



## City of Salinas

# Analysis of Impediments to Fair Housing Choice

April 2015

City of Salinas  
Community and Economic Development Department, Housing Division  
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# Signature Page

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I, \_\_\_\_\_, hereby certify that this Analysis of Impediments to Fair Housing Choice represents the City of Salinas' conclusions about impediments to fair housing choice, as well as actions necessary to address any identified impediments.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

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Title





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# Executive Summary

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As the most populous city in Monterey County, the City of Salinas boasts an estimated population of over 150,000 residents and a diverse demographic. To continue nurturing this diversity, civic leaders must ensure that an environment exists where equal access to housing opportunities is treated as a fundamental right.

## Purpose of the Analysis of Impediments

The City of Salinas has established a commitment to providing equal housing opportunities for their existing and future residents. This report, the Analysis of Impediments to Fair Housing Choice (commonly known as the “AI”), presents a demographic profile of the City of Salinas, assesses the extent of housing needs among specific income groups, and evaluates the range of available housing choices for residents. The AI also analyzes the conditions in the private market and public sector that may limit the range of housing choices or impede a person’s access to housing. More importantly, this AI identifies impediments that may prevent equal housing access and develops solutions to mitigate or remove such impediments.

## Community Outreach

In collaboration with the City of Salinas Department of Community and Economic Development and various community partners, MIG developed and implemented a robust outreach program to publicize the community workshops. It included distribution and posting of flyers in targeted locations, e-mail flyers (e-blasts) to a list of over 1,000 e-mail addresses, posts on Facebook, Twitter, and the City’s website, press releases, and display ad notices in local newspapers and on radio stations. Additionally, the City had a booth at the Ciclovía streets event on November 1, 2014. Importantly, outreach was conducted through partner entities Communities Organized for Relational Power in Action (COPA) and Building Healthy Communities (BHC). Each organization made direct calls to residents and their constituencies. All outreach materials and activities were created in both Spanish and English.

### Community Workshops

As part of the AI development process, five community workshops were conducted. Although all workshops were related, each was designed with different activities and customized to provide or gather specific information.

- **Project Kickoff** - Workshop 1 functioned as a general Outreach Kickoff and included an outreach overview, presentation, and introductory group discussion.
- **Needs Assessments** - Workshop 2, conducted in Spanish, was fashioned as a needs assessment specifically of the Alisal neighborhood, while Workshop 5, conducted in English, mirrored the format but assessed the needs of the entire City.

- **Housing Needs and Policies** - Workshop 3, conducted in English, and Workshop 4, conducted in Spanish, focused specifically on issues related to housing programs and conditions in Salinas.

The dates and locations of the five workshops are listed below:

<p><b>Community Workshop #1</b> (Outreach/Kick Off) Thursday, January 15, 2015 Salinas Community Center/ Sherwood Hall, Santa Lucia Room 940 North Main Street Salinas, CA 93906</p>	<p><b>Community Workshop #2</b> (Alisal Needs Assessment) Thursday, January 29, 2015 Maria J. Torres-Gil Community Center 245 Calle Cebu Salinas, CA 93901</p>
<p><b>Community Workshop #3</b> (Housing Policies and Needs) Wednesday, February 11, 2015, Northminster Presbyterian Church 315 E. Alvin Drive Salinas, CA 93906</p>	<p><b>Community Workshop #4</b> (Housing Policies and Needs) Thursday, February 26, 2015 National Steinbeck Center 1 Main Street Salinas, CA 93901</p>
<p><b>Community Workshop #5</b> (Citywide Needs Assessment) Thursday, March 12, 2015 Salinas Community Center /Sherwood Hall, Santa Lucia Room 940 North Main Street Salinas, CA 93906</p>	

During the community workshops, several recurring comments were recorded. Some crucial similarities and differences were revealed through the various workshop activities:

- **Affordable Rental Housing** - Under the Housing priority issue area, affordable rental housing was voted as the top spending priority in every workshop. This result is indicative of the great need for affordable housing in Salinas given the relatively high cost of living in relation to income. This need was also emphasized prominently in the group discussions during all the workshops, as well as the other outreach activities.
- **Emphasis on Youth** – Within the Community Programs category, youth-related programs were voted as a top priority in three of the five workshops. The emphasis on youth development was also evident throughout all outreach activities.
- **Jobs** - Job creation and job training were the top two issues within Economic Development issue area throughout all the workshops. In many of the workshops, residents explained that part of the issue with housing was not only that it was unaffordable but the lack of well-paying jobs made the cost of housing more unbearable.

Some notable differences arose from the Spanish-speaking workshops where the attendees were primarily monolingual Latino residents. These highlight the distinct needs of cultural groups in Salinas:

- **Housing for Large Families in Alisal** - Participants in the Alisal Needs Assessment workshop were the only group that indicated housing for large families as an important housing priority. This trend reflects the small group discussions, during which many residents described overcrowding and high density in the Alisal neighborhood.
- **Health Priorities in Alisal** - For community facilities, residents from Alisal voted health care clinics as their number one community facilities priority. Access to healthy foods and health care services were voted as the second and third top spending priorities for community programs.

### Stakeholder Interviews

Stakeholder interviews were conducted on February 4 and February 5, 2015 with housing and fair housing professionals, representing a variety of interests, including developers, realtors, land use organizations and agencies that serve and advocate for the needs of underserved groups (i.e. minorities, persons with disabilities, and other households with special needs). Specifically, the following two agencies that directly engage in providing fair housing services were interviewed: California Rural Legal Assistance (CRLA) and Project Sentinel. In addition, the Monterey County Association of Realtors also participated in the interviews. A total of 19 interviews were conducted with representatives from the following agencies:

- |   |  |
|---|--|
| ▪ Agricultural Land Trust                     | ▪ Gloria Moore Realtors                      |
| ▪ Alliance on Aging                           | ▪ Interim, Inc.                              |
| ▪ Central Coast Center for Independent Living | ▪ Legal Services for Seniors                 |
| ▪ Central Coast HIV/AIDS Services             | ▪ MidPen Housing                             |
| ▪ Center for Community Advocacy               | ▪ Monterey County Association of Realtors    |
| ▪ CHISPA                                      | ▪ Peacock Acres                              |
| ▪ California Rural Legal Assistance           | ▪ Project Sentinel                           |
| ▪ East Salinas Building Healthy Communities   | ▪ City of Salinas Department of Public Works |
| ▪ First 5 California                          |  |

Fair housing-related comments provided by the stakeholders that participated in the interviews include:

- **Promote a landlord responsibility and tenants' rights training** – While owners/managers of larger developments or companies generally require their staff to undergo landlord education trainings to avoid liability issues, owners and landlords with less property or organizational sophistication may not have such resources. A requirement or incentive for smaller and mid-range property owners to undergo a training may prevent property owners from unknowingly breaking housing and tenant laws. One service provider suggested the City make this a requirement for landlords.

