Executive Summary

Home is where communities are formed, with far-reaching impacts on our lives and futures. Home provides us with a sense of belonging, safety, and access to economic and social opportunities. When housing choice and access are limited because of someone's protected characteristic, such as race, sexual orientation, or disability status, there are far-reaching impacts on access to job opportunity, quality education, and to one's mental and physical health.

The California Department of Housing and Community Development (HCD) produced this Final 2020 Analysis of Impediments to Fair Housing Choice (Final 2020 AI) in conformance with the Affirmatively Furthering Fair Housing (AFFH) Final Rule (2015), [1] as required for all U.S. Department of Housing and Urban Development (HUD) Community Planning and Development (CPD) funding recipients.

This document serves as the basis for HCD's fair housing planning work to expand housing choice and access to opportunity for all Californians, regardless of membership in a protected class. In preparing this report, HCD conducted extensive community outreach across the state with individuals and families, as well as with advocates, stakeholders, and groups representing persons in protected classes. HCD surveyed Californians on their housing needs and priorities in English, Spanish, Chinese, Vietnamese, Tagalog, and Korean languages. HCD held five public meetings in December 2019, across the state to gather local feedback on specific housing impediments and trends and conducted 10 topic-specific webinars. The Draft AI went out for a 45-day public comment period, beginning in April 2020. During the public comment period HCD held six regionally focused online meetings. This community input, along with significant data and research, informed this Final 2020 AI. The Final 2020 AI details impediments to fair housing choice and potential action steps to address those impediments over the next five years. The Final 2020 AI informs HCD's efforts to affirmatively further fair housing, to promote inclusive communities, further housing choice, and address community disparities through HCD's programs, policies, and operations. Some of these actions are within HCD's control, others will require on-going collaborative work with partners.

The Final 2020 AI describes the current fair housing environment in California, and then identifies impediments to fair housing choice and action steps to address those impediments. Chapter 2 outlines the extensive community engagement process that shaped the Final 2020 AI. The subsequent chapters assess fair housing in California through several lenses: a statewide overview of demographics and housing considerations (Chapter 3 and a regional analysis in Chapter 8), reviewing statewide regulations and laws (Chapter 4), discussing and describing actions that have been taken previously to affirmatively further fair housing (Chapter 7), segregation and integration (Chapter 5), the HCD/TCAC Opportunity Maps and efforts to increase access to opportunity (Chapter 6), performing an assisted housing portfolio analysis

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[1] Affirmatively Furthering Fair Housing (AFFH) Final Rule, 80 FR 42271 (2015)

(Chapter 9) and a lending analysis (Chapter 10), an overview of fair housing complaints and cases (Chapter 11), and disaster recovery programs and the use of federal funds (Chapter 12).

Together, the chapters lay the framework for the identification of statewide impediments to fair housing choice, identified in Chapter 13, and the report concludes with recommendations in Chapter 14.

The following provides chapter-by-chapter summaries and key takeaways from the Final 2020 AI.

Chapter 1 – Executive Summary and Introduction

Chapter 1 provides a brief introduction of federal fair housing definitions, state-specific fair housing definitions, the process behind the drafting of the AI, and an overview of how this assessment fits into the State of California's wider vision for affirmatively furthering fair housing statewide. HCD produced this Final 2020 AI in conformance with the HUD requirements as stated in the *Fair Housing Planning Guide* as required by HUD. However, the AI also serves as the guiding document for HCD's fair housing efforts to expand housing choice, reduce segregation, and increase access to opportunity for all Californians, especially for those in protected classes. HCD worked to ensure that the full body of our goals and responsibilities are included. However, this document may not cover the full scope of HCD's ongoing fair housing work. While federal law provides significant guidance, HCD is also obligated to meet the mandates of California fair housing law, including AB 686. This important law reinforces California's commitment to fair and equal housing by requiring public agencies to administer their programs in a manner that affirmatively furthers fair housing and creates AFFH obligations for local government plans for housing. Advancing state fair housing goals will require HCD to continue to create opportunities for robust stakeholder participation, as established through the AI process.

