved were FHA loans compared to 10% in Cedar Falls.

### Type of Loan Applications

In Waterloo, the most commonly sought type of financing was a conventional loan, a category that represented almost three quarters of all loan applications. An additional 23.0% of applications were for loans insured by the Federal Housing Administration (FHA), a type of federal assistance that has historically benefited lower-income residents. A smaller percentage of applications, 2.8%, were for loans backed by the Department of Veteran Affairs (VA). Eleven loan applications representing 0.1% of the total applications were backed by the Farm Services Administration or Rural Housing Service (FSA/RHS).

Results in Cedar Falls reveal a heavier reliance on conventional loans, which accounted for nearly nine out of every 10 applications in the city. FHA loans accounted for an additional 10.0% of loan applications, and VA loans accounted for 2.0%. Only two loan applications in Cedar Falls were for FSA/RHS loans.

### Property Type of Loan Applications

The majority of applications in both Waterloo and Cedar Falls involved one-to-four family housing structures. In Waterloo, just 1.3% of applications were for manufactured units. The denial rate for manufactured units, 50.0%, was substantially higher than the overall denial rate of 13.5% for all housing types.

In Cedar Falls, applications for manufactured units represented just 0.5% of the total applications. The denial rate was similarly high

# Applications by Race and Ethnicity

## Applications by Race and Ethnicity

In both Waterloo and Cedar Falls, the racial and ethnic composition of loan applicants differs from the cities' general demographic distributions.

In Waterloo, while 13.9% of all households in 2012 were Black, only 4.3% of the loan applications for which racial or ethnic data were reported were Black. Similarly, Hispanic households represented 3.2% of households in Waterloo but just 1.5% of applications. Comparatively, White households represented 94.7% of applications compared to 82.5% of all households.

Similarly in Cedar Falls, racial minorities are underrepresented in applications. Black households represented 1.8% of households but only 0.8% of applications, and Hispanic households represented 1.4% of households and only 0.8% of applications. In comparison,

the rates of applications submitted by White and Asian households were comparable to their representation among all households. While Asian households represented 2.0% of all households and 2.2% of total applications. White households represented 94.9% of total households and 96.8% of applications.

Lower participation in the market for home mortgages by Black and Hispanic households in both Waterloo and Cedar Falls is likely a reflection of the lower median income of these minority groups.

## Applications by Race/Ethnicity and Purpose of Loan

Across racial and ethnic groups in Waterloo, loan application types were generally similar, with refinancing as the most common loan type across all groups except Hispanics, who had higher rates of home purchases. Hispanics and

## ► Key Finding

Minority residents were underrepresented in loan applications compared to their share of total households in Waterloo and Cedar Falls.

**Figure 39**

Outcome of Application by Race and Ethnicity, Waterloo, 2010-2012

	Total Applications		Originated/ Approved		Approved Not Accepted		Denied		Withdrawn/ Incomplete	
	#	%	#	%	#	%	#	%	#	%
<b>Applicant Race</b>										
Native American	25	0.2%	14	56.0%	0	0.0%	6	24.0%	5	20.0%
Asian	66	0.6%	48	72.7%	1	1.5%	7	10.6%	10	15.2%
Black	406	3.7%	154	37.9%	19	4.7%	153	37.7%	66	16.3%
Hawaiian	11	0.1%	4	36.4%	2	18.2%	4	36.4%	1	9.1%
White	9,019	81.4%	6,037	66.9%	513	5.7%	1,102	12.2%	1,239	13.7%
No information	766	6.9%	328	42.8%	24	3.1%	218	28.5%	159	20.8%
Not applicable	781	7.1%	5	0.6%	0	0.0%	0	0.0%	776	99.4%
Hispanic*	144	1.3%	87	60.4%	10	6.9%	23	16.0%	22	15.3%
<b>Total</b>	<b>11,074</b>	<b>100.0%</b>	<b>6,590</b>	<b>59.5%</b>	<b>559</b>	<b>5.0%</b>	<b>1,490</b>	<b>13.5%</b>	<b>2,256</b>	<b>20.4%</b>

Source: Home Mortgage Disclosure Act, 2010-2012

## Applications by Race and Ethnicity (cont'd)

Asians were the most likely groups to apply for a home purchase loan with 51.4% of Hispanic applicants and 45.5% of Asian applicants requesting a home purchase loan. Blacks, Other Race applicants, and Hispanics had the highest applications for home improvement loans of any racial or ethnic minority. This information is displayed in Figure 41.

In Cedar Falls, refinancing was also the most common loan type across all groups to an even greater extent. A majority of all applications for all racial and ethnic groups were for home mortgage refinancing. Racial and ethnic minorities had the highest rates of home purchase applications, led by Black applicants with 47.2%, followed by Asians with 43.5% and Hispanics with 38.5%. In general, applicants requesting home improvement loans in Cedar Falls represented less than 3% of all mortgage loan types. This information is displayed in Figure 42.

**Figure 40**  
Outcome of Application by Race and Ethnicity, Cedar Falls, 2010-2012

Applicant Race	Total Applications		Originated/ Approved		Approved Not Accepted		Denied		Withdrawn/ Incomplete	
	#	%	#	%	#	%	#	%	#	%
Native American	9	0.1%	6	66.7%	0	0.0%	2	22.2%	1	11.1%
Asian	138	1.8%	94	68.1%	7	5.1%	8	5.8%	27	19.6%
Black	53	0.7%	35	66.0%	1	1.9%	5	9.4%	11	20.8%
Hawaiian	8	0.1%	6	75.0%	0	0.0%	2	25.0%	0	0.0%
White	6,194	82.4%	4,665	75.3%	248	4.0%	396	6.4%	796	12.9%
No information	437	5.8%	254	58.1%	19	4.3%	79	18.1%	62	14.2%
Not applicable	674	9.0%	6	0.9%	0	0.0%	0	0.0%	668	99.1%
Hispanic*	52	0.7%	39	75.0%	2	3.8%	4	7.7%	6	11.5%
<b>Total</b>	<b>7,513</b>	<b>100.0%</b>	<b>5,066</b>	<b>67.4%</b>	<b>275</b>	<b>3.7%</b>	<b>492</b>	<b>6.5%</b>	<b>1,565</b>	<b>20.8%</b>

Source: Home Mortgage Disclosure Act, 2010-2012

**Figure 41****Loan Application Purpose by Race and Ethnicity, Waterloo, 2010-2012**

	Total	White	Black	Asian**	Other**	No data	Hispanic*
Home Purchase	3,997	3,232	105	30	9	621	74
	36.1%	35.8%	25.9%	45.5%	25.0%	40.1%	51.4%
Refinance	6,594	5,432	251	32	23	856	60
	59.5%	60.2%	61.8%	48.5%	63.9%	55.3%	41.7%
Home Improvement	483	355	50	4	4	70	10
	4.4%	3.9%	12.3%	6.1%	11.1%	4.5%	6.9%
Total	11,074	9,019	406	66	36	1,547	144
	100.0%	81.4%	3.7%	0.6%	0.3%	14.0%	1.3%

Note: Percentages within racial/ethnic groups are calculated within each group's total.

\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

**Figure 42****Loan Application Purpose by Race and Ethnicity, Cedar Falls, 2010-2012**

	Total	White	Black	Asian**	Other**	No data	Hispanic*
Home Purchase	2,480	2,016	25	60	1	378	20
	33.0%	32.5%	47.2%	43.5%	5.9%	34.0%	38.5%
Refinance	4,822	3,996	27	75	15	709	31
	64.2%	64.5%	50.9%	54.3%	88.2%	63.8%	59.6%
Home Improvement	211	182	1	3	1	24	1
	2.8%	2.9%	1.9%	2.2%	5.9%	2.2%	1.9%
Total	7,513	6,194	53	138	17	1,111	52
	100.0%	55.9%	0.5%	1.2%	0.2%	10.0%	0.5%

Note: Percentages within racial/ethnic groups are calculated within each group's total.

\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

## Approvals by Lending Institutions

### ► Key Finding

Of the ten census tracts with the lowest number of originations by top lenders, seven were identified as RCAP/ECAPs.

Figure 43 provides a summary of the top ten lenders in Black Hawk County based on total number of loan originations between 2010 and 2012. Veridian Credit Union was the top lender in the county with over 2,300 originations during the three-year period, accounting for 20.1% of all loans originated. The next highest was PPH Mortgage Corporation with 1,305 originations, or 11.2% of the total. No other bank in the county accounted for more than 10% of all loans originated. The third highest lender, Wells Fargo Bank, NA, accounted for 946 originations or 8.1% of all originations.

The racially/ethnically concentrated areas of poverty in Waterloo have fewer originations than all other areas. Of the ten census tracts with the lowest number of originations by top lenders, seven were identified as RCAP/ECAPs.








Map 9 illustrates the distribution of originations for the top ten lenders, with each dot representing one mortgage loan origination.

