

Billings, Montana

Analysis of Impediments to Fair Housing Choice 2012



Prepared by

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Chapter 1

Executive Summary

Reading an executive summary is no substitute for reading the full study. This executive summary only highlights the findings and conclusions of this Analysis of Impediments to Fair Housing Choice. To fully understand the data, findings, conclusions, impediments, and recommendations within the full context in which they are made, it is essential that you read chapters 3 and 4 first, and then Chapter 5 in which the impediments to fair housing choice are identified and recommendations are made to mitigate them.

The recommendations in Chapter 5 are tightly focused on the city's legal responsibility to affirmatively further fair housing choice.

This Analysis of Impediments examines the City of Billings, Montana since its previous Analysis of Impediments was published in 2007. As explained in detail in Chapter 2, it focuses on the essential goals of the Community Development Block Grant Program (CDBG) and the Fair Housing Act to achieve racial, ethnic, and economic diversity in housing throughout the city, and on the legal obligation of each recipient of U.S. Department of Housing and Urban Development (HUD) funds to affirmatively further fair housing in *all* of its housing activities and programs regardless of their funding sources.

Twenty years ago this year, Billings experienced a series of intimidating acts toward some of its 500 African American residents plus vandalism to a Jewish cemetery, a bomb threat to a synagogue, and bricks and bottles thrown through the windows of the homes of some of its 50 Jewish citizens with Chanukah decorations in their windows. The previous year the Klan had made its presence known with intimidating threats directed at gays and Jewish people.

The people of Billings did not cotton to this kind of behavior. When skinheads showed up at services of the African Methodist Episcopal Wayman Chapel, small groups of whites appeared in response until the skinheads stopped coming. After the *Billings Gazette* reported the vandalism to Jewish homes, one resident got her church to print posters of menorahs and hundreds of congregants placed them in their windows. After the *Billings Gazette* printed a full-page picture of a menorah to cut out and tape up, local businesses started distributing the page to their customers and one business put up a billboard with the message "Not in Our Town! No Hate, No Violence. Peace on Earth."

As the vandalism spread — shots fired into a Catholic school that had joined the effort, windows smashed on cars parked in front of houses with the menorah poster — as many as 6,000 households placed the menorah pictures in their windows and kept them up until New Years Day. Facing a united community, the Klan and skinheads backed off and ceased their vandalism, intimidating anonymous phone calls, and distribution of their hate literature. Much to the consternation of the people of Billings, a lack of witnesses and leads prevented any arrests from being made.¹

During the ensuing 20 years, Billings rejected hate mongers time and again while the city has become more diverse. The proportion of minorities has grown from 6.8 to 10.4 percent. The City of Billings has demonstrated its commitment to affirmatively furthering fair housing through its extensive efforts, second to none, to educate the public and real estate industry about fair housing rights and obligations. The city's website makes it relatively easy to identify discriminatory practices and report housing discrimination. Unlike in most cities, when you call Billings City Hall to report possible housing discrimination, the city's operators direct you to the proper agencies.

Today, Billings is ready to take the next steps to fulfill its obligation to affirmatively further fair housing choice.

Even though just one in every ten Billings residents is a member of a racial or ethnic minority, concentrations of minority groups and households with modest incomes have developed in some Billings neighborhoods. Minorities and/or households with modest incomes are nearly absent from other parts of the city. The racial and Hispanic compositions are what would be expected in a free housing market not distorted by discrimination in 15 of the city's 23 census tracts. But, as explained in the analysis beginning on page 23, the proportion of minorities in more than a third of Billings' census tracts is greater — and proportion of Caucasians less — than would be expected in a free market without housing discrimination.

Discrimination distorts the free market in housing, leading to the extreme levels of racial, ethnic, and economic concentrations so common throughout the nation. *But as Billings gradually becomes more diverse, the city is in a rare position in which it can prevent these excessive levels of racial and ethnic concentration from expanding and intensifying within Billings.*

The intense concentration of minorities, especially Native Americans and Latinos, in east side census tracts 2.0, 3.0, and 9.02 is characteristic of a free housing market distorted by discrimination. These concentrations are not strictly a matter of income. As the map on page 14 illustrates, lower-income households constitute the majority of residents in more than a third of the city. But lower-income minorities are concentrated in census tracts 2.0, 3.0, and 9.02 while lower-income non-Hispanic Caucasians are not. In fact, fewer Caucasians live in these three tracts than would be expected in a free market that is not distorted by discrimination.

1. "Not in Our Town: Read the Story," *Facing History and Ourselves* online at <http://www.facinghistory.org/not-our-town-read-story>.

These concentrations typically develop when minorities think that minority areas are the only ones where they can live, real estate professionals steer minorities to some neighborhoods and whites away from them, and/or minorities encounter discrimination when trying to buy or rent elsewhere in a city.

Testing of real estate practices has confirmed that Native Americans encounter housing discrimination in Billings more frequently than members of other racial or ethnic groups. *But more systematic testing is needed to identify the extent of steering and other discriminatory practices, if any, in Billings and the surrounding region.*

The concentrations of minorities in tracts 2.0, 3.0, and 9.02 reflect the early stages of a dual housing market in Billings, and very possibly in Yellowstone County as well: one market for non-Hispanic whites and Asians and another market for American Indians, Hispanics, and African Americans.

Because the proportion of minorities in Billings is so small, the City of Billings has the opportunity to prevent the emerging dual housing market from taking hold. The city has the opportunity to establish a single, unitary housing market free of housing discrimination. Two essential keys to achieving this change are:

- ◆ Expanding where all residents of Billings look for housing to include areas beyond where they are currently concentrated
- ◆ Creating more opportunities for households with modest incomes to live outside the areas where lower-cost housing is concentrated

Implementing the first key involves making all residents aware that they are free to live anywhere in Billings they can afford and giving them the tools to expand their housing search beyond areas in which their racial or ethnic group is concentrated. As explained in Chapter 5 in the recommendations to overcome Impediment #1, this effort involves counseling, an educational publicity campaign, and real estate testing.

Implementing the second key requires the construction of additional housing affordable to households with modest incomes throughout the city outside areas of minority concentrations. As detailed in the recommendations to mitigate Impediment #4, this effort involves amending the city's zoning code to establish inclusionary zoning that gives developers a density bonus in exchange for building housing affordable to households with modest incomes. And it involves establishing support for low-equity cooperatives which enable lower-income households to own a home, often at a lower cost than renting.

Any inclusionary zoning program should allow the Housing Authority of Billings to purchase as many as one third of the affordable dwellings generated by inclusionary zoning to enable the lowest-income residents of Billings to move outside areas of minority and lower-income concentrations to areas in Billings that offer residents and any children they may have greater opportunities for upward mobility.

Public housing in Billings is not nearly as concentrated as in other cities. While a significant proportion of Housing Choice Vouchers are used within the minority concentrations of census tracts 2.0, 3.0, and 9.02, a very substantial proportion of vouchers are used outside these census tracts. As explained in the recommendations to overcome Impediment #11, the Housing Authority of Billings should work to expand the geographic range of housing choices that voucher holders consider so they can move to areas of Billings that offer lower-income

households greater opportunities for upward mobility.

Home Mortgage Disclosure Act data show that Hispanics continue to encounter discrimination when seeking government-backed loans in Billings, just like in the rest of the country.² As detailed in the recommendations to mitigate Impediment #3, Latinos and lower-income households should receive counseling *before* they apply for a home mortgage. While any city is limited in what it can do to alter the lending practices of local banks, Billings can choose to conduct its financial business only with local banks that do not engage in discriminatory lending practices.

One thing that the City of Billings can do something about is to further incorporate affirmatively furthering fair housing choice into its planning and zoning policies and practices. As suggested by the recommendations to mitigate Impediments #5 and #6, the city should update its plans to directly address achieving stable, socio-economically diverse neighborhoods throughout the city. In addition, the city should require that all new residential buildings comply with the Fair Housing Act, Montana Human Rights Act, and Americans With Disabilities Act. Applications for planned unit developments, subdivisions, special reviews, and building permits should be approved only if they comply with the accessibility requirements of the Americans With Disabilities Act. Applications for planned unit developments, subdivisions, and special reviews should be approved only if the applicant agrees to conduct inclusionary marketing as outlined in the recommendations to mitigate Impediment #6.

The City of Billings needs to bring its zoning for community residences for people with disabilities into full compliance with the Fair Housing Act, Montana Human Rights Act, and Montana constitution. Because the city's definition of "family" does not establish a cap on the number of unrelated people who can live together as a "family," the city needs to repeal its zoning restrictions on community residences for more than eight people with disabilities.

In addition, the city needs to replace its zoning provision that limits bedroom occupancy to two people with a rational formula based on the square footage of each bedroom in a dwelling as suggested in the recommendations to overcome Impediment #8.

Like the rest of the nation, Montana and Billings are becoming more diverse, albeit at a slower pace than most of the country. With this less hectic pace and its small proportion of minority residents, the City of Billings has a rare opportunity to *prevent* from developing in Billings, the type of rigid segregation common in so many cities throughout the nation.

The City of Billings can take the steps outlined in this analysis in collaboration with the Housing Authority of Billings and Billings Public School District 2, to achieve greater socio-economic diversity throughout the city. If any city can attain this goal, it is Billings, Montana, a city that has demonstrated time and again that it favors tolerance and diversity over separation and isolation.

2. The number of applications by Hispanics — and other minorities — for conventional home loans was too small to arrive at any conclusions.

Chapter 2

Basis of This Study

Like all jurisdictions that receive Community Development Block Grant funds from the U.S. Department of Housing and Urban Development, Billings, Montana is obligated to identify, analyze, and devise solutions to both private and public sector barriers to fair housing choice that may exist in Billings.

The Housing and Community Development Act created Community Development Block Grants (CDBG) in 1974 by combining a slew of categorical grants into a single grant to cities, counties, and states that gives recipients a fair amount of discretion in how they spend the funds. Passage of the Housing and Community Development Act in 1974 established that *recipients of Community Development Block Grant funds have an obligation to “affirmatively advance fair housing.”*¹

Since 1968, *the U.S. Department of Housing and Urban Development (HUD) has been under a duty to “affirmatively advance fair housing in the programs it administers.”*² In 1996, HUD officials very candidly reported:

However, we also know that the Department [HUD] itself has not, for a number of reasons, always been successful in ensuring results that are consistent with the Act. It should be a source of embarrassment that fair housing poster contests or other equally benign activity were ever deemed sufficient evidence of a community’s efforts to affirmatively further fair housing. The Department believes that the principles embodied in the concept of “fair housing” are fundamental to healthy communities, and that communities must be encouraged and supported to include *real, effective*, fair housing strategies in their overall planning and development process, not only because it is the law, but because it is the right thing to do.³

As a condition of receiving these federal funds, communities are required to certify that they will affirmatively advance fair housing. Every voucher for funds that a community submits to HUD “implicitly certifies” that the community is affirmatively furthering fair housing.⁴ As HUD has clearly stated, benign activities do not make the cut. Seeking to comply with our nation’s laws, HUD officials have determined that “Local communities will meet this obligation by performing an analysis of the impediments to fair housing choice within their communities and developing (and implementing) strategies and actions to overcome these

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1. Public Law Number 93–383, 88 Stat. 633 (August 22, 1974). Most of this statute can be found at 42 U.S.C. §§1437 et seq. and 42 U.S.C. §§5301 et seq.
 2. Office of Fair Housing and Equal Opportunity, U. S. Department of Housing and Urban Development, *Fair Housing Planning Guide*, (Washington, DC. March 1996), Vol. 1, i.
 3. Ibid. Emphasis in original.
 4. *U.S ex rel. Anti-Discrimination Center of Metro New York, Inc. v. Westchester County*, New York, U.S. Dist. Ct. S.D.N.Y., 06 Civ. 2860 (DLC), Feb. 24, 2009, 43.

barriers based on their history, circumstances, and experiences.”⁵

While the extent of the obligation to affirmatively advance or further fair housing is not defined statutorily, HUD defines it as requiring a recipient of funds to:

- 1 Conduct an analysis to identify impediments to fair housing choice within the jurisdiction
- 2 Take appropriate actions to overcome the effects of any impediments identified through the analysis, and
- 3 Maintain records reflecting the analysis and actions in this regard.”⁶

Throughout the nation, HUD interprets these broad objectives to mean:

- ◆ Analyze and eliminate housing discrimination in the jurisdiction
- ◆ Promote fair housing choice for all persons
- ◆ Provide opportunities for racially– and ethnically–inclusive patterns of housing occupancy
- ◆ Promote housing that is physically accessible to, and usable by, all persons, particularly persons with disabilities
- ◆ Foster compliance with the nondiscrimination provisions of the Fair Housing Act.⁷

The substantive heart of the Fair Housing Act lies in the prohibitions stated in §3604, §3605, §3606, and §3617. It is said that the most important part of these sections is §3604(a) which makes it illegal:

To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, **or otherwise make unavailable or deny**, a dwelling to any person because of race, color, religion, sex, familial status, or national origin.⁸

The 1988 amendments to the Act added a similarly-worded provision that added discrimination on the basis of handicap in §3604(f)(1) and required that reasonable accommodations be made “in rules, policies, practices, or services when such accommodations may be necessary to afford such person equal opportunity to use and enjoy a dwelling.”⁹ In addition, the 1988 amendments mandate that reasonable modifications of existing premises be allowed for people with disabilities and that renters must agree to restore the interior of the premises to the condition it was in prior to making the modifications.¹⁰ The amendments also require new multi-family construction to meet specified accessibility requirements

5. Ibid.

6. Ibid., 1–2.

7. Ibid., 1–3.

8. 42 U.S.C. §3604(a). *Emphasis added.*

9. Ibid., §3604(f)(3)(B).

10. Ibid., §3604(f)(3)(A).

in public areas and individual dwelling units.¹¹

The provision highlighted above, “or otherwise make unavailable or deny,” has been read to include a broad range of housing practices that can discriminate illegally, such as exclusionary zoning; redlining of mortgages, insurance, and appraisals; racial steering; block busting; discriminatory advertising; housing that excludes people with disabilities or families with children from the upper floors of a high rise; blocking a housing development likely to include a large percentage of minority residents; using zoning to exclude a community residence for people with disabilities; and many more.¹²

As much as practical under budgetary constraints, an analysis of impediments to fair housing choice should seek to determine if any of these practices are present. The Housing and Community Development Act of 1974 clearly states the intent of Congress is that the “primary objective” of the act and “of the community development program of each grantee is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.”¹³

*It is clear that one of the key underlying purposes of the Housing and Community Development Act of 1974 is to foster racial and economic integration.*¹⁴ This key goal of the act is reflected in the technical language “the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income.”¹⁵

Taken as a whole the act has “the goal of open, integrated residential housing patterns and to prevent the increase of segregation, in ghettos, of racial groups.”¹⁶ With such a panoptic goal, HUD is obligated to use its grant programs “to assist in ending discrimination and segregation, to the point where the supply of genuinely open housing increases.”¹⁷ “Congress saw the antidiscrimination policy [embodied in the Fair Housing Act] as the means to effect the antisegregation–integration policy.”¹⁸

These purposes of the act have implications for how to properly conduct an analysis of impediments to fair housing choice. As noted earlier, every jurisdiction that accepts Community Development Block Grant funds is obligated to “affirmatively further fair housing.” In a lawsuit alleging that Westchester County, New York had not affirmatively furthered fair housing with the \$35 million of CDBG funds it received from 2000 to 2006, the federal district court in the Southern District of New York ruled “a local government entity that certifies to

11. Ibid., §3604(f)(3)(C).

12. Robert Schwemm, *Housing Discrimination: Law and Litigation*, §13:4–13:16, 2007.

13. 42 U.S.C. §5301(c).

14. Daniel Lauber, “The Housing Act & Discrimination,” *Planning*, (February 1975): 24–25.

15. 42 U.S.C. §5301(c)(6).

16. *Otero v. New York City Housing Authority*, 484 F.2d 1122, 1134 (2d Cir. 1973).

17. *N.A.A.C.P. v. Secretary of HUD*, 817 F.2d 149, 155 (1st Cir. 1987) (Breyer, J.).

18. *United States v. Starrett City Associates*, 840 F.2d 1096, 1100 (2d Cir. 1988). The discussion in this paragraph is derived in large part from the discussion on pages 24 and 25 of the district court’s decision in *U.S. ex rel. Antidiscrimination Center of Metro New York, Inc. v. Westchester County, New York*, 495 F.Supp.2d 375, 385–386 (S.D.N.Y. 2007).

the federal government that it will affirmatively further fair housing as a condition to its receipt of federal funds must consider the existence and impact of race discrimination on housing opportunities and choice in its jurisdiction.”¹⁹ The court concluded “an analysis of impediments that purposefully and explicitly, “as a matter of policy,” avoids consideration of race in analyzing fair housing needs fails to satisfy the duty affirmatively to further fair housing.”²⁰

Two years later Westchester County agreed to a \$62.5 million settlement and conducted a new analysis of impediments in 2010 that was supposed to address the issues of racial and socioeconomic segregation that it had ignored in violation of the law.

Since then the State of Ohio found the analyses of impediments of at least four Ohio entitlement communities to be inadequate. In California, a HUD investigation led to a settlement agreement with Marin County to meet its obligation to affirmatively further fair housing. Marin County agreed to determine whether government-assisted housing there has perpetuated racial and/or ethnic segregation, to identify the causes of lower racial and ethnic minority residency in Marin County relative to adjacent counties, to take affirmative marketing to promote residency in Marin County of under-represented racial and ethnic groups and people with disabilities, and to examine municipal resistance to affordable housing.²¹

In November 2011, HUD determined that the analysis of impediments the City of Houston, Texas had produced was “incomplete” because it did not identify actions known to the city that perpetuate segregation and did not identify actions to address existing segregation; failed to specify an appropriate strategy or actions to overcome the shortage of housing affordable to African Americans and Latinos; and did not identify fair housing enforcement efforts such as testing even though high levels of discrimination were identified as an impediment to fair housing choice.²²

This analysis of impediments seeks to comply with the decisions in the Westchester County case, the Marin County settlement agreement, HUD’s concerns regarding Houston, and with the purpose and spirit of the Housing and Community Development Act and the nation’s Fair Housing Act. Every effort has been taken to conduct a fair, balanced analysis that follows sound planning, zoning, housing, and fair housing principles and practices.

This is an analysis of “impediments” or barriers to fair housing choice. Consequently it focuses on those policies and practices that impede fair housing choice. In addition to identifying obstacles to fair housing choice, this analysis offers “suggestions” to address regulations, practices, and policies that are *not* yet barriers to fair housing choice, but could develop into impediments if left intact. The

19. *U.S. ex rel. Antidiscrimination Center of Metro New York, Inc. v. Westchester County, New York*, 495 F.Supp.2d 375, at 387 (S.D.N.Y. 2007).

20. *Ibid.*, 388.

21. The full 14-page Marin County settlement agreement is available online at <http://www.hud.gov/offices/theo/library/10-Marin-VCA-final-12-21-2010.PDF>.

22. Letter from Christina Lewis, HUD Houston Fair Housing and Equal Opportunity Director, to James D. Noteware, Director, City of Housing Housing and Community Development (Nov. 30, 2011) (on file with Planning/Communications).

City of Billings should consider these “suggestions” as constructive recommendations that incorporate fair housing concerns into its planning and implementation process.

Limitations of This Analysis

This analysis of impediments to fair housing choice was prepared for the purposes stated in this chapter. Consequently, it seeks to identify impediments and recommend ways to overcome each impediment. However, it does *not* constitute a comprehensive planning program. This analysis must remain focused on fair housing and resist addressing other challenges the city faces. Many of the identified issues warrant additional research and analysis by Billings’ planning and community development staff.

Tempting as it always is to lift statements from any study out of context, please don’t! It is vital that this analysis of impediments be read as a whole. Conclusions and observations made throughout this study are often dependent on data and discussions presented earlier in the study. Readers of early drafts of every analysis we have conducted report that they were surprised to find their questions answered a few pages later. Context is vital to correctly understand this analysis and avoid misleading or erroneous interpretations of its content.

This analysis does *not* constitute legal advice.

We have assumed that all direct and indirect information that the City of Billings and other government agencies supplied is accurate. Similarly, we have assumed that information provided by other sources is accurate.

An important note about the data

While the study period was 2007–2011, we used some data from 2012 when it was available and appropriate.

We have used the most reliable data available. Like any study that uses demographics over a longitudinal period, this study is at the mercy of its data sources.

For example, decennial census and American Community Survey figures for the value of homes are of questionable reliability. Both report what those surveyed think their homes are worth, *not* the actual selling prices during the time period covered. To assure accuracy, we have used actual sale prices of homes. This problem does not exist with rental housing where tenants tend to know exactly what they pay in rent each month.

Some data used in this study were available only from the American Community Survey which uses sampling. In Billings, the number of people or households in some minority groups is very small. This results in sample sizes with margins of error so large as to render the data worthless for analysis purposes.

without corroborating data. For example, the one-year 2010 American Community Survey estimate of median income among African-American households in Billings was \$55,827. But the margin of error was \$20,751 leaving the actual median household income of Black Billings households somewhere between \$35,076 and \$76,578.²³ Such a wide range does not allow a reliable estimate of the affordability of housing to be made for African-American households based solely on the American Community Survey data. However, as explained later in this study, other corroborating data suggest that the actual median probably sits at the median or above it rather than in the lower end of the range.

Over the years data can be reported in different ways. Categories can be changed at the discretion of those who produce the raw data. Consequently, there are times when it is impossible to precisely match data categories from one year to another.

In Chapters 3 and 4, this study reports data on racial and ethnic composition that include small variations depending on the source material. Various data sources categorize their data differently. For example, some sources include “Hispanics” *within* their various racial categories. Others tally Latinos as a separate category in addition to African Americans, Caucasians, and Asians. Some of these sources refer to these Caucasians as “White Non-Hispanic.”

Because the number of Billings residents who are Hawaiian/Pacific Islander is minuscule, we have excluded this category from most tables and graphs to make them more legible and easier to read and use. While the census combines American Indians and Alaskan Natives into a single category, this study usually identifies the category as “American Indian” or “Native American” alone because the number of Alaskan Natives in Billings is so tiny.

Additional data. There are instances in this report where summary data is presented. The raw data on which these summaries are based are available in either an Excel spreadsheet or a PDF file archived with the Community Development Division within Billings’ Planning & Community Services Department. Footnotes and explanatory material below a table or figure alert readers to the availability of additional data.

Acknowledgments

We are very grateful to the professional and support staff in the City of Billings’ Planning & Community Services Department, especially those within the Community Development Division. We appreciate all the time they shared with us.

Community Development Manager Brenda Beckett served as manager of this project. She provided guidance, insights, data, maps, vital coordination, feed-

23. “Median Income in the Past 12 Months (in 2010 Inflation-Adjusted Dollars), *2010 American Community Survey 1-Year Estimates* for Billings, Montana, Table S1903.

back, and review without which this analysis could not have been produced. Her enthusiasm for Billings and fair housing was contagious.

Tom Tully, GIS Coordinator in the Information Technology Department, proved himself to be a map and data guru extraordinaire. He went beyond the call of duty to produce nearly all of the maps that appear in this document.

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We appreciate the contributions of all those not named above whom we interviewed and to all of the professionals who provided insights and data.

Chapter 3

Overview of the City of Billings

Demographics

Situated in Yellowstone County, Billings is the largest city in Montana. The City of Billings has roughly tripled in size since 1970 when it was just 14,717 square miles. By 2007 annexations had grown the City of Billings to 40,398 square miles. Between 1980 and 2010, Yellowstone County's population grew by 37 percent, from 108,305 to 147,972. During that same time period, Billings' population grew by 55.8 percent.¹

Table 1: Population Change: 1980–2010

| Billings Population Change: 1980–2010 | | | | |
|---------------------------------------|------------|--------|----------------|-------------------|
| Year | Population | Change | Percent Change | Change Since 1980 |
| 1980 | 66,842 | — | — | — |
| 1990 | 81,151 | 14,309 | 17.6% | 21.4% |
| 2000 | 89,847 | 8,696 | 9.7% | 34.4% |
| 2010 | 104,170 | 14,323 | 13.7% | 55.8% |

Source: 1980, 1990, 2000, 2010 U.S. Census.

Population growth may be accelerating in Billings thanks to the Bakken oil fields, the largest discovery of oil in U.S. history. Growing oil production there has generated a surge in employment and needed housing that has contributed to the very low housing vacancy rates in Billings.

Poverty

In 2011, the poverty rate in Billings was 3 percent higher than in Yellowstone County, nearly ten percent lower than the entire State of Montana, and 18 percent lower than for the nation as a whole.

1. 2010 U.S. Census, Table DP-1, Sample File 2.

Table 2: Percentage of Population in Poverty in the Billings, Yellowstone County, Montana and United States: 2011

| Percentage in Poverty in Billings, Yellowstone County, Montana and United States: 2011 | | | | |
|--|----------|--------------------|---------|---------------|
| Category | Billings | Yellowstone County | Montana | United States |
| All people | 13.5% | 13.1% | 14.8% | 15.9% |
| Age 65 and over | 8.1% | 11.2% | 8.1% | 9.3% |
| Under 18 years old | 20.5% | 15.9% | 19.7% | 22.5% |
| Unrelated individuals, 18+ years old | 12.2% | 12.4% | 14.6% | 14.8% |
| All families | 11.2% | 9.2% | 9.7% | 11.7% |
| Families with related children under 18 | 19.0% | 15.1% | 17.1% | 18.6% |
| Married couple families | 5.0% | 4.6% | 5.0% | 5.8% |
| Female-headed households, no With related children under 18 | 27.1% | 24.0% | 32.5% | 31.4% |
| Non-Latino Whites | 31.3% | 27.2% | 42.5% | 40.8% |
| American Indian and Alaska Native | 11.4% | 11.9% | 12.4% | 11.0% |
| African American | 38.1% | — | 37.8% | 29.5% |
| Asian | — | — | — | 28.1% |
| Latino of any race | — | — | — | 12.8% |
| Some other race | 30.5% | 20.5% | 23.4% | 25.8% |
| Two or more races | 24.9% | — | — | 28.5% |
| | — | — | 28.8% | 21.4% |

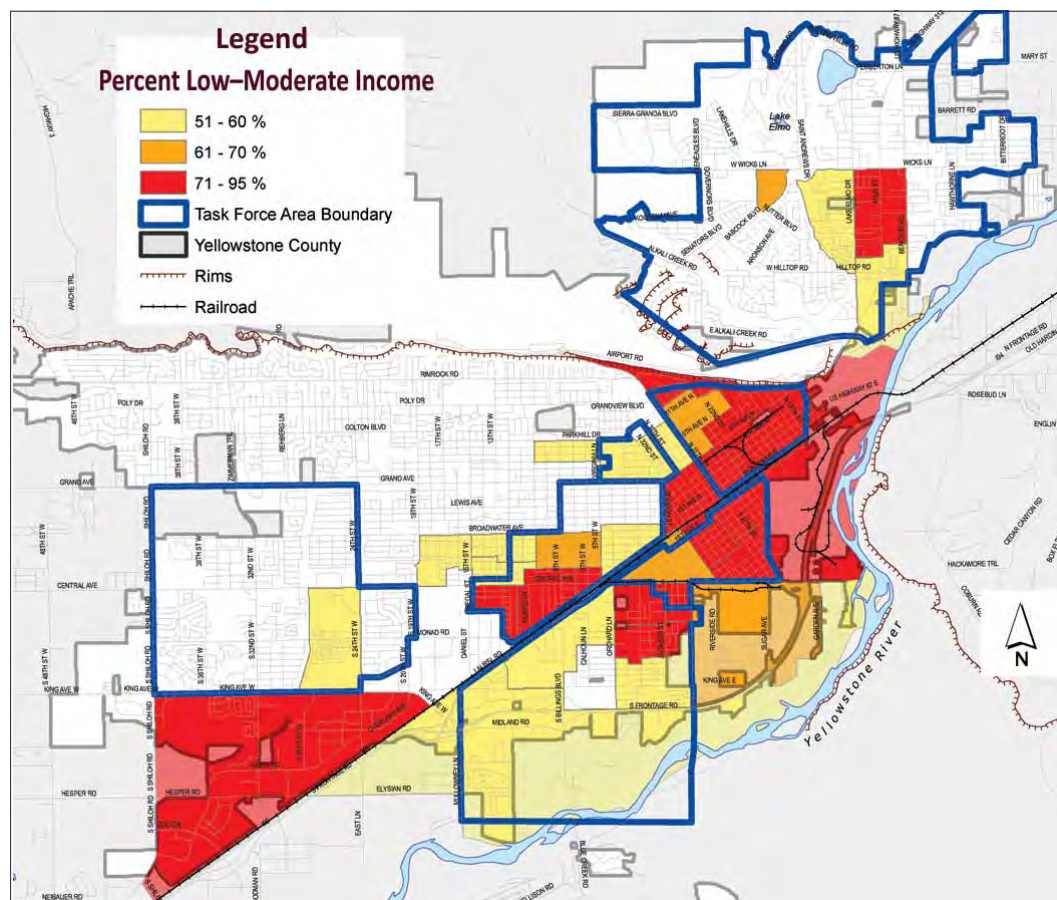
Sources: 2011 American Community Survey 1-Year Estimate, Tables S1701 and S1702 for all of the geographic areas. An entry of "—" indicates that no data for this geographic area was published because the sample size was too small to produce a reliable estimate.

A significantly smaller percentage of Billings' seniors are in poverty compared to Yellowstone County and the nation. As shown in the table above, poverty rates for most subcategories of families tend to be higher in Billings than in Yellowstone County. Among these four jurisdictions, the highest poverty rates for Latinos and American Indians were in Billings.

As in most jurisdictions, poverty is not evenly spread throughout the City of Billings. The most intense concentrations of poverty are in the Billings North Park neighborhood where 94.4 percent of families live below the poverty line, Billings South with 44 percent beneath the poverty line, and Billings Southwest where 27.1 percent of families live in poverty.²

2. Best Beginnings Council of Yellowstone County, *2012 Needs Assessment: Neighborhood Analysis v. 2* (Billings, MT: Best Beginning Council of Yellowstone County, 2012) 27, 29, 31.

Figure 1: Low- and Moderate-Income Areas of Billings: 2010



The pink areas are 71 to 85% in Yellowstone County, outside the City of Billings.
 Source: Planning & Community Services Department, City of Billings, 2012. Based on 2010 Census Data. Low-and moderate-income estimates were prepared at the Census Bureau's Geography Summary Level "090": State-County Subdivision-Place/Remainder-Census Tract-Urban/Rural Block Group for Fiscal Year

Racial and Hispanic Composition

Like the rest of Montana, the population of the City of Billings is overwhelmingly non-Hispanic Caucasian. Since 1980, racial and ethnic diversity has increased by increments. The *proportion* of Billings residents who are Native American has nearly doubled, from 2.3 percent in 1980 to 4.4 percent in 2010. The *number* of Native American residents nearly tripled between 1980 and 2010, from 1,560 to 4,610. The proportions that are African American, Asian, and "some other race" have barely budged since 1980. The proportion that is "two or more races" rose from 2.1 percent in 2000 to 2.9 percent in 2010.

The proportion of Billings' residents who are Hispanic of any race has grown from 3.1 to 5.2 percent, a 68 percent increase. Since 1980, the number of Latino residents increased 164 percent from 2,064 in 1980 to 5,456 in 2010.

Table 3: Racial Composition of Billings / Montana: 1980–2010

| Racial and Hispanic Composition of Billings / Montana: 1980–2010 | | | | | | | |
|--|---------------|----------------------------------|------------------|-------------|-------------------|-----------------|----------------------|
| Year | White | American Indian / Alaskan Native | African American | Asian | Two or More Races | Some Other Race | Hispanic of Any Race |
| 1980 | 94.9% / 92.4% | 2.3% / 4.8% | 0.4% / 0.2% | 0.4% / 0.4% | — | 1.7% / — | 3.1% / 1.3% |
| 1990 | 94.8% / 92.8% | 3.2% / 6.0% | 0.4% / 0.3% | 0.4% / 0.5% | — | 1.2% / 0.5% | 2.9% / 1.5% |
| 2000 | 91.9% / 90.6% | 3.4% / 6.2% | 0.6% / 0.3% | 0.6% / 0.5% | 2.1% / 1.7% | 1.4% / 0.6% | 4.2% / 2.0% |
| 2010 | 89.6% / 89.4% | 4.4% / 6.3% | 0.8% / 0.4% | 0.7% / 0.6% | 2.9% / 2.5% | 1.5% / 0.6% | 5.2% / 2.9% |

The first figure in each cell is for the City of Billings. The second figure is for the State of Montana.

Sources: 1990, 2000, and 2010 U.S. Census. Data not collected in the 1980 and 1990 census are indicated with a “—”.

Today the proportion of Billings residents who are white is nearly identical to that of the entire State of Montana. While the proportion of Billings’ population that is American Indian has consistently been smaller than the state as a whole, the proportions of Blacks, people who reported themselves as “two or more races” or “some other race,” and Hispanics of any race have been consistently greater than for the entire State of Montana.

The racial and Hispanic composition of the City of Billings should be viewed within the context of its location in the State of Montana and its Metropolitan Statistical Area. In all of the jurisdictions within which Billings sits, the proportion of each “minority” group is so small that, for purposes of this analysis, it is often more informative to reference the category “All Minorities.”

Table 4: Racial and Hispanic Composition of Various Jurisdictions: 2010

| Racial and Hispanic Composition of Various Jurisdictions: 2010 | | | | | | | | | |
|--|--|-------|-----------------|------------------|-------|-------------------|-----------------|----------------------|----------------|
| Year | Percentage of Metropolitan Statistical Area’s Population | White | American Indian | African American | Asian | Two or More Races | Some Other Race | Hispanic of Any Race | All Minorities |
| Montana | — | 89.4% | 6.3% | 0.4% | 0.6% | 2.5% | 0.6% | 2.9% | 13.3% |
| Metropolitan Statistical Area | 100.0% | 91.1% | 3.8% | 0.6% | 0.6% | 2.7% | 1.1% | 4.5% | 13.3% |
| Carbon County | 6.4% | 97.2% | 0.8% | 0.3% | 0.2% | 1.0% | 0.4% | 1.9% | 4.6% |
| Yellowstone County | 93.6% | 90.7% | 4.0% | 0.6% | 0.6% | 2.8% | 1.2% | 4.7% | 13.9% |
| Yellowstone County Outside Billings | 27.7% | 88.4% | 3.4% | 0.3% | 0.4% | 2.8% | 0.8% | 4.0% | 11.6% |
| City of Billings | 65.9% | 89.6% | 4.4% | 0.8% | 0.7% | 2.9% | 1.4% | 5.2% | 15.4% |

Source: 2010 U.S. Census. The sum of “Whites” plus “All Minorities” exceeds 100 percent because “All Minorities” includes the five racial groupings plus the ethnicity “Hispanics” who can be of any race. While most Hispanics report themselves as “White,” some also report themselves as members one of the other racial groups, most frequently as “Some Other Race.”

Billings' Metropolitan Statistical Area consists of Carbon and Yellowstone counties. As the above table shows, Billings is significantly more diverse than Carbon County which constitutes just 6.4 percent of the Metropolitan Statistical Area. The racial and Hispanic composition of Yellowstone County in which the City of Billings sits and Billings are fairly similar, largely because Billings constitutes nearly two-thirds of the county's population. As the table shows, the City of Billings is slightly more diverse in every category than the rest of Yellowstone County.

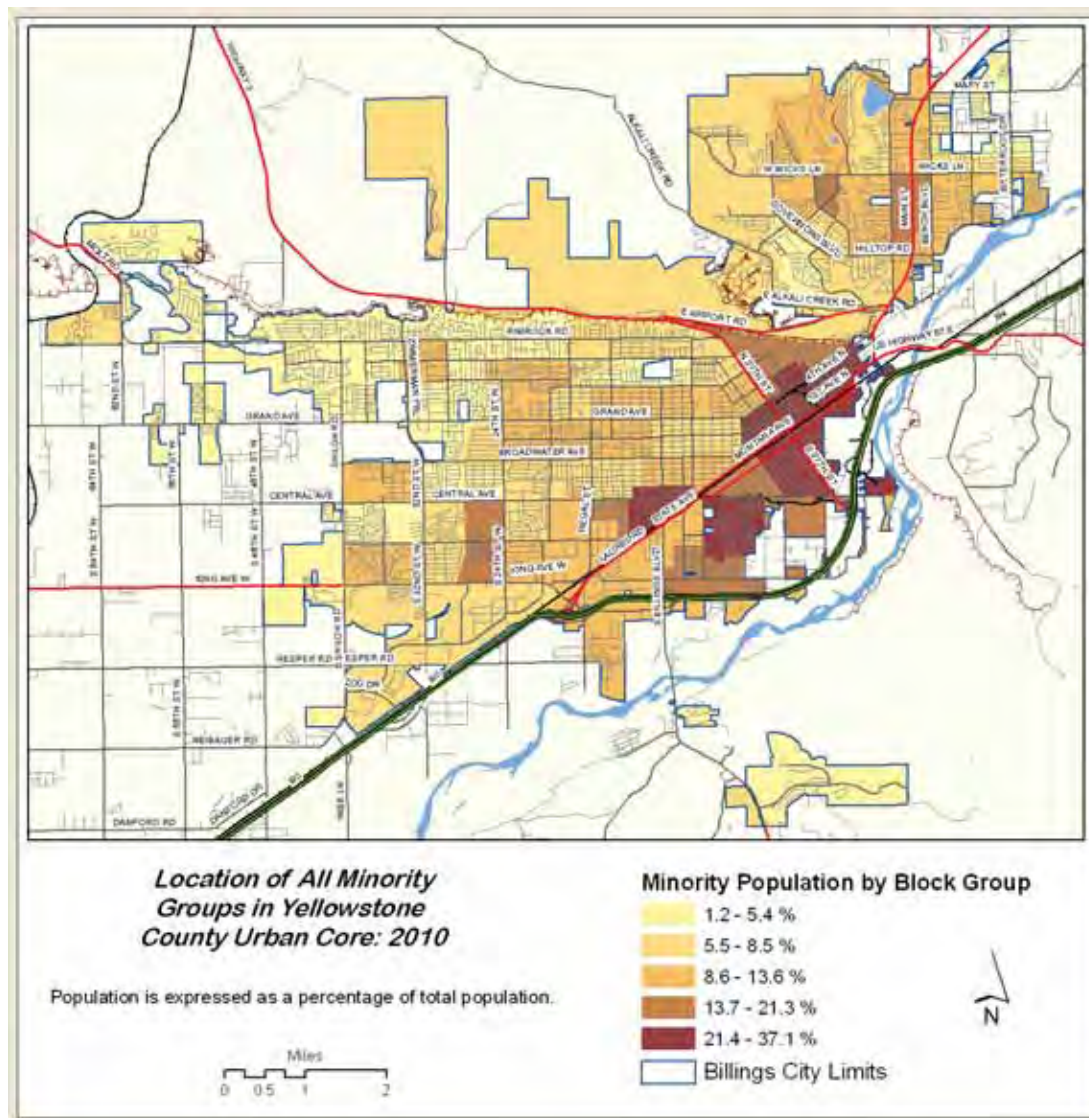
Figure 2: Newer House in the North Side of Billings



In a state, Metropolitan Statistical Area, and county with low proportions of minorities, it is only to be expected that Billings would also have low proportions of minorities in its population. There is no evidence to suggest that these low proportions are due to housing discrimination.

The 15.4 percent of Billings population that may be aptly characterized as “minority” lives throughout the city. However, there are some intense concentrations of minorities as shown in the figure below. These concentrations tend to coincide with most of the lower income areas shown on the map on page 14.

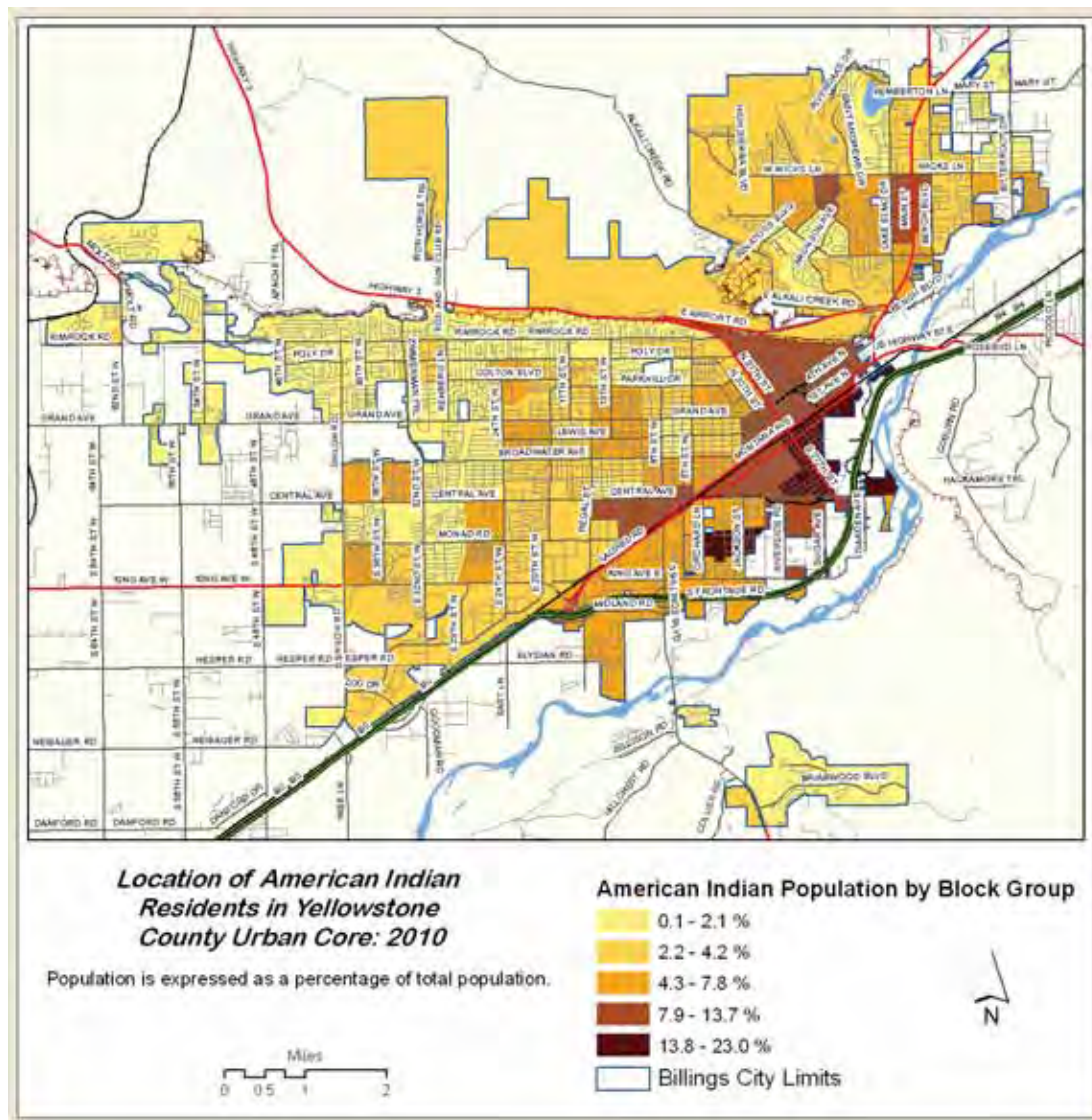
Figure 3: Location of All Minority Groups in the Yellowstone County Urban Core: 2010



Source: Planning & Community Services Department, City of Billings, 2012.

As the figure that follows shows, there are a few areas southeast of downtown Billings in which some of the city's 4,619 American Indian residents constituted 13.8 to 23 percent of the population in 2010.

Figure 4: Location of American Indian Residents in the Yellowstone County Urban Core: 2010



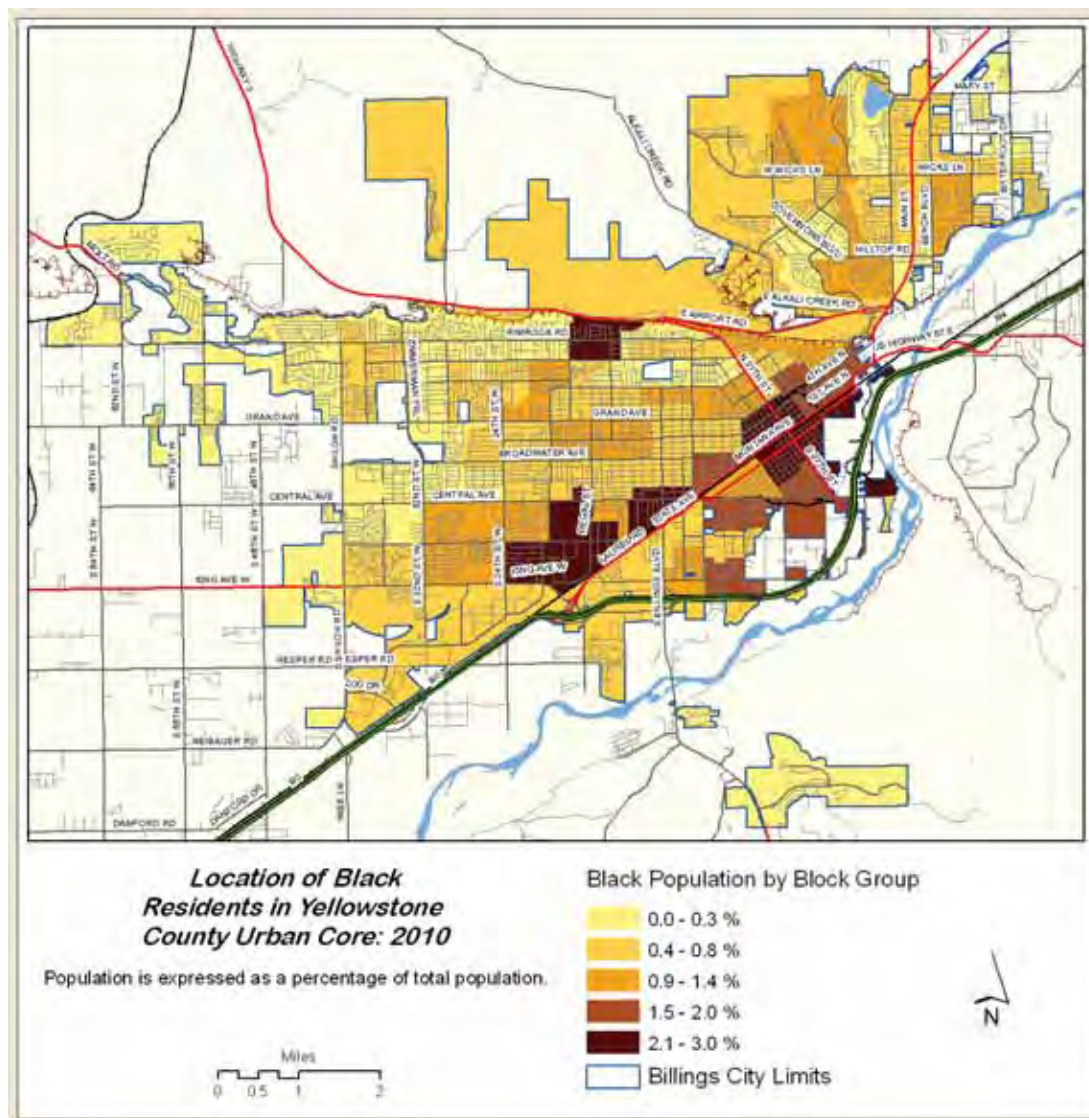
Source: Planning & Community Services Department, City of Billings, 2012.

