

Executive Summary

Community Profiles

The Community Profiles focus on four study areas in Waco and compare the demographics in those study areas to the overall city. The study areas are North Waco area, Waco CDC area, East Waco area, and South Waco area. Waco is the 26th largest city by population in Texas and is the County seat of McLennan County. According to the U.S. Census, the population of Waco was estimated to be 113,726 in 2000. In 2000, the Hispanic population was 26,885, 23.6 percent of the total population. The African-American population was 25,754 or 22.6 percent of the total population in 2000. In 2000, the White population made up 69,119 or 60.8 percent of the total city population.

In 2000, 30 percent of all households in the North Waco area, 38.3 percent in the Waco CDC area, 34.9 percent in the East Waco area, and 18 percent in the South Waco area were female-headed, compared to 16.2 percent in the city overall. About 27 percent of the households in the North Waco area were non-family or single-person households, compared to 31.3 percent in the Waco CDC area, 38.5 percent in the East Waco area, 21.2 percent in the South Waco area, and 41.4 percent in the city overall.

The city's median household income was \$26,264 in 2000, compared to \$22,718 in the North Waco area, \$19,345 in the Waco CDC area, \$15,190 in the East Waco area, and \$24,985 in the South Waco area. The modal income class (the income class with the highest number of households) for the city was the \$30,000 to \$50,000 range, compared to less than \$10,000 range for the North Waco area, Waco CDC area, and the East Waco area, and \$10,000 to \$20,000 for the South Waco area.

According to the Bureau of Labor statistics, the unemployment rate for the Waco Metropolitan Statistical Area was 4.8 percent in 2006. In 2000, the city's unemployment rate was 11.6 percent, while it was 14.3 percent in the North Waco area, 19.8 percent in the Waco CDC area, 12.1 percent in the East Waco area, and 9.6 percent in the South Waco area.

The poverty rate was 36 percent in the North Waco area, 33.5 percent in the Waco CDC area, 37.5 percent in the East Waco area, and 28.1 percent in the South Waco area, compared to 26.3 percent for the city overall.

Over 28 percent of the population over 25 years of age had less than high school education in the city, compared to 48.6 percent in the North Waco area, 49.9 percent in the Waco CDC area, 32.6 percent in the East Waco area, and 62.6 percent in the South Waco Area.

Of the 45,819 housing units in Waco, about 64 percent were classified as single-family in 2000. The homeownership rate was 46.4 percent in Waco compared to 46.6 percent in the North Waco area, 37.5 percent in the Waco CDC area, 40.8 percent East Waco area, and 62.0 percent in the South Waco area. About 43 percent of the housing stock in the city was built prior to 1960, and 59 percent of the housing units were built prior to 1970. Median housing values in the city for owner-occupied housing units increased by approximately 27 percent between 1990 and 2000, from \$41,800 in 1990 to \$53,200 in 2000. Median contract rents in the city increased by approximately 40 percent between 1990 and 2000, from \$281 in 1990 to \$394 in 2000.

Fair Housing Law, Municipal Policies and Complaint Analysis

The State of Texas and the City of Waco both have fair housing laws that are substantially equivalent to the federal Fair Housing Act. Fair housing enforcement is provided through the City's Fair Housing Administrator and the Texas Workforce Commission – Civil Rights Division, the state FHAP. They are mandated by HUD to investigate fair housing complaints and work to educate the community and housing professionals on fair housing issues. Over the past eight years, a total of 27 complaints have been received and investigated through HUD.

A review of the real estate advertising in the community revealed that only 25 percent of advertisers show the equal housing opportunity logo or slogan. While, the Fair Housing Act does not require the use of the Equal Opportunity logo or slogan in any ad, using the logo is good solid evidence of the company's commitment to fair housing compliance. Of the advertisements that showed pictures of prospective clients, only one in five show minority members as prospective

clients. Advertising only Whites as prospective clients may send out a message that minorities are not welcome in the community.

Waco currently receives over \$2.6 million per year in CDBG and HOME entitlements. The City of Waco operates housing programs funded with these allocations and works to address housing priorities defined in the 2004-2008 Consolidated Plan. The City utilizes CDBG and HOME funds to rehabilitate or reconstruct sub-standard housing and to provide low to moderate-income families' opportunities to purchase new or existing homes.

Focus Group Sessions

A series of focus group sessions were held in Waco May 22nd through 24th, 2007 to discuss fair housing issues and community perceptions concerning impediments to fair housing choice. Participants in the focus group included representatives from the City staff, local non-profit organizations, housing professionals, industry leaders, and other community representatives. Attendees were gathered by invitations sent to select residents and industry professionals. At each focus group session, general issues related to the housing market in Waco and specific concerns pertaining to fair housing choice in the city were discussed. The issues brought up in the focus groups include inadequate dissemination of fair housing educational materials, the perception that certain areas of the city are home to a disproportionate number of the city's low-income population, the need to develop housing suitable to changing demographics in the city, lack of credit education, criminal background, illegal immigration, and predatory lending practices.