**Figure 43**

Top 10 Lenders in Black Hawk County by Number of Originations, 2010-2012


Lending Institution	# of Loans Originated	% of Total Loans Originated
Veridian Credit Union	2,342	20.1%
PPH Mortgage Corporation	1,305	11.2%
Wells Fargo Bank, NA	946	8.1%
BankIowa	609	5.2%
University of Iowa Community Credit Union	595	5.1%
US Bank, N.A.	467	4.0%
Lincoln Savings Bank	429	3.7%
Farmers State Bank	417	3.6%
Iowa Bankers Mortgage Corporation	407	3.5%
Bank of America, NA	306	2.6%
Total Loans Originated	11,656	100.0%

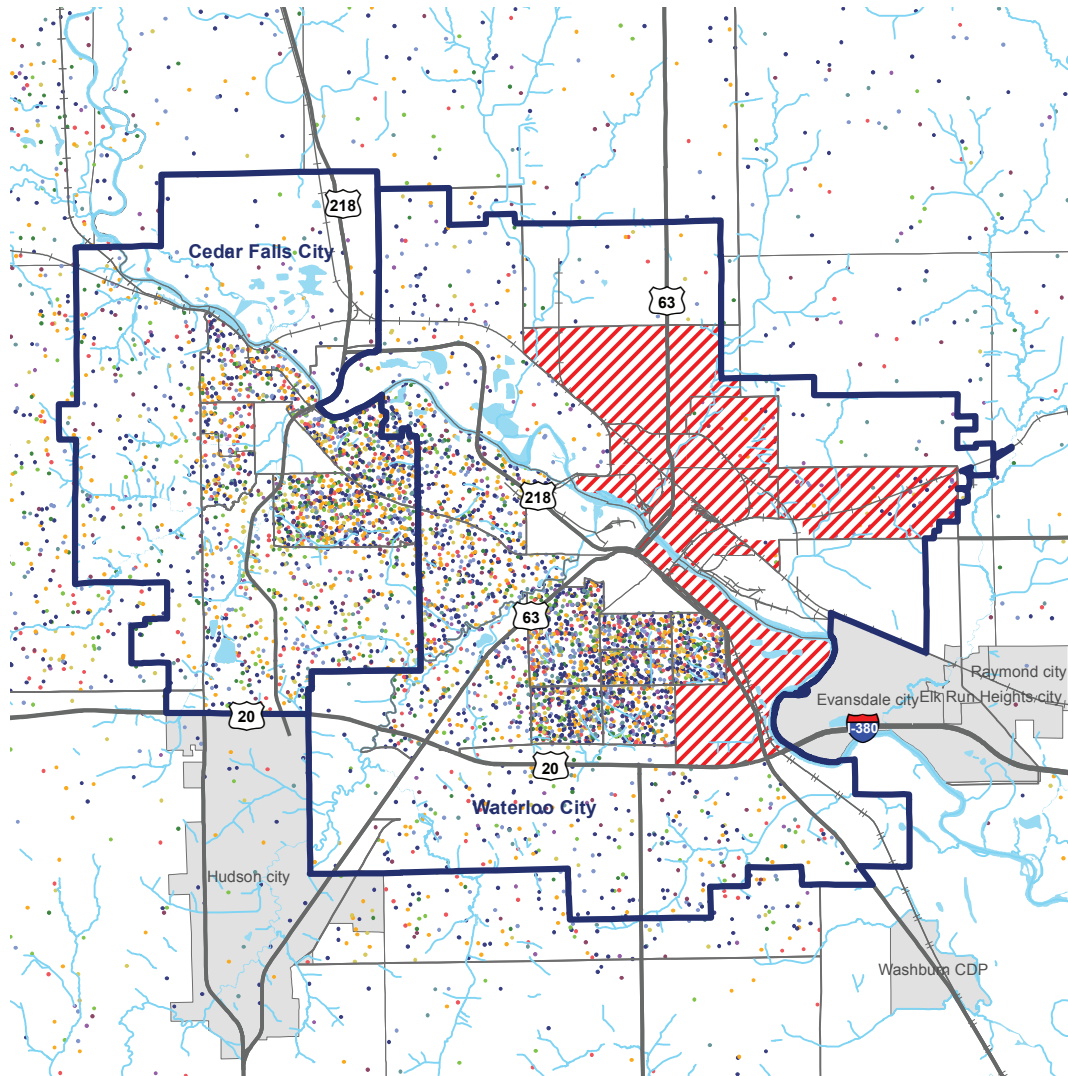
Source: Federal Financial Institutions Examination Council, 2010 to 2012.

-  Waterloo-Cedar Falls Boundary
-  Major Roads
-  Rail
-  Rivers and Water Bodies
-  Other Places
-  Townships
-  RCAPs/ECAPs

#### Originations by Lender

(1 dot=1 origination)

-  Farmers State Bank
-  Bank of America, NA
-  Lincoln Savings Bank
-  BankIowa
-  University of Iowa Community Credit Union
-  Veridian Credit Union
-  US Bank, NA
-  PPH Mortgage Corporation
-  Iowa Bankers Mortgage Corporation
-  Wells Fargo Bank, NA



Legend

Map 9, Distribution of Originations by Lender, 2010-2012

# Mortgage Denials

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## ► Key Finding

Blacks and Hispanics had mortgage denial rates higher than Whites.

### Denials by Race and Ethnicity

Between 2010 and 2012, a total of 1,490 mortgage loan applications were denied in Waterloo. The overall cumulative denial rate was 13.5% with denials by race and ethnicity ranging from 10.6% for Asians to 37.7% for Blacks. White applicants had a denial rate of 12.2% while Hispanics had a denial rate of 16.0%.

In Cedar Falls, the 6.5% cumulative denial rate was less than half that of Waterloo's rate. While denial rates for Native Americans at 22.2%, Blacks at 9.4%, and Hispanics at 7.7% were significantly higher than for White applicants at 6.4%, the overall low number of minority applicants makes many of these figures unreliable.

average. Credit history (32.1%) was the most common reason for mortgage application denials among Hispanics in Waterloo.

While the data for Cedar Falls is presented below, the low number of applications and therefore denials by racial and ethnic groups may heavily skew the reasons for mortgage denial. In general, across racial and ethnic minorities, 'no reason given,' credit history, and collateral are the most common reasons listed for mortgage application denials.

## ► Key Finding

For all minorities in Waterloo, the most common reason for a mortgage loan denial was 'no reason given.'

### Reasons for Denial

In reporting denials, lenders are required to list at least one primary reason for the denial and may list up to two secondary reasons. As Figure 44 and Figure 45 demonstrate, the primary basis for the rejection of a majority of loan applications in both Waterloo and Cedar Falls was 'no reason given,' representing 31.4% of denials in Waterloo and 24.4% in Cedar Falls. In both cities, this was followed by credit history as the primary reason for a mortgage application denial.

### Denials and the Protected Classes

In Waterloo, Black applicants' most common reason for denial was credit history followed by 'no reason given.' A higher percentage of Black denials was listed as 'no reason given' than the average citywide. For Asians, 42.9% of denied applications were for 'no reason given' followed by collateral at 28.6%. Hispanics were the only minority to have a lower percent of applications denied by 'no reason given' than the citywide



**Figure 44**

Primary Reason for Mortgage Application Denial by Race, Waterloo, 2010-2012

	Total	White	Black	Asian**	Other**	No data	Hispanic*
No Reason Given	31.4%	32.2%	32.7%	42.9%	0.0%	34.8%	27.5%
Credit History	24.1%	20.7%	35.3%	0.0%	70.0%	30.4%	32.1%
Collateral	14.3%	15.2%	12.4%	28.6%	10.0%	8.7%	11.0%
Debt-to-Income Ratio	13.8%	14.5%	7.8%	14.3%	10.0%	13.0%	14.7%
Other	7.1%	7.4%	7.2%	0.0%	10.0%	0.0%	6.0%
Incomplete Application	4.8%	4.7%	3.9%	0.0%	0.0%	8.7%	6.0%
Unverifiable Information	1.8%	2.3%	0.0%	0.0%	0.0%	0.0%	0.9%
Employment History	1.3%	1.5%	0.7%	14.3%	0.0%	4.3%	0.9%
Insufficient Cash	1.3%	1.5%	0.0%	0.0%	0.0%	0.0%	0.9%
Insurance Denied	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%

\* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

**Figure 45**

Primary Reason for Mortgage Application Denial by Race, Cedar Falls, 2010-2012

	Total	White	Black	Asian**	Other**	No data	Hispanic*
No Reason Given	24.4%	26.5%	20.0%	12.5%	50.0%	25.0%	13.9%
Credit History	20.5%	17.4%	40.0%	0.0%	0.0%	0.0%	38.0%
Collateral	18.9%	19.4%	40.0%	37.5%	25.0%	25.0%	12.7%
Debt-to-Income Ratio	15.0%	16.2%	0.0%	12.5%	0.0%	50.0%	11.4%
Other	11.2%	10.9%	0.0%	12.5%	25.0%	0.0%	12.7%
Incomplete Application	4.7%	3.8%	0.0%	12.5%	0.0%	0.0%	8.9%
Unverifiable Information	2.4%	2.5%	0.0%	12.5%	0.0%	0.0%	1.3%
Insufficient Cash	1.4%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Employment History	1.2%	1.3%	0.0%	0.0%	0.0%	0.0%	1.3%
Insurance Denied	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%

\* Hispanic ethnicity is counted independently of race.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

# Mortgage Denials and Income

## ► Key Finding

Over the three years analyzed, upper-income Black households were denied mortgage loans more often than lower-income White households in Waterloo.

### Classifying Income

For this analysis, lower-income households include those with incomes between 0% and 80% of median family income (MFI), while upper-income households include those with incomes above 80% MFI. Applications made by lower-income households accounted for 61.2% of all denials in Waterloo and 37.0% of all denials in Cedar Falls between 2010 and 2012, although they accounted for only 44.8% of all applications in Waterloo and 21.1% of all applications in Cedar Falls.

### Denials by Income, Race and Ethnicity

Among lower-income households in Waterloo, denial rates were highest among Black households. While the overall lower-income denial rate was 19.5%, the denial rates for lower-income Black households was 43.0%. Lower-income Whites had the lowest denial rate at 16.4%, but both lower-income Hispanic and

lower-income Asian households had rates below the citywide rate. This was due to the extremely high lower-income denial rate for applications with no racial or ethnic data.

Other Race applicants (consisting of primarily of Native Americans), had a particularly high lower-income denial rate of 36.8%, although total Other Race applications numbered only 36.