Legal service organizations are already providing landlord education training at no cost, but many small property owners may be unaware. The City could require that landlords take this training with a legal service provider or at minimum promote awareness of the service. It

was suggested that this partnership would likely improve the relationship between advocacy organizations and landlords, which would prove beneficial for future interactions.

- **Prioritize the construction of housing with supportive services for persons with disabilities and/or with mental health conditions** – Salinas has no permanent housing with supportive services specific to people with physical disabilities. Interim Inc., a county-wide organization, offers affordable housing for people with psychiatric disabilities, but all their housing developments have long waitlists. A substantial need in Salinas to provide housing for this population was reported.
- **Launch a “know-your-rights” educational campaign** – Low income parents with children with disabilities do not know their rights or the possible resources available to them. Monterey County should be encouraged to coordinate with the schools to reach out to parents with children with disabilities.

### **Fair Housing Survey**

A Housing Survey was made available throughout the City of Salinas from November 2014 through early March 2015. About 20 percent of the questions dealt with fair housing issues. The survey was available in English and Spanish online and in hard copy format. A total of 362 were collected, including 161 surveys collected electronically and 201 collected on paper. About 49 percent of survey respondents identified as Latino<sup>1</sup>, and 39 percent identified as White. Approximately 23 percent of survey respondents reported experiencing housing discrimination. Respondents reported experiencing discrimination from a landlord or property manager. The second most common source of housing discrimination was a city or county staff person. The top five reported reasons for housing discrimination were: race, source of income, ethnicity, age, and familial status.

## **Community Profile**

### **Population Growth**

Examination of demographic characteristics provides some insight regarding the need and extent of equal access to housing in a community. Overall, the City of Salinas experienced a 5.4 percent increase in population from 2000 to 2010. The Census data indicates that the City is aging but still has a younger population compared with the County. Between 2000 and 2010, the percentage of residents over age 45 increased while some of the City’s younger population decreased proportionally (specifically the 5-17 year and 25-44 year age groups). The median age in the City was 28.8 years old in 2010, a slight increase from the median age of 28.5 years recorded in 2000.

### **Race/Ethnicity**

Salinas and Monterey County residents are predominately Hispanic. In 2010, three-quarters of the City’s population was Hispanic and 15.5 percent were White. In 2010, the City of Salinas had a higher proportion of Hispanic residents compared with the County (55.4 percent). Between 2000 and 2010 the proportions of White and Black residents decreased, while the Hispanic population increased. The proportion of Asian/Pacific Islander residents increased only slightly.

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<sup>1</sup> Includes respondents who identified as Mexican, Mexican-American, Chicano/a, or Hispanic.



### **Racial Segregation and Linguistic Isolation**

When looking at Hispanic/White segregation, the Salinas metro area (County of Monterey) was ranked fifth most segregated area between Hispanics and Whites, among the top fifty metro areas with largest Hispanic Population (60.9 percent).<sup>2</sup> Language barriers can be an impediment to accessing housing of choice. Reflective of the demographics in the City, 68.5 percent of all Salinas residents spoke languages other than English at home, according to the American Community Survey (ACS). Over half of these residents spoke English “less than very well.” Linguistic isolation is more severe among Hispanics than among Asians, with approximately 64 percent of Salinas residents speaking “Spanish or Spanish Creole<sup>3</sup>” at home compared to only 3.8 percent speaking “Asian and Pacific Islander languages.” Among “Spanish or Spanish Creole” speaking households approximately 58.3 percent spoke English “less than very well”.

### **Racially/Ethnically Concentrated Areas of Poverty (RECAPs)**

In an effort to identify racially/ethnically concentrated areas of poverty (RECAPs), the U.S. Department of Housing and Urban Development (HUD) has identified census tracts with a majority non-White population (greater than 50 percent) and a poverty rate that exceeds 40 percent or is three times the average tract poverty rate for the metro/micro area (in 2010). HUD has classified the two areas within the Alisal neighborhood with a high poverty concentration, as racially/ethnically-concentrated areas of poverty (RECAPs). Specifically, Census Tracts 5.01 and 7.01 are identified as RECAPs.

### **Housing Age and Condition**

Assessing housing conditions in the City can provide the basis for developing policies and programs to maintain and preserve the quality of the housing stock. Housing age can indicate general housing conditions within a community. The City’s housing stock is older with a majority of the housing units (60.9 percent) built before 1979. Specifically, more than a third of the housing stock was built between 1960 and 1979. The median year built for all units in the City is 1975. Given the age of the housing stock, housing rehabilitation needs in the community will increase substantially in the upcoming decade.

### **Housing Cost and Affordability**

In 2014, the median sales price for homes in Salinas was \$346,000, an increase of more than 21 percent from 2013. The price of for-sale housing in the City during 2014 was significantly lower than in areas on the Monterey peninsula but only slightly lower than the County as a whole. The rate of home sale price increases between 2013 and 2014 in Salinas outpaced the County and surrounding cities.

Every year, the National Association of Home Builders (NAHB) tracks the ability of households to afford a home in metropolitan areas across the country. NAHB develops an Housing Opportunity Index (HOI) for a given area that is defined as the share of homes sold in that area that would have

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<sup>2</sup> Logan, John R. and Stults, Brian. “The Persistence of Segregation in the Metropolis: New Findings from the 2010 Census.” Census Brief prepared for Project US2010, (2011).

