

Analysis of Impediments to Fair Housing Choice for the Cities of Muskegon, Muskegon Heights, and Norton Shores



Fair Housing Center of Southeastern Michigan
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We would like to thank the Fair Housing Center of West Michigan for sharing complaint data with us, as well as a prior Analysis of Impediments that they had written. Several nonprofits devoted time and energy to answering our questions, as did staff at the downtown Muskegon library.

Limitations of this Analysis

This Analysis of Impediments to Fair Housing was prepared in order to assist the cities of Muskegon, Muskegon Heights, and Norton Shores in reducing housing discrimination. This document is not legal advice, and it assumes that the information provided by the jurisdictions involved is accurate.

Executive Summary

The cities of Muskegon, Muskegon Heights and Norton Shores receive Community Development Block Group funding, and as a result, are responsible for periodically conducting an Analysis of Impediments to Fair Housing. Though the federal Fair Housing Act was passed in 1968, more than 40 years later housing discrimination remains a serious issue both around the country and in Muskegon County.

This report analyzes local census, housing market, and other data from Muskegon, Muskegon Heights, and Norton Shores and makes recommendations on local public policy, including housing accessibility, new construction, zoning definitions, banking practices, and local civil rights protections, among others. Fair housing testing, advice, advocacy and community education also have their place in a comprehensive approach to reducing impediments to fair housing. As outlined in this report, there is much that local jurisdictions can still do to improve equal housing opportunity. The Fair Housing Center of Southeastern Michigan is a private non-profit organization working to investigate and resolve complaints of illegal housing discrimination.¹

The Department of Housing and Urban Development (HUD) understands the purpose of the Analysis of Impediments to Fair Housing Choice as a way to further planning around fair housing, including:

- Completing the Analysis of Impediments to Fair Housing Choice
- Taking action to impediments identified in the analysis; and
- Maintaining of records reflecting the analysis and actions taken.

Any discussion of impediments to fair housing focuses on discrimination and should not be confused with a full-scale discussion of housing affordability. The Federal Fair Housing Act bars discrimination in housing based on race, color, religion, sex, national origin, familial status (families with children), and disability. Michigan's Elliott-Larsen Civil Rights Act protects those categories and adds marital status and age as protected categories.

HUD defines impediments to fair housing as:

- Actions, omissions, or decisions taken because of protected classes, which restrict housing choices or the availability of housing choice; or
- Actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choice on the basis of protected classes.

Further, HUD understands these goals to mean:

- Analyzing and working to eliminate housing discrimination in the particular jurisdictions;
- Promoting fair housing choice for everybody;
- Providing opportunities for inclusive patterns of housing occupancy;
- Promoting housing that is physically accessible to, and usable by, all persons, particularly persons with disabilities; and
- Working to help others to comply with the nondiscrimination provisions of the Fair Housing Act.²

¹ Currently there are four private non-profit fair housing organizations in Michigan: the Fair Housing Center of Southeast Michigan, the Fair Housing Center of Metropolitan Detroit, the Fair Housing Center of West Michigan, and the Fair Housing Center of Southwest Michigan. For more information, see www.fhcmichigan.org

² Fair Housing Planning Guide. U.S. Department of Housing and Urban Development. March 1996, pg.1-3.

The recommendations that we make cover a comprehensive array of activities. They include actions that the local governments can take directly—for instance, updating zoning definitions and using investments as a way to encourage community investment. They include recommendations for housing code enforcement, and for fair housing testing. Communities that make it a priority to remove impediments to fair housing are able to make a difference—even in the face of challenges such as high foreclosure rates and high unemployment.

Part I: Introduction and Demographics

In 1949, a group of citizens got together to propose a public housing commission for Muskegon. As part of their rationale, they wrote:

There is no way to measure the misery of the Muskegon families forced to live among filth and rats, of the broken homes and broken lives which result.

They continue,

The greatest need for housing is among low and moderate income families who have one or more young children and need rental quarters...

Veterans' families formed since 1945 have found it almost impossible to find rented quarters suitable for young families just starting out...

***Negro families, because of restrictive covenants and other discriminatory practices, have found it particularly hard to find decent housing accommodations.** One-third of all homes occupied by Negro families are physically substandard. Overcrowding—sometimes with four, eight, or twelve families in a home originally built for one—in addition an inevitable result of discrimination and low incomes...*

***[There are] a great many young families with one or two young children who are forced to find larger quarters and can find no place which will rent to them.** (pp. 1-7, emphases added)*

Although these words were written in 1949, nearly 60 years later many of them still ring true. Despite the Fair Housing Act and the Michigan Elliott-Larsen Civil Rights Act, housing discrimination—particularly based on race and familial status—means that many families still live in substandard or overcrowded housing, or that their housing choices are limited.

Nearly 30 years later, in 1977, the West Michigan Shoreline's Regional Development Commission compiled a Regional Housing Plan, wherein they addressed Equal Housing Opportunity:

The effects of discrimination in housing in both the private and public sectors of the housing market have been well documented. Beyond instances which are so blatant that they result in legal action, discrimination in the private sector is generally subtle and difficult to identify from the regional perspective...The assessment of potential discrimination relating to public actions, however, is more easily accomplished, as the nature of public planning and delivery activities provides for accountability to equal housing opportunity guidelines (pp. 93-94).

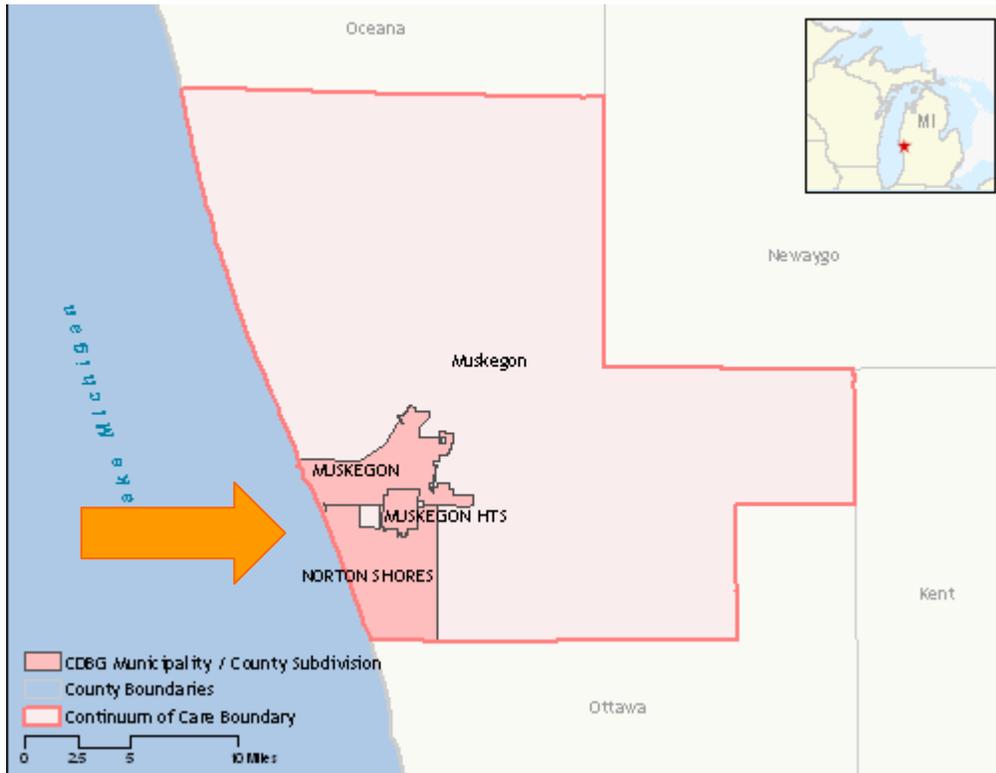
In the 21st century, housing discrimination is still with us, often accompanied by a smile and a handshake. There are so many things that a governmental entity can do to end housing discrimination and remove impediments to fair housing, and this report is dedicated to those goals:

➤ **Demonstrating an open and welcoming attitude through policies and ordinances;**

- **Enforcing fair housing law, disability/accessibility law, and building codes;**
- **Investing—in fair housing enforcement, with the financial resources at the disposal of jurisdictions.**

Summary Recommendation: *In light of these goals, we recommend that all three jurisdictions take on a serious review of policies and ordinances to ensure that they protect civil rights. We recommend that all three jurisdictions find ways to strengthen and enforce fair housing law, disability/accessibility law, and building codes. Finally, we recommend that all three jurisdictions begin both systemic and complaint-driven fair housing "testing."*

Overview



Map 1: Three jurisdictions³

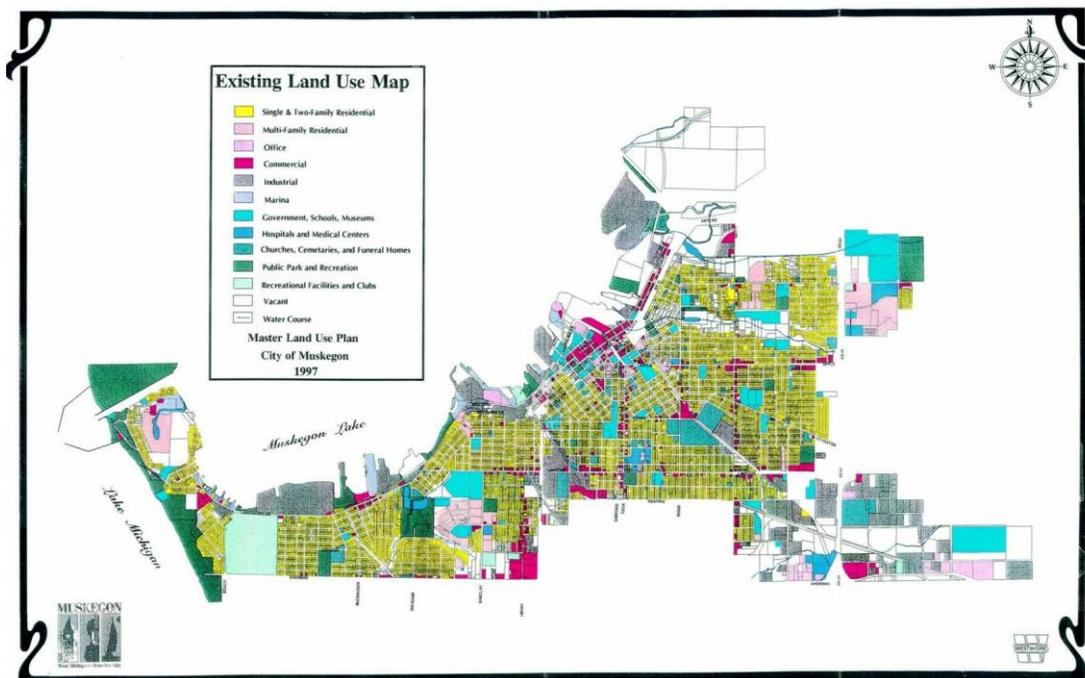
As can be seen in this map, the three jurisdictions that are part of the Community Development Block Grant (CDBG) program, are geographically only a small portion of Muskegon County. In terms of population, however, these areas represent 44% of the population of Muskegon County.

	American Community Survey, 2005-2007 Estimate	Census 2000 (SF-1)	% of County Population (based on Census 2000)
City of Muskegon	40,738	40,105	23.6%
Muskegon Heights	Not Available	12,049	7.1%
Norton Shores	23,752	22,527	13.2%
Community Development Block Grant (CDBG) Area	Not Available	74,681	43.9%
Muskegon County	174,236	170,200	100%

Table 1: Area Population

³ Found online at: http://www.hud.gov/offices/cpd/homeless/local/maps/2006_mi_516_map.png

City of Muskegon



Map 2: City of Muskegon Existing Land Use Map

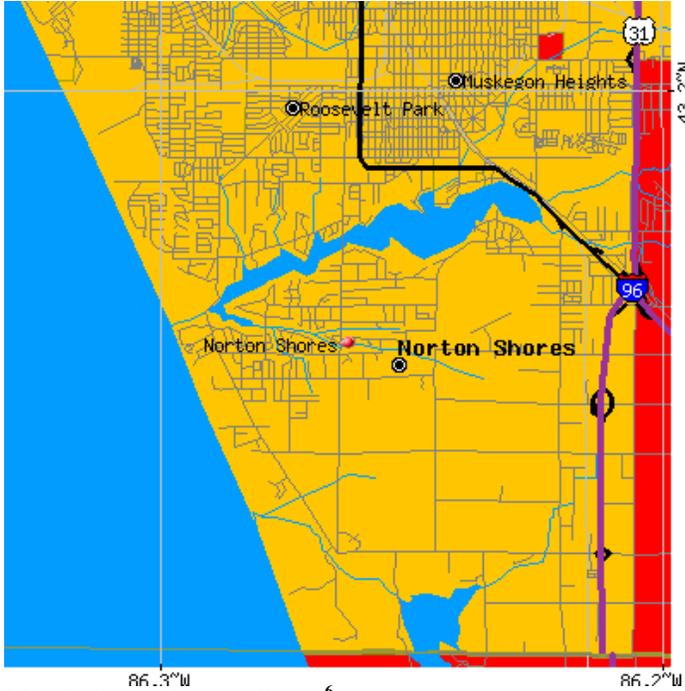
Muskegon City is found on the shore of Lake Michigan on the western side of Muskegon County Michigan, and is located north of Muskegon and Norton Shores. Muskegon City—having a population almost twice the size of the next largest jurisdiction—is the County seat. According to the US Census, its population was 40,105 in 2000, which was down .44% from 1990. The median age is 32.2, which is about 3 years younger than the median age for Michigan and the U.S. The city became more racially diverse over the period 1990 to 2000, with the majority still White (60.6%) and Black/African American (31.7%). In addition, in 2000 approximately 6.4% of the population was Latino. The median household income was \$27,929 in 2000, and even though it had increased 14.78%⁴ from 1990 to 2000, it was still roughly \$14,000 lower than median income for Michigan and the U.S.

In 2000, approximately 7.9% of the population spoke a language other than English at home. During the same year, 47.3% of the population had an income below 200% of the poverty line, compared to 25% in Michigan and 30% in the U.S. Also, according to HUD Comprehensive Housing Affordability Strategy (CHAS) data,⁵ 43.1% of renters and 20.6% of homeowners experience housing problems, with disproportionate need exhibited in the Native American, Latino, Asian, and African American populations.

City of Norton Shores

⁴ Increase calculated by using inflation-adjusted dollars from 1990 & 2000 Census.

⁵ CHAS data is a special tabulation of Census 2000 data, generally used by local governments for planning around Consolidated Plans and other housing-related services. Data is split based on HUD-defined income limits and household types.



Map 3: City of Norton Shores⁶

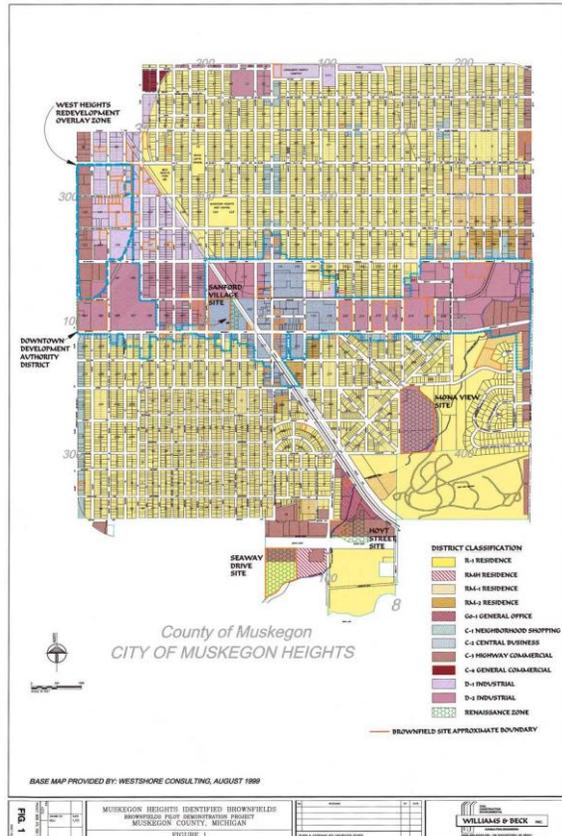
Norton Shores is found southwest of Muskegon City in Muskegon County, Michigan. The population of Norton Shores was 22,527 in 2000, which was a 3.55% increase from 1990. The median age is 40.6, which is over 5 years older than the median age for Michigan and the U.S. In 2000, the city was predominantly White (94.6%), with a slight 2% increase in diversity from 1990. At \$45,457 in 2000, the median household income was higher than that of the state and the U.S, and it had increased 4.10%⁷ over the last decade.

In 2000, approximately 7.8% of the population spoke a language other than English at home. During the same year, 20.2% of the population had an income below 200% of the poverty line, compared to 25% in Michigan and 30% in the U.S. Also, according to HUD CHAS data, 21.2% of renters and 16.8% of homeowners experience housing problems, with disproportionate need exhibited for people with disabilities, as well as the black and Native American populations.

⁶ Found at <http://www.city-data.com/city/Norton-Shores-Michigan.html>

⁷ Increase calculated by using inflation-adjusted dollars from 1990 & 2000 Census.

City of Muskegon Heights



Map 4: City of Muskegon Heights Zoning and Identified Brownfields

Muskegon Heights is found just south of Muskegon City in Muskegon County, Michigan. Muskegon Heights population decreased substantially (8.55%) from 1990 to 2000 when it was 13,176. The City of Muskegon Heights currently estimates that the city's population has further declined to 11,800 (34th Annual CDBG Plan). In 2000, the median age was 29, which is over 6 years younger than the median age for Michigan and the U.S. The city is racially diverse and became more so over the period 1990 to 2000, with the majority still Black/African American (77.8%) and White (17.7%). In addition, in 2000 approximately 3.5% of the population was Latino. The median household income was \$21,778 in 2000, and even though it had increased 21.79%⁸ from 1990 to 2000, it was still over \$20,216 lower than median income for Michigan and the U.S.

In 2000, approximately 5.7% of the population spoke a language other than English at home, with .9% of the population experiencing linguistic isolation. During the same year, 59.4% of the population had an income below 200% of the poverty line, compared to 25% in Michigan and 30% in the U.S. Also, according to HUD CHAS data, 51.9% of renters and 28.1% of homeowners experience housing problems, with disproportionate need exhibited in the Pacific Islander, Latino, and Asian populations.

⁸ Increase calculated by using inflation-adjusted dollars from 1990 & 2000 Census.

Population

Jurisdiction	1990	2000	% Change
Muskegon City	40,283	40,105	-0.44%
Muskegon Heights	13,176	12,049	-8.55%
Norton Shores	21,755	22,527	3.55%
Michigan	9,295,297	9,938,444	6.92%
United States	248,709,873	281,421,906	13.15%

Source: 1990 & 2000 US Census (SF-3)

Table 2: Population by Jurisdiction, 1990 and 2000

During the time period from 1990 to 2000, the state of Michigan's population grew by nearly 7%, while the population of Norton Shores increased by 3.55%. The City of Muskegon's population decreased just slightly, but the City of Muskegon Heights lost almost 8% of its population. According to the American Community Survey (2005-2007), the population of Muskegon City and Norton Shores has remained fairly stable, growing by 5% in the case of Norton Shores, and 1.6% in the case of Muskegon City. The American Community Survey does not have data for Muskegon Heights.