Chapter 2 – Community Participation Process

Chapter 2 provides an overview of the community engagement and outreach efforts conducted in conjunction with this assessment. The chapter summarizes feedback from key stakeholder consultations, a series of fair housing webinars, public meetings, and the Community Needs Assessment Survey conducted as part of the AI process.

Key Takeaways:

- In total, over 1,000 individual stakeholders directly influenced the drafting of this assessment through the community engagement process.
- The Community Needs Assessment Survey, conducted from November 7, 2019, through January 15, 2020, and available online in English, Spanish, Chinese, Korean, Tagalog, and Vietnamese, received 828 responses.
- Stakeholder engagement in this assessment included proportionally distributed participation from stakeholders from each of California's eight identified regions.

Chapter 3 – Statewide Overview of Demographics, Economic, and Development Conditions

Chapter 3 presents background information and data to understand current conditions and trends impacting fair housing choice in the State of California. The chapter provides statewide demographic, economic, and housing profiles to review current and historical trends. The chapter also takes a closer look at housing conditions by income, race, ethnicity, and disability status.

Key Takeaways:

- California has an inadequate and vulnerable supply of affordable homes, disproportionately impacting persons in protected classes. Despite steady increases since the 2009 financial crisis, California's rate of housing construction still falls below historic production. Between 1950 and 1990 California permitted an average of more than 200,000 homes annually, compared to just over 113,000 in 2018.

- California's extremely limited affordable housing supply faces additional challenges as subsidy contracts or regulatory agreements expire and affordable units are converted to market rate.

- The rising cost of housing and the availability of affordable units remain key factors for constituents.

- Over 2 million households earning 30 percent or less of the Area Median Income (AMI) pay a third or more of their income toward housing in California; rising rents, low housing production, and stagnant wages only intensify these existing financial challenges, particularly for low- and extremely low-income families.

- Based upon the analysis of fair housing complaint data, race is the second most common basis cited for fair housing discrimination complaints, behind disability. As the racial and ethnic diversity of California's population of residents continues to grow, it will be important to ensure that racial and ethnic disparities and inequity in housing are the focus in addressing fair housing choice.

- California has over 4 million Californians with disabilities, many of whom face extreme challenges finding housing that is affordable, accessible, and located near transit and supportive services.

- Nearly 75 percent of the state's housing stock was built prior to 1990 and the enactment of the Americans with Disabilities Act (ADA), the earliest federal mandate on accessible development. This means that the majority of California's housing stock is likely inaccessible for people with disabilities.

- Lower-income households are more likely to include members with disabilities than higher-income households. Extremely low-income households are more than twice as likely to include an individual with a disability than households earning above moderate-income.

Chapter 4 – Review of State and Federal Level Laws, Regulations, and Programs

Chapter 4 presents an overview of federal and state laws, programs, policies, and plans which impact fair housing objectives in the State of California. The chapter provides an overview of state and federal legislative updates since the publication of HCD's 2012 AI. The chapter also summarizes the impact of other statewide policy efforts, such as building codes addressing accessibility, access to transportation, and social services, to further the state's fair housing goals and ensure adequate housing choice and access for protected classes in California.

Key Takeaways:

- Federal and state policies work closely in conjunction to ensure that state and federal fair housing protections are effective statewide.
- California's broad fair housing protections provided under state fair housing and civil rights laws, and supported by the state's planning and zoning laws, are key to addressing the needs of Californians who are members of protected classes.
- Fair housing education and enforcement play an important role in ensuring meaningful protection of California residents.
- Fair housing enforcement and limited resources to enforce existing laws remain a critical challenge in ensuring fair housing protections.