<sup>3</sup> American Community Survey offers the following sub-categories for members of the population that “Speak a language other than English”: “Spanish or Spanish Creole”; “Other Indo-European languages”; “Asian or Pacific Island languages”; and “Other languages”

been affordable to a family earning that area's median income. Fifteen of the twenty least affordable metro areas in 2014 were located in California. The Salinas Metropolitan Statistical Area (MSA) ranked as the fifth least affordable region in the United States in 2014. In 2014 (third quarter), only 16.7 percent of the homes sold in the Salinas MSA were affordable to a family earning the area's median income.<sup>4</sup>

Information on current rental rates in the City was obtained through a review of advertisements on Craigslist during January 2015. Available rental housing ranged from single room studios to five-bedroom units. The majority of available units in the City were one- and two-bedroom apartment units and three-bedroom single-family homes. Overall, 40 units of varying sizes were listed as available for rent in January 2015 with an average rent of \$1,354.

### **Adverse Community Factors**

The California Office of Environmental Health Hazard Assessment (OEHHA) developed a screening methodology, called the California Communities Environmental Health Screening Tool (CalEnviroScreen), to help identify California communities that are disproportionately burdened by multiple sources of pollution. The CalEnviroScreen reveals that high scoring communities tend to be more burdened by pollution from multiple sources and most vulnerable to its effects, taking into account their socioeconomic characteristics and underlying health status. In Salinas the areas indicated as having higher EnviroScreen scores overlap with the geographic distribution of minorities, low and moderate income persons, and poverty concentrations.

## **Lending Practices**

### **Overall Lending Patterns**

A key aspect of fair housing choice is equal access to credit for the purchase or improvement of a home, particularly in light of the recent lending/credit crisis. In 2013, 574 households applied for conventional loans to purchase homes in the City, a decrease of approximately 64 percent from 2008. The approval rate in 2013 for conventional home purchase loans was approximately 73 percent, while 17 percent of applications were denied. In 2008, 64 percent of conventional home loan applications were approved and 24 percent were denied.

As an alternative to conventional home loans, potential homeowners can also choose to apply for government-backed home purchase loans when buying their homes. The number of applications for government-backed home purchase loans remained fairly constant between 2008 and 2013. However, this is in significant contrast to the dramatic drop in the number of conventional home purchase loan applications during the same time period. Approval rates were higher for government-backed purchase loans in 2013 (71 percent) than in 2008 (67 percent). Denial rates for government-backed loans also decreased between 2008 and 2013, from 21 percent to 16 percent.

Aside from income, another major impediment to securing a home loan is insufficient understanding of the homebuying and lending processes. About 14 percent of all applications countywide were withdrawn by the applicants or deemed incomplete by the financial institution in 2013.

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<sup>4</sup> National Association of Home Builders, The NAHB/Wells Fargo Housing Opportunity Index: Complete History by Metropolitan Area (1991-2014).

### **Lending by Race/Ethnicity**

In an ideal environment, the applicant pool for mortgage lending should be reflective of the demographics of a community. When one racial/ethnic group is overrepresented or underrepresented in the total applicant pool, it could be an indicator of unequal access to housing opportunities. In the City of Salinas, White applicants were noticeably overrepresented in the loan applicant pool during 2013, while Hispanics were significantly underrepresented.

### **Top Lenders**

In 2013, the top ten mortgage lenders in the City of Salinas received over half of all loan applications. Among these lenders, Wells Fargo, Bank of America, and JP Morgan Chase Bank received the most applications – about 31 percent of the total market share. These top three lenders were also the only lending institutions in Salinas that were also considered major lenders in 2008.

### **Subprime Lending**

Subprime lending can both impede and extend fair housing choice. While Home Mortgage Disclosure Act (HMDA) data does not classify loans as subprime, it does track the interest rate spread on loans. In 2005, the Federal Reserve Board required lenders to report rate spreads for loans whose Annual Percentage Rate (APR) was above the U.S. Department of the Treasury benchmark. Loans with a reported spread are typically referred to as higher-priced or subprime loans. The number of subprime loans issued has decreased substantially over time. About seven percent of loans in 2008 had a reported spread, but by 2013, only three percent of loans were considered subprime. Black and Hispanic applicants seem to be significantly more likely to receive these higher-priced loans. In 2008, Blacks and Hispanics were about twice as likely as Whites and Asians to receive a subprime loan. This discrepancy was even more pronounced in 2013; Black and Hispanic applicants in Salinas were about three times more likely to get sub-prime loans in 2013 than White and Asian applicants.

### **Affordable Housing and Residential Care Facilities**

According to the California Department of Social Services, Community Care Licensing Division, there are 29 State-licensed residential care facilities for the elderly, 24 adult residential facilities, 6 adult day care facilities, and one social rehabilitation facility in Salinas. These 60 licensed care facilities have a combined capacity of 1,178 beds/persons.

As of January 2015, 2,398 Salinas households were receiving Housing Choice Vouchers. The majority of the vouchers are in use by Hispanic families. Data provided by the HACM shows that 90 percent of heads of household in the HCV program are White. Although data for White Hispanic residents was not available, HACM staff indicated that most of the persons indicating White as their race are Hispanic. As of January 2015, there were 293 households on the waiting list for the HCV program and most (82 percent) were Hispanic.

Public Housing units are concentrated in the Alisal neighborhood. The location of public housing units in Salinas coincides with low and moderate income areas, poverty concentration areas, and minority concentration areas. Additionally, a number of developments in Salinas have been identified where some or all of the units are affordable for low to moderate income households. Together these projects provide 1,987 units of affordable housing. Concentrations of assisted

housing units can be seen in the Downtown area and in the east side of the City north of Highway 101.

### **Foreclosures**

Homes can be in various stages of foreclosure. As of November 2014, 50 properties in Salinas were in the pre-foreclosure stage. According to foreclosure records, 22 properties in Salinas were in the auction stage of the foreclosure process and another eight had become classified as bank-owned properties. Foreclosures are distributed throughout the northern portions of the City.