Age and Sex

Median Age ¹ by Jurisdiction, 2000				Males/100 Females	
Jurisdiction	Median Age All	Median Age Male	Median Age Female	All Ages	18 years and over
Muskegon City	32.3	31.5	33.6	109.6	110.3
Muskegon Heights	29	26.7	30.7	82.6	74.5
Norton Shores	40.6	39.2	41.8	94.3	91.2
Michigan	35.5	34.3	36.6	96.2	93.2
United States	35.3	34	36.5	96.3	93.4

Sources: 2000 US Census (SF-1 and SF-2)
Note: Median Age not available in 1990 census

Table 3: Median Age by Jurisdiction, and Male/Female Ratio, 2000

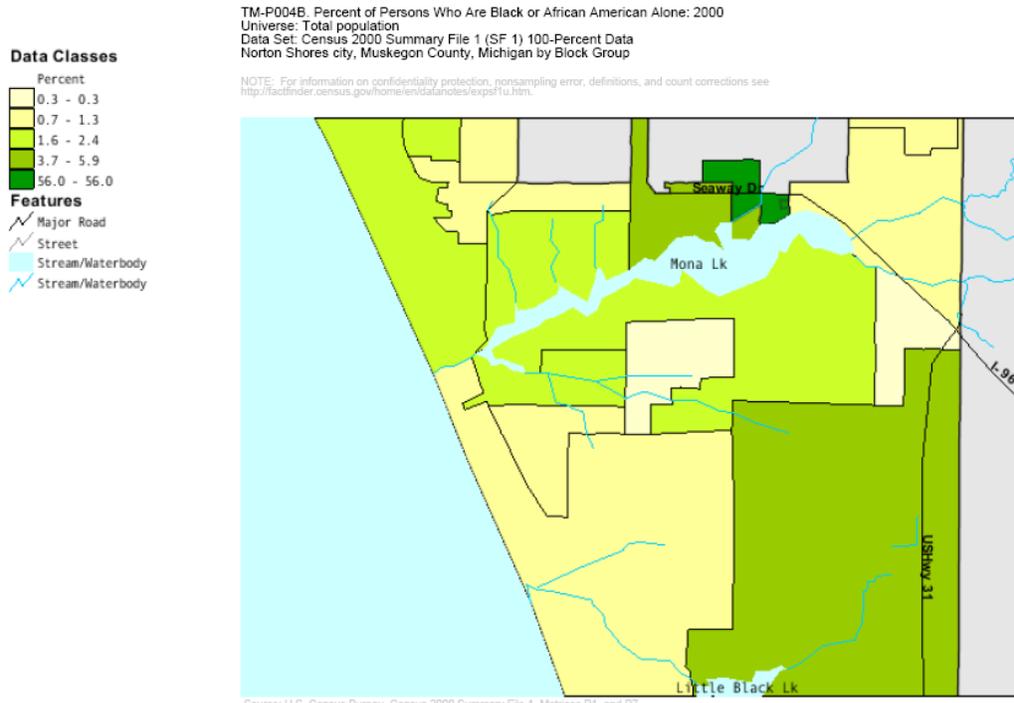
The median age of the population of the State of Michigan and the United States is around age 35. Norton Shores appears to have a much older population, with a median age over 40, while the City of Muskegon's is slightly younger (age 32) and the City of Muskegon Heights' is much younger. The particularly large differential between the median age of males and females in Muskegon Heights (4 years) likely reflects the large number of female-headed households, so that a large number of the males living in Muskegon Heights are under age 18.

Race

	Total population	Percent of total population										
		Race								Two or more races	Hispanic or Latino (of any race)	White alone, not Hispanic or Latino
		One Race										
		White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some other race					
Muskegon County	170,200	81.3	14.2	0.8	0.4	0	1.3	2	3.5	79.5		
Muskegon city	40,105	60.6	31.7	1	0.5	0	2.7	3.5	6.4	57.9		
Muskegon Heights city	12,049	17.7	77.8	0.4	0.2	0	1.6	2.2	3.5	16.4		
Norton Shores city	22,527	94.6	1.6	0.7	0.8	0	0.6	1.5	2.7	93		

Table 4: GCT-P6: Race and Hispanic or Latino: 2000, SF-1

Between 1990 and 2000, the US Census changed the way it analyzed race, and thus numbers are not directly comparable. In 2000, respondents were able to choose more than one racial category. Nevertheless, some conclusions can be drawn.



Map 5: Norton Shores, Black or African-American Alone

TM-P004A. Percent of Persons Who Are White Alone: 2000
 Universe: Total population
 Data Set: Census 2000 Summary File 1 (SF 1) 100-Percent Data
 Norton Shores city, Muskegon County, Michigan by Block Group

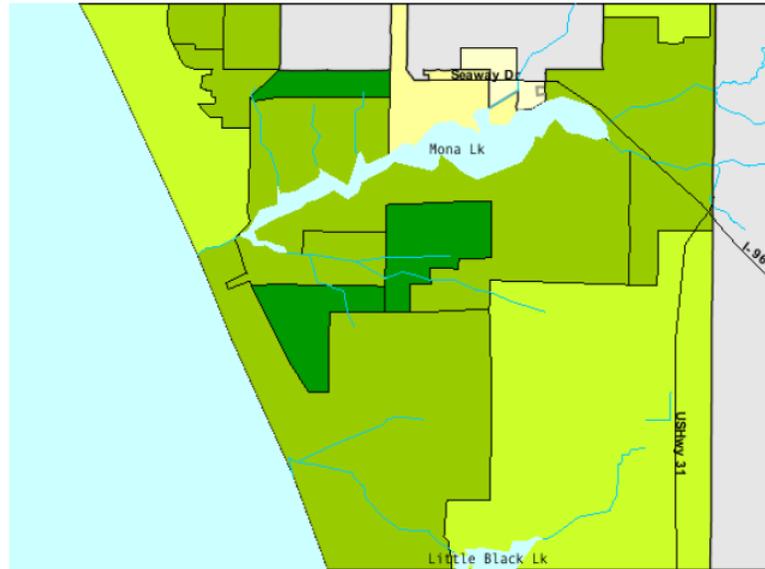
NOTE: For information on confidentiality protection, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/enit/data/notes/esp01u.htm>.

Data Classes

Percent	
38.2 - 38.2	
88.0 - 88.0	
91.7 - 93.9	
94.4 - 96.2	
96.8 - 97.2	

Features

- Major Road
- Street
- Stream/Waterbody
- Stream/Waterbody



Source: U.S. Census Bureau, Census 2000 Summary File 1, Matrices P1, and P7.

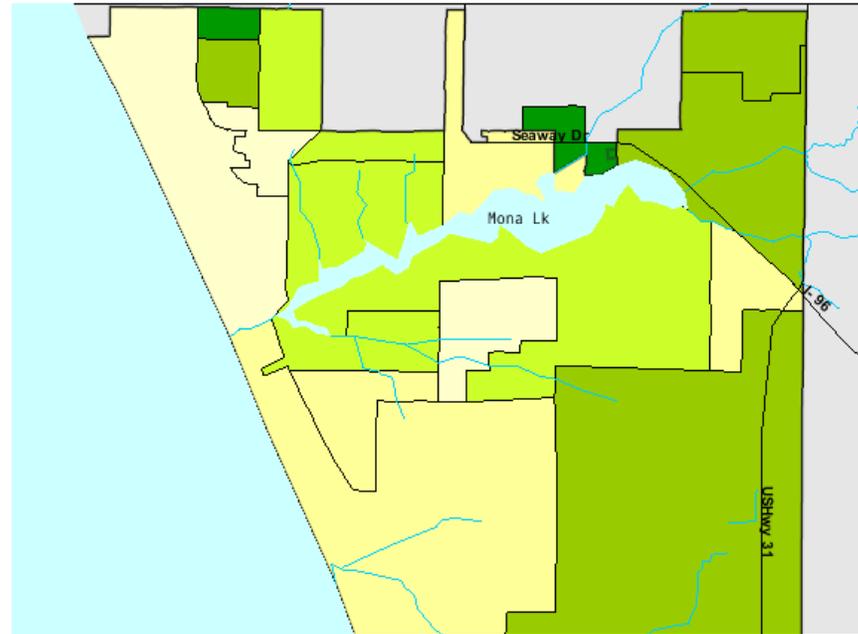
Map 6: Norton Shores, White Alone, 2000

Between 1990 and 2000, Norton Shores became slightly more diverse, however, in the 2000 Census, 95% of the population self-identified as white. It is worth noting that there is one small area of Norton Shores—bordering on Muskegon Heights—where a majority of the population self-identifies as Black.

TM-P067. Percent of Persons Below the Poverty Level in 1999: 2000
 Universe: Total population
 Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data
 Norton Shores city, Muskegon County, Michigan by Block Group

NOTE: Data based on a sample except in P3, P4, H3, and H4. For information on confidentiality protection, sampling error, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/datatools/exp3.htm>.

Data Classes



Source: U.S. Census Bureau, Census 2000 Summary File 3, Matrix P67.

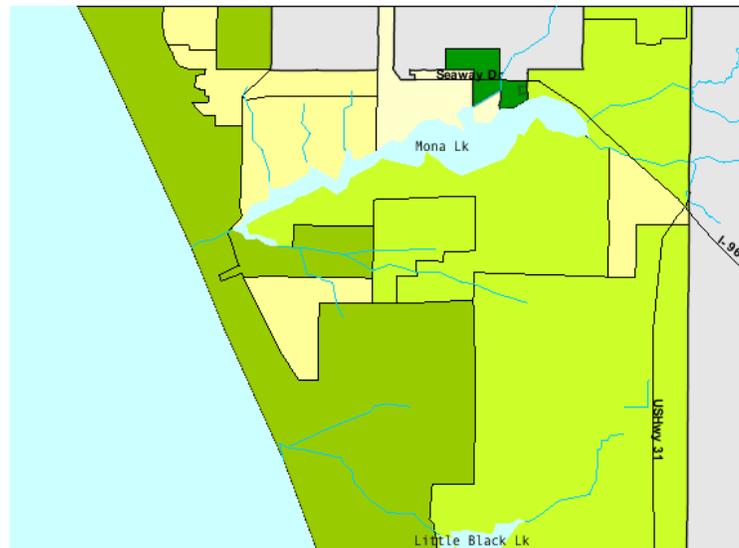
Map 7: Norton Shores, Percent Below Poverty Level in 1999

A small area of Norton Shores, closest to Muskegon Heights and closest to Muskegon, has higher poverty levels than the rest of Norton Shores.

TM-P016. Percent of Persons Under 18 Years: 2000
 Universe: Total population
 Data Set: Census 2000 Summary File 1 (SF 1) 100-Percent Data
 Norton Shores city, Muskegon County, Michigan by Block Group

NOTE: For information on confidentiality protection, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/datatools/exp16.htm>.

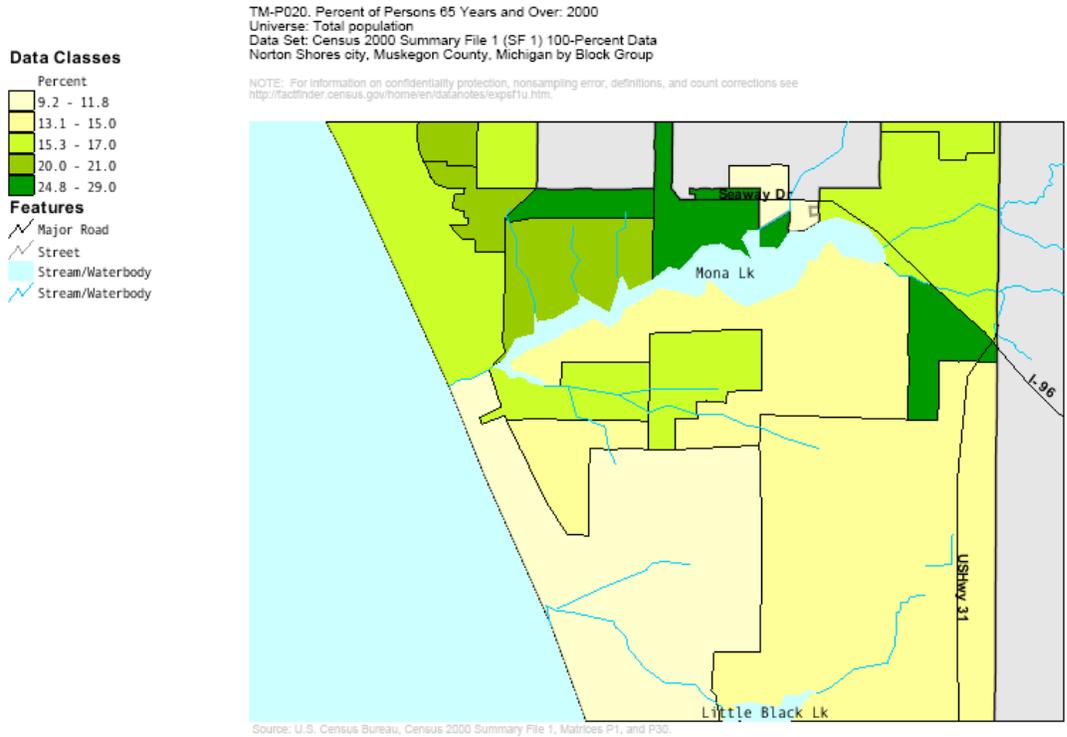
Data Classes



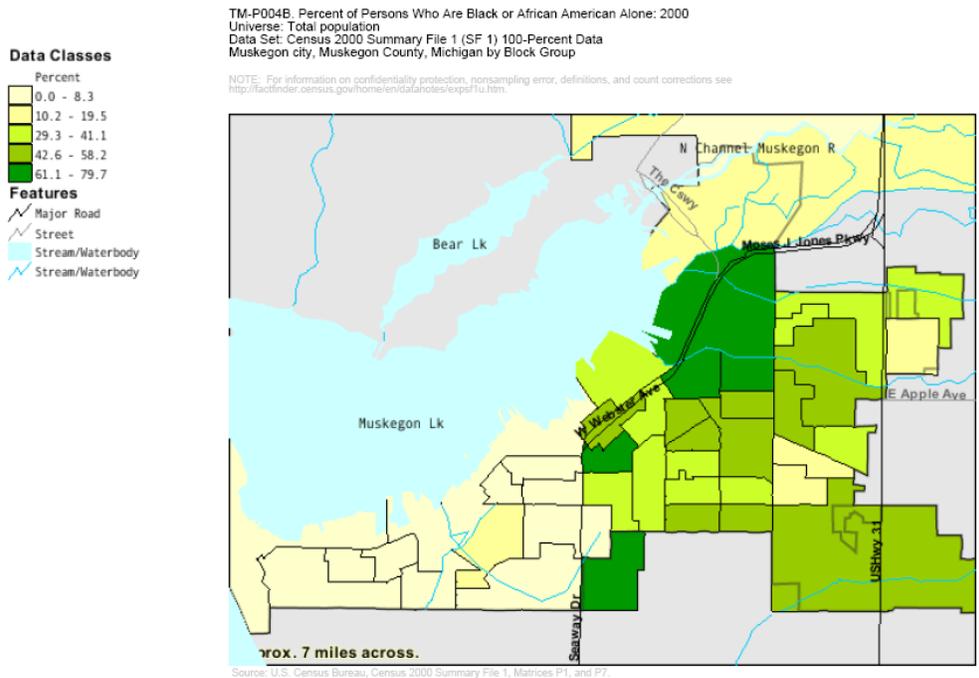
Source: U.S. Census Bureau, Census 2000 Summary File 1, Matrices P1, and P29.

Map 8: Norton Shores, Percent of Persons Under 18, 2000

The same block groups that border Muskegon Heights and are highly impoverished are also home to a high percentage of persons under 18 years of age. People over 65 are concentrated in a few parts of Norton Shores. This is partially influenced by the location of senior housing.



Map 9: Norton Shores, Percent of Persons 65 and Over, 2000

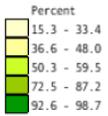


Map 10: Muskegon City, Black or African American Alone, 2000

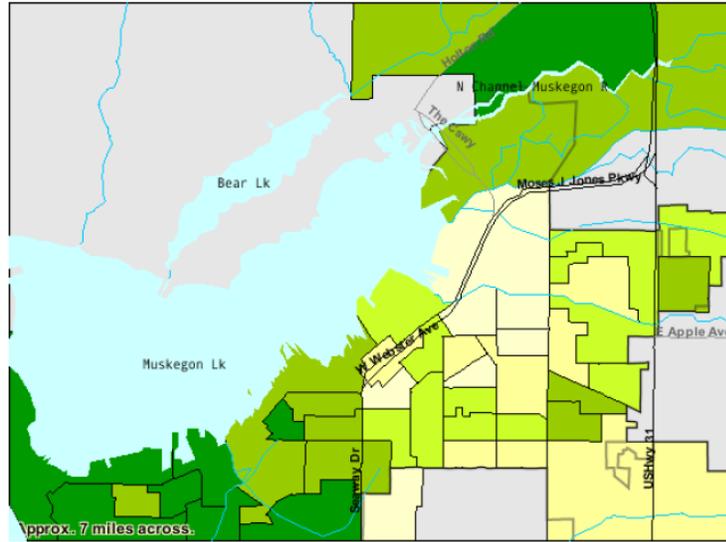
TM-P004A. Percent of Persons Who Are White Alone: 2000
 Universe: Total population
 Data Set: Census 2000 Summary File 1 (SF 1) 100-Percent Data
 Muskegon city, Muskegon County, Michigan by Block Group

NOTE: For information on confidentiality protection, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/data/notes/expf1u.htm>.

Data Classes



Features



Source: U.S. Census Bureau, Census 2000 Summary File 1, Matrices P1, and P7.

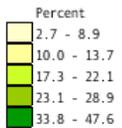
Map 11: Muskegon City, White Alone, 2000

The City of Muskegon maintained a significant amount of racial diversity. On the surface, Muskegon appears to be fairly well-integrated. However, a closer look at block groups shows that there is still a significant amount of segregation within the city, when neighborhoods are compared.

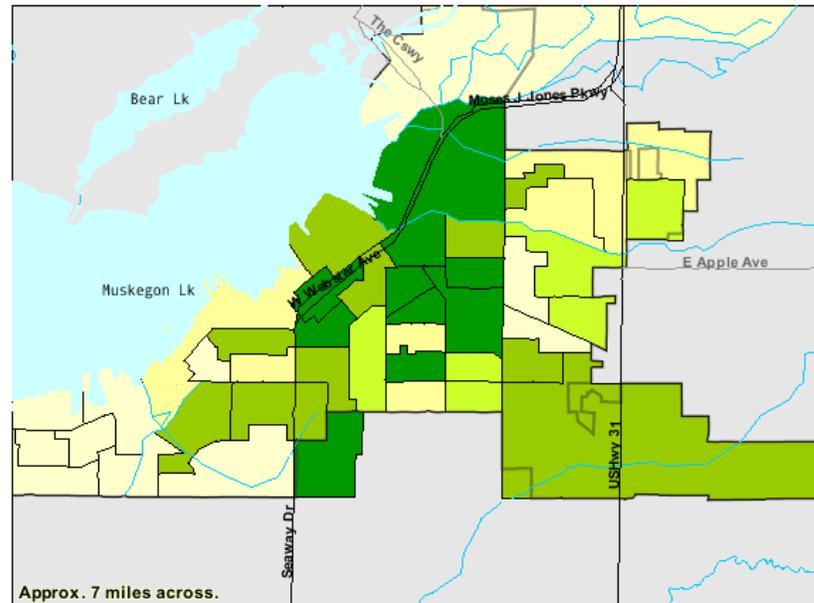
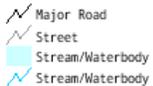
TM-P067. Percent of Persons Below the Poverty Level in 1999: 2000
 Universe: Total population
 Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data
 Muskegon city, Muskegon County, Michigan by Block Group

NOTE: Data based on a sample except in P3, P4, H3, and H4. For information on confidentiality protection, sampling error, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/data/notes/expf3.htm>.

Data Classes



Features



Source: U.S. Census Bureau, Census 2000 Summary File 3, Matrix P67.

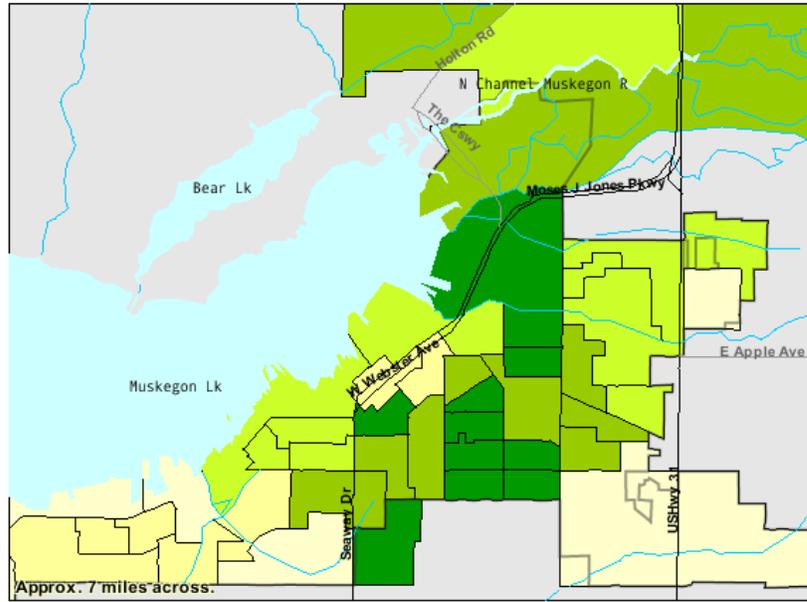
Map 12: Muskegon City, Percent Below Poverty Level in 1999

TM-P019. Percent of Persons Under 18 Years: 2000
 Universe: Total population
 Data Set: Census 2000 Summary File 1 (SF 1) 100-Percent Data
 Muskegon city, Muskegon County, Michigan by Block Group

NOTE: For information on confidentiality protection, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/data/notes/express1u.htm>.