Chapter 5 – Segregation and Integration

Chapter 5 reviews data on current and historical segregation and integration patterns related to race, ethnicity, and poverty status in the State of California. The chapter relies on HUD-provided metrics on Racially and Ethnically Concentrated Areas of Poverty (RECAPs) to understand changes in segregation levels since 2012. The chapter also examines housing conditions for populations with Limited English Proficiency (LEP) and for communities from various national origins to understand potential segregation and integration patterns from those perspectives. Finally, the chapter explores the specific conditions and needs of rural communities to gauge the responsiveness of programs and services that are provided and integrated within those communities.

Key Takeaways:

- Recent demographic changes have increased concentrations of poverty in already concentrated areas of race, ethnicity, and poverty across the state.
- Historical patterns of segregation and exclusion continue to influence housing and development patterns statewide.
- California's rural communities face unique challenges, requiring a tailored approach to access to housing and community development.
- High levels of residential segregation are present in many communities, leading to conditions that exacerbate inequalities. Residential segregation leads to consequences, including increased concentrations of poverty and unequal access to jobs, education, and other services.

Chapter 6 – Access to Opportunity

Chapter 6 reviews and assesses access to opportunity in California, as defined by HUD and state access to opportunity metrics. The chapter presents levels of access to opportunity based on school proficiency, labor market engagement, proximity to jobs, quality and cost of transit and transportation, and overall environmental health using the data provided by HUD. The chapter also presents recent statewide efforts to measure and assess opportunity in California. Lastly, the chapter examines key data points that conceptualize access to opportunity in the context of housing quality, exposure to environmental hazards such as lead-based paint, broadband access, and displacement due to development patterns or evictions.

Key Takeaways:

- Households living below the Federal Poverty Level are less likely than the state population as a whole to live near high performing elementary schools.
- Housing policy has untapped potential to prevent further segregation and concentration of poverty, as well as improve long term economic mobility and health outcomes, especially for children.
- Patterns of displacement and concentration of poverty suggest that as low-income residents are being displaced from urban neighborhoods, increased concentrations of poverty are arising in traditionally suburban and rural areas.
- Stakeholders noted the connection between rising housing costs and evictions, displacement, and the homeless crisis that is occurring most dramatically in cities with the highest housing costs.

Chapter 7 – Review of Prior and Current Actions Taken to Affirmatively Further Fair Housing

Chapter 7 presents the previously identified impediments from the 2012 AI. The chapter also summarizes key actions taken to address the previously identified impediments and other key updates relevant to the work of HCD since 2012.

Key Takeaways:

- The impediments identified in 2012 continue to affect fair housing choice and access in the state. Stakeholders identified housing affordability, affordable housing supply, fair housing awareness and enforcement, local community pushback, land development standards, displacement and tenant protections, and inadequate access to greater community development opportunities as 2012 impediments that remain relevant for the 2020 AI.
- Since 2012, the State of California, through HCD and other agencies, has developed a comprehensive set of actions to continue to address the identified impediments.
- Actions taken since 2012 continue to change and adapt to meet the needs of protected classes and improve programming and services.

Chapter 8 – Regional Analysis

Chapter 8 provides a closer look at regional demographic and housing trends influencing fair housing choice and access at the local level. For example, the chapter describes Regional Housing Need Allocations, housing security, segregation patterns, and poverty rates based on the different regions of California. The regions include: Greater Los Angeles, San Francisco Bay Area, Sacramento, Northern California, San Diego, San Joaquin Valley, Central Coast, and Eastern Central California.

Key Takeaways:

- Every region is significantly behind on permits for its very low- and low-income housing production. For example, less than 2 percent of housing built in the Sacramento Region has been affordable to low- and very low-income households. In the San Joaquin Valley Region it is only 3 percent.
- Only 35 percent of Mono County's residents are permanent. While tourism is an economic driver in the region, the amount of seasonally vacant homes puts pressure on the local market.
- Nearly half (48 percent) of the state's population of people living in RECAPs reside in the Greater Los Angeles Region, and there is a need to increase efforts to address the lasting legacy of segregation and exclusion impacting this region and the state as a whole.
- The San Joaquin Valley Region is one of the world's most productive agricultural areas, and many communities are growing due to the high housing costs in the San Francisco Bay Area and Greater Los Angeles Regions. Stakeholders expressed concern over land use and development patterns, including the intersection between industrial or agricultural facilities near affordable housing.
- The San Francisco Bay Area Region experienced an ongoing mismatch between population growth and housing production. Stakeholders expressed concern regarding the unmet needs of people experiencing homelessness in the region and displacement patterns that disproportionately impact low-income households and communities of color.