While denial rates were generally lower for upper-income households in Waterloo, differences persisted across racial and ethnic groups. The overall upper-income denial rate was 10.0%, compared to 3.0% for upper-income Asians, 8.8% for upper-income Whites, 15.6% for upper-income Hispanics and 28.6% for upper-income Blacks. Lower-income White households were less likely to experience denial than upper-income Black households. This pattern is consistent with discrimination. Figure 46 shows denials by income level among racial and ethnic groups in Waterloo.

**Figure 46**  
Mortgage Application Denials by Household Race and Ethnicity, Waterloo, 2010-2012

		Total	White	Black	Asian**	Other**	No data	Hispanic*
Lower-Income	Total Applications	4,507	3,794	251	33	19	410	94
	Denials	877	622	108	6	7	134	16
	% Denied	19.5%	16.4%	43.0%	18.2%	36.8%	32.7%	17.0%
Upper-Income	Total Applications	5,562	4,954	140	33	13	422	45
	Denials	555	434	40	1	2	78	7
	% Denied	10.0%	8.8%	28.6%	3.0%	15.4%	18.5%	15.6%
Total	Total Applications	11,074	9,019	406	66	36	1,547	144
	Denials	1,490	1,102	153	7	10	218	23
	% Denied	13.5%	12.2%	37.7%	10.6%	27.8%	14.1%	16.0%

Note: Total also includes 1,005 applications for which no income data was reported.

\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

In Cedar Falls, lower-income Other Race and Hispanic households had the highest denial rates among racial and ethnic minorities, with rates of 33.3% and 14.3%, respectively. Lower-income Black applicants had a denial rate of 12.5%. Lower-income Asian and White applicants had the lowest denial rates of 7.7% and 11.1%, respectively.

Comparatively, denial rates for upper-income applicants in Cedar Falls were much lower, with a cumulative upper-income denial rate of 5.5%. Upper-income White applicants had the lowest denial rate of 4.9% while upper-income Other Race, Black, and Hispanic applicants all had rates above the citywide average. In Cedar Falls, upper-income Other Race applicants were more likely to be denied a mortgage loan than lower-income applicants of any other race or ethnicity. This information is shown in Figure 48.

### Denials by Geography

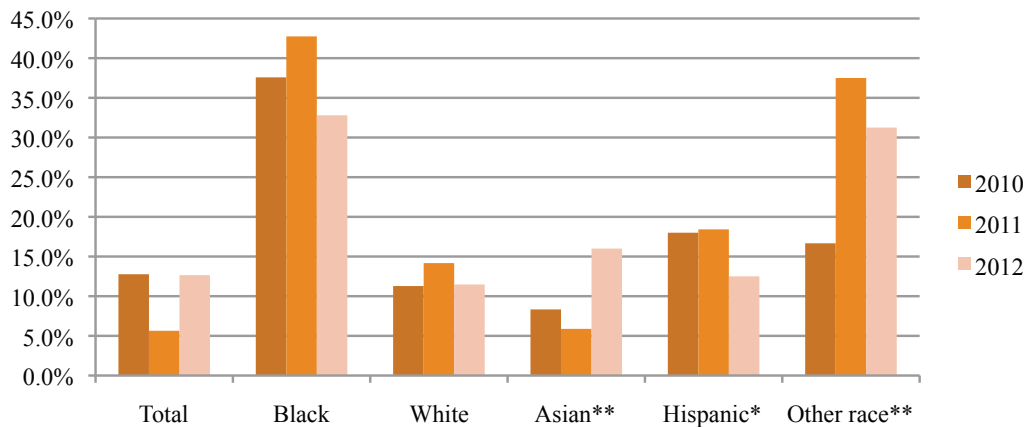
Map 10 on page 109 illustrates denial rates by census tract in Black Hawk County. The highest denial rates occurred in Waterloo along the eastern half of the city. All RCAP/ECAPs have higher denial rates than average and the six census tracts with the highest denial rates are all racially and ethnically concentrated areas of poverty. Of the ten census tracts with the highest denial rates, seven are RCAP/ECAPs.

### Key Finding

Of the ten census tracts with the highest denial rates, seven are RCAP/ECAPs.

**Figure 47**

Trends in Mortgage Application Denials by Household Race and Ethnicity, Waterloo, 2010-2012



\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

**Figure 48**

Mortgage Application Denials by Household Race and Ethnicity, Cedar Falls, 2010-2012

		Total	White	Black	Asian**	Other**	No data	Hispanic*
Lower-Income	Total Applications	1,426	1,294	8	13	6	105	14
	Denials	173	143	1	1	2	26	2
	% Denied	12.1%	11.1%	12.5%	7.7%	33.3%	24.8%	14.3%
Upper-Income	Total Applications	5,331	4,727	45	124	10	425	35
	Denials	295	231	4	7	2	51	2
	% Denied	5.5%	4.9%	8.9%	5.6%	20.0%	12.0%	5.7%
Total	Total Applications	7,513	6,194	53	138	17	1,111	52
	Denials	492	396	5	8	4	79	4
	% Denied	6.5%	6.4%	9.4%	5.8%	23.5%	7.1%	7.7%

Note: Total also includes 756 applications for which no income data was reported.

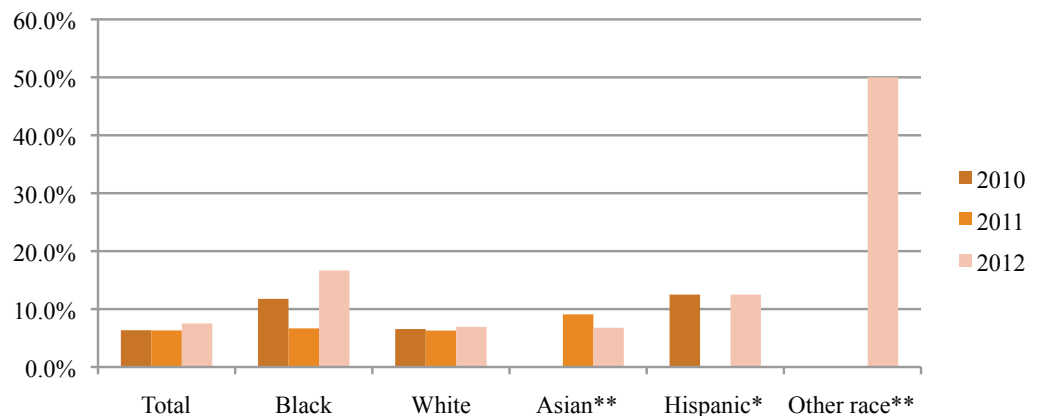
\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

**Figure 49**

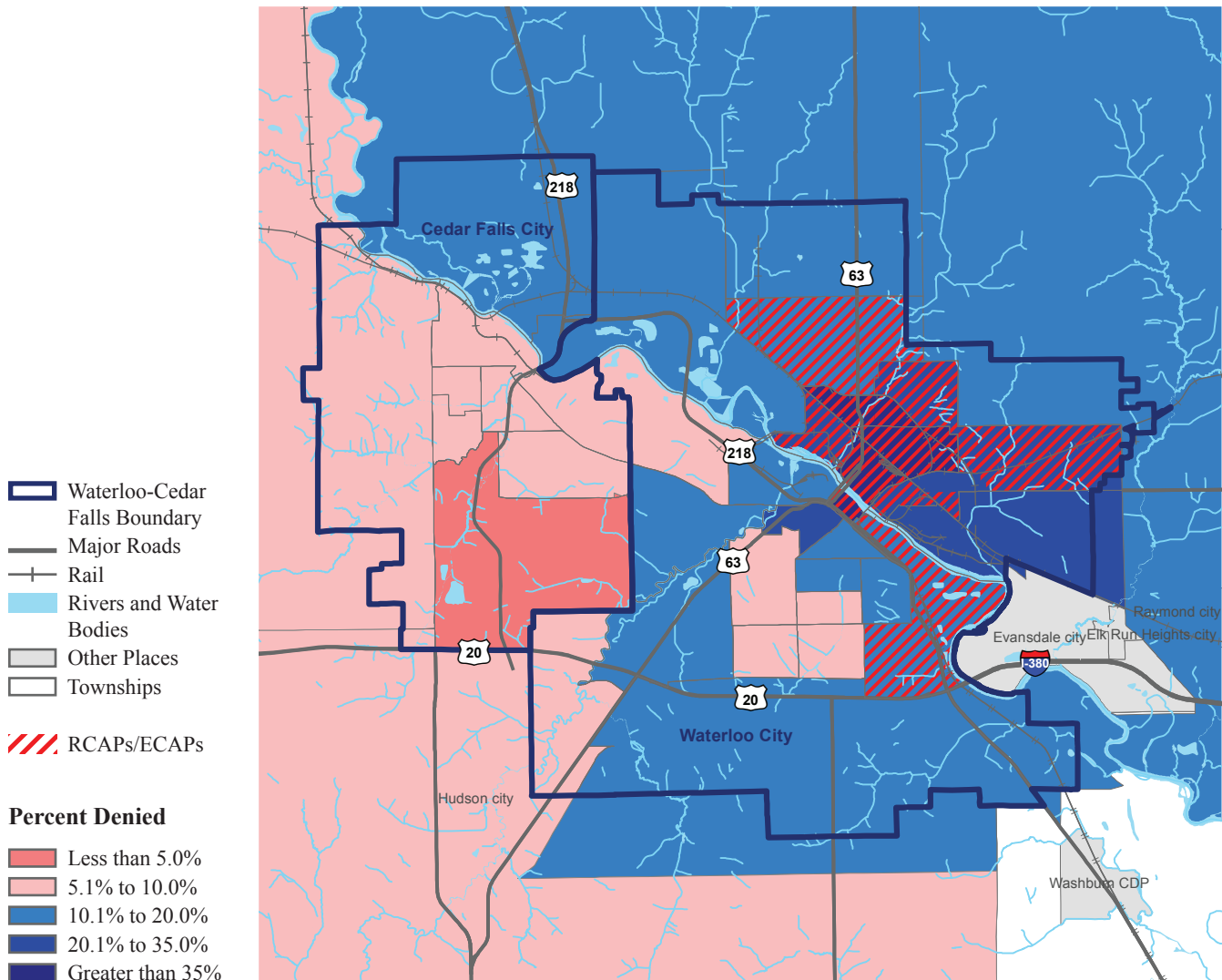
Trends in Mortgage Application Denials by Household Race and Ethnicity, Cedar Falls, 2010-2012



\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.