Data Classes

- Percent
- 6.9 - 17.5
 - 19.8 - 24.7
 - 25.4 - 29.4
 - 29.8 - 33.3
 - 35.5 - 42.5
- Features
- Major Road
 - Street
 - Stream/Waterbody
 - Stream/Waterbody



Source: U.S. Census Bureau, Census 2000 Summary File 1, Tables P1, and P29

Map 13: Muskegon City, Percent Under 18, 2000

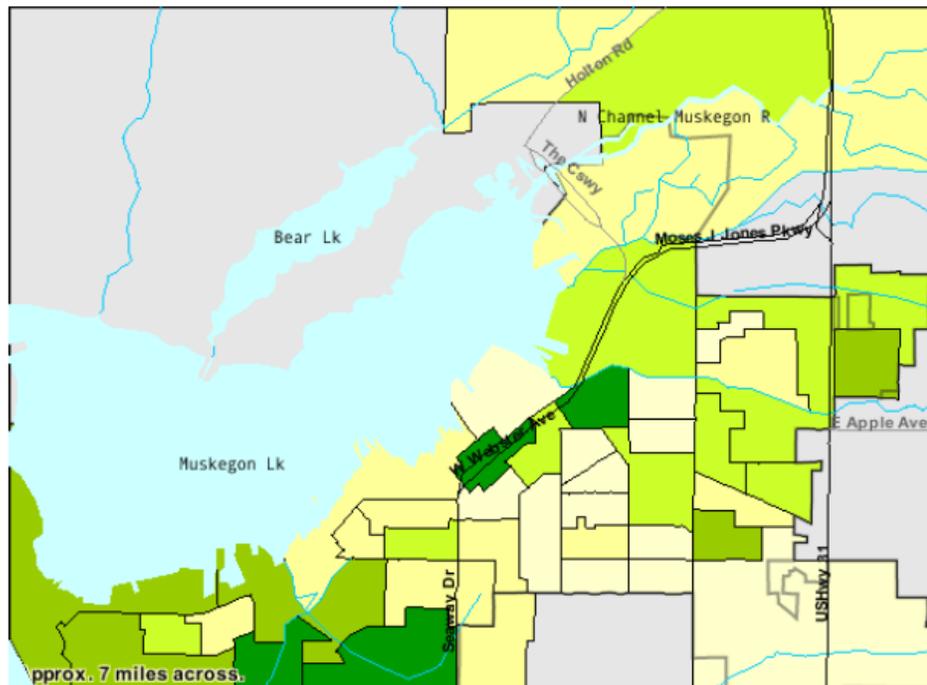
In the City of Muskegon, to a great extent, the areas of highest poverty are also the areas where the highest percentage of the population is under age 18.

TM-P020. Percent of Persons 65 Years and Over: 2000
 Universe: Total population
 Data Set: Census 2000 Summary File 1 (SF 1) 100-Percent Data
 Muskegon city, Muskegon County, Michigan by Block Group

NOTE: For information on confidentiality protection, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/data/notes/express1u.htm>.

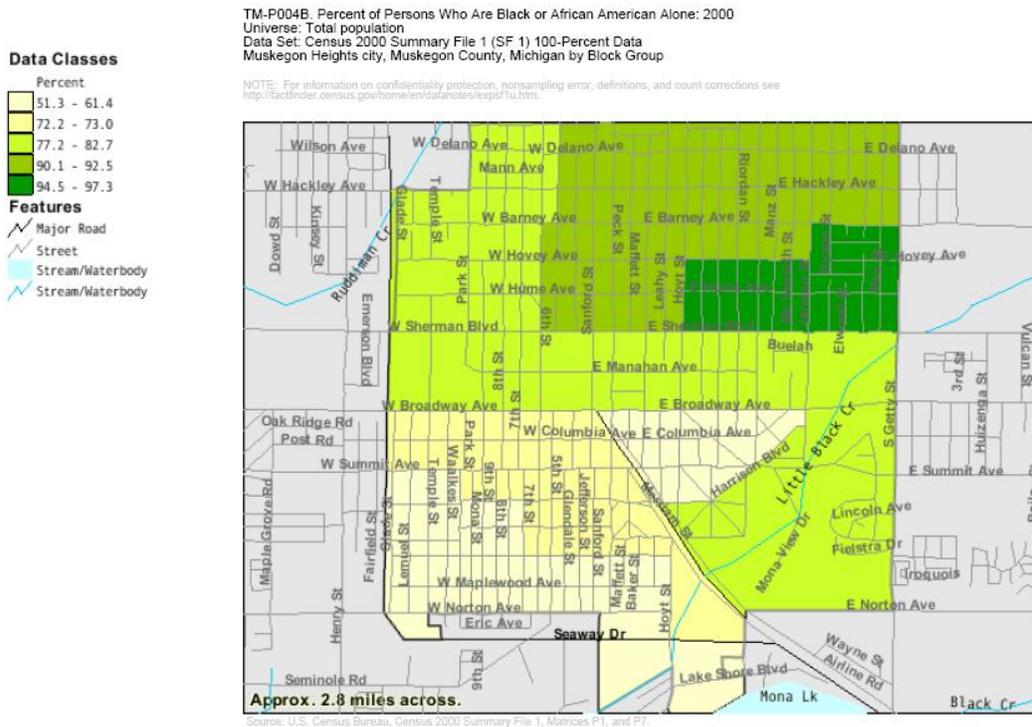
Data Classes

- Percent
- 4.7 - 8.2
 - 8.6 - 11.7
 - 12.0 - 14.7
 - 17.1 - 22.2
 - 23.4 - 31.4
- Features
- Major Road
 - Street
 - Stream/Waterbody
 - Stream/Waterbody

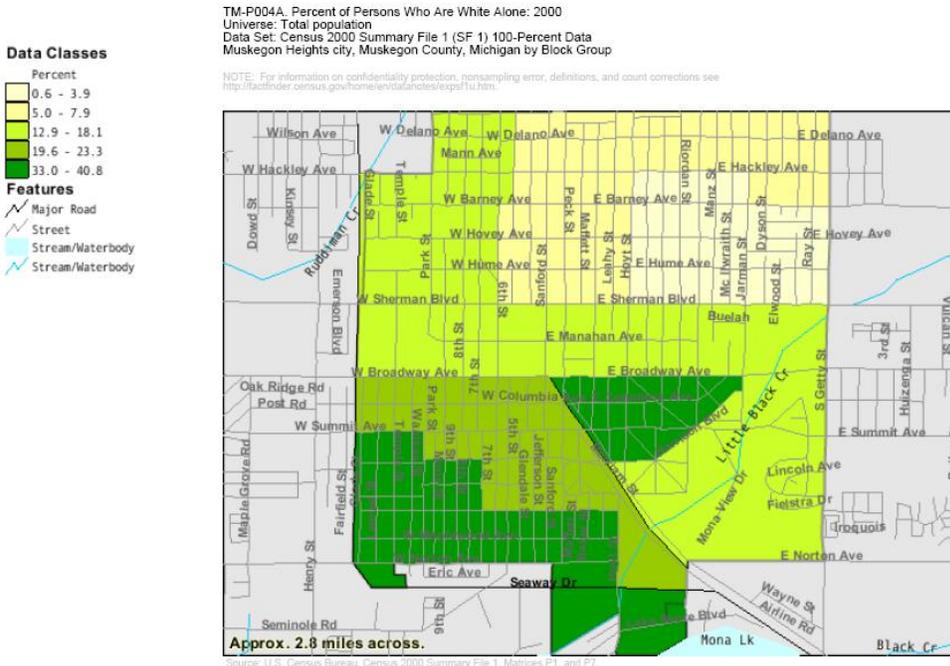


Source: U.S. Census Bureau, Census 2000 Summary File 1, Tables P1, and P30.

Map 14: Muskegon City, Percent of Persons 65 and Over, 2000



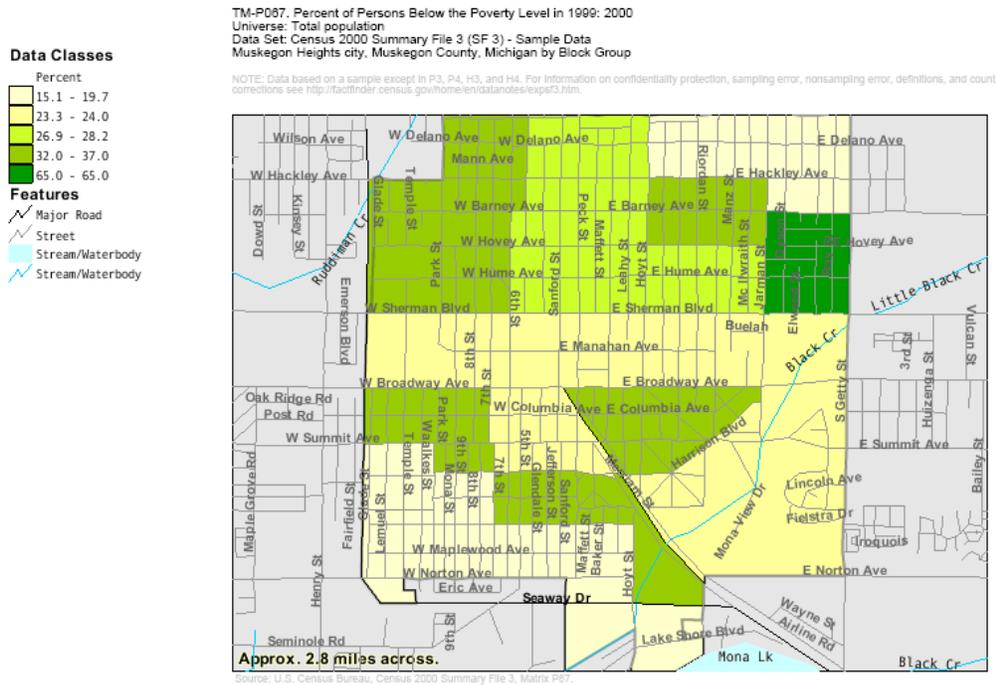
Map 15: Muskegon Heights, Black or African American Alone, 2000



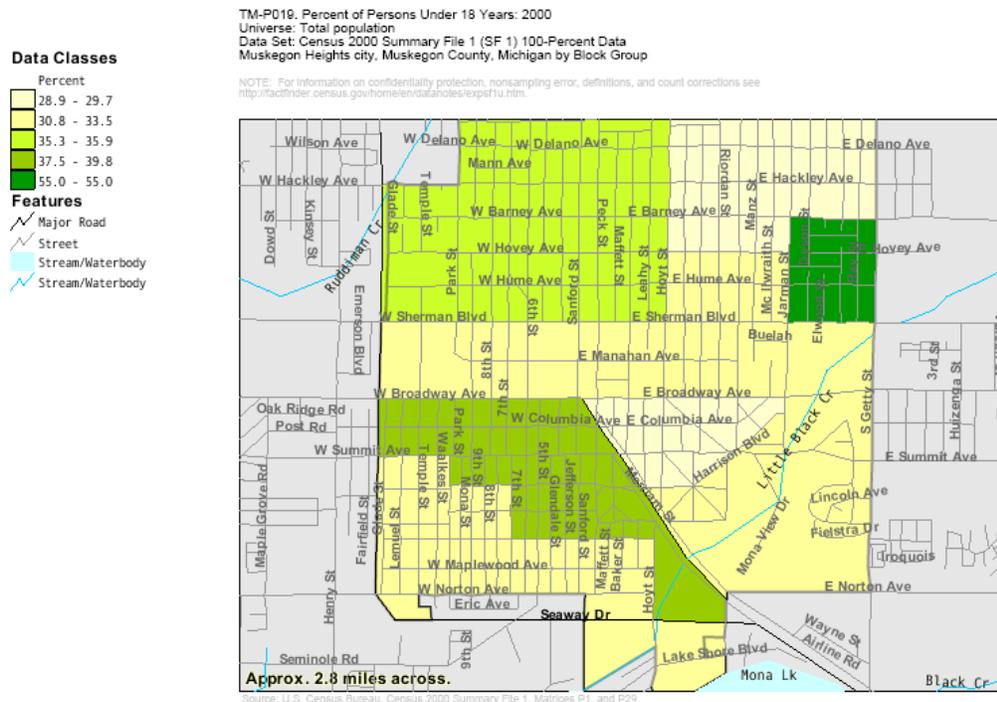
Map 16: Muskegon Heights, White Alone, 2000

In 1990, nearly 70% of Muskegon Heights' population self-identified as Black, and this percentage increased by 2000, with 78% of the population self-identifying as Black. There is no part of Muskegon Heights in which the majority of the population self-identifies as white. The areas with

the highest concentration of people who self-identify as white live in the section of the city closes to Norton Shores and Roosevelt Park.

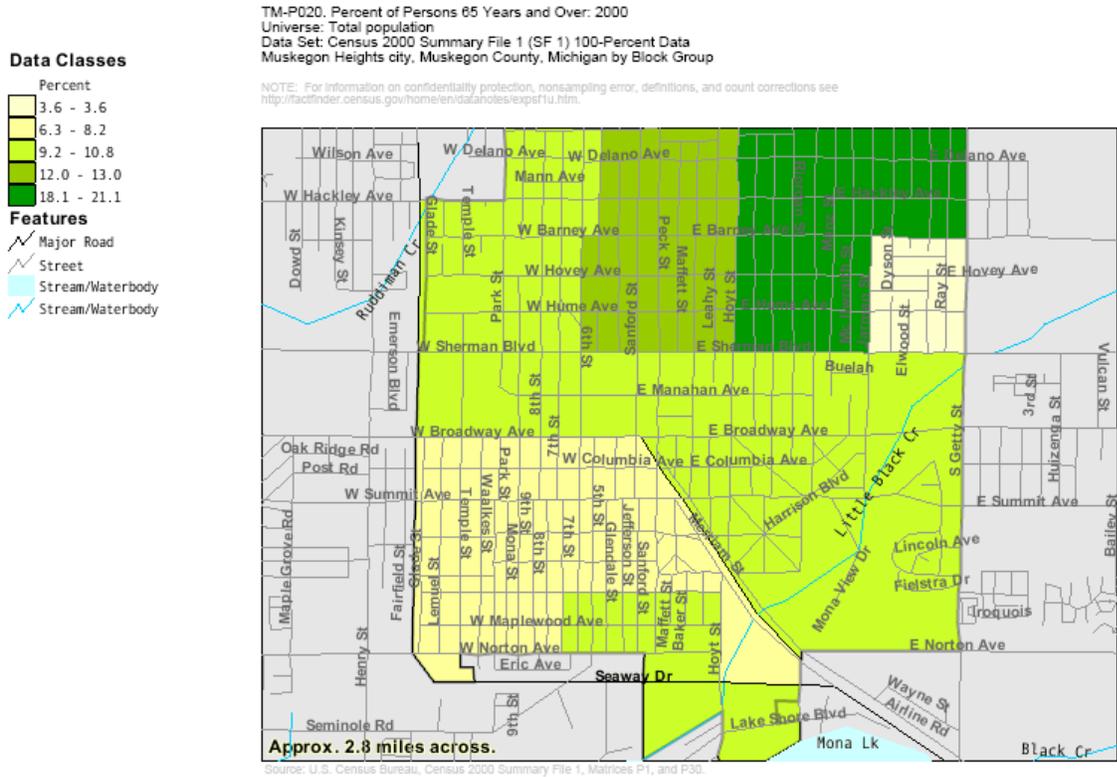


Map 17: Muskegon Heights, Percent Below the Poverty Level in 1999



Map 18: Muskegon Heights, Percent Under 18, 2000

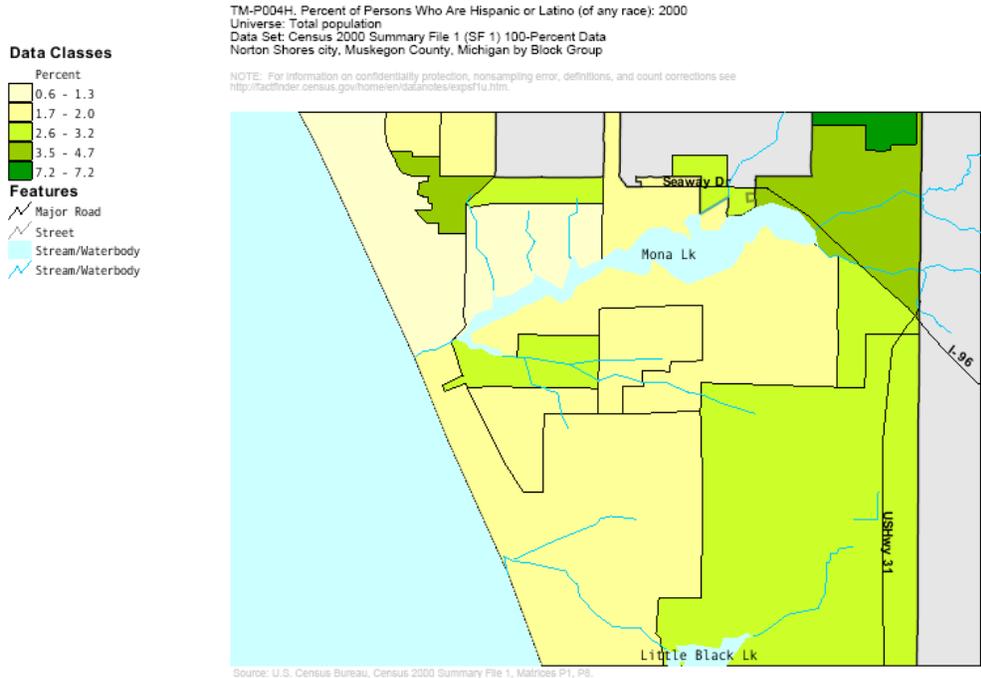
Muskegon Heights is a young city. In the 2000 Census, the majority of block groups had at least 30% of their population comprised of persons under age 18. Thus it is not surprising that, to a great extent, in Muskegon Heights, the areas with the higher poverty rates are much the same as the areas with the higher percentages of youth.



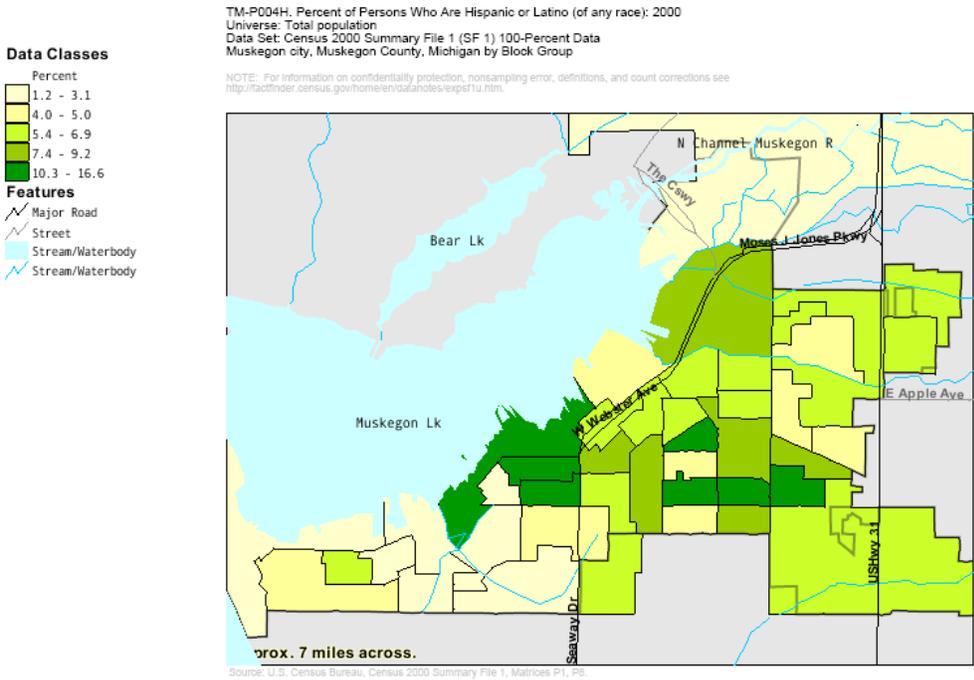
Map 19: Muskegon Heights, Percent of Persons 65 and Over, 2000

Hispanic/Latino Population

During the time period between 1990 and 2000 the Hispanic/Latino population grew in all three jurisdictions. On the Census, people who self-identify as Hispanic ethnicity can identify themselves as of any race.