Chapter 9 – Federal Assisted Housing Program and Portfolio Analysis

Chapter 9 provides an analysis of the performance of HCD's federal programs portfolio. The chapter examines allocations, disbursements, and households or individuals assisted through the various programs. Whenever possible, the chapter compares the demographic profile of households or individuals served by the programs to the demographic profile of the targeted areas. Lastly, the chapter also attempts to review any potential programmatic roadblocks that may impact the access or delivery of the programs or services.

Key Takeaways:

- Current federal programs are actively attempting to meet the needs of targeted areas in the delivery and funding of housing and services.
- It is too early to gauge whether recent state guideline changes are having any impact on the delivery of housing programs or services, such as for the Community Development Block Grant (CDBG) Program and other state programs.
- New programs, such as Community Development Block Grant-Disaster Recovery (CDBG-DR) and Housing for a Healthy California, provide new funding and programmatic tools to serve low-income households and protected classes.

Chapter 10 – Lending Analysis

Chapter 10 examines home lending patterns for borrowers in California to reveal any potential barriers in accessing fair lending and fair housing options in the state. To understand lending patterns, the chapter reviews loan originations, loan denials, and loan denial reasons based on race, ethnicity, income, and gender at the state and regional level.

Key Takeaways:

- As lending institutions shift away from government-backed loan products towards more conventional loans, low-income households and members of protected classes may face additional hurdles in securing capital for a home loan.
- Lack of access to home lending is not correlated to race or ethnicity, though gender and income may play a large role in home loan approval rates.
- Debt-to-income ratio and credit history are key factors in loan denials for all homebuyers in the State of California. Stakeholders noted that disparities in income, debt-to-income ratios, and credit history related to race and ethnicity may result in discriminatory effects to certain groups.

Chapter 11 – Fair Housing Trends and Complaints

Chapter 11 provides a close look at fair housing resources, activities, and complaints in the State of California. The chapter uses data provided by HUD's Office of Fair Housing and Equal Opportunity (FHEO) and DFEH to analyze fair housing trends and emerging fair housing issues. As part of a comprehensive analysis of fair housing in the State of California, the chapter also examines other potential barriers, such as evictions and limited tenant protections, that may also influence fair housing trends and complaints in California.

Key Takeaways:

- Feedback from stakeholders indicates an ongoing need for additional assistance and resources to educate, investigate, and enforce fair housing

complaints is key to ensuring that the state's fair housing and civil rights protections are accessible and effective for protected classes of Californians.

- From 2015 to 2019, the greatest number of fair housing complaints, as reported by DFEH and FHEO, were attributed to discrimination based upon disability, followed by discrimination based upon race, and then by discrimination based upon familial status.
- Further, with the highest number of alleged fair housing violations reported in California's major urban areas of Los Angeles, Sacramento, and San Francisco, ensuring that increased education, investigation, and enforcement activities are deployed to these communities will be important.

Chapter 12 – Disaster Recovery

Chapter 12 examines the growing link between hazard risk, disaster vulnerability, and fair housing. The chapter presents data from recent disaster relief plans and efforts to capture the need to look more closely at climate vulnerability as a potential barrier to fair housing access and choice in California.