Map 10, Mortgage Denials by Census Tract, 2010-2012

# High-Cost Lending

## Defining High-Cost Lending

The widespread housing finance market crisis of recent years has brought a new level of public attention to lending practices that victimize vulnerable populations. Subprime lending, designed for borrowers who are considered a credit risk, has increased the availability of credit to low-income persons. At the same time, subprime lending has often exploited borrowers by piling on excessive fees, penalties, and interest rates that make financial stability difficult to achieve. Higher monthly mortgage payments make housing less affordable, increasing the risk of mortgage delinquency and foreclosure and the likelihood that properties will fall into disrepair.

Some subprime borrowers have credit scores, income levels, and down payments high enough to qualify for conventional, prime loans, but are nonetheless steered toward more expensive subprime mortgages. This is especially

true of minority groups, which tend to fall disproportionately into the category of subprime borrowers. The practice of targeting minorities for subprime lending qualifies as mortgage discrimination.

Since 2005, HMDA data has included price information for loans priced above reporting thresholds set by the Federal Reserve Board. This data is provided by lenders via Loan Application Registers and can be aggregated to complete an analysis of loans by lender or for a specified geographic area. HMDA does not require lenders to report credit scores for applicants, so the data does not indicate which loans are subprime. It does, however, provide price information for loans considered “high-cost.”

A loan is considered high-cost if it meets one of the following criteria:

- A first-lien loan with an interest rate at least three percentage points higher than the prevailing U.S.

**Figure 50**  
High-Cost Loans by Race and Ethnicity, Waterloo, 2010-2012

		Total	White	Black	Asian**	Other**	No data	Hispanic*
Lower-Income	Total Originations	2,647	2,399	83	23	7	135	51
	High-Cost	68	58	4	0	0	6	2
	% High-Cost	2.6%	2.4%	4.8%	0.0%	0.0%	4.4%	3.9%
Upper-Income	Total Originations	3,784	2,399	83	25	8	181	31
	High-Cost	51	44	2	1	1	3	0
	% High-Cost	1.3%	1.8%	2.4%	4.0%	12.5%	1.7%	0.0%
Total	Total Originations	6,590	6,037	154	48	18	333	87
	High-Cost	124	106	7	1	1	9	2
	% High-Cost	1.9%	1.8%	4.5%	2.1%	5.6%	2.7%	2.3%

Note: Total also includes 159 loans for which no income data was reported.

\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

Treasury standard at the time the loan application was filed. The standard is equal to the current price of comparable-maturity Treasury securities

- A second-lien loan with an interest rate at least five percentage points higher than the standard

Not all loans carrying high APRs are subprime, and not all subprime loans carry high APRs. However, high-cost lending is a strong predictor of subprime lending, and it can also indicate a loan that applies a heavy cost burden on the borrower, increasing the risk of mortgage delinquency.

### High-Cost Loans in Waterloo

Between 2010 and 2012, there were 6,590 home purchase, refinance or home improvement loans made for single-family or manufactured units in Waterloo. Of this total, 6,431 disclosed the borrower's household income and 124 reported high-cost mortgages. Overall, upper-income

households were less likely to have high-cost mortgages than lower-income households.

### High-Cost Loans and Race/Ethnicity in Waterloo

An analysis of loans in Waterloo by race and ethnicity reveals that Black and Hispanic households are overrepresented in high-cost lending. Among lower-income minority households, 4.8% of mortgages obtained by Blacks were high-cost and 3.9% of loans to Hispanics were high-cost. In comparison, 2.4% of the mortgages obtained by lower-income White households and 0% of lower-income Asian household loans were high-cost.

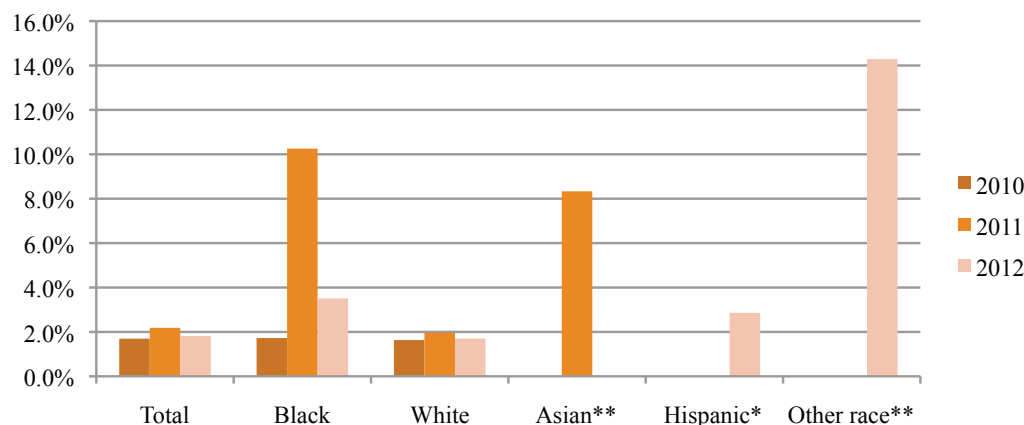
Similar trends were apparent among upper-income households. Upper-income White households experienced a high-cost rate of 1.8% while upper-income Black households

### ► Key Finding

Minority mortgage applicants were likely to receive high-cost loans regardless of income level.

**Figure 51**

Trends in High-Cost Loans by Race and Ethnicity, Waterloo, 2010-2012



\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

experienced a high-cost loan rate of 2.4%. No upper-income Hispanic households had a high-cost loan, but 4.0% of Asian households held high-cost mortgages.

### **Annual Trends in High-Cost Loans in Waterloo**

Figure 51 shows the distribution of high-cost loans in Waterloo by racial/ethnic groups over individual years. Understanding that the number of high-cost loans in Waterloo is small overall, the chart does display a general peak of high-cost lending in 2011 among most racial/ethnic groups, followed by a decline in high-cost loans in 2012. This reversal may be the result of stricter underwriting regulations.

### **► Key Finding**

Of the ten census tracts with the highest rates of high-cost lending in Waterloo and Cedar Falls, seven are racially or ethnically concentrated areas of poverty.

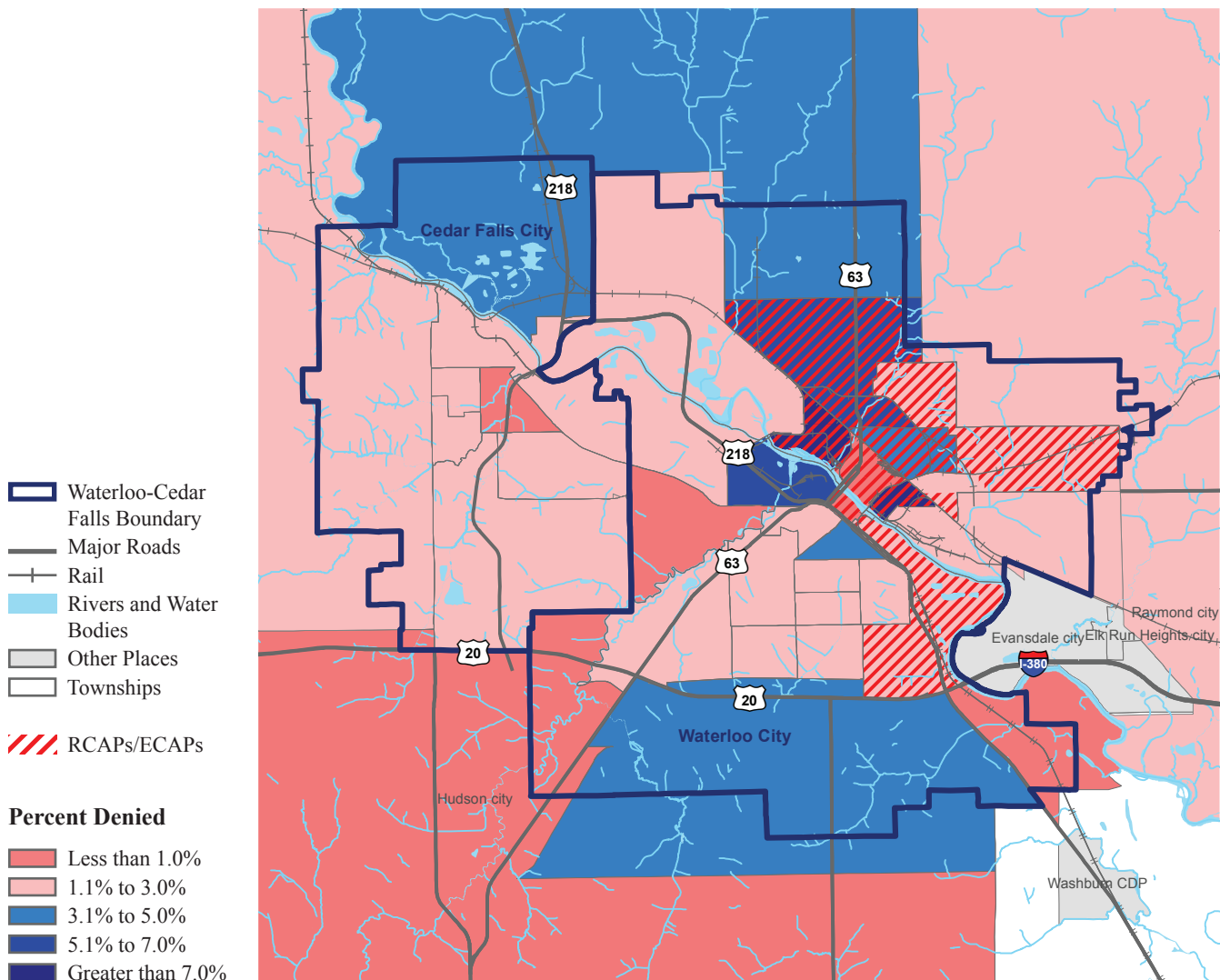
### **High-Cost Loans in Cedar Falls**

Data on high-cost loans in Cedar Falls was too limited for detailed analysis by race and ethnicity.