Map 20: Norton Shores, Percent Hispanic or Latino, 2000

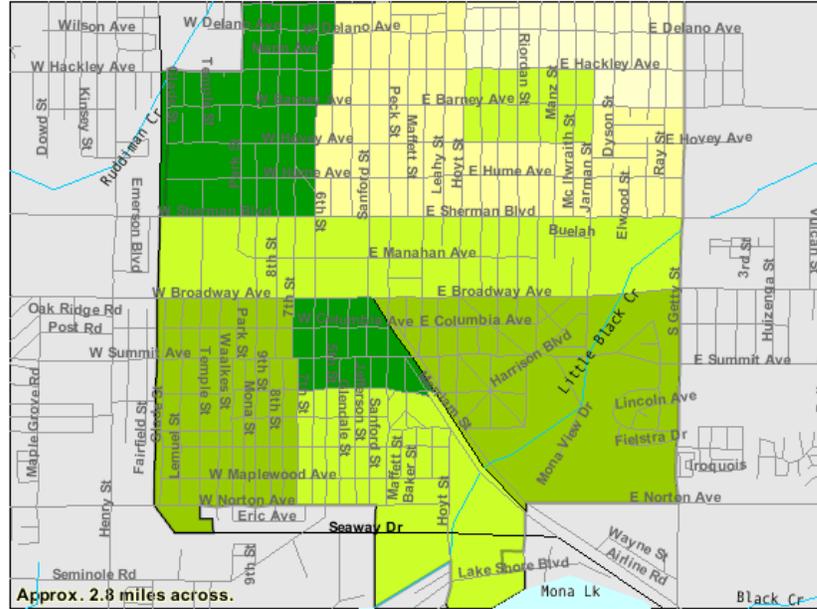
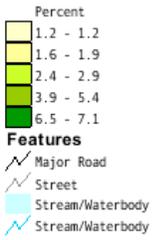


Map 21: Muskegon City, Percent Hispanic or Latino, 2000

TM-P004H. Percent of Persons Who Are Hispanic or Latino (of any race): 2000
 Universe: Total population
 Data Set: Census 2000 Summary File 1 (SF 1) 100-Percent Data
 Muskegon Heights city, Muskegon County, Michigan by Block Group

NOTE: For information on confidentiality protection, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/data/notes/expsf1u.htm>.

Data Classes



Source: U.S. Census Bureau, Census 2000 Summary File 1, Tables P1, P8

Map 22: Muskegon Heights, Percent Hispanic or Latino, 2000

Median Household Income

Trends in Median Household Income by Jurisdiction: 1989 & 1999				
Jurisdiction	1989 Household Income	1999 Household Income Inflation Adjusted for 2006 ¹	1999 Household Income	% Change in HH Income
Muskegon City	\$18,748	\$24,332	\$27,929	14.78%
Muskegon Heights	\$13,778	\$17,882	\$21,778	21.79%
Norton Shores	\$33,646	\$43,668	\$45,457	4.10%
Michigan	\$31,020	\$40,260	\$44,667	10.95%
United States	\$30,056	\$39,009	\$41,994	7.65%

Sources: 1990 & 2000 US Census (SF-3) Notes:
¹ 1989 dollars converted to 1999 dollars using the factor recommended by US Census/Bureau of Labor Statistics or 1.2978609

Table 5: Median Household Income by Jurisdiction

Per Capita Income

Trends in Per Capita Income by Jurisdiction: 1989 & 1999				
Jurisdiction	1989 Per Capita Income	1989 Per Capita Income Inflation Adjusted for 2006 ¹	1999 Per Capita Income	% Change in Per Capita Income
Muskegon City	\$8,890	\$11,538	\$14,283	23.79%
Muskegon Heights	\$7,265	\$9,429	\$12,456	32.10%
Norton Shores	\$15,379	\$19,960	\$22,713	13.79%
Michigan	\$14,154	\$18,370	\$22,168	20.68%
United States	\$14,420	\$18,715	\$21,587	15.35%

Sources: 1990 & 2000 US Census (SF-3) **Notes:**
¹ 1989 dollars converted to 1999 dollars using the factor recommended by US Census/Bureau of Labor Statistics or 1.2978609

Table 6: Trends in Per Capita Income by Jurisdiction

Population at 200% of Poverty

Trends in Poverty Status by Jurisdiction: 1990 & 2000					
Jurisdiction	1990 Total Households Under 200% Poverty	1990 % Households Under 200% Poverty	2000 Total Households Under 200% Poverty	2000 % Households Under 200% Poverty	% Change 1990-00
Muskegon City	18,302	50.5%	16,678	47.3%	-3.2%
Muskegon Heights	8,607	65.7%	7,103	59.4%	-6.3%
Norton Shores	4,147	19.1%	4,528	20.2%	1.1%
Michigan	2,626,671	28.9%	2,468,283	25.4%	-3.5%
United States	74,909,296	31.0%	81,194,609	30.0%	-1.0%

Sources: 1990 & 2000 US Census (SF-3)

Table 7: Trends in Poverty Status by Jurisdiction

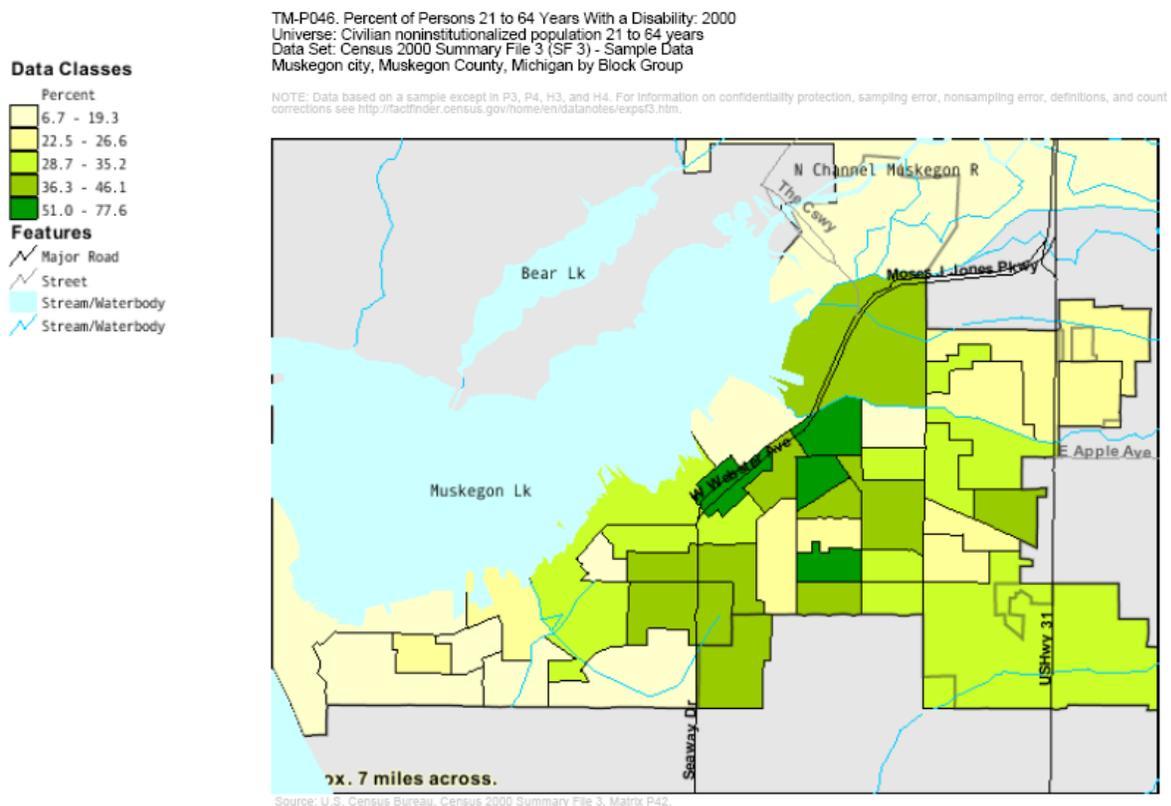
In the City of Norton Shores, since at least 1990, one in five households has had an income below 200% of the poverty level. This is well below both the state and national averages. The cities of Muskegon and Muskegon Heights, however, have rates that are well above the state and national averages with nearly half the households in Muskegon and 6 in 10 in Muskegon Heights having incomes under 200% of the poverty level. Although both Muskegon and Muskegon Heights saw a slight improvement between 1990 and 2000, those gains have likely been erased with the most recent downturn in the economy.

Disability by Age/Type

Disability by Age: 1990 & 2000								
Jurisdiction	1990 Census ¹				2000 Census			
	5-15 yrs	16-64 Yrs.	65+ yrs	Total	5-15 yrs	16-64 Yrs.	65+ yrs	Total
Muskegon City	n/a	1,218	1,269	2,487	1,018	12,244	4,607	17,869
Muskegon Heights	n/a	722	488	1,210	276	4,400	1,939	6,615
Norton Shores	n/a	629	452	1,081	250	4,739	2,539	7,528
Michigan	n/a	270,611	212,688	483,299	139,060	1,969,376	973,215	3,081,651
United States	n/a	7,214,762	5,943,441	13,158,203	3,395,875	57,890,659	27,856,428	89,142,962

Sources: 1990 & 2000 US Census (SF-3) **Notes:**
¹The 1990 & 2000 US Census ask different questions and measure different kinds of disabilities, which means that the data cannot be compared to demonstrate a trend.

Table 8: Disability by Age: 1990 and 2000

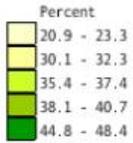


Map 23: Muskegon City, Percent of Persons 21 to 64 with a Disability, 2000

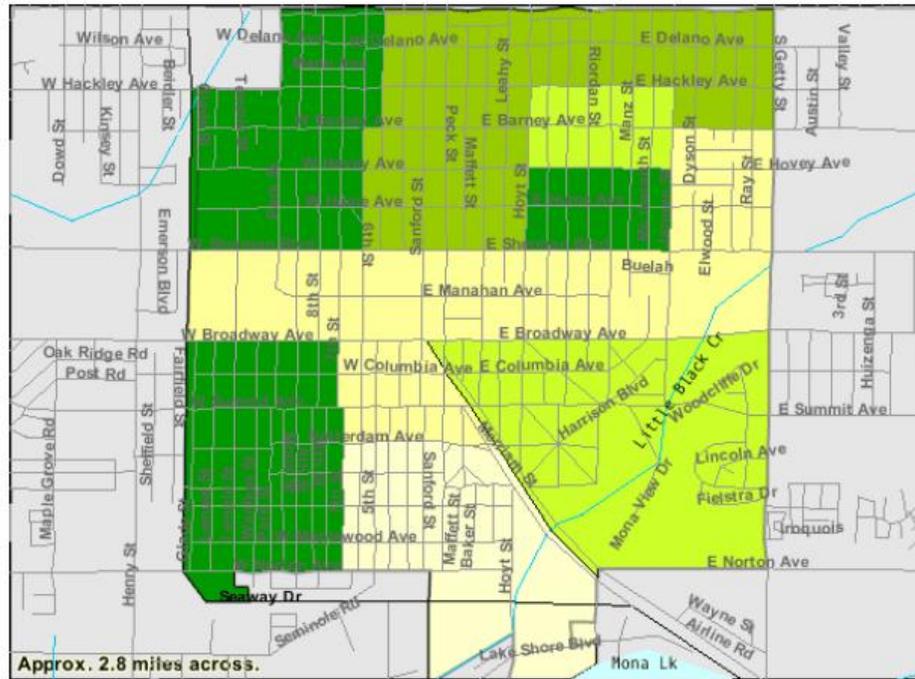
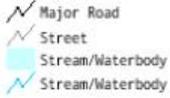
TM-P046. Percent of Persons 21 to 64 Years With a Disability: 2000
 Universe: Civilian noninstitutionalized population 21 to 64 years
 Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data
 Muskegon Heights city, Muskegon County, Michigan by Block Group

NOTE: Data based on a sample except in P3, P4, H3, and H4. For information on confidentiality protection, sampling error, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/data/notes/expr30.html>.

Data Classes



Features

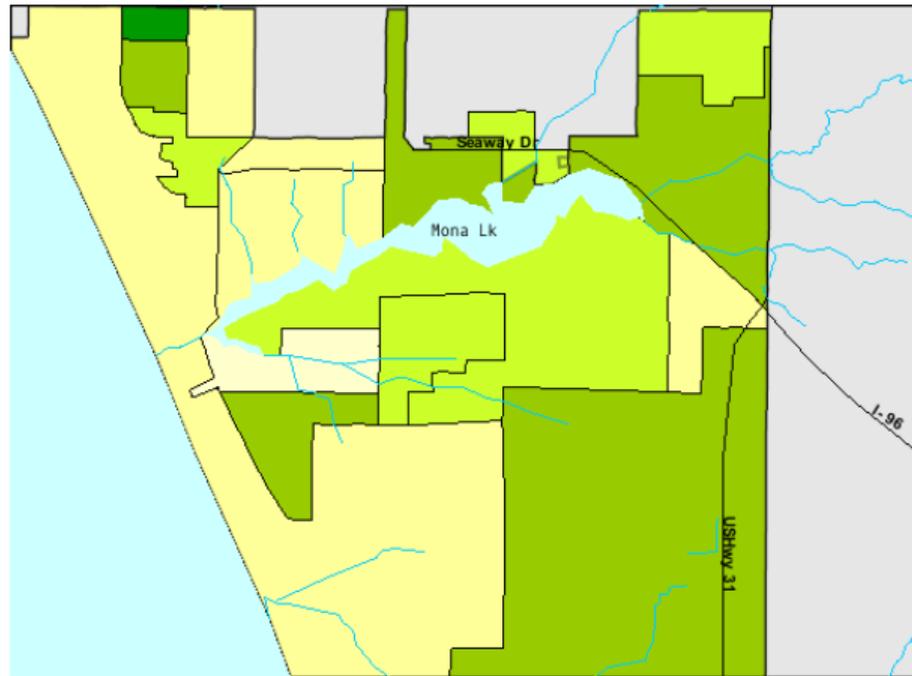
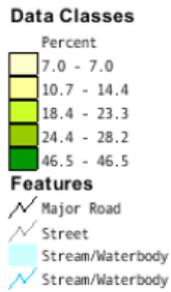


Source: U.S. Census Bureau, Census 2000 Summary File 3, Table P42.

Map 24: Muskegon Heights, Percent of Persons 21 to 64 with a Disability, 2000

TM-P046. Percent of Persons 21 to 64 Years With a Disability: 2000
 Universe: Civilian noninstitutionalized population 21 to 64 years
 Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data
 Norton Shores city, Muskegon County, Michigan by Block Group

NOTE: Data based on a sample except in P3, P4, H3, and H4. For information on confidentiality protection, sampling error, nonsampling error, definitions, and count corrections see <http://factfinder.census.gov/home/en/data/notes/exp3f3.htm>.



Source: U.S. Census Bureau, Census 2000 Summary File 3, Matrix P42.

Map 25: Norton Shores, Percent of Persons 21 to 64 with a Disability, 2000

Between 11 and 17% of residents of all three jurisdictions have disabilities that were noted on the census surveys. The percent of residents with disabilities is higher in Muskegon Heights. In fact, in over half of the city, nearly half of the 21-64 year old population is disabled (and thus less likely to be working, and more likely to be subsisting on disability payments.) This may be due to the known correlation between disability and poverty⁹—not only do disabilities frequently reduce income, but people with lower incomes are also more likely to be disabled. In any case, in all three jurisdictions a significant number of residents have disabilities. When over 1 in 10 residents is affected by a disability, this is an area that deserves further attention from a jurisdiction’s staff, including planning, community development, parks, and other services.

Recommendation for Removing Barriers: *Jurisdictions can help people with disabilities by facilitating parking issues, ensuring that sidewalks and public buildings are in compliance with the Americans with Disabilities Act, providing reasonable accommodations to employees with disabilities, and developing processes for new construction that follow the federal Fair Housing Act guidelines.*

⁹ See, for example, *Causal Relationships Between Poverty and Disability*, by Daniel Lustig and David Strauser, Rehabilitation Counseling Bulletin, v50 n4 p194-202 Sum 2007.

Census Data Across the Jurisdictions

The three jurisdictions studied in this Analysis of Impediments to Fair Housing are markedly different, despite their close geographic proximity. Census data can be used to highlight the ways in which income and housing stock vary widely. In addition, there is a strong pattern of segregation across the jurisdictions, which suggests the presence of housing discrimination and discriminatory practices. The challenges that these differences bring can likely only be diminished by regional cooperation.

Part II: Transportation, Education, Other Studies, and Other Related Issues

Education Overview

To some extent, issues of poverty, race, and housing are both reflected in—and affect—school access and success. Thus, successful public schools can drive property values up, because successful schools are sought after by potential home seekers. Neighborhoods in schools that are less successful by classic measurements (i.e. standardized tests) are likely to be perceived as less desirable by home seekers who have housing choices.

The racial composition of schools can also affect home values, particularly when a district also serves a large number of low-income children.¹⁰ Across the nation, changes in the composition of public schools often foreshadow changes in the neighborhood—both in terms of racial composition, and in terms of poverty levels in the area. The challenge to fair housing is that Caucasian homeseekers may believe that a majority African-American school district is inferior, even when objectively it is not, and thus avoid that area. National research confirms that a school district with highly-segregated schools often presages further segregation in the school district's neighborhoods. As home values and school districts are so closely associated, it is in the interest of jurisdictions to work closely with the school districts that draw from their boundaries. **Segregation is not inevitable**, and can be mitigated against by collaboration between jurisdictions and school districts, combined with fair housing enforcement.

City of Muskegon

The City of Muskegon is primarily served by the Muskegon school district¹¹, which has over 6000 students and is the largest of the three districts described here. MEAP scores are generally below the state average. The district is approximately 58% African American, 28% White, and 12% Hispanic. Approximately 83% of the students are eligible for free and reduced price lunch. Four-year graduation rates were approximately 77%.¹² In 2007, the Muskegon School District's high school did not make Adequate Yearly Progress under the No Child Left Behind Act.

City of Norton Shores

Norton Shores is served by the Mona Shores, Muskegon, and Grand Haven school districts. In addition to serving the majority of Norton Shores, the Mona Shores School District also covers the City of Roosevelt Park, which is not part of this study.

The Mona Shores School District has over 4100 students. MEAP scores are generally above average compared to the state. Over 85% of the students in the district are white, and 28% of the students are eligible for free and reduced price lunches. Four year graduation rates were approximately 84%. In 2007, the Mona Shores High School did make Adequate Yearly Progress under the No Child Left Behind Act.

¹⁰ See for example, School Quality, Neighborhoods and Housing Prices: The Impacts of School Desegregation, TJ Kane, DO Staiger, SK Reigg, NBER Working Paper No. 11347, May 2005

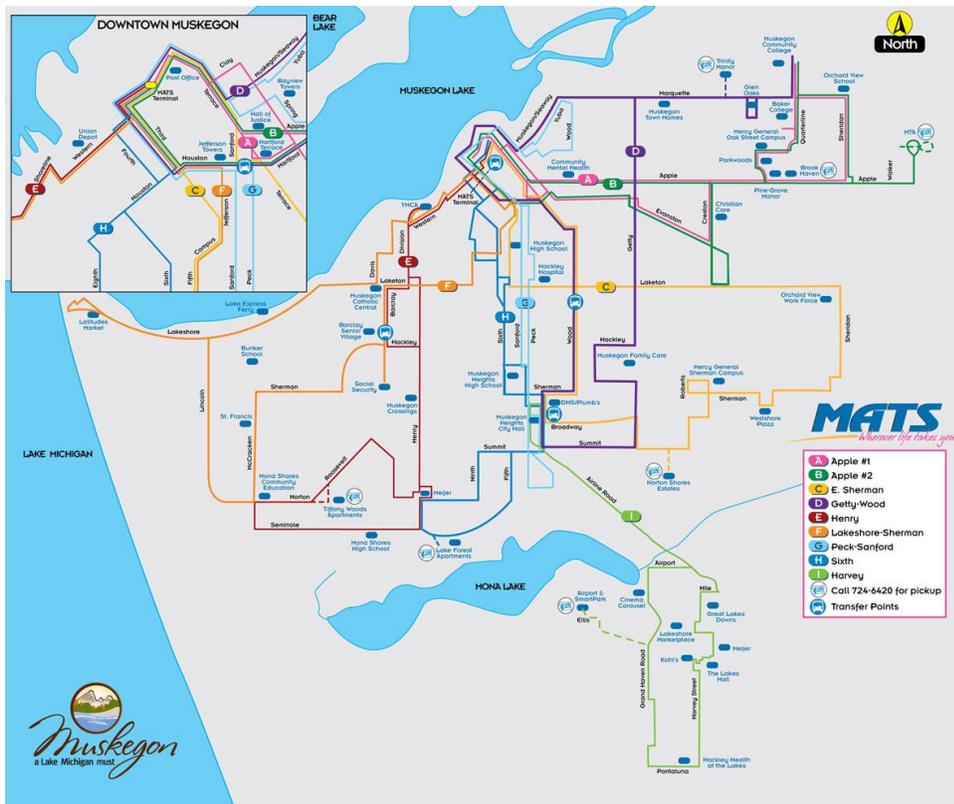
¹¹ Data cited here were taken from Michigan Department of Education statistics.

¹² Center for Educational Performance and Information, State of Michigan
2007 4-Year Cohort Graduation and Dropout Rate Report, 8/25/08, downloaded 10/16/08 from http://www.michigan.gov/documents/cepi/2007_MI_Grad-Drop_Rate_246517_7.pdf

City of Muskegon Heights

Muskegon Heights is primarily served by the Muskegon Heights school district. The Muskegon Heights school district is 95% African-American, and 74% of the population is eligible for free and reduced price lunches. MEAP scores are generally below average compared to the state. This is a small school district, with under 2000 students in the entire district. Four year graduation rates were approximately 77%. In 2007, the Muskegon Heights School District's high school did not make Adequate Yearly Progress under the No Child Left Behind Act.