These areas tend to coincide with most of the areas of low income shown in the map on page 14 which is not surprising given the relatively low \$36,342 median household income among the city's Native American population.³

3. Median incomes are examined beginning on page 101.

As the figure below suggests, the very small number of African American residents in Billings is not as tightly concentrated as minorities as a whole.

Figure 5: Location of Black Residents in the Yellowstone County Urban Core: 2010



Source: Planning & Community Services Department, City of Billings, 2012.

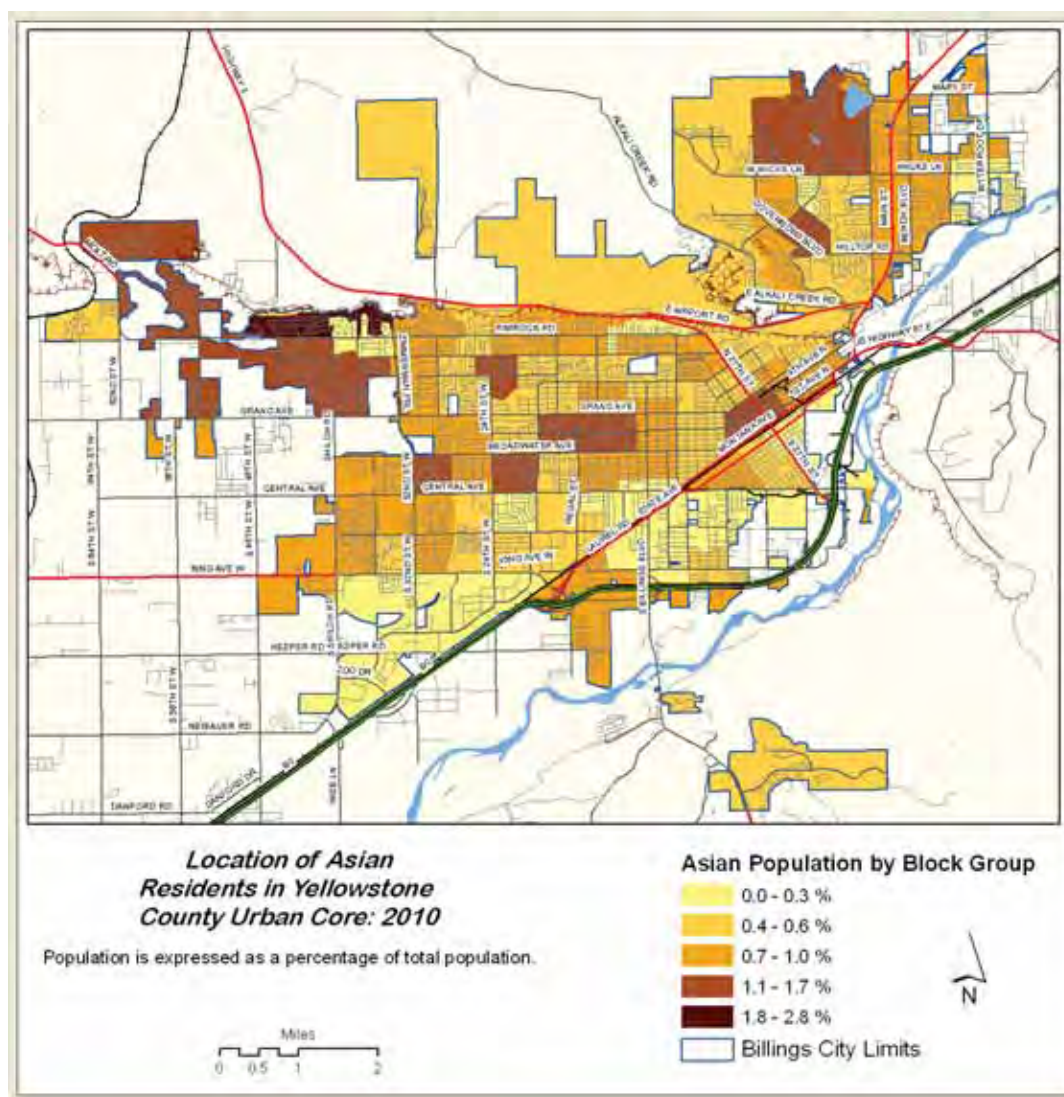
In no block group do any of the city's 828 African Americans constitute more than three percent of the population.

These areas tend to coincide with most of the areas of low income shown in the map on page 14. These concentrations, however, are of some concern because the 2010 median income of African American households in Billings was \$8,641 higher than Caucasians, the group with the second highest median income. However, due to the small sample size, the margin of error for Black household in-

come was \$20,751. So the actual median household income of African American households in Billings was somewhere between \$35,076 and \$76,578.⁴ While this wide margin of error makes it difficult to arrive at any hard conclusions about the location of African Americans in Billings, other data reported in Chapter 4 suggest that this median is likely to be accurate.

The proportion of Billings residents who are Asian is nearly identical to the city's Black population. But the geographical distribution of Asians is much wider with far fewer living in the lower-income areas where all of the other minority groups are concentrated.

Figure 6: Location of Asian Residents in the Yellowstone County Urban Core: 2010



Source: Planning & Community Services Department, City of Billings, 2012.

4. "Median Income in the Past 12 Months (in 2010 Inflation-Adjusted Dollars), 2010 American Community Survey 1-Year Estimates for Billing, Montana, Table S1903.

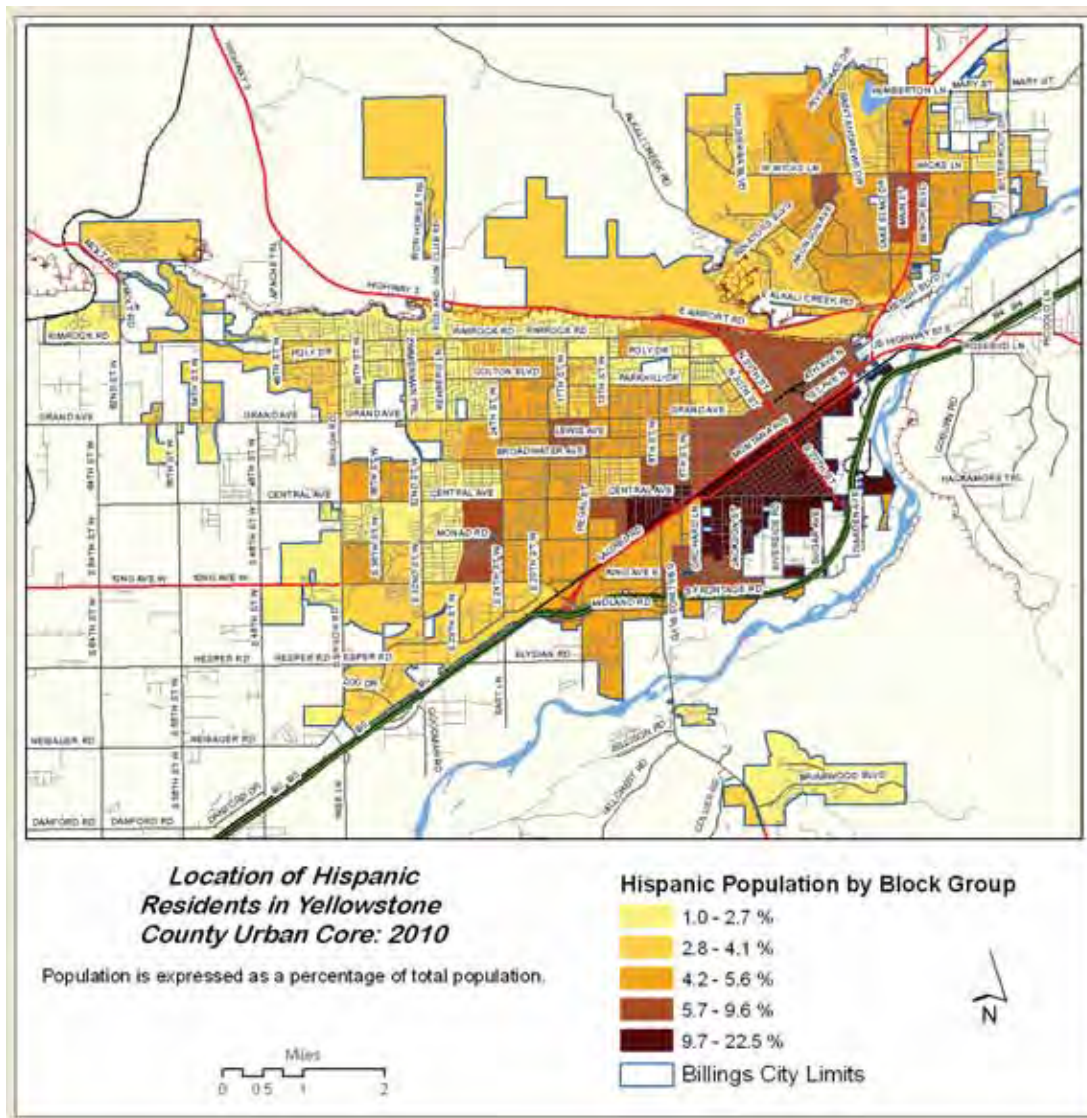
In 2000, the median income of Billings's Asian households was a close second to non-Latino whites. Median income data for Asian households were not available for 2010. Given where Asians live in Billings, it is very likely that the Asian median income in 2010 was close to, or higher than, that of non-Hispanic whites. The city's Asian population is far less concentrated than its African American residents whose median household income was greater than that of non-Hispanic whites in 2010.

Figure 7: "Southern Lights" Subsidized Low-Income Housing in Census Tract 3.0 Developed by homeWORD, a Community Housing Development Organization



Billings' 5,456 Hispanic residents are largely concentrated in and near downtown Billings. The most intense concentration of 9.7 to 22.5 percent is immediately southeast of Montana Avenue. Outside of these concentrations, the city's Hispanic residents are pretty well scattered throughout the city. These concentrations, however, tend to coincide with the concentrations of lower-income housing shown on page 14.

Figure 8: Location of Hispanic Residents in the Yellowstone County Urban Core: 2010



Source: Planning & Community Services Department, City of Billings, 2012.

That's a bit unexpected because the 2010 median household income for Billings' Latino residents of any race was \$45,898, just \$1,288 less than the \$47,186 median for non-Hispanic whites. On the surface, the data would seem to suggest that many Latinos who are financially better off are living in these poorer neighborhoods with Hispanic concentrations. The following analysis provides more clarity.

The analysis that follows identifies whether the racial and ethnic composition of a census tract in Billings — and Billings itself — is probably due to differences in household income or to possible discriminatory private and/or public sector practices that distort the free housing market.

Methodology. By taking household income into account, the analysis that fol-

lows more accurately identifies possible racial and ethnic segregation than simply reporting the proportions of each racial or ethnic group within a census tract. There is a common misconception that housing is segregated largely because minority households as a whole earn less than white households. Differences in median incomes can account for members of different groups living in different parts of Billings. But with African Americans having a higher median household income than whites and Hispanics having a median household income less than three percent lower than whites, the concentrations of African Americans and Hispanics in the lower income areas calls for further analysis. The analysis that follows essentially controls for these income differences by explicitly taking into account household income to identify the *approximate* racial and ethnic composition of a census tract if racial and ethnic discrimination were absent and household income was the primary determinant of where households live.

This approach requires thinking about housing discrimination and segregation a little differently than usual. Discrimination is the likely cause of an area's racial and ethnic composition when the *actual* racial and ethnic composition differs significantly from what the composition would be in a free housing market devoid of discrimination. For example, it is very likely that discrimination is the primary cause of a census tract being 39 percent minority if the tract would be expected to be just 12 percent minority when taking household income into account.

The approach used here compares the actual racial composition of a census tract or a jurisdiction with what the *approximate* racial composition would likely be in a free housing market *not distorted* by practices such as racial steering, mortgage lending discrimination, discriminatory advertising, discriminatory rental policies, mortgage and insurance redlining, or discriminatory appraisals.⁵

Racial and ethnic discrimination badly warps the free market in housing by artificially reducing demand for housing in some neighborhoods and artificially increasing demand in others.

Racial and ethnic discrimination in housing also distorts property values.

-
5. Determining the approximate racial and ethnic composition of a geographic area like a census tract or an entire city is a fairly straightforward, albeit lengthy, process. Here is the step-by-step procedure using a census tract as an example. First we obtain from the U.S. Census the number of households for the census tract that are in each of 16 income ranges starting with "Less than \$10,000" and "\$10,000 to \$14,999" and ending with "\$150,000 to \$199,999" and "\$200,000 or more." Within each income range, the census specifies the number of Caucasian, African American, Asian, and Hispanic households. We obtain the same data for the entire housing market within which the census tract is located. The housing market here consists of the entire metropolitan statistical area in which Billings sits.

We then multiply the number of Caucasian households in an income category in that census tract by the percentage of white households in that income bracket for the full housing market. This gives us a good approximation of the number of white households in this income bracket that would live in this census tract if income determined who lived there. We calculate these figures in all 16 income brackets for whites, Blacks, Asians, and Hispanics of any race. *This procedure assures that the census tract income of residents in a free market without discrimination is the same as the income of actual residents.* We then add up the number of households in each racial or ethnic group to get the approximate racial and ethnic composition of the census tract if income were the prime determinant of who lives there. From this we calculate the percentages of the census tract that each group comprises. These percentages are then compared to the actual proportion of each racial or ethnic group within the census tract to identify the difference between actual census numbers and a free housing market without discrimination.

Throughout the nation, when African Americans, for example, move to segregated neighborhoods, they pay a substantial price in lost housing value. It is well documented that the value and appreciation of homes in segregated minority neighborhoods are generally less than in stable integrated areas and white areas. Segregated minority neighborhoods also often lack jobs and business investment opportunities, making them economically unhealthy compared to stable integrated and predominantly white areas.⁶ For the Black middle and upper classes which had grown so much prior to the Great Recession, living in segregated minority neighborhoods denies them the full economic and educational benefits of middle- and upper-class status enjoyed in stable integrated and in predominantly Caucasian neighborhoods.

In a genuinely free housing market, household income rather than race or ethnicity determines who lives in the community. The tables that follow show the actual racial composition of households in 2000 and the approximate racial composition if housing were a genuine free market *without* the distortions caused by discriminatory housing practices. To help determine whether the past decade has resulted in movement toward or away from stable racial and Hispanic integration, these tables also show the actual racial composition of *individuals* from the 2010 *U.S. Census*.⁷ Keep in mind that the free market figures are based on actual household incomes. These data debunk the misconception that dissimilarities in household income explain these differences.

When the actual proportions of minorities are significantly less than the proportions that would exist in a free housing market, it is very likely that factors other than income, social class, or personal choice are influencing who lives in the community. Researchers have concluded “that race and ethnicity (not just social class) remain major factors in steering minority families away from some communities and toward others.”⁸

In the tables that follow, differences that suggest distortions of the free housing market possibly caused by racial discrimination are highlighted in two shades of cautionary yellow. The darker yellow highlights differences of ten or more percentage points while the lighter shade of yellow points to significant differences under ten percentage points. While other researchers have concluded that differences of five percentage points indicate that discrimination is distorting the housing market,⁹ we have concluded that ten percentage points is more likely to be indicative of probable discrimination by factoring in those households that may prefer to live in a predominantly minority or low-income neighbor-

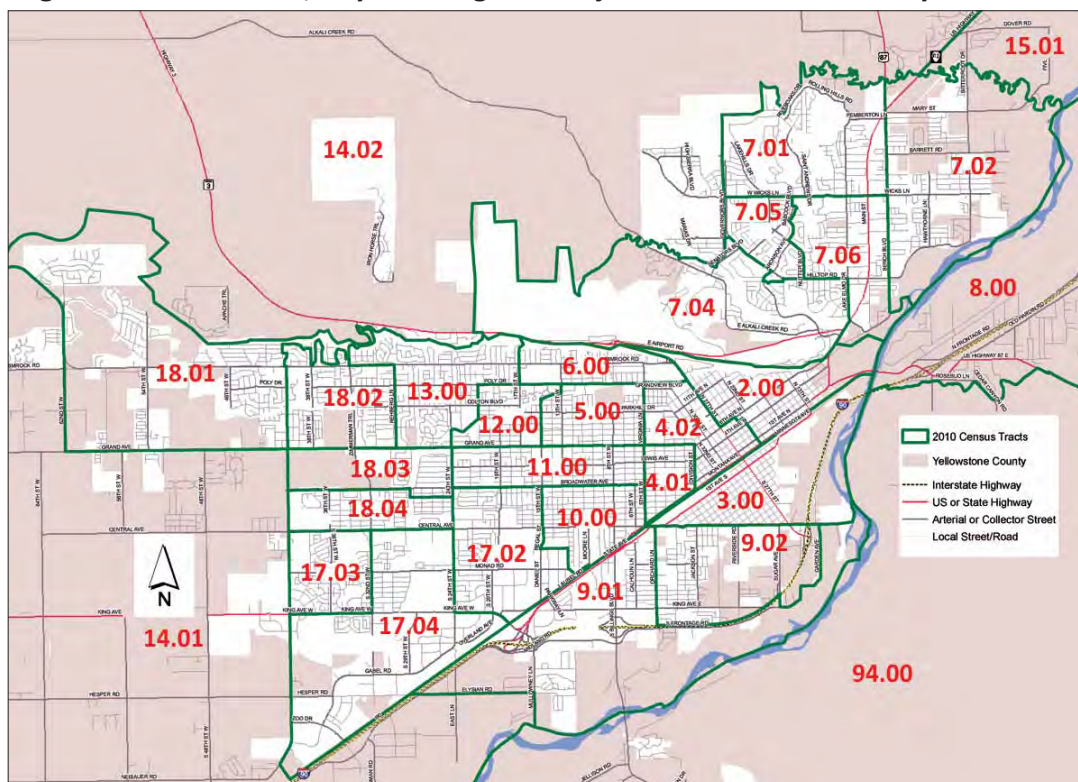
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6. D. Coleman, M. Leachman, P. Nyden, and B. Peterman, *Black, White and Shades of Brown: Fair Housing and Economic Opportunity in the Chicago Region* (Chicago: Leadership Council for Metropolitan Open Communities, February 1998), 28–29. See chapter 5, note 1.
 7. We were unable to conduct this free market analysis for 2010 because the Census Bureau imprudently no longer collects household income data from a large enough sample, making the key household income data by race and ethnicity unavailable by census tract. However, we have determined from the 2000 data that the racial and ethnic composition of households and individuals has been consistently within one half to two percentage points of households, which makes individuals a close approximation for households in 2010.
 8. Ibid., v. The methodology, first developed by Harvard economist John Kain, is explained in detail beginning on page 17 of the study. A PDF file of the entire study (28.1 megabytes) can be downloaded at <http://www.luc.edu/curl/pubs>.
 9. See *Black, White and Shades of Brown: Fair Housing and Economic Opportunity in the Chicago Region*.

hood. However the low proportions of minorities in Billings requires even greater scrutiny. There *may* be instances where the proportion of a group is a mere fraction of what would be expected in a free market devoid of discrimination suggesting the presence of housing discrimination.

The City of Billings and Census Tracts

The map below shows where each of the city's census tracts are located.

Figure 9: Census Tracts, City of Billings and Adjacent Yellowstone County: 2010



Source: Planning & Community Services Department, City of Billings, 2012.

For each census tract, this analysis of impediments identifies the actual proportions of households (“HHs Actual proportions,” where “HH” is an abbreviation for “Households”) of Caucasian, American Indian, Black, Asian, “two or more races,” “other races,” Hispanic of any race, and “total minority” in 2000 and the approximate proportions that would be expected in a genuinely free housing market that is not distorted by racial or ethnic discrimination (“HHs free Market”). The differences between the actual proportions and free market proportions are shown in the rows labeled “HHs Difference.” The darker yellow highlights differences of ten or more percentage points while the lighter shade of yellow points to differences close to, but under ten percentage points.

As explained earlier, this same analysis could not be conducted for 2010 because the household income data were not available. However, past experience has shown that the proportions of *individuals* have consistently been within 0.5 to 2 percent of the proportions of *households*. So individuals can serve as a surrogate for households to indicate the direction of any demographics changes in

each census tract during the past decade.

However, substantial proportions of the population in five census tracts lived in group quarters, largely correctional facilities, nursing homes, and college dormitories, which are *not* households. To avoid skewing the 2010 data and to maintain comparability with the 2000 data for households, the group quarter population in these five tracts was excluded from the free market analysis table that follows. The five tracts and the percentage of 2010 individuals living in group quarters are: census tract 3.0 (14 percent), 4.02 (14 percent), 6.0 (27 percent), 9.02 (9 percent), and 18.02 (7 percent).

Why the percentages do not add up to 100 percent

The percentages in the free market analysis table that follows do not add up to 100 percent for several reasons. First, they do not include racial classifications such as “Native Hawaiian and Other Pacific Islander” because the number of people in these classifications is so small that it would not alter the findings and analysis.

More importantly, the category “Hispanic of Any Race” is an ethnicity. Hispanics can be of any race. Adding up all the percentages in a row counts Hispanics twice. As is common throughout the nation, the vast majority of Hispanics consider themselves to be Caucasian. The “Total Minority” column consists of all races and ethnicities shown except “white.”

Please note that the American Indian column includes a handful (literally) of Alaskan Natives.

Why census tract 15.01 is not included

Census tract 15.01 is not included in the table that follows. Not only was it outside Billings in 2000, just three people lived in it in 2010.

A reminder

In the table that follows, the proportions of each group expected in a free market (“2000 HHs Free Market” rows) takes into account actual household income and the actual cost of housing in the census tract. Significant deviations from that figure suggest that something other than income and the cost of housing accounts for the actual racial and ethnic composition of the census tract.

Table 5: Billings Racial and Ethnic Household Composition in 2000 and Individuals in 2010

| Billings Racial and Hispanic Household Composition in 2000 and Individuals in 2010 | | | | | | | | |
|--|--------|-----------------|-------|-------|-------------------|-------------|----------------------|----------------|
| Census Tract | White | American Indian | Black | Asian | Two or More Races | Other Races | Hispanic of Any Race | Total Minority |
| Citywide | | | | | | | | |
| 2010 Individuals | 89.6% | 4.4% | 0.8% | 0.7% | 2.9% | 1.4% | 5.2% | 15.4% |
| 2000 HHs Actual Proportion | 94.3% | 2.5% | 0.4% | 0.3% | 1.3% | 1.2% | 3.5% | 9.2% |
| 2000 HHs Free Market | 94.9% | 2.2% | 0.3% | 0.3% | 1.2% | 1.0% | 3.0% | 8.1% |
| 2000 HHs Difference | -0.6% | 0.3% | 0.1% | 0.0% | 0.0% | 0.2% | 0.5% | 1.1% |
| Census Tract 2.0 | | | | | | | | |
| 2010 Individuals | 80.8% | 11.0% | 1.0% | 0.6% | 5.0% | 1.4% | 6.7% | 25.7% |
| 2000 HHs Actual Proportion | 87.4% | 6.3% | 1.8% | 0.5% | 1.9% | 1.9% | 5.2% | 17.5% |
| 2000 HHs Free Market | 92.9% | 3.1% | 0.4% | 0.3% | 1.8% | 1.4% | 3.7% | 10.8% |
| 2000 HHs Difference | -5.6% | 3.3% | 1.4% | 0.2% | 0.1% | 0.5% | 1.4% | 6.8% |
| Census Tract 3.0 (2010 data exclude group quarters) | | | | | | | | |
| 2010 Individuals | 71.4% | 13.1% | 1.9% | 0.6% | 6.4% | 7.2% | 21.3% | 50.5% |
| 2000 HHs Actual Proportion | 78.9% | 6.0% | 1.7% | 1.2% | 5.1% | 7.2% | 18.1% | 39.3% |
| 2000 HHs Free Market | 92.6% | 3.2% | 0.4% | 0.3% | 1.9% | 1.5% | 4.9% | 12.3% |
| 2000 HHs Difference | -13.8% | 2.7% | 1.2% | 0.8% | 3.2% | 5.8% | 13.2% | 26.9% |
| Census Tract 4.0 (Divided into tracts 4.01 and 4.02 in 2010 census; 4.02 data exclude group quarters) | | | | | | | | |
| 2010 Individuals 4.01 | 89.6% | 4.7% | 1.1% | 0.5% | 2.6% | 1.5% | 6.8% | 17.2% |
| 2010 Individuals 4.02 | 90.2% | 4.5% | 1.3% | 1.1% | 2.8% | 1.2% | 4.4% | 15.2% |
| 2000 HHs Actual Proportion | 92.7% | 3.0% | 0.5% | 0.6% | 1.5% | 1.6% | 2.9% | 10.1% |
| 2000 HHs Free Market | 94.2% | 2.5% | 0.4% | 0.3% | 1.4% | 1.2% | 3.4% | 9.2% |
| 2000 HHs Difference | -1.5% | 0.6% | 0.1% | 0.3% | 0.1% | 0.4% | -0.5% | 1.0% |
| Census Tract 5.0 | | | | | | | | |
| 2010 Individuals | 91.5% | 3.3% | 0.6% | 0.6% | 2.9% | 1.0% | 4.3% | 12.7% |
| 2000 HHs Actual Proportion | 96.9% | 2.1% | 0.0% | 0.0% | 1.0% | 0.0% | 2.7% | 5.8% |
| 2000 HHs Free Market | 95.0% | 2.1% | 0.3% | 0.3% | 1.2% | 1.0% | 2.9% | 7.9% |
| 2000 HHs Difference | 1.8% | 0.0% | -0.3% | -0.3% | -0.1% | -1.0% | -0.2% | -2.1% |
| Census Tract 6.0 (2010 data exclude group quarters) | | | | | | | | |
| 2010 Individuals | 95.2% | 1.7% | 0.7% | 0.6% | 2.1% | 0.8% | 2.7% | 8.4% |
| 2000 HHs Actual Proportion | 98.7% | 0.0% | 0.0% | 0.0% | 0.4% | 0.9% | 1.7% | 3.0% |
| 2000 HHs Free Market | 95.9% | 1.6% | 0.3% | 0.4% | 1.0% | 0.8% | 2.3% | 6.3% |
| 2000 HHs Difference | 2.8% | -1.6% | -0.3% | -0.4% | -0.6% | 0.1% | -0.5% | -3.3% |

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HHs = Data for 2000 are for households. Data for 2010 are for individuals.

Source: Data for 2000 are from the 2000 U.S. Census, Summary File-3, PO52, P151A, P151B, P151C, P151D, P151F, P151G, P151H. Data for 2010 are from the 2010 U.S. Census, Tables P5, P8, and QT-P3.

In 2010, nearly two-thirds (104,170) of the Metropolitan Statistical Area's 158,050 residents lived in the City of Billings. This ratio was similar in 2000.

So it is not surprising that the overall racial and Hispanic composition of the City of Billings in 2000 was what would be expected in a free housing market lacking housing discrimination. However, there are parts of the City of Billings where the proportion of minorities is significantly higher than would be expected in a free market sans discrimination.

Census Tract 2.0 As noted at the beginning of this chapter, 94.4 percent of North Park families live in poverty. Comprised largely of older, deteriorated rental housing intermixed with commercial and industrial properties, it includes a run down motel district and the City Center.

In 2000, the proportion of white households living in census tract 2.0 was about 5.6 percentage points lower than would be expected in a free market devoid of housing discrimination. Conversely, the proportion of minorities was 6.8 percent higher than would be expected. Ten years later the proportion of minorities had grown from 17.5 percent to over 25 percent. In a city with such a small minority population, this increase in minorities, particularly American Indians, is significant. It suggests the *possibility* that minorities, especially Native Americans, are being steered to this tract or are not considering the full array of housing both affordable and available to them — and that lower-income non-Hispanic whites are being steered away from here.

Census Tract 3.0 South of the tracks, this low-rent, low-income district includes some nicer, older homes many of which were built in the 1900s. A number of affordable housing projects have been revitalizing the neighborhood. This tract includes an active refinery close to residences. There is an intense concentration of group quarters, largely correctional facilities, in this tract including a state prison, prison pre-parolee halfway houses, and juvenile correctional facilities. There are also emergency and transitional shelters for people who are homeless. Concentrating all of these institutional and ancillary facilities in this area only makes it a less desirable place to live.

In 2000, the proportion of whites was so much lower in tract 3.00 and the proportion of minorities so much higher than what would be expected in the absence of discrimination, that it is very likely that Hispanics and American Indians are being steered to this tract or not considering the full array of housing both affordable and available to them. The data also suggest that lower-income non-Latino whites are being steered away from tract 3.0.

By 2010, roughly half of the residents of tract 3.0 were members of minority groups. This tract is moving in the direction of becoming a segregated area occupied by minorities as the white population, which was a smaller proportion in 2000 than would be expected in a free market without discrimination, continued to shrink in 2010. This is an area that requires substantial attention to restore a free housing market without discrimination.

Census Tract 4.0 (4.01 and 4.02) This tract was divided into two in 2010. The northern half of this tract is now tract 4.02. It features nicer, well-maintained older and smaller starter homes as well as the hospital corridor. Older, more affluent residents live on the “Tree” streets. Like census tract 3.0, 14 percent of tract 4.02 lives in group quarters. Nearly half of those live in “correctional residential facilities.” About a third live in emergency and transitional shelter for people who are homeless.

The southern half of this tract, now census tract 4.01, is a lower-rent district with older homes in need of repair.

The actual proportion of minorities in each new tract has grown by at least half since 2000 while the proportion of Caucasians has declined slightly. The data suggest the *possibility* that minorities are being steered to this area while Caucasians are being steered away.

Census Tract 5.0 Centrally located immediately west of tract 4.02, tract 5.0 includes stately houses and the Highlands Golf Course. The tract has become more diverse as the proportion of Caucasians declined about 5 percentage points during the decade while the proportion of minorities increased about seven percentage points.

Census Tract 6.0 Both Rocky Mountain College and Montana State University–Billings sit in tract 6.0. Located immediately north of tract 5.0, tract 6.0 is a well-established neighborhood with many smaller houses built in the 1940s, some of which are showing signs of disrepair. Approximately 27 percent of the tract's residents live in dormitories (all residents of group quarters, which includes dormitories, are excluded from the above table). During the past decade, this tract has become more diverse as the proportions of households in each group are now what would be expected in a free market.

Continued from page 1

| Billings Racial and Hispanic Household Composition in 2000 and Individuals in 2010 | | | | | | | | |
|--|--------|-----------------|-------|-------|-------------------|-------------|----------------------|----------------|
| Census Tract | White | American Indian | Black | Asian | Two or More Races | Other Races | Hispanic of Any Race | Total Minority |
| Census Tract 7.01 | | | | | | | | |
| 2010 Individuals | 91.7% | 2.9% | 0.7% | 1.2% | 2.5% | 1.0% | 4.5% | 12.8% |
| 2000 HHs Actual Proportion | 96.0% | 2.5% | 0.0% | 0.5% | 0.6% | 0.5% | 1.4% | 5.5% |
| 2000 HHs Free Market | 95.5% | 2.0% | 0.3% | 0.3% | 1.0% | 0.9% | 2.7% | 7.2% |
| 2000 HHs Difference | 0.5% | 0.6% | -0.3% | 0.2% | -0.5% | -0.5% | -1.3% | -1.7% |
| Census Tract 7.02 | | | | | | | | |
| 2010 Individuals | 90.9% | 3.8% | 0.7% | 0.6% | 2.9% | 1.0% | 3.9% | 12.9% |
| 2000 HHs Actual Proportion | 98.2% | 0.9% | 0.0% | 0.0% | 0.3% | 0.0% | 1.1% | 2.2% |
| 2000 HHs Free Market | 95.4% | 2.0% | 0.3% | 0.3% | 1.1% | 0.9% | 2.6% | 7.1% |
| 2000 HHs Difference | 2.8% | -1.1% | -0.3% | -0.3% | -0.8% | -0.9% | -1.5% | -4.9% |
| Census Tract 7.03 (Divided into tracts 7.05 and 7.06 in 2010 census) | | | | | | | | |
| 2010 Individuals 7.05 | 88.6% | 5.2% | 0.5% | 0.8% | 3.7% | 1.2% | 5.3% | 16.7% |
| 2010 Individuals 7.06 | 87.1% | 6.3% | 0.7% | 0.7% | 3.7% | 1.3% | 5.5% | 18.2% |
| 2000 HHs Actual Proportion | 94.3% | 3.7% | 0.2% | 0.5% | 0.6% | 0.6% | 2.5% | 8.1% |
| 2000 HHs Free Market | 94.8% | 2.2% | 0.3% | 0.3% | 1.2% | 1.1% | 3.1% | 8.2% |
| 2000 HHs Difference | -0.5% | 1.5% | -0.1% | 0.2% | -0.6% | -0.5% | -0.6% | -0.1% |
| Census Tract 7.04 | | | | | | | | |
| 2010 Individuals | 93.5% | 2.1% | 0.8% | 0.5% | 2.1% | 1.0% | 3.9% | 10.4% |
| 2000 HHs Actual Proportion | 98.2% | 0.7% | 0.0% | 0.0% | 1.1% | 0.0% | 1.7% | 3.5% |
| 2000 HHs Free Market | 96.3% | 1.5% | 0.3% | 0.3% | 0.8% | 0.7% | 2.1% | 5.8% |
| 2000 HHs Difference | 1.9% | -0.8% | -0.3% | -0.3% | 0.3% | -0.7% | -0.5% | -2.4% |
| Census Tract 9.01 | | | | | | | | |
| 2010 Individuals | 87.6% | 6.0% | 0.9% | 0.3% | 3.3% | 1.8% | 6.8% | 19.1% |
| 2000 HHs Actual Proportion | 93.7% | 2.3% | 0.8% | 0.8% | 1.7% | 0.7% | 5.6% | 12.0% |
| 2000 HHs Free Market | 94.8% | 2.3% | 0.3% | 0.3% | 1.2% | 1.1% | 3.1% | 8.3% |
| 2000 HHs Difference | -1.1% | 0.0% | 0.5% | 0.6% | 0.4% | -0.4% | 2.5% | 3.6% |
| Census Tract 9.02 (2010 data exclude group quarters) | | | | | | | | |
| 2010 Individuals | 76.7% | 10.7% | 1.3% | 0.3% | 7.3% | 4.6% | 14.4% | 38.6% |
| 2000 HHs Actual Proportion | 84.0% | 6.4% | 0.8% | 0.4% | 2.3% | 6.0% | 13.1% | 29.1% |
| 2000 HHs Free Market | 94.5% | 2.4% | 0.3% | 0.3% | 1.3% | 1.1% | 3.7% | 9.2% |
| 2000 HHs Difference | -10.5% | 4.0% | 0.5% | 0.1% | 1.0% | 4.9% | 9.4% | 19.9% |

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Census Tract 7.01 Homes in this part of Billings Heights range from multi-family to \$500,000 spacious four-bedroom and larger houses built in the late 1980s and early 1990s on the northern side of Lake Elmo. New construction continues in this tract which is located at the northern tip of Billings.

In 2000, the composition of this tract's population was what would be expected in a free market without discrimination. It has since become more diverse.

Census Tract 7.02 Immediately east of tracts 7.01 and 7.06, this Billings Heights tract has a good deal of rural living with horse pastures and larger lots on the outer rim of the tract. Most of the homes were built in the late 1970s. The tract also contains several trailer parks and newer multi-family developments.

In 2000, the composition of this tract was what would have been expected in a free market devoid of discrimination. It has since gotten more diverse with the proportion of whites declining to 90.9 percent and the proportion of minorities rising to 12.9 percent.

Census Tract 7.03 (7.05 and 7.06) These Billings Heights census tracts are immediately south of tract 7.01 and west of 7.02. Most of the homes are single-family detached houses built in the late 1960s through the 1980s. Multi-family complexes line Wicks Lane and the Babcock area where a lower-income, relatively transient population lives.

In 2000, the racial and Latino composition was what would have been expected in a free market without discrimination. Since then the proportion of Caucasians has declined by almost ten percent while the proportion of residents who are minorities has more than doubled. This increase has largely consisted of American Indians, Hispanics, and households reporting as "two or more races." This substantial increase in minority population suggests the possibility that minorities are being steered here while non-Hispanic whites are being steered away.

Census Tract 7.04 Immediately southwest of tracts 7.04 and 7.05, the Alkali Creek area is in a canyon close to the airport. The housing is mostly upper scale homes with some multi-family dwellings.

In 2000 the composition of the tract was roughly what would be expected in a free market without discrimination. Over the decade the tract has become more diverse with the proportion of minorities rising from 3.5 to 10.4 percent.

Census Tract 9.01 Located in the city's Southwest Corridor, this tract consists largely of rural agricultural, commercial, and industrial uses. Most of the housing is single-family with starter homes being built in the Riverpoints and Josephine Crossing subdivisions. There are several older, dilapidated mobile home parks.

The racial and Hispanic composition was what would have been expected in a free market without discrimination in 2000. Since then the minority population

has grown from 12 to 19.1 percent with the largest increase among American Indians. These changes suggest the *possibility* that Native Americans are being steered here while non-Hispanic whites are being steered away.

Census Tract 9.02 Just east of tract 9.01 in the Southwest Corridor, tract 9.02 is an older part of town with small homes built in the 1920s through the 1970s. Several older dilapidated mobile homes parks are in the tract as well as some revitalized affordable housing subdivisions. The nearly 375 inmates in the county jail are excluded from the totals in the table. Also in this tract is the Western Sugar Cooperative's sugar beet processing plant which produces extremely unpleasant odors, making this area less desirable for residential uses.

While this is a lower-income area, the proportion of whites in 2000 was significantly lower than would have been expected in a free market without discrimination while the proportion of minorities was much higher than would have been expected. Since then the proportion of Caucasians has declined almost eight percentage points while the proportion of minorities has increased almost nine points. Native Americans accounted for nearly half of this increase.

Figure 10: Lower-Cost Row Houses



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| Billings Racial and Hispanic Household Composition in 2000 and Individuals in 2010 | | | | | | | | |
|--|-------|-----------------|-------|-------|-------------------|-------------|----------------------|----------------|
| Census Tract | White | American Indian | Black | Asian | Two or More Races | Other Races | Hispanic of Any Race | Total Minority |
| Census Tract 10.0 | | | | | | | | |
| 2010 Individuals | 86.4% | 6.1% | 1.1% | 0.6% | 3.4% | 2.3% | 6.8% | 20.3% |
| 2000 HHs Actual Proportion | 91.8% | 4.5% | 0.4% | 0.4% | 0.8% | 2.2% | 5.1% | 13.3% |
| 2000 HHs Free Market | 94.1% | 2.6% | 0.3% | 0.3% | 1.4% | 1.2% | 3.6% | 9.4% |
| 2000 HHs Difference | -2.3% | 1.9% | 0.1% | 0.1% | -0.6% | 1.0% | 1.6% | 3.9% |
| Census Tract 11.0 | | | | | | | | |
| 2010 Individuals | 89.7% | 3.4% | 0.8% | 0.9% | 3.3% | 1.7% | 5.1% | 15.2% |
| 2000 HHs Actual Proportion | 97.3% | 1.0% | 0.0% | 0.0% | 1.0% | 0.7% | 2.7% | 5.4% |
| 2000 HHs Free Market | 94.9% | 2.2% | 0.3% | 0.3% | 1.2% | 1.1% | 2.9% | 8.0% |
| 2000 HHs Difference | 2.4% | -1.2% | -0.3% | -0.3% | -0.2% | -0.3% | -0.2% | -2.5% |
| Census Tract 12.0 | | | | | | | | |
| 2010 Individuals | 91.4% | 3.3% | 0.8% | 0.5% | 3.1% | 1.0% | 4.5% | 13.2% |
| 2000 HHs Actual Proportion | 94.1% | 1.9% | 1.3% | 0.0% | 0.7% | 2.0% | 2.6% | 8.5% |
| 2000 HHs Free Market | 95.1% | 2.1% | 0.3% | 0.3% | 1.1% | 1.0% | 2.9% | 7.7% |
| 2000 HHs Difference | -1.0% | -0.2% | 1.0% | -0.3% | -0.4% | 1.0% | -0.2% | 0.8% |
| Census Tract 13.0 | | | | | | | | |
| 2010 Individuals | 94.7% | 1.6% | 0.3% | 0.8% | 2.0% | 0.5% | 2.9% | 8.1% |
| 2000 HHs Actual Proportion | 98.6% | 0.6% | 0.2% | 0.2% | 0.4% | 0.0% | 1.0% | 2.5% |
| 2000 HHs Free Market | 95.8% | 1.6% | 0.4% | 0.3% | 1.0% | 0.8% | 2.4% | 6.6% |
| 2000 HHs Difference | 2.8% | -1.1% | -0.2% | -0.1% | -0.5% | -0.8% | -1.3% | -4.1% |
| Census Tract 14.00 (Divided into tracts 14.01 and 14.02 in 2010 census) | | | | | | | | |
| 2010 Individuals 14.01 | 96.1% | 0.4% | 0.2% | 1.1% | 2.3% | 0.0% | 1.3% | 5.3% |
| 2010 Individuals 14.02 | 92.4% | 3.6% | 0.6% | 0.8% | 1.8% | 0.7% | 3.0% | 10.5% |
| 2000 HHs Actual Proportion | 97.7% | 0.0% | 0.0% | 2.3% | 0.0% | 0.0% | 0.0% | 2.3% |
| 2000 HHs Free Market | 96.5% | 1.5% | 0.3% | 0.3% | 0.7% | 0.6% | 2.0% | 5.4% |
| 2000 HHs Difference | 1.2% | -1.5% | -0.3% | 1.9% | -0.7% | -0.6% | -2.0% | -3.1% |
| Census Tract 17.01 (Divided into tracts 17.03 and 17.04 in 2010 census) | | | | | | | | |
| 2010 Individuals 17.03 | 91.7% | 3.0% | 0.6% | 0.8% | 3.0% | 0.9% | 3.6% | 11.9% |
| 2010 Individuals 17.04 | 91.3% | 3.8% | 1.0% | 0.5% | 2.4% | 0.9% | 3.3% | 11.9% |
| 2000 HHs Actual Proportion | 94.5% | 2.0% | 0.0% | 0.2% | 2.4% | 0.9% | 2.3% | 7.9% |
| 2000 HHs Free Market | 94.7% | 2.3% | 0.3% | 0.3% | 1.2% | 1.1% | 3.1% | 8.3% |
| 2000 HHs Difference | -0.3% | -0.3% | -0.3% | -0.1% | 1.1% | -0.1% | -0.8% | -0.5% |

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Census Tract 10.0 North of tract 9.01, tract 10.0 consists of a mixture of commercial and residential uses. The homes, built mostly in the 1940s, are small with 1,200 square foot homes considered to be large. Many homes need repairs.

In 2000, the composition of this tract was what would have been expected in a free market without discrimination. However, the proportion of minority residents in this low-income neighborhood rose by more than half in the past decade, from 13.3 to 20.3 percent which suggests the *possibility* that minorities are being steered here and non-Hispanic whites are being steered away.

Census Tract 11.0 Homes are larger and in better condition than immediately to the south in tract 10.0. The larger four and five bedroom homes, about 2,100 square feet in size, were built in the 1950s and 1960s.

The composition of this tract in 2000 was what would have been expected in a

free market sans discrimination. The proportion of minorities in this moderate-income area nearly tripled in the past decade from 5.4 to 15.2 percent as the tract became more diverse which suggests the *possibility* that minorities are being steered here and non-Latino whites are being steered away.

Census Tract 12.0 Mostly single-family detached homes were built during the 1960s and 1970s in this tract which is immediately west of tract 5.0. The homes tend to be about 2,500 square feet with three bedrooms.

The composition of tract 12.0 in 2000 was what would be expected in a free market lacking discrimination. By 2010, the tract had become more diverse with the proportion of minorities up to 13.2 percent from 8.5 percent in 2000.

Census Tract 13.0 A moderate- to high-income area north and west of tract 12.0, tract 13.0's homes were built in the 1970s and 1980s. They range from 1,900 to 3,100 square feet with three or four bedrooms. Located along the rims, they are subject to rock slides and shifts that have "eaten" at least one entire house.

In 2000, the racial and Hispanic composition of this tract was roughly what would have been expected in a free market without discrimination although the total proportion of Hispanics was more than four percentage points lower than would have been expected. Since then the tract has become more diverse and the proportion of minorities is a bit higher than would have been expected.

Census Tract 14.0 (14.01 and 14.02) Most of tract 14.01, which is at the far west end of Billings, is in unincorporated Yellowstone County. The spacious and expensive houses are mixed in with farm houses and fields in this rural area. Located east of tract 14.02, tract 17.03 has relatively little housing in it largely due to the presence of Billings Logan International Airport in the tract. The multi-family units and newer houses built in the 1990s and early 2000s are close to diverse Skyview High School which serves tracts 7.01, 7.02, 7.04, 7.05, 7.06, 14.02, and 15.01.