## **Public Policies**

### **Housing Element Compliance**

Public policies established at the regional and local levels can affect housing development and therefore, may have an impact on the range and location of housing choices available to residents. A Housing Element found by the State Department of Housing and Community Development (HCD) to be in compliance with State law is presumed to have adequately addressed its policy constraints. The City of Salinas is in the process of updating its Housing Element, in conjunction with an extensive community outreach process. The City anticipates adopting the Housing Element by the end of 2015. Salinas' current Housing Element was certified by HCD and adopted in March 2011.

### **Zoning Amendments to Remove Impediments to Special Needs Housing**

As part of the Housing Element update, Salinas has already addressed most of the provisions for special needs housing. However, the City has yet to address issues such as:

- Adopt a reasonable accommodation ordinance by the end of 2016, within one year of the adoption of the 2015 Housing Element.

## **Fair Housing Data**

Six agencies provided fair housing services to Salinas residents: Conflict Resolution and Mediation Center of Monterey County (CRMC), Project Sentinel, Housing Resource Center of Monterey County (HRC), Legal Services for Seniors, California Rural Legal Assistance (CRLA), and the Housing Choices Coalition (HCC).

**Conflict Resolution and Mediation Center of Monterey County (CRMC):** During the course of their agreement with the City, CRMC closed down and failed to provide proper notification. As a result, the City terminated its agreement with CRMC for failure to comply with contract terms. Despite numerous attempts from the City to obtain fair housing records from CRMC, the City was unsuccessful in retrieving data from the defunct organization. Due to the closure of this agency, and lack of cooperation, no fair housing records were available for analysis.

**Project Sentinel:** As of the writing of this report, Project Sentinel has not yet completed one year of services exclusive to the City of Salinas. Their first quarter report notes that "Complaint-based investigations require that other service providers and residents are educated about Project Sentinel, our work, and when and how to contact us. Therefore, as a new service to Salinas, reaching the

community has been our main focus and we have spent the majority of our time on outreach efforts. We are confident that these efforts will generate complaints and subsequent investigations as the fiscal year progresses.” Project Sentinel conducted one familial status audit in the first quarter. The audit produced evidence of discrimination, and staff is actively developing the case into a systemic investigation that will result in a complaint being filed with HUD.

The outreach includes distribution of fair housing information. In the first quarter of FY 2014-15, Project Sentinel distributed brochures to all three City libraries, City Hall, the Department of Community and Economic Development, the Monterey County One Stop Career Center, and the Monterey County Department of Family and Children’s Services and Department of Social and Employment Services.

**Housing Resource Center of Monterey County:** The Housing Resource Center (HRC) primarily provides bilingual homeownership education, financial counseling, and outreach services to low income Salinas residents. In FY 2013, the agency was contracted by the City to provide fair housing counseling and services for residents. On April 1, 2014, HRC distributed new brochures about basic fair housing services.

**Legal Services for Seniors:** Legal Services for Seniors provides comprehensive legal services at no charge to Monterey County seniors 60 years of age and older. However, beginning in FY 2013, the agency was contracted by the City and by Monterey County’s CDBG program to specifically begin providing legal assistance to seniors with rental and homeownership housing problems. The services facilitate the goal of helping elderly tenants and homeowners remain independently in their homes as long as feasible.

**California Rural Legal Assistance:** California Rural Legal Assistance (CRLA) has an office in Salinas. Staff attorneys handle many consultations about landlord/tenant and fair housing related disputes, typically resulting in filing a dozen fair housing complaints a year.

**Housing Choices Coalition:** The Housing Choices Coalition is a non-profit organization that provides assistance and case management to individuals with disabilities who are seeking housing or who have housing-related issues. The organization’s Watsonville office is home base to its Monterey County program and staff. Currently, the Housing Choices Coalition serves 122 Salinas households in which at least one member has a developmental disability. About 37 percent are between the ages of 5 and 17 years old, while only about three percent are over the age of 55.

In addition, fair housing complaints were filed with HUD and with the State Department of Fair Employment and Housing (DFEH) for investigation and enforcement:

**DFEH:** Since 2008, a total of 16 fair housing complaints in Salinas have been filed with DFEH. A single complaint can involve multiple acts of discrimination. Only three acts of discrimination were reported between 2008 and 2014: one denial of a reasonable accommodation and two instances of refusals to rent.

**HUD:** From January 1, 2008 to December 31, 2013, nine fair housing complaints in Salinas were filed with HUD. Overall, disability-related discrimination (three allegations) and national origin discrimination (three instances) were the most commonly reported.

Similar to DFEH records, the number of fair housing complaints filed with HUD appears to be low for a city of this size and with a large minority population. It is very likely the lack of cases is not due to limited discriminatory practices but a lack of knowledge of fair housing rights and resources.

According to the fair housing survey conducted as part of this AI, housing discrimination in the County was severely underreported. Approximately 23 percent of survey respondent reported experiencing housing discrimination; however, the majority of survey respondents did not report the incident (85.5 percent). Most respondents indicated the reason they failed to report the incident was they believed it did not make a difference or that they did not know where to report the incident (54.4 percent and 40.1 percent, respectively).

## Fair Housing Impediments

Based on the analysis conducted for this AI, the following is a list of fair housing impediments identified in the City of Salinas:

- **Linguistic Isolation:** Linguistic isolation is severe among Hispanics, with approximately 64 percent of Salinas residents speaking “Spanish or Spanish Creole<sup>5</sup>” at home. Among “Spanish or Spanish Creole” speaking households approximately 58.3 percent spoke English “less than very well”. Language barrier can be an impediment to accessing housing of choice. The City should periodically update their Limited English Proficiency (LEP) plan to reflect the changing demographics in the community and adjust language skills of staff and outreach materials accordingly.
- **Alisal Neighborhood:** The Alisal area includes some of the most distressed neighborhoods in Salinas. The area faces challenges such as inadequate public infrastructure, high levels of unemployment, high levels of poverty, and violent criminal activity. The Alisal area is also disproportionately burdened by multiple sources of pollution. The City should implement the Alisal Neighborhood Revitalization Strategy Area Plan, with focused efforts in building nonprofit capacity to serve residents in this neighborhood and continue to engage community stakeholders, business owners and non-profits in the assessment of priorities for the Alisal NRSA. The City should also ensure that annually, a portion of the City’s CDBG and HOME funds is expended in the Alisal NRSA to help address housing issues in this area. Specifically, pursue strategies that take advantage of the NRSA designation to allow more flexible uses of CDBG funds in the Alisal NRSA.
- **Affordable Housing:** Affordable housing projects are primarily concentrated in the Alisal area and in the Downtown. While affordable housing is greatly needed in the community, the concentration of affordable housing limits the locational choice for low and moderate income residents, the majority of them are Hispanic. As part of the update to the Inclusionary Housing Ordinance, the City should examine effectiveness of incentives to provide affordable housing on site, encouraging mixed income housing throughout the community.