Transportation



Map 26: MATS bus system¹³

Muskegon County is served by the Muskegon Area Transportation System (MATS). Current service is primarily hourly, daily and on Saturdays, until early evening. There is no coverage on Sundays or holidays. Coverage of the City of Muskegon and the City of Muskegon Heights is fairly comprehensive. However, coverage of Norton Shores, at this point, is quite limited.

Muskegon MATS runs an on-demand service, the GoBus, which covers all of Muskegon County. This is an important service. However, it is limited to people with disabilities and those over the age of 60. Because transportation limitations do affect housing choice, it would be beneficial if MATS and the City of Norton Shores could figure out how to provide service to a larger geographic area for all people. Some jurisdictions have chosen to subsidize bus service.

¹³ Downloaded from: http://www.matsbus.com/images/system_map_2008.jpg

Transportation Recommendation: *We recommend that Norton Shores work with Muskegon County and MATS to identify a way to expand MATS bus service, and/or the GoBus, to people of all ages and abilities. This will increase housing choice and accessibility.*

Cultural Competency and Cross-Jurisdiction Collaboration

Strategies for a Culturally Competent Region

In 2006 a group called Michigan Future Inc. released a report, A New Agenda for a New Michigan¹⁴. The report placed a high emphasis on being “welcoming to all,” writing “This means building a culture that condemns rather than tolerates discrimination and segregation” (p. iv). This report influenced the thinking and planning of the West Michigan Chamber Coalition. Thus, in 2007 the West Michigan Chamber Coalition (Grand Rapids, Muskegon, Holland and Grand Haven) commissioned a report, Strategies for a Culturally Competent Region¹⁵. Several Muskegon County groups were involved in this project, and one focus group was conducted in Muskegon County. According to their report of the focus group,

Muskegon sees itself as two cities. Muskegon and Norton Shores are completely foreign to Muskegon Heights, as the communities have very little to do with each other. Because of this, the primary issues in this area are racism and segregation. (p. 11)

The authors of this report write, “There are many commonly cited characteristics of an ideal and comfortably integrated society: respect, open-mindedness, tolerance, acceptance, celebration and sensitivity among others.” They continue:

The benefits to a culturally competent community include but are not limited to the economic prosperity that recruitment and retention of a diverse workforce will bring to the area. A greater mixture of cultures brings enhanced social and cultural offerings, including entertainment and the arts, restaurants and hotels, educational resources, products and services, all of which raise the appeal to tourists as well as residents. Less tangibly, cultural competence expands multidimensional thinking, results include, effective problem solving, enhanced perspectives, and forces debate that enlivens and enriches our communities. (p. 5)

The authors go on to assign responsibility for achieving cultural competency to individuals, businesses, the community, educational institutions, the faith community, and units of government. For units of government, they suggest the following principles:

3. Responsibilities of Units of Government

Working together facilitates connections, helps to fertilize ideas, and optimizes good results. We can continue to learn a lot from our neighbors, neighboring cities, counties and states across the country and around the world. Government groups should be intentional about this and reach out to similar organizations, as models and as collaborators.

a) Units of government should collaborate with other communities and facilitate connections between groups within their own borders, as well as beyond.

Connections should be made within a city, between cities, among ethnic groups,

¹⁴ A New Agenda for a New Michigan, Michigan Future, Inc., June 2006. Downloaded 11/2008 from <http://www.michiganfuture.org/Reports/NewAgendaFINAL.pdf>

¹⁵ Strategies for a Culturally Competent Region, West Michigan Chamber Coalition, 2007. Downloaded 9/2008 from <http://www.grandhavenchamber.org/Strategies.pdf>

and beyond Michigan, to other states and countries. The goal should be increased awareness, maximization of participation and results, and coordination of efforts. An example of this type of collaborative learning relationship is the Sister City program.

b) Elected officials and government employees should attend awareness and sensitivity training (e.g., Institutes for Healing Racism, Ruby Payne poverty training).

c) Units of government should monitor and participate in web based interest group communities that are addressing these issues (e.g., Partners for a Racism Free Community, www.prfcgr.org).

d) Units of government should develop Best Practices, to communicate to the public and share with other entities.

e) Units of government should take a leadership role in the effort to develop and publicize West Michigan as a model of cultural competence, for the state and for the country. (p. 8)

Communications

Inasmuch as individuals increasingly rely on the Internet, cultural competency can also be demonstrated through web pages. While Muskegon has a way to translate its web pages on the fly (by clicking on a flag at the bottom of the web page), Muskegon Heights and Norton Shores do not. In an effort to be welcoming to people of all ethnicities and limited English proficiency, this translation method—while not perfect—is a step in the right direction.

Collaboration Recommendation: *We recommend that all three jurisdictions work on extending their collaborations relating to community development.*

Cultural Competency Recommendation: *We recommend that the jurisdictions institute regular cultural competency training, and make it possible for both elected officials and government employees to attend these trainings.*

Web Page Recommendation: *We recommend that Norton Shores and Muskegon Heights add web-page translation capacity to their web sites, in order to help make their governments accessible to people of limited English proficiency.*

Part III: Patterns and Practice: Banking, Real Estate, Group Homes

Affordable Housing and Fair Housing

As soon as the issue of "fair housing" is raised, many people assume that affordable housing is directly related. This is not necessarily the case. The Fair Housing Act makes no mention of affordability. *In theory*, there is no relationship between the two because fair housing addresses the question of discrimination in housing, while affordable housing addresses the question of affordability. Thus, one might expect that the number of fair housing complaints would be (on a per capita basis) roughly equivalent from one jurisdiction to the next. Yet this is not the case either.

Statewide, the number of complaints made to Housing and Urban Development (HUD), the Michigan Department of Civil Rights (MDCR), and non-profit fair housing centers shows certain patterns of discrimination. For instance, some landlords receive multiple complaints. Complaints based on race, familial status, and disability are the most common.

There is some overlap between issues of affordable housing and fair housing due to demographics. Lower-income groups disproportionately include people with disabilities, Latino and African-American families, and single-parent households with children.

We live in a segregated society. People of the same income, of different races, tend to live in different locations. For instance, low-income African Americans and low-income whites often live in different neighborhoods. As a result, discrimination complaints may come from particular areas more than from other areas. As can be seen throughout this document, this may be related to issues of subsidized and affordable housing, as well as to decisions of individual property owners, banks, and jurisdictions.

Statewide, fair housing centers get the largest numbers of complaints from rental housing, which tends to be multi-family housing. In a location without a local fair housing center, complaints are typically very limited. Multi-family housing is denser development, and perhaps even more importantly, turnover plays an important role in discrimination. Put simply, renters move more frequently than homeowners. Every time a member of a protected class (say, for example, an African-American woman) applies to move into a new apartment, there is another possibility for her to experience discrimination.¹⁶

Although licensed realtors are required to receive training in fair housing law, national testing studies suggest that there are significant levels of housing discrimination in housing sales. However, there is less turnover in houses, and while sellers end the relationship with a buyer at the time of the sale, landlords and renters just begin their relationship with the signing of a lease.

National studies confirm that housing discrimination occurs at all income levels, and at all stages of the home rental or home purchase process.

Fair Housing Testing Recommendation: We recommend that all three jurisdictions fund and implement complaint-driven fair housing testing, for all kinds of home seekers.

¹⁶ See, for example, Discrimination in Metropolitan Housing Markets: National Results from Phase I of HDS2000, found online at http://www.huduser.org/Publications/pdf/Phase1_Executive_Summary.pdf This document goes into detail regarding national trends in housing discrimination.

Community Reinvestment Act and Jurisdictional Banking Choices

Mortgage and lending patterns, locations of bank branches, and Community Reinvestment Act (CRA) opportunities are all ways to identify whether banks are supporting the communities in which they are located.

An October 2004 report by the National Community Reinvestment Coalition (NCRC), *Inequalities in Small Business Lending by Income and Race of Neighborhood*, revealed “striking disparities in small business lending by race and income of neighborhood” (p. 4). Other recent national reports have found similar trends in home mortgage lending. Given that the Community Reinvestment Act was designed to mitigate against redlining (the illegal refusal to lend within an area or neighborhood based on the racial/ethnic makeup of the area) and to encourage investment in low and moderate-income and predominantly minority areas, these results are discouraging. For instance, recent national testing by the National Community Reinvestment Coalition found “many instances of discriminatory and abusive lending practices” among sub-prime lenders (p.4).

The Community Reinvestment Act is intended to encourage banks to invest locally, to give back to their communities. Not only is it important to pay attention to local banks’ CRA ratings, but also it is important to examine where they choose to locate, and whether they adequately serve the residents of the community. Because most banks receive at least a rating of Satisfactory (and anything less is certainly a red flag), jurisdictions should look beyond CRA ratings and request additional information from any bank with whom they choose to invest.

Jurisdictions can make powerful choices with their banking choices. By choosing to invest in banks that will reinvest in their communities, jurisdictions can both indirectly and directly influence development within their community. Annually, banks are required to report their actions, and they are regularly evaluated as to their compliance with the Community Reinvestment Act. Individual banks can be researched through the FFIEC web site, www.ffiec.gov.

Banking Investments Recommendation: *We recommend that Muskegon, Muskegon Heights and Norton Shores analyze the investment practices of the banking institutions with whom their jurisdictions have investments or banking accounts. They should screen them for local investment; accessible banking locations in the community; and a desire to work to improve the jurisdiction. If the banking institutions in question do not meet their criteria and are not true community partners, they should seek more community-minded institutions and bring their business to them.*

Mortgages and the Home Mortgage Disclosure Act

The Fair Housing Act calls for equal treatment in obtaining housing. According to the NCRC Report, *The 2005 Fair Lending Disparities: Stubborn and Persistent II* (NCRC, 2006. p. 3, emphases added),

Minorities, women, and low- and moderate-income borrowers across the United States of America receive a disproportionate amount of high cost loans. Across the country, African-Americans received 16.8 percent of the conventional high-cost loans but only 5.5 percent of the conventional market-rate loans during 2005. In contrast, whites received a greater percentage of market-rate than high-cost loans. Whites received 67.4 percent and 51.8 percent of the market-rate and high-cost loans, respectively. Disparities are also present by gender. Females received 37.3 percent of the high-cost conventional loans but just 28 percent of the market-rate conventional loans in NCRC's sample of 2005 loans. Males, in contrast, received a higher percentage of market-rate loans (66.8 percent) than high-cost loans (60.2 percent)... Hispanics and Native Americans also received a disproportionate amount of high-cost loans. About 40.7 percent and 35 percent of the conventional loans made to Hispanics and Native Americans, respectively, were high cost loans. Disparities in very high-cost HOEPA [Home Ownership and Equity Protection Act] lending were particularly worrisome for African-Americans and women. Similar disparities were found when analyzing refinance, home purchase, and home improvement lending separately. Large disparities were also found in manufactured housing and subordinate lien loans. For example, of all the manufactured housing loans made to African-Americans, an incredible 75.8 percent were high cost.

Muskegon Heights

Home Mortgage Disclosure Act Aggregated Statistics For Year 2007 (Based on 5 full tracts)

	A) FHA, FSA/RHS & VA Home Purchase Loans		B) Conventional Home Purchase Loans		C) Refinancings		D) Home Improvement Loans		F) Non-occupant Loans on < 5 Family Dwellings (A B C & D)	
	Number	Average Value	Number	Average Value	Number	Average Value	Number	Average Value	Number	Average Value
Loans Originated	4	\$56,203	82	\$49,971	104	\$62,570	22	\$32,176	67	\$58,742
Applications Approved, Not Accepted	0	\$0	10	\$55,164	36	\$62,099	3	\$13,667	8	\$57,360
Applications Denied	5	\$47,248	62	\$54,164	273	\$57,948	73	\$29,007	66	\$47,225
Applications Withdrawn	3	\$55,680	11	\$47,298	52	\$60,517	3	\$13,313	10	\$38,660
Files Closed for Incompleteness	1	\$10,970	4	\$56,265	13	\$79,953	0	\$0	3	\$40,630

Table 9: HMDA Data from ffiec.gov and city-data.com

In 2007, under 100 conventional home purchase loans were originated in Muskegon Heights, their average value was under \$50,000, and 62 loans were denied while 82 loans were approved. In FHA loans, refinancings, and home improvement loans, more applicants were denied than were approved.

Muskegon

Home Mortgage Disclosure Act Aggregated Statistics For Year 2007 (Based on 12 full tracts)

	A) FHA, FSA/RHS & VA Home Purchase Loans		B) Conventional Home Purchase Loans		C) Refinancings		D) Home Improvement Loans		F) Non-occupant Loans on < 5 Family Dwellings (A B C & D)	
	Number	Average Value	Number	Average Value	Number	Average Value	Number	Average Value	Number	Average Value
Loans Originated	73	\$66,788	387	\$68,493	428	\$67,407	70	\$32,040	168	\$61,790
Applications Approved, Not Accepted	7	\$80,697	39	\$68,591	120	\$75,177	20	\$33,218	33	\$60,372
Applications Denied	36	\$63,044	141	\$72,868	629	\$72,775	121	\$32,566	120	\$62,080
Applications Withdrawn	14	\$77,964	49	\$79,084	177	\$74,503	14	\$47,629	30	\$60,212

Files Closed for Incompleteness	0	\$0	19	\$64,831	67	\$91,605	4	\$42,500	9	\$105,536
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Table 10: HMDA Data from ffiec.gov and city-data.com

In the City of Muskegon, 387 conventional home loans were approved for an average value just under \$70,000. A significant number (141) of conventional home loans were denied. More refinancings and home improvement loans were denied than were approved.

Norton Shores

Home Mortgage Disclosure Act Aggregated Statistics For Year 2007 (Based on 5 full tracts)

	A) FHA, FSA/RHS & VA Home Purchase Loans		B) Conventional Home Purchase Loans		C) Refinancings		D) Home Improvement Loans		F) Non-occupant Loans on < 5 Family Dwellings (A B C & D)	
	Number	Average Value	Number	Average Value	Number	Average Value	Number	Average Value	Number	Average Value
Loans Originated	40	\$100,950	314	\$111,252	362	\$120,301	60	\$43,700	40	\$128,400
Applications Approved, Not Accepted	3	\$113,000	27	\$82,481	74	\$111,568	5	\$34,000	4	\$98,500
Applications Denied	9	\$102,333	63	\$130,492	263	\$129,065	52	\$39,231	19	\$134,895
Applications Withdrawn	5	\$96,400	36	\$120,083	124	\$142,290	6	\$172,500	6	\$85,833
Files Closed for Incompleteness	3	\$92,667	9	\$163,444	22	\$141,682	1	\$20,000	0	\$0

Table 11: HMDA Data from ffiec.gov and city-data.com

In Norton Shores, 314 conventional home loans were approved with an average value just over \$111,000. A much smaller number of conventional home loans (63) were denied. Unlike in Muskegon Heights and Muskegon, a majority of refinancings and home improvement loans were approved.

Home Mortgage Disclosure Act data is publicly available through the ffiec.gov web site. Although a full examination of HMDA data is beyond the scope of this project, it is clear that there are striking differences in loan origination outcomes in the different jurisdictions. Further analysis, by loan originator, by census tract, by race, and by income level would likely identify even greater differences.

Mortgage Data and Policy Recommendation: *We recommend that a full-scale analysis of HMDA data --and disparities based on race, ethnicity, and poverty--be completed, and used to identify policies and other areas that need improvement.*

Appraisals

Appraisals are another area deserving of attention. The staff in Muskegon Heights believe, based on anecdotal reports, that appraisers will choose to only use “comparable” properties from within Muskegon Heights, even when there may be comparable houses that are a couple of blocks away but in a different jurisdiction. They feel that this artificially pushes down home values, and makes it more difficult for prospective home buyers and sellers to transfer properties. They also feel this places an artificial downward pressure on the city’s property tax assessment. **Appraisals are covered by the Fair Housing Act, and these allegations could be investigated through appraisal testing.**

Appraisals Recommendation: *We recommend that Norton Shores, Muskegon, and particularly Muskegon Heights, do survey testing of the appraisal process.*

Manufactured Housing

A full discussion of manufactured home communities is outside of the scope of this study. There are manufactured housing communities in all three jurisdictions. Much of the decision-making around the siting of manufactured housing is not controlled by local jurisdictions. It is worth noting, however, that zoning decisions—and related lawsuits—around manufactured housing communities have occupied a significant amount of attention from jurisdictions in the state. In addition, residents of manufactured housing communities tend to choose these communities because of their relative affordability, and pay very limited taxes to the local jurisdiction. They generally own their homes and rent the land, and in some jurisdictions, a new manufactured housing community has had a large impact on the size of the population.

According to the NCRC report cited above (*2005 Fair Lending Disparities*), large disparities in lending are also found in manufactured housing loans. In addition, steering and other discriminatory practices may occur, similar to apartment complexes. Much of the discussion found in this report is relevant to residents of manufactured housing communities, and fair housing centers around the country report receiving many complaints from residents or would-be residents of these communities. These include rental, financing, and sales complaints; and involve allegations of discrimination based on race, national origin, familial status, and disability.

Foreclosures

As has been noted nationally, this is a difficult time for homeowners with mortgages. The Muskegon area has had persistently high unemployment rates, and this has no doubt contributed to the foreclosure trends documented below. Nationally, a disparate racial impact has been noted in foreclosure filings. A contributing factor to foreclosures can be a pattern of lending that favors white borrowers. This can be true even for higher-income home buyers, as the NCRC notes in their paper, *Income is No Shield II* (2008).

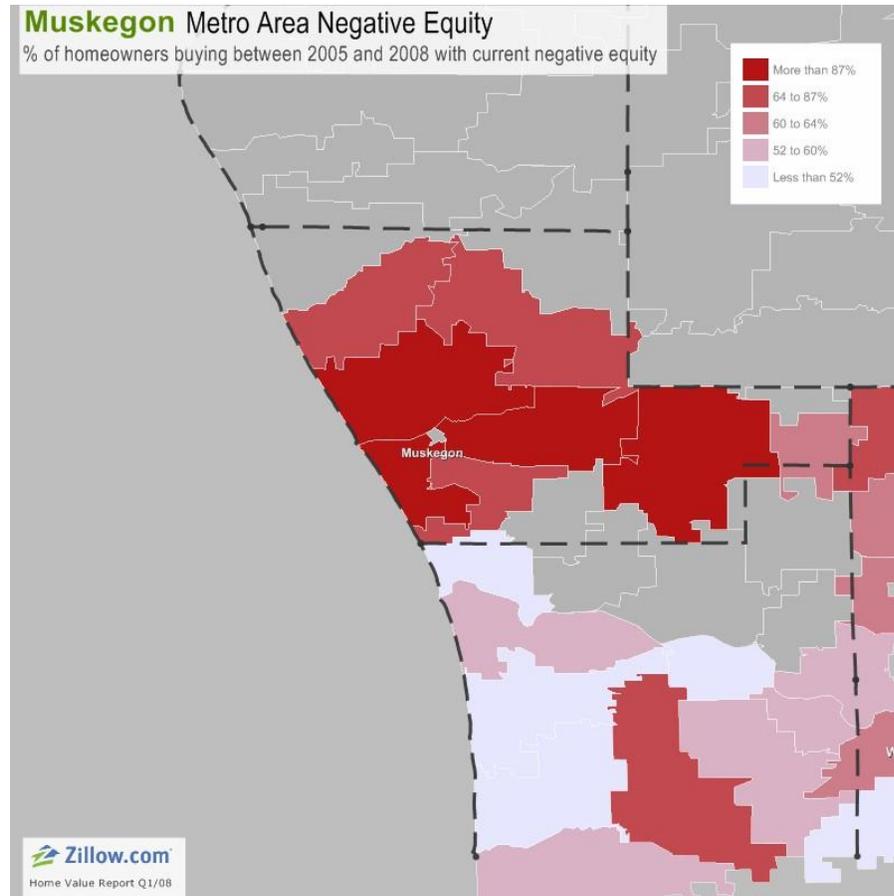
Against the backdrop of the risky, high-cost lending practices, NCRC has observed striking racial disparities. If a consumer is a minority, particularly

an African-American or Hispanic, they are most at risk of receiving a poorly underwritten high-cost loan. Middle-class or upperclass status does not shield minorities from receiving high-cost loans. NCRC observed that racial differences in lending increase as income levels increase, making middle- and upper-income (MUI) minorities more likely to receive high-cost loans than low- and moderate-income (LMI) minorities are, when compared to LMI and MUI whites...