In 2000, the racial and Hispanic composition of tract 14.0 was what would be expected in a housing market free of discrimination. Ten years later both new tracts were slightly more diverse. In 2010, the total proportion of minorities in tract 14.01 was the same as tract 14.0 in 2000 while the proportion had nearly doubled in tract 14.02.

Census Tract 17.01 (17.03 and 17.04) Largely low- and moderate-income households occupy both new tracts. There is a concentration of mobile home parks and multi-family dwellings along with modest starter homes built in the 1980s through early 2000s in tract 17.03. A large mobile home park and a good number of small subdivisions share tract 17.04 with a substantial amount of commercial development.

The composition of tract 17.01 in 2000 was what would be expected in a free housing market sans discrimination. Both of the new tracts grew more diverse during the 2000s as the proportion of minority residents rose from 7.9 percent to

11.9 percent in 2010.

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| Billings Racial and Hispanic Household Composition in 2000 and Individuals in 2010 | | | | | | | | |
|--|-------|-----------------|-------|-------|-------------------|-------------|----------------------|----------------|
| Census Tract | White | American Indian | Black | Asian | Two or More Races | Other Races | Hispanic of Any Race | Total Minority |
| Census Tract 17.02 | | | | | | | | |
| 2010 Individuals | 91.6% | 3.3% | 1.1% | 0.6% | 2.5% | 0.9% | 5.2% | 13.6% |
| 2000 HHs Actual Proportion | 96.5% | 1.3% | 0.7% | 0.0% | 0.8% | 0.7% | 2.2% | 5.6% |
| 2000 HHs Free Market | 95.4% | 2.0% | 0.3% | 0.3% | 1.1% | 1.0% | 2.8% | 7.4% |
| 2000 HHs Difference | 1.1% | -0.6% | 0.4% | -0.3% | -0.3% | -0.3% | -0.7% | -1.8% |
| Census Tract 18.01 | | | | | | | | |
| 2010 Individuals | 95.9% | 0.7% | 0.2% | 1.7% | 1.1% | 0.5% | 2.5% | 6.7% |
| 2000 HHs Actual Proportion | 97.2% | 0.0% | 1.2% | 0.0% | 1.7% | 0.0% | 2.8% | 5.6% |
| 2000 HHs Free Market | 96.5% | 1.3% | 0.5% | 0.4% | 0.8% | 0.5% | 1.9% | 5.3% |
| 2000 HHs Difference | 0.7% | -1.3% | 0.7% | -0.4% | 0.9% | -0.5% | 0.9% | 0.3% |
| Census Tract 18.02 (2010 data exclude group quarters) | | | | | | | | |
| 2010 Individuals | 94.9% | 1.4% | 0.3% | 0.9% | 2.0% | 0.6% | 2.3% | 7.4% |
| 2000 HHs Actual Proportion | 96.9% | 1.6% | 0.3% | 0.0% | 0.9% | 0.3% | 1.3% | 4.4% |
| 2000 HHs Free Market | 95.3% | 1.9% | 0.3% | 0.3% | 1.1% | 0.9% | 2.7% | 7.4% |
| 2000 HHs Difference | 1.6% | -0.4% | 0.0% | -0.3% | -0.2% | -0.6% | -1.4% | -3.0% |
| Census Tract 18.03 | | | | | | | | |
| 2010 Individuals | 94.4% | 1.3% | 0.4% | 0.8% | 2.9% | 0.3% | 3.8% | 9.5% |
| 2000 HHs Actual Proportion | 98.3% | 1.3% | 0.0% | 0.0% | 0.5% | 0.0% | 0.0% | 1.7% |
| 2000 HHs Free Market | 95.3% | 2.0% | 0.3% | 0.3% | 1.1% | 1.0% | 2.7% | 7.3% |
| 2000 HHs Difference | 2.9% | -0.7% | -0.3% | -0.3% | -0.6% | -1.0% | -2.7% | -5.6% |
| Census Tract 18.04 | | | | | | | | |
| 2010 Individuals | 93.5% | 2.4% | 0.2% | 1.1% | 1.8% | 0.6% | 2.8% | 8.9% |
| 2000 HHs Actual Proportion | 98.2% | 0.4% | 0.7% | 0.4% | 0.4% | 0.0% | 1.5% | 3.3% |
| 2000 HHs Free Market | 96.0% | 1.7% | 0.3% | 0.3% | 0.9% | 0.8% | 2.3% | 6.2% |
| 2000 HHs Difference | 2.2% | -1.3% | 0.4% | 0.1% | -0.5% | -0.8% | -0.8% | -2.9% |
| Census Tract 94.00 (In 2000, this was tract 16.00 and it was not yet part of Billings.) | | | | | | | | |
| 2010 Individuals | 98.0% | 0.7% | 0.0% | 0.5% | 0.7% | 0.2% | 1.6% | 3.7% |
| 2000 HHs Actual Proportion | 95.4% | 2.0% | 0.3% | 0.6% | 1.0% | 0.7% | 1.6% | 6.3% |
| 2000 HHs Free Market | 95.5% | 1.9% | 0.3% | 0.3% | 1.0% | 0.9% | 2.5% | 6.9% |
| 2000 HHs Difference | -0.1% | 0.1% | 0.0% | 0.3% | -0.1% | -0.2% | -0.8% | -0.6% |

Census Tract 17.02 Modest single family houses and multi-family dwellings are mixed with quite a bit of industrial and commercial uses in this tract located immediately to the west of tract 10.0. Many of the 1,800 to 2,500 square foot homes with three or four bedrooms are showing signs of aging.

The racial and Latino composition in 2000 was what would be expected in a free market without discrimination. The past decade has seen a notable increase in diversity as the proportion of residents who are minority rose from 5.6 to 13.6 percent.

Census Tract 18.01 This high-income area is located on the western fringe of Billings next to tract 18.02 and north of tract 14.01.

The composition of tract 18.01 was what would have been expected in a free market absent discrimination. Since 2000, it has become very slightly more diverse.

Census Tract 18.02 Located west of tract 13.0, this tract includes single-family and multiple-family dwellings as well as a significant number of group quarters, primarily a large adult assisted living and nursing home complex, the occupants of which are not included in the data in the table. The moderate- to high-income housing was built in the 1990s through today.

The composition of tract 18.02 was what would be expected in a free market without discrimination. During the past decade it got more diverse as the proportion of minority residents rose from 4.4 percent in 2000 to 7.4 percent in 2010.

Census Tract 18.03 Relatively new moderate-income housing fills half this tract located just west of tract 11.0. The Peter Yegen Public Golf Course occupies the other half of the tract.

Overall, the racial and Latino composition was within the range of what would have been expected in a free market without discrimination. But the proportion of total minorities was 5.6 percentage points lower than what would have been expected, the largest “deficit” of any census tract in Billings. There was a near complete absence of Hispanics, African Americans, Asians, and “other races” in 2000. The past decade saw significant change toward diversity as the proportion of minorities increased from 1.7 percent to 9.5 percent, roughly what would have been expected.

Census Tract 18.04 Located immediately south of tract 18.03, tract 18.04 features moderate-income three and four bedroom homes — typically around 2,500 square feet — built in the 1970s and 1980s. There is some agriculture still in this tract.

With a racial and Hispanic composition in 2000 that was what would be expected in a free market devoid of discrimination, this tract has become more diverse with the proportion of minorities rising from 3.3 percent in 2000 to 8.9 percent in 2010.

Census Tract 94.00 At the extreme southeast end of Billings, this huge tract is mostly unincorporated Yellowstone County. It’s very rural and occupied largely by low- and moderate-income households.

In 2000, the composition of this tract was what would have been expected in a discrimination-free housing market. During the past decade, however, the tract has become less diverse with the proportion of minorities declining from 6.3 percent to 3.7 percent in 2010.

Conclusions

In 2000, 15 of the city’s 23 census tracts had a racial and Hispanic composition that would have been expected in a free market without housing discrimination. And by 2010, the City of Billings had become more racially- and ethnically-diverse.

Several census tracts on the east side of town, however, have growing concen-

trations of minority residents that exhibit the dynamic demographic characteristics typically seen in the early stages of segregation. The epicenter lies in tracts 3.0, 9.02, and 2.0 as the pattern moves westward.

Minorities already comprise half of the household population in tract 3.0. During the decade, the proportion of minorities rose from 39.3 percent to 50.5 percent, an 11.2 point increase. In a free market based largely on income that is not distorted by discrimination, just 12.3 percent of the households would have been minorities in 2000. In 2000, 92.6 percent would have been white rather than the actual proportion of 78.9 percent. In 2010, the proportion of whites declined to 71.4 percent. Hispanics comprise more than 42 percent of the minority population in this tract while Native Americans constitute 26 percent. Unless action is taken to expand the housing choices and opportunities of lower-income minorities to other parts of Billings, it is very possible that these concentrations will intensify.

Immediately south of tract 3.0, tract 9.02 experienced the same trend. The proportion of minorities in tract 9.02 grew 9.5 percentage points to 38.6 percent in 2010. Even in 2000, the proportion of minority residents was almost 20 percentage points higher than would have been expected in a discrimination-free housing market while the proportion of whites was more than ten percentage points lower than expected. Since then, the proportion of whites has declined further. If action is not taken to expand the housing choices and opportunities of lower-income minorities to other parts of Billings, it is very possible that these concentrations will grow more intense.

Tract 2.0 sits immediately northwest of tract 3.0. The proportion of minority residents grew by more than eight percent during the decade. More than a fourth of the tract is minority, up 8.2 percentage points from 2000 and two and a half times greater than what would be expected in a free market without discrimination. More than a tenth of the residents are Native American, more than three times what would have been expected. To prevent these concentrations from intensifying, action is needed to expand the housing choices and opportunities of lower-income minorities to other parts of Billings.

Those other parts of Billings, however, should not include other areas in which minorities have started to concentrate. The data for tracts 4.01 and 4.02 suggest that these concentrations of minorities are expanding from adjacent tracts 2.0 and 3.0. Tracts 7.05, 7.06, 9.01, 10.0, and 11.0 are becoming more diverse thanks to increases in the proportion of minorities between 2000 and 2010 that ranged from seven to 10.1 percent. But the proportion of minorities in each of these tracts is at least twice what would have been expected. It is very important that efforts to expand the housing choices of minorities should focus on going beyond these tracts to tracts with much lower proportions of minorities.

Employment

As the county seat of Yellowstone County, Billings sits in one the nation's largest regional trade areas of over 125,000 square miles serving nearly 400,000 people. Agriculture and resource industries dominate the local economy. Billings houses a Western Sugar Cooperative Refinery as well as a ConocoPhillips oil refinery.¹⁰

With two hospitals employing over 3,400, several clinics, and over 4,200 college students, Billings is the region's medical and educational center.¹¹ The tables that follow, however, shows a broad-based economy.

Table 6: Ten Largest Employers in Billings: 2009

| Ten Largest Employers in Billings: 2009 | | |
|---|---|---------------------|
| Employer | Nature of Employer | Number of Employees |
| Billings Clinic Health System | Hospital, physician group practice, and assisted living center | 2,919 |
| School District #2 | Kindergarten through high school public school system | 2,200 |
| St. Vincent Healthcare | Faith-based medical services | 2,020 |
| Stillwater Mining Company | Mining platinum group metals for jewelry, industrial applications | 1,575 |
| Montana State University – Billings | Public university | 1,000 |
| City of Billings | Billings city government | 810 |
| Wells Fargo Bank | Financial institution | 615 |
| Albertson's | Supermarket chain | 600 |
| First Interstate BancSystems | Financial institution | 595 |
| U.S. Postal Service | Postal services in Billings | 531 |
| Total employees | | 12,865 |

Source: Community Development Division, *Billings Housing Needs Assessment 2010*, (Billings, MT: City of Billings, 2010) 16.

Figure 11: Senior Housing in Aspen Grove



10. Planning and Community Services Department, *Yellowstone County and City of Billings 2008 Growth Policy Update* (Billings, Montana: Planning and Community Services Dept., 2008) 69.

11. Ibid.

The table below shows the number of private sector businesses in Yellowstone County by industry and number of employees as of 2010, the most recent year for which the data were available. Data are not available for just the City of Billings.

Table 7: Yellowstone County Private Sector Businesses by Industry and Number of Employees: 2010

| Yellowstone County Private Sector Businesses by Industry and Number of Employees: 2010 | | | | | | | | | | |
|--|----------------------------|---|-------|-------|-------|-------|---------|---------|--------|-------|
| Industry | Total Number of Businesses | Number of Businesses in Yellowstone County by Number of Employees | | | | | | | | |
| | | 1-4 | 5-9 | 10-19 | 20-49 | 50-99 | 100-249 | 250-499 | 500-99 | 1000+ |
| Total all sectors | 5,507 | 3,025 | 1,017 | 778 | 441 | 157 | 68 | 15 | 4 | 2 |
| Forestry, fishing, hunting, and Agriculture Support | 11 | 8 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mining, quarrying, and oil and gas extraction | 59 | 44 | 3 | 7 | 4 | 0 | 1 | 0 | 0 | 0 |
| Utilities | 14 | 7 | 1 | 0 | 5 | 1 | 0 | 0 | 0 | 0 |
| Construction | 708 | 510 | 94 | 66 | 28 | 6 | 4 | 0 | 0 | 0 |
| Manufacturing | 174 | 82 | 34 | 27 | 18 | 4 | 5 | 4 | 0 | 0 |
| Wholesale trade | 362 | 160 | 83 | 63 | 34 | 16 | 5 | 1 | 0 | 0 |
| Retail trade | 737 | 308 | 186 | 138 | 64 | 23 | 15 | 2 | 1 | 0 |
| Transportation and warehousing | 203 | 112 | 28 | 23 | 27 | 11 | 2 | 0 | 0 | 0 |
| Information | 80 | 45 | 8 | 9 | 7 | 7 | 2 | 2 | 0 | 0 |
| Finance and insurance | 377 | 245 | 62 | 36 | 20 | 7 | 5 | 1 | 1 | 0 |
| Real estate and rental and leasing | 266 | 206 | 31 | 21 | 7 | 1 | 0 | 0 | 0 | 0 |
| Professional, scientific, and technical services | 592 | 419 | 84 | 56 | 22 | 8 | 3 | 0 | 0 | 0 |
| Management of companies and enterprises | 34 | 14 | 5 | 6 | 5 | 2 | 2 | 0 | 0 | 0 |
| Administrative and Support and Waste Management and Remediation Services | 285 | 170 | 50 | 33 | 18 | 8 | 3 | 3 | 0 | 0 |
| Educational services | 49 | 31 | 4 | 5 | 7 | 1 | 0 | 1 | 0 | 0 |
| Health care and social assistance | 521 | 230 | 125 | 86 | 39 | 23 | 13 | 1 | 2 | 2 |
| Arts, entertainment, and recreation | 158 | 61 | 46 | 33 | 15 | 2 | 1 | 0 | 0 | 0 |
| Accommodation and food services | 390 | 89 | 64 | 98 | 98 | 35 | 6 | 0 | 0 | 0 |
| Other services (except public administration) | 474 | 271 | 108 | 69 | 23 | 2 | 1 | 0 | 0 | 0 |
| Industries not classified | 13 | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: U.S. Census Bureau online at <http://censtats.census.gov/cgi-bin/cbpnaic/cbpsect.pl>. City of Billings data not available.

Although 73 percent of the businesses have fewer than ten employees, most people are employed by larger businesses. As the data show, the county enjoys a broad array of businesses of all sizes.

Table 8: Yellowstone County Work Force: 2007–2011

| Yellowstone County Work Force: 2007–2011 | | | | |
|---|---------------------------|------------------------|--------------------------|--------------------------|
| Year | Size of Work Force | Number Employed | Number Unemployed | Unemployment Rate |
| 2011 | 82,291 | 78,094 | 4,197 | 5.1% |
| 2010 | 81,668 | 77,374 | 4,294 | 5.3% |
| 2009 | 81,253 | 77,688 | 3,565 | 4.4% |
| 2008 | 82,719 | 79,959 | 2,760 | 3.3% |
| 2007 | 81,588 | 79,477 | 2,111 | 2.6% |

Source: Montana Department of Labor and Industry, Research & Analysis Bureau,
<http://www.ourfactsyourfuture.org/cgi/dataanalysis/AreaSelection.asp?table>
 Name=Labforce. Data not available for the City of Billings.

While the size of the county's workforce remained fairly stable during the study period, the number employed declined in 2009 and then rose again in 2011. At the end of the study period, the unemployment rate and number of unemployed remained nearly double that at the beginning of the study period.

Table 9: Unemployment Rates: 2007–2011

| Unemployment Rates: 2007–2011 | | | | |
|--------------------------------------|---|---------------------------|----------------|----------------------|
| Year | Billings Metropolitan Statistical Area | Yellowstone County | Montana | United States |
| 2011 | 5.1% | 5.1% | 6.8% | 8.9% |
| 2010 | 5.3% | 5.3% | 6.9% | 9.6% |
| 2009 | 4.4% | 4.4% | 6.1% | 9.3% |
| 2008 | 3.4% | 3.3% | 4.5% | 5.8% |
| 2007 | 2.6% | 2.6% | 3.4% | 4.6% |

Sources: Montana Department of Labor and Industry, Research & Analysis Bureau:
<http://www.ourfactsyourfuture.org/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce>
 and U.S. Bureau of Labor Statistics,
<http://www.bls.gov/cps/cpsaat01.htm>

The unemployment rates for the Billings Metropolitan Statistical Area and Yellowstone County were nearly identical during the study period. Their rates were lower than the State of Montana and even lower than for the nation as a whole, likely reflecting the nature of the area's industries.

Racial and Hispanic Composition of Workers Compared to Residents

In a city and county that are overwhelmingly non-Latino Caucasian, it is no surprise that the vast majority of the people who work in Billings have been non-Hispanic whites. The racial and ethnic composition of Billings' resident workforce is very similar to the composition of the city's full population. However, the composition of the civilians who work in Billings regardless of where they live is a bit different than the city's resident workforce with a slightly higher proportion who are non-Latino white and lower proportion who are members of minority groups.

Table 10: Racial and Ethnic Composition of Who Worked in Billings: 2006–2010

| Racial and Ethnic Composition of Who Worked in Billings: 2006–2010 | | | | | | | | |
|--|------------|-------------------------|----------------|-----------------------------------|----------------------|--------------------------------|---------------------|--|
| Occupational Group | All Groups | Non-Hispanic Caucasians | All Minorities | American Indian and Alaska Native | Hispanic of Any Race | Non-Hispanic African Americans | Non-Hispanic Asians | Others and Multi-Racial Who Are Not Hispanic |
| Billings Residents Who Work* | 100% | 88.8% | 11.3% | 3.8% | 2.7% | 0.8% | 0.9% | 3.1% |
| Total Employed Civilians in Billings | 100% | 91.2% | 8.8% | 2.5% | 3.9% | 0.5% | 0.8% | 1.2% |
| | 62,359 | 56,855 | 5,504 | 1,559 | 2,409 | 294 | 484 | 758 |
| Management, Business, and Financial Workers | 100% | 94.4% | 5.7% | 0.9% | 2.4% | 0.2% | 1.5% | 0.7% |
| Science, Engineering, and Computer Professionals | 100% | 88.6% | 11.4% | 3.6% | 2.9% | 3.0% | 0.0% | 1.9% |
| Healthcare Practitioner Professionals | 100% | 94.8% | 5.1% | 0.5% | 1.0% | 0.5% | 2.0% | 1.1% |
| Other Professional Workers | 100% | 93.1% | 6.8% | 2.5% | 2.3% | 0.0% | 0.9% | 1.1% |
| Technicians | 100% | 97.1% | 2.8% | 0.2% | 2.0% | 0.0% | 0.6% | 0.0% |
| Sales Workers | 100% | 91.5% | 8.5% | 1.9% | 5.3% | 0.3% | 0.5% | 0.5% |
| Administrative Support Workers | 100% | 93.3% | 6.7% | 1.7% | 2.3% | 0.5% | 0.5% | 1.7% |
| Construction and Extractive Craft Workers | 100% | 88.1% | 12.0% | 1.6% | 8.9% | 0.0% | 0.1% | 1.4% |
| Installation, Maintenance, and Repair Craft Workers | 100% | 92.7% | 7.3% | 0.9% | 4.4% | 0.9% | 0.0% | 1.1% |
| Production Operative Workers | 100% | 90.6% | 9.5% | 0.6% | 5.8% | 0.0% | 2.5% | 0.6% |
| Transportation and Material Moving Operative Workers | 100% | 92.5% | 7.5% | 3.7% | 3.0% | 0.8% | 0.0% | 0.0% |
| Laborers and Helpers | 100% | 84.5% | 15.3% | 6.8% | 8.1% | 0.2% | 0.0% | 0.2% |
| Protective Service Workers | 100% | 97.5% | 2.5% | 1.5% | 0.0% | 0.0% | 1.0% | 0.0% |
| Service Workers, except Protective | 100% | 84.2% | 15.9% | 6.0% | 5.6% | 0.8% | 1.0% | 2.5% |

* The row is the total civilian employed workforce that lives in Billings. Some rows do not add up to 100% due to rounding.

Source: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults=t>, EEO Tabulation 2006-2010(American Community Survey 5–Year Estimates).

The above figures for each occupational group often reflect the differentials in median household income for each group that is discussed at length beginning on page 101. However, the extreme concentrations of minorities strictly in the low-

est-paying occupational groups that we have seen in some other cities was not present in Billings during 2006 through 2010. While a disproportionately large percentage of minorities are in the “laborers and helpers” and “service workers, except protective” occupational groups, the same is true in the higher-salaried occupational group “science, engineering, and computer professionals.” The proportions of minorities, however, are relatively low in “management, business, and financial workers” (5.7 percent), “healthcare practitioner professionals” (5.1 percent), “technicians” (2.8 percent), and “protective services works” (2.5 percent).

The extremely low percentage of minorities among “protective service workers” and “technicians” suggests that an effort is needed to make these professions more inclusive.

Despite constituting just 0.5 percent of the workforce, non-Hispanic African Americans comprised 3 percent of the “science, engineering, and computer professionals” group while completely absent from five occupational groups.

Native Americans are barely present among “management, business, and financial workers” (0.9 percent), “healthcare practitioner professionals” (0.5 percent), “technicians” (0.2 percent), “installation, maintenance, and repair craft workers” (0.9 percent), “production operative workers” (0.6 percent) while being well-represented among “science, engineering, and computer professionals” (3.6 percent), “other professionals” (2.5 percent), and “transportation and material moving operative workers” (3.7 percent). They are, however, more concentrated in “laborers and helpers” (6.8 percent) and “service workers, except protective” (6 percent).

While non-Hispanic Asians comprised 0.8 percent of the workers in Billings, they constituted 2 percent of “healthcare practitioner professionals, 2.5 percent of “production operative workers,” and 1.5 percent of management, business, and financial workers” while absent from four occupational groups.

Hispanics of any race, 3.9 percent of Billings workers, make up 8.9 percent of “construction and extractive craft workers” and 8.1 percent of “laborers and helpers.”

Transportation

Shorter commute times increase the desirability of living in a community. A well-regarded 2004 study arrived at the “unambiguous conclusion” that “The length of their commute to work holds a dominant place in Americans’ decisions about where to live. Americans place a high value on limiting their commute times and they are more likely to see improved public transportation and changing patterns of housing development as the solutions to longer commutes than increasing road capacities.”¹²

12. Belden Russonello & Stewart Research and Communications, *2004 American Community Survey National Survey on Communities* (October 2004), 1. Available online as a PDF file at <http://smart-growthamerica.org/narsgareport.html>

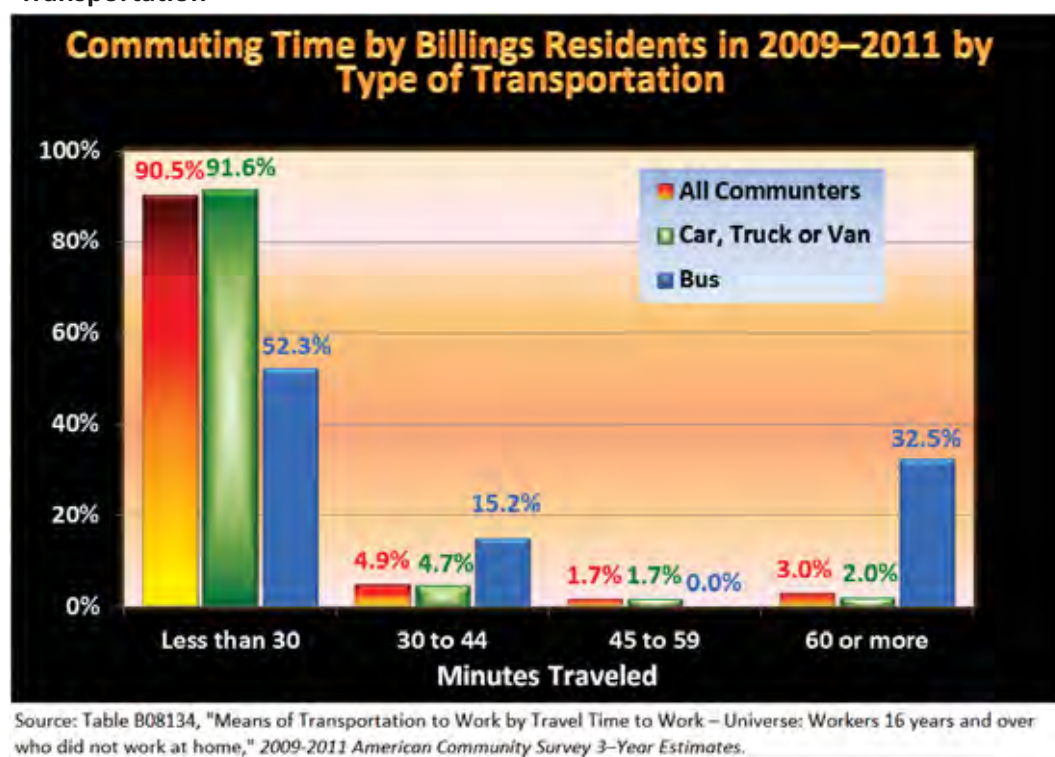
More specifically, this random-sample national survey found:

“A limited commute time is, for most Americans, an important factor in deciding where to live. Being within a 45-minute commute to work is rated highest among a list of fourteen priorities in thinking about where to live (79% “very” or “somewhat” important), followed by easy access to highways (75%) and having sidewalks and places to walk (72%).

“A short commute is particularly important to people who plan to buy a home in the next three years (87%) and women and African Americans place high importance on sidewalks and places to walk (76% and 85%, respectively).”¹³

As the graph below shows, the commute time of more than 95 percent of Billings residents falls within that desirable commute of 45 minutes or less.

Figure 12: Commuting Time by Billings Residents in 2009-2011 by Type of Transportation



While more than 96 percent of those who drive to work arrive within 45 minutes, nearly a third of those who take the bus do not. In Billings, bus riders tend have lower incomes than drivers (\$15,613 median earnings for bus riders versus \$28,392 for drivers; 20.9 percent of bus riders below the poverty level compared to 7.9 percent), and be younger (26.1 median age for bus riders compared to 42.2 for drivers).¹⁴

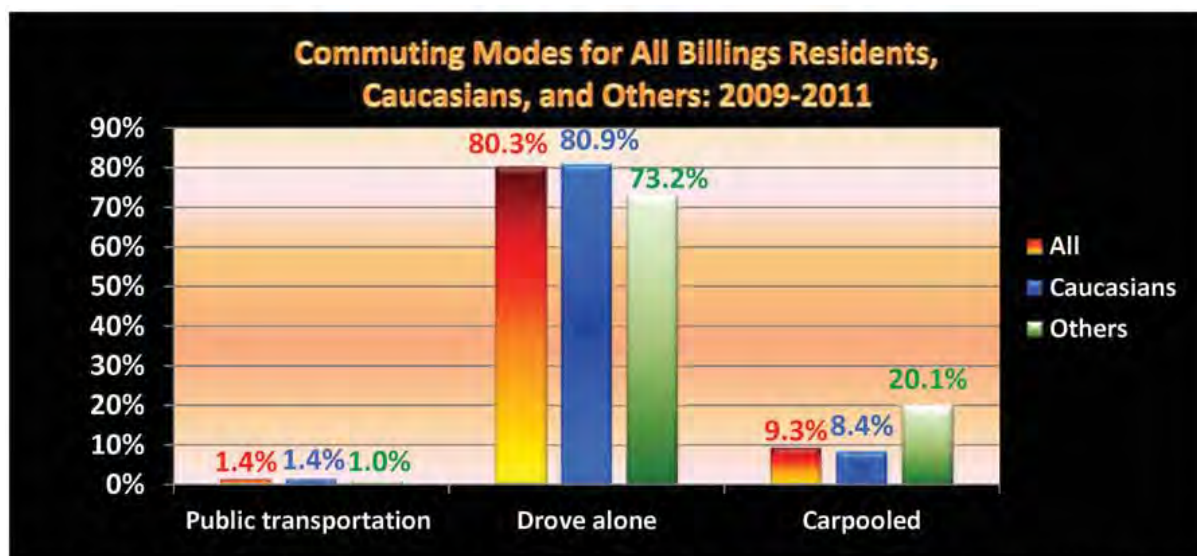
13. Ibid. 7, 9.

14. "Means of Transportation to Work by Selected Characteristics," 2010 American Community Survey

Nearly half of the bus riders have no choice — no vehicle is available for 46.5 percent of bus riders as opposed to just 3.8 percent of those who commute via private vehicles.¹⁵

While the percentage of minorities who take public transportation in Billings is slightly lower than Caucasians (1.1 versus 1.4 percent), a substantially higher proportion of minority workers carpool rather than drive alone. This finding is not unexpected because most minorities in Billings have lower incomes than Caucasians.¹⁶

Figure 13: Commuting Modes for All Billings Residents, Caucasians, and Others: 2009–2011



Source: Tables B08301 and C08105H, "Means of Transportation to Work, Workers 16 Years and Over," 2009-2011 American Community Survey 3-Year Estimates.

The higher rate of carpooling among minorities is significant because commuting by motor vehicle generally takes less time than commuting by bus. Carpooling enables many minorities and lower-income workers to enjoy some of the benefits that the shorter time spent commuting produces.

While commuting by bus tends to take longer than driving in most cities, the length of time spent commuting by bus is exacerbated in Billings by the relative infrequency of bus trips. During most of the day, most buses run every 75 minutes. During the morning and evening peak hours, there's as short as a 25 or 30 minute wait between buses, although most routes maintain the hour or so spacing between buses. The infrequency of buses can result in much longer commutes for riders who need to transfer between bus routes. Given the very low percentage of residents who use public transportation, the reality is that the cost of providing more frequent bus service may be financially prohibitive to the city's MET Transit system.¹⁷

1-Year Estimates, Table S0802.

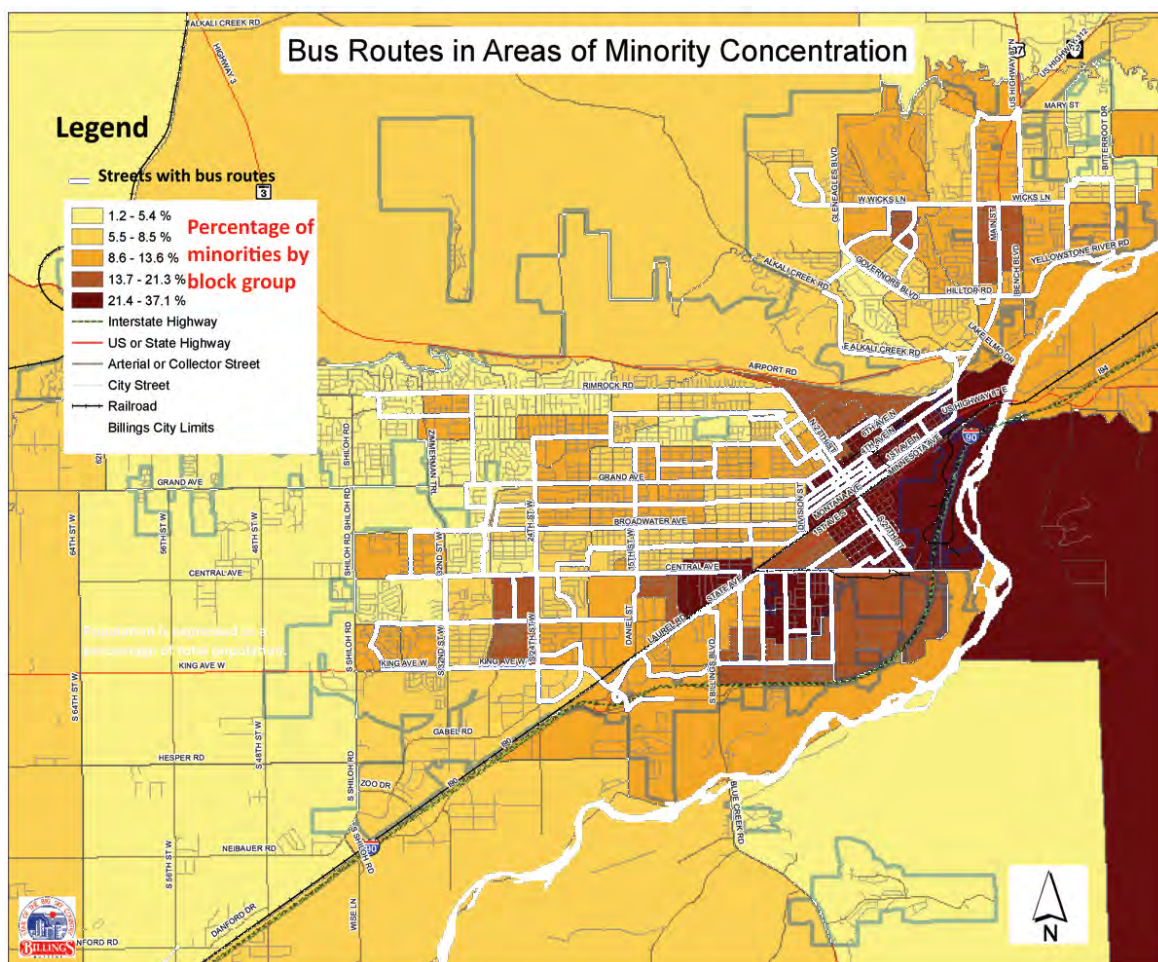
15. Ibid.

16. Details on median household income by race and Latino ethnicity are reported beginning on page 101.

17. We realize that the chicken and the egg phenomenon is at play when it comes to providing more frequent bus service. More people would ride buses if they ran more frequently, but a local transit agency cannot af-

The bus routes, however, appear to serve the parts of Billings where lower-income and minority residents are concentrated. The map that follows shows the bus routes in white on a map that shows the percentage of minority residents by block group. There is at least one bus stop close to each public housing development as discussed beginning on page 89.

Figure 14: Bus Routes in Areas of Minority Concentration



Source: Adapted from map prepared by Planning & Community Services Department, City of Billings, 2012 Bus routes are in white.

Individuals with mobility disabilities can obtain a MET-PLUS Paratransit Eligibility Certificate.¹⁸ Applications are available in person, by mail, and online. The service area is limited to within the City of Billings and within $\frac{3}{4}$ mile of a MET Transit fixed route bus stop. On weekdays, paratransit operates 6:15 a.m.

- ford to run buses more frequently because so few people ride buses. We also realize that public transit rarely pays for itself and that government subsidies are critical to their ability to function.
18. Paratransit is a more flexible and individualized form of public transportation than the usual fixed-route bus. Paratransit uses small vehicles (vans, taxis, small buses) with flexible routes and on-demand scheduling to provide shared occupancy, curbside, or doorstep personalized transportation for people who usually have a disability so severe that they are unable to use conventional fixed route buses.

and 6:15 p.m.; on Saturdays between 8:15 a.m. and 5:15 p.m. Paratransit service is not available on Sundays or major holidays. The one-way fare is \$2.50.

Service is curb-to-curb and there is a 30-minute window for pick up. Door-to-door service is available as long as there are no barriers to prevent the driver from assisting the passenger. Door-to-door service must be requested when applying for an eligibility certificate since an onsite inspection may be conducted. A ten-page *Passenger Handbook* is available online at the MET website.

Zoning and Availability of Land for Residential Development

Residential Building Permits

As the table below shows, the number dwelling units for which building permits were issued within Billings declined by 59 percent during the study period. While the number of single-family units fell by 54 percent, the number of multi-family dwelling dropped off by 70 percent. Since then Billings staff reports that the amount of residential development has increased significantly.

Table 11: Number of Housing Units for Which Building Permits Were Issued in Billings: 2007–2011

| Number of Housing Units for Which Building Permits Were Issued in Billings: 2007–2011 | | | | | |
|---|------|------|------|------|------|
| Housing Type | 2007 | 2008 | 2009 | 2010 | 2011 |
| Total Units | 624 | 535 | 502 | 402 | 257 |
| Units in Single-Family Structures | 427 | 261 | 241 | 240 | 197 |
| Units in All Multi-Family Structures | 197 | 274 | 261 | 162 | 60 |
| Units in 2-unit Multi-Family Structures | 88 | 88 | 30 | 32 | 32 |
| Units in 3- and 4-unit Multi-Family Structures | 40 | 66 | 65 | 76 | 28 |
| Units in 5+ Unit Multi-Family Structures | 69 | 120 | 166 | 54 | 0 |

Source: Building Division, City of Billings, October 2012.

By the end of the study period, no buildings of five or more units received permits in 2011 even though the number of units peaked in 2009.

Evaluation of Zoning Ordinance for Exclusionary Provisions

Most of the usual exclusionary provisions that prevent the construction of any housing affordable to households with modest incomes are *not* in Billings' zoning ordinance. As the table below shows, the minimum lot size for detached single-family homes ranges from 9,600 square feet down to 5,000 square feet. The minimum lot size for duplex buildings is reasonable as are the formulae for the multi-family zoning districts.

Table 12: Billings Land Available for Residential Use As of September 2012

| Billings Land Available for Residential Use As of September 2012 | | | | | | |
|--|-------------------------------------|---|---------------|-----------------------------|--|--|
| Zoning Districts That Allow Residential Uses | | Minimum Lot Area in Square Feet | Total Acres | Land Not Developed in Acres | Percentage of Land in District Not Developed | Percentage of All Land Zoned Residential |
| R-96 | Residential 9,600 | 9,600 | 7,002 | 667 | 9.5% | 49.8% |
| R-80 | Residential 8,000 | Single-family detached: 8,000 Two units: 10,000 | 39 | 6 | 14.5% | 0.3% |
| R-70R | Residential 7,000 Restricted | 7,000 | 624 | 99 | 15.8% | 4.4% |
| R-70 | Residential 7,000 | Single-family detached: 7,000 Two units: 9,000 | 3,548 | 237 | 6.7% | 25.2% |
| R-60R | Residential 6,000 Restricted | 6,000 | 82 | 11 | 13.0% | 0.6% |
| R-60 | Residential 6,000 | Single-family detached: 6,000 Two units: 7,000 Each additional unit up to ten total: 1,500 Special Review required for more than two units | 1,405 | 65 | 4.6% | 10.0% |
| R-50 | Residential 5,000 | Single-family detached: 5,000 Two units: 8,000 | 129 | 28 | 21.4% | 0.9% |
| RMF | Residential Multi-Family | Single-family detached: 6,000 Two units: 7,000 Each additional unit up to eight total: 1,500 Each additional unit over eight total: 400 | 208 | 40 | 19.4% | 1.5% |
| RNF-R | Residential Multi-Family Restricted | Single-family detached: 6,000 Two units: 7,000 Each additional unit: 1,500 | 353 | 40 | 11.3% | 2.5% |
| RMH | Residential Manufactured Home | 6,000 | 526 | 134 | 25.5% | 3.7% |
| RP | Residential Professional | 10,000 | 148 | 28 | 18.9% | 1.1% |
| Total Land Zoned for Residential Use | | | 14,063 | 1,354 | 9.6% | 100.0% |

Source: Planning Division, City of Billings.

Density is significantly restricted, however, in the Residential Multi-Family Restricted (RMF Restricted) district by the 40-foot height limit which is only six feet more than in several single-family districts. This limitation appears to be have been imposed because the RMF Restricted district is intended to be a transitional zone.

Prior to May 2012, single-family attached dwellings were allowed only by Special Review in the R-80, R-70, R-60, R-50, RMF, and RMF-R districts. Nearly half of Billings' residentially-zoned land — and half of the residential land that

is undeveloped — is in the R-96 zone where single-family attached dwellings were not permitted even via Special Review. Excluding this lower-cost form of housing from almost half of the city's residential areas — and nearly half of all the residential available for development — can severely limit the availability of more affordable single-family attached development.

In May 2012, the city remedied this situation when it amended Sec. 27-622 of its zoning code to allow single-family attached homes — condominiums, townhouses, townhomes, and multi-unit developments — as of right “in all residential districts if they meet all applicable zoning district requirements, and supplementary general provisions, site development, building and fire safety regulations....”¹⁹ As a permitted use, single-family attached development is now possible in all of Billings' zoning districts subject to professional administrative review.

To enable the construction of more affordable housing outside the areas where minorities and lower-income residents are concentrated, the city might want to look closely at some of its development standards.

While the sliding scale of minimum lot area in the RMF category allows multiple units that average a significantly smaller minimum lot size per dwelling unit than in other districts, it does not provide for development of small lot or cottage-style development of single-family homes that are clustered together. So while, for example, four units could be built on 10,000 square foot lot (an average of 2,500 square feet per unit), they couldn't be clustered together. A new single-family zoning district that accommodates such development could allow lots of less than 5,000 square feet for these types of dwellings.

The Unified Zoning Regulations' maximum lot coverage, which refers to the area of a lot covered by buildings and roofed areas, is typical of suburban and exurban development. However, it may be too restrictive to allow newer forms of urban development that encourage smaller lots and walkable communities like the clustered homes discussed immediately above. The city may encourage affordable housing by including a greater maximum lot coverage in a new zoning category designed to accommodate small lot or cottage-style development.²⁰

Accessory dwellings, or “granny flats,” offer a cost-efficient way to provide additional lower-cost housing and enable home owners with limited incomes or with disabilities to remain in their homes. Accessory units can generate income to the home owner as well as provide a residence for a live-in aide for a household member with disabilities, including the frail elderly, a protected class under the Fair Housing Act and Montana law.

Nationally, there has been a trend to permit accessory dwellings as an effective way to create unobtrusive low-cost housing. Although accessory structures are permitted in Billings, they appear to be limited to detached garages, carports, patios, tool or storage sheds, playhouses, and greenhouses. There is nothing in Billings' zoning ordinance to indicate that accessory dwelling units are allowed.

19. Billings, MT, Ordinance No. 12-5565 (May 14, 2012).

20. Our review of the zoning ordinance isn't the first time this concern has been raised. Among the implementation strategies that the *Northwest Shiloh Area Plan* (April 2005) recommended was, “Consider regulations for a new zoning district and/or subdivision design for cluster housing as a development option.”
31.

Like elsewhere throughout the nation, new residential construction in Billings tends to be unaffordable to households with modest incomes.²¹ As explained in this chapter and in Chapter 4, households with modest incomes, especially minority households, tend to be concentrated in a few parts of the city. There appears to be a need to promote the development of more affordable housing outside these concentrations through such techniques as density bonuses coupled with inclusionary zoning, transfer of development rights, and reduced charges for permit processing and utility connections.

Fair Housing in Billings' Plans

The *Yellowstone County and City of Billings 2008 Growth Policy Update* functions as the city's (and county's) comprehensive plan. While it does not directly address the core issues of affirmatively furthering fair housing choice — reducing and eliminating racial, ethnic, and economic concentrations in housing — it does recognize the need for housing affordable to households with modest incomes in both the jurisdictions and touches on opening housing opportunities outside these concentrations.

The plan recognizes the affordable housing issue right up front in Chapter 3: Community Goals and Objectives. The land use element — the plan lacks a housing element — identifies the issue:

“There is a serious lack of affordable housing for low to moderate income households.”²²

It sets the goal, “Affordable housing for all income levels dispersed throughout the City and County.” And it offers several objectives:

- “• Improve the quality of life of low income people. Preserve and rehabilitate the existing supply of affordable housing.
- “• Promote social equity and diversity.
- “• Create more affordable housing and work towards replacing affordable housing lost during redevelopment projects.
- “• Provide rental and ownership housing options for the diverse workforce.”²³

The plan leaves it up to the reader to interpret what “promote social equity and diversity” means.

The plan addresses the affordable housing issue with greater specificity under “Implementation Strategies: Land Use Element” in Chapter 5: Implementation Tools and Strategies.

21. See the analysis of housing affordability beginning on page 99.

22. Planning and Community Services Department, *Yellowstone County and City of Billings 2008 Growth Policy Update* (Billings, Montana: Planning and Community Services Dept., 2008) 6.

23. Ibid.

Figure 15: Sister Houses in Tract 3.0



Here the plan identifies the issue as “There is a serious lack of affordable housing for low to moderate income households.”²⁴

It then sets up a policy, “Enable the development of affordable housing in appropriate areas throughout the City and County.” Nine actions follow:

1. Define Affordable Housing versus Workforce Housing in subdivision and zoning regulations.
2. Direct staff to evaluate the alternatives available for affordable housing and bring them to the governing bodies for consideration.
3. Provide incentives for affordable housing projects by reducing infrastructure and permitting requirements where appropriate.
4. Identify and rezone appropriate areas for new manufactured home parks with strict design standards.
5. Develop Downtown housing strategies.
6. Encourage mixed use developments, specifically in the downtown with commercial offices and retail on the ground floor and apartments above.
7. Support the City’s Affordable Housing strategies by training code enforcement, police, and County Health personnel on housing rehabilitation and home buyer assistance programs.
8. Ensure that multi-family units are compatible with surrounding land use.

24. Ibid. 210.

9. Continue County's involvement with the various community groups to support strategies to develop and maintain affordable housing, provide equal housing opportunity and to revitalize neighborhoods.²⁵

Also in the implementation strategies of the land use element is a policy that recognizes the need for a greater variety of housing types that are affordable to households with modest incomes.

Policy I: Preserve neighborhood integrity by creating neighborhood plans that specifically address land use issues.