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<sup>5</sup> American Community Survey offers the following sub-categories for members of the population that “Speak a language other than English”: “Spanish or Spanish Creole”; “Other Indo-European languages”; “Asian or Pacific Island languages”; and “Other languages”

- **Accessibility:** Access to civic life by people with disabilities is a fundamental goal of the Americans with Disabilities Act (ADA). Many public and community facilities in the City, including some parks and recreation facilities, are not fully ADA-compliant. The City should complete the ADA Transition Plan by the end of 2015, and through the City's Capital Improvement Planning, identify resources to rehabilitate public and community facilities in a timely manner.
- **Lending:** In the City of Salinas, few households applied for home improvement financing in the private market and approval rate was low at 41 percent. Hispanic households were underrepresented in the ownership housing market. While Hispanic households represented 75 percent of the City population, they represented only 42.5 percent of the applicants for home loans. Compared to White households in the City, Hispanic households consistently had lower loan approval rates across all income levels. Low and moderate income Asians also had consistently lower approval rates compared to White households in the same income groups. Additionally, Hispanic households appeared to have been served primarily by smaller, lesser known lenders (many out of State). Black and Hispanic households also were more likely to receive subprime loans compared to White and Asian households.

The lending patterns of all financial institutions should be periodically reviewed, especially for those that provide financial services to the City. Special attention should be directed to home purchase lending in lower income and minority concentration areas. Additionally, financial literacy and loan acquisition trainings should be offered, with particular attention to outreach in minority populations.

- **Reasonable Accommodation:** Local governments are required to "reasonably accommodate" housing for persons with disabilities when exercising planning and zoning powers. The City of Salinas has not yet adopted a formal reasonable accommodations procedure. The City should adopt a reasonable accommodation ordinance by the end of 2016, within one year of the adoption of the 2015 Housing Element.
- **Discrimination:** Housing discrimination persists in the City, which is supported by general literature and statistical data from HUD and DFEH. In Salinas, discriminatory practices based on disability status and national origin were the top categories.

Due to the turnover of fair housing service providers, limited fair housing records/statistics were available for analysis, and residents were probably not aware of resources available. As a result, few filed complaints with enforcement agencies such as DFEH and HUD. Adequate resources should be allocated for fair housing outreach and education, testing, and enforcement.





# 1. Introduction

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The City of Salinas, the most populous city in Monterey County, is home to over 150,000 residents and a diverse demographic. To continue nurturing this diversity, civic leaders must ensure that an environment exists where equal access to housing opportunities is treated as a fundamental right.

## 1.1 Purpose of the Report

Equal access to housing is fundamental to each person in meeting essential needs and pursuing personal, educational, employment, or other goals. In recognition of equal housing access as a fundamental right, the federal government and the State of California have both established fair housing choice as a right protected by law.

Through the federally funded Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs, among other state and local programs, the City of Salinas works to provide a decent living environment for all. Pursuant to CDBG regulations [24 CFR Subtitle A §91.225(a)(1)], to receive CDBG funds, each jurisdiction must certify that it “actively furthers fair housing choice” through the following:<sup>6</sup>

- Completion of an Analysis of Impediments to Fair Housing Choice (AI)
- Actions to eliminate identified impediments; and
- Maintenance of fair housing records.

This report, the Analysis of Impediments to Fair Housing Choice (commonly known as the “AI”), presents a demographic profile of Salinas, assesses the extent of housing needs of its residents, and evaluates the availability of a range of housing choices for all. This report also analyzes the conditions in the private market and public sector that may limit the range of housing choices or impede a person’s access to housing. As the name of the report suggests, the document reviews “impediments” to fair housing. While this report also assesses the nature and extent of housing discrimination, the focus is on identifying impediments that may prevent equal housing access and developing solutions to mitigate or remove such impediments.

## 1.2 Legal Framework

Fair housing is a right protected by both federal and State of California laws. Among these laws, virtually every housing unit in California is subject to fair housing practices.

### 1.2.1 Federal Laws

The federal **Fair Housing Act of 1968** and **Fair Housing Amendments Act of 1988** (42 U.S. Code §§ 3601-3619, 3631) are federal fair housing laws that prohibit discrimination in all aspects of housing, including the sale, rental, lease or negotiation for real property. No one may take any of the following actions based on race, color, national origin, religion, sex, familial status, or handicap:

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<sup>6</sup> As called for in 24 CFR 91.100

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

### **Reasonable Accommodations and Accessibility**

The Fair Housing Amendments Act requires owners of housing facilities to make “reasonable accommodations” (i.e., exceptions) in their rules, policies, and operations to give people with disabilities equal housing opportunities. For example, a landlord with a “no pets” policy may be required to grant an exception to this rule and allow an individual who is blind to keep a guide dog in the residence. The Fair Housing Act also requires landlords to allow tenants with disabilities to make reasonable access-related modifications to their private living space, as well as to common use spaces, at the tenant’s own expense. Finally, the Act requires that a portion of new multi-family housing developments with four or more units be designed and built to allow access for persons with disabilities. This includes accessible common use areas, doors that are wide enough for wheelchairs, kitchens and bathrooms that allow a person using a wheelchair to maneuver, and other adaptable features within the units.