Home Mortgage Disclosure Act (HMDA) Data Analysis

An analysis of HMDA data indicates some issues of concern in mortgage lending. The loan applications from minorities were significantly lower compared to their percentage in population in the city. The possible reasons for lower number of applications from Hispanics could be language and cultural barriers that impede them in understanding the loan applications and mortgage process. The loan origination rates of minority applicants were equivalent to those of Whites. Lack of credit or poor credit showed up to be the reason for the highest number of denials. The least success in lending was found in the refinance loan sector and the highest success was in the home purchase loan sector.

Fair Housing Index

The fair housing index highlights geographic areas indicating a concentration of attributes prevalent in fair housing issues. These attributes include high minority concentrations, older housing stock, reliance on public transportation, low income, low housing values and contract rents, a high percentage of female headed households with children, a high ratio of loans denied to loans originated, high unemployment rates, and high rates of high school dropouts. The collective concentration of these issues leads to neighborhood deterioration and market conditions that tend to impede fair housing choice. The fair housing index indicates that having high risk of fair housing related issues are concentrated in the North Waco area and the eastern census tracts of Waco.

Fair Housing Impediments and Remedial Activities

Real Estate impediments

Impediment: Inadequate affordable housing supply.

Remedial Actions:

- The City of Waco should continue to work with local developers and non-profit organizations to expand the stock of affordable housing,
- Waco should develop a public policy initiative that encourages developers to build in the downtown area as a means of redirecting some of the student housing and urban professional housing demand from south Waco and preserving those areas for affordable housing, and
- The City should work further with local employers in the understanding that not all wage levels permit ready entry into homeownership. In coordination with major employers and lenders, the City should design and aid firms in the implementation of an Employer-Assisted Housing (EAH) program, encouraging employers to work with employees in their efforts to purchase housing.

Impediment: Possible Fair Housing violations in real estate advertising.

Remedial Actions:

- The City of Waco should encourage local Board of Realtors participation in the Fair Housing Partnership with HUD, and

- The City should encourage the Texas Fair Housing Commission to provide education / outreach to local newspapers and other publishers on fair housing and advertising.

Public Policy Impediments

Impediment: Lack of a local fair housing enforcement program and a need to increase the public awareness of fair housing.

Remedial Actions:

- The City should consider increasing its fair housing education and outreach efforts, and
- Establish an enforcement office, perhaps regional in scope, which may qualify for funding and technical assistance from the U.S. Department of Housing and Urban Development to hire staff to receive and investigate fair housing complaints.

Neighborhood Conditions Related Impediments

Impediment: Failure to comply or remove “red tagged” structures through code enforcement and Building Standards Commission.

Remedial Actions:

- The City of Waco should consider changing its regulations and replacing its Building Standards Commission with an appointed Hearing Officer. By appointing a professional hearing officer or arbitrator, case management would be more timely and less burden would be placed on individual citizens serving on the Commission that are sometimes less knowledgeable of the regulatory responsibilities and ordinances of the city that the Commission is charged with administering.

Banking, Finance, and Insurance Related Impediments

Impediment: Low number of loan applications from minorities.

Remedial Actions:

- The City of Waco should expand its homebuyer outreach and education efforts in order to increase the number of minorities who apply for mortgage loans. A program may be initiated as a joint venture between lending institutions and local government,

- The City should share HMDA data with lending institutions and develop strategies to improve the success of loan applications submitted by minority applicants, and
- Homeownership and credit education should be provided through bilingual instructors and counselors addressing the needs of Spanish speaking residents.

Impediment: Predatory lending.

Remedial Actions:

- The City should encourage lending institutions to locate in low-income census tracts. The emphasis should be to establish or reestablish checking, saving, and credit accounts for residents that commonly utilize check cashing services. Lending institutions should be encouraged to tailor products to meet past financial deficiencies of residents.
- The City should also encourage policy makers to strengthen existing legislation that regulate predatory lenders, particularly in low-income census tracts.

Socio-Economic Impediments

Impediment: Poverty and low-income among minority populations.

Remedial Actions:

- The City and the Chamber of Commerce should continue to work on expanding job opportunities through the recruitment of corporate relocations, the provision of incentives for local corporations seeking expansion opportunities, assistance with the preparation of small business loan applications, and other activities that increase employment opportunities,
- Partnerships should be formed with the major employers to provide affordable housing opportunities for employees through programs such as Employee Assisted Housing, and
- The City should support agencies that provide workforce development programs and continuing education courses to increase the educational level of residents.