1. When funding sources become available, develop more neighborhood plans that:
 - a. Make recommendations for land use that may include areas suitable for multi-family housing, manufactured home parks, condominiums and basement apartments
 - f. Make recommendations for the maintenance and use of neighborhood schools
 - g. Support a full range of housing opportunities²⁶

All of these items can be used to affirmatively further fair housing except for maintaining the use of neighborhood schools. As discussed beginning on page 95, children from poor and low-income households have higher academic achievement levels in schools where most of their classmates come from middle-class homes.²⁷ Billings has several extensive concentrations of lower-income housing that, under the neighborhood school policy, have student bodies that reflect the income of the surrounding area, i.e. attendance zone. Maintaining these concentrations through a neighborhood school policy maintains the cycle of poverty and permanency of the underclass by making upward mobility out of poverty much more difficult and unlikely.

The plan, however, is quite clear that it views neighborhood schools as a core community anchor when it states the issue: "Maintenance of existing K-12 school facilities and planning for new schools is critically important to maintaining existing communities built around the neighborhood school concept and fostering new communities surrounding school sites."²⁸

The plan sets as a policy, "Establish a process for coordination of ongoing City/County, neighborhood, and school planning efforts." Two of the implementation directions suggest that the concerns raised in this analysis of impediments about concentrating low-income students can be considered:

Provide the school district and the public information about the direct and indirect costs and impacts to the community when considering school siting decisions (i.e. Infrastructure development and improvement costs, community health costs, transportation costs, etc.)

25. Ibid.

26. Ibid. 206.

27. One well-regarded practical study suggests that no more than a fifth of the students in a classroom should be from lower-income households. See the analysis beginning on page 95.

28. Ibid. 235.

Educate local government officials on the impacts of school siting on development²⁹

These direct and indirect costs should include the higher costs to taxpayers and society of continuing to concentrate pupils from lower-income households in classrooms where most of the children are from lower-income households.³⁰

The plan's "planning and programming tools" show that officials are aware that the city could acquire land for the development of affordable housing:

Land acquisition programs involve a jurisdiction or organization purchasing land usually for some public benefit. Some communities and organizations have used this tool *to purchase land to be used for affordable housing development*; others have used it to purchase property for its open space or agricultural value.³¹

Elsewhere the plan shows insight into the problems poverty and low incomes produce. The plan identifies a "lack of living wage jobs" as an issue and establishes a goal to "increase the median income of households and individuals."³² It identifies the issue "poor housing and lack of living wage jobs puts the health of residents at risk," sets the goal of "adequate affordable housing and living wage options for all citizens," and specifies objectives to "reduce poverty related health issues" and "provide service workers more options for housing and basic needs."³³

Elsewhere in the plan, the implementation strategies in the "Community Health Element" identify the same issue "Poor housing and lack of living wage jobs puts the health of residents at risk" and sets a policy to "increase the amount of affordable housing and availability of jobs that pay a living wage." Strategies include:

1. Enable the development of affordable housing, particularly near work centers and existing neighborhood schools, by providing development incentives.
2. Make recommendations for land use that may include rehabilitation and redevelopment.
3. Attract businesses with a minimum average annual wage equal to the living wage index.
4. Continue to improve marketing of our community to employers [*sic*] pay a living wage.³⁴

Over the years, a number of plans have been prepared for neighborhoods in and around Billings. More than half of these plans, including some for more prosperous neighborhoods, recognize the need for housing for households of modest

29. Ibid.

30. Higher dropout rates in such schools and lower academic achievement result in a lower percentage of children able to achieve upward mobility and a greater percentage of them receiving government assistance such as welfare and housing subsidies, as well as increased likelihood to engage in criminal activities due, in part, to poverty.

31. Ibid. 206. Emphasis added.

32. Ibid. 7.

33. Ibid. 16.

34. Ibid. 240.

means. This policy from the *Central–Terry Park Neighborhood Plan* is typical:

“Encourage a variety of housing types, including housing to meet the needs of low to moderate income residents, the elderly, apartment dwellers and the average family.”³⁵

The plan for impoverished South Billings recognizes the flip side, the need to attract housing for households with mid- and higher level income” than is typical in South Billings.³⁶

The Southside Neighborhood Plan is particularly insightful regarding its goal to provide “affordable housing choices to low and moderate income residents.” It sets an objective “To provide a percentage of affordable housing units within any major subdivision development” and recommends the action of studying “the feasibility of developing a set-aside program through the City of Billings Subdivision Regulations that requires a minimum percentage of the development be for affordable housing.”³⁷

Many of these neighborhood plans also recognize the need for housing that the elderly and people with disabilities can afford.

Conclusions

The *Yellowstone County and City of Billings 2008 Growth Policy Update* and most of the neighborhood plans reveal that officials recognize the need for housing affordable to people of modest means throughout the city. These plans, however, do not directly address the intense concentrations of minorities and concomitant concentrations of lower-income households. They do not present a comprehensive approach to reducing the intensity of these concentrations by enabling the construction of housing affordable to households of modest means in the better off parts of Billings and adjacent Yellowstone County.

By continuing to depend on neighborhood schools, the *Yellowstone County and City of Billings 2008 Growth Policy Update* essentially recommends continuing a policy that keeps children from lower-income households in a cycle that obstructs their ability to achieve upward mobility. While not strictly an impediment to fair housing choice, continuation of this policy without modification to reduce the concentrations of low-income students can only intensify and grow the permanent underclass in Yellowstone County, and especially in Billings. Modifications to the neighborhood school policy are needed if this cycle is to be broken and the opportunity for upward mobility fully enabled.³⁸

The sustained involvement of the community is vital for successfully modifying these neighborhood school policies to mitigate these concentrations.

35. Central–Terry Park Neighborhood Yellow Stone County Board of Planning, *Central–Terry Park Neighborhood Plan* (Billings, MT: Yellowstone County Board of Planning, 1999) 9.

36. Planning & Community Services Department, *Urban Renewal Plan for the South Billings Boulevard Urban Renewal Area* (Billings, MT: Planning & Community Services Department, 2008) 18.

37. Planning & Community Services Department, *The Southside Neighborhood Plan* (Billings, MT: Planning & Community Services Department, Jan. 2008) 18.

38. These concerns are discussed in more depth in Chapter 4 beginning on page 95.

Chapter 4

Status of Fair Housing in Billings

Private Sector Compliance Issues

Fair Housing Complaints and Studies

Complaints of discrimination in housing based on the nation's Fair Housing Act can be filed with the U.S. Department of Housing and Urban Development as well as the Montana Human Rights Bureau. Complaints can be brought to Montana Fair Housing which can assist with investigating and filing a formal complaint with either of these two government entities.

In addition to the federal classes of race, color, religion, national origin, disability, familial status, and sex, the Montana Human Rights Act prohibits discrimination in housing based on three additional classifications:¹

- ◆ Age
- ◆ Creed
- ◆ Marital Status

Complaints based on these classes can be filed with the Montana Human Rights Bureau and Montana Fair Housing.

As shown in the table that follows, 98 percent of the allegations of housing discrimination in Billings reported to Montana Fair Housing during the 2007–2011 study period involved rental housing. More than a third of all complaints were for people with disabilities with half as many based on familial status. Fifteen percent were based on race and 13 percent on national origin. No complaints were filed based on creed or color.

Montana Fair Housing mediates far more complaints than it actually files. The most frequent complaints involve reasonable accommodation and modification issues that generally require quick resolution. Consequently the number of complaints filed understates the actual number of housing discrimination complaints brought to Montana Fair Housing.²

Allegations of housing discrimination reported to Montana Fair Housing that

1. Mont. Code Ann. §49-2-305 (2011).
2. Email from Pam Bean, Executive Director, Montana Fair Housing, to Daniel Lauber, Planning/Communications (Sept. 5, 2012, 9:35 p.m. CST) (confidential communication).

involved property in Billings included:³

- ▶ An architect wanted to know about the design and construction requirements for a multi-family complex covered by the Fair Housing Act. He stated that the owner of the complex wanted to build the complex with only one end unit that complied with these provisions. Montana Fair Housing suggested the architect review the Fair Housing Amendments Act of 1988, the Montana Human Rights Act, and construction provisions available on the organization's website.
- ▶ A landlord refused to allow a tenant with a disability to have an assistance animal. The landlord allegedly denied permission because "the person needing the animal would be in school and therefore didn't really need it." Montana Fair Housing was able to get the landlord to make a reasonable accommodation to allow the assistance animal.

Table 13: Housing Discrimination Allegations in Billings Reported to Montana Fair Housing: 2007–2011

| Housing Discrimination Allegations in Billings Reported to Montana Fair Housing: 2007–2011 | | | | | | |
|--|-----------------|-------------|------------|------------|----------|-----------|
| Basis of Allegation | All Allegations | | Rental | | Sales | |
| | Number | Percent | Number | Percent | Number | Percent |
| Color | 0 | 0% | 0 | 0% | 0 | 0% |
| Disability | 47 | 35% | 46 | 34% | 1 | 1% |
| Familial Status | 23 | 17% | 22 | 16% | 1 | 1% |
| National Origin | 18 | 13% | 18 | 13% | 0 | 0% |
| Race | 20 | 15% | 19 | 14% | 1 | 1% |
| Religion | 3 | 2% | 3 | 2% | 0 | 0% |
| Sex | 12 | 9% | 12 | 9% | 0 | 0% |
| Age | 8 | 6% | 8 | 6% | 0 | 0% |
| Creed | 0 | 0% | 0 | 0% | 0 | 0% |
| Marital Status | 5 | 4% | 5 | 4% | 0 | 0% |
| TOTAL | 136 | 100% | 133 | 98% | 3 | 2% |

Some allegations included more than one category. Percentages are of the total number of allegations.

Source: Montana Fair Housing.

- ▶ A landlord was allegedly harassing a household due to the number of children in the household and because a household member had a disability. The landlord also allegedly asked what the religion of the household practiced. The household moved from the site and did not

3. Montana Fair Housing provided these descriptions which have been edited for this study.

pursue an administrative complaint.

- ▶ A tenant with a disability that restricted his mobility asked his landlord to replace the linoleum floor in his unit because his disability limited his ability to maneuver on the existing defective floor. The landlord, whose property receives federal funding, questioned the “reasonableness” of the request. The landlord agreed to install new flooring following mediation by Montana Fair Housing.
- ▶ An African American tenant reported that the landlord told him, “I thought you were different from the rest of them.” The tenant moved from the site and did not pursue a fair housing complaint.
- ▶ The only Black family living in a mobile home park was told by the park’s owner “the husband and the kids have to go.” The owner offered to pay to move the family out of the mobile home park.
- ▶ After being assaulted by a member of her household, the victim received an eviction notice due to the disturbance. The landlord dropped his eviction proceedings after being given a Violence Against Women Act packet provided by Montana Fair Housing.
- ▶ A tenant requested an accommodation for an assistance animal, a cat. The landlord agreed to allow the animal, but only after increasing the security deposit and monthly rent. Montana Fair Housing help file an administrative complaint after attempts to mediate the complaint failed.

The state’s Human Rights Bureau routinely provides the most detailed information about fair housing complaints filed in Montana. In addition to identifying the basis of each complaint, the bureau also identifies the issues and effectively specifies the ownership or rental tenure of the housing at issue. All of the housing discrimination complaints that involving housing in Billings filed with the Montana Human Rights Bureau were for rentals.

As with the complaints filed with Montana Fair Housing, the most frequently named basis of housing discrimination complaints was disability. The second most common basis was “association/relationship,” a basis none of the other two entities reported. Race and familial status were the third and fourth most frequent bases for a housing discrimination complaint.

Whatever the basis of the complaints, the issue in a third of them had to do with the terms and conditions offered to the prospective tenant, particularly for renters with a disability or members of a racial minority.

Table 14: Billings Fair Housing Complaints Filed With Montana Human Rights Bureau: 2007–2011

| Billings Fair Housing Complaints Filed with Montana Human Rights Bureau: 2007 – 2011 | | | | | | | | | | | | |
|--|--------------------------------|-------------|-----------|------------|------------|------------|--------------------------|------------|----------------------|------------|-----------|------------|
| Basis of Complaint | All Complaints (All Rental) | | Issues | | | | | | | | | |
| | | | Exclusion | | Harassment | | Reasonable Accommodation | | Terms and Conditions | | Other | |
| | # | % | # | % | # | % | # | % | # | % | # | % |
| Association / Relationship | 9 | 20% | 3 | 7% | 2 | 4% | 2 | 4% | 0 | 0% | 5 | 11% |
| Color | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Disability | 16 | 36% | 1 | 2% | 0 | 0% | 8 | 18% | 6 | 13% | 4 | 9% |
| Familial Status | 7 | 16% | 4 | 9% | 0 | 0% | 0 | 0% | 1 | 2% | 2 | 4% |
| National Origin | 1 | 2% | 0 | 0% | 1 | 2% | 0 | 0% | 0 | 0% | 1 | 2% |
| Race | 8 | 18% | 0 | 0% | 2 | 4% | 0 | 0% | 6 | 13% | 1 | 2% |
| Religion | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Retaliation | 4 | 9% | 0 | 0% | 1 | 2% | 1 | 2% | 2 | 4% | 1 | 2% |
| Sex | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Age | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Creed | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Marital Status | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| TOTAL | 45 | 100% | 8 | 18% | 6 | 13% | 11 | 24% | 15 | 33% | 14 | 31% |

Some complaints include more than one basis. Percentages are based on the total number of bases of complaints.

Source: Montana Human Rights Bureau.

Half of the complaints based on disability involved a landlord's failure to make a reasonable accommodation. Overall, failure to make a reasonable accommodation was an issue in nearly a fourth of the complaints.

As noted earlier, the U.S. Department of Housing and Urban Development (HUD) investigates only charges of housing discrimination based on the federal fair housing statute and *not* the three additional classes protected under Montana state law.

HUD provides a very brief description of each complaint that enables us to identify the specific discriminatory issue as well as the protected class in each complaint filed with the federal government. Unlike the complaints filed with the state and with Montana Fair Housing, the most frequently cited protected class was familial status with disability the second more frequently cited.

Table 15: Billings Fair Housing Complaints Filed With the U.S. Department of Housing and Urban Development: 2007–2011

| Billings Fair Housing Complaints Filed with the U.S. Department of Housing and Urban Development: 2007 – 2011 | | | | | | | | |
|---|----------------|-------------|----------|------------|----------|-----------|----------------|------------|
| Basis of Complaint | All Complaints | | Rental | | Sales | | Not Identified | |
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Not Identified | 3 | 14% | 2 | 10% | 0 | 0% | 1 | 5% |
| Color | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Disability | 5 | 24% | 2 | 10% | 0 | 0% | 3 | 14% |
| Familial Status | 8 | 38% | 2 | 10% | 0 | 0% | 6 | 29% |
| National Origin | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Race | 3 | 14% | 1 | 5% | 0 | 0% | 2 | 10% |
| Religion | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Sex | 2 | 10% | 0 | 0% | 0 | 0% | 2 | 10% |
| Total of Classes Only | 21 | 100% | 7 | 33% | 0 | 0% | 14 | 67% |
| Issue: | | | | | | | | |
| Advertising, Statements | 3 | 14% | 0 | 0% | 0 | 0% | 3 | 14% |
| Coercion | 2 | 10% | 0 | 0% | 0 | 0% | 2 | 10% |
| Discriminatory Terms, Conditions | 7 | 33% | 2 | 10% | 0 | 0% | 5 | 24% |
| Failure to Make Reasonable Accommodation | 2 | 10% | 0 | 0% | 0 | 0% | 2 | 10% |
| Otherwise Deny or Make Unavailable | 1 | 5% | 0 | 0% | 0 | 0% | 1 | 5% |
| Refusal to Rent | 6 | 29% | 6 | 29% | 0 | 0% | 0 | 0% |
| TOTAL of Issues Only | 21 | 100% | 8 | 38% | 0 | 0% | 13 | 62% |

Some complaints included more than one basis and/or class. Percentages are of the total number of classes or specifics.

Source: U.S. Department of Housing and Urban Development.

Discriminatory terms and conditions were the most frequent issue at stake with a refusal to rent close behind.

HUD's reporting system does not specifically identify whether a complaint involved rental or ownership housing. However, we were able to identify the type of tenancy in some complaints from the short descriptions HUD provides. Analysts of HUD's data could better understand the circumstances under which housing discrimination takes place if HUD were to routinely report whether a complaint involves a rental or "ownership" residence.

Montana has an aging population of people who were engaged in farming, ranching, mining, and other occupations that take a toll on the body which may account for why "disability" is such a common basis for fair housing complaints in Billings.⁴

4. Interview with Pam Bean, Executive Director, Montana Fair Housing In Billings, MT (Oct. 17, 2012) and email from Pam Bean, Executive Director, Montana Fair Housing, to Daniel Lauber, Planning/Communications (Sept. 5, 2012, 11:28 a.m. CST) (confidential communication).

Testing for Housing Discrimination

Testing to identify housing discrimination typically involves the use of matched pairs: one a member of a protected class (race, national origin, gender, familial status, disability, religion, etc.) and the other a member of the group that has historically enjoyed the most choices in housing, a Caucasian. Each member of a testing pair is assigned similar characteristics relevant to renting or buying a home: income, credit history, job, etc. The only difference is the characteristic being tested such as race, gender, or familial status. Each member of the pair visits the rental agent or landlord, sometimes on the same day or within 24 hours of each other — although tests are conducted further apart when needed. This approach enables differential treatment to be identified. Testers are carefully trained and systematically debriefed.

During 2007–2011, Montana Fair Housing focused its testing in Billings for housing discrimination entirely on rentals. Twenty-two of the tests addressed disabilities, seven familial status, two age, and one marital status. Tests were conducted in the course of investigating fair housing complaints brought to the organization. Montana Fair Housing does not release the results of these tests.

Montana Fair Housing started a random testing project throughout Montana that focused on familial status and national origin.⁵ Results of this systemic testing program will not be compiled for public distribution.

Testing can reveal the actual extent of housing discrimination which is well known to be more pervasive than the number of fair housing complaints actually filed suggests. Prior to the study period, U.S. Department of Housing and Urban Development had testing conducted in Billings and two other Montana cities found extensive discrimination directed against American Indian renters.⁶ Fifty of the 121 tests conducted in Montana were in Billings.

The primary means of discriminating against Native American renters in Montana was denying them information about the advertised rental and other available dwellings. Landlords and rental agents told white testers about the availability of units similar to the advertised unit two and a half times more frequently than they told American Indians. They told Caucasians about additional available units more than three times as often as they told Native Americans. The study found that white renters in Montana's metropolitan housing markets were consistently favored over the American Indian counterparts in 28.6 percent of tests.⁷ The study concluded that Native Americans may be more likely than African Americans, Latinos, or Asians and Pacific Islanders to be denied access to available rental housing in metropolitan areas.⁸

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5. Email from Pam Bean, Executive Director, Montana Fair Housing, to Daniel Lauber, Planning/Communications (Sept. 5, 2012, 9:35 p.m. CST) (confidential communication).
 6. M. Turner and S. Ross, *Discrimination in Metropolitan Housing Markets*: Phase 3, (Washington, DC: U.S. Department of Housing and Urban Development, Sept. 2003) iii. Montana Fair Housing conducted the actual testing within Montana.
 7. Ibid. 3–3.
 8. Ibid. 4–1.

Housing Discrimination Lawsuits Against Billings

No fair housing lawsuits were filed against the City of Billings during the 2007–2011 study period. In 2008, the city and the Rimrock Foundation settled its lawsuit stemming from federal and state fair housing complaints.⁹ Rimrock Foundation had sought approval through special review to build a structure to provide intensive residential care for 16 people in recovery on the same property where Rimrock already operated a halfway house for nine men in recovery. Two blocks away, Rimrock operates a residential treatment facility for eight people and sober-living quarters for 12 more.¹⁰ While the city had valid concerns about creating a *de facto* social service district due to the resulting intense concentration of community residences and related facilities in the immediate area, Montana law and the city’s own zoning undermined the city’s legal position. As explained beginning on page 76, the city’s definition of “family” places no cap on the number of unrelated people allowed to occupy a dwelling — which effectively makes anything that can pass for a community residence for people with disabilities a permitted use in all residential districts.

The settlement, which required the city to pay Rimrock \$400,000, granted permission to Rimrock to build its facility. However, rather than serving 16 women in recovery, the agreement allowed initially for eight women.

Incidents of Hate Crimes

A hate crime, or “bias crime,” is a criminal offense committed against a person, property, or society that is partially or wholly motivated by the offender’s bias against the victim’s race, religion, disability, sexual orientation, and/or ethnicity or national origin.

It has long been known that most hate crimes are not reported to the police.¹¹ The percentage of hate crimes reported to the police has actually declined in recent years. Nationally, 46 percent of hate crimes were reported to police during 2003–2006. From 2007 through 2011, the percentage reported fell to 35 percent.¹² Given these national figures, it is very likely that the number of hate crimes reported in Billings is just one-third of the number that were committed.

As shown in the table below, during the study period hate crimes were reported in Billings in 2008 and 2011. Six of the seven hate crimes were motivated by race; the seventh by sexual orientation.

9. *Rimrock Foundation v. City of Billings, et al.*, Cause Number: CV 06–162–BLG–CSO.

10. This is the cluster of community residences north of Alpha House shown on the map on page 81.

11. From 2000 through 2003, just 44 percent of hate crimes were reported to the police Caroline Wolf Harlow, “Hate Crime Reported by Victims and Police” in *Bureau of Justice Statistics Special report* (Nov. 2005) 4.

12. Nathan Sandholtz, Lynn Langton, and Michael Planty, *Hate Crime Victimization, 2003–2011* (Washington, DC: U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, March 2013) 5. Available at <http://bjs.gov/index.cfm?ty=pbdetail&iid=4614>.

Table 16: Reported Hate Crimes in Billings: 2007–2011

| Reported Hate Crimes in Billings: 2007–2011 | | | | | |
|---|--------------------------------|-------------------------|--------------------------|--|---|
| Year in Which Hate Crime Was Committed | Bias Motivation for Hate Crime | Victim's Characteristic | Suspect's Characteristic | Underlying Crime | Resolution or Disposition |
| 2008 | Race | White | Unknown | Hate Motivated Intimidation (threats made in an anonymous letter following a media interview of the victim regarding Martin Luther King Day activities) | Unknown suspect; no charges filed |
| 2011 | Race | Middle Eastern | Unknown | Hate Motivated Intimidation (threats made in an anonymous letter to the victim following publication of the victim's letter to the editor) | Unknown suspect; no charges filed |
| 2011 | Race | Black | White | Hate Motivated Intimidation (suspect threatened victim with racially motivated derogatory language that gave the victim reasonable apprehension the suspect would cause him bodily harm) | Suspect arrested on hate motivated intimidation (assault subsection) charge |
| 2011 | Race | White | Unknown | Hate Motivated Intimidation (vandalism to victim's motorhome which was spray painted with several racially motivated derogatory comments) | Unknown suspect; no charges filed |
| 2011 | Race | Black | White | Hate Motivated Intimidation (suspect threatened victim with racially motivated derogatory language that give the victim reasonable apprehension the suspect would cause the victim bodily harm.) | Suspect arrested on hate motivated intimidation (assault subsection) charge |
| 2011 | Race | White | Unknown | Hate Motivated Intimidation (threats made in an anonymous letter to the victim which included a two year old clipping of the wedding announcement of the victim's son and daughter-in-law who is Asian.) | Unknown suspect; no charges filed |
| 2011 | Sexual orientation | Gay | Unknown | Hate Motivated Intimidation (suspect threatened victim with derogatory language regarding the victim's sexual orientation which gave the victim reasonable apprehension the suspect would cause him bodily harm) | No charges filed, per victim's request |

Source: Becky Shay, Crime Analyst, City of Billings Police Department, October 2012.

All seven hate crimes consisted of “hate motivated intimidation.” Victims were of a variety of races and sexual orientations. The hate crime in which the victim's motor home was spray painted with derogatory racial comments might also have constituted a fair housing violation.

Home Mortgage Lending Practices

Issuance of Home Mortgage Loans

Discrimination by private sector lenders based largely on race and Latino ethnicity has been one of the barriers to fair housing choice throughout the nation for more than half a century. Around the country, these practices have led to minorities, especially African Americans and, usually to a lesser extent, Hispanics, being denied home loans much more frequently than Caucasians, and being approved at substantially lower rates.

Figure 16: Duplex in Southeast Corner of Billings



The Home Mortgage Disclosure Act requires lenders to report the race, ethnicity, and income of applicants for mortgage loans and how the applications were resolved: whether a mortgage was issued or denied as well as whether the applicant did not accept an approved mortgage, withdrew his application, or the application was closed as incomplete.

Roughly half of the home mortgage applications in Billings and its Metropolitan Statistical Area for 2010 and 2011 were for FHA, FSA/RHS, and VA loans.¹³ The analysis that follows presents the data for conventional home mortgage

13. These acronyms refer to the agency that guarantees the loan. FHA is the Federal Housing Administration. FSA/RHS stands for Farm Service Agency / Rural Housing Service. VA means Veterans Administration.

loans separately from FHA, FSA/RHS, and VA home mortgage loans because the rates of approval and denial can differ between the two classifications of home purchase loans.

Metropolitan Statistical Area

Data for the Metropolitan Statistical Area in which Billings sits provides some perspective to better understand the loan data for Billings.

Table 17: Results of Applications for Conventional Home Purchase Mortgage Applications in the Billings Metropolitan Statistical Area: 2010–2011

| Results of Applications for Conventional Home Purchase Mortgages in the Billings Metropolitan Statistical Area: 2010–2011 | | | | | | | | | | |
|---|--------------------|---------------|----------------|-----------------------|---------------|----------------|------------|-------------------|-------------------|--------------------|
| Reporting Year: 2011 | | | | | | | | | | |
| Race/Ethnicity | Total Applications | Number Issued | Percent Issued | Approved Not Accepted | Number Denied | Percent Denied | Withdrawn | Percent Withdrawn | Closed Incomplete | Percent Incomplete |
| Hispanic of Any Race | 7 | 6 | 85.7% | 0 | 1 | 14.3% | 0 | 0.0% | 0 | 0.0% |
| American Indian or Alaskan Eskimo | 8 | 6 | 75.0% | 0 | 1 | 12.5% | 1 | 12.5% | 0 | 0.0% |
| Asian | 1 | 1 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| African American | 1 | 1 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Native Hawaiian / Pacific Islander | 2 | 1 | 50.0% | 0 | 1 | 50.0% | 0 | 0.0% | 0 | 0.0% |
| White (non-Hispanic) | 1068 | 823 | 77.1% | 34 | 97 | 9.1% | 107 | 10.0% | 7 | 0.7% |
| Race Unknown | 26 | 15 | 57.7% | 4 | 4 | 15.4% | 2 | 7.7% | 1 | 3.8% |
| Multiple Races | 0 | 0 | — | 0 | 0 | — | 0 | — | 0 | — |
| Total | 1113 | 853 | 76.6% | 38 | 104 | 9.3% | 110 | 9.9% | 8 | 0.7% |
| Reporting Year: 2010 | | | | | | | | | | |
| Race/Ethnicity | Total Applications | Number Issued | Percent Issued | Approved Not Accepted | Number Denied | Percent Denied | Withdrawn | Percent Withdrawn | Closed Incomplete | Percent Incomplete |
| Hispanic of Any Race | 13 | 10 | 76.9% | 1 | 0 | 0.0% | 2 | 15.4% | 0 | 0.0% |
| American Indian or Alaskan | 13 | 10 | 76.9% | 1 | 2 | 15.4% | 0 | 0.0% | 0 | 0.0% |
| Asian | 2 | 1 | 50.0% | 0 | 1 | 50.0% | 0 | 0.0% | 0 | 0.0% |
| African American | 1 | 0 | 0.0% | 0 | 1 | 100.0% | 0 | 0.0% | 0 | 0.0% |
| Native Hawaiian / Pacific Islander | 1 | 1 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| White (non-Hispanic) | 1014 | 794 | 78.3% | 58 | 87 | 8.6% | 64 | 6.3% | 11 | 1.1% |
| Race Unknown | 27 | 17 | 63.0% | 2 | 7 | 25.9% | 1 | 3.7% | 0 | 0.0% |
| Multiple Races | 0 | 0 | — | 0 | 0 | — | 0 | — | 0 | — |
| Total | 1071 | 833 | 77.8% | 62 | 98 | 9.2% | 67 | 6.3% | 11 | 1.0% |

Source: Home Mortgage Disclosure Act Table 4–2 for Billings, Montana MSA.

As with so much of the data for Billings and its Metropolitan Statistical Area, it is often impossible to arrive at conclusions regarding some protected classes because there are so few members of those classes in the city and its surrounding area. For example, the entire Metropolitan Statistical Area saw just one application in 2010–2011 for a conventional home purchase mortgage by African Americans and just three each by Asians and by Native Hawaiians or Pacific Islanders. That's just too small a number to arrive at any conclusions regarding whether members of these classes are encountering discrimination in the issuance of these loans.

The number of applications by Hispanics of any race and American Indians (so few American Eskimos live in Billings that we will refer solely to American Indians in this study) were in single digits in 2011 while 13 of each group applied in 2010. Their approval rates were extremely similar to those of non-Hispanic whites (94.7 percent in 2010 and 95.8 percent in 2011).

As the table that follows shows, a slightly greater number and proportion of “minorities” applied for FHA, FSA/RHS, and VA home purchase mortgages than conventional home purchase loans. Caucasians submitted 92.7 percent of the applications for conventional home purchase mortgages in 2010 and 91.7 percent in 2011 compared to 94.7 percent in 2010 and 95.8 percent in 2011.

Table 18: Results of Applications for FHA, FSA/RHS, and VA Home Purchase Mortgages in the Billings Metropolitan Statistical Area: 2010–2011

| Results of Applications for FHA, FSA/RHS, and VA Home Purchase Mortgages in the Billings Metropolitan Statistical Area: 2010–2011 | | | | | | | | | | |
|---|--------------------|---------------|----------------|-----------------------|---------------|----------------|-----------|-------------------|-------------------|--------------------|
| Reporting Year: 2011 | | | | | | | | | | |
| Race/Ethnicity | Total Applications | Number Issued | Percent Issued | Approved Not Accepted | Number Denied | Percent Denied | Withdrawn | Percent Withdrawn | Closed Incomplete | Percent Incomplete |
| Hispanic of Any Race | 18 | 10 | 55.6% | 1 | 5 | 27.8% | 2 | 11.1% | 0 | 0.0% |
| American Indian or Alaskan Eskimo | 25 | 21 | 84.0% | 0 | 2 | 8.0% | 2 | 8.0% | 0 | 0.0% |
| Asian | 8 | 6 | 75.0% | 0 | 2 | 25.0% | 0 | 0.0% | 0 | 0.0% |
| African American | 4 | 4 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Native Hawaiian / Pacific Islander | 0 | 0 | — | 0 | 0 | — | 0 | — | 0 | — |
| White (non-Hispanic) | 967 | 761 | 78.7% | 24 | 84 | 8.7% | 93 | 9.6% | 5 | 0.5% |
| Multiple Races | 23 | 20 | 87.0% | 0 | 1 | 4.3% | 2 | 8.7% | 0 | 0.0% |
| Race Unknown | 10 | 5 | 50.0% | 0 | 2 | 20.0% | 0 | 0.0% | 0 | 0.0% |
| Total | 1,055 | 827 | 78.4% | 25 | 96 | 9.1% | 99 | 9.4% | 5 | 0.5% |
| Reporting Year: 2010 | | | | | | | | | | |
| Race/Ethnicity | Total Applications | Number Issued | Percent Issued | Approved Not Accepted | Number Denied | Percent Denied | Withdrawn | Percent Withdrawn | Closed Incomplete | Percent Incomplete |
| Hispanic of Any Race | 18 | 11 | 61.1% | 0 | 6 | 33.3% | 1 | 5.6% | 0 | 0.0% |
| American Indian or Alaskan | 20 | 13 | 65.0% | 3 | 3 | 15.0% | 1 | 5.0% | 0 | 0.0% |
| Asian | 2 | 2 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| African American | 3 | 3 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Native Hawaiian / Pacific Islander | 3 | 3 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| White (non-Hispanic) | 1,140 | 907 | 79.6% | 58 | 86 | 7.5% | 86 | 7.5% | 3 | 0.3% |
| Multiple Races | 22 | 19 | 86.4% | 0 | 1 | 4.5% | 1 | 4.5% | 1 | 4.5% |
| Race Unknown | 22 | 14 | 63.6% | 3 | 3 | 13.6% | 1 | 4.5% | 1 | 4.5% |
| Total | 1,230 | 972 | 79.0% | 64 | 99 | 8.0% | 90 | 7.3% | 5 | 0.4% |

Source: Home Mortgage Disclosure Act Table 4–1 for Billings, Montana MSA.

Unlike applications for conventional purchase loans, some patterns emerge. In 2011, the denial rates for Hispanics of any race and Asians were roughly three times that of non-Hispanic whites while the denial rate for American Indians was a tiny bit lower. In 2010, the denial rate for Latinos of any race was more than four times greater than for non-Latino Caucasians. The applications from both Asian applicants, all three African Americans applicants, and all three Native Hawaiians/Pacific Islanders applicants were all approved.

The number of applications submitted in 2010 and 2011 by members of the other “minority” groups was too small to arrive at any conclusions regarding possible discrimination in the metropolitan statistical area.

City of Billings

Within the City of Billings, non-Hispanic Caucasians submitted 94.3 percent of the applications for conventional home purchase mortgages in 2010 and 97.2 percent in 2011. In 2010, non-Hispanic white households comprised 91.8 percent of the city’s households and 90.8 percent in 2011.

Table 19: Results of Applications for Conventional Home Purchase Mortgages in the City of Billings: 2010–2011

| Results of Applications for Conventional Home Purchase Mortgages in the City of Billings: 2010–2011 | | | | | | | | | | |
|---|--------------------|---------------|----------------|-----------------------|---------------|----------------|-----------|-------------------|-------------------|--------------------|
| Reporting Year: 2011 | | | | | | | | | | |
| Race/Ethnicity | Total Applications | Number Issued | Percent Issued | Approved Not Accepted | Number Denied | Percent Denied | Withdrawn | Percent Withdrawn | Closed Incomplete | Percent Incomplete |
| Hispanic of Any Race | 2 | 2 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| American Indian or Alaskan Eskimo | 5 | 3 | 60.0% | 0 | 1 | 20.0% | 1 | 20.0% | 0 | 0.0% |
| Asian | 1 | 1 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| African American | 1 | 1 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Native Hawaiian / Pacific Islander | 0 | 0 | — | — | — | — | — | — | — | — |
| White (non-Hispanic) | 620 | 495 | 79.8% | 17 | 38 | 6.1% | 65 | 10.5% | 5 | 0.8% |
| Race Unknown | 9 | 5 | 55.6% | 1 | 1 | 11.1% | 1 | 11.1% | 1 | 11.1% |
| Multiple Races | 0 | 0 | — | 0 | 0 | — | 0 | — | 0 | — |
| All Men | 458 | 359 | 78.4% | 14 | 29 | 6.3% | 51 | 11.1% | 5 | 1.1% |
| All Women | 174 | 146 | 83.9% | 3 | 10 | 5.7% | 15 | 8.6% | 0 | 0.0% |
| Gender not known | 6 | 2 | 33.3% | 1 | 1 | 16.7% | 1 | 16.7% | 1 | 16.7% |
| Total | 638 | 507 | 79.5% | 18 | 40 | 6.3% | 67 | 10.5% | 6 | 0.9% |
| Reporting Year: 2010 | | | | | | | | | | |
| Race/Ethnicity | Total Applications | Number Issued | Percent Issued | Approved Not Accepted | Number Denied | Percent Denied | Withdrawn | Percent Withdrawn | Closed Incomplete | Percent Incomplete |
| Hispanic of Any Race | 8 | 6 | 75.0% | 1 | 0 | 0.0% | 1 | 12.5% | 0 | 0.0% |
| American Indian or Alaskan Eskimo | 8 | 6 | 75.0% | 1 | 1 | 12.5% | 0 | 0.0% | 0 | 0.0% |
| Asian | 2 | 1 | 50.0% | 0 | 1 | 50.0% | 0 | 0.0% | 0 | 0.0% |
| African American | 0 | 0 | — | 0 | 0 | — | 0 | — | 0 | — |
| Native Hawaiian / Pacific Islander | 0 | 0 | — | 0 | 0 | — | 0 | — | 0 | — |
| White (non-Hispanic) | 548 | 437 | 79.7% | 32 | 38 | 6.9% | 35 | 6.4% | 6 | 1.1% |
| Race Unknown | 15 | 11 | 73.3% | 0 | 4 | 26.7% | 0 | 0.0% | 0 | 0.0% |
| Multiple Races | 0 | 0 | — | 0 | 0 | — | 0 | — | 0 | — |
| All Men | 389 | 312 | 80.2% | 22 | 25 | 6.4% | 27 | 6.9% | 3 | 0.8% |
| All Women | 182 | 140 | 76.9% | 12 | 18 | 9.9% | 9 | 4.9% | 3 | 1.6% |
| Gender not known | 10 | 9 | 90.0% | 0 | 1 | 10.0% | 0 | 0.0% | 0 | 0.0% |
| Total | 581 | 461 | 79.3% | 34 | 44 | 7.6% | 36 | 6.2% | 6 | 1.0% |

Source: Home Mortgage Disclosure Act Table 4–2 for the City of Billings, Montana. Data compiled by Reinvestment Partners. To prevent double counting, the “Total” rows do not include gender.

The lower proportion of “minorities” applying for conventional home purchase mortgages *may* be due to their lower median household incomes than non-Latino white households. Certainly the extremely low rate of homeownership among American Indians contributes significantly to this lower rate.

The homeownership rate among Native Americans in Billings is far below that of the general population. In 2010, 63.6 percent of Billings residences were owner occupied.¹⁴ In contrast, just 35 percent of American Indian households owned a home in 2010. This figure is a huge 58 percent increase from 1990 when just 22.1 percent owned a home.¹⁵ This 13 point increase over 20 years is a very substantial increment and has not happened in a vacuum. For example, working closely with the city, Billings Partners for American Indian Homeownership has conducted nine home buyer education classes at the Bureau of Indian Affairs in just the past three years. While much more needs to be done to raise the rate of homeownership among American Indians to levels comparable to other “minority” groups, this rate of increase is about as great a rate as could be expected.

The data for the City of Billings include loan applications by gender. In 2010, a higher percentage of mortgages was issued for men than women while in 2011, the reverse was true. The data do not suggest any discriminatory lending practices based on gender.

Denial rates varied by income level, albeit differently in 2010 and 2011. In 2010, the denial rates were highest for low-income (16 percent) and moderate-income (11 percent) applicants while the denial rate ranged from one to four percent for other income levels.¹⁶ In 2011, denial rates ranged from four to seven percent, except for middle income applicants who were denied 13 percent of the time.

A more microscopic review of the 2010 and 2011 data did not reveal any differences between the various racial and ethnic groups in the reasons for denial. The number of minority applicants is simply too minuscule for any patterns to appear.¹⁷ The most commonly-cited reasons for denial of all applicants in 2011 were inadequate collateral and too high a debt-to-income ratio. In 2010 credit history was a third principle reason for denial.¹⁸

In both 2010 and 2011, minorities were more dependent on FHA, FSA/RHS, and VA home purchase mortgages than conventional mortgages. Minorities constituted a greater proportion of applications for FHA, FSA/RHS, and VA home purchase mortgages than they did for conventional mortgages. In 2010, minorities submitted 7.2 percent of the applications compared to 5.7 percent of the applications for conventional mortgages. In 2011, they submitted 7.8 percent compared to 3.6 percent of the applications for conventional mortgages. In 2010,

14. Table QT-H3: “Household Population and Household Type by Tenure: 2010, *U.S. Census Summary File 1*.

15. Data compiled by economist Samuel Young, PD&R Economic Market Area Analysis Division, U.S. Department of Housing and Urban Development, Denver Regional Office, reported in Brenda Beckett, *Affirmatively Furthering Fair Housing – Billings CAPER Reports* (Billings, MT: Community Development Division, Sept. 2012) 6.

16. The income ranges used are “Low Income,” defined as less than 50 percent of the Metropolitan Statistical Area’s (MSA) median household income; “Moderate Income,” defined as 50 to 79.9 percent of the MSA’s median household income; “Middle Income,” which is set at 50 to 99 percent; “Upper Middle Income,” designated as 100 to 119 percent; and “Upper Income,” defined as 120 percent and more of the MSA’s median income.

17. For conventional purchase mortgages, we examined HMDA tables 5–2, 7–2, and 8–2. These are included on the DVD of data archived with the city’s Community Development Division in the Excel file entitled “Billings Montana HMDA Conventional 2010–2011.xlsx.”

18. The tables are just too large to be readable in print. The spreadsheet is entitled “Billings Montana HMDA Conventional 2010–2011.xlsx.” See the worksheets for tables 5–2, 7–2, and 8–2. The spreadsheet is available from Billings’ Community Development Division.

minority households comprised 8.2 percent of the city's households and 9.2 percent in 2011.

While the total number of applications from Latinos for FHA and related mortgages was still relatively small, 2.3% and 2% in 2010 and 2011 respectively, those figures were greater than the 1.4 and 0.3 percent for conventional loans in those years. The picture was similar for the other “minority” groups.

For all minorities except Latinos, denial rates over the two years were fairly similar to those of non-Latino Caucasians. However, 35.3 and 21.4 percent of the applications submitted by Hispanics of any race were denied in 2010 and 2011— significantly higher than the 6.7 and 7.1 percent denial rates for non-Hispanic whites.

Table 20: Results of Applications for FHA, FSA/RHS, and VA Home Purchase Mortgages in Billings: 2010–2011

| Results of Applications for FHA, FSA/RHS, and VA Home Purchase Mortgages in the City of Billings: 2010–2011 | | | | | | | | | | |
|---|--------------------|---------------|----------------|-----------------------|---------------|----------------|-----------|-------------------|-------------------|--------------------|
| Reporting Year: 2011 | | | | | | | | | | |
| Race/Ethnicity | Total Applications | Number Issued | Percent Issued | Approved Not Accepted | Number Denied | Percent Denied | Withdrawn | Percent Withdrawn | Closed Incomplete | Percent Incomplete |
| Hispanic of Any Race | 14 | 9 | 64.3% | 0 | 3 | 21.4% | 2 | 14.3% | 0 | 0.0% |
| American Indian or Alaskan Eskimo | 19 | 16 | 84.2% | 0 | 2 | 10.5% | 1 | 5.3% | 0 | 0.0% |
| Asian | 8 | 6 | 75.0% | 0 | 2 | 25.0% | 0 | 0.0% | 0 | 0.0% |
| African American | 6 | 6 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Native Hawaiian / Pacific Islander | 0 | — | — | — | — | — | 0 | — | 0 | — |
| White (non-Hispanic) | 635 | 518 | 81.6% | 13 | 45 | 7.1% | 56 | 8.8% | 3 | 0.5% |
| Race Unknown | 7 | 3 | 42.9% | 0 | 1 | 14.3% | 2 | 28.6% | 1 | 14.3% |
| Multiple Races | 0 | — | — | — | — | — | — | — | — | — |
| All Men | 482 | 387 | 80.3% | 11 | 38 | 7.9% | 43 | 8.9% | 3 | 0.6% |
| All Women | 199 | 166 | 83.4% | 2 | 15 | 7.5% | 16 | 8.0% | 0 | 0.0% |
| Gender not known | 8 | 5 | 62.5% | 0 | 0 | 0.0% | 2 | 25.0% | 1 | 12.5% |
| Total | 689 | 558 | 81.0% | 13 | 53 | 7.7% | 61 | 8.9% | 4 | 0.6% |
| Reporting Year: 2010 | | | | | | | | | | |
| Race/Ethnicity | Total Applications | Number Issued | Percent Issued | Approved Not Accepted | Number Denied | Percent Denied | Withdrawn | Percent Withdrawn | Closed Incomplete | Percent Incomplete |
| Hispanic of Any Race | 17 | 11 | 64.7% | 0 | 6 | 35.3% | 0 | 0.0% | 0 | 0.0% |
| American Indian or Alaskan Eskimo | 13 | 11 | 84.6% | 1 | 1 | 7.7% | 0 | 0.0% | 0 | 0.0% |
| Asian | 1 | 1 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| African American | 5 | 5 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Native Hawaiian / Pacific Islander | 4 | 4 | 100.0% | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| White (non-Hispanic) | 700 | 570 | 81.4% | 32 | 47 | 6.7% | 49 | 7.0% | 2 | 0.3% |
| Race Unknown | 14 | 8 | 57.1% | 2 | 2 | 14.3% | 1 | 7.1% | 1 | 7.1% |
| Multiple Races | 0 | 0 | — | 0 | 0 | — | 0 | — | 0 | — |
| All Men | 487 | 394 | 80.9% | 23 | 37 | 7.6% | 32 | 6.6% | 1 | 0.2% |
| All Women | 261 | 212 | 81.2% | 11 | 19 | 7.3% | 18 | 6.9% | 1 | 0.4% |
| Gender not known | 6 | 4 | 66.7% | 1 | 0 | 0.0% | 0 | 0.0% | 1 | 16.7% |
| Total | 754 | 610 | 80.9% | 35 | 56 | 7.4% | 50 | 6.6% | 3 | 0.4% |

Source: Home Mortgage Disclosure Act Table 4–1 for the City of Billings, Montana. Data compiled by Reinvestment Partners. To prevent double counting, the “Total” rows do not include gender.

Denial rates varied by income level, albeit differently in 2010 and 2011. In both years, denial rates were highest for low-income applicants — 15 percent in

2010 and 12 percent in 2011. In 2010, denial rates for other income groups ranged from three to nine percent. In 2011, denial rates for other income levels ranged from five to nine percent.

However, a substantially-higher proportion of applications submitted by Hispanics than non-Latinos was denied in several income categories. In 2010, 43 percent of the applications from low-income Latino households were turned down compared to 15 percent of all applicants. While seven percent of all moderate-income applicants were denied in 2010, half of the moderate-income Hispanic applicants were denied.