Key Takeaways:

- Since the last Analysis of Impediments to Fair Housing Choice in 2012, California has experienced several record-breaking disasters, and the majority of the state has experienced at least one declared disaster, including drought, wildfires, flooding, mudflows, and debris flows.
- Destruction of community assets such as housing, infrastructure, and businesses impact all community members by limiting housing choice and access to economic opportunities; however, the impacts on vulnerable populations, including protected classes, can be catastrophic, especially for persons living in poverty or persons with a disability.
- As the State of California receives resources for recovery and mitigation efforts, the state has the opportunity to develop and administer programs and investments that benefit all members of a community, including vulnerable populations and protected classes.
  The COVID-19 pandemic exacerbated existing needs and inequalities. The pandemic resulted in a substantial increase in demand for assistance through public services. Increased demand has left many service providers under-staffed and under-resourced. There is a significant need to prevent homelessness and provide additional protections to keep people housed.

Chapter 13 – 2020 Impediments to Fair Housing Choice

Using the data and analysis presented throughout this assessment, Chapter 13 presents the current list of impediments to fair housing choice faced by residents of California. The chapter also presents recommendations and actions the State of California will undertake in the next five years to address and reduce the impact of the identified impediments on protected classes.

Key Takeaways:

- Most themes, trends, and barriers identified in the 2012 AI continue to pose a threat to fair housing access for protected classes in California.
- Newly identified impediments related to homelessness and disabilities provide the State of California with an updated mandate to help residents affected by those issues.
- Recent years have provided many new tools to address fair housing choice, but actions are needed to ensure awareness and implementation of those new tools.

The AI process allows HCD to identify factors limiting housing choice and propose actions to mitigate impediments through proposed actions. To develop impediments for the Final 2020 AI, HCD evaluated the continuing relevance of the 2012 impediments, and considered the trends and observations seen through the chapters in this document, as well as new input received during consultations across the state. Stakeholder and community input collected during the development of the Final 2020 AI reaffirmed that many of the challenges and impediments identified in 2012 remain. HCD does not consider those past impediments to be resolved. However, based on new insights and input from stakeholders, some of the 2012 impediments have been revised to reflect current conditions across the state. To that end, HCD has identified 10 impediments to fair housing choice that it will strive to address during the next five years. The 2020 impediments, listed in summary form below, are expanded upon in Chapter 13. The AI identifies impediments to fair housing choice and actionable steps that can be taken to effect meaningful change for mitigating barriers to fair housing choice.

State of California 2020 Impediments to Fair Housing Choice:

1. **Supply and Production of Affordable Homes:** Inadequate supply and production of affordable homes available to low-income households and persons in protected classes.

2. **Housing Preservation:** Vulnerable supply of affordable housing stock threatens housing options for lower-income and protected households.

3. **Housing Instability and Homelessness:** Unequal access to supportive services, shelter, and affordable housing opportunities increases risk for persons experiencing homelessness, especially protected classes. The Coronavirus pandemic has exacerbated existing inequalities and vulnerabilities.

4. **Fair Housing Education and Enforcement:** Limited community awareness of fair housing protections and enforcement resources.

5. **Tenant Protections and Anti-Displacement:** Lack of uniform enforcement and adequate anti-displacement protections have left protected classes, such as communities of color, more vulnerable to displacement.

6. **Disparities in Housing Quality and Infrastructure:** Low-income households, rural communities, and persons in protected classes, are disproportionately experiencing severe housing problems, a lack of adequate housing options, and disparities in infrastructure.

7. **Climate and Environmental Vulnerabilities:** Low-income households and protected classes are often disproportionately impacted by climate change, environmental injustice, or unsustainable land use and development practices.

8. **Historic and Lasting Impact of Segregation:** Despite the repeal of explicitly racist and discriminatory housing laws, there remains a lasting legacy of segregation and resources disparities. Housing choice is often limited for persons of protected classes, including communities of color, to segregated concentrated areas of poverty.

9. **Local Resistance and Exclusionary Land Use Policies Constrain Access to Opportunity:** Denying, preventing, or rendering infeasible multifamily housing development, alternative housing strategies, and affordable housing limits access for low-income households, protected classes, and persons experiencing homelessness.

10. **Insufficient Accessible Housing Stock:** Lack of adequate accessible housing options, specifically for persons with mobility and sensory disabilities, limits housing choice for low-income households and people with disabilities.