### **High-Cost Loans by Geography**

Map 11 on the following page depicts the distribution of high-cost loans by census tract across Black Hawk County. The census tracts with the greatest concentration of high-cost loans were in Waterloo. These were generally concentrated in the neighborhoods directly bordering downtown Waterloo, including most RCAPs/ECAPs. Of the ten census tracts with the highest rates of high-cost lending, seven are racially or ethnically concentrated areas of poverty.





**Map 11, High-Cost Loans by Census Tract, 2010-2012**

# Annual Trends in Mortgage Lending

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## Historic Lending Trends

Studying mortgage application data on an annual basis allows insight into the influence of housing market trends on the behavior of applicants and banks. Figure 52 illustrates this annual change in Waterloo, and Figure 53 illustrates this annual change in Cedar Falls.

Housing markets across the country have experienced steep declines in sales volume and mortgage applications since 2008 as a result of buyer reluctance in an unstable market. As Iowa and the nation move further away from the housing market collapse, there have been signs of renewed activity in the housing sector.

The number of mortgage applications in Waterloo and Cedar Falls follows this trend. In each city, mortgage applications bottomed out in 2011 and began a rebound in 2012.

In Waterloo, the number of applications declined 14.4% between 2010 and 2011, before increasing 10.2% between 2011 and 2012. While still a decrease of 225 applications overall between 2010 and 2012, the uptick in mortgage loan applications between 2011 and 2012 may point to continued increase in the future.

For Cedar Falls, the number of applications fell 14.2% between 2010 and 2011, and increased 33.3% between 2011 and 2012. Unlike in Waterloo, this is an overall increase of 372 mortgage loan applications between 2010 and 2012.

## Change in Originations

Over this period, the percentage of total applications that resulted in loan originations mirrored the change in total number of applications. The percent of loans originated fell between 2010 and 2011 in both Waterloo and Cedar Falls, before rebounding in 2012. In both

cities, the percent of loans originated in 2012 was greater than the percent of loans originated in 2010.

## Change in Originations by Race and Ethnicity

For individual racial and ethnic groups, the change in originations varied. In Waterloo, Black, White, and Asian applicants saw originations fall between 2010 and 2011 before rising between 2011 and 2012. In these groups, the percent of loans originating in 2012 was greater than the percent of loans originating in 2010.

For Hispanics in Waterloo, the rate of originations increased annually from 58.0% in 2010 to 62.5% in 2012.

In Cedar Falls, the annual change in originations was far more varied by racial and ethnic group. The percent of originations from Black applicants decreased annually while the percent of originations from White applicants increased annually. Hispanics saw originations decrease between 2010 and 2011 before increasing significantly between 2011 and 2012, while Asians saw originations increase between 2010 and 2011 before decreasing significantly. The wide changes may be a result of the limited number of mortgage loan applications in Cedar Falls.

**Figure 52**

Annual Trends in Loans by Race and Ethnicity, Waterloo, 2010-2012

	2010		2011		2012	
	#	%	#	%	#	%
<b>Total Loans</b>						
Applied for	3,956	100.0%	3,387	100.0%	3,731	100.0%
Black	157	4.0%	124	3.7%	125	3.4%
White	3,263	82.5%	2,724	80.4%	3,032	81.3%
Asian	24	0.6%	17	0.5%	25	0.7%
Hispanic*	50	1.3%	38	1.1%	56	1.5%
Other race	12	0.3%	8	0.2%	16	0.4%
No information/NA	500	12.6%	514	15.2%	533	14.3%
Originated	2,358	59.6%	1,923	56.8%	2,309	61.9%
Black	58	36.9%	39	31.5%	57	45.6%
White	2,143	65.7%	1,777	65.2%	2,117	69.8%
Asian	17	70.8%	12	70.6%	19	76.0%
Hispanic*	29	58.0%	23	60.5%	35	62.5%
Other race	8	66.7%	3	37.5%	7	43.8%
No information/NA	132	26.4%	92	17.9%	109	20.5%
Originated - High Cost	40	1.7%	42	2.2%	42	1.8%
Black	1	1.7%	4	10.3%	2	3.5%
White	35	1.6%	35	2.0%	36	1.7%
Asian	-	0.0%	1	8.3%	-	0.0%
Hispanic*	-	0.0%		0.0%	1	2.9%
Other race	-	0.0%		0.0%	1	14.3%
No information/NA	4	3.0%		0.0%	3	2.8%
Denied	505	12.8%	191	5.6%	472	12.7%
Black	59	37.6%	53	42.7%	41	32.8%
White	368	11.3%	386	14.2%	348	11.5%
Asian	2	8.3%	1	5.9%	4	16.0%
Hispanic*	9	18.0%	7	18.4%	7	12.5%
Other race	2	16.7%	3	37.5%	5	31.3%
No information/NA	74	14.8%	70	13.6%	74	13.9%

Note: Percentages within racial/ethnic groups are calculated within each group's total.

\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

## Annual Trends in Mortgage Lending (cont'd)

**Figure 53**

Annual Trends in Loans by Race and Ethnicity, Cedar Falls, 2010-2012

	2010		2011		2012	
	#	%	#	%	#	%
Total Loans						
Applied for	2,583	100.0%	2,217	100.0%	2,955	100.0%
Black	17	0.7%	15	0.7%	24	0.8%
White	2,197	85.1%	1,782	80.4%	2,436	82.4%
Asian	35	1.4%	44	2.0%	59	2.0%
Hispanic*	16	0.6%	13	0.6%	24	0.8%
Other race	3	0.1%	6	0.3%	8	0.3%
No information/NA	331	12.8%	370	16.7%	428	14.5%
Originated	1,739	67.3%	1,453	65.5%	2,035	68.9%
Black	12	70.6%	10	66.7%	14	58.3%
White	1,603	73.0%	1,319	74.0%	1,902	78.1%
Asian	22	62.9%	33	75.0%	39	66.1%
Hispanic*	11	68.8%	8	61.5%	20	83.3%
Other race	3	100.0%	5	83.3%	4	50.0%
No information/NA	99	29.9%	86	23.2%	76	17.8%
Denied	164	6.3%	140	6.3%	222	7.5%
Black	2	11.8%	1	6.7%	4	16.7%
White	144	6.6%	112	6.3%	169	6.9%
Asian	-	0.0%	4	9.1%	4	6.8%
Hispanic*	2	12.5%	-	0.0%	3	12.5%
Other race	-	0.0%	-	0.0%	4	50.0%
No information/NA	18	5.4%	23	6.2%	41	9.6%

Note: Percentages within racial/ethnic groups are calculated within each group's total.

\* Hispanic ethnicity is counted independently of race.

\*\* Small sample size may make analysis unreliable.

Source: Federal Financial Institutions Examination Council, 2010 to 2012.

### **Black Hawk County Landlord Association**

The Black Hawk County Landlord Association is a chapter of Landlords of Iowa, Inc., which is an advocacy organization formed to advance the general welfare of the rental housing industry in the state of Iowa. The primary focus of the organization is to educate members on the laws that govern the industry and to promote responsibility among rental property owners.

The Black Hawk County chapter consists of about 190 members who pay a \$60 annual fee. Anyone can be a member of the Black Hawk County Landlord Association. Members meet monthly to share experiences and learn from each other on issues such as working with collection agencies, verification of tenant references, finding responsible tenants, interpreting city ordinances and more. Members are kept informed through monthly newsletters and quarterly state newsletters, and through opportunities to listen to guest speakers at local and state meetings. A fair housing advertisement of some sort, usually regarding the importance of compliance with the Fair Housing Act, is issued in the newspaper about once a year. Speakers are often invited to present at the monthly meetings, including speakers from the Waterloo Housing Authority who have discussed the Section 8 program with landlords.

The association promotes the use of basic guidelines for screening tenants. These include: requiring that monthly rent can be no more than a certain percentage of monthly income, undergoing a criminal background check, a credit check, and a traffic violation check. The association views these as objective criteria that can create a dependable profile of a prospective tenant.

The Black Hawk County Landlord Association also makes green and weatherization improvements to properties. This significantly lowers utility bills for their residents. The

Association utilizes Green Iowa, a partnership between the University of Northern Iowa and Americorps, for manpower for weatherization projects. One stakeholder in the Association mentioned that they would like to see more funds targeted towards weatherization efforts in Waterloo and Cedar Falls.

The landlord association's experience in Cedar Falls is that the city can be hostile toward tenants and landlords according to the association interviewed. The City of Cedar Falls Rental Housing Inspection Program, in which the burden of tenant behavior is put onto the landlord and jeopardizes a landlord's license to rent in the City, was cited as the primary example of hostility. The organization does not have a formal process through which it can intervene on behalf of its members where fair housing complaints have been filed against a landlord.