High-cost loans compensate lenders for the added risk of lending to borrowers with credit imperfections. However, wide differences in lending by race, even when accounting for income levels, suggests that more minorities are receiving high-cost loans than is justified based on creditworthiness. As discussed below, previous studies by NCRC and others suggest that after controlling for creditworthiness and other housing market factors, minorities are receiving a disproportionately large amount of high-cost loans. When minorities receive a disproportionate amount of high-cost loans, they lose substantial amounts of equity through higher payments to their lenders. They are more exposed to irresponsibly underwritten ARM [Adjustable Rate Mortgage] loans that are likely to result in default and foreclosure. (p. 3)

According to Zillow.com, many homeowners who have recently purchased property in the Muskegon area now have negative equity, where the loan amount exceeds the appraised value of the property. Foreclosure trends show that Muskegon Heights homeowners began having problems before Norton Shores and City of Muskegon homeowners.

Foreclosure Data



Map 27: Muskegon Metro Area Negative Equity, Q1/08, downloaded from Zillow.com

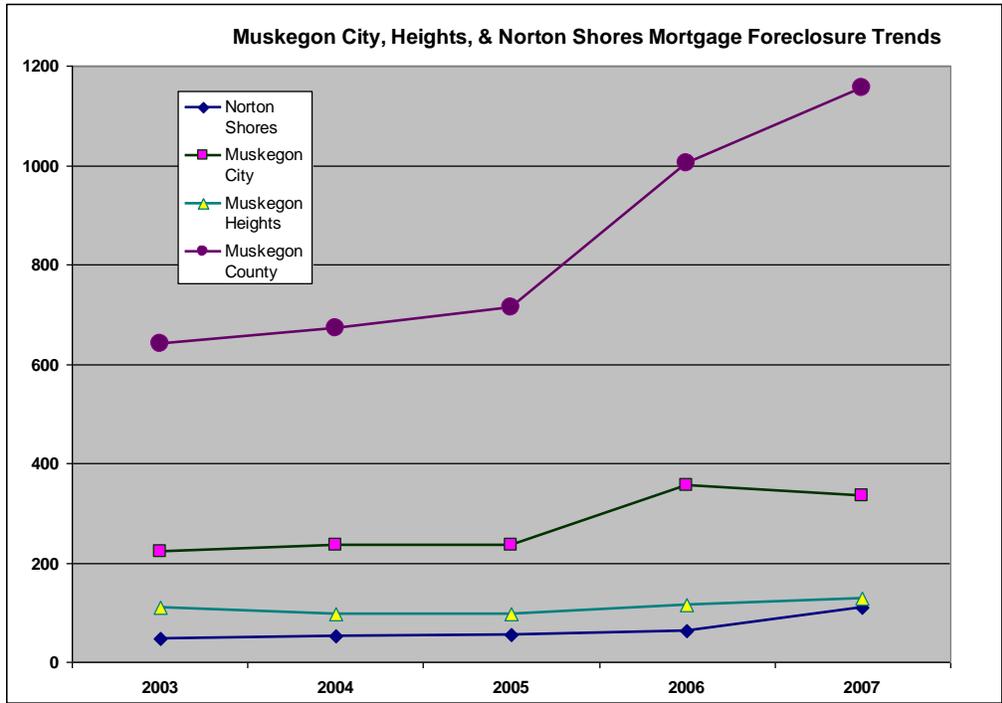


Figure 1: Three jurisdictions: Mortgage Foreclosure Trends

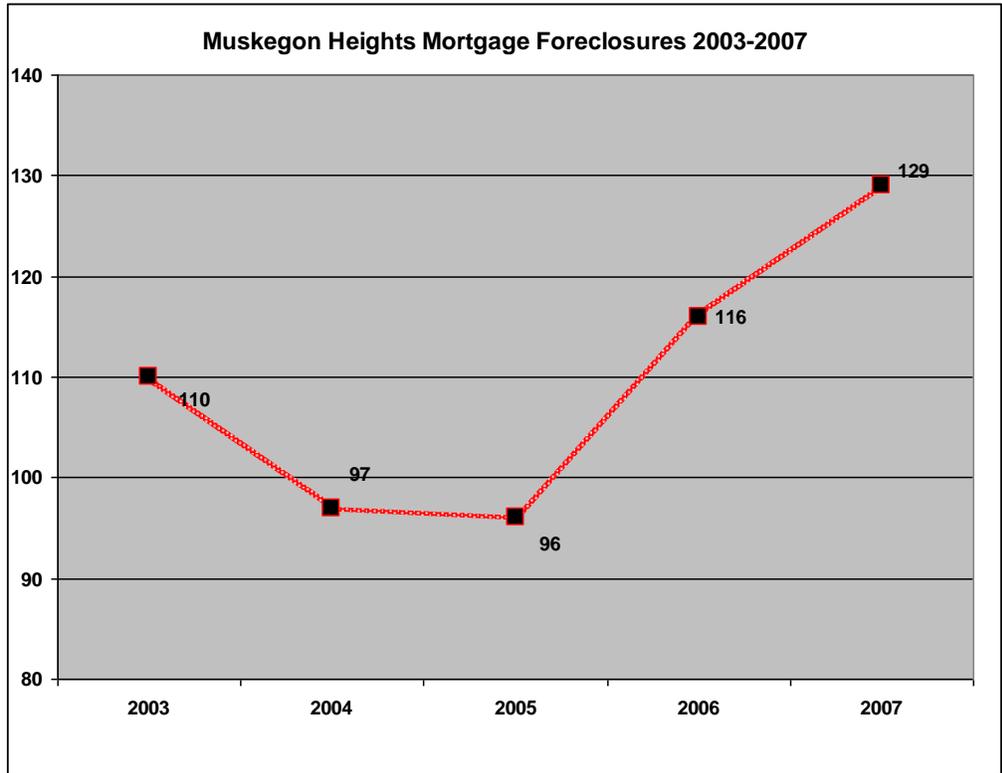


Figure 2: Muskegon Heights Mortgage Foreclosure Trends

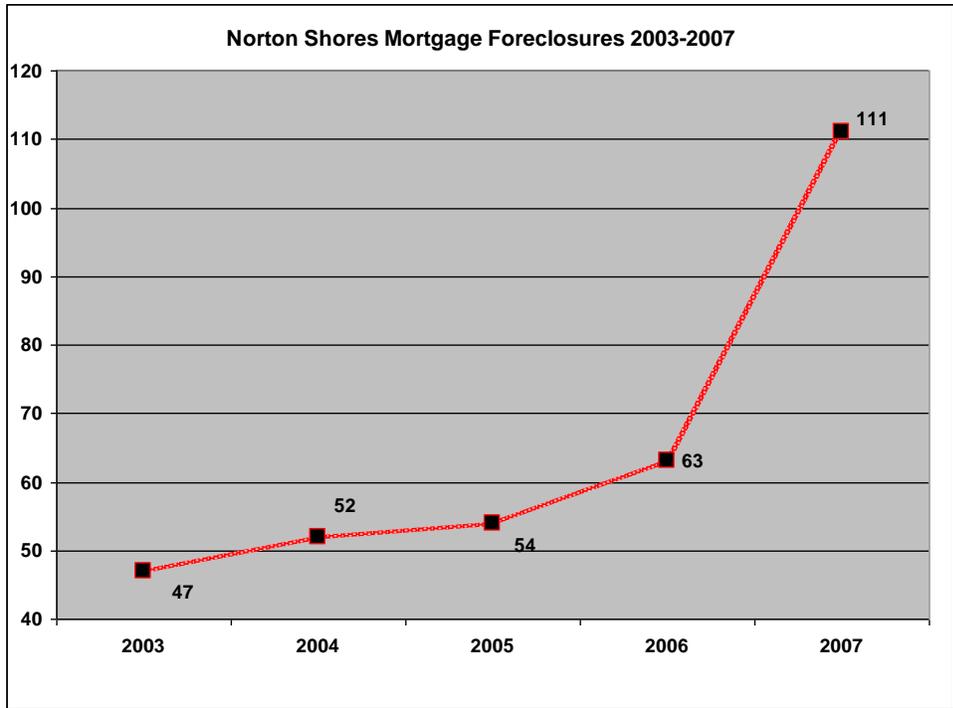


Figure 3: Norton Shores Mortgage Foreclosure Trends

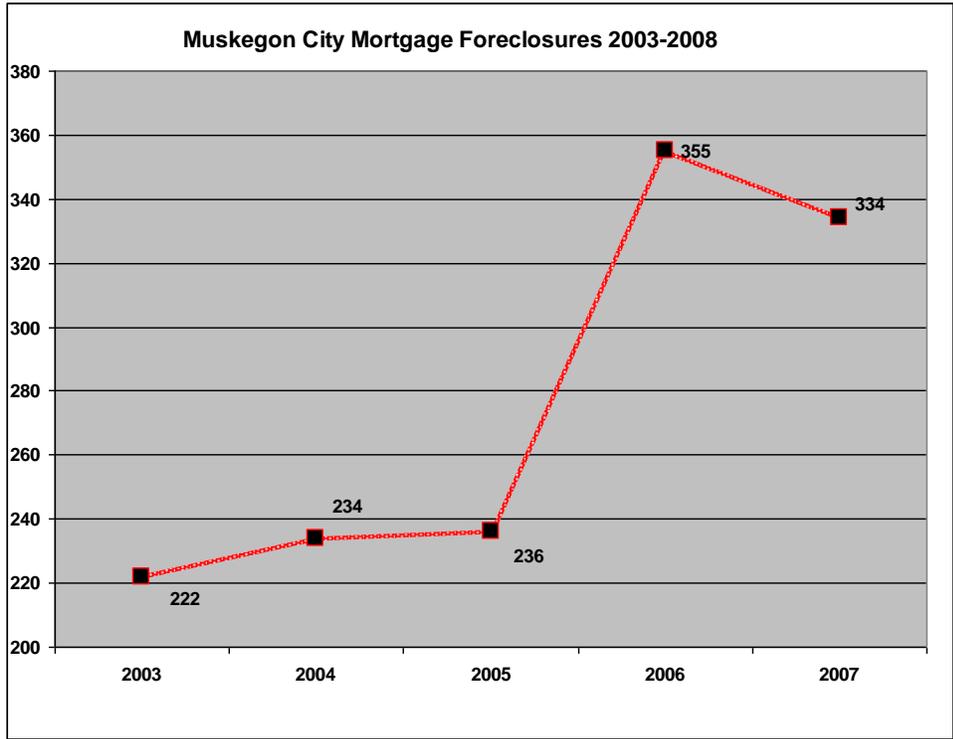


Figure 4: City of Muskegon Mortgage Foreclosure Trends

Muskegon County has shown a steady increase in mortgage foreclosures between 2003 and 2007, with mortgage foreclosures nearly doubling in number over that time period. At the beginning of the time period, foreclosures in the jurisdictions covered by this Analysis of Impediments comprised nearly 60% of the county’s mortgage foreclosures. By the end of the time period,

foreclosures in the jurisdictions covered by this Analysis of Impediments comprised approximately 50% of the county's mortgage foreclosures.

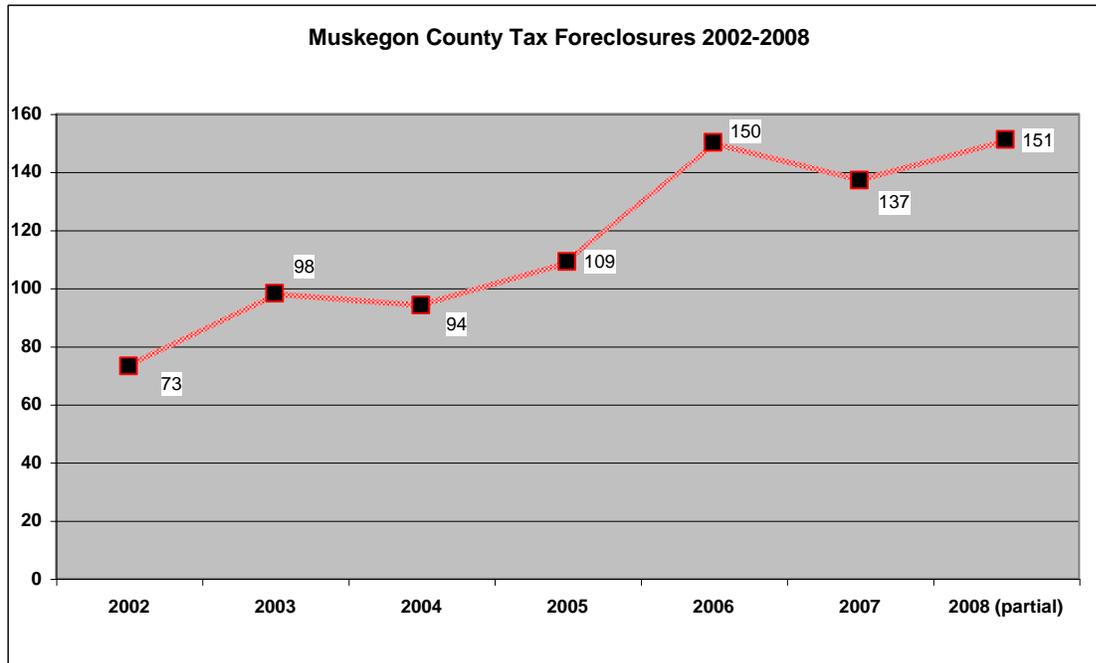


Figure 5: Muskegon County Tax Foreclosure Trends

Muskegon County tax foreclosures also appear to be increasing. The vast majority of tax foreclosures come from the three jurisdictions currently receiving CDBG funds.

Foreclosure Recommendation: *Other counties in Michigan--for instance, Washtenaw County, Oakland County, and Ottawa County--are devoting resources to foreclosure prevention. Various models are being used. Working together or with Muskegon County, the three jurisdictions should work to establish a foreclosure prevention program.*

Rental Patterns and Subsidized Housing

Officially, Muskegon Heights says that approximately half of the homes in the city are rentals. However, unofficially they believe that there are many more unregulated, and unofficial rentals. The City of Muskegon believes that it also has nearly as many unregulated rentals as registered rental properties¹⁷. A much smaller proportion of Norton Shores homes are rentals. Norton Shores does have a significant manufactured housing population. People in manufactured homes generally own the homes but rent the lots.

Muskegon and Muskegon Heights have a large amount of subsidized rental housing. Norton Shores has a much smaller amount of subsidized housing, but a private development, The Reserve at Norton Shores, is targeted at households with incomes below 60% of the area median income.

Public Housing and Section 8 Housing

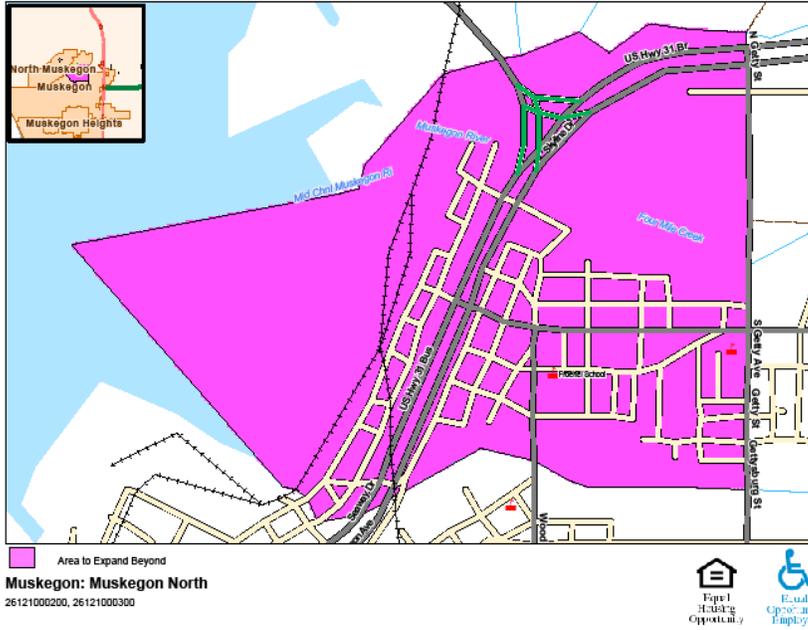
Both the City of Muskegon and the City of Muskegon Heights have public housing commissions. In January of 2005 the City of Muskegon Heights and the Muskegon Heights Public Housing Commission legally separated. The Mayor continues to appoint members of the Muskegon Heights Public Housing Commission Committee. The public housing commission of the City of Muskegon Heights is just emerging from “troubled status.”

The state of Michigan maintains a program, called the “Expanding Housing Opportunities” program, which identifies areas of concentrated poverty. They suggest that Section 8 holders (who, theoretically, can rent anywhere, if a landlord will rent to them)—should not rent in areas (highlighted below in pink) that are high poverty. Two large sections of Muskegon (geographically, over half of the city), ***and the entire city of Muskegon Heights*** are included in these areas. No part of Norton Shores is included in these areas. Many Section 8 voucher holders rent in these high poverty areas. Very few Section 8 renters rent in Norton Shores. This may be related to the lack of public transportation, noted earlier. This also may be related to discrimination. Section 8 voucher holders are more likely to be African-American, disabled, and/or female-headed households with children.

¹⁷ Conversations with Muskegon and Muskegon Heights staff.

Expanding Housing Opportunities

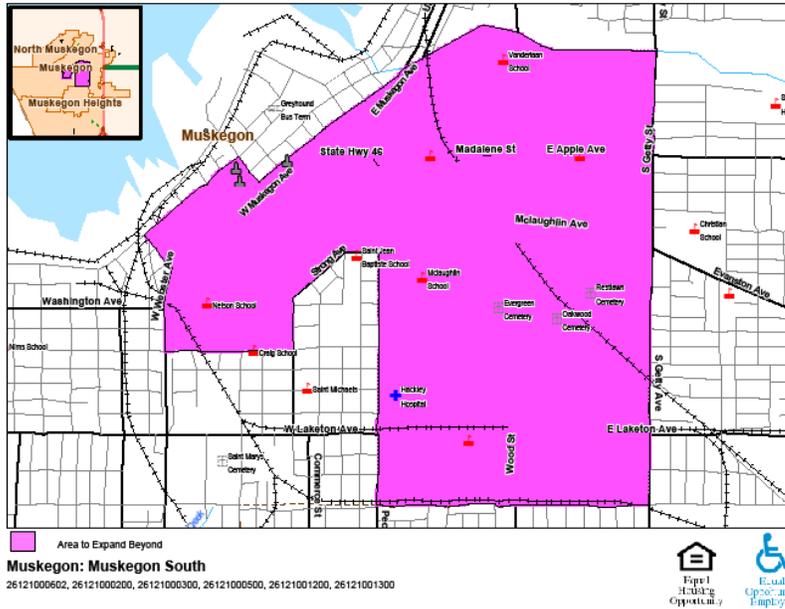
Regulations encourage applicants with Housing Choice Vouchers to use the rental assistance outside of the area shaded below:



Map 28: Muskegon North, Expanding Housing Opportunities

Expanding Housing Opportunities

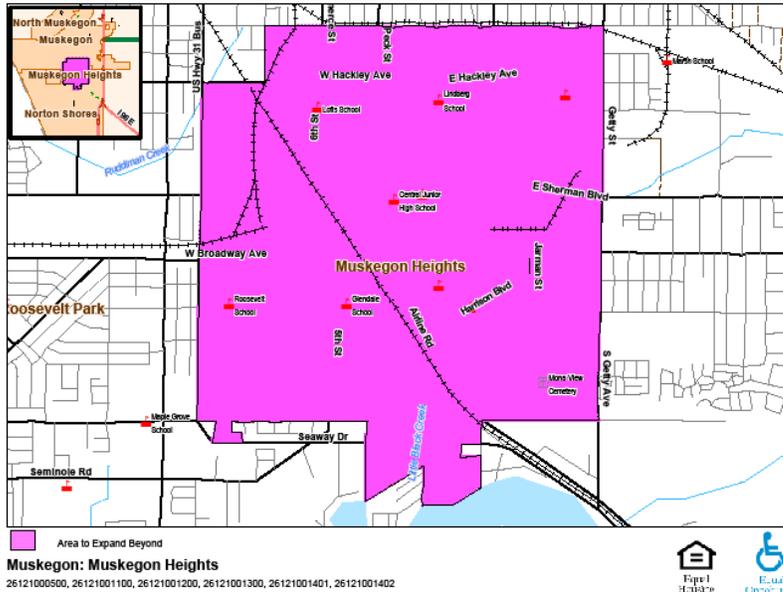
Regulations encourage applicants with Housing Choice Vouchers to use the rental assistance outside of the area shaded below:



Map 29: Muskegon South, Expanding Housing Opportunities

Expanding Housing Opportunities

Regulations encourage applicants with Housing Choice Vouchers to use the rental assistance outside of the area shaded below:



Map 30: Muskegon Heights, Expanding Housing Opportunities

Subsidized Housing Recommendation: *In addition to complaint-driven testing, we recommend that all three jurisdictions contract with an organization to provide survey testing of subsidized housing.*

Adult Foster Care/ Homes for the Aged

Adult Foster Care and Homes for the Aged are group homes that are licensed by the state of Michigan. They typically serve some of our most vulnerable populations—people with disabilities and senior citizens. The City of Muskegon Heights raised concerns to Fair Housing Center staff of an overabundance of group homes, inferring that there were up to ten in a single block. Nationally, group homes have been a matter of concern in terms of fair housing issues.¹⁸ They generally are created for adults and children with disabilities. A full discussion of the fair housing issues around group homes can be found in the *Local Officials Guide to Fair Housing; The Siting of Group Homes for the Disabled and Children*, by the National League of Cities and the Coalition to Protect the Fair Housing Act.