### **HUD Final Rule on Equal Access to Housing in HUD Programs**

On March 5, 2012, the U.S. Department of Housing and Urban Development (HUD) published the Final Rule on “Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity.” It applies to all McKinney-Vento-funded homeless programs, as well as to permanent housing assisted or insured by HUD. The rule creates a new regulatory provision that generally prohibits considering a person’s marital status, sexual orientation, or gender identity (a person’s internal sense of being male or female) in making homeless services and housing assistance available.

## **1.2.2 California Laws**

The State Department of Fair Employment and Housing (DFEH) enforces California laws that provide protection and monetary relief to victims of unlawful housing practices. The **Fair Employment and Housing Act** (FEHA) (Gov. Code §§12955 et seq.) prohibits discrimination and harassment in housing practices, including:

- Advertising
- Application and selection process
- Unlawful evictions
- Terms and conditions of tenancy
- Privileges of occupancy

- Mortgage loans and insurance
- Public and private land use practices (zoning)
- Unlawful restrictive covenants

The following categories are protected by FEHA:

- Race or color
- Ancestry or national origin
- Sex
- Gender identify or expression
- Genetic information<sup>8</sup>
- Marital status
- Source of income
- Sexual Orientation
- Familial status (households with children under 18 years of age)
- Religion
- Mental/Physical Disability
- Medical Condition
- Age
- Arbitrary discrimination

In addition, the FEHA contains similar reasonable accommodations and accessibility provisions as the Federal Fair Housing Amendments Act.

The **Unruh Civil Rights Act** provides protection from discrimination by all business establishments in California, including housing and accommodations, because of age, ancestry, color, disability, national origin, race, religion, sex, and sexual orientation. While the Unruh Civil Rights Act specifically lists “sex, race, color, religion, ancestry, national origin, disability, or medical condition” as protected classes, the California Supreme Court has held that protections under the Unruh Act are not necessarily restricted to these characteristics.

Furthermore, the **Ralph Civil Rights Act** forbids acts of violence or threats of violence because of a person’s race, color, religion, ancestry, national origin, age, disability, sex, sexual orientation, political affiliation, or position in a labor dispute (California Civil Code section 51.7). Hate violence can be: verbal or written threats; physical assault or attempted assault; and graffiti, vandalism, or property damage.

The **Bane Civil Rights Act** (California Civil Code Section 52.1) provides another layer of protection for fair housing choice by protecting all people in California from interference by force or threat of force with an individual’s constitutional or statutory rights, including a right to equal access to housing. The Bane Act also includes criminal penalties for hate crimes; however,

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<sup>8</sup> Government Code Section 12925-12928: "Genetic information" means, with respect to any individual, information about any of the following: 1) The individual's genetic tests; 2) The genetic tests of family members of the individual; and 3) The manifestation of a disease or disorder in family members of the individual.

convictions under the Act are not allowed for speech alone unless that speech itself threatened violence.

And, finally, **California Civil Code Section 1940.3** prohibits landlords from questioning potential residents about their immigration or citizenship status. Landlords in most states are free to inquire about a potential tenant's immigration status and to reject applicants who are in the United States illegally. In addition, this law forbids local jurisdictions from passing laws that direct landlords to make inquiries about a person's citizenship or immigration status.

In addition to these acts, **Government Code Sections 111135, 65008, and 65580-65589.8** prohibit discrimination in programs funded by the State and in any land use decisions. Specifically, recent changes to Sections 65580-65589.8 (Housing Element law) require local jurisdictions to address the provision of housing options for special needs groups, including:

- Housing for persons with disabilities (SB 520)
- Housing for homeless persons, including emergency shelters, transitional housing, supportive housing (SB 2)
- Housing for extremely low income households, including single-room occupancy units (AB 2634)
- Housing for persons with developmental disabilities (SB 812)

## 1.3 Fair Housing Defined

In light of the various pieces of fair housing legislation passed at the federal and state levels, fair housing throughout this report is defined as follows:

**A condition in which individuals of similar income levels in the same housing market have a like range of choice available to them regardless of their characteristics as protected under State and Federal laws.**

### 1.3.1 Housing Issues, Affordability, and Fair Housing

HUD's Office of Fair Housing and Equal Opportunity (FHEO) draws a distinction between housing affordability and fair housing. Economic factors that affect a household's housing choices are not fair housing issues per se. Only when the relationship between household income, household type, race/ethnicity, and other factors create misconceptions, biases, and differential treatments would fair housing concerns arise.

Tenant/landlord disputes are also typically not related to fair housing. Most disputes between tenants and landlords result from a lack of understanding by either or both parties on their rights and responsibilities. Tenant/landlord disputes and housing discrimination cross paths when the disputes are based on factors protected by fair housing laws and result in differential treatment.

### 1.3.2 Impediments Defined

Within the legal framework of federal and state laws and based on the guidance provided by the U.S. Department of Housing and Urban Development (HUD) Fair Housing Planning Guide, impediments to fair housing choice can be defined as:

- Any actions, omissions, or decisions taken because of the characteristics protected under State and Federal laws, which restrict housing choices or the availability of housing choices; or
- Any actions, omissions or decisions which have the effect of restricting housing choices or the availability of housing choices on the basis of characteristics protected under State and Federal laws.

To affirmatively promote equal housing opportunity, a community must work to remove impediments to fair housing choice. Furthermore, eligibility for certain federal funds requires the compliance with federal fair housing laws. Specifically, to receive HUD Community Planning and Development (CPD) formula grants, a jurisdiction must:

- Certify its commitment to actively further fair housing choice;
- Maintain fair housing records; and
- Conduct an analysis of impediments to fair housing.

## 1.4 Lead Agency and Funding Sources

The City of Salinas Community and Economic Development Department is the lead agency for this report. Preparation of the report was funded by Community Development Block Grant (CBDG) general planning and administration funds.

## 1.5 Data and Methodology

According to the *Fair Housing Planning* Guide prepared by the U.S. Department of Housing and Urban Development (HUD), HUD does not require jurisdictions to commence a data collection effort to complete the AI. Existing data can be used to review the nature and extent of potential issues. The following data sources were used to complete this AI. Sources of specific information are identified in the text, tables and figures.