Investors consistently buy housing on the East Side of Waterloo, where property values are lower, because they cannot afford the initial acquisition and investment in neighborhoods with higher property values. This has created "rental neighborhoods" where rental units are clustered and the homeownership rate is significantly lower.

# Evaluation of Current Fair Housing Profile



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## Progress since Previous AI

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The most recent Analysis of Impediments to Fair Housing Choice for the Waterloo-Cedar Falls HOME Consortium was conducted five years ago in 2009. The document reported on a review of public policies and zoning laws as well as transportation issues, and socioeconomic and political obstacles to achieving fair housing in each city.

The report contained several impediments and a Fair Housing Action Plan for the Consortium. The Consortium has made progress on a number of fronts in efforts to expand affordable housing choice and affirmatively further fair housing within its borders. The cities of Waterloo and Cedar Falls have maintained close working relationships with Waterloo Housing Authority, Habitat for Humanity, House of Hope, and other organizations capable of providing education, outreach, and tracking fair housing issues in the interim between formal AI documents.

## Progress since Previous AI (cont'd)

Impediment	Actions Taken	Comments on Progress
Impediment	Actions Taken	Comments on Progress
Historical patterns of segregation persist in Waterloo	Directors of CDBG and WHA have discussed ways to encourage Section 8 voucher holders to move to different neighborhoods. During FY2013, this discussion was included in their FFS program.	
Black households earn significantly less than White households, thus limiting housing choice and location.	Continued down payment assistance for homebuyers and new construction in areas with a high concentration of minorities.	
Members of the protected classes are underrepresented on appointed boards and commissions.	Three of the last four appointees on the Community Development board have been members of the protected classes.	
Newspaper advertisements prohibiting pets may discourage persons with service or therapeutic animals from seeking housing.	A marketing campaign utilizing radio, television, newspaper articles, and billboards for fair housing awareness was undertaken from October 2012 to April 2013.	
Improved tracking of where CDBG and HOME funds are being invested could enhance future fair housing initiatives	Information is tracked on the application form as well as on IDIS. The Waterloo-Cedar Falls HOME Consortium solicits housing development in various locations throughout the cities to give potential homebuyers a diverse option of locations of new housing	
Mortgage application denials disproportionately affect racial and ethnic minorities.	Down payment applicants are required to complete a home ownership class from a HUD-approved agency. Classes help clients understand the mortgage process. Additionally, Waterloo has been awarded NSP3 funds that are targeted to assist areas where high-cost loans were made.	
High-cost lending mortgages disproportionately affect racial and ethnic minorities.	(repeat action from above)	

Impediment	Actions Taken	Comments on Progress
Recent testing reveals that landlords lack a comprehensive understanding of fair housing law and the meaning of reasonable accommodation.	A partnership was created and expanded with the Waterloo Human Rights Commission and the Landlords of Black Hawk County to be more proactive in educating landlords regarding fair housing. Staff from WHA, Human Rights Commission, and the Community Development Department spoke at a Waterloo/Cedar Falls Board of Realtors luncheon on fair housing concerns and issues.	
There is an inadequate supply of accessible dwelling units for persons with disabilities.		
There is limited interaction and collaboration between lenders, landlords, Realtors, the Human Rights Commissions, and advocacy groups in addressing fair housing issues.		
There is limited awareness of universal design and visibility guidelines in building codes.	The Community Development Director and the City Building Official discussed ways to increased awareness with new residential construction.	There have not been any amendments to the building code to increase universal design or visibility guidelines in new residential construction.
The Waterloo Commission on Human Rights is being forced to reduce services due to funding limitations	No action has been taken, and the staffing level has also been reduced in Waterloo's CDBG department.	
There is an inadequate supply of information relative to accessible dwelling units for persons with disabilities	The Waterloo Local Housing Trust Fund recently received its formal certification from the Iowa Finance Authority and the Trust Fund has listed this impediment as one of its objectives to address.	The Local Housing Trust Fund should include Low Income Housing Tax Credit developments in addition to properties owned and maintained by housing authorities. Examples are Stokes Manor and Stokes Senior Housing on the East Side of Waterloo.

# Fair Housing Infrastructure

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This section reviews fair housing capacity in the Waterloo-Cedar Falls HOME Consortium, including advocacy organization and jurisdictional monitoring and enforcement of local fair housing laws.

## Human Rights Commissions

### *Waterloo*

Enforcement of fair housing issues in Waterloo has historically been the responsibility of the Waterloo Human Rights Commission. The Commission conducts several events and publicity measures to focus attention on fair housing. These include a housing forum conducted annually during the month of April to commemorate Fair Housing Month; the theme is fair housing education. This event is well-attended by landlords, but not by tenants. A conference on human rights called Human Rights Training Academy is conducted each year and includes a housing session. This training is eight hours long, and includes weekly two-hour segments for four weeks. This year there were 25 participants. An annual Summer Harmony Day was conducted in June. Fair housing awareness is a part of this activity. A three panel brochure entitled “Fair Housing” has been published by the Commission. This brochure describes discriminatory actions and provides contact information for the Waterloo Commission on Human Rights. The Commission also runs commercials on television occasionally. Despite the growing Hispanic population in Waterloo, materials are available in English only.

Bringing the National Fair Housing Alliance into Waterloo to conduct testing is a major goal of the Waterloo Human Rights Commission. Despite discriminatory conduct identified in the last round of testing and receiving numerous anecdotes about realtors steering prospective tenants to Cedar Falls, no testing has been done

in the last five years. Based on the results of the previous testing, the continued presence of anecdotal evidence of steering, and the significant amount of time that has passed since the last testing was completed, the feasibility of paying for additional testing should be investigated.

The Human Rights Commission receives complaints on fair housing discrimination and ensures the Fair Housing Act, Iowa Civil Rights Act, and other policies aimed at eliminating discriminatory barriers are properly executed. This includes all seven of the federally protected classes as well as the additional classes of pregnancy, creed, sexual orientation, and gender identity that are protected by the Iowa Civil Rights Act.

### *Cedar Falls*

The Cedar Falls Human Rights Commission consists of 11 members, each serving a three-year term. The Commission takes appointments into consideration on various racial, religious, economic, cultural, sex, age, physical disability, and social groups in the city. The Commission's primary responsibility is to receive and provide confidential investigation and conciliation of complaints alleging unlawful discriminatory practices within the Cedar Falls community, to hold necessary public hearings, and to provide conciliations and educational programs to prevent and eliminate discrimination.

The Cedar Falls Human Rights Commission typically refers residents to the Iowa Civil Rights Commission, and makes an average of 10 referrals a year. Disability and landlord/tenant issues are the most frequent complaints they receive. Members attend an annual human rights conference. One goal of the Commission is to acquire CDBG funds for community outreach. The Commission currently does not have the capacity to print and distribute fair housing materials, conduct community outreach, or independently investigate and enforce complaints brought to them.

### **Legislation Impacting Accessibility of Rental Dwelling Units**

#### *Private Housing Stock*

The Cities of Waterloo and Cedar Falls apply the ANSI A117.1 American National Standard for Buildings and Facilities – Providing Accessibility and Usability for Physically Handicapped People as the standard for meeting accessibility requirements for new construction. In addition, Waterloo applies specifications outlined in the International Code Council's 2003 Building Codes.

#### *Public Housing Stock*

Section 504 of the Rehabilitation Act of 1973 and 24 CFR Part 8 requires that 5% of all public housing units be accessible to persons with mobility impairments. Another 2% of public housing units must be accessible to persons with sensory impairments. In addition, a PHA's administrative offices, application offices and other non-residential facilities must be accessible to persons with disabilities. The Uniform Federal Accessibility Standards (UFAS) is the standard against which residential and non-residential spaces are judged to be accessible. WHA completed a Section 504 Needs Assessment in 1989; the transition plan was updated in 1994. Five of the units at Ridgeway Towers are fully accessible to persons with mobility impairments. Another three units are designed for persons with sight and hearing disabilities.

### **Advocacy Organizations**

Several nonprofit organizations were interviewed and/or submitted written responses to surveys on fair housing issues faced by their clients.

#### *Habitat for Humanity*

Habitat for Humanity is currently the only Community Housing Development Organization (CHDO) in Black Hawk County. It serves Black Hawk County and two adjacent counties, and utilizes HOME money from the Waterloo-Cedar Falls HOME Consortium. Habitat works with approximately half as much funding as it did five years ago due to HOME funding reductions. Habitat builds or renovates an average of 12 houses annually, at an average cost of \$90,000 for new construction. The average Habitat home mortgage is \$550 a month.

*House of Hope*

House of Hope provides transitional housing for homeless women and children. It has the capacity to house between 20 and 30 applicants at a time, although there are many additional applicants that must be turned down. House of Hope staff are trained to send rejected families to other agencies and maintain an active referral network. Many applicants come in from the street or other shelters, or are referred to House of Hope by The Salvation Army. Most of these applicants have mental illness or developmental disabilities, and most are chronically homeless.

The organization owns two homes in the Walnut Street neighborhood and would like to expand. House of Hope is completely privately funded and has been in the neighborhood for over 18 years. Families are able to stay for a maximum of two years before they are discharged. House of Hope staff mention that it is very difficult to transition families from their program into a quality affordable housing unit due to scarcity.

*Exceptional Persons, Inc. (EPI) MS Services*

EPI assists persons with multiple sclerosis and their caregivers to adjust to life with a chronic illness by providing emotional support, current information and connection to community services.