In 2011, every upper-income Latino application was turned down while just six percent were denied overall. While seven percent of all applications from moderate-income households were denied, 17 percent of the applications from Hispanic households were turned down

Even though the number of applications that Latinos submitted was small, the data, taken as a whole, do suggest that Hispanics in Billings are very possibly encountering discrimination when they apply for FHA, FSA/RHS, and VA home purchase mortgages.

A more microscopical review of the 2010 and 2011 data did not reveal any differences between the various racial and ethnic groups in the *reasons* for denial. In 2011, there were slight differences among income groups in the reasons for denial. Debt to income ratio was the primary reason for denying applications from low-income households. Credit history and debt to income ratio were the principle reasons for denial of submittals from middle- and moderate-income applicants. In 2011, the most commonly-cited reasons for denial of *all* applicants, regardless of race, gender, or ethnicity, were credit history and too high of a debt-to-income ratio.¹⁹

Income differences, reasons for denial, nor any other data explain the much higher denial rates for Hispanics compared to non-Hispanic Caucasians in the income categories noted above. *Collectively, the data suggest that in Billings, the mortgage lending industry is very likely discriminating against Hispanics.*²⁰

“High Cost” Mortgage Loans

“High cost” mortgages include the sort of loans typically labeled “subprime” and/or “predatory.” They include mortgages based on higher rates, typically three percentage points or more above the yield on a comparable term treasury security. These include mortgages with variable interest rates that can skyrocket in the years after the loan is issued.

The widespread use of these high cost mortgages is part of the increase in abu-

19. The tables with these data are simply too large to be legible in print. The spreadsheet with the tables for FHA, FSA/RHS, and VA home purchase mortgages is entitled “Billings FHA 2010-2011.xlsx.” See the worksheets for tables 5-1, 7-1, and 8-1. This spreadsheet is available from the city’s Community Development Division.

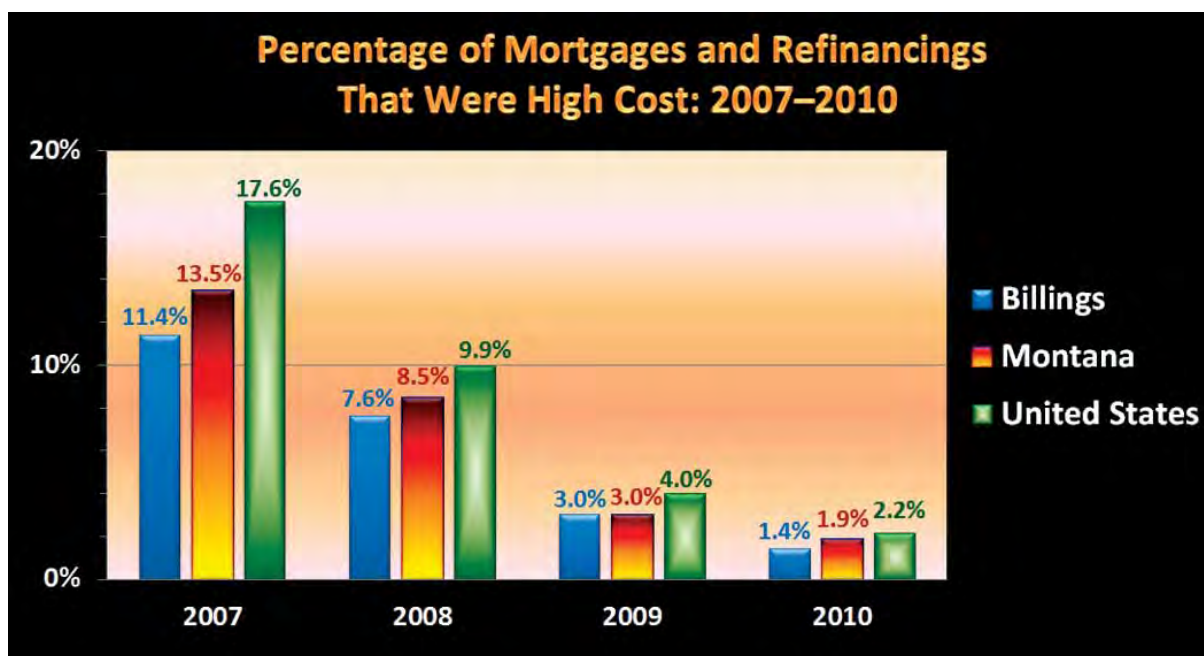
20. While the data for American Indians also leans in this direction, it is not nearly as pronounced and with such a small number applications, we are reluctant to suggest the presence of discriminatory practices toward Native Americans without stronger evidence.

sive lending practices that generated last decade's nationwide crisis for homeowners that has continued into the current decade. Their use significantly accelerated in the past decade as lenders sought to extend credit to home purchasers who had poor credit histories and a poor understanding of mortgage loans. These lenders frequently target people with minimal understanding of the terms that constitute a prime mortgage, usually seniors and minorities and poor families buying for the first time. The mortgages to which they steer these folks have abusive terms that can lead to a loss of home equity and loss of the home. These include loans with the moniker "exploding ARMs" under which an adjustable interest rate can soar substantially after two or three years unlike in the prime market where adjustable rate mortgages usually have a cap on annual increases of one or two percent and a lifetime cap of six percent.

According to research by the Center for Responsible Lending, 20 percent of high cost mortgages result in foreclosure, over eight times the rate for mortgages in the prime market. Subprime prepayment penalties and balloon payments only exacerbate the crisis.²¹

As the following figure shows, a smaller percentage of Billings and Montana residents obtained high cost mortgages and refinancings than the nation each year from 2007 through 2010, the most recent year for which data were available.

Figure 17: Percentage of Mortgages and Refinancings That Were High Cost: 2007–2010



Source: PolicyMap.com "HMDA Report" for Billings, Montana, May 2012.

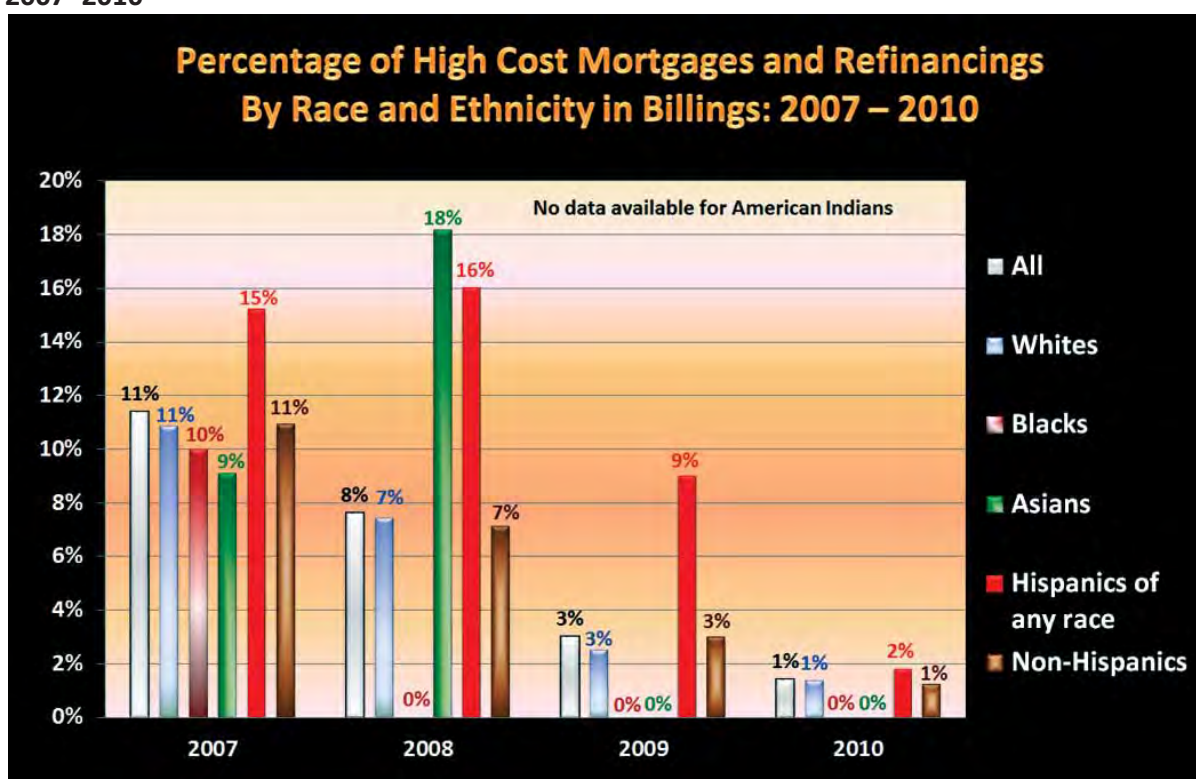
However, high cost mortgage and refinancing loans become a fair housing issue when lenders treat members of classes protected by the nation's Fair Housing Act.

21. Detailed information on the signs of a predatory loan are explained in detail online at <http://www.responsiblelending.org/mortgage-lending/tools-resources/8-signs-of-predatory-lending.html>.

ing Act differently and steer them to these loans. While lenders have placed Billings home buyers of all races into high cost mortgages, the data in the next figure show that lenders have been consistently steering Latinos to high cost loans far more frequently than any other group except Asians in 2008.

In 2007, Hispanics received high cost home loans more than a third more frequently than non-Hispanics. In 2008, this disparity soared to more than two and quarter times more frequently. In 2009, the percentage of Hispanics who received high cost loans was three times that of non-Hispanics. In 2010, it was twice that of non-Hispanics. So even though the proportion of high cost mortgages and refinancings declined from 2007 to 2010, the proportion of Hispanics receiving these price gouging loans was consistently greater than for non-Hispanics.

Figure 18: Percentage of High Cost Mortgages and Refinancings By Race and Ethnicity in Billings: 2007–2010



Source: PolicyMap.com “HMDA Report” for Billings, Montana, May 2012. The different height of bars with the same value is due to rounding to eliminate fractions of a percent on the graph.

Coupled with the Home Mortgage Disclosure Act data examined earlier, this data strongly suggest that during the study period, the lending industry almost certainly engaged in substantial discrimination against Hispanics in Billings.

Home Appraisal Practices

No studies of appraisal practices were published during the time period covered by this study.

Homeowner and Rental Insurance Industry Practices

No studies were published during the study period of the underwriting or sales practices of insurance companies that provide homeowner or rental insurance in Billings.

Real Estate Advertising

We reviewed a sample of print and online real estate advertising for this Analysis of Impediments.

This review looks at the race and ethnicity of the real estate and rental agents shown in display ads and a company's website because it's long been known that real estate agents are the gatekeepers of the neighborhoods they serve. The presence of agents of different races and ethnicities sends a clear message to potential home buyers that the firm welcomes a diverse clientele. A real estate firm with an all-white real estate agent staff — or rental management firm with only white leasing agents sends a whites-only message to home seekers. So the race or ethnicity of the agents who appear in real estate advertising can send a message to viewers that only certain races or ethnicities are welcome to buy the housing that firms sell or rent the housing the firm manages.

But in Billings the percentage of residents who are not Caucasian is extremely small. These demographics only increase the need for efforts to bring members of minority groups into the real estate sales and rental industry in Billings so that home seekers will consider the full range of housing they can afford anywhere in the city.

Print Advertising

We reviewed 405 print ads that appeared in two issues of the *Billings Gazette* as well as 58 in *The Real Estate Book*, and five in *The Billings Outpost*, all published in 2012. We did not find any print ads that were overtly discriminatory against a protected class.

"For sale" ads frequently mentioned their location in the "westend" or "highly desirable northwest."

Three ads for rentals said that Section 8 was welcome. A number of classified ads targeting seniors and people with disabilities included the fair housing logo and an accessibility logo. One ad said "No Section 8." Two ads noted that income verification was required.

In print advertising, the fair housing logo was missing in action. In both issues of the *Billings Gazette*, two display ads included the logo. None of the many large "for sale" ads included the logo or any other hint of fair housing compliance. The real estate agents whose photos were in the ads appeared to all be Caucasians. One agent's surname suggested he might be Hispanic.

In *The Real Estate Book*, five of the 20 display ads included the fair housing logo. There was no consistency even within a single company. For example, half of Re/Max's display ads included the logo. The cover of *The Real Estate Book* included the fair housing logo and "Equal Housing Opportunity" in a type size that

would challenge any member of the bifocal generation. All of the agents with photos in 20 display ads appeared to be Caucasian.

Online Advertising

We examined the websites of six real estate offices and four rental leasing and management companies. All of the real estate and rental agents pictured appeared to be white. All of the models used on online sites appeared to be white. The only nonwhite individual pictured was an Asian woman in the online recruitment brochure for Prudential Floberg Realtors.

The Coldwell Banker site was not shy about sharing information that *could* be interpreted as suspect. For example, for zip code 59106, the site says:

About 59106, Located in Yellowstone County, this neighborhood in with a population of 12145, and has shown rapid growth since 1990 with 104% population growth. Median Age 33, Married 55%, Median income \$84,063, Households with Children 38%.

That's followed by a link, "Tell me more about the neighborhood"²² which takes the viewer to this statement which is the same for every neighborhood and zip code in Billings:

This neighborhood has many of the demographic and socio-economic qualities that have been tied to the development of a good school system resulting in a high educational climate index rating.

Users can then click a link to get the names of the schools.

Mentioning median age, marital status, median income, and the percentage of households with children *could* be intended to steer certain buyers to this housing and steer others away. Without much further research well beyond the scope of this study, it is hard to say whether this language violates the Fair Housing Act.

In contrast, two companies engaged in inclusionary advertising. Tamarack Management notes when properties are wheelchair accessible and says its rental are an "affordable community."

Metro Property Management handles both sales and rentals. Their portfolio includes affordable housing produced through low-income tax credits and Section 8 project-based housing on its "About Us" page, the company notes:

We are proud participants in homeWORD: A non-profit organization that sponsors affordable low income apartments and townhouses for rent in Montana. They also help low income renters in work and financial matters. All our renters are welcome to enroll in homeWORD's programs for new home buyers and financial fitness. The homeWord project that we manage was remodeled through homeWORD to provide affordable housing rentals in downtown Billings. If

22. Since we visited these websites, some of the link language has changed and we imagine will continue to change. So the language in the links today may be a bit different than when we visited the sites.

you are interested in owning your own home someday, please ask us about this program. With the help of homeWORD, many families now own their own homes that never thought they could.

The “Fair Housing Statement” on the Coldwell Banker site exhibits all the characteristics of a court-ordered statement. The company may have been required to place that statement as part of the resolution of a fair housing complaint or lawsuit.

Figure 19: Home Built by Habitat for Humanity



The fair housing logo appeared more frequently in online ads than in print advertising. Six of the ten websites used it. Four of them displayed the logo on every web page. Seven displayed the words “fair housing” throughout their websites.

Public Sector Compliance Issues

Land-Use Controls and Building Codes

Housing for People With Disabilities

A slightly higher percentage of Billings’s civilian noninstitutionalized population has disabilities than populations of the State of Montana. The percentage in Billings, however, is nearly two percentage points higher than the nation as a whole. Among the subcategories, differences between Billings and the State of Montana are small except in two instances where the figures for Billings are sus-

pect thanks to wide margins of error caused by small sample sizes. Among children under five years old, the rate of disability is 7.2 percent, a startling difference from the 1.6 percent for the state and 0.8 percent for the nation. However, the margin of error is 6.1 percent which means the actual percentage in Billings is somewhere between 1.1 percent — more in line with the state and the nation — and 13.3 percent, even more out of line with the state and nation.

The small sample size yields a 4.2 percent rate among children aged five to 17 with a margin of error of 3.2 percent. However, since this is not so different than for the state and the nation, we can have greater confidence in this figure.

Table 21: People With Disabilities in the Billings, Montana, and United States: 2011

| Disabilities in Billings, Montana, and the United States: 2011 | | | |
|--|------------------------------|---------------|---------------|
| Population Group | Percentage With a Disability | | |
| | Billings | Montana | United States |
| Total civilian noninstitutionalized population | 14.0% | 13.3% | 12.1% |
| Under 5 years old | 7.2%* | 1.6%* | 0.8% |
| Five to 17 years old | 4.2%* | 4.4% | 5.2% |
| 18 to 64 years old | 11.5% | 11.0% | 10.2% |
| 65 years and older | 37.5% | 37.4% | 36.6% |
| American Indian and Alaska Native | Not available | 15.4% | 16.3% |
| African American | Not available | Not available | 13.9% |
| Caucasian (not Hispanic) | 13.5% | 13.2% | 12.5% |
| Asian | Not available | 6.1%* | 6.4% |
| Native Hawaiian and Other Pacific | Not available | Not available | 8.8% |
| Some other race | Not available | 24.9%* | 7.6% |
| Two or more races | Not available | 12.4% | 10.9% |
| Hispanic of any race | 17%* | 11.4% | 8.4% |

Not available = Sample too small to report. * = Very large margin of error relative to the percentage reported.
Source: Table S1810: Disability Characteristics, 2011 American Community Survey 1-Year Estimates.

However, with a 7.9 percent margin of error, the 17 percent rate among Hispanics of any race is not terribly reliable given the 11.4 percent rate for the State of Montana and 8.4 percent nationally. These figures make it difficult to draw any conclusions about the percentages of people with disabilities in Billings.

All people with disabilities are protected from housing discrimination under both federal and Montana law. As noted at the beginning of this chapter, discrimination on the basis of disability is the most common basis of fair housing complaints filed in Billings under both Montana and federal fair housing laws. The disabilities of the vast majority of Billings residents are not so severe that they are unable to live with family or on their own, with or without supportive services. For many others with more severe disabilities, the family-like supportive living arrangement of a community residence is the only way they can live in the community rather than the more restrictive and often inappropriate institutional setting.

Community Residences for People With Disabilities

Twenty-five years ago the Fair Housing Amendments Act of 1988 (FHAA) added people with disabilities to the classes protected by the nation's Fair Housing Act (FHA). The amendments recognized that many people with disabilities need a community residence (group home, halfway house, recovery community) in order to live in the community in a family-like environment rather than being forced into an inappropriate institution. The FHAA's legislative history stated that:

The Act is intended to prohibit the application of special requirements through land-use regulations, restrictive covenants, and conditional or special use permits that have the effect of limiting the ability of such individuals to live in the residence of their choice with in the community.²³

While some suggest the FHAA prohibits all zoning regulation of community residences, the FHAA's legislative history suggests otherwise:

Another method of making housing unavailable has been the application or enforcement of otherwise neutral rules and regulations on health, safety, and land-use in a manner which discriminates against people with disabilities. Such discrimination often results from false or over-protective assumptions about the needs of handicapped people, as well as unfounded fears of difficulties about the problems that their tenancies may pose. These and similar practices would be prohibited.²⁴

Many states, counties, and cities across the nation continue to base their zoning regulations for community residences on these "unfounded fears." The 1988 amendments require all levels of government to make a *reasonable accommodation* in their zoning rules and regulations to enable community residences for people with disabilities to locate in the same residential districts as any other residential use.²⁵

It is well settled that a community residence is a residential use, not a business. The Fair Housing Amendments Act of 1988 specifically invalidates restrictive covenants that would exclude community residences from a residential area. The Fair Housing Act renders them unenforceable against community residences for people with disabilities.²⁶

Typically, a city's zoning ordinance places a cap on the maximum number of unrelated people allowed to live together in a single dwelling unit.²⁷ For example, many zoning codes set four as the cap on the number of unrelated people who can reside together. In this example, community residences for more than four unrelated individuals are excluded from the residential districts where they belong.²⁸

23. H.R. Report No. 711, 100th Cong., 2d Sess. 311 (1988), reprinted in 1988 U.S.C.C.A.N. 2173.

24. Ibid.

25. 42 U.S.C. §3604(f)(B) (1988).

26. H.R. Report No. 711, 100th Cong., 2d Sess. 311 (1988), reprinted in 1988 U.S.C.C.A.N. 2173, 2184.

27. The U.S. Supreme Court sanctioned this type of restriction in *Village of Belle Terre v. Borass*, 416 U.S. 1 (1974) and later modified its ruling in *Moore v. City of East Cleveland, Ohio*, 431 U.S. 494 (1977).

28. The vast majority of community residences for people with disabilities house more than four people. While the trend for people with developmental disabilities is towards smaller group home households, valid ther-

If a proposed community residence complies with the cap in a zoning code's definition of "family," any community residence that abides with that cap must be allowed as of right as a permitted use. The courts have made it abundantly clear that imposing any additional zoning requirements on a community residence that complies with the cap in the definition of "family" would clearly constitute illegal discrimination under the Fair Housing Act.²⁹

When a definition of "family" places no limit on the number of unrelated individuals who can dwell together, then all community residences must be allowed as of right in all residential districts.³⁰

When a proposed community residence would house more unrelated people than the definition of "family" allows, jurisdictions must make the "reasonable accommodation" that the Fair Housing Act requires to allow such community residences to locate in residential districts. However, different types of community residences have dissimilar characteristics that warrant varying zoning treatment depending on the type of tenancy.

Under the Fair Housing Act as well as sound planning and zoning principles, community residences that offer a relatively permanent living arrangement in which there is no limit to how long somebody can live there (group homes and recovery communities) should be permitted uses allowed as of right in all residential districts. There is considerable debate in legal circles nationally whether a rationally-based spacing distance or a license can be required.

On the other hand, community residences such as halfway houses that set a limit on length of residency are more akin to multifamily housing and may be subject to a special use permit in single-family districts, although this too is subject to debate in legal circles. There is little doubt that they should be allowed as of right in multifamily districts although there is debate over whether a spacing distance from other community residences or a license can be required.

While a jurisdiction can certainly exclude transitional homes for people *without* disabilities from the residential districts of its choosing, the Fair Housing Act prohibits this kind of zoning treatment for halfway houses and recovery communities that house people with disabilities.³¹ The key distinction between halfway houses and recovery communities is that tenancy in the former is temporary.

apeutic and financial reasons result in community residences for people with mental illness and for people in recovery from drug and/or alcohol addiction housing eight to 12 residents.

29. For example, see *Marbrunak, Inc. v. City of Stow, Ohio*, 974 F.2d 43 (6th Cir. 1992). This case involved parents of four grown women with developmental disabilities who established a "family consortium" house as a permanent residence for their daughters with support staff in a single-family district. *Id.* at 44–45. The city tried to require a special use permit as a boarding house and tried to impose additional safety code requirements because the residents had developmental disabilities. *Id.* at 45. The court ruled that the home complied with the city's capless definition of "family" and, since no state license was required to operate it, the house must be treated the same as other residences. *Id.* at 47–48.
30. See *Oxford House–Evergreen v. City of Plainfield*, 769 F. Supp. 1329, 1341–46 (D.N.J. 1991) (invalidating the City's attempt to preclude an Oxford House from a single-family district); *Support Ministries for Persons with AIDS v. Village of Waterford*, 808 F. Supp. 120, 136–38 (N.D.N.Y. 1992) (requiring city to issue the permits sought to establish home for persons with AIDS under definition of "family" as opposed to boarding house); *Merritt v. City of Dayton*, No. C-3-91-448 (S.D. Ohio Apr. 7, 1994) (rejecting a 3000-foot spacing requirement where home met definition of "family"); *Marbrunak, Inc. v. City of Stow*, 974 F.2d 43 (6th Cir. 1992).
31. It is extremely well-settled that people with drug and/or alcohol addictions who are not currently using an illicit drug are people with disabilities under the *Fair Housing Act* and the *Americans With Disabilities*

Halfway houses impose a limit on how long residents can live there. Tenancy is measured in weeks or months.

On the other hand, residency in a recovery community is *relatively* permanent. There is no limit to how long a recovering alcoholic or drug addict who is not using can live there. Tenancy can be measured in years just as it is for conventional rental and ownership housing. Consequently, it is rational for zoning to treat recovery communities like group homes which also offer relatively permanent living arrangements and to treat halfway houses more like multifamily rental housing. Halfway houses should be allowed as of right in multifamily districts. In single-family districts, the higher scrutiny of a special use permit is warranted for a halfway house.

Figure 20: Tudor House in the Heart of Billings



Analysis of Billings' Zoning for Community Residences for People With Disabilities

Any analysis under the nation's Fair Housing Act of a city's zoning treatment of community residences for people with disabilities begins with the city's zoning definition of "family" or "household."

Billings' zoning ordinance defines "family" as:

Act. See 42 U.S.C. 3602(h) and 24 C.F.R. 100.201(a)(2). See, also, City of Edmonds v. Washington State Building Code Council, 115 S. Ct. 1776 (1995).

Any number of individuals, related by blood, marriage, adoption or other legal means, including any number of minor children in foster care, and/or **any number of unrelated persons** (including any domestic servants or caregivers) living together in a dwelling unit. The total number of persons living together in the dwelling unit cannot exceed the recommended guidelines, as amended time to time by HUD, of two (2) persons per bedroom (24 CFR Part 4, Section 982.401). A “family” is distinguished from a group occupying a boarding house, lodging house, bed and breakfast inn, fraternity/sorority house, hotel or clubhouse. (ORDINANCE 04-5292) ³²

As explained above, *because Billings’ definition of “family” allows any number of unrelated people to live together in a dwelling unit, the city cannot impose additional zoning restrictions on community residence for people with disabilities and these homes must be allowed as of right in all zoning districts where residents are allowed.* The city cannot impose any additional requirements on community residences that comply with this definition of “family” other than those imposed on the residential structure in which the home is located and imposed on all “families.” ***Community residences for people with disabilities must be treated the same as any other family.*** The Fair Housing Amendments Act establishes one circumstance in which this well-established case law does not apply, namely for community residences for people with disabilities “whose tenancy would pose a direct threat to the health or safety of other individuals.... there must be objective evidence from the person’s prior behavior that the person has committed overt acts which caused harm or which directly threatened harm.”³³ Consequently, this prohibition of additional zoning restrictions on community residences for people with disabilities does not apply to halfway houses for prison pre-parolees. Mental illness by itself does not constitute this threat.

Despite this definition of “family,” the City of Billings’ zoning land use code, however, requires “special review”³⁴ of all proposals to establish “community residential facilities serving nine or more persons” in all residential districts. It places the same requirement on all “community residential facilities not providing care on a 24 hour-a-day-basis.”³⁵ It imposes the same requirement for “rehabilitative centers”³⁶ which are community residences that house people with disabilities and sometimes people without disabilities. The zoning ordinance lists all of these uses as community residences in addition to “adult foster family care

32. *Unified Zoning Regulations, City of Billings and Yellowstone County Jurisdictional Area*, Art. 27–200 (1997). *Emphasis added.*

33. H.R. Report No. 711, 100th Cong., 2d Sess. 311 (1988), reprinted in 1988 U.S.C.C.A.N. 2173, 2189–2190.

34. “Special review” is the equivalent of a “conditional use permit” or “special use permit” in most other jurisdictions in the United States.

35. *Unified Zoning Regulations, City of Billings and Yellowstone County Jurisdictional Area*, Art. 27–305 (1997).

36. A rehabilitative center is “A use providing board and room, recreational, counseling and other rehabilitative services to individuals of either sex, who by reason of mental or physical disability, family and school adjustment problems, require specialized attention and care in order to achieve personal independence. An individual participating in a work release, or similar program, such as pre-release centers, from a state institution and under the supervision of a court, state or local agency shall be included within this definition.” *Ibid.* Art. 27–200

homes,”³⁷ “halfway houses,” “youth foster homes,” and “youth group homes.” Zoning provisions for these types of community residences that house people with disabilities who do not fall under the “threat” exception are subject to the disability provisions of the nation’s Fair Housing Act.

Due to the city’s definition of “family,” ***any of these types of community residences that house people with disabilities must be allowed as of right in all residential zoning districts, even if they house more than eight residents.*** To act otherwise would be facial discrimination under the nation’s Fair Housing Act since they comply with the city’s definition of “family.” However, a special review requirement applied to any of these that are occupied by people without disabilities or people with disabilities subject to the “threat” exemption does not violate the Fair Housing Act’s protections for people with disabilities.

As detailed in Chapter 5, the City of Billings needs to revise its zoning provisions for community residences for people with disabilities to comply with the nation’s Fair Housing Act.

However, in Montana, the nation’s Fair Housing Act is not the sole law that determines the validity of a jurisdiction’s zoning treatment of community residences occupied by people with disabilities. Montana state law also enters into the equation and needs to be analyzed here so that the remedies suggested in Chapter 5 comply with Montana state law and the state’s constitution.

Adopted in 1973, the “Towe Amendment” requires that “a community residential facility serving eight or fewer persons is considered a residential use of property for purposes of zoning if the home provides care on a 24-hour-a-day basis.”³⁸ The state law explicitly states that these homes:

...are a permitted use in all residential zones, including but not limited to residential zones for single-family dwellings. Any safety or sanitary regulation of the department of public health and human services or any other agency of the state or a political subdivision of the state that is not applicable to residential occupancies in general may not be applied to a community residential facility serving 8 or fewer persons or to a day-care home serving 12 or fewer children.³⁹

However, in the next paragraph the Towe Amendment states that:

This section may not be construed to prohibit a city or county from requiring a conditional use permit in order to maintain a home pursuant to the provisions of subsection (1) if the home is licensed by the department of public health and human services. A city or county may not require a conditional use permit in order to maintain a daycare home registered by the department of public health and hu-

37. No more than four elderly individuals or people with disabilities are allowed in an adult foster family care home. Ibid. Art. 27–200.

38. MCA 76–2–412(1). This provision also applies to a “foster home, kinship foster home, youth shelter care facility, or youth group home operated under the provisions of 52–2–621 through 52–2–623....” This provision implements Article XII, §3(3) of the Montana Constitution which states, “The legislature shall provide such economic assistance and social and rehabilitative services as may be necessary for those inhabitants who, by reason of age, infirmities, or misfortune may have need for aid of society.”

39. MCA 76–2–412.(3).

man services.⁴⁰

This provision appears to allow the special review (equivalent of a conditional use) that Billings' zoning requires. However, because federal law trumps state and local law, Billings cannot legally subject community residences for people with disabilities to special review — even though the Towe Amendment appears to allow this practice.

The two court cases actually do not shed much light on the legislature's intent. The City of Missoula brought *State ex rel. Thelen v. City of Missoula*⁴¹ to the Montana Supreme Court to test the Towe amendment as usurping local zoning powers. It is no surprise that the court ruled against the city since it is axiomatic that local police powers like zoning are conferred by the state and that the state can impose its own restrictions on local zoning powers.⁴² The court did note:

Montana's legislature having determined that the constitutional rights of the developmentally disabled to live and develop within our community structure as a family unit, rather than that they be segregated in isolated institutions, is paramount to the zoning regulations of any city it becomes our duty to recognize and implement such legislative action.⁴³

The Montana Supreme Court concluded, "Under the facts of the instant case, we uphold the legislative acts providing for community residential facilities for developmentally disabled in all residential zones, including, but not limited to, residential zones for one-family dwellings."⁴⁴ Unfortunately the decision offers no guidance as to whether a city can require a conditional use permit for community residences for people with disabilities.

The subsequent decision in *Mahrt v. City of Kalispell* offers no further guidance.⁴⁵ The City of Kalispell required a conditional use permit to establish a community residence for eight or fewer "mentally disabled adults." The court found that "despite the [state] law, the Kalispell Board of Adjustment denied the conditional use permit." In upholding the lower court's ruling against the city, the Montana Supreme Court emphatically concluded:

There is absolutely no question that in Montana a group home for eight or fewer people is a residence and may be located in any area in Montana zoned residential. Article XXI, 3 (3) of the Montana Constitution, Title 76, Ch. 2, Part 4 of Montana statutory law and case law as stated in *Thelen v. Missoula*, 168 Mont. 375, 543 P.2d 173, make it clear this is the rule in Montana. This Court will not require commu-

40. MCA 76-2-412.(4). By singling out daycare homes registered with the Department of Public Health and Human Services, the statute appears to allow a conditional use permit for other community residences according to accepted principles of statutory construction.

41. 168 Mont. 375, 543 P.2d 173 (1975)

42. In Montana, this common principle is enunciated in *Stephens v. City of Great Falls*, 119 Mont. 368, 371, 175 P.2d 408, 410 (1946), *State v. Holmes*, 100 Mont. 256, 274, 47 P.2d 624, 629 (1935), and other Montana Supreme Court decisions.

43. *Ibid.* at 177.

44. *State ex rel. Thelen v. City of Missoula*, 168 Mont. 375, 543 P.2d 173, 178 (1975.)

45. 690 P.2d 418 (1984).

nity residential facilities to repeatedly defend their well established right to locate in any residential area in Montana. The Kalispell appeal is meritless and dismissed as frivolous.⁴⁶

It appears that the court rejects the notion that a city can deny a conditional use permit for a community residence in residential districts while the court does not outlaw the requirements of a conditional use permit. Note that the court wrote that “despite the [state] law,” the city denied the conditional use permit. At no time did the court explicitly rule that requiring a conditional use permit violates the Towe Amendment or the state’s constitution.⁴⁷

However, the bottom line remains that because any number of unrelated people constitute a family under Billings’ *Unified Zoning Regulations*, the city cannot legally subject community residences for people with disabilities to a special review.

Concentrations and Clustering of Community Residences

The essence of community residences for people with disabilities includes emulating a biological family and achieving community integration. The theory underlying community residences views neighbors without disabilities as role models for the occupants of the community residences. When several community residences cluster on the same block, their proximity can undermine achieving these essential goals by making it very easy for group home residents to interact with the residents of other community residences rather than the population at large.⁴⁸

The map that follows shows the locations in Billings of community residences for people with disabilities that are licensed by the Montana Department of Public Health & Human Services.⁴⁹ Each red dot represents a single community residence for people with disabilities. Although they are not community residences for people with disabilities, the map shows the location of the 180-bed men’s pre-release center, Alpha House, and Passages, the 65-bed women’s pre-release center. There is one community residence for people with disabilities about three blocks from Alpha House and one about three blocks from Passages.

As the map shows, community residences for people with disabilities are generally scattered in nearly all of Billings. A disproportionately large number of them are located in the less expensive and lower-income neighborhoods in the city’s east end. This is not surprising since operators often cannot afford more expensive housing.

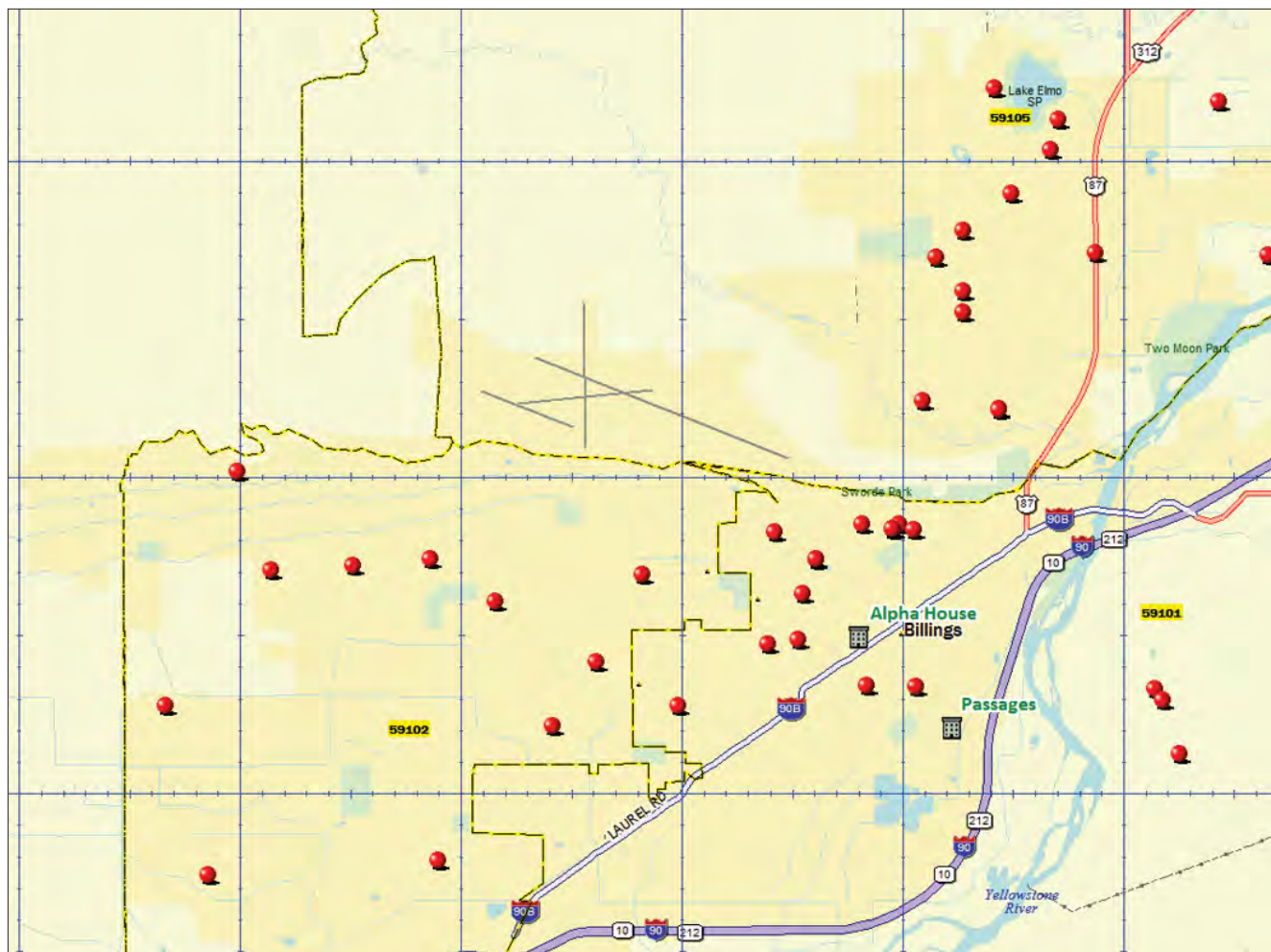
46. Ibid.

47. In a 1999 legal opinion, the city attorney for the City of Missoula concluded that these decisions meant that a “youth group home that is established within the state municipal zoning statutory definition of a community residential facility is a permitted residential use of property in all residential zones in the state of Montana.” Legal Opinion of Jim Nugent, City Attorney, City of Missoula. MT 99-028, 4 (Aug. 23, 1999).

48. See Daniel Lauber, “A Real LULU: Zoning for Group Homes and Halfway Houses Under the Fair Housing Amendments Act of 1988,” in *The John Marshall Law Review*, Vol. 29, No. 2, Winter 1996, 369, at 398-403.

49. This is the only source we could find of the location of community residences for people with disabilities. The City of Billings does not maintain any list or database of community residences.

Figure 21: Locations of Registered Community Residences in Billings: 2012



Source: Chemical Dependency Residential Halfway Houses, Community Homes for Persons with Developmental Disabilities, Mental Health Center Endorsements, Speciality Mental Health Facilities (SMH), Therapeutic Youth Group Homes (TYGH), Youth Group Homes (YGH), and Youth Shelter Care (YCS), lists of community residences for people with disabilities published by the Quality Assurance Division, Montana Department of Public Health & Human Services (2012). The three community residences in the southeast—most corner are outside Billings.

However, four community residences are clearly clustered south of Swords Park and two further east of Interstate 90. This clustering can undermine the ability of a community residence to achieve normalization and foster community integration, the two lynchpins of the community residence concept.

But overall, community residences for people with disabilities are more evenly distributed throughout Billings than in other jurisdictions we have studied over the past 40 years, probably in large part due to the city's expansive definition of "family" and zoning provisions in the city's ordinance and those of the State of Montana.

Building Codes

The zoning code is *not* the proper place to regulate the number of residents in

a community-based residential facility for people with disabilities. It is axiomatic under case law that zoning should not differentiate in its zoning treatment of community residences for people with disabilities based on the number of residents. The proper regulatory tool is the building code's occupancy standard for all residential uses that typically requires, for example, 70 square feet of space for the first occupant of a bedroom and 50 or 70 additional square feet for each additional bedroom occupant⁵⁰. It is important to stress that this standard applies to all residential uses and that it applies to community-based residential facilities for people with disabilities because they are residential uses.

Billings has not adopted a building code that includes this type of provision. Instead the city regulates occupancy via the definition of "family" in its *Unified Zoning Regulations* that specifies:

The total number of persons living together in the dwelling unit cannot exceed the recommended guidelines, as amended time to time by HUD, of two (2) persons per bedroom (24 CFR Part 4, Section 982.401⁵¹)

This appears to be a misinterpretation of a 1991 HUD memo issued to regional HUD counsel for evaluating evidence in familial status cases that involve a housing provider's occupancy policy. Many people mistakenly thought the memo established an occupancy policy which HUD would consider to be reasonable in any fair housing case.⁵² HUD's actual policy involved looking at formulae like that noted above as well as other circumstances as explained in the memo. *This two-person standard for evaluating evidence is not an appropriate substitute for rational occupancy regulations that take into account the size of a bedroom.* Inappropriately using the HUD guideline for evaluating evidence likely impedes fair housing choice by limiting the housing choices of larger households by imposing an occupancy limit that bears no rational relationship to any reasonable standard of occupancy. While this limitation may not necessarily be facially discriminatory, it likely has a disparate impact on households with children and ethnicities with larger household sizes.

Public and Subsidized Housing

The Housing Authority of Billings serves the City of Billings and a ten mile radius around the city. All of its public housing units are within Billings.

The Housing Authority of Billings owns and manages a variety of public housing developments as well as 56 single-family homes that are public housing. It also administers the Housing Choice Voucher program (formerly known as "Section 8") that enables lower-income households to rent in the private market with a rent subsidy so they spend no more than 30 to 40 percent of their monthly ad-

50. This is the standard used in the 2003 *International Property Maintenance Code* §404.4.1 as well as the model building code published by Building Officials and Code Administrators.

51. *Unified Zoning Regulations, City of Billings and Yellowstone County Jurisdictional Area*, Art. 27-200 (1997).

52. Memorandum from Frank G. Keating, HUD General Counsel, to All Regional Counsel on "Fair Housing Enforcement Policy: Occupancy Cases" (March 20, 1991) (on file with Billings Community Development Division).

justed income on rent.

Demand is high for assisted housing in Billings. As of mid-2012, there were 1,385 households on the housing authority's waiting list.⁵³

During the 2007–2011 study period no public housing was demolished and no displacement issues presented themselves.

Figure 22: Wheel–Chair Accessible First Floor Apartments at White Tail Run



Policies and Practices

Live–In Aide Policy. Like anybody else, some residents of public housing have disabilities that are so severe that they require the assistance of a live–in aide. The Billings Housing Authority defines a live–in aide as somebody who is essential to a resident's care and well–being, has no obligation to financially support the resident, and who lives in the dwelling unit only because he provides necessary supportive services.

It is not unusual for a live–in aide to have an income. Some housing authorities have counted that income as part of the income of the public housing individual or family with which the aide lives. This has resulted in the Kafkaesque situation in which the aide is treated as a member of the family and his income is counted toward the family's income — sometimes increasing the family income

53. Interoffice Memo from Jodi Clark on Waiting List, Housing Authority of Billings (July 19, 2012) (on file with author).

over the maximum allowed to live in public housing. Many housing authorities have applied this “Catch-22” when the live-in aide is a relative.

The Housing Authority of Billings has essentially adopted the federal regulations governing live-in aides. The rules of the Housing Authority of Billings explicitly state that “A live-aide is a member of the household, not of the family, and the income of the aide is *not* considered in income calculations.”⁵⁴

A relative who meets all the criteria that define a live-in aide may be approved as a live-in aide. A live-in aide who is a relative, however, is *not* considered to be a member of the resident family and would not be treated as a “remaining member of a tenant family.”

Overall, the rules governing live-in aides are accommodating and supportive in accord with the *Fair Housing Act*.

Figure 23: Public Housing in Census Tract 3.0



Pro-Integrative Site Policy. We asked the Housing Authority of Billings to provide us with any explicit or implicit policies it has to locate scattered site public housing or establish public housing developments so they support racial and/or socio-economic integration. The authority has not identified any such policies.

Accessibility of Public Housing. Section 504 of the Rehabilitation Act of 1973 requires that at least five percent of public housing units must be wheelchair accessible. In 2011, 5.8 percent of the public housing units under the aegis of the Billings Housing Authority was fully accessible.⁵⁵

Housing Discrimination Complaints and Lawsuits. No fair housing lawsuits against the Housing Authority of Billings were filed during the study period. In 2011, an individual who had been a public housing tenant in 2001 sought to file a fair housing complaint against the authority and the State of Montana, but the statute of limitations had expired long ago.⁵⁶

54. 24 CFR 5.609(b). Emphasis added.

55. Email from Lucy Brown, Executive Director, Housing Authority of Billings, to Daniel Lauber, Planning/Communications (August 30, 2012, 4:30 p.m. CST) (on file with author).

56. Email from Lucy Brown, Executive Director, Housing Authority of Billings, to Daniel Lauber, Planning/Communications (August 30, 2012, 5 p.m. CST) (on file with author).

Public Housing

Given the sheer number of Caucasians in Billings' and the lower median income for Native Americans, the demographic composition of Billings' low-income public housing is not unexpected.

Native Americans comprised 4.4 percent of Billings' population in 2010 while Latinos of any race constituted 5.2 percent. Asians and Blacks were 0.7 and 0.8 percent respectively. Just 1.5 percent of the population was "some other race" and 2.9 percent "two or more races."

While the median income of Hispanic households is 26 percent higher than Native American households as shown in the figure on page 102, the proportion of public housing residents who are Native Americans is nearly ten times greater than the proportion who are Hispanic. This contrasts with a much smaller 2.6 percentage point difference in the proportions of Housing Choice Voucher households that are Latino and that are American Indians, as shown in the table on page 92.