- Census data (1990-2010) and American Community Surveys (ACS)<sup>9</sup>
- City of Salinas General Plan
- City of Salinas Zoning Code
- California Department of Education
- California Department of Fair Employment and Housing
- California Department of Finance (2014)

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<sup>9</sup> The 2010 Census no longer provides detailed demographic or housing data through the “long form”. Instead, the Census Bureau conducts a series of American Community Surveys (ACS) to collect detailed data. The ACS surveys different variables at different schedules (e.g. every year, every three years, or every five years) depending on the size of the community. Multiple sets of ACS data are required to compile the data for Salinas in this report.

- California Department of Social Services Community Care Licensing Division
- California Office of Environmental Health
- Home Mortgage Disclosure Act (HMDA) data (2008 and 2013)
- Dataquick housing sales activity data
- U.S. Department of Housing and Urban Development (HUD)
- U.S. Federal Bureau of Investigation (FBI)

## 1.6 Scope and Organization

This Analysis of Impediments (AI) to Fair Housing Choice provides an overview of laws, regulations, conditions or other possible obstacles that may affect an individual or a household's access to housing. The AI involves:

- A comprehensive review of the laws, regulations, and administrative policies, procedures, and practices;
- An assessment of how those laws, regulations, policies, procedures, and practices affect the location, availability, and accessibility of housing; and
- An assessment of conditions, both public and private, affecting fair housing choice.

### 1.6.1 Organization of the Report

The AI is divided into the following chapters:

**Chapter 1: Introduction** - Defines “fair housing” and explains the purpose of the report.

**Chapter 2: Community Outreach** - Discusses the outreach efforts undertaken for the development of the AI.

**Chapter 3: Community Profile** - Presents the demographic, housing, and income characteristics in the City of Salinas. Major employers and transportation access to job centers are identified. The relationships among these variables are discussed.

**Chapter 4: Lending Practices** - Assesses the access to financing for different groups. Predatory and subprime lending issues are also discussed.

**Chapter 5: Public Policies** - Analyzes various public policies and actions that may impede fair housing within the City.

**Chapter 6: Current Fair Housing Profile** - Evaluates existing public and private programs, services, practices, and activities that assist in providing fair housing in the City. This chapter also assesses the nature and extent of fair housing complaints and violations in the City.

**Chapter 7: Progress since Previous AI** - Assesses the progress the City has made since the preparation of the 2005 Analysis of Impediments (AI) to Fair Housing Choice.

**Chapter 8: Fair Housing Action Plan** - Summarizes the findings regarding fair housing issues in Salinas and provides recommendations for furthering fair housing practices.

## 2. Community Participation

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In 2014-2015, the City implemented an extensive community outreach program in support of several planning initiatives:

- 2015-2023 Housing Element
- FY 2015 – FY 2019 Consolidated Plan (including the recertification of the Alisal Neighborhood Revitalization Strategy Area)
- 2015 Analysis of Impediments to Fair Housing Choice

The outreach program involved various methods of collecting community input, including community workshops, stakeholder interviews, and a needs survey. The complete summary of the outreach results is included as an appendix to the Consolidated Plan and is not repeated in this document. The section summarizes the comments and results of the outreach program that specifically relate to fair housing issues.

### 2.1 Community Workshops

Five community workshops were held on the following days:

- Community Workshop #1 (Outreach/Kick Off): Thursday, January 15, 2015, Salinas Community Center/ Sherwood Hall, Santa Lucia Room, 940 North Main Street, 6:00 PM
- Community Workshop #2 (Alisal Needs Assessment): Thursday, January 29, 2015, Maria J. Torres-Gil Community Center, 245 Calle Cebu, 6:00 PM
- Community Workshop #3 (Housing Policies and Needs): Wednesday, February 11, 2015, Northminster Presbyterian Church, 315 E. Alvin Drive, 6:00 PM
- Community Workshop #4 (Housing Policies and Needs): Thursday, February 26, 2015, National Steinbeck Center, 1 Main Street, 6:00 PM
- Community Workshop #5 (Citywide Needs Assessment): Thursday, March 12, 2015, Salinas Community Center /Sherwood Hall, Santa Lucia Room, 940 North Main Street, 6:00 PM

Overall, during the community workshops, participants expressed a number of housing-related issues. Specifically, the need for affordable rental housing was identified as the number one housing priority. However, some notable differences arose from the Spanish-speaking workshops where the attendees were primarily monolingual Latino residents. Participants in the Alisal Needs Assessment workshop were the only group that indicated housing for large families as an important housing priority. This trend reflects the small group discussions, during which many residents described overcrowding and high density in the Alisal neighborhood. As later discussed in this AI, the Alisal neighborhood is disproportionately affected by housing issues such as overcrowding, housing cost burden, low homeownership rate, and adverse environmental factors.

## 2.2 Stakeholder Interviews

Interviews were conducted with 19 stakeholders representing a variety of interests, including developers, realtors, land use organizations, advocacy groups, and service providers working in the City of Salinas. Specifically, the following two agencies that directly engage in providing fair housing services were interviewed: California Rural Legal Assistance (CRLA) and Project Sentinel. In addition, the Monterey County Association of Realtors also participated in the interviews.

Fair housing-related comments provided by the stakeholders that participated in the interviews include:

- **Promote a landlord responsibility and tenants' rights training** – While owners/managers of larger developments or companies generally require their staff to undergo landlord education trainings to avoid liability issues, owners and landlords with less property or organizational sophistication may not have such resources. A requirement or incentive for smaller and mid-range property owners to undergo a training may prevent property owners from unknowingly breaking housing and tenant laws. One service provider suggested the City make this a requirement for landlords.

Legal service organizations are already providing landlord education training at no cost, but many small property owners may be unaware. The City could require that landlords take this training with a legal service provider or at minimum promote awareness of the service. It was suggested that this partnership would likely improve the relationship between advocacy organizations and landlords, which would prove beneficial for future interactions.