*Positive Steps for Northeast Iowa*

Located in Waterloo, Positive Steps provides vocational training and job placement for persons with disabilities. The vocational training component builds wheelchair ramps for persons with disabilities. In its experience with Waterloo and Cedar Falls, Positive Steps believes that both cities adequately enforce ADA and other accessibility requirements. However, the organization believes that local landlords do not make reasonable accommodation for persons with disabilities. Positive Steps attempts to locate persons with disabilities that need ramps to access their homes. The organization networks with funding sources to complete the work as inexpensively as possible. In its work throughout the two cities, the group sees accessible and affordable housing as the primary housing impediment.

*Black Hawk-Grundy Mental Health Center*

This organization administers the PATH Program (Project to Assist in Transition from Homelessness), which provides outreach to homeless persons with mental illness. The major unmet need faced by the organization is assisting persons who are homeless to find housing while waiting for SSI benefits. Many of their clients have disabilities that preclude employment and/or criminal backgrounds which eliminate public housing as an affordable housing option.

# General Fair Housing Observations

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This section of the Analysis of Impediments is a summary of general observations included in earlier sections of the report. General observations include the results of primary and secondary research that define the underlying conditions, trends, and context for fair housing planning in the Consortium. These observations in and of themselves do not necessarily constitute impediments to fair housing choice. Rather, they establish a contextual framework for the impediments are presented in the following section.

## Demographic and Housing Market Observations

1. Waterloo's population still remains lower than it was in 1970. Much of the population loss has occurred in neighborhoods within the city center. This is also where low-income households and minorities in Waterloo are concentrated. By contrast, the population of Cedar Falls has expanded rapidly since 1970, growing 32.6%.
2. Real median household income in Waterloo fell by 9% from 2000 to 2012 across the decade, while housing prices stayed relatively stable. As a result, the risk of cost burden has increased.
3. Waterloo's Hispanic population increased to 5.5% of the total population from 2000 to 2012. This population is concentrated in the Highland-City View (Census Tract 19) and Rath-Maywood (Census Tract 8) areas.
4. Blacks continue to be Waterloo's and Cedar Falls' largest minority group, accounting for 15.2% of the population of Waterloo and 2.4% of the population of Cedar Falls in 2012. From 2000 to 2012, the Black population grew by 8.6% in Waterloo and by 68.3% in Cedar Falls.
5. Whites are more likely to own their home than any other ethnic group. Black rates of homeownership decreased from 46% in 2000 to 39% in 2010. Hispanics' rate of homeownership increased from 47% in 2000 to 61% in 2010.

### **Programmatic Observations**

1. Sharp reductions in federal entitlement grant amounts have greatly challenged the Waterloo-Cedar Falls HOME Consortium's ability to create affordable housing opportunities. However, proactive efforts such as the Waterloo Housing Partnership Down Payment Assistance Program, Homebuyer Education Program, and multiple Operation Threshold programs represent strong community will to address this need.
2. Waterloo-Cedar Falls' 2009 Analysis of Impediments, Waterloo's Housing Needs Assessment from 2011, and stakeholders from the current AI interview process have all identified the Highway 63-St. Mary's area (Census Tract 17.01) as a high-need area, particularly for quality affordable housing.
3. The Waterloo-Cedar Falls Five-year Consolidated Plan for 2015-2019 includes language consistent with fair housing aims, including goals of preserving and creating affordable housing units across the area.
4. While Black families are overrepresented in public housing and the voucher program and racial segregation persists across Waterloo and Cedar Falls, WHA and CFHA actively promote voucher mobility. However, finding available, quality affordable housing in Cedar Falls is more difficult for voucher holders due to the high number of college students and a tighter rental market.
5. While some CDBG flood recovery money still remains, this money will be used up within the next few years. Nothing will replace this funding source.
6. During stakeholder interviews, both private-sector housing providers and housing-related non-profits independently expressed interest in increased programming for weatherization.
7. The WHA board's composition does not appropriately reflect the racial or gender composition of WHA's tenants. As of April 2014, the board was composed of four White males, three White females, and one Black male. In 2013, the WHA's tenant base was 65.5% Black and 85.5% of households were headed by females.





# Impediments to Fair Housing Choice



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# Public Sector Impediments: Market-Based

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## **1. No strategy to meet the market needs of the growing limited-English-speaking population has been introduced.**

There are 2,765 residents in Waterloo-Cedar Falls with limited English Proficiency (LEP). Of these LEP residents, 1,197 (1.89% of the population) spoke Serbo-Croatian and 1,192 (1.87% of the population) spoke Spanish. This is a significant number of residents, and warrants further analysis of whether this population can access public programs and services, according to HUD's "safe harbor" guidance on compliance with Title VI. Additionally, both Waterloo and Cedar Falls continue to experience high growth in their Hispanic populations. According to advocates, this group is more likely to experience refusal to rent and unfair treatment, and they are less likely to know their fair housing rights. The Consortium must adapt to ensure that its evolving population has equal access to programs, services, and housing opportunities.

**Action Step 1:** The City of Waterloo Planning, Programming, and Zoning Division and City of Cedar Falls Planning and Zoning Division should conduct a four-factor analysis to determine the extent to which current systems for interpretation and translation adequately serve the communities, culminating if necessary in a Language Access Plan. The four-factor analysis is detailed in the Federal Register dated January 22, 2007.

**Action Step 2:** The City of Waterloo should consider appointing an outreach specialist to work specifically with the Serbo-Croatian and Hispanic populations, if feasible.

## **2. There is a growing mismatch between real income and housing cost.**

After adjusting for inflation, real median income has fallen approximately 12.1% across the decade. Some areas of Waterloo lost between 20% and 30% of their real median income. Between 2000 and 2012, median housing value increased 13.6% and median gross rent decreased 1.4% in Waterloo and increased 6.6% in Cedar Falls. In 2012 median gross rent was \$644 in Waterloo and \$678 in Cedar Falls. Waterloo also lost 1,933 (62.9%) of its rental housing units renting for \$1000 or less from 2000 to 2012, and Cedar Falls lost 839 (63.4%) of its rental units renting for \$1000 or less during this time period. Minimum-wage earners, single-income households, and those depending on SSI payments cannot afford an apartment renting at the fair market rate in either Waterloo or Cedar Falls, and the increases in rents continue to represent an affordability concern for residents, particularly those with fixed incomes.

In 2012, a Waterloo resident earning the median household income of \$41,275 had a maximum affordable purchase price of \$81,225. This means they could not afford to buy a home at the median purchase price of \$96,750. Relative housing costs are increasing in Waterloo and Cedar Falls, making affordable housing a significantly larger issue over time.

**Action Step 1:** Waterloo and Cedar Falls should continue to focus its CDBG funding on the provision of affordable rental units.

**Action Step 2:** Waterloo and Cedar Falls should consider a renter-focused CDBG-funded affordable housing project

**Action Step 3:** Waterloo should continue to maintain its 3-year tax abatement program in the CURA and Community Development Down Payment Assistance Program.

**3. It is difficult for large families and people with disabilities to access quality, affordable, suitable housing.**

The supply of affordable housing accessible to persons with disabilities is limited by the age of the housing stock in Waterloo and Cedar Falls.

The housing market in the Waterloo-Cedar Falls area is older than the national average, with 81% of homes being built before 1978. Older housing stock is frequently not ADA-compliant, which presents barriers for disabled persons seeking housing. Given that the results of Waterloo's 2011 Housing Needs Assessment projected increased demand for handicap-accessible and senior housing in Waterloo and Cedar Falls, this may become an urgent issue in the near future.

Some facilities designed to accommodate people with mobility disabilities exist in Waterloo, including Stokes Manor and Ridgeway Towers. However, stakeholder interviews, WHA waiting list data, and the 2011 Waterloo Housing Needs Assessment suggest that the unmet need for affordable and accessible housing remains significant. In addition, both Waterloo and Cedar Falls have aging populations, meaning that the demand for accessible housing units will be significantly increasing in the near future.

There is also an inadequate supply of available information related to accessible dwelling units for persons with disabilities. Persons with disabilities in need of accessible, affordable housing may not know where to turn to for assistance. There is a lack of informational brochures on fair housing in relation to disability, and a readily accessible ADA coordinator does not exist in either Waterloo or Cedar Falls.

To adequately house large families without overcrowding a housing unit, a sufficient

supply of units with three or more bedrooms is necessary. Neither Waterloo nor Cedar Falls has a high percentage of housing units capable of housing large families.

**Action Step 1:** The Waterloo and Cedar Falls Planning Departments should work together to arrange a workshop for developers and landlords to broaden awareness of the concepts of universal design.

**4. The gap between White and minority median household incomes, unemployment rates, and homeownership rates is large and growing.**

With the exception of Asians, minorities in both Waterloo and Cedar Falls had significantly lower median incomes and significantly higher unemployment rates than whites.

In both Waterloo and Cedar Falls, the median household income for Blacks and Hispanics is significantly lower. In Waterloo in 2012, Blacks earned \$18,409 less than Whites and Hispanics earned \$7,674 less than Whites. In Cedar Falls the trend is very similar: Blacks earned \$27,150 less than Whites and Hispanics earned \$23,981 less than Whites. In 2012, the unemployment rate for Blacks was 8.4% higher than Whites in Waterloo and 28.5% higher in Cedar Falls. The unemployment rate for Hispanics was 5.5% higher than Whites in Waterloo and 2.8% higher in Cedar Falls. In Waterloo, the poverty rate was 22% higher for Blacks than Whites and 15.2% higher for Hispanics. In Cedar Falls, poverty rate was 17.2% higher for Blacks than Whites and 29.7% higher for Hispanics than Whites. In all instances, the disparity between White residents and minority residents (with the exception of Asians) increased rather than decreased.