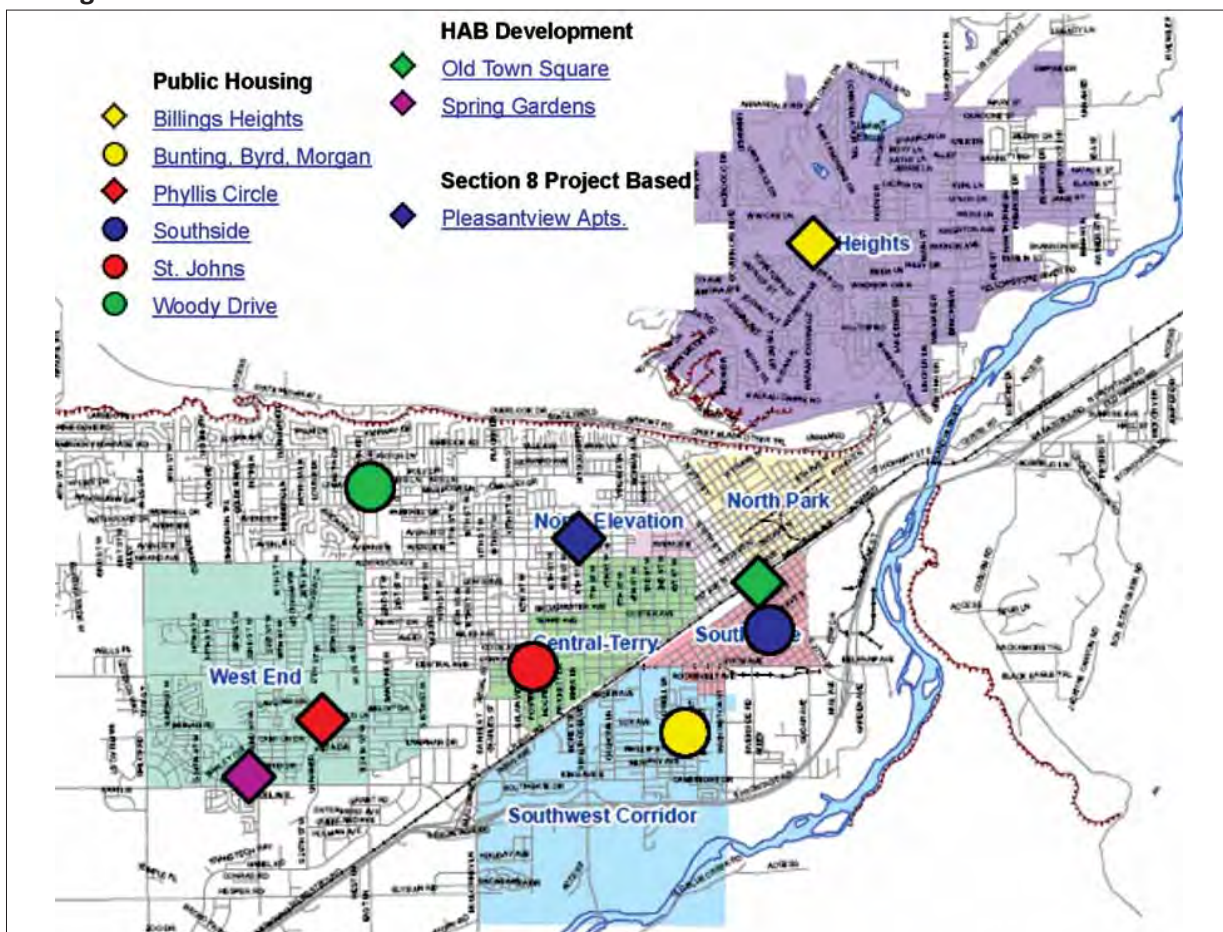
Table 22: Racial and Latino Composition of Heads of Households in Billings Low-Income Public Housing: 2012

| Racial and Latino Composition of Heads of Households in Billings Low-Income Public Housing: 2012 | | |
|--|------------|----------------|
| Race or Ethnicity | Number | Percentage |
| White | 163 | 61.05% |
| Native American / Alaska Native | 92 | 34.46% |
| African American | 7 | 2.62% |
| Asian | 1 | 0.37% |
| Two or more races | 0 | 0.00% |
| Some other race | 4 | 1.50% |
| Latino of any race | 10 | 3.75% |
| Total Households | 267 | 100.00% |

Source: Housing Authority of Billings. "Latino of any race" not included in "Total Households" to avoid counting Latinos twice.

The map below shows the locations of the Housing Authority of Billings' multi-family developments. By being scattered throughout the city — unlike so many other cities we have seen — the locations of these developments *generally* help to foster economic and racial integration and affirmatively further fair housing choice.

Figure 24: Locations of Public Housing Developments and Section 8 Project-Based Housing in Billings



Source: City of Billings.

The table on page 89 gives the racial and Latino composition of each of these developments as well as scattered site single-family homes and the Shelter Plus Care residences. The highlighted cells indicate unusually high proportions of a racial or ethnic group living in the particular housing development.

While American Indians comprise half of the 36 households living in Billings Heights Public Housing, their presence at that location contributes to the diversity of the northeast corner of the city. Located in the Heights area, these one and two story apartments make the blocks they are on 13.7 to 21.3 percent minority compared to the 5.5 to 13.6 percent minority composition of the surrounding blocks. The MET Transit bus route is a few blocks away.

Native Americans constitute 45 percent of the 40 households that live in the Bunting, Bryd, Morgan Public Housing in Billings' Southwest Corridor. Within one block of the MET Transit route, these include single-family homes on Morgan Street and townhouses on Bunting. Also included are townhouses on Byrd Street within blocks of the MET Transit route. Located in the city's South Side where the percentage of minority residents on each block ranges from 21.4 to 37.1 percent, this public housing intensifies this concentration of minorities.

The nearby Southside Public Housing consists of scattered clusters of different style townhouses in this same area with a substantial minority concentration. Three in ten Southside households are American Indian, 63.27 percent are white, four are Latino, and there is one household each that is African American, Asian, and “some other race.” Located on blocks that are 21.4 to 37.1 percent minority, it too intensifies this concentration of minorities albeit not as much as the Bunting, Bryd, Morgan Public Housing development does.

In the same area with the concentration of minorities is the “HAB Development” called Old Town Square which the housing authority created in conjunction with the St. Vincent Foundation and the HOME program to provide housing affordable to households with income at or below 50 percent of the Yellowstone County median income. The occupants of the eight two-bedroom multi-family units are a racially- and ethnically-diverse group in the midst of blocks that are 21.4 to 37.1 percent minority. A bus route runs past Old Town Square.

The other “HAB Development” targeting the same income group as Old Town Square is Spring Gardens located in the southwest corner of Billings’ West End. One-fourth of its 16 households are Native American, 68.75 percent are Caucasian, and there is one Asian household and one Hispanic household. Spring Gardens promotes diversity in the West End neighborhood in which it is located. Blocks in this neighborhood have a minority population ranging from 1.2 to 8.5 percent.

Figure 25: Multifamily Public Housing



Several blocks northeast is Phyllis Circle Public Housing which offers one-bedroom apartments to people with disabilities and the elderly. Nearly 93 percent of its 28 households are white. There are three minority households, one of which is American Indian, one African American, and one Hispanic. The blocks surrounding Phyllis Circle range from 5.5 to 21.3 percent minority. Phyllis Circle contributes to the diversity of the area.

Further north toward Rimrock Road is Woody Drive Public Housing. Native Americans live in 34.21 percent of its 38 townhouses, Caucasians occupy 61.16 percent, and there is one African American household and two Latino households. It appears that Woody Drive brings some diversity to its immediate neighborhood which is surrounded by blocks that are just 1.2 to 5.4 percent minority.

To the southeast in the heart of Billings are the Section 8 Project-Based Pleasantview Apartments that offer 101 apartments to low-income elderly people. Ten percent of the units in this three-level elevator complex are reserved for non-elderly people with disabilities. Eight of the 90 one-bedroom units and two of the 11 two-bedroom apartments are handicapped accessible. There is a MET city bus stop within 200 feet of the front door. Nearly 96 percent of the households are white. There is one Native American, three African American, and four Latino household. Pleasantview Apartments do not appear to foster diversity in the low-minority area that surrounds it.

Figure 26: Older Public Housing



St. Johns Public Housing is at the west end of Central-Terry. Forty-five percent of its households are American Indian and 45 percent are Caucasian. There is one Hispanic household and two households that are “some other race.” The minority composition of the blocks around it range from 5.5 to 37.1 percent. St. Johns appears to intensify the concentration of minorities on its block and east of it while contributing to diversity to the blocks north and west of it.

The composition of the 56 scattered-site public housing single-family homes is 66.07 percent white, 32.14 percent American Indian, 1.79 percent Black, and 1.79 percent Hispanic of any race.

Table 23: Racial and Latino Composition of Heads of Households in Project-Based Housing: 2012

| Racial and Latino Composition of Heads of Households in Project-Based Housing: 2012 | | | | | | | | |
|---|--------------------------|---------------------------------|------------------|-------|-------------------|-----------------|--------------------|----------------|
| Development | Race or Latino Ethnicity | | | | | | | |
| | White | Native American / Alaska Native | African American | Asian | Two or More Races | Some Other Race | Latino of Any Race | All Households |
| Totals for All Project-Based Housing in This Table | | | | | | | | |
| Number | 358 | 109 | 14 | 2 | 1 | 6 | 26 | 490 |
| Percentage | 73.06% | 22.24% | 2.86% | 0.41% | 0.20% | 1.22% | 5.31% | 100% |
| Pleasant View Apartments Project-Based Section 8 | | | | | | | | |
| Number | 93 | 1 | 3 | 0 | 0 | 0 | 4 | 97 |
| Percentage | 95.88% | 1.03% | 3.09% | 0.00% | 0.00% | 0.00% | 4.12% | 100% |
| Whitetail Run | | | | | | | | |
| Number | 23 | 4 | 2 | 0 | 0 | 1 | 2 | 30 |
| Percentage | 76.67% | 13.33% | 6.67% | 0.00% | 0.00% | 3.33% | 6.67% | 100% |
| Billings Heights Public Housing | | | | | | | | |
| Number | 17 | 18 | 1 | 0 | 0 | 0 | 1 | 36 |
| Percentage | 47.22% | 50.00% | 2.78% | 0.00% | 0.00% | 0.00% | 2.78% | 100% |
| Bunting, Byrd, Morgan Public Housing | | | | | | | | |
| Number | 19 | 18 | 2 | 0 | 0 | 1 | 0 | 40 |
| Percentage | 47.50% | 45.00% | 5.00% | 0.00% | 0.00% | 2.50% | 0.00% | 100% |
| Phyllis Circle Public Housing | | | | | | | | |
| Number | 26 | 1 | 1 | 0 | 0 | 0 | 1 | 28 |
| Percentage | 92.86% | 3.57% | 3.57% | 0.00% | 0.00% | 0.00% | 3.57% | 100% |
| Southside Public Housing | | | | | | | | |
| Number | 31 | 15 | 1 | 1 | 0 | 1 | 4 | 49 |
| Percentage | 63.27% | 30.61% | 2.04% | 2.04% | 0.00% | 2.04% | 8.16% | 100% |
| St. Johns Public Housing | | | | | | | | |
| Number | 9 | 9 | 0 | 0 | 0 | 2 | 1 | 20 |
| Percentage | 45.00% | 45.00% | 0.00% | 0.00% | 0.00% | 10.00% | 5.00% | 100% |
| Woody Drive Public Housing | | | | | | | | |
| Number | 24 | 13 | 1 | 0 | 0 | 0 | 2 | 38 |
| Percentage | 63.16% | 34.21% | 2.63% | 0.00% | 0.00% | 0.00% | 5.26% | 100% |
| Old Town Square Development | | | | | | | | |
| Number | 6 | 1 | 0 | 0 | 1 | 0 | 3 | 8 |
| Percentage | 75.00% | 12.50% | 0.00% | 0.00% | 12.50% | 0.00% | 37.50% | 100% |
| Spring Gardens Development | | | | | | | | |
| Number | 11 | 4 | 0 | 1 | 0 | 0 | 1 | 16 |
| Percentage | 68.75% | 25.00% | 0.00% | 6.25% | 0.00% | 0.00% | 6.25% | 100% |
| Westchester Square East Development | | | | | | | | |
| Number | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 3 |
| Percentage | 66.67% | 33.33% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100% |
| Whitetail Run LIHTC Development | | | | | | | | |
| Number | 24 | 4 | 2 | 0 | 0 | 1 | 4 | 31 |
| Percentage | 77.42% | 12.90% | 6.45% | 0.00% | 0.00% | 3.23% | 12.90% | 100% |
| Public Housing Single-Family Homes | | | | | | | | |
| Number | 37 | 18 | 1 | 0 | 0 | 0 | 1 | 56 |
| Percentage | 66.07% | 32.14% | 1.79% | 0.00% | 0.00% | 0.00% | 1.79% | 100% |
| Shelter Plus Care Program | | | | | | | | |
| Number | 18 | 1 | 0 | 0 | 0 | 0 | 1 | 19 |
| Percentage | 94.74% | 5.26% | 0.00% | 0.00% | 0.00% | 0.00% | 5.26% | 100% |

Source: Housing Authority of Billings. "Latinos of Any Race" are not included in "All Households" to avoid counting Latinos twice.

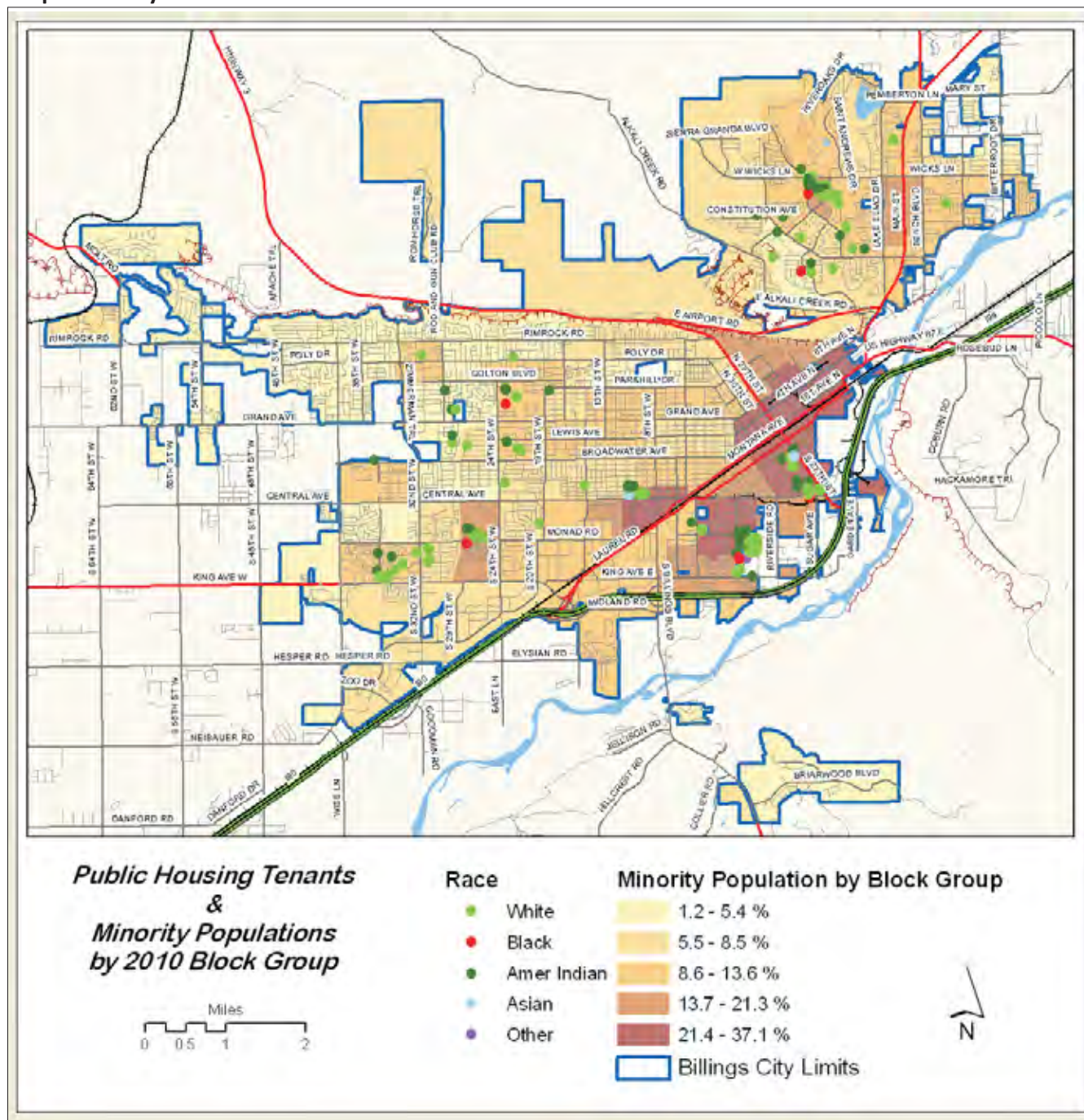
The Shelter Plus Care Program is a rental assistance program that provides housing and supportive services to people with disabilities such as chronic mental illness and chemical dependency, chronic mental illness alone, and AIDS and AIDS-related diseases. Participants pay 30 percent of their income for rent with private sector landlords with the Housing Authority of Billings picking up the rest. Participants sign up for a supportive services plan. All participants must live in Billings. Units are scattered site.

Figure 27: Modular House



Public housing — project based developments and 56 scattered single-family homes — is located in most parts of Billings. There are moderate concentrations in both the northeast and southeast corners of the city. The map below shows the race of public housing tenants on a map of the percentage of minority population by block group. The significant number of Caucasian public housing tenants in the areas with the highest proportion of minority residents helps maintain racial diversity in the midst of these concentrations of minority residents.

Figure 28: Locations of Housing Authority of Billings and Subsidiary Properties Relative to Minority Population By Race: 2010



Source: Planning & Community Services Department, City of Billings, 2012.

Subsidized Housing

The percentage of white households with a Housing Choice Voucher (80.2 percent) is one-third greater than the percentage of public housing residents who are Caucasian (61 percent) while the percentage of minorities is significantly lower (19.8 versus 38.9 percent). A far smaller proportion of voucher holders (13.7 percent) compared to public housing residents (34.5 percent) are Native American. On the flip side, 11.1 percent of the voucher holders are Latino while just 3.8 percent of the public housing residents are. Differences for other groups were minimal.

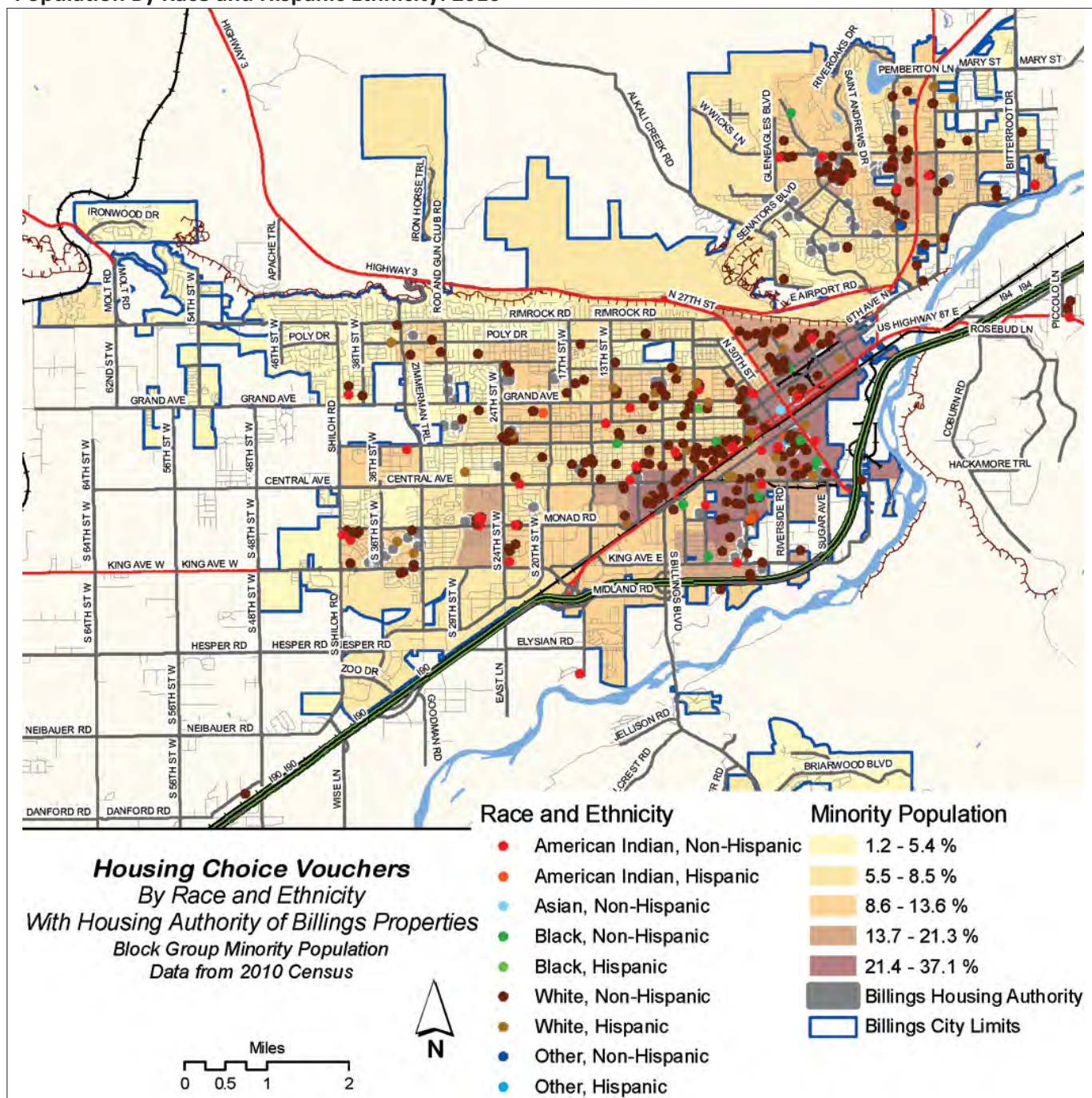
Table 24: Racial and Latino Composition of Heads of Households in Billings With a Housing Choice Voucher: 2012

| Racial and Latino Composition of Billings Heads of Households With a Housing Choice Voucher: 2012 | | |
|---|--------|------------|
| Race or Ethnicity | Number | Percentage |
| White | 462 | 80.2% |
| Native American / Alaska Native | 79 | 13.7% |
| African American | 19 | 3.3% |
| Asian | 4 | 0.7% |
| Two or more races | 0 | 0.0% |
| Some other race | 12 | 2.1% |
| Latino of any race | 64 | 11.1% |
| Total Households | 576 | 100% |

Source: Housing Authority of Billings. "Latino of any race" not included in "Total Households" to avoid counting Latinos twice.

The following figure shows where holders of Housing Choice Vouchers live as well as the location of the public housing operated by the Housing Authority of Billings overlaid on a map that shows the percentage of minority households by block group. While a healthy proportion of households receiving housing assistance are scattered throughout most of Billings, there are concentrations in the areas that are 13.7 percent or more minority, with most living on blocks that are at least 21.4 percent minority. However, most of these households are non-Hispanic Caucasian which contributes to the diversity of these neighborhoods.

Figure 29: Locations of Housing Choice Vouchers and Housing Authority Property Relative to Minority Population By Race and Hispanic Ethnicity: 2010



Source: Planning & Community Services Department, City of Billings, 2013.

Billings does not exhibit the extremely high degree of racial and ethnic segregation of households receiving housing assistance that is characteristic of all too many cities that receive Community Development Block Grants. This lesser degree of concentration in Billings may be due in large part to the relatively small proportion of the city's population that belongs to groups characterized as minority.

The Housing Authority of Billings offers prospective applicants for a Housing Choice Voucher a helpful six-panel brochure that includes a panel with a list of the classes protected by federal fair housing law.⁵⁷ It does not include the additional classes protected by the State of Montana. It tells people who think their rights have been violated to call 800/877-7353 which is the Office of Fair Housing and Equal Opportunity at the federal Department of Housing and Urban Development's regional office in Denver. The front panel of the brochure includes a large fair housing logo with the statement that "The Housing Authority of Billings does not discriminate on the basis of color, sex, religion, disability, race, familial status or national origin."

Suggestion The Housing Authority of Billings should also list the additional classes protected under Montana's Human Rights Act: age, creed, and marital status. The statement next to the fair housing logo should also include age, creed, and marital status. Rather than directing readers with a possible fair housing complaint to a federal office in Denver, the brochure should provide the name and phone number of a more local agency that can provide assistance with a possible fair housing complaint, such as Montana Fair Housing or the Fair Housing Hotline operated by the Community Housing Resource Board.

The Housing Authority of Billings also provides a six-panel brochure about portability of Housing Choice Vouchers.⁵⁸ It provides guidance for households with a Housing Choice Voucher that may wish to use that voucher in a jurisdiction other than the jurisdiction that issued the voucher. Aside from the consistent use of bureaucratic terms with which the reader may not be familiar and that make the brochure a bit difficult to comprehend, it is a helpful tool that can be used to expand housing choices and promote pro-integrative moves. It, too, includes a large fair housing logo on its front panel and the same incomplete list of protected classes as the other brochure.

Suggestion The Housing Authority of Billings should also list the additional classes protected under Montana's Human Rights Act: age, creed, and marital status. The brochure should be rewritten to eliminate the bureaucratic terminology so it is easier for voucher holders to understand.

The Housing Authority of Billings distributes a one-page sheet to potential applicants for Housing Choice Vouchers called "Advantages of Moving to Areas that are Not High Poverty Areas for Housing Choice Voucher Program Families." The sheet awkwardly pitches the advantages of using your Housing Choice Voucher to move to outside "high-poverty census tracts."

Conclusions on Assisted Housing

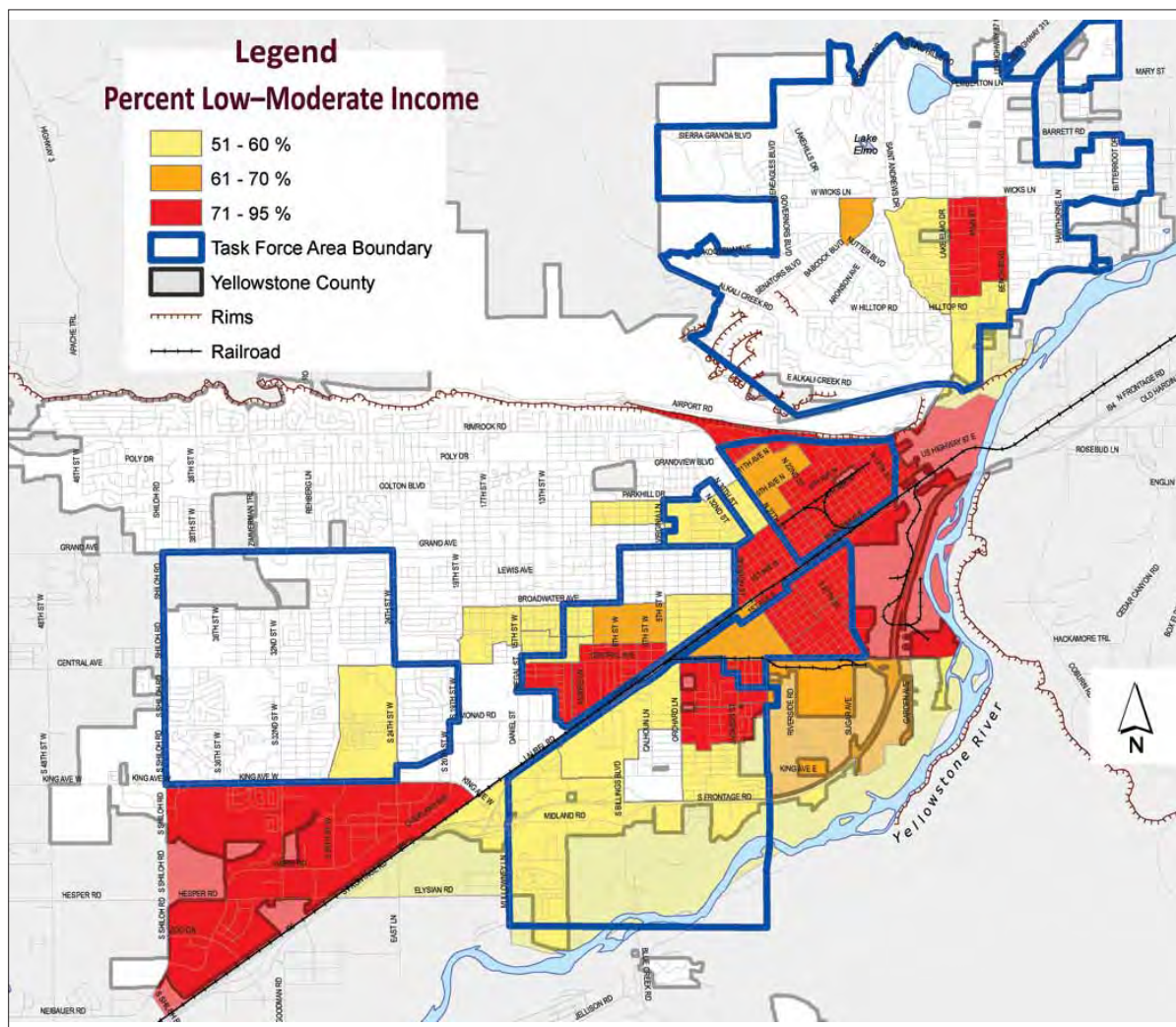
The figure that follows shows the percentage of households by block group that are low- and moderate-income. It reveals extreme concentrations of 71 to 95 percent low- and moderate income largely in the same parts of the city where

57. Housing Authority of Billings, *HAB's Section 8 Housing Choice Voucher Brochure* (undated).

58. Housing Authority of Billings, *HAB's Section 8 Housing Choice Voucher Portability Brochure* (undated).

minorities are concentrated. These are the same areas where the concentrations of public housing are located. And they are the same areas where the use of Housing Choice Vouchers is concentrated.

Figure 30: Low- and Moderate-Income Areas of Billings: 2010



The pink areas are 71 to 85% in Yellowstone County, not the City of Billings.

Source: Planning & Community Services Department, City of Billings, 2012. Based on 2010 Census Data. Low- and moderate-income estimates were prepared at the Census Bureau's Geography Summary Level "090": State-County Subdivision-Place/Remainder-Census Tract-Urban/Rural Block Group for Fiscal Year 2011.

This is the type of economic segregation that Community Development Block Grants are supposed to mitigate.⁵⁹

These concentrations of poverty — and the placement of so much assisted housing in them — have implications far beyond fair housing choice. These concentra-

59. See Chapter 2 of this report for details.

tions in schools and in housing obstruct mobility out of poverty⁶⁰ in large part by impeding the ability of the public schools to adequately educate children from poor households.

Figure 31: Two Houses Share a Single Lot on Cook Street

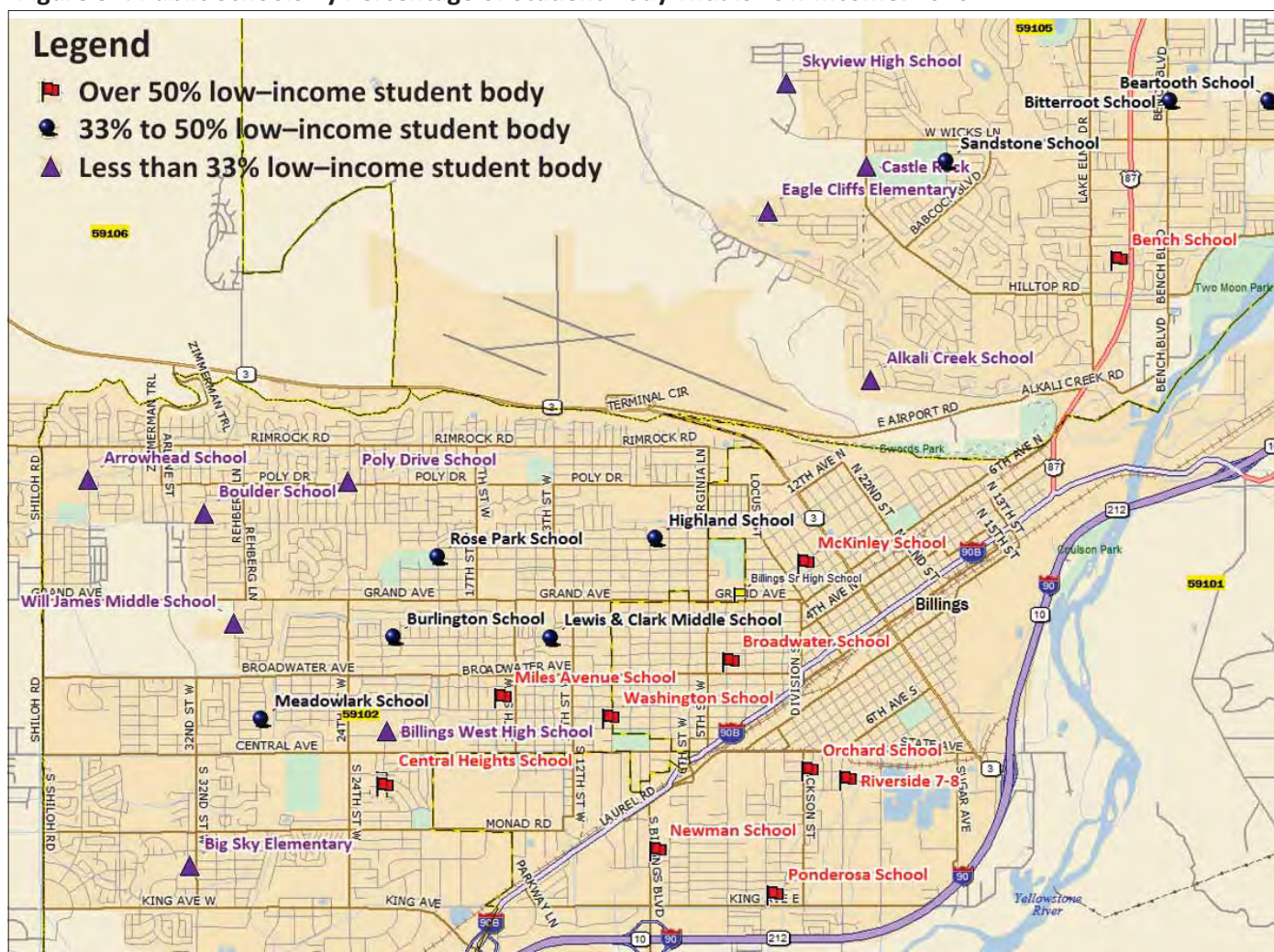


For more than 50 years, research has consistently found that concentrating children from poor households in schools harms academic performance. “One of the most consistent findings in research on education has been the powerful relationship between concentrated poverty and virtually every measure of school-level academic results.”⁶¹

*Forty years of research shows that the single most important predictor of academic achievement is the socioeconomic status of the family a child comes from, and the second most important predictor is the socioeconomic makeup of the school she attends.... All students — rich, poor, white, black, Latino, and Asian — perform significantly better in schools with strong middle-class populations than they do in high poverty schools. Virtually everything that educators talk about as desirable in a school — high standards and expectations, good teachers, active parents, a safe and orderly environment, a stable student and teacher population — are more likely to be found in economically mixed schools than in high-poverty schools.*⁶²

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60. Jewel Bellush and Murray Hausknecht, “Public Housing: The Contexts of Failure,” in *Housing Urban America*, ed. Jon Pynoos, Robert Schafer, and Chester Hartman (Chicago, IL: Aldine Publishing Company, 1967), 116.
61. Gary Orfield and Susan Eaton, *Dismantling Desegregation, The Quiet Reversal of Brown v. Board of Education* (New York: New Press, 2006) 53.
62. Richard Kahlenberg, *Rescuing Brown v. Board of Education: Profiles of Twelve School Districts Pursuing Socioeconomic School Integration* (New York: Century Foundation, 2007) 6. Emphasis added. *See also*, Gary Orfield, *Must We Bus? Segregated Schools and National Policy* (Washington DC: Brookings Institu-

Figure 32: Public Schools By Percentage of Student Body That Is Low Income: 2010



Source: October 2010 count of students eligible for free and reduced-price lunches, Montana Office of Public Instruction.

Consequently, these concentrations of poverty in housing lead to concentrations of poverty in public schools that have neighborhood-based attendance zones. In the above map, the locations of the schools with most of their pupils living in poverty coincide with the most intense concentrations of low- and moderate-income households shown on the map on page 95. The concentrations are most severe in the Billings North Park neighborhood where 94.4 percent of families live below the poverty line, Billings South with 44 percent beneath the poverty line, and Billings Southwest where 27.1 percent of families live in poverty.⁶³

Given this research from across the nation, it is no surprise that the gradua-

tion Press, 1978) 69. "Educational research suggests that the basic damage inflicted by segregated education comes not from racial concentration but the concentration of children from poor families."

63. Best Beginnings Council of Yellowstone County, 2012 *Needs Assessment: Neighborhood Analysis v. 2* (Billings, MT: Best Beginning Council of Yellowstone County, 2012) 27, 29, 31.

tion rate of “economically disadvantaged” Billings high school students was just 54.2 percent in 2011 compared to 77.6 percent for all students.⁶⁴

Evidence has been mounting that placing children from lower-income households in classes and schools where children from higher-income households comprise the majority of the student body significantly reduces the educational achievement gap and opens the door to upward mobility out of poverty. In Montgomery County, Maryland low-income pupils who attended public schools with more affluent students in the majority cut the achievement gap in mathematics in half and in reading by one third. Public housing pupils who attended schools with more affluent students out performed similarly-situated pupils who attended schools with less affluent students.⁶⁵

Even more significant was the difference in learning by the low-income children who lived in public housing located in middle- and upper-income neighborhoods compared to low-income children who lived in low-income neighborhoods and who attended low-income schools that received substantial increased resources and state of the art interventions. The children from scattered site public housing located in non-poverty neighborhoods substantially outperformed the low-income students who attended schools that with student bodies comprised mostly of low-income students. “Given the enormous influence of economic and social conditions, ameliorating the negative effects of concentrated poverty may do more to improve our schools than most or all school reform.”⁶⁶

Montgomery County illustrates how housing policy and education meet. The county achieved its economic integration of pupils from public housing families thanks to the county’s mandatory inclusionary zoning which has produced over 12,000 moderately-priced homes throughout the county. Unique to the county’s inclusionary zoning is its provision that allows the public housing authority to purchase a third of the inclusionary zoning units in each subdivision as public housing. The authority operates over 1,000 public housing and Housing Choice Voucher units in market rate apartment complexes.⁶⁷

Efforts to achieve economic integration in the classroom are growing with over 80 public school districts that serve a total of 4 million students already pursuing economic integration in their classrooms.

As this research suggests, where Housing Choice Vouchers are used and where public housing is located have far reaching effects and implications for the

64. Best Beginnings Council of Yellowstone County, *Needs Assessment* (Billings, MT: Best Beginning Council of Yellowstone County, 2012) ‘Table 6A: High School Graduation Rates.’

65. Heather Schwartz, *Housing Policy Is School Policy: Economically Integrative Housing Promotes Academic Success in Montgomery County, Maryland* (New York, NY: The Century Foundation, 2010) .

66. William Mathis, *Research-Based Options for Education Policymaking: Effective School Expenditures* (Boulder, CO: School of Education, University of Colorado Boulder, Feb. 2013) 2.

67. Heather Schwartz at 4, 6. The research also found that “academic returns from economic integration diminished as school poverty levels rose.” Children from public housing did best in schools where the proportion of students qualified for free or reduced-price meals did not exceed 20 percent. Public housing students who attended schools where as many as 35 percent of the student qualified for free or reduced-price meals performed in school as poorly as students who attended schools where 35 to 85 percent qualified for free or reduced-price meals. The precise percentage of poverty students at which academic improvement diminishes, however, can vary. While it was somewhere between 20 and 35 percent in Montgomery County, it could be at a different level elsewhere.

housing policies of the City of Billings and the Housing Authority of Billings. These are discussed in depth in Chapter 5.

Addressing Limited English Proficiency

As part of its administrative plan, the Housing Authority of Billings has adopted a three-page policy entitled “Improving Access to Services for Persons with Limited English Proficiency (LEP).”⁶⁸

The policy largely mirrors limited English proficiency guidance issued by the U.S. Department of Housing and Urban Development. The housing authority did not provide any details on how this policy has been implemented. The policy still refers to the 2003 “Notice of Guidance to Federal Assistance Recipients Regarding Title VI Prohibition Affecting Limited English Proficient Persons,” published December 19, 2003 in the *Federal Register*. Final Guidance was published January 22, 2007,⁶⁹ the Housing Authority might want to revisit the final guidance and make appropriate refinements to its policy.

Only 1.4 percent of Billings’ residents over four years old speak English less than “very well.” Of the 4.9 percent of the city’s residents who speak a language other than English, 28.3 percent speak English less than “very well.”⁷⁰ That’s 1.39 percent of the city — approximately 1,325 residents — that speaks English less than “very well.”

Suggestion Even though the federal guidance allows exceptions to its mandate to develop a written plan for people with limited proficiency in speaking English, it would be prudent for the Housing Authority of Billings to develop at least a bare bones written plan that is more specific than the federal guidelines that the authority has adopted as part of its administrative plan.

The Affordability of Housing

As the nation slowly recovers from the worst collapse in housing prices since the Great Depression, the cost of *most* ownership and rental housing remains beyond the means of *most Billings residents*.

The tables that follow show that while the median sales price of homes has stayed fairly steady from 2008 through 2011, they continue to be unaffordable to most of Billings’ population.⁷¹ Rentals still stretch tenant budgets even as rents decreased in 2011 to 2007 levels, possibly due in part to a rental vacancy rate that suddenly rose from a low 2.7 percent in 2010, 2009, and 2007 (it was 2.5 percent in 2008) to a healthier 6.3 percent in 2011.⁷²

68. The housing authority provided this policy to us in a file entitled “HAB HCV Nondiscrimination Policy–LEP Policy.pdf.” The policy appears on page numbers 2–10 through 2–12.

69. Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons; Notice, 72 *Federal Register* 2732 (Jan. 22, 2007).

70. “Language Spoken at Home,” 2007–2011 *American Community Survey 5–Year Estimates*, Table S1601.

71. Data on the actual sale prices of homes were not available for 2007.

72. Table CP04: Selected Housing Characteristics, 2011 *American Community Survey 1–Year Estimates* for

Economists and housing experts have long used the realistic standard that ownership housing is affordable when its purchase price does not exceed two and a half or three times the buyer's gross annual income.⁷³ Their other test that applies to both owner and tenant households is that housing is affordable if the household spends no more than 30 percent of its gross monthly income on housing.

These are not arbitrary figures. Spending more than 30 percent on housing, leaves a typical household less money for essentials such as food, clothing, furniture, transportation, health care, savings, and health insurance. Local businesses suffer the most from this reduction in discretionary spending money due to high housing costs. Spending more than 30 percent on housing denies monies to other sectors of the economy unless households strapped for cash go into serious debt.

Households that spend more than 30 percent of their gross monthly income on housing costs (rent; or the ownership costs of mortgage, property tax, and condominium or home owner association assessments) are considered to be "cost burdened."

In the interest of accuracy, we have used medians of home prices *based on actual home sales*. These actual sale prices are much more reliable than the very subjective median home values reported by the U.S. Census and American Community Survey. Home owners are making subjective estimates that are not as reliable as actual home sale prices, probably because relatively few home owners know the actual current value of their homes.

To make sense of the data, researchers report on median household incomes and median home values. The median is the middle. For example, half of Billings' households have incomes above the median and half below it. Half of the homes sold were priced above the median sale price and half of those sold were priced below it.

Ownership Housing

To place the data that follow in some perspective, the median sale price of single-family detached housing in Clark County, Nevada, the epicenter of the housing industry's collapse, declined 56 percent from 2006 to 2010. The median sale price of single-family detached homes in Billings fell, then rose, and fell again during the 2008 to 2011 period for which we have reliable data. The median sale price of patio homes, town homes, and condominiums rose from 2008 through 2010 before declining slightly in 2011.

The table that follows reports the estimated median household income of Billings residents in 2008 through 2011. The third column shows the maximum home price

Billings, Montana. The U.S. Department of Housing and Urban development has long reported that a vacancy rate between five and eight percent is indicative of a healthy rental market. When the vacancy rate is below five percent, it is difficult for lower-income households to find another rental; below three percent it becomes difficult for any household to find another rental.

73. For purposes of this analysis, we will err on the conservative side and use three times the median income to establish the price of an affordable house in Billings rather than two and a half times.

a median income household can afford. The next two columns show the actual median price of single-family detached homes in Billings and the minimum household income needed to afford this median-priced home for each year. The last two columns show this data for patio homes, town homes, and condominiums.

Throughout the study period, the minimum household income needed to afford a median-priced home of any type was greater than the actual median household income in Billings. The gap between actual household income and the minimum needed to buy a home was the smallest in 2008. To afford the median-priced detached single-family Billings home in 2008, a Billings household needed at least a \$61,633 income, which was 27 percent higher than the \$48,470 median household income. It needed a household income of at least \$51,967 to afford the median-priced patio home, town home, or condominium — seven percent greater than the \$48,470 actual median household income. In subsequent years, that affordability gap grew to as high as 43 percent for detached single-family homes and 23 percent for patio homes, town homes, and condominiums.