The question remains: do some areas covered by this Analysis of Impediments have a disproportionate share of group homes? **According to State of Michigan records, as of 10/2008, Norton**

¹⁸ Whitman, Cameron and Susan Parnas. “Local Officials Guide to Fair Housing; The Siting of Group Homes for the Disabled and Children.” National League of Cities and the Coalition to Protect the Fair Housing Act. Found online at: http://www.bazelon.org/issues/housing/cpfha/1group_homes.pdf

Shores had 2 group homes; Muskegon Heights had 10 group homes; and the City of Muskegon had 56 group homes. Although the City of Muskegon clearly has the most group homes, it also has the largest population, and in no case does this level of adult foster care/homes for the aged seem to be burdensome.

It is, however, both possible and likely that there are many illegal and unregulated group homes in the area. The presence of unregulated group homes was also raised by City of Muskegon staff. Cities around the country have reported an increase in illegal group homes.¹⁹ If that is the case, it may be a function of a lack of enforcement of planning, zoning, and housing regulations in Muskegon Heights. The City of Muskegon Heights needs a better way of finding, and reporting, illegal group homes.

Group Homes Recommendation: *To ensure the safety of the community's residents, code enforcement of all residences--including group homes--is essential. Illegal group homes are a function of a lack of enforcement of existing regulations. At the same time, members of group homes are people with disabilities, and protected by the federal Fair Housing Act. Any attempts to keep out legal group homes, including a requirement for a conditional use permit, would be construed as a violation of fair housing laws.*

¹⁹ See, for example: "What can be done? The solution, advocates say, is not to reinstitutionalize those with mental illness but to make the community safer for them." Strict housing standards would be a start. Meg Kissinger, Wisconsin Journal-Sentinel, 3/20/2006, found online at: <http://www2.jsonline.com/story/index.aspx?id=409576&format=print>

Part IV: Complaints, Testing, Litigation and Patterns

Fair Housing in Muskegon County

The Fair Housing Center of West Michigan conducted an *Analysis of Impediments to Fair Housing Choice* study in 2002. In it, they note that previous Analyses of Impediments relied, in part, on recommendations that the Muskegon Area Fair Housing Center be involved in enforcement and education activities. They comment:

Most notably, the Muskegon Area Fair Housing Center is no longer in operation, having closed in 1997 in tragic circumstances involving the Executive Director's financial malfeasance and subsequent suicide. As noted in the recommendations above, the Center was a key component of both the Muskegon Heights and the Norton Shores fair housing strategy, and its demise has left a tremendous gap in local fair housing efforts. Since no similar organization has taken over this particular piece of work, there simply is no entity in the Muskegon area to focus civil rights concerns with the deliberate enforcement and education activities that characterize state and national programs effective in identifying and correcting unlawful housing discrimination.

Although the community is fortunate to be served by several organizations who cooperate across issue and geographic boundaries to address an array of economic, physical and programmatic housing needs, it presently lacks the housing-related civil rights advocacy which helps to insure the benefits of such programs for racial and ethnic groups as well as those with disabilities. Filling that gap through the establishment of a fair housing center or procurement of fair housing services, including advocacy, by alternative means will underlie the metropolitan Muskegon community's ability to act on the recommendations included in this report. (p. vi)

Following FHC-West Michigan's Analysis of Impediments, for about two years (2003-2005) a group of community members met with the purpose of starting a fair housing organization in Muskegon County. The Lakeshore Fair Housing Alliance held regular meeting, designed work plans, consulted with other Michigan fair housing groups, and created by-laws. Their plans included hiring of a part-time director. Yet, no fair housing center was ever created in the Muskegon area. Those involved said that lack of funding and the absence of any one person or persons to push the project forward hindered their efforts.

Although FHC-West Michigan, based in Grand Rapids, will respond to specific complaints, it is still true that the Muskegon area lacks a single agency that has taken on fair housing enforcement and education activities in the Muskegon area. Potential complainants can complain to the Michigan Department of Civil Rights; Housing and Urban Development; or to the Grand Rapids-area Fair Housing Center of West Michigan. Only the Fair Housing Center of West Michigan provides fair housing testing services. Given the limited amount of fair housing services available in the Muskegon area, and the fact that many people do not know that they can file fair housing complaints, the complaints shown here probably represent only a fraction of the cases in which a home seeker believes that she or he has experienced discrimination.

Given the high segregation, high poverty and high rental concentrations of some areas under discussion in this Analysis of Impediments, and given the limits of the fair housing services in the area, it is highly likely that these complaints are a *significant* under representation of complaints. Detailed complaint and (where relevant) testing data can be found in Appendix A. The location of a fair housing complaint is based on the address of the property that is the subject of the complaint/investigation. In the case of discrimination in mortgage lending, the location is tied to either the location of the loan office, or the location of the property to be purchased.

Fair Housing Complaints

HUD, MDCR, and FHC-West Michigan Fair Housing Complaints January 1, 2003 - June 30, 2008

Basis for Complaint *	HUD	MDCR	FHC-West	Total
Race	6	5	14	25
Disability, physical			2	2
Disability, not specified	8	8		16
Familial Status			9	9
Sex	2	3		5
National Origin	1	1	1	3
Age			2	2
Marital Status			2	2
Not Indicated	8	7		15

*Complaint may have more than one basis

Complaints by Type	HUD	MDCR	FHC-West	Total
Rental	6	21	25	52
Mortgage Loan	2	1		3
Sales			2	2
Other			1	1
Not Indicated	8			8
TOTAL	16	22	28	66

Table 12: HUD, MDCR, and FHC-West Michigan Fair Housing Complaints, 1/1/2003-6/30/2008

Complaint-Based Testing

Results of Housing Discrimination Complaint-Based Tests Conducted by the Fair Housing Center of West Michigan

January 1, 2003 - June 30, 2008

	Evidence	Inconclusive	No Significant Differences	Total
Race	11	1	4	16
Familial Status	1		2	3
National Origin			1	1
TOTAL	12	1	7	20

* 3 tests were conducted in Norton Shores; 17 tests in the City of Muskegon; no tests were conducted in Muskegon Heights

Table 13: Results of Housing Discrimination Complaint-Based Tests, 1/1/2003-6/30/2008

Although only 20 tests were conducted over these years, the majority of them—and the vast majority of the complaint-based tests where racial discrimination was alleged—found evidence of housing discrimination. When housing discrimination is alleged, complaint-based testing is the “gold standard” for identifying discrimination.

Litigation and Complaint Follow-up

During the time period under consideration, there were only a few other types of civil rights cases in the jurisdictions that are part of the Analysis of Impediments, and most of them do not appear to have any relationship to fair housing law. There were no specifically fair housing litigations.

One case that is worthy of mention is a RLUIPA case. RLUIPA is the Religious Land Use and Institutionalized Persons Act²⁰, which prohibits local governments from adopting or enforcing land use regulations that discriminate against religious assemblies and institutions. Because the Civil Rights Act of 1964, and the Fair Housing Act, both protect on the basis of religion, in some cases RLUIPA cases are civil rights cases. In addition, because people frequently choose to live near their congregations, an attempt to keep a congregation from being permitted in a particular area, may in fact be an attempt to keep a class of people from living in that neighborhood. In April, 2008, Celebration Community Church sued the City of Muskegon. In June, 2008, the City of Muskegon settled with the church, which will now be able to occupy the building.

Of the cases forwarded to the Michigan Department of Civil Rights during this time period, 4 out of 19 were resolved (21%). Two cases are still open. Of the cases forwarded to Housing and Urban Development, 3 out of 16 were resolved (23%). One case was dismissed in the HUD judicial process, and 3 cases are still open.

None of the cases that were tested by the Fair Housing Center of West Michigan went to litigation, but some of them may have been sent to HUD or MDCR. **In general, whether a case goes to litigation, goes through the HUD process, or goes to MDCR’s process, testing evidence significantly strengthens the case.**

²⁰ The Religious Land Use and Institutionalized Persons Act (“RLUIPA”) says that “No government shall impose or implement a land use regulation in a manner that imposes a substantial burden on the religious exercise of a person, including a religious assembly or institution, unless the government demonstrates that imposition of the burden on that person, assembly, or institution-- (A) is in furtherance of a compelling governmental interest; and (B) is the least restrictive means of furthering that compelling governmental interest.” 42 U.S.C. § 2000cc. *Protection of land use as religious exercise*

Nationally, when testing is completed—whether that testing is “survey” testing or triggered by a complaint—evidence that African-Americans are being discriminated against is uncovered approximately 50% of the time. **The biggest gap in services in the Muskegon area is that there is no active, funded testing program in the county.**

Complaints and Testing Recommendation: We repeat the recommendation made in 1993 and 1994 (to the Norton Shores and Muskegon Heights Analyses of Impediments, respectively), and again in 2002 for the combined Analysis of Impediments.

Conduct aggressive, prolonged fair housing testing program to...impact practice of (racial) steering through education, testing and steady pressure to monitor how much steering occurs.²¹

²¹ *Analysis of Impediments to Fair Housing; Muskegon Heights* (8/94); p.37 – 38, as cited in the 2002 Analysis of Impediments to Fair Housing by the Fair Housing Center of Greater Grand Rapids.

Part V: An Overview of Policies, Concerns and Recommendations

Overview

Well-thought out planning and zoning policies and ordinances; government policies and focused interventions—including code enforcement; regional collaboration between jurisdictions, schools, and other governmental and quasi-governmental authorities; and the utilization of all available resources, can make a significant difference in addressing impediments to fair housing.

In this context, different jurisdictions have different levels of access to resources. Collaboration becomes very important. This is a particular area of concern, as the Strategies for a Culturally Competent Region (2007) notes that “Muskegon sees itself as two cities. Muskegon and Norton Shores are completely foreign to Muskegon Heights, as the communities have very little to do with each other. Because of this, the primary issues in this area are racism and segregation (p. 11, emphasis added).”

Norton Shores and Muskegon have begun limited collaboration. Because Muskegon Heights is the smallest jurisdiction, the one with the fewest resources, and the jurisdiction that has lost the most population over the last 15 years, it would be to the benefit of the entire region if Muskegon Heights were to collaborate more closely with both the Muskegon and Norton Shores, particularly on areas of planning. These jurisdictions might consider creating an “Urban County” consortium for CDBG matters, as has been done in Washtenaw County.

Urban County Recommendation: *Muskegon, Muskegon Heights, and Norton Shores should consider creating an "Urban County" consortium for CDBG matters.*

Fair Housing Enforcement and Zoning Issues

In assessing fair housing practices, the tone is set by governmental units' ordinances and by their implementation by township and city boards, particularly the planning commission and zoning board of appeals. For instance, although a jurisdiction can decide to completely exclude houses of worship as a special or conditional use from a *particular* type of zoning, once houses of worship are included, all of them must be treated similarly. In other words, the church and the mosque must receive the same treatment. In the same vein, private and parochial schools, senior housing, supportive housing, and group home applications offer a window into whether the decision-making processes of planning commissions and zoning boards of appeal treat all people equally. In the case of private homeowners, are people of all races and national origins treated equally when requesting variances? In order to assess this information, it is essential to look at planning and zoning documents. The question is not only whether the townships' ordinances are fair, but also: are they fairly applied?

Zoning ordinances regulate many aspects of development, and allow jurisdictions some measure of control over siting decisions in their township. As has been highlighted throughout this document, their use has fair housing implications. These primarily fall into the following areas.

- ✍ *Equal application and interpretation of zoning ordinances:* If conditional use permits or zoning variances are required of schools, houses of worship, assisted living facilities, are the rules

applied and variances granted equally to all types of schools, houses of worship, assisted living facilities? Does the Zoning Board of Appeals respond to variance requests fairly, or is it harder for some classes of individuals or organizations to get variances?

✍ *Exclusionary vs. inclusionary zoning:* Is the intention of the zoning ordinance to include or exclude certain types of people? Jurisdictions need to review their zoning ordinances for zoning that potentially affects people with disabilities and people of color in particular. Parts of the ordinance that may have a *disparate impact* on people with disabilities and people of color should be reviewed and revised. This includes on issues such as minimum house sizes and minimum lot sizes. If there is no place in a jurisdiction for affordable housing, then this may be considered to have a disparate impact on people of color.²² Definitions used in zoning ordinances can also be exclusionary. It is far better to move toward inclusionary zoning, including nondiscrimination ordinances and nondiscriminatory definitions. In addition, numerous courts have applied the “reasonable accommodation” requirements of fair housing law to state and local governments, most often related to exclusionary zoning and land-use decisions.

✍ *New Construction and New Parks:* Master Plans, Planning Departments, and Building Departments each affect new construction and parkland acquisition in different ways. In general, planning and building departments should encourage accessible construction and public access to recreational lands.

New Construction

The Fair Housing Act (FHAA) establishes seven design and construction requirements for covered multifamily housing completed for first occupancy on or after March 13, 1991. Briefly, buildings covered by these requirements include buildings with four or more units if the building has one or more elevators, or the ground floor units in other buildings with four or more units. FHAA requirements are not to be confused with fully accessible/barrier free design requirements set out by the State of Michigan.

Multi-family units (4 or more units in a structure) built for first occupancy after March 13, 1991 are required to meet specific accessibility guidelines in compliance with the Federal Fair Housing Amendments Act. These guidelines include minimum doorway widths, usable bathrooms and kitchens and a clear accessible path into and through the units. Building departments are accustomed to enforcing building codes, but are not currently prepared to highlight or point out Fair Housing Act requirements. Over 1100 multi-family units with 5 or more units in a structure were built between 1990 and 2000 in Washtenaw County. There have been many incidents in the last ten years in which multi-family structures have met building codes but not fair housing law. In 2000, the lawsuit (*WACA/FHC v. Oakridge*), in which developers in Ypsilanti Township did not comply with the Fair Housing Act’s accessibility guidelines, resulted in a \$15,000 settlement as well as a requirement for retrofitting (see story below).

In these cases, prospective residents and advocacy groups have standing to sue both the architect and the developer for violations of the federal Fair Housing Amendments Act of 1988. A frequent complaint of developers and architects is that the local building and planning departments approved their plans. While it may not be the legal responsibility of building, zoning, or planning departments

²² See, for example, The NIMBY Report, August, 2004, which highlights a Georgia lawsuit that alleges that increasing minimum lot sizes amounts to intentional discrimination by limiting affordable housing options.

to identify fair housing act violations, it is helpful to both developers and would-be residents if jurisdictions make these requirements known.

The Fair Housing Act, the State of Michigan Building Code, and the U.S. Department of Housing and Urban Development each have requirements about accessibility in multi-family housing. Some requirements are attached to the project funding source; others apply to nearly all multi-family housing.

The Michigan State Building Code covers multi-family dwellings with more than two units (R-2 buildings), including boarding houses, shelters and other buildings for non-transient residents. According to the Fair Housing Act, if there are four or more units in a building, units are required to be adaptable (Type B units). Adaptable means they are minimally accessible and could easily be made fully accessible. Ideally Type B units can be altered to become barrier free units. In a building with more than 20 units, then at least 2%, and not less than one unit must be fully accessible (Type A unit). Fully accessible is the same as barrier free.

For new HUD-funded construction projects with five or more units, 5% of the units (at least one unit) must meet full accessibility requirements set out by the Uniform Federal Accessibility Standards. This standard focuses on wheelchair accessibility. Another 2% of the units (at least one) must be accessible for those with visual or hearing impairments. Units may be accessible only to those with hearing impairment, only to those with visual impairments or some of each.

It is to everyone's advantage to meet accessibility requirements rather than to retrofit. Often it is less expensive, and generally it is easier to make things completely accessible initially. Truly, when it comes to building accessible housing, "an ounce of prevention is worth a pound of cure."

U.S. Department of Justice Statement on Promoting Accessibility through Building Codes

According to the U.S. Department of Justice, “The Civil Rights Division of the U.S. Department of Justice recognizes that barriers in the built environment pose a serious impediment to the full integration of people with disabilities into society. Federal law has attempted to address the lack of accessibility in certain residential buildings through the design and construction requirements of the Fair Housing Act and in commercial and public properties through the design and construction requirements of the Americans with Disabilities Act...Most states or localities in this country have adopted building codes to govern construction within their jurisdictions. These building codes are enforced by local or state code officials. The Civil Rights Division believes that incorporation of the design and construction requirements of the Fair Housing Act and the Americans with Disabilities Act into building codes represents an opportunity to enhance compliance with these federal laws.” (*US Department of Justice, U.S. Department of Justice, Civil Rights Division: Promoting Accessibility through Building Codes.*)

Building Codes Recommendation: *Federal Fair Housing Act Accessibility Guidelines for new construction of multi-family dwellings should be made available from the building departments. In addition, while localities are not at this time responsible for enforcement, they should consider ways to make the law clearer to those going through the multi-family building process. We recommend that building department staff place warnings on permits and applications that state, “This project may be subject to building accessibility requirements set out by the federal Fair Housing Amendments Act of 1988.” The US Department of Justice concurs, suggesting that incorporation of fair housing and ADA requirements into building codes would improve compliance with these laws (see box).*

The Impact of Zoning Ordinance Definitions on Families and People with Disabilities

Family definitions in zoning ordinances should include functional families as well as relationships such as adoption and foster care. Whether they identify traditional families and functional families in two different sub-definitions or in a single definition (as above), the families must be treated equally. So, for instance, occupancy limitations should not be placed only on the functional family. It is best if the definition does not address occupancy limitations, but rather, the building code sets the occupancy limitations.

Muskegon

For the most part, the City of Muskegon's definition of family is a good one, and includes a definition of a functional family. However, the final sentence of the definition creates the potential for discrimination. Occupancy guidelines do not belong in a definition for a family, and functional families should be treated just as other families. Occupancy standards should use, as their guideline, the building code. We recommend that the City of Muskegon remove the last sentence from their functional family definition.

Family, Domestic: One or more persons living together and related by the bonds of blood, marriage, guardianship, foster relation, or adoption, and not more than two additional unrelated persons, with all such individuals being domiciled together as a single, domestic, housekeeping unit in the dwelling.

*Functional Family: The following persons shall be considered a functional family: Persons living together in a dwelling unit whose relationship is of a permanent and distinct character and is the functional equivalent of a domestic family, with a demonstrable and recognizable bond which constitutes the functional equivalent of the bonds which render the domestic family a cohesive unit. All persons of the functional family must be cooking and otherwise housekeeping as a single, nonprofit unit. At least one person in the functional family must be the record or equitable owner of the property or dwelling unit, or the primary tenant under a written lease having a least one year's duration. This definition shall not include any society, club, fraternity, sorority, association, lodge, coterie, organization, rooming house, rooming units, or group where the common living arrangement and/or the basis for the establishment of the functional equivalency of the domestic family is likely or contemplated to exist for a limited or temporary duration. **The definition of functional family shall not include a living arrangement where there exists less than 225 square feet of living space in the dwelling unit per person residing therein, or insufficient off-street parking located entirely on the property for all vehicles used by the said residents.***

Functional Family Recommendation: *We recommend that the City of Muskegon remove the last sentence from their functional family definition.*

For many of its zoning districts, the City of Muskegon has placed conditions on Adult Foster Care large group homes, congregate facilities, and small group homes. According to Michigan Act No. 218 of the Public Acts of 1979, As Amended,

*400.733 Local ordinances, regulations, or construction codes.
Sec. 33. This act supersedes all local regulations applicable specifically to adult foster care facilities. Local ordinances, regulations, or construction codes regulating institutions shall not be applied to adult foster care large group homes, adult foster care small group homes, or adult foster care family homes. This section shall not be construed to exempt adult foster care facilities from local construction codes which are applicable to private residences.*

History: 1979, Act 218, Eff. Mar. 27, 1980

In other words, requiring conditional use permits for these Adult Foster Care facilities is not legal and should be removed from the zoning ordinance. At best, keeping the conditional use in the zoning ordinance could create a condition where staff people unknowingly give prospective group home owners incorrect information. At worst, it could be construed as intentionally having a chilling effect on prospective group homes, opening up the City of Muskegon to fair housing complaints and litigation.

Conditional Use Permit Recommendation: *Requiring conditional use permits for Adult Foster Care facilities is not legal and should be removed from Muskegon's zoning ordinance.*

Muskegon Heights

The City of Muskegon Heights has an excellent definition of family.