This data indicates that home ownership in Waterloo and Cedar Falls is the most unaffordable to black and Hispanic households as a function of the lower median household incomes, higher unemployment rates, and higher poverty rates among these groups.

Blacks and female-headed households are highly overrepresented in the Waterloo Housing Authority's tenant list. Blacks make up 65.5% of WHA's Section 8 tenant list but only 15.2% of the population. And, 85.5% of all Section 8 tenant households are female-headed

households, compared to 14.4% of male-headed households.

**Action Step 1:** Provide incentives for employment training and apprenticeships aimed at residents of racially impacted neighborhoods.

**5. The supply of larger rental housing units may not match the demand from protected classes.**

Larger families may be at risk for housing discrimination on the basis of race and the presence of children (familial status). A larger household, whether or not children are present, can raise fair housing concerns. In Waterloo, minorities were significantly more likely than Whites to live in families with three or more persons. Hispanic households had the highest rate of larger family households, at 83.1%. Similarly in Cedar Falls, 10.4% of all units are renter-occupied with three or more bedrooms compared to 50.9% of all units being owner-occupied large units.

To adequately house larger families, a sufficient supply of larger dwelling units consisting of three or more bedrooms is necessary. In Waterloo, there are fewer options to rent a unit to accommodate larger families. Of the city's housing stock, 8.1% of units are rentals with three or more bedrooms. By comparison, 42.7% of all units were comprised of owner-occupied units with three or more bedrooms. The lack of rental units capable of accommodating larger families in both Waterloo and Cedar Falls presents an obstacle to housing for members of the protected classes, which tend to have low homeownership rates and larger families.

**Action Step 1:** Target home ownership counseling to residents of impacted neighborhoods.

## Public Sector Impediments: Policy-Based

### **6. The City of Waterloo's zoning provisions regarding group homes limit their capacity to integrate into the community.**

In their current incarnation, the City of Waterloo's zoning regulations impose undue additional requirements on group homes, stipulating that none may be located within a particular distance buffer of another group home or other selected land uses. This very literally restricts housing choices for people with disabilities. Group homes for eight or fewer disabled persons should be treated as single-family homes and be allowed to site without restriction in any residential area.

**Action Step 1:** The City of Waterloo should amend its zoning ordinance to ensure that small group homes for up to eight persons with disabilities are treated as single-family homes without additional requirements, permits, or conditions.

### **7. The strict definition of family imposes a barrier to the formation of non-traditional households.**

Since the creation of the current zoning code in 1960, Waterloo has limited the number of unrelated persons who may live together as a single family. Given the socioeconomic diversity and prevalence of renters in Waterloo and the City's goal to expand the availability of affordable housing options—particularly in higher-density areas—the City should adopt a more open and inclusive definition of family. This definition should be based on function rather than on the relationship between individuals living together.

**Action Step 1:** The City should amend its zoning ordinance to remove specifications about who may live together, regulating what constitutes a family by function instead of traditional relation. It should determine occupancy limits by structural function rather than the traditional definition of family.



**8. The Cedar Falls Human Rights Commission does not have the capacity to assertively enforce the provisions of the municipal human rights ordinance.**

The Cedar Falls Human Rights Commission does not receive enough funding to enforce fair housing requirements and affirmatively further fair housing. The Commission is interested in undergoing a community outreach initiative, but does not have the funding necessary. Generally the Commission refers all complaints to the Iowa Civil Rights Commission, which, despite being effective, adds an additional layer of bureaucracy to the complaint process.

**Action Step 1:** Determine the viability of using CDBG funding to pay for a fair housing outreach project undertaken by the Cedar Falls Human Rights Commission. Empower the Cedar Falls Human Rights Commission to be able to adequately enforce fair housing law at the local level rather than referring residents to the Iowa Civil Rights Commission.

**9. The indefinite closure of the Northeast Iowa Center for Independent Living and cancellation of the MET's Prime Time Pass program severely limit access for elderly and disabled residents, as well as employees working atypical hours.**

MET used to provide a transportation program called Prime Time Pass in collaboration with the Black Hawk Center for Independent Living. Prime Time Pass was a transportation service aimed at providing an after-hours and weekend paratransit service for elderly, low-income, and disabled persons. This program provided the only 24/7 continuous transportation service in the Waterloo-Cedar Falls area. While Prime Time Pass had funding for 1,300 riders each month, ridership actually exceeded that amount and included 1,500 monthly riders.

The program was primarily designated to serve elderly and disabled people riding to community amenities. However, due to the difficulty in using conventional transit to get to work, it became relied upon by a high number of low-income people who had no other means of commuting to work. Rates were significantly lower than a taxi service—the only other viable alternative for many people—giving low-income people more disposable income. This program ended on April 15, 2012, after 12 years of operating due to rising expenses and stagnant funding. This negatively impacted a large number of the protected classes in the area.

**Action Step 1:** Conduct a feasibility study to determine whether new funding exists to revive the Prime Time Pass service.

**Action Step 2:** Conduct transportation needs assessment to determine whether any frequent commuting patterns previously used by the Prime Time Pass service can be incorporated into the MET bus routes.

**10. A lack of transit connections to growing commercial corridors and suburban employment areas limits job access as well as access to community assets.**

Relative to similar-sized regional cities, core areas of Waterloo and Cedar Falls are well-served by public transit agencies. However, the industrial, wholesale, and retail jobs that are open to residents with lower education levels are typically located in the region's suburban and rural areas. These areas are difficult or nearly inaccessible using the "looped" orientation of the regional transportation network. This is particularly true of the newer industrial parks where jobs are growing fastest, which generally locate near highways for optimal truck access. It is also time-intensive to travel into Cedar Falls from Waterloo, despite the relatively high volume of inter-city travel. Stops may drop persons with disabilities off quite far away from their final destination, limiting accessibility by making commutes longer and more dangerous.

**Action Step 1:** The Consortium should continue to engage in regional planning efforts to most efficiently match bus lines and stops with jobs, housing, and amenities.

# Private Sector Impediments: Market-Based

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## **11. Ongoing patterns of disparity in private lending may indicate mortgage discrimination.**

Areas of racial concentration are present in Waterloo, but not in Cedar Falls. Areas of high minority concentration are located in the northern and eastern parts of downtown Waterloo. Based on a dissimilarity index analysis, Waterloo's level of ethnic segregation is moderate and Cedar Falls' level of ethnic segregation is low. However, segregation in Cedar Falls significantly increased from 2000 to 2012.

Blacks and Hispanics had mortgage denial rates significantly higher than Whites. In fact, over the course of the three years studied, upper-income Black and Hispanic households were denied mortgage loans more often than lower-income White households. Minority applicants were more likely to receive high-cost loans, regardless of income level. Denial rates were also disproportionately located in racially concentrated areas of poverty within the City of Waterloo, and far less lending occurs in these areas.

**Action Step 1:** The Waterloo-Cedar Falls HOME Consortium should consider the feasibility of testing for mortgage discrimination by a qualified entity in order to more effectively target education, outreach, referral, and enforcement activities.

**Action Step 2:** The City of Waterloo should continue to support financial education and credit counseling for lower-income households. Multi-lingual education opportunities should be examined as well.

## **12. Testing for housing discrimination has not been conducted recently, despite positive results from the previous test and complaints of steering within the housing market.**

In April 2008, HUD authorized a \$25,000 grant to allow for fair housing testing in Waterloo. The Iowa Civil Rights Commission was engaged to perform non-punitive testing on familial status and race. Of the 20 tests, six (30%) indicated evidence of possible discrimination, including four instances on the basis of race, one on the basis of familial status, and one on the bases of race and familial status. ICRC followed up the results by working with the local landlord organization to broaden the landlords' understanding of fair housing requirements at the local, state and federal levels. As a result of the testing project, the Waterloo Commission on Human Rights initiated a complaint against one of the housing providers. The remaining housing providers were contacted by the Commission and offered education and mediation.

No testing for housing discrimination has occurred since 2008 in Waterloo or Cedar Falls. However, complaints of discrimination persist in both areas, particularly anecdotal claims of realtors steering potential residents. Stakeholder interviews revealed that the most common complaints were on the basis of race or disability.

**Action Step 1:** The feasibility of applying for a grant for another round of testing, with particular emphasis on race and disability, should be evaluated by the Consortium.

**13. Fair housing issues exist within both Waterloo and Cedar Falls' Nuisance Properties and Rental Inspection ordinances.**

Waterloo's Chronic Nuisance Properties ordinance, amended by the City Council in 2013, empowers the Police Department to hold landlords, managers, and building owners accountable for encouraging or permitting criminal activity on their properties. It allows the property to be treated as a nuisance premises after three calls to the property resulting in either an arrest, probable cause for an arrest, a warning, or a citation within one year. Key components of Waterloo's Rental Inspection Ordinance include required landlord licensing, registration of all rental units, a required inspection every three years instead of the previous five, and mandate that lease agreements include a "crime-free addendum". Landlords are also required to submit information about tenants.

In this instance, Waterloo may have created a strong incentive for landlords to evict entire tenant households whenever a single tenant, household member, guest, or other person on site is accused of criminal or other nuisance activity. While this ordinance excludes victims of domestic violence, people with disabilities, children, and other tenant families may also be harmed by this ordinance. Requiring the submission of information about tenants may reinforce discriminatory conduct against members of the protected classes by making it easier to distinguish these residents from the general population. Such ordinances have the potential to violate fair housing laws by disproportionately impacting members of the protected classes.

**Action Step 1:** The City's legal department should conduct a detailed review of its Chronic Nuisance Properties and Rental Inspection ordinance within the context of the Shriver report and the Fair Housing Act to determine whether its enforcement is inconsistent with applicable fair housing laws.

Section 8

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# Fair Housing Action Plan

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