Table 25: Affordability of Ownership Housing in Billings: 2008–2011

| Affordability of Ownership Housing in Billings: 2008–2011 | | | | | | |
|---|---|--|--|---|---|--|
| Year | Estimated Median Household Income for 2008–2011 | Maximum Home Price Affordable to Median Income Household | Median Sales Price of Single-Family Detached Homes | Minimum HH Income to Afford Median Priced Single-Family Detached Home | Median Sales Price of Patio Homes, Town Homes, and Condominiums | Minimum HH Income to Afford Median Priced Patio Home, Town Home, and Condominium |
| 2011 | \$43,347 | \$130,041 | \$184,875 | \$61,625 | \$160,000 | \$53,333 |
| 2010 | \$43,807 | \$131,421 | \$187,900 | \$62,633 | \$161,000 | \$53,667 |
| 2009 | \$45,957 | \$137,871 | \$180,000 | \$60,000 | \$159,450 | \$53,150 |
| 2008 | \$48,470 | \$145,410 | \$184,900 | \$61,633 | \$155,900 | \$51,967 |

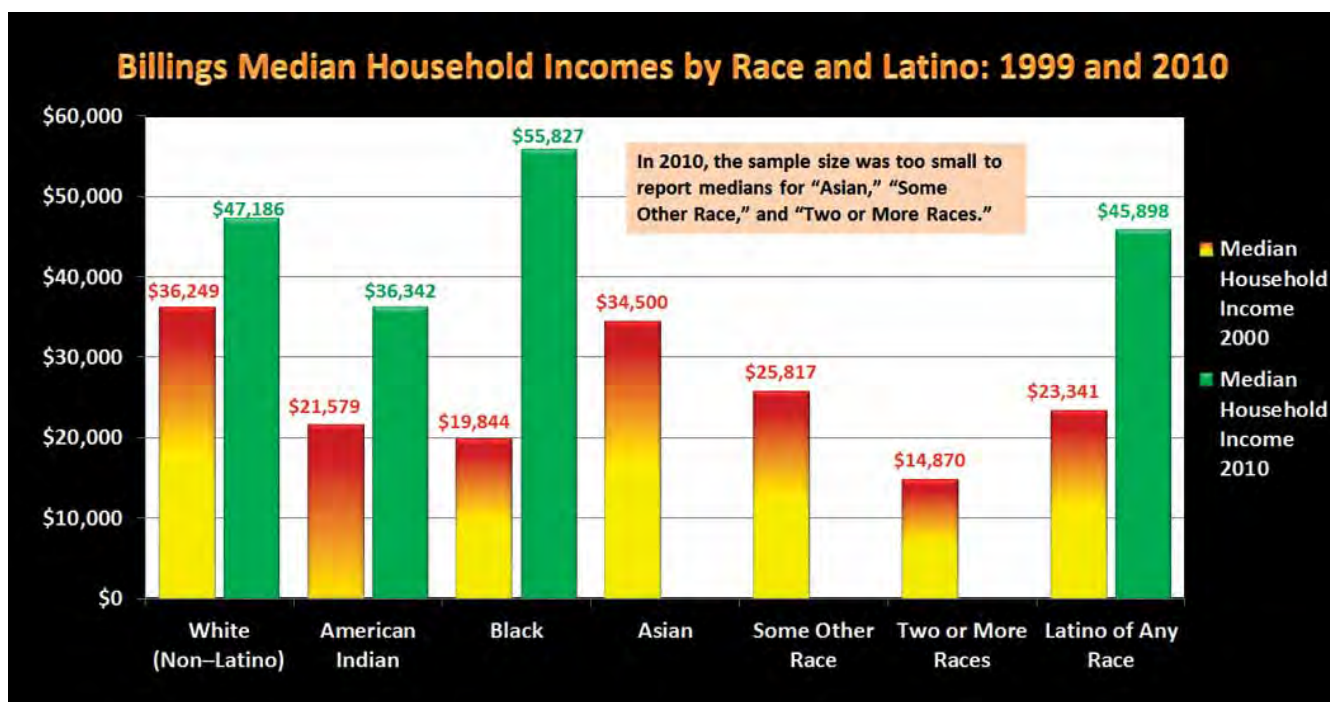
Sources: Median sales prices based on actual sales provided by Howard Sumner, Howard Sumner Real Estate, Billings, Montana. Median household income from Tables S1901 and S1903, 2008, 2009, 2010, and 2011 American Community Survey 1-Year Estimates for Billings, Montana.

While this affordability gap poses difficulties for most Billings residents, the gap is most severe for American Indians. In 2010, the median household income of Native Americans within Billings was 23 percent less than that of all Caucasians while the median for Hispanics of any race was just three percent less and of African Americans was 17 percent *greater* than for all whites. The median income gap between all whites and Latinos decreased during the decade.

The gap between Blacks and non-Hispanic Caucasians *may* have undergone a dramatic reversal. In 1999, the median income for Black Billings households was 45 percent *less* than for non-Hispanic Caucasian households. In 2010, the median for African American households was 17 percent *higher* than for whites. However, because the number of African Americans living in Billings is so small,

the margin of error for Black median household income in 2010 was \$20,751, leaving the actual median household income of African American households in Billings somewhere between \$35,076 and \$76,578.⁷⁴ Even at the low end of this margin of error, the gap had declined from 45 to 26 percent. And at the high end, the gap had reversed itself to 61 percent *greater* than the non-Latino white median income. Consequently, it is difficult to arrive at any conclusions regarding the affordability of housing for Billings' Black residents. The 2010 sample sizes for the other groups shown in the figure below were so minuscule that median incomes could not even be estimated.

Figure 33: Billings Median Household Incomes by Race and Hispanic: 1999 and 2010



Source: U.S. Census 2000, SF-3, Median Household Income, Table P053; 2010 American Community Survey 1-Year Estimates, Table S1903, Median Income in the Past 12 Months (in 2010 Inflation-Adjusted Dollars).

Regardless of race or ethnicity, most homeowners and tenants in Billings are “cost burdened,” spending more than 30 percent of their gross monthly income on housing costs (rent; or the ownership costs of mortgage, property tax, and condominium or home owner association assessments). As the next table shows, a third of Billings homeowners with a mortgage spend more than 30 percent of their income on housing costs while fewer than 13 out of every 100 homeowners without a mortgage do the same. Since the mortgage is almost always the single highest cost of home ownership, it is no surprise that a much smaller proportion of homeowners *without* a mortgage are cost burdened.

In both categories of homeowners, substantially more homeowners spent over

74. “Median Income in the Past 12 Months (in 2010 Inflation-Adjusted Dollars), 2010 American Community Survey 1-Year Estimates for Billings, Montana, Table S1903.

35 percent of their income on housing costs than the mildly cost-burdened who spent 30 to 34.9 percent on housing. During the 2007–2011 study period, more than eight in ten of the cost-burdened mortgage holders spent more than 35 percent of their gross monthly income on housing. The percentage in Billings that was cost-burdened grew from 2007 to 2011, although in 2011 it was 3.2 percentage points lower than for the nation as a whole.

By 2011, the \$1,236 actual monthly median cost of homeownership for Billings households with a mortgage was much closer to 2009 low of \$1,206, lower than the \$1,381 high in 2008. In 2011, the median for the nation was nearly 17 percent higher than in Billings.

Among homeowners without a mortgage, the proportion that spent 35 percent or more was a bit more than double the proportion that spent 30 to 34.9 percent. Except for a significant dip in 2009, the total percentage of cost-burdened homeowners without a mortgage remained pretty steady. And in 2011, it remained 3.1 percentage points lower than for the nation as a whole.

The median monthly cost of homeownership for Billings homeowners without a mortgage declined over eight percent between 2007 and 2011. In 2011, the median for the nation was 23 percent higher than in Billings.

Table 26: Cost-Burdened Billings Home Owners: 2007–2011

| Cost-Burdened Billings Home Owners: 2007–2011 | | | | | | | | |
|---|---|---|--------------------------------|------------------------------------|---|---|--------------------------------|------------------------------------|
| Year | Home Owners With a Mortgage | | | | Home Owners Without a Mortgage | | | |
| | Percentage Who Spent 30 to 34.9% of Their Gross Income on Housing | Percentage Who Spent 35% or More of Their Gross Income on Housing | Total Percentage Cost-Burdened | Median Monthly Home Ownership Cost | Percentage Who Spent 30 to 34.9% of Their Gross Income on Housing | Percentage Who Spent 35% or More of Their Gross Income on Housing | Total Percentage Cost-Burdened | Median Monthly Home Ownership Cost |
| 2007 | 8.8% | 17.7% | 26.5% | \$1,293 | 2.4% | 10.7% | 13.1% | \$392 |
| 2008 | 6.7% | 18.6% | 25.3% | \$1,381 | 3.9% | 8.5% | 12.4% | \$404 |
| 2009 | 6.9% | 23.8% | 30.7% | \$1,206 | 2.9% | 5.3% | 8.2% | \$402 |
| 2010 | 7.9% | 18.6% | 26.5% | \$1,237 | 4.9% | 9.0% | 13.9% | \$396 |
| 2011 | 6.6% | 27.0% | 33.6% | \$1,236 | 4.1% | 8.7% | 12.8% | \$359 |
| 2011: Nation | 8.7% | 28.1% | 36.8% | \$1,486 | 3.6% | 12.3% | 15.9% | \$442 |

Source: Tables CP04 and DP04, "Selected Housing Characteristics," 2011 American Community Survey 1-Year Estimates for Billings and the United States.

To provide some perspective, in 2009 in the epicenter of the housing crash, Clark County, Nevada, half of the homeowners with a mortgage were cost burdened while 16.9 percent of those without a mortgage were cost burdened.⁷⁵

Rental Housing

A significantly greater percentage of Billings' renters than homeowners have

75. Planning/Communications, *Clark County, Nevada Analysis of Impediments to Fair Housing Choice 2011* (River Forest, IL: April 2011), 113.

been cost burdened throughout the study period. As with homeowners, relatively few tenants were just mildly cost burdened. The proportion of cost-burdened tenants has soared from 38.1 percent in 2007 to 54.7 percent in 2011 even as the median monthly rent has fallen below its 2007 level.

Table 27: Cost-Burdened Billings Tenants: 2007–2011

| Cost-Burdened Billings Tenants: 2007–2011 | | | | |
|---|--|--|---|---------------------|
| Year | Percentage of Tenant Households That Spent 30 to 34.9% of Their Gross Income on Rent | Percentage of Tenant Households That Spent 35% or More of Their Gross Income on Rent | Total Percentage of Cost-Burdened Tenant Households | Median Monthly Rent |
| 2007 | 3.4% | 34.7% | 38.1% | \$635 |
| 2008 | 12.3% | 32.6% | 44.9% | \$718 |
| 2009 | 9.1% | 30.3% | 39.4% | \$711 |
| 2010 | 10.3% | 31.9% | 42.2% | \$713 |
| 2011 | 11.7% | 43.0% | 54.7% | \$630 |
| 2011: Nation | 9.1% | 44.3% | 53.4% | \$871 |

Source: Tables CP04 and DP04, "Selected Housing Characteristics," 2011 American Community Survey 1-Year Estimates for Billings and the United States.

The figure below shows the significant shift in affordability that Billings tenants faced between 2010 and 2011 even though the median monthly rent declined.

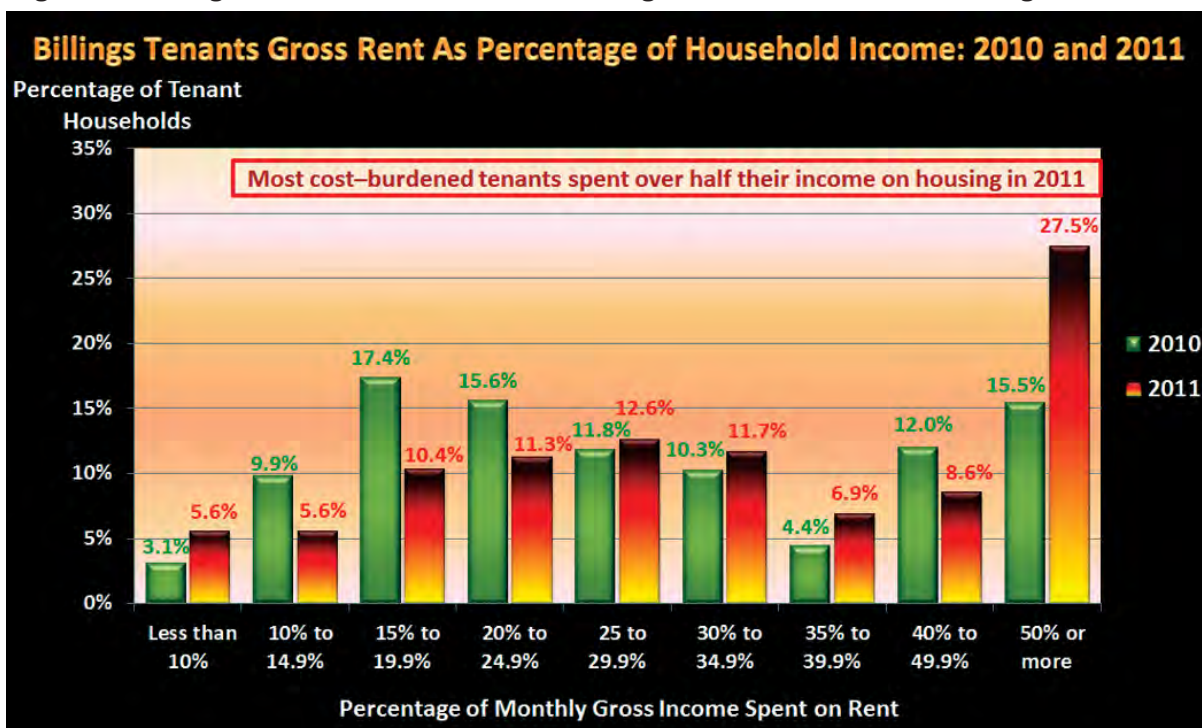
In 2011, more than one of every four Billings tenant households spent at least half of its gross monthly income on rent, making it very difficult to pay for other necessities of life or build financial reserves. Most cost-burdened tenants actually spent more than half of their income on rent.

It would be no exaggeration to suggest that most Billings tenants are experiencing a serious affordability crisis that only harms other segments the local economy.

Figure 34: Trailer Park



Figure 35: Billings Tenants Gross Rent As Percentage of Household Income Billings: 2010 and



Source: Table B25070, 2010 and 2011 American Community Survey 1-Year Estimates.

Conclusions on Affordable Housing

The cost of both ownership and rental housing continues to be beyond the means of most Billings residents, and getting worse. Tenants are worse off than homeowners. The proportion of cost-burdened tenants skyrocketed from 38.1 percent in 2010 to 54.7 percent in 2011. The proportion of cost-burdened tenants who spent more than half of their monthly income on rent nearly doubled from 15.5 percent in 2010 to 27.5 percent in 2011.

The affordability gap grew for homeowners from 2008 through 2011. At the beginning of this period, a Billings household needed an annual income of at least \$61,633 to afford the median-priced detached single-family Billings home — 27 percent more than the actual \$48,470 median household income. It needed a household income of at least \$51,967 to afford the median-priced patio home, town home, or condominium — seven percent greater than the \$48,470 median household income. By 2010 and 2011, this affordability gap grew to as high as 43 percent for detached single-family homes and 23 percent for patio homes, town homes, and condominiums.

The proportion of homeowners who have been cost-burdened has consistently been lower than tenants. From 2008 through 2011, the percentage of cost-burdened homeowners with a mortgage ranged from a low of 25.3 in 2008 to a high of 33.6 percent in 2011. Relatively few homeowners without a mortgage were cost-burdened, ranging from a low of 8.2 percent in 2009 to a high of 13.9 percent in 2010. The proportion of each type of homeowner that was cost-burdened was a bit more than three percentage points less than in the nation as a whole.

Accessing Information About Fair Housing and Reporting Housing Discrimination

Even though there is no obvious route on the City Billings' home page to report housing discrimination or obtain information about fair housing, Billings does a far better job than most jurisdictions in providing access to information about fair housing and reporting possible housing discrimination.⁷⁶

There are several ways to access this information and report possible discrimination, starting with using the search window to search for the terms “housing discrimination” or “fair housing.” This search takes the viewer directly to the city’s very useful and information-packed pages on fair housing.

Accessing information about fair housing online. If a user doesn’t think to search for “housing discrimination” or “fair housing,” she can access the fair housing pages and instructions for filing a fair housing complaint with just a few clicks of her mouse.

Figure 36: City of Billings Home Page



The quickest route to fair housing and reporting housing discrimination is via the “How Do I?” link in the top menu on every Billings web page. Hovering on “How Do It?” produces a drop-down list that includes “Report....” Hovering on the “Report...” link gets you a list of issues, the second of which is “A housing dis-

76. It is the rare city, indeed, that has a direct link to fair housing on its home page.

crimination issue.” This link takes viewers directly to the “Filing a Housing Discrimination Complaint” page shown in the figure on page 108. Alternatively, clicking on the “How Do I?” button opens a page with 12 choices including “Report....” As of this writing, the visible choices on this page do not include “housing discrimination.” But if you click on “Report...” you get the list of issues, the second of which is “A housing discrimination issue” which also takes viewers directly to the “Filing a Housing Discrimination Complaint” page shown in the figure on page 108. This page includes links to the fair housing pages discussed below.

Figure 37: Dilapidated Shack in Southeast Billings

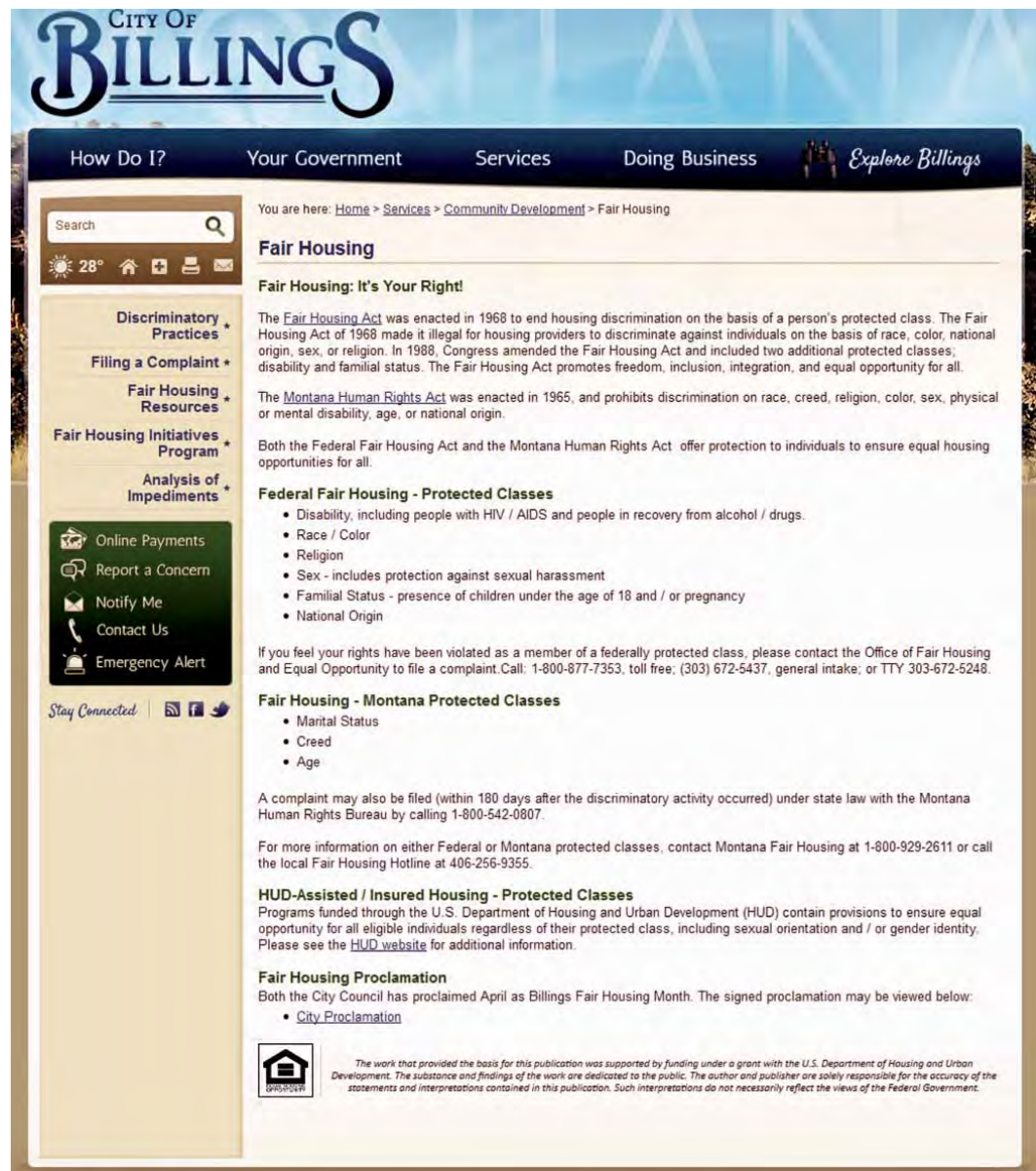


Another path to the fair housing pages is via the “Your Government” menu. Select “Departments” and then pick “Planning & Community Services” and then “Community Development.” Once you’re on the “Community Development” page, there’s a “Fair Housing” link on the left side that produces four choices:

💧 **Discriminatory Practices.** This web page lists ten examples of housing discrimination.

This page clearly lists the classes protected by the nation’s Fair Housing Act and the three additional classes that the Montana Human Rights Act covers. It includes ten examples of housing discrimination followed by a section labeled “Fair Housing Education” which provides links to articles and brochures about fair housing and to a list of organizations that provide fair housing assistance.

Figure 38: Billings Main Fair Housing Web Page



- 💧 **Filing a Complaint.** This page provides information and links to file a fair housing complaint with the federal government as well as obtaining local assistance. The page, shown below, first provides voice and TTY phone numbers for filing a fair housing complaint with the Office of Fair Housing and Equal Opportunity in the Denver Regional Office of the U.S. Department of Housing and Urban Development (HUD). It includes a link called “Fill out an online complaint form” to a page on HUD’s website where users can complete HUD’s “Form 903 Online Complaint.” There is also a link to print a complaint form to mail to the Denver Regional Office. Finally, there is a link to download the new fair housing mobile application for the iPhone and iPad. The app is intended to provide people with a quick and easy way to learn about their housing rights, to file housing discrimination complaints, and to inform

the housing industry about its responsibilities under the Fair Housing Act. An Android version of this app is under development.

Contact information is also provided to get local assistance. The viewer is referred to toll-free numbers for Montana Fair Housing and the Montana Human Rights Bureau as well as the local Fair Housing Hotline operated by the Community Housing Resource Board (CHRB). We called the CHRB hotline after business hours and did not leave a message. However, using Caller ID, the hotline staff member conscientiously called us back that same evening. The hotline staff essentially conducts triage with calls since many involve landlord-tenant issues unrelated to housing discrimination. Upon determining the nature of the call, staff direct callers with an actual housing discrimination issue to the appropriate entity including Montana Fair Housing, the state's Human Rights Bureau, and a lawyer referral service for callers who need an attorney. The page also includes a link called "Fair Housing Education" that gets viewers to the fair housing resources page and to the articles and brochures on the FHIP page, both of which are discussed below.

Figure 39: Billings Filing a Housing Discrimination Complaint Page



💧 **Fair Housing Resources.** This page provides full contact information for government agencies and nonprofits that enforce fair housing laws and provide fair housing education. It also provides contact information for entities involved in affordable housing, housing and credit counseling, legal assis-

tance including the Self Help Law Center and Montana Legal Services, and landlord support.

- **Fair Housing Initiatives Program.** This page briefly reports on fair housing education and outreach grants the city has awarded with funding from HUD and provides links to the local organizations funded. It also includes a short descriptions and links to a broad array of fair housing education brochures and articles funded by the 2011 Fair Housing Initiatives Program grant the city received. These insightful and excellent brochures and articles articulate what constitutes housing discrimination for different protected classes and provide guidance for filing a fair housing complaint.

Suggestion While descriptions of these publications and links to them can certainly be left on this page, it just makes sense to also include the descriptions of these publications and links to them on a page that people seeking information about housing discrimination would intuitively view, namely the “Discriminatory Practices” page. Few viewers have any idea what a Fair Housing Initiatives Program is.

Reporting housing discrimination online. The most direct routes to filing a fair housing complaint are described beginning on page 108.

Suggestion While there is a direct route to report a housing discrimination issue from the “How Do I?” menu via the “Report” submenu, some site visitors who just want information on fair housing may shy away from the link for reporting a housing discrimination issue. The “How Do I?” menu includes a submenu “Find Information On...” where it would be helpful to place a link entitled “Fair Housing.” This link could take users directly to the “Discriminatory Practices” page.

Reporting Housing Discrimination by Phone. Not everybody, especially people with lower incomes, uses the Internet. An unknown percentage of people who feel they have experienced discrimination when looking to rent or buy need to call city hall for assistance. We conducted several tests by calling the main number for Billings’ city hall, 406/657-8433, which is the “Administration” number. Each of our testers told the individuals who answered the calls that they had run into some problems while trying to buy a house or rent an apartment or house. They said that they thought they were being discriminated against and asked for help. In each instance, the city staffer gave the caller the toll-free phone number of the Montana Human Rights Bureau and the local phone number for the Community Housing Resources Board. The city itself does not provide assistance on housing discrimination complaints.

Referring callers to the correct entities like Billings does, has been the exception rather than the rule in the cities we have studied. However, the city might want to also give callers the toll-free number for Montana Fair Housing.

Language Access Issues

How well an individual speaks English can affect that person’s access to fair

housing information and ability to report housing discrimination. The U.S. Department of Housing and Urban Development (HUD) recognized this fact when it finalized its guidelines on limited English proficiency for recipients of federal funds in January 2007.⁷⁷ Among the targeted populations recipients should consider when planning language services are persons attempting to file housing discrimination complaints and people seeking housing assistance from a public housing authority or a provider of subsidized housing, as well as their current tenants.⁷⁸

As the table below shows, only 1.4 percent of Billings residents over five years old who speak English speak it “less than very well” — compared to 8.7 percent nationally.⁷⁹ Almost three-quarters of the 4.9 percent who speak a language other than English, speak English “very well.” The foreign language that is spoken most frequently in Billings is Spanish.

Table 28: Language Spoken at Home in Billings: 2007–2011

| Language Spoken at Home in Billings: 2007–2011 | | | |
|--|--|---|-------------------------------------|
| Language Spoken at Home | Number or Percentage of Total Population | Percent of Each Language Spoken at Home | |
| | | Speak English “Very Well” | Speak English Less Than “Very Well” |
| Population Five Years and Older | 95,492 | 98.6% | 1.4% |
| Speak Only English | 95.1% | — | — |
| Speak a Language Other Than English | 4.9% | 71.7% | 28.3% |
| Spanish or Spanish Creole | 1.8% | 75.7% | 24.3% |
| Other Indo-European Languages | 1.5% | 78.4% | 21.6% |
| Asian and Pacific Island Languages | 0.7% | 16.8% | 83.2% |
| Other Languages | 0.9% | 98.3% | 1.7% |

Source: Table S1601, “Language Spoken at Home,” 2007–2011 American Community Survey 5–Year Estimates.

Roughly 1,340 Billings residents speak English less than “very well.” These include about 490 whose primary language is Spanish or Spanish Creole.

In 2007 and again in 2011, the city went beyond just aiding people with limited command of the English language by releasing a written plan to provide “meaningful access to program information and equal opportunity to benefit from services for persons with hearing impairment and limited English proficiency.”⁸⁰

The well-informed plan establishes a broad definition of whom it covers:

A client has Limited English Proficiency (LEP) when he/she is

77. Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons; Notice, 72 *Federal Register* 2732 (Jan. 22, 2007).

78. *Ibid.* 2740.

79. Table S1601, “Language Spoken at Home,” 2007–2011 American Community Survey 5–Year Estimates.

80. Community Development Division, *Language Assistance Plan* (Billings, MT: City of Billings, Nov. 2011).

not able to speak, read, write or understand the English language at a level that allows him/her to interact effectively with City of Billings Community Development Division staff. It is not always easy to identify a person with LEP. Some clients may know enough English to manage basic life skills, but may not speak, read or understand English well enough to understand some of the complex issues they may encounter within the community services system (i.e. program or contract language).⁸¹

The plan specifies that language assistance will be provided in a timely manner at no cost during business hours. The plan succinctly specifies procedures the city will follow to provide an interpreter or translator, establishes that the city contracts with independent vendors to provide these services, and makes it clear that city staff “must not require, suggest, or encourage a client with LEP to use family or friends as interpreters.” A family member or friend can be used only if the individual asks to use one after staff has offered to provide a free translator or interpreter. If a client with limited English proficiency cannot read her primary language, city staff must find somebody to read the document to her. Staff cannot tell a client to find somebody to read the document to her.

The plan establishes that the city will translate documents into a foreign language when there are 1,000 individuals living in Billings with limited English proficiency in that language. In 2000 and 2010, that threshold had not been met. In fact, no single language came close. While the city is not routinely translating forms or documents into Spanish, the most commonly spoken foreign language among Billings residents with limited English proficiency, the city will provide translations upon request.

The plan lays out the procedure for filing a complaint under this language access plan and identifies the Community Development Manager as the contact person. The plan also lists contact information for two interpreters and translators.⁸²

Implementation of the 2007 AI

The barriers to fair housing choice identified in Billings’ *2007 Analysis of Impediments* tended to focus on education. The authors of the 2007 report appear to have concluded that a lack of understanding of fair housing rights was the primary barrier to achieving the goals of the Community Development Block Grant program to achieve socio-economic integration throughout the city.

Consequently the substantial number of initiatives the City of Billings has taken to implement the 2007 Analysis of Impediments focus on educating home seekers and housing providers alike.

Billings has undertaken so many initiatives to implement the recommendations of its 2007 Analysis of Impediments (AI) that the most efficient way to re-

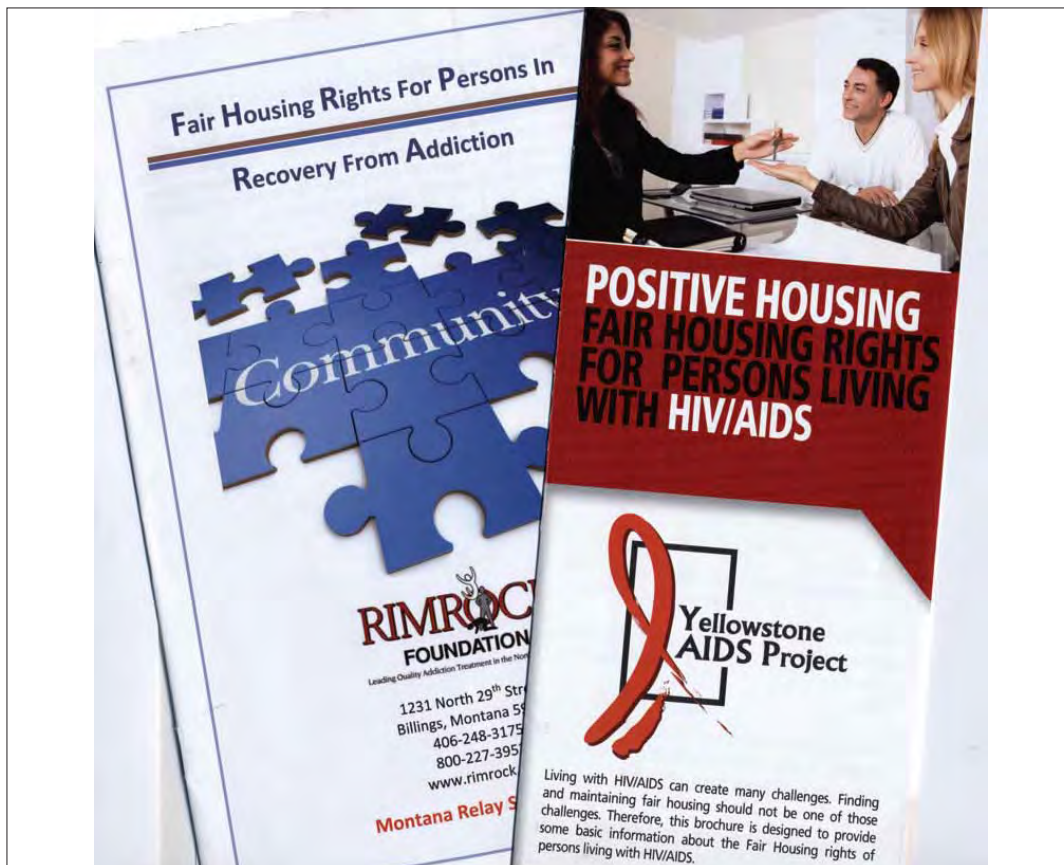
81. Ibid. 2.

82. Ibid. 3–7.

port on them is to share two tables the city prepared for its Comprehensive Annual Performance Evaluation Report (CAPER).

The specific impediments and recommended strategies are reported below followed by the first table which lists just *Consolidated Plan* activities. The second table, which begins on page 118, shows what the city has done in support of affirmatively furthering fair housing beyond what is in the *Consolidated Plan*. In addition, we report on implementation of the Fair Housing Initiatives Program (FHIP) grants that Billings has received.

Figure 40: Examples of Fair Housing Outreach and Education



2007 AI Impediment #A “Many members of protected classes do not appear to understand their housing rights under the Fair Housing regulations.”

2007 AI Recommendation Strategy #A1: “Continue to assist in the production and dissemination of consumer education on Fair Housing issues.”

2007 AI Recommendation Strategy #A2: “Reevaluate the effectiveness of existing educational materials.”

2007 AI Recommendation Strategy #A3: “Plan for increasing significance of age-related disabilities.”

2007 AI Impediment #B “Some landlords, property owners, and realtors do

not act consistent with knowledge of Fair Housing regulations.”

2007 AI Recommendation Strategy #B1: *“Assist on [sic] educate landlords, property owners, and realtors on their Fair Housing responsibilities.”*

2007 AI Recommendation Strategy #B2: *“Increase the awareness among Native Americans and other protected classes of the location of available housing units.”*

2007 AI Impediment #C *“Income, credit, and housing affordability issues are tied to fair housing issues.”*

2007 AI Recommendation Strategy #C1: *“Actions which improve housing affordability or average incomes will also reduce an impediment to fair housing. Economic issues become noise which prevents organizations representing fair housing from identifying housing discrimination. When the city evaluates such initiatives as local/affordable housing efforts, it should give credit to how affordable housing benefits fair housing.”*

2007 AI Recommendation Strategy #C2: *“Education on using credit and maintaining credit scores are needed. Outreach to those FH [Fair Housing] protected class members holding volatile adjustable mortgages, if successful, may prevent some of these individuals from losing their homes. Outreach to tell protected classes why credit history is important would raise awareness of the problem. Education on how to improve an individual’s credit score when she is making financial and budget decisions could reduce the problem of housing affordability.”*

Figure 41: Small House in Census Tract 9.02



2007 AI Impediment #D “Lack of funding hampers the effectiveness of local services working on behalf of fair housing protected classes.”

2007 AI Recommendation Strategy #D1: *“Revise the existing funding model for fair housing education.”*

2007 AI Impediment #E “The lack of hard data concerning the effectiveness of specific fair housing programs hampers the goal of improving the delivery of fair housing services.”

2007 AI Recommendation Strategy #E1: *“All FH [fair housing] outreach and education efforts should include measurable goals. Funding should be tied to the collection of effectiveness measurements.”*

Suggestion To facilitate reporting of efforts to implement this 2013 Analysis of Impediments, we suggest that the city maintain a spreadsheet of the impediments identified, each recommendation, and exactly what the city does to implement each recommendation.

In addition to the efforts shown in the two tables that follow, the City of Billings has received \$417,789 in Fair Housing Initiative Program grants from 2005 through 2012. The city has also leveraged another \$504,008 to implement its fair housing activities over these eight years.

Figure 42: More Examples of Fair Housing Outreach and Education

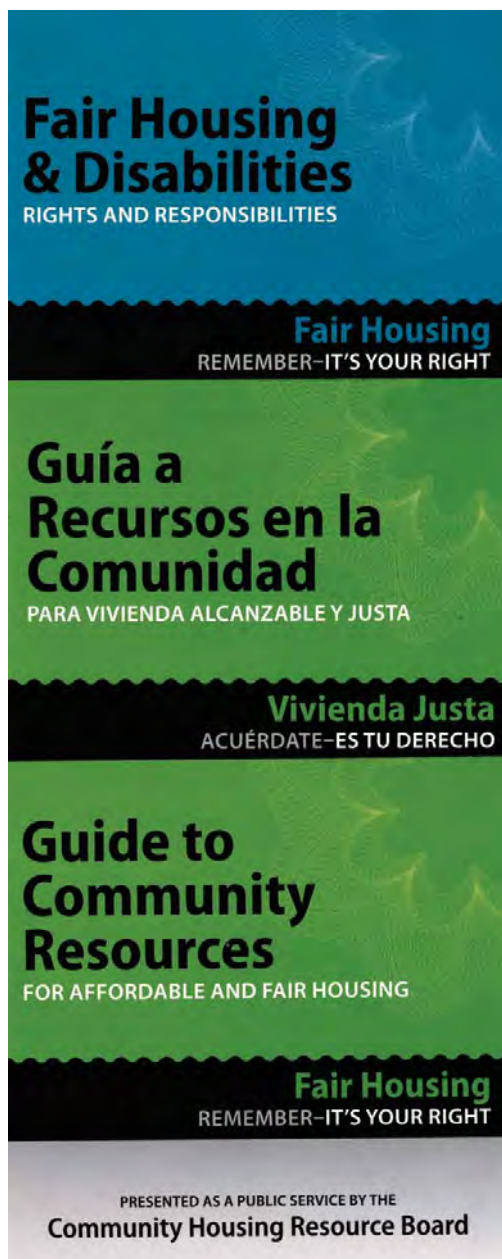


Table 29: Consolidated Plan Activities to Affirmatively Further Fair Housing in Billings: July 1, 2006 – June 30, 2012

| Strategy | Objective | Activity | AI Barriers Impacted | AI Strategies Implimented |
|--|---|---|----------------------|--------------------------------|
| A: Promote the preservation of the existing supply of safe, affordable housing in the community. | Provide direct, affordable financing and assistance to low-income homeowners for the completion of needed repairs. | Housing Rehabilitation Loan Program | C | C1 |
| | | Acquisition / Weatherization | C | C2 |
| | | Minor Home Repair Program | C | C1 |
| | | Painting Program | C | C1 |
| | | Neighborhood Stabilization Program | — | — |
| | Provide financing and assistance through partnerships to facilitate needed repairs for special needs populations. | Wheelchair and accessibility ramps | A, C, D | A3, C3, D1 |
| | | Rehabilitation for special needs populations | A, C, D | A3, C3, D1 |
| B: Promote new affordable housing opportunities. | Encourage the development of new affordable single-family, multi-family and special needs housing in the community through private developers and non-profit organizations. | Affordable Housing Development Program | A, C, D | A3, C3, D1 |
| | | Complete Kings Green single-family development | A, C, D | A3, C3, D1 |
| | | Support the efforts of the Housing Authority of Billings | A, C, D | A3, C3, D1 |
| | | Meet CHDO commitment / expenditure deadlines | C | C1 |
| | Provide affordable financing and support to promote homeownership opportunities. | First Time Homebuyer Program | C | C1 |
| | | First Time Homebuyers - MBOH Loan Use | C | C1 |
| | | Homebuyer Education | A, C | A1, C1, C2 |
| | | Billings Partners American Indian Homeownership | A, B, C, D | A2, B1, C1, C2, D1 |
| | | | | |
| C: Active partnerships with non-profits, neighborhood groups and others to address housing and community development specific to lower income and special needs households. | Support partnerships and regular meetings to facilitate community participation and collaboration. | Affordable Housing Task Force | B, C | B1, C1, C2 |
| | | Adjacent Neighborhood Committee | A, C | A1, C1 |
| | | Billings Partners American Indian Homeownership | A, B, C, D | A2, B1, C1, C2, D1 |
| | | Analysis of Impediments to Fair Housing Choice completed in December 2013 to implement activities for 2014-2019 | A, B, C, D, E | A1, A2, A3, B1, C1, C2, D1, E1 |
| | Support task force newsletters and further capacity-building for self-sustainability. | Task Force newsletter support | A, C, D | A1, A2, C1, D1 |
| | | | | |

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The city has used its Fair Housing Initiative Program funds to support fair housing education and outreach both by the local government and by nonprofit organizations. The city has partnered on fair housing education and outreach with the Self-Help Law Center, Billings Partners for American Indian Homeownership, Homeword, Rimrock Foundation, Yellowstone AIDS Project, Yellowstone County Council on Aging, Interfaith Hospitality Network, HRDC District 7, Montana Fair Housing, and the Community Housing Resource Board.

The city has used this funding to focus on serving classes protected under the Fair Housing Act, especially “minorities,” people with disabilities, and fe-

male-headed households. In a city that was 84.4 percent non-Hispanic Caucasian in 2010, minorities constituted 44 percent of those who received fair housing services, including education.⁸³

Table continued from previous page

| Strategy | Objective | Activity | AI Barriers Impacted | AI Strategies Implemented |
|--|---|---|----------------------|--------------------------------|
| C (continued): Active partnerships with non-profits, neighborhood groups and others to address housing and community development specific to lower income and special needs households. | Encourage activities that promote fair housing and increase awareness of the rights of protected classes. | Continue to support organizations with an interest in fair housing to apply for FHIP, facilitate application if necessary | A, B, C, D, E | A1, A2, A3, B1, C1, C2, D1, E1 |
| | Encourage collaboration to better address needs and to respond to opportunities for special needs populations. | Mayor's Committee on Homelessness | C | C1 |
| | | Assist in the implementation of Welcome Home Billings, the City's ten-year plan to impact homelessness. | C | C1 |
| | | Facilitate AmeriCorps*VISTA application and pursue project status | C, D | C1 |
| D: Promote the preservation and revitalization of the community's older neighborhoods. | Preserve housing stock in older, lower-income neighborhoods. | Cumulative AmeriCorps*VISTA Accomplishments, including 2011 Summer Associates | C, D | C1 |
| | Infill development of vacant lots and redevelopment of substandard properties. | See objectives / activities / goals outlined in Strategy A | C | C1 |
| | | Affordable Housing Development Program | C | C1 |
| | Support activities that provide amenities, neighborhood stabilization and maintain infrastructure needs. | Redevelopment 27th Street Corridor | — | — |
| | | Tree Program | C | C1 |
| E: Provide assistance to agencies serving lower income and special needs populations, particularly the homeless, the elderly, minorities and those with disabilities. | Provide CDBG Public Service funding and HOME Tenant-Based Rental Assistance (TBRA) for deposits to non-profit organizations and provide assistance for supportive services, including job creation. | Neighborhood improvements through the Capital Improvement Plan (CIP) | C | C1 |
| | | Special Assessment Grants | C | C1 |
| | | CDBG Public Service and HOME TBRA funding allocations for basic needs assistance and supportive services | C | C1 |

Source: Brenda Beckett, *Affirmatively Furthering Fair Housing – Billings CAPER Reports* (Billings, MT: Community Development Division, Sept. 2012) 11–14.

83. Brenda Beckett, *Affirmatively Furthering Fair Housing – Billings CAPER Reports* (Billings, MT: Community Development Division, Sept. 2012) 4.