Family shall mean:

- (1) an individual or group of two or more persons related by blood, marriage or adoption, including those related as foster children, who are domiciled together as a single, domestic, nonprofit housekeeping unit in a dwelling unit; or,*
- (2) A collective number of individuals domiciled together in one dwelling unit whose relationship is of a continuing, nontransient, distinct domestic character and who are cooking and living as a single, nonprofit housekeeping unit. This definition shall not include a penal institution, halfway house, correctional facility, society, club, fraternity, sorority, association, lodge, organization, or group of students or other individuals whose domestic relationship is of a transitory or seasonal nature or for an anticipated limited duration of a school term, jail or prison term, or terms of other similar determinable period.*

Norton Shores

The City of Norton Shores has a rather restrictive definition of family in its zoning ordinance:

One or two persons or parents, with their direct lineal descendants and adopted or foster children (and including the domestic employees thereof) together with not more than two (2) persons not so related, living together in the whole or part of a dwelling comprising a single housekeeping unit. (ord. no. 369 eff. June 26, 1981)

This definition does not include a definition for a functional family. We recommend that Norton Shores adopt a functional family definition, such as the one used by Muskegon Heights.

Norton Shores Functional Family Recommendation: *Norton Shores should adopt a functional family definition, such as the one used by Muskegon Heights.*

The zoning ordinance also states, in the section named Sec. 3.107 Housing Capacity:

No dwelling in any district, regardless of the number of families housed therein, shall be occupied so that there will be at any time an average of regular residents in excess of three (3) per bedroom or eight (8) per three-piece bath. (ord. no. 369 eff. June 26, 1981)

The Fair Housing Center believes that housing capacity—in particular bedroom capacity—should be legislated through the building code, and not through zoning ordinances. **We recommend that this ordinance be revised to refer to the building code for all questions regarding occupancy standards.**

Norton Shores Occupancy Recommendation: *Norton Shores should revise its zoning ordinance to refer to the building code for all questions regarding occupancy standards.*

Housing Stock and Code Enforcement

AGE OF HOUSING STOCK	Norton Shores	Muskegon Heights	City of Muskegon	Muskegon County
Built 1939 or earlier	8.30%	32.25%	31.17%	17.04%
Built 1940 to 1949	11.34%	26.38%	18.86%	12.80%
Built 1950 to 1959	18.68%	17.96%	18.95%	17.44%
Built 1960 to 1969	16.64%	12.07%	10.78%	13.32%
Built 1970 to 1979	17.21%	7.06%	11.76%	15.73%
Built 1980 to 1989	11.36%	1.22%	3.71%	8.82%
Built 1990 to 1994	5.88%	.75%	1.74%	5.68%
Built 1995 to 1998	6.28%	1.20%	2.66%	6.89%
Built 1999 to March 2000	4.31%	1.12%	.37%	2.29%

Table 14: Age of Housing Stock, based on US Census 2000

The housing stock in these three jurisdictions is older. In Norton Shores, over 70% of the housing stock was built before 1990, with the majority being built between 1950 and 1990. In the City of Muskegon, over 90% of the housing stock was built before 1990, *and over 50% was built before 1950*. And in Muskegon Heights, over 95% of the housing stock was built before 1990, and *nearly 60% was built before 1950*. These statistics highlight certain challenges in maintaining a safe and habitable housing stock.

Muskegon

The City of Muskegon has a relatively strong code enforcement and inspection program. It is multi-faceted, and includes a regular housing rental inspection program and a complaint-driven fire safety inspection program. Muskegon is also currently maintaining a “dangerous buildings” list, and following up on those lists.

On paper, and in practice, they have done a good job with this enforcement program. One problem—which is difficult to solve—is that by their own estimates they have many unregistered rentals, perhaps as many unregistered rentals as registered rentals. These unregulated units do not receive the inspections that they should, and are a likely source of housing problems. ***The City of Muskegon should take an activist stance to identify unregistered rentals.***

The City of Muskegon recently revised its zoning map with an eye toward balancing the density of housing in particular areas. Although sometimes when zoning is restricted, the impact can strongly negatively affect people in protected classes, this does not appear to be the case here. In the past 10 years, the City of Muskegon has had limited, but ongoing new construction. In the context of an Analysis of Impediments, their planning and zoning appears to be adequate.

Muskegon Heights

In the past 10 years, Muskegon Heights has had very little new construction (1-2 homes per year). In a letter to Jackie Darnell (a resident and former Planning Commission chair), on 5/15/2008, the Director of Community Development notes, regarding the housing stock, that

As the ex-chair of the Planning Commission, you are very aware of the fact that many of these old, vacant, abandon houses are used as tax shelters for absentee property owners. You have two such abandon, dilapidated houses one block from your home. No one has lived in either of those houses on Elwood Street for way over ten years. They are across the street from an elementary school. Drunks and dope addicts sleep in those homes in the winter and get high in them in the summer. Muskegon Heights was built for a population of 17,000. Our current population of 11,800 will never need as many homes as the larger population of the mid-1970s. (letter to Jackie Darnell, 5/15/2008)

In a succinct way, this letter documents many of the issues with housing code enforcement in Muskegon Heights. Blighted and abandoned homes populate the neighborhoods; the community does not have sufficient funds to tackle the problem; vacant homes are a sanctuary for substance abusers; and the city's population has shrunk significantly over the years.

In this context, the decision by Muskegon Heights to concentrate CDBG funds on supporting the MDOT Safe Routes to School program and the MSHDA Blight Elimination initiatives makes sense.

However, as noted in the last Analysis of Impediments, done by the Fair Housing Center of West Michigan, this is a completely inadequate response. Seven years ago, the editors of the last Analysis of Impediments wrote, "The City of Muskegon Heights needs to set forth an aggressive code enforcement movement designed to stop blight and deterioration" (Executive Summary, FHC-West, 2002). ***Given the age of the housing stock in Muskegon Heights; given the condition of the housing stock in Muskegon Heights; and given the number of abandoned homes, and the number of unregulated rentals, it is time for the City of Muskegon Heights to implement an activist inspection, enforcement, and demolition agenda. It is likely that this is the most important step that Muskegon Heights could take, at this point, to improve housing conditions—and remove impediments to fair housing—in the city.***

Muskegon Heights Code Enforcement Recommendation: The City of Muskegon Heights needs to set forth an aggressive code enforcement movement designed to stop blight and deterioration. (Repeat recommendation from the 2002 Analysis of Impediments.)

Norton Shores

In March 2008, the Norton Shores City Council examined the idea of a rental inspection ordinance. Concerns that were raised ranged from funding (would the ordinance pay for itself); whether it should be scheduled on a routine basis or be complaint driven; whether this is an appropriate role for city government; whether it should apply to all rental housing or only larger-scale complexes. In this working session, the City Council agreed to ask staff to draft a proposal for complexes with more than two units. This is a good start. ***The Fair Housing Center believes that rental inspections are a good way to ensure a safe and regulated housing stock, and encourages Norton Shores to begin routine rental housing inspections.***

Norton Shores Housing Inspection Recommendation: *Norton Shores should begin routine rental housing inspections as a way to ensure a safe and regulated housing stock.*

Local Fair Housing and Other Anti-Discrimination Ordinances

Muskegon

There is more than one location in which discrimination protections are enumerated in the Muskegon City Code. Chapter 42, Article II of the City Code references fair housing. Sections 42-33 through 42-37 reference the prohibition of discrimination based on religion, race, color, national origin, age, sex, marital status, or handicap. This is a good start, but these sections are missing a protection regarding familial status (families with children under the age of eighteen), which is a protection in both federal and state civil rights law. The City of Muskegon revised its harassment policy in June 2007 to include a complaint mediation alternative and protections under the Americans with Disabilities Act.

In addition, Section 42-34 of the City Code, refers to particular exemptions in the fair housing portion of the ordinance, and one of those is an exemption based on race. However, it is worth noting that under the Federal Civil Rights Act of 1866, there is no exemption for race.

Muskegon Code Amendment Recommendation #1: *The City of Muskegon should amend Section 42-34 of the City Code to comply with the Federal Civil Rights Act of 1866, removing the exemption based on race.*

Muskegon Code Amendment Recommendation #2: *We recommend that the City add to the protected categories—minimally—those categories protected by the State of Michigan’s Elliot-Larsen Civil Rights Act, and may want to add the protections covering height and weight that are found in the Muskegon Heights ordinance.*

Muskegon Heights

Chapter 50, Article II of the City of Muskegon Heights Code of Ordinances covers fair housing. Muskegon Heights includes all protected classes covered under state and federal law, and

extends fair housing protection to cover height and weight (covered only under employment discrimination in state law). This is a good model.

Norton Shores

The City of Norton Shores has a Title VI policy, signed into law in 2005, which specifies compliance with the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987, referring specifically to protections on the grounds of race, color, national origin, religion, sex, disability and age. Title VI policy refers to all written agreements, information packets, committees, programs, and activities—and is followed up by a process for both dissemination of information, prevention of discrimination (including training), and a complaint/investigation process. Title VI covers only federally assisted programs and the City of Norton Shores currently has no fair housing ordinance.

Norton Shores Ordinance Recommendation #1: *We recommend that the Norton Shores adopt a fair housing ordinance.*

The City of Norton Shores, in §13-34 of its City Ordinance, referring to Recruitment and Selection, and Eligibility to Compete, writes that:

Competition for positions in the city service shall be open to all applicants who are citizens of the United States and who meet the qualifications established for the class of position for which application is made. The city is an equal opportunity employer whose policy is to recruit and select personnel and conduct all personnel activities without regard to religion, race, color, national origin, age, sex, height, weight, marital status, or disabilities pursuant to the Ord. No. 424, § 1, 2-19-85; Ord. No. 605, §§ 2, 4, 10-20-98).

In restricting applicants to citizens of the United States, and not merely to people with legal permission to work in the United States, the City of Norton Shores is likely to discriminate against applicants based on national origin.

Norton Shores Ordinance Recommendation #2: *We recommend that Norton Shores amend its ordinances to include non-citizens who are authorized to work in the United States.*

Part VI: Summary of Recommendations

Summary of Recommendations

We recommend that all three jurisdictions take on a serious review of policies and ordinances to ensure the protection of civil rights.

We recommend that all three jurisdictions find ways to strengthen and enforce fair housing law, disability/accessibility law, and building codes.

We recommend that all three jurisdictions utilize their power as investors, to encourage community investment, and adherence to fair housing law, by banking institutions.

Finally, we recommend that all three jurisdictions begin both systemic and complaint-driven fair housing "testing."

We recommend that the three jurisdictions invest time, energy, and financial resources to ensure that fair housing investigation—through taking of complaints, testing and investigating complaints, and referring complaints to attorneys and state/federal agencies—be made a priority.

Fair Housing Testing Recommendation: *This is a repeat of the recommendation made in 1993, 1994, and 2002 (in the Norton Shores (1993) and Muskegon Heights (1994) Analyses of Impediment), and again in 2002 for the combined Analysis of Impediments). We recommend that all three jurisdictions fund and implement complaint-driven fair housing testing, for all kinds of home seekers. In addition to complaint-driven testing, we recommend that all three jurisdictions contract with an organization to provide survey testing of subsidized housing in particular. We recommend that Norton Shores, Muskegon, and particularly Muskegon Heights, do survey testing of the appraisal process.*

Protected Classes Recommendation: *We recommend that in all references to protected classes (i.e. race, national origin), that each jurisdiction review its lists to include—minimally—all statuses protected by the Michigan Elliott-Larsen Civil Rights Act and the Federal Fair Housing Act.*

Collaboration Recommendation: *We recommend that all three jurisdictions work on extending their collaborations relating to community development. Muskegon, Muskegon Heights, and Norton Shores should consider creating an "Urban County" consortium for CDBG matters.*

Cultural Competency Recommendation: *We recommend that all three jurisdictions institute regular cultural competency training, and make it possible for both elected officials and government employees to attend these trainings.*

Banking and Investment Recommendations

Mortgage Data and Policy Recommendation: *We recommend that a full-scale analysis of HMDA data --and disparities based on race, ethnicity, and poverty--be completed, and used to identify policies and other areas that need improvement.*

Banking Investments Recommendation: *We recommend that all three jurisdictions analyze the investment practices of the banking institutions with whom their jurisdictions have investments or banking accounts. They should screen them for local investment; accessible banking locations in the community; and a desire to work to improve the jurisdiction. If the banking institutions in question do not meet their criteria and are not true community partners, they should seek more community-minded institutions and bring their business to them.*

Foreclosure Prevention Recommendation: *We recommend that all three jurisdictions invest resources in foreclosure prevention. Other counties in Michigan--for instance, Washtenaw County, Oakland County, and Ottawa County--are devoting resources to foreclosure prevention. Various models are being used. Working together or with Muskegon County, the three jurisdictions should work to establish a foreclosure prevention program.*

In addition to generalized recommendations, we have certain recommendations that are specific to the Norton Shores, Muskegon Heights, and Muskegon jurisdictions.

Norton Shores

The City of Norton Shores is to be commended for its thorough Title VI plan, with protections for race, color, national origin, religion, sex, disability and age. The City of Norton Shores also has an ordinance, referring to employment, that requires applicants to the City to be citizens, and excludes discrimination based on the additional categories of height, weight, and marital status.

Norton Shores Housing Inspection Recommendation: We recommend that Norton Shores begin routine rental housing inspections as a way to ensure a safe and regulated housing stock.

Norton Shores Ordinances

We recommend that the Norton Shores adopt a fair housing ordinance.

We recommend that Norton Shores revise its zoning ordinance to refer to the building code for all questions regarding occupancy standards. To do otherwise is a way of discriminating against larger families.

We recommend that Norton Shores amend its ordinances that refer to employment, **to include non-citizens who are authorized to work in the United States.**

We recommend that Norton Shores adopt a functional family definition, **such as the one used by Muskegon Heights.**

Transportation Recommendation: We recommend that Norton Shores work with Muskegon County and MATS to identify a way to expand MATS bus service, and/or the GoBus, to people of all ages and abilities. This will increase housing choice and accessibility.

Web Page Recommendation: We recommend that Norton Shores and Muskegon Heights add web-page translation capacity to their web sites, in order to help make their governments accessible to people of limited English proficiency.

Muskegon Heights

The City of Muskegon Heights faces many challenges. Many of these challenges relate to a combination of poor housing stock, low-income residents, and segregation. Although none of these issues are directly related to fair housing, they are all potential impediments to fair housing. The City of Muskegon Heights' own assessment is that 2/3 of the properties in the city are not up to building codes.²³

Code Enforcement Recommendation: The City of Muskegon Heights needs to set forth an **aggressive code enforcement movement designed to stop blight and deterioration.** We note that this is a repeat recommendation from the **2002 Analysis of Impediments.**

Web Page Recommendation: We recommend that Norton Shores and Muskegon Heights add **web-page translation capacity to their web sites**, in order to help make their governments accessible to people of limited English proficiency.

Banking Locations Recommendation: We recommend that Muskegon Heights use its own investments as a way to attract more banking locations into Muskegon Heights.

Muskegon

Muskegon Ordinance Recommendations:

- We recommend that the City of Muskegon **remove the last sentence from their functional family definition.**
- We recommend that the City add **to the protected categories—minimally—those categories protected by the State of Michigan's Elliot-Larsen Civil Rights Act**, and may

²³ Fourth Program Year Action Plan, 34th Year Annual CDBG Plan, City of Muskegon Heights, submitted to HUD on 5/15/2008.

want to add the protections covering height and weight that are found in the Muskegon Heights ordinance.

- We recommend that the City of Muskegon **amend Section 42-34 of the City Code to comply with the Federal Civil Rights Act of 1866**, removing the illegal exemption based on race.

Part VII: References

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Appendix A: State and Federal Complaints

Michigan Department of Civil Rights Complaints

(January 1, 2003-January 30, 2008)

Respondent/ Address	Complaint Date	Allegation	Close Type	Closed	Type of Transaction
No Address Available	3/10/2003	Harassed based on sex	Could not make contact with claimant	5/27/2003	Housing
Rental, Muskegon, 49442	4/10/2003	Denied Accommodation	No probable cause, no adjustment	8/26/2003	Housing
Rental Muskegon, 49444	4/17/2003	Inferior Service	No basis &/or area identified	7/16/2003	Housing
Rental, Muskegon, 49441	5/5/2003	Unequal Terms & Conditions based on race National Origin	Settlement Agreement executed	10/31/2003	Housing
Rental, Muskegon, 49442	5/21/2003	Denied of waiting list	Untimely	6/5/2003	Housing
Rental Muskegon Hts., 49444	5/27/2003	Denied	Adjusted- customer satisfied	5/29/2003	Housing
Rental Muskegon	7/23/2003	Accessibility	No probable cause, no adjustment	7/16/2003	Housing
Rental, Muskegon Hts., 49444	8/7/2003	Denied handicap apartment	No probable cause, no adjustment	2/24/2004	Housing
Rental, Muskegon, 49441	9/24/2003	Denied Rental	Settlement Agreement executed	11/24/2003	Housing
Rental, Muskegon, 49441	8/2/2004	Denied based on Disability	No probable cause, no adjustment	12/17/2004	Housing
Manufactured Housing, Muskegon, 49442	9/13/2004	Unfairly Evicted	No basis &/or area identified	9/22/2004	Housing
Rental, Muskegon Hts., 49444	11/16/2004	Forced to move	No basis &/or area identified	11/17/2004	Housing
Rental, Muskegon, 49441	3/23/2006	Race, Harassment	Written Agreement	8/3/2006	Housing

Manufactured Housing, Muskegon, 49442	5/1/2006	Failed to accommodate disability	No probable cause, adjusted	4/4/2008	Housing
Rental, Muskegon, 49441	9/19/2006	Believe evicted because black and filing HUD charge	No probable cause, no adjustment	1/3/2007	Housing
Rental, Muskegon, 49442	9/20/2007	Evicted for opposing sexual harassment	Customer declined to file	10/5/2007	Housing
Rental, Muskegon 49442	6/20/2007	Evicted, harassment, race, retaliation	open	open	Housing
Rental, Muskegon 49442	5/8/2007	Denied rental because of disability	Claimant withdrew with intent to pursue in Court (No EEOC)	12/28/2007	Housing
Mortgage, Muskegon, 49444	5/9/2007	Subject to unfair terms & conditions because of race black	No probable cause, no adjustment	8/31/2007	Housing
Manufactured Housing, Muskegon 49444	8/1/2007	Denied reasonable accomodation and evicted	Insufficient grounds to file, incl. no standing to file	8/17/2007	Housing
Rental, Muskegon, 49444	9/27/2007	Harassment	No basis &/or area identified	10/2/2007	Housing
Rental, Muskegon 49442	11/27/2007	Evicted based on disability	Settlement Agreement executed	4/25/2008	Housing
Rental, Muskegon, 49442	1/15/2008	Sexual Harassment	HUD assumed jurisdiction	7/1/2008	Housing

Housing Discrimination Complaints Filed with the U.S. Department of Housing and Urban Development

City of Muskegon and Muskegon Heights (January 1 2003-June 30,2008)

Date Filed	Basis	Transaction Type	Location	Type of Allegation	Status
4/1/2003	Disability	Rental	Muskegon	382 Discrimination in terms/conditions/privileges relating to rental, 510 Failure to make reasonable accommodation	No cause determination
5/13/2003	National Origin	Rental	Muskegon	382 Discrimination in terms/conditions/privileges relating to rental	Conciliation/settlement successful. Award: \$1000
7/14/2003	Race, Disability	Information not available	Muskegon	510 Failure to make reasonable accommodation	No cause determination
8/18/2004	Disability	Rental	Muskegon	310 Discriminatory refusal to rent	No cause determination
3/22/2006	Race	Information not available	Muskegon	450 Discriminatory acts under Section 818 (coercion, Etc.)	Complaint withdrawn by complainant after resolution
4/26/2006	Disability	Information not available	Muskegon	510 Failure to make reasonable accommodation	FHAP judicial dismissal
9/19/2006	Race, Retaliation	Rental	Muskegon	382 Discrimination in terms/conditions/privileges relating to rental	No cause determination

12/5/2006	Race	Mortgage	Muskegon	350 Discriminatory financing (includes real estate transactions)	No cause determination
5/9/2007	Race	Mortgage	Muskegon	351 Discrimination in the making of loans	No cause determination
5/15/2007	Disability	Information not available	Muskegon	380 Discriminatory terms, conditions, privileges, or services and facilities	Complainant failed to cooperate
5/22/2007	Disability	Rental	Muskegon	310 Discriminatory refusal to rent, 450 Discriminatory acts under Section 818 (coercion, Etc.)	Complaint withdrawn by complainant without resolution
8/31/2007	Race	Rental	Muskegon	382 Discrimination in terms/conditions/privileges relating to rental	
10/24/2007	Sex	?	Muskegon	380 Discriminatory terms, conditions, privileges, or services and facilities, 450 Discriminatory acts under Section 818 (coercion, Etc.)	
11/27/2007	Disability	?	Muskegon	380 Discriminatory terms, conditions, privileges, or services and facilities	Conciliation/settlement successful
1/14/2008	Sex	?	Muskegon	450 Discriminatory acts under Section 818 (coercion, Etc.)	
12/19/2003	Disability	?	Muskegon Heights	510 Failure to make reasonable accommodation	No cause determination

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