Table 30: Fair Housing Initiative Program Activities in Billings: 2006–2012

| Objective | Number of Units | Unit Type | Goal | Individuals Reached | | | |
|---|-----------------|---------------|--|---------------------|-----------|-----------|-----------|
| | | | | 2006–2007 | 2007–2008 | 2008–2009 | 2011–2012 |
| Involve lenders | 6 | Organizations | Clients demonstrate understanding of predatory lending | | | 6 | |
| Predatory lending training / education | 368 | Persons | Clients demonstrate understanding of predatory lending | | | 368 | |
| Predatory lending training / education | 35 | Persons | Clients demonstrate understanding of predatory lending | | 35 | | |
| Fair Housing Activities | 1 | Activity | Landlords / housing industry reps attend classes | | | 212 | |
| Outreach - Accessibility Events | 3 | Events | Landlords / housing industry reps attend classes | | | | 149 |
| Accessibility Events | 1 | Workshop | Landlords / housing industry reps attend classes | | | 9 | |
| Emerging Markets | 1 | Workshop | Landlords / housing industry reps attend classes | 77 | | | |
| Fair Housing Hotline | 1 | Hotline | Clients make HUD complaints | 385 | | | |
| Compliant intake | 610 | Persons | Clients make HUD complaints | | | 610 | |
| Referrals to Legal Aid | 81 | Referrals | Clients make HUD complaints | | 81 | | |
| Complaints-Referral of Fair Housing Complaints | 247 | Referrals | Clients make HUD complaints | | | | 74 |
| Complaints-Referral of Fair Housing Complaints | 49 | Referrals | Clients resolve complaints | | 45 | | |
| Fair Housing activities | 28 | Activity | Clients receiving Fair Housing Information | | 14,978 | | |
| Fair Housing Month activities | ? | Events | Clients receiving Fair Housing Information | 1,000 | | | |
| Outreach - Accessibility Events | 9 | Events | Clients receiving Fair Housing Information | | | | 941 |
| Community Guide | 1 | Materials | Clients receiving Fair Housing Information | 3,000 | | | |
| Public Utilities Mailer | 1 | Materials | Clients receiving Fair Housing Information | 60,000 | | | |
| American Indian Brochure | 1 | Materials | Clients receiving Fair Housing Information | 100 | | | |
| Develop new activities / materials | 10 | Materials | Clients receiving Fair Housing Information | | | 142 | |
| Renter's rights booklets | 1 | Materials | Clients receiving Fair Housing Information | | | 212 | |
| Materials produced in non-English languages | 2 | Materials | Clients receiving Fair Housing Information | | | 25 | |
| Translation of existing Fair Housing materials | 5 | Materials | Clients receiving Fair Housing Information | | | 25 | |
| Materials produced in non-English languages | 2 | Materials | Clients receiving Fair Housing Information | | | 25 | |
| Outreach and information | 17 | Materials | Clients receiving Fair Housing Information | | | 300 | |
| Renter's rights booklets | 1 | Materials | Clients receiving Fair Housing Information | | | 74 | |
| Outreach-Outreach and information | 34 | Materials | Clients receiving Fair Housing Information | | | | 10,217 |
| Outreach-Translation of existing Fair Housing Materials | 2 | Materials | Clients receiving Fair Housing Information | | | | 200 |
| Newsletters | 2 | Newsletters | Clients receiving Fair Housing Information | | | 6,588 | |
| Outreach - Newsletters | 6 | Newsletters | Clients receiving Fair Housing Information | | | | 7,839 |
| Referrals to Legal Aid | 91 | Persons | Clients receiving Fair Housing Information | | | 91 | |
| Outreach to disabled population | 419 | Persons | Clients receiving Fair Housing Information | | 419 | | |
| Outreach to American Indians | 125 | Persons | Clients receiving Fair Housing Information | | | 125 | |
| Outreach to disabled population | 266 | Persons | Clients receiving Fair Housing Information | | | 266 | |

— Table continued on next page

In fiscal year 2011–2012, the Fair Housing Initiative Program grant made possible the delivery of specialized fair housing education to several special needs populations including people with such disabilities as drug/alcohol addiction and HIV/AIDS. Five hundred and sixteen training events were held with 2,779 people receiving fair housing information. Six newsletters were distributed and 7,839 people received fair housing educational information through postal mail and email. Billings residents now have access to 37 fair housing educational materials. So far at least 10,428 people have received this information. Overall, a quarter of Billings' residents, 21,046 people, received fair housing information

during the project year.⁸⁴ Efforts included a Fair Housing Basic Training Workshop and an Affirmatively Furthering Fair Housing and Section 3 Compliance Workshop.⁸⁵

Table continued from the previous page

| Objective | Number of Units | Unit Type | Goal | Individuals Reached | | | |
|---|-----------------|---------------|---|---------------------|-----------|-----------|-----------|
| | | | | 2006–2007 | 2007–2008 | 2008–2009 | 2011–2012 |
| Hold community meetings / workshops | 942 | Persons | Clients receiving Fair Housing Information | | | 942 | |
| American Indian Training Sessions | 2 | Workshop | Clients receiving Fair Housing Information | 40 | | | |
| Fair Housing Video | 1 | Materials | Used at 15 trainings | | | | |
| Outreach - Accessibility Events | 120 | Events | Counseling-Clients counseled | | | | 93 |
| Housing counseling and classes | 325 | Persons | Counseling-Clients counseled | | 325 | | |
| Education-Housing Counseling & Classes | 279 | Persons | Counseling-Clients counseled | | | | 279 |
| Public awareness ads | 7 | Ads | Education-Clients attending classes / workshops | | 5,100 | | |
| Develop training materials | 34 | Events | Education-Clients attending classes / workshops | | 987 | | |
| Outreach - Accessibility Events | 92 | Events | Education-Clients attending classes / workshops | | | | 1,148 |
| Outreach - Accessibility Events | 4 | Events | Education-Clients attending classes / workshops | | | | 66 |
| Identify / participate networking groups | 3 | Groups | Education-Clients attending classes / workshops | | 45 | | |
| Provide information to households on discriminatory housing practices | 9 | Households | Education-Clients attending classes / workshops | | | | 29 |
| Materials produced in non-English languages | 6 | Materials | Education-Clients attending classes / workshops | | 209 | | |
| Outreach and information | 34 | Materials | Education-Clients attending classes / workshops | | 1,012 | | |
| Newsletters | 3 | Newsletters | Education-Clients attending classes / workshops | | 8,426 | | |
| Board member / community training | 12 | Organizations | Education-Clients attending classes / workshops | | | | |
| Staff training meetings | 117 | Persons | Education-Clients attending classes / workshops | | | 117 | |
| Introduce fair housing curricula to students | 60 | Persons | Education-Clients attending classes / workshops | | | 60 | |
| Community meetings / workshops | 1,012 | Persons | Education-Clients attending classes / workshops | | 1,012 | | |
| Outreach to American Indians | 50 | Persons | Education-Clients attending classes / workshops | | 50 | | |
| Outreach to Hispanics | 209 | Persons | Education-Clients attending classes / workshops | | 209 | | |
| Train trainers | 181 | Persons | Education-Clients attending classes / workshops | | 181 | | |
| Partnership with homeless activists | 2 | Partnerships | Homeless clients who find housing | | 11 | | |
| Community meetings / workshops | 5 | Persons | New activities / outreach resulting from AI | | | 5 | |
| Partnership with homeless activists | 40 | Persons | New activities / outreach resulting from AI | | | 40 | |
| Outreach-Outreach and information | 1 | Materials | Capacity-building, sponsored activities found to be effective in increasing housing choice are disseminated to housing partners and local jurisdictions | | | | 11 |
| Website hits | 1 | Website | Hits | 50 | | | |

84. Ibid. 16.

85. Ibid. 3.

In 2008, fair housing education efforts reached over 10,000 individuals and households. Nearly 40 different fair housing materials were developed and distributed. In more than 33,000 individuals received information about the Fair Housing Act and Montana Human Rights Act via public service advertising, newsletters and brochures, and outreach efforts specifically targeting people with disabilities, American Indians, and Latinos.⁸⁶

Figure 43: A Bit of Country in the City



Figure 44: Market Rate Multi-Family Housing in the Heights



86. Ibid. 16.

Chapter 5

Impediments and Recommendations

The City of Billings has conducted one of the most extensive efforts to educate the public and real estate industry about fair housing rights and obligations. Its endeavors at fair housing education are second to none. But education is only the beginning.

About one in every ten Billings residents is a member of a racial or ethnic minority. With such a small percentage of minorities, Billings lacks the critical mass of minorities that is characteristic of the nation's most racially and economically segregated cities and counties.

As Billings becomes more diverse, the city is in the enviable position of being able to prevent the extreme levels of racial and ethnic segregation that characterize so much of the country. While the data examined in this analysis of impediments reveal that Billings still has a number of steps to take to curtail housing discrimination and affirmatively further fair housing, the City of Billings has the rare opportunity to build a future free of the extreme racial, ethnic, and economic segregation brought about by discrimination that distorts the free housing market.

The recommendations in this chapter seek to help Billings achieve this brighter future and fulfill its legal obligation to affirmatively further fair housing. As explained in detail in Chapter 2, every jurisdiction that accepts Community Development Block Grants and other funds from the U.S. Department of Housing and Urban Development (HUD) agrees to affirmatively further fair housing. As HUD has acknowledged,

The Department believes that the principles embodied in the concept of “fair housing” are fundamental to healthy communities, and that communities must be encouraged and supported to include *real, effective*, fair housing strategies in their overall planning and development process, not only because it is the law, but because it is the right thing to do.¹

Although the grantee's AFFH [affirmatively further fair housing] obligation arises in connection with the receipt of Federal funding, its AFFH obligation is not restricted to the design and operation of HUD-funded programs at the state or local level. *The AFFH obliga-*

1. Office of Fair Housing and Equal Opportunity, U. S. Department of Housing and Urban Development, *Fair Housing Planning Guide*, (Washington, DC. March 1996), Vol. 1, i. Emphasis in original.

tion extends to all housing and housing-related activities in the grantee's jurisdictional area whether publicly or privately funded.²

As Chapter 2 explained, a number of “suggestions” were offered throughout this analysis of impediments. While the regulations, practices, and policies the suggestions address are *not* impediments to fair housing choice at this time, they could develop into impediments if not altered. The City of Billings should consider these “suggestions” as constructive recommendations to incorporate fair housing concerns into the city’s planning and implementation processes. We actually had to revise some portions of this study because, upon reviewing the first draft of this analysis of impediments, Billings staff implemented some of these suggestions without even waiting for the analysis to be finalized.

The recommendations in this chapter provide a framework on which the City of Billings can build its efforts. They are not meant to constitute a complete menu of actions that can be taken. The city will likely find that there are additional actions and programs that might be appropriate that are not mentioned here.

Nor are these recommendations intended to solve all of the city’s housing issues. The impediments identified and recommendations offered are tightly focused on affirmatively furthering fair housing choice.

In the fullest sense of the term, “affirmatively furthering fair housing” means doing more than so many other cities have done while ignoring the discriminatory practices that distort the free housing market and produce segregative living patterns. It means proactively establishing and implementing policies and practices that counteract and mitigate discriminatory housing practices and policies. While a city itself might not engage in discriminatory housing practices or policies, it should recognize that when its passive approach results in segregative living patterns, it needs to take action to correct this distortion of the free housing market as part of its legal obligation to affirmatively further fair housing. The recommendations of this chapter present many of the tools the City of Billings can use to “affirmatively further fair housing” in the fullest sense of the term.

It is important to remember that like thousands of cities across the country, Billings is under genuine budgetary constraints due to the recent recession. In our experience, governments recover from a recession about five years after the nation’s economy recovers. The recommendations that follow provide guidance for the city’s Fair Housing Action Plan which is where the budgetary constraints may very well limit the city’s ability to fully implement these recommendations in a timely fashion. Allowances should be made for fiscal realities.

2. Ibid. 1–3. Emphasis added.



**Stop reading now if you have
not read chapters 3 and 4**

Readers of long documents are often tempted to skip right to the conclusions and recommendations, sometimes leaving them wondering, “How did the authors ever arrive at that conclusion?” You can avoid this possibility if, before you read this chapter, you read chapters 3 and 4 where you will find all the data and analysis on which these conclusions and recommendations are based. You will get the most out of this chapter by reading chapters 3 and 4 first.

Private Sector Impediments

Expanding Housing Choice

Impediment #1

Concentrations of minorities that would not exist in a free market not distorted by discrimination suggest that a dual housing market is emerging in Billings, one for non-Hispanic whites and Asians, and another for all other minorities.

While only one of every ten Billings residents is a member of a racial or ethnic minority, concentrations of minorities and lower-income households have developed over the years centered in census tracts 2.0, 3.0, and 9.02 on the city’s southeast end. There are demographic signs of these concentrations expanding into tracts 9.01, 10.0, and 11.0 and of a concentration developing in the Heights tracts 7.05 and 7.06. In all of these tracts, the proportions of minority households are significantly greater than would be expected in a free market that is not distorted by discrimination. As explained beginning on page 23, the proportions of whites are significantly less than would be expected and the proportions of minorities substantially higher than would be expected in a free market not distorted by discrimination.

The city’s concentrations of lower-income households, however, exist beyond

tracts 2.0, 3.0, and 9.02 where the most intense concentrations of minorities are located. The map on page 14 shows that low- and moderate-income households constitute the majority of households in more than a third of the city. While the proportions of minorities are substantially higher than would be expected in the eight census tracts identified in this impediment, they are barely greater than would be expected in the other lower-income areas located further away from the core tracts 2.0, 3.0, and 9.02. Some factor or factors other than income and the cost of housing must explain why lower-income minorities are more concentrated in tracts 2.0, 3.0, and 9.02 and why fewer whites live in those tracts than would be expected in a discrimination-free housing market.³

The data suggest that a dual housing market, one for whites and Asians, and one for American Indians, Hispanics, and African Americans, is developing in Billings. Since the “expected proportions” take into account household income and the cost of housing, it is *very likely* that these differences between the actual and expected racial and ethnic composition of census tracts are due to housing discrimination.

The City of Billings is in an excellent position to prevent further expansion of these concentrations and achieve greater diversity throughout Billings by nurturing a unitary housing market in which everybody participates. The keys to achieving a unitary housing market are ending discriminatory practices, expanding the range of geographic choices households will consider when looking for a new home to rent or buy, and getting developers to build additional housing affordable to households of modest means in the areas of Billings where the supply of affordable housing is low. Many of the recommendations in this chapter address directly these keys.

When dual housing markets are well-established, it takes many generations of incremental change to replace them with a unitary free market in which all households participate. But the dual housing market does not appear to be deeply entrenched in Billings, which means that a unitary housing market could be established within our lifetimes.

The recommendations that follow focus on what Billings can do to overcome this impediment within its borders.

-
3. In a city like Billings that is nearly 90 percent Caucasian, there is a substantial number of white households with lower incomes. The analysis in Chapter 3 found that, given actual household incomes and the actual cost of housing, there were fewer whites living in those census tracts with minority concentrations and lower-income concentrations than would be expected in a free market without discrimination. Yet other census tracts with a substantial amount of lower-income residents had fewer minorities and more Caucasians than would be expected in a housing market that is *not* distorted by discrimination. Nobody is suggesting, however, that the city should attempt to attract wealthier households to tracts 2.0, 3.0, and 9.02. It is well established that households with higher incomes have a wider range of housing choices than households with modest incomes. It is unrealistic to suggest that households with more choices would choose to live within the shadow of an oil refinery or noxious-odor producing food processing plant. Consequently, this analysis does not suggest that the city undertake what would likely be futile efforts to attract wealthier households to the city's east end. Factors other than income, however, have led to many more minorities and far fewer whites living in tracts 2.0, 3.0, and 9.02 than would be expected in a discrimination-free housing market.

Recommendations

1.A To achieve lasting stable racial, ethnic, and economic diversity, the Billings City Council needs to commit to the goal of transforming the dual housing market into a single, unitary housing market. Billings should adopt an explicit goal and policy to promote the expansion of housing choice throughout the city and county. While it will likely take decades or even longer to accomplish this goal, it can be achieved only if the City of Billings publicly commits to achieving it and devotes the resources needed while the opportunity still exists. The more entrenched the dual housing market becomes, the more expensive and difficult it is to transform it into a unitary market.

1.B Billings should work to expand the housing choices of existing and potential new residents beyond the neighborhoods identified by their own race or ethnicity. The City of Billings needs to make Native Americans, Latinos, and African Americans aware that housing is available to them outside the heavily minority census tracts.

Face to face housing counseling has been a very successful tool for expanding housing choice. Billings should establish a housing service center, much like the Oak Park Regional Housing Center, where home seekers are introduced to housing options beyond the racial or ethnic neighborhoods to which they often feel they are limited. In Billings, the housing service center should seek to expand the housing search of minorities beyond the census tracts where the proportion of minorities is significantly greater than would be expected in a free market without discrimination. It should seek to expand the housing choices of whites to those parts of the city where the proportion of whites is less than would be expected in a discrimination-free housing market.

1.C Expanding where people will look for housing also requires an on-going long-term educational publicity campaign to make American Indians, Hispanics, and Blacks aware that they can move anywhere in the metropolitan area that they can afford.

Such a campaign to expand housing choices can include the use of billboards, newspaper stories, display ads, radio and television public service announcements, and the Billings website. Billings should rent billboards to advertise that housing in throughout the city and county is available to all by showing models of all races and ethnicities.⁴ Similar small display ads should be run in the real estate advertising sections of any local newspapers with substantial minority read-

4. In California, the Fair Housing Council of the San Fernando Valley instituted a large-scale advertising and public relations blitz to convince African Americans that they could move to the valley if they so chose. The campaign used newspaper advertisements, radio commercials on Black-oriented stations, billboards, and four-color brochures distributed to 40,000 households in its target area. Of the 1,100 households that responded to the advertising campaign, 120 were referred to brokers. At least 12 households actually moved to the valley; an unknown number went directly to brokers without going through the Fair Housing Council. This effort did succeed at making African Americans aware that they could move to the valley. Before it started, a random sample survey found that 20 percent of Black respondents felt the valley was receptive to minorities. After the campaign, 75 percent felt the valley was receptive. Not surprisingly, the campaign did reveal that Blacks will *not* move for the sake of integration. As other research

ership. The City of Billings could also use its website to remind viewers that they can live anywhere they can afford and specifically suggest looking for housing in those parts of Billings with relatively low proportions of minority residents. The idea is to change the mind set among Billings's minority population to consider housing throughout the city and county, particularly housing closer to their jobs, rather than limiting their search to Billings neighborhoods with concentrations of minority residents.

1.D The catch, of course, is whether minority households can afford the housing outside the areas of minority concentration. The map on page 14 shows numerous areas in Billings with large lower-income populations that are outside the census tracts with the greatest concentrations of minority residents. It also shows numerous areas where higher income households dominate. Billings should vigorously implement the recommendations under "Affordable Housing Essential to Expand Fair Housing Choice" beginning on page 128 to assure that a proportion of new dwelling units throughout the city is affordable to households with modest incomes.

Impediment #2

Discriminatory real estate industry practices such as racial and ethnic steering distort the free market in housing.

Where one looks for housing is heavily influenced by the real estate industry. Racial and ethnic steering, which the Fair Housing Act prohibits, is a practice of real estate agents where, for example, an agent shows housing to American Indians only in neighborhoods with a concentration of minorities rather than in neighborhoods with few minority residents. Landlords and rental agents have been known to suggest to applicants that they might be more comfortable living elsewhere "with their own kind." If home seekers limit their choice in this manner, minorities will become more concentrated and the rest of Billings will become less diverse.

"Testing" the practices of real estate practitioners, in both "for sale" and rental housing, has long been a valuable and reliable tool for uncovering discriminatory practices that are at the heart of minority concentrations. Testing can help determine the extent of steering, if any, by real estate professionals in Billings and surrounding Yellowstone County.

has found, African Americans and whites tend to move for the same reasons. The purpose of these campaigns is to expand where minorities will look for housing. Daniel Lauber, *Racially Diverse Communities: A National Necessity* (River Forest, Illinois: Planning/Communications, 1990, 2013) available at <http://www.planningcommunications.com/publications>.

Recommendation Billings should arrange with a qualified organization like Montana Fair Housing to conduct an ongoing, systematic, and thorough testing program to identify any discriminatory practices in rental and for sale housing, particularly steering. Tests should be conducted according to standards that would make their findings admissible in court proceedings. To bring an end to such practices, it is crucial that Billings follow up when testing uncovers discriminatory practices or policies. And it is important that the findings of the testing be widely reported in language that lay people can easily understand.

The ability to conduct systemic testing in a metropolitan area like Billings is a challenge because the proportions of individual minorities and all minorities are so small. This situation makes it very difficult to find and train enough minority testers. Implementation of this recommendation must take this constraint into account.

Figure 45: House on the Rimrocks

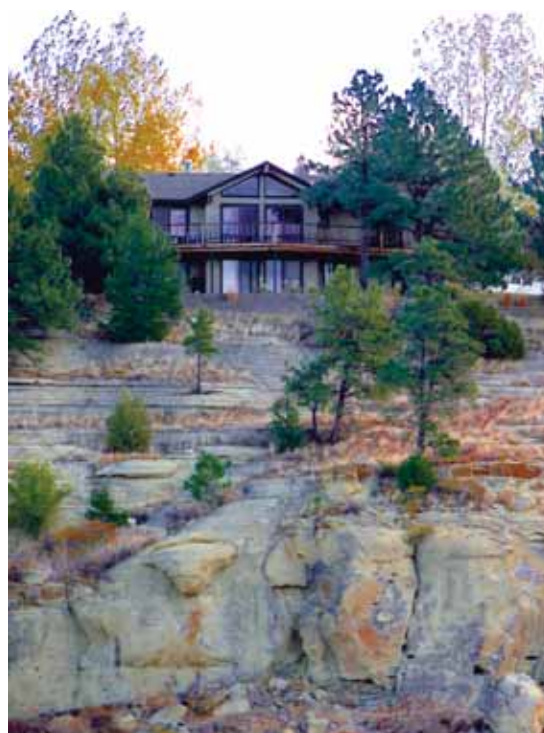
Mortgage Lending

Impediment #3 Discrimination against Latinos in issuing government-backed mortgage and refinancing loans continues unabated in Billings as it does throughout the nation.

Collectively the data strongly suggest that in Billings, the mortgage lending industry continues to engage in illegal discriminatory practices against Hispanics. The data hint at similar practices against American Indians, but the number of loan applications from Native Americans during the study period was so low that no conclusions could be reached.

Due to the extremely low number of applications by members of minority groups for conventional home mortgages and refinancings during 2010 and 2011, it is impossible to arrive at conclusions regarding minority applicants. However, a significantly greater number of minorities applied for government-backed loans. The data were quite clear that Hispanics were denied at much higher rates than non-Hispanic Caucasians (in 2010, 35.3 compared to 6.7 percent, in 2011 21.4 compared to 7.1 percent). While denial rates were higher for lower-income applicants, the denial rates were even higher for Latinos in nearly every income category.

Latinos received the highest percentage of high-cost mortgages and refinancings in 2007, 2009, and 2010 and were a close second to Asians in 2008.



Recommendations

3.A The ongoing disparity in loan approval rates suggests a substantial need to provide Hispanics and lower-income households with financial counseling to better prepare applicants *before* they submit a mortgage loan application. Such counseling should include educating potential home buyers to recognize what they can actually afford to purchase, avoiding the use of high cost and high risk mortgages, budgeting monthly ownership costs, building a reserve fund for normal and emergency repairs, recognizing steering by real estate agents to high cost lenders, and encouraging consideration of the full range of housing choices available. Billings should establish this function in city hall or contract with an organization that provides such counseling. Real estate firms should provide a brochure or written notice to potential buyers that informs them about this counseling and alerts them to the signs of discrimination in issuing home loans. While this impediment is not unique to Billings, the absence of an effective national effort to overcome this discrimination warrants local action.

3.B Billings is limited in what it can do to alter the behavior of those lenders who engage in discriminatory practices because the regulation of lenders falls within the purview of the federal government. But because the city can choose where it places its cash reserves and operating funds, Billings is in a position to reward those lenders that do not discriminate and penalize those that do. Billings should adopt and carry out a policy that it will bank and do business only with financial institutions that do *not* engage in these discriminatory practices. Such a policy and practice would make it in the financial interest of lenders to discontinue discriminatory practices. To implement this policy, Billings will need to examine Home Mortgage Disclosure Act and Community Reinvestment Act data on the lending practices of specific local institutions to identify lenders that have *not* engaged in discriminatory lending practices.

Joint Private and Public Sector Impediments

Affordable Housing Essential to Expand Fair Housing Choice

While there is a need to expand where minorities will look for housing, the lower median household income of most minority groups and the relatively high cost of housing in many parts of Billings simply puts those areas out of reach. Yet, as explained in chapters 3 and 4, the research shows that chances that the children of lower-income households will become upwardly mobile increase when they attend schools with a student body that is mostly middle class.⁵ The absence

5. As noted in the analysis that begins on page 95, it is impossible to pinpoint precisely how small the propor-

of dwellings in these neighborhoods that minority and Caucasian households with modest incomes can afford imposes a barrier to upward mobility.

Most Billings tenants are cost burdened. In 2011, 54.7 percent of them spent more than 30 percent of their gross income on rent with three-quarters of the cost-burdened tenants spending more than 35 percent on rent. In 2007, just 38.1 percent were cost burdened.

The proportion of home owners with a mortgage who were cost-burdened grew from 26.5 percent in 2007 to 33.6 percent in 2011. As shown on page 101, the gap between the median income needed to afford every kind of ownership housing in Billings and actual income remains high.

As long as the cost of new housing remains beyond the reach of Billings residents with modest incomes, their ability to move to neighborhoods with schools that offer their children a real opportunity for upward mobility is obstructed.

Impediment #4 The relatively high cost of housing continues to pose a barrier to fair housing choice in Billings by fostering economic concentrations and the racial and ethnic concentrations that accompany economic concentrations due to the median income of Billings's Native American and Hispanic residents being less than its non-Hispanic white households.

Like elsewhere, developers in Billings are building housing affordable only to wealthier households. To expand their housing choices and to give the city's children from lower-income homes a realistic shot at living the American Dream, Billings needs more new dwellings affordable to minorities as well as to modest income Billings households of all races and ethnicities to be constructed outside the areas with significant concentrations of minorities and lower-income households.

4.A Billings should amend its *Unified Zoning Regulations* to require that no less than 20 percent of the units in all residential developments of five or more dwelling units be affordable to households with modest incomes. In exchange, the zoning ordinance should give the developer a 20 percent density bonus so that the developer makes at least as much profit as if this requirement were not in effect.

This concept is nothing new to Billings. Five years ago, *The Southside Neighborhood Plan* established a goal to provide “affordable housing choices to low and moderate income residents” and set an objective “to provide a percentage of affordable units within any major subdivision development.” The plan called for

tion of pupils from lower-income households should be. While students from more affluent homes certainly should be in the majority, research has not identified a precise percentage that results in improved academic achievement for children from lower-income households. For example, the research on Montgomery County discussed in Chapter 4, found that achievement gaps between pupils from lower-income households and those from more affluent households were reduced by a third to half in schools with student bodies up to 20 percent lower-income and that gaps were not reduced when the student body was 35 to 50 percent lower-income. But findings vary by jurisdiction and there is no one-size-fits-all formula.

studying the feasibility of developing a “set-aside program ... that requires a minimum percentage of a development be for affordable housing.”⁶

There is nothing new about inclusionary zoning. Cities and counties throughout the nation have used it since the 1970s to get developers to include dwellings affordable to households of modest means in their new developments that would otherwise be out of reach to all but higher income households.⁷ Inclusionary zoning has opened the door to upward mobility and the American Dream throughout the nation without harming the developer’s profits or property values. It is one of the most effective tools available to get affordable housing built outside lower-income neighborhoods.⁸

When a jurisdiction starts to seriously consider inclusionary zoning, it is not uncommon for developers to rush development proposals to beat the date on which the law would go into effect so they can avoid being subject to the forthcoming inclusionary zoning requirements. It is critical that when Billings begins to study how to implement inclusionary zoning, the city take steps to prevent avoidance of the forthcoming inclusionary zoning requirements. One option is to adopt a policy or zoning code amendment to condition approval of any new developments on the developer agreeing to comply with whatever inclusionary zoning provisions the city adopts. Another more drastic and less desirable option is to establish a moratorium on new residential building permits until the inclusionary zoning provisions go into effect.

4.B Any inclusionary zoning program that Billings adopts should include provisions that give the Housing Authority of Billings priority to purchase inclusionary units to provide scattered-site public housing and to rent units to holders of Housing Choice Vouchers.

As discussed later in this chapter, there is a crying need in Billings for lower-income households to be able to attend schools where at least a majority of pupils come from more affluent households. Under the current neighborhood school program, this need can be met most effectively if Billings emulates the very successful inclusionary zoning program of Montgomery County, Maryland where more than 1,000 scattered-site public housing units and Housing Choice Voucher units have been built in middle- and upper middle-class neighborhoods throughout the county thanks to inclusionary zoning.

4.C To preserve existing housing affordable to households of modest

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6. Planning and Community Services Department, *The South Side Neighborhood Plan* (Billings, MT: Planning and Community Services Department, Jan. 2008) 18. See page 52 of this analysis of impediments.
 7. To succeed, inclusionary zoning cannot be an opt-in program. It must apply to all developments that meet the threshold minimum number of dwelling units. For an extensive collection of guides to implementing inclusionary zoning as well as studies of existing inclusionary zoning laws and programs, visit <http://www.planingcommunications.com>, select “Affordable Housing” and then pick “Free Affordable Housing Resources.” For additional resources, visit <http://www.inclusionaryzoning.org> and http://www.housingpolicy.org/toolbox/strategy/policies/inclusionary_zoning.html?tierid=124.
 8. The District of Columbia is the latest example where developers rushed 12,000 units through the approval process to avoid being subject to the new inclusionary zoning requirements that went into effect in 2007. Six years later, only a handful of those developments had actually been built. See Planning/Communications, *District of Columbia Analysis of Impediments to Fair Housing Choice 2006–2011* (River Forest, IL: Planning/Communications, April 2012) 155.

means, Billings should look closely at leveraging Community Development Block Grant monies and other funds to facilitate the conversion of rental properties to limited-equity cooperatives.

Limited-equity cooperatives⁹ have been one of the nation's most successful forms of ownership housing for households of modest means. Over time, this form of homeownership keeps the dwelling units affordable to the same income cohort to which it was initially targeted. It does this two ways. First, there is a mortgage only on the building or buildings in the low-equity cooperative, not on each individual dwelling unit. So the monthly mortgage payment, which usually constitutes the largest ownership expense, does not go up every time a unit changes hands. Second, the low-equity cooperative limits how much the price of ownership shares can increase.

Figure 46: Modest-Sized Single-Family House



All cooperatives are owned by a cooperative association comprised of the cooperatives' residents. Like the owner of any cooperative, each household in a low-equity cooperative buys a share in the cooperative association which entitles it to occupy a dwelling unit in the cooperative. The articles of incorporation or the by-laws of a low-equity cooperative set a limit on how much the resale price of a share can increase each year. The maximum increase is usually tied to increases in the consumer price index or some other measure of inflation. This

9. Also known as "low-equity cooperatives." Any physical type of housing — multi-family and single-family — can be owned as a low-equity cooperative.

practice is what keeps the low-equity cooperative affordable to the same income group for which it was originally intended.¹⁰

Each month the resident household pays the cooperative association its share of the mortgage on the cooperative, its share of property taxes, and its share of monthly operating expenses, including insurance and a contribution to the cooperative's reserve. Owners of a share in a limited-equity cooperative get to deduct their mortgage interest and property taxes from federal income tax exactly like all other home owners.

Low-equity cooperative residents save money because their monthly costs rise much more slowly than in conventionally-owned housing. The mortgage payment on the cooperative remains the same because a new mortgage — the single largest component of homeownership costs — is not needed whenever a unit changes hands like it does with the sale of a condominium, house, market rate cooperative, or town home. Because monthly costs rise much more slowly than in these other forms of ownership, many residents of low-equity cooperatives are able to save money to later purchase a house or condominium without any government subsidy.

The premier low-equity cooperative program is that of the District of Columbia where the District leverages Community Development Block Grant monies to issue interest-free loans to cover the soft costs (architectural, legal, engineering, etc.) of converting rental buildings to limited-equity cooperatives. The low-equity cooperative association repays the CDBG loan when it obtains permanent financing on the private market.¹¹

The city might also want to look at encouraging developers of housing produced with Low Income Tax Credits to develop the housing as limited-equity cooperatives rather than rental housing.

It will take some time to research this option that offers the City of Billings a very promising means to preserve affordable housing and turn renters into home owners at a price they can afford now and over time.¹²

Public Sector Impediments

Incorporating Fair Housing into the Planning and Zoning Process

Impediment #5

When revising its comprehensive plan and neighborhood

10. One form of limited-equity cooperative is the no-yield cooperative where the cost of the share is fixed and does not rise.
11. Details on how these programs work in the nation's capital are available beginning on page 150 of the *District of Columbia Analysis of Impediments to Fair Housing Choice 2006-2011* available online at <http://www.planningcommunications.com>. The District of Columbia is offered only as an example of the successful use of limited-equity cooperatives to preserve housing affordable to households of modest means.
12. The City of Billings should allow at least two or three years to conduct adequate research to determine the desirability and feasibility of instituting a limited-equity cooperative ownership program.

plans, the City of Billings should explicitly address how to reduce existing economic and racial/ethnic concentrations and foster socio-economic diversity throughout the city.

Billings's comprehensive plan and most of its neighborhood plans recognize the need for housing affordable to people of modest means. The city's comprehensive plan sets an objective to "promote social equity and diversity." But these plans do not go much beyond these statements to directly address the issues created by intense concentrations of lower-income households and minorities. They lack the goals, objectives, policies, and strategies necessary to achieve economic diversity throughout the city and prevent the creation of racially- and ethnically-segregated communities as well as economically-isolated neighborhoods.

Recommendation Billings should amend its comprehensive plan and neighborhood plans to explicitly establish a comprehensive approach with goals, objectives, policies, and implementation tools to achieve stable, socio-economically diverse neighborhoods throughout Billings.

It can take many generations of implementation efforts to achieve this goal. The longer Billings delays directly addressing the lack of economic and racial and ethnic diversity, the more difficult it will be to prevent the growth of concentrations of minorities and lower-income households, and to foster greater diversity throughout the city.

Impediment #6 Billings's planning process does not directly address fair housing issues that the city can help resolve and fair housing violations that the city can help prevent. Residential developments that require city review and approval are approved without any requirements to promote compliance with the Fair Housing Act, the Montana Human Rights Act, or the accessibility requirements of the Americans With Disabilities Act.

Montana law requires "[E]ach state or local governmental agency shall take appropriate action in the exercise of its licensing or regulatory power as will assure equal treatment of all persons, eliminate discrimination, and enforce compliance with the policy of this chapter."¹³ This provision imposes an affirmative duty on the City of Billings to implement the state's nondiscrimination policies when it reviews zoning, subdivision, and building permit applications.

Billings should explicitly require developers of all residential developments and buildings to comply with the federal Fair Housing Act, Montana Human Rights Act, and the accessibility requirements of the Americans With Disabilities Act in order to receive zoning or subdivision approval and a building permit. The city should require every developer to comply with the guidelines suggested below in order to receive a building permit, zoning, planned unit development, special review, and/or subdivision approval.

The underlying concepts are to not only ensure that new housing is accessible

13. *Montana Code Annotated* §49-3-204 (2011)

to people with disabilities as the Americans With Disabilities Act requires, but to also make home seekers aware of the full array of housing choices available to them and to feel welcome in the proposed development. A number of cities including Hazel Crest and Matteson, Illinois have adopted ordinances that effectively require compliance with the Fair Housing Act to receive building permits or zoning approval for new construction of all housing. A building permit cannot be issued until the city approves the developer's plans for compliance.¹⁴

Billings can also require a developer or landlord to produce and implement a marketing plan to fulfill the mandates of fair housing laws and affirmatively furthering fair housing choice.¹⁵ Goals could be established and a record could be kept on the racial/ethnic composition of current occupants and those looking for housing in the building or development so the plan's effectiveness can be evaluated. The legality of these types of requirements was upheld in federal court in *South Suburban Housing Center v. Board of Realtors*.¹⁶

For the developer or landlord, compliance with fair housing laws involves more than not overtly refusing to sell or rent to somebody due to the protected characteristic of the home seeker. It means taking positive steps to promote traffic from particular racial or ethnic groups otherwise unlikely to look at their housing. And it means building in accord with the accessibility standards promulgated in the Americans With Disabilities Act. Building permit, subdivision, and zoning approval should require some or all of the following actions.

Recommendations

6.A To receive zoning or subdivision approval, a developer should agree to produce print and Internet advertising targeted to the racial or ethnic groups that have not been seeking housing in the area where the proposed housing would be located. Photographs and videos of models portraying residents or potential residents should reflect the full diversity of Billings and Yellowstone County to show that all are welcome to move to the advertised building or development.

6.B If the developer uses billboards to advertise her development, the billboards should use models to portray residents or potential residents who reflect the full diversity of Billings to show that all are welcome to move to the advertised building or development.

6.C The developer and sales agents should give every client who comes to

14. James Engstrom, *Municipal Fair Housing Notebook: A Description of Local Ordinances, Tools, and Strategies for Promoting a Unitary Housing Market* (Park Forest, IL: Fair Housing Legal Action Committee, 1983), 11, 97.

15. Marketing in accord with the Fair Housing Act is nothing new. The precursor of modern fair housing marketing rests in the 1972 federal government requirement that all developers who use Federal Housing Administration insurance must file an "affirmative marketing plan" with the U.S. Department of Housing and Urban Development to encourage a racially-integrated housing market. These plans are to specify "efforts to reach those persons who traditionally would not have been expected to apply for housing." Quoted in Phyllis Nelson, *Marketing Your Housing Complex in 1985* (Homewood, IL: South Suburban Housing Center, 1985), 10.

16. 713 F.Supp. 1069, 1086 (1989).

look at housing a brochure that clearly identifies illegal discriminatory practices and provides clear contact information to file a fair housing complaint. Some of the brochures that the City of Billings has already produced achieve this purpose. The city might want to provide a PDF file to each developer, real estate firm, landlord, and rental management firm to print — or provide printed brochures. Testers should be sent to every firm periodically to see if they are in compliance.

6.D All print display advertising and online advertising as well as all printed brochures should include the Fair Housing logo and/or the phrase “Equal Opportunity Housing” *and* contact information to file a housing discrimination complaint. The city should also seek to get the newspapers and magazines that publish real estate advertising to routinely publish a notice in nonbureaucratic language about how to recognize housing discrimination and how to file a housing discrimination complaint.

6.E A building permit should be issued only if the proposed buildings comply with the accessibility requirements of the Americans With Disabilities Act (ADA). Federal law has required compliance for over two decades. Every local jurisdiction should require compliance before issuing permits.

Figure 47: Victorian in the Heart of Billings



Impediment #7

Billings’ *Unified Zoning Regulations* impermissibly treat community residences for more than eight people with disabilities differently than other families including smaller community residences.

The Montana constitution and state statutes impose greater limitations than the nation's Fair Housing Act on the zoning restrictions Billings can place on community residences for people with disabilities. However, Billings goes even further with its definition of "family" in the *Unified Zoning Regulations, City of Billings and Yellowstone County Jurisdictional Area*. By allowing any number of unrelated people to live together in a dwelling unit, this definition makes community residences of any size a permitted use in all residential districts like any other family. Consequently, it renders illegal the zoning code's requirement that "community residential facilities serving nine or more persons" must go through special review in all residential districts. These homes meet the definition of "family." Like community residences for up to eight people with disabilities, they must be allowed as a permitted use in all residential districts just like any other "family." To treat them otherwise constitutes facial discrimination under the nation's Fair Housing Act and Montana Human Rights Act.

The same conclusion applies to "community residential facilities not providing care on a 24 hour-a-day basis" and "rehabilitative centers" that house people with disabilities. It also applies to adult foster family care homes, halfway houses, youth foster homes, and youth group homes — as long as the residents are people with disabilities who do not fall under the direct threat exception to the nation's Fair Housing Act.

Recommendation Billings and Yellowstone County should amend their *Unified Development Ordinance* to remove the requirement of special review for "community residential facilities serving nine or more persons," "community residential facilities not providing care on a 24 hour-a-day basis," and "rehabilitative centers" that house people with disabilities. Similarly, adult foster family care homes, halfway houses, youth foster homes, and youth group homes that house people with disabilities who do not fall under the direct threat exception to the nation's Fair Housing Act must be allowed as of right in all residential zoning districts. This recommendation does not apply to community residences that house people without disabilities or to those that house people with disabilities who are a direct threat to the safety of others or property. It does not apply to halfway houses for prison pre-parolees or as an alternative to incarceration.

Impediment #8 Billings' *Unified Zoning Regulations* limit housing occupancy to two occupants per bedroom in a dwelling unit.

Ordinarily such regulations appear in a city's building or property maintenance code. But Montana has adopted the *International Residential Code* and *International Building Code* statewide. Montana cities cannot amend these codes; only the state legislature can. These codes apply to all cities and do *not* regulate the number of people who can occupy a bedroom or a dwelling unit. As explained on page 82, Billings' zoning misconstrues a memorandum from the U.S. Department of Housing and Urban Development (HUD) intended to guide the evaluation of evidence by HUD regional counsel in fair housing cases based on familial status.

Billings may have concluded that it needed to adopt its two occupants per bedroom provision because the two state codes do not set a standard for occupancy. But this two occupant per bedroom rule is still an arbitrary limitation because it

lacks any rational relationship to health and safety, the basis of a city's police power. The proper legal way to regulate occupancy is through a formula that serves a health and safety purpose by basing the maximum number of bedroom occupants on the size of the bedroom.¹⁷

Recommendation Billings and Yellowstone County should amend their *Unified Zoning Regulations* to replace the two occupants per bedroom limitation with one based on the square footage of each bedroom. The most widely used formula that serves a health and safety purpose is to require 70 square feet in a bedroom for its first occupant and 50 or 70 square feet for each additional bedroom occupant. Infants who sleep in a crib should either be excluded from the count of bedroom occupants or require a smaller amount of floor area.

Additional Barriers to Affordable Housing

Impediment #9 Billings's *Unified Zoning Regulations* do not permit accessory dwelling units, a cost-effective way to provide housing affordable to individuals and households of modest means that also enables families with declining incomes to remain in their homes.

Recommendation Billings should amend its *Unified Zoning Regulations* to allow accessory dwellings in as many residential zoning districts as practical, particularly the districts with the largest minimum lot sizes. It may not be practical to allow accessory dwellings in districts with a relatively small minimum lot size. The amendment should establish standards that minimize costs and delay in the application process. To facilitate establishing accessory dwellings, the application process should be as simple as possible.

Impediment #10 Billings's *Unified Zoning Regulations* do not allow small lot or cottage-style development of clustered single-family detached homes.

Recommendation Billings should research amending the *Unified Zoning Regulations* to enable development of small lot cottage-style, clustered single-family detached homes. The city should carefully examine its maximum lot coverage restrictions to remove barriers to this type of housing.

17. In a subsequent 1995 memorandum, HUD's Assistant General Counsel explained that there have been situations where housing providers applied a two person per bedroom limit that have disproportionately excluded families with children. The memo clearly states that occupancy limits based on the square footage of each bedroom is the proper way to regulate occupancy. Memorandum from Harry L. Carey, Assistant General Counsel, Fair Housing Enforcement Division, to All Field Assistant General Counsel on "Standards Under the Fair Housing Act" (July 12, 1995) (on file with Billings Community Development Division).

Public and Subsidized Housing

Impediment #11 There continues to be a serious shortage of housing affordable to holders of Housing Choice Vouchers in the areas of Billings where the proportion of public school students from lower-income households is relatively low.

Nearly all public housing is located in the attendance zones of public schools where most of the students are from lower-income households. Combined with the neighborhood school policies of Billings Public School District 2, this shortage of affordable housing outside areas of lower-income concentrations makes it more difficult for children from lower-income households to attain upward mobility and achieve the American Dream.

The Housing Authority of Billings has made great strides to place public housing outside the most intense concentrations of lower-income and minority households, as well as facilitate moves of holders of Housing Choice Vouchers to homes outside these concentrations. But most of the housing served by public schools with relatively low percentages of pupils from lower-income households is too costly for the holders of Housing Choice Vouchers to afford or for the Housing Authority of Billings to buy. A collaborative partnership between the City of Billings, the Housing Authority of Billings, and Billings Public School District 2 is needed to develop a comprehensive strategy that incorporates the city's public schools in the effort to affirmatively further fair housing choice.

Recommendations

11.A The *Unified Zoning Regulations* should be amended to require that no less than 20 percent of the dwelling units in new residential developments of five or more units be affordable to households with modest incomes and that the Housing Authority of Billings be allowed to purchase up to one-third of the inclusionary units.

While there is little that the City of Billings can do about the cost of existing housing, inclusionary zoning has successfully produced housing affordable to households with modest incomes outside areas of minority or lower-income concentrations throughout the nation. Action by the City of Billings is needed to enable the Housing Authority of Billings to continue its efforts to expand the housing choices of the holders of Housing Choice Vouchers to include the entire city. For full details, see the discussion of the recommendations on page 130.

11.B Billings Public School District 2 should adopt and implement a policy to achieve economic diversity in all of its schools so that every school has a strong middle class population with at least a majority of pupils in each school coming from households with middle-class or higher income families.¹⁸

18. The Billings public schools can achieve this goal. In October 2010, 42 percent of the elementary school and 26.4 percent of high school students in Billings Public School District 2 were eligible for free and reduced lunches, the proxy that identifies children from lower-income households. The student body at the

The need for this policy is discussed at length beginning on page 95. Cities across the country have undertaken efforts like this, the most prominent being Raleigh, North Carolina, where Wake County's economic integration of its public schools helped make the housing there among the most economically and racially integrated in the nation. The district uses a combination of neighborhood schools and magnet schools, as well as other techniques, to achieve socio-economic diversity throughout its schools. During the brief period that the district abandoned its efforts, the schools and housing began to segregate economically and racially — a trend that was halted when a new school board reinstated the policy of economic integration.¹⁹

Figure 48: Low-Income House in the Triangle Area

11.C The Housing Authority of Billings should expand the geographic range of housing choices that holders of Housing Choice Vouchers consider. Voucher holders should receive the assistance they need to look at rentals outside census tracts with significant concentrations of minorities and lower-income households. The Housing Authority of Billings could collaborate with the City of Billings to establish and operate a housing service center as recommended on page 125 or establish its own.



Even though the Housing Authority of Billings has established public housing developments throughout most of Billings and holders of Housing Choice Vouchers live in most parts of the city, the bulk of assisted housing is located within concentrations of lower-income households. To achieve the economic and racial diversity characteristic of a city that affirmatively furthers fair housing choice, holders of Housing Choice Vouchers need to expand the geographic areas in which they will look for housing well beyond the bulk of Billings where over half the residents are lower-income. A housing service center can help expand these choices.

12 elementary schools with student bodies where more than 40 percent of the studies were eligible for free and reduced lunches were 19.4 to 56.7 percent minority. The student body at the 14 elementary schools where fewer than 40 percent of the students were eligible for free and reduced lunches ranged from 7.2 to 24.9 percent minority. Sources: Billings Public Schools District 2, October 4, 2010 count (racial and ethnic composition) and Montana Office of Public Instruction, October 2010 count (students eligible for free and reduced lunch). The spreadsheet with this data is entitled "2010–2011 Billings schools by race, poverty, address.xlsx" and is available from the Billings Community Development Division.

19. J. Langberg, T. Qureshi, Eldrin Deas, "Community-Based Accountability: Best Practices for School Officials" in *Poverty & Race*, March/April 2013, at 9–11.

11.D While it could take some years before a housing service center can be funded and be made operational, the Housing Authority of Billings can take steps now to expand the geographic range where holders of Housing Choice Vouchers will look for housing.

Currently the Housing Authority of Billings distributes a one-page sheet to potential applicants for Housing Choice Vouchers called “Advantages of Moving to Areas that are Not High Poverty Areas for Housing Choice Voucher Program Families.” The sheet awkwardly pitches the advantages of using your Housing Choice Voucher to move to outside “high-poverty census tracts.”²⁰

The Housing Authority of Billings needs to replace this sheet with a much more powerful sheet or brochure that explains more effectively the benefits of using your Housing Choice Voucher to move into a higher opportunity neighborhood without using jargon like “higher opportunity neighborhood.” In addition the authority needs to remove barriers to making such a move by providing substantial assistance to make finding such a home much easier and to overcome the fears voucher holders may have about moving to a more affluent neighborhood. Assistance should also be provided on how to adjust to a different type of neighborhood and to a school where the dominant culture is middle class.²¹

Conclusion

Like the rest of America, Montana and Billings are becoming more diverse, albeit at a slower pace than most of the nation. With this less hectic pace and its existing low proportion of minorities, the City of Billings has a rare opportunity to *prevent* the type of rigid segregation that dominates so many other cities throughout the nation from developing in Billings.

The City of Billings can take the steps, outlined in this analysis, in collaboration with the Housing Authority of Billings and Billings Public School District 2, to achieve greater socio-economic diversity throughout the city. If any city can attain this goal, it is Billings, Montana, a city that has demonstrated that it favors tolerance and diversity over division and isolation.

20. Studies consistently find that households with housing choice vouchers do not increase crime. See S. Popkin, M. Rich, L. Hendy, C. Hayes and J. Parilla, *Public Housing Transformation and Crime: Making the Case for Responsible Relocation* (Washington, DC: The Urban Institute, April 2012) and I. Gould Ellen, M. Lens, and K. O'Regan, “American murder mystery revisited: do housing voucher households cause crime?” in *Housing Policy Debate*, Vol. 22, No. 4, Sept 2012, 551–572.

21. For practical guidance on how to successfully establish and operate this type of mobility program, see Lora Enghahl, *New Homes, New Neighborhoods, New Schools: A Progress Report on the Baltimore Housing Mobility Program* (Washington, D.C.: Poverty and Race Research Action Council and The Baltimore Regional Housing Campaign, Oct. 2009).