- **Prioritize the construction of housing with supportive services for persons with disabilities and/or with mental health conditions** – Salinas has no permanent housing with supportive services specific to people with physical disabilities. Interim Inc., a county-wide organization, offers permanent supportive housing for people with psychiatric disabilities. A substantial need in Salinas to provide housing for this population and people with physical disabilities was reported.
- **Launch a “know-your-rights” educational campaign** – Low income parents with children with disabilities do not know their rights or the possible resources available to them. The City can possibly coordinate with the schools to reach out to parents with children with disabilities.

## 2.3 Housing and Community Needs Survey

A bilingual housing and community needs survey was conducted from November 2014 through early March 2015 to solicit input from residents, workers, and other stakeholders from the City of Salinas. The survey was one complementary component of a broader outreach process that also included community workshops and stakeholder interviews. It provided an optional platform of participation for individuals that did not attend the community workshops. A total of 362 surveys were collected, including 161 collected electronically and 201 collected on paper. About 49 percent of survey respondents identified as Latino<sup>10</sup>, and 39 percent identified as White.

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<sup>10</sup> Includes respondents who identified as Mexican, Mexican-American, Chicano/a, or Hispanic.



Approximately 23 percent of survey respondent reported experiencing housing discrimination. Respondents reported experiencing discrimination from a landlord or property manager. The second most reported source of housing discrimination was a city or county staff person. The top five reported reasons for housing discrimination were: race, source of income, ethnicity, age, and familial status.

Comments written by survey respondents elaborated on these results. Respondents explained that they did not have proof of income and therefore they were denied housing. Many indicated that having many children disqualified them from housing. Finally, a few felt discriminated against for being mono-linguistic Spanish speakers.

The majority of respondents did not report the incident (85.5 percent). Most respondents indicated the reason they failed to report the incident was they believed it did not make a difference or that they did not know where to report the incident (54.4 percent and 40.1 percent, respectively).



# 3. Community Profile

A key goal for fair housing programs is to foster an inclusive environment, one in which all people have the opportunity to live in decent and suitable homes and are treated equally in the rental, sale, or occupancy of housing. The community profile chapter provides background information on demographics, housing, employment, special needs groups, and other characteristics that describe the City. All of these factors can affect housing choice, housing opportunities, and the type of fair housing issues people in a community may encounter. This overview provides the context for discussing and evaluating fair housing in the following chapters.

## 3.1 Demographic Profile

Examination of demographic characteristics provides some insight regarding the need and extent of equal access to housing in a community. Factors such as population growth, age characteristics, and race/ethnicity all help determine a community's housing needs and play a role in exploring potential impediments to fair housing choice. Supply and demand factors can create market conditions that are conducive to housing discrimination.

### 3.1.1 Population Growth

The City of Salinas is the county seat and largest municipality in Monterey County. According to the Census, Salinas' population was 150,441 persons in 2010, representing an increase of 5.4 percent since 2000 and 38.3 percent since 1990. Monterey County grew at a substantially slower rate than Salinas during the 1980 to 2010 period, increasing its population by about 22.5 percent from 1980 to 1990, 13 percent from 1990 to 2000, and just over 3 percent between 2000 and 2010.<sup>11</sup> Historical population estimates for Salinas by the California Department of Finance (Figure 1) show that most of the City's growth occurred from the 1960s through 2000, with the largest growth being registered between 1950 and 1970.

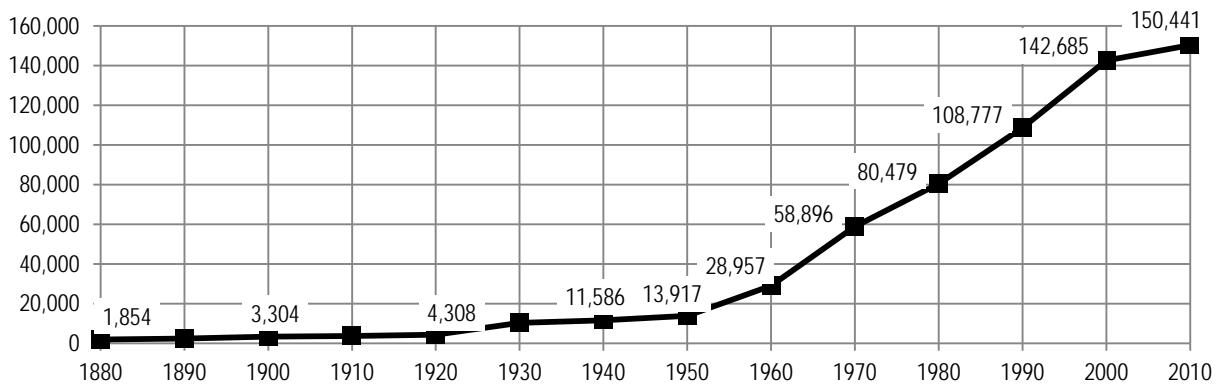
Table 1: Population Growth 1980-2010

Year	City of Salinas		Monterey County	
	Population	% Change	Population	% Change
1980	80,479	--	290,444	--
1990	108,777	35.2%	355,660	22.5%
2000	142,685	31.2%	401,762	13.0%
2010	150,441	5.4%	415,057	3.3%

Source: California Department of Finance, 1980-2010 Historical US Census Populations of Counties and Incorporated Cities/Towns in California.

<sup>11</sup> The County population is increasing at a slower rate likely as a result of the annexations of County lands by other incorporated cities.

**Figure 1: Population Growth (1880-2010)**



Source: California Department of Finance, 1850-2010 Historical US Census Populations of Counties and Incorporated Cities/Towns in California.

### 3.1.2 Age

Housing demand is affected by the age characteristics of residents in a community. Different age groups are often distinguished by important differences in lifestyle, family type, housing preferences and income levels. Typically, young adult households may occupy apartments, condominiums, and smaller single-family homes because of size and/or affordability. Middle-age adults may prefer larger homes as they begin to raise their families, while seniors may prefer apartments, condominiums, mobile homes, or smaller single-family homes that have lower costs and less extensive maintenance needs.

Age and fair housing intersect when managers or property owners make housing decisions based on the age of residents. For example, managers and property owners may prefer to rent to mature residents, limit the number of children in their complex, or discourage older residents due to their disabilities. While a housing provider may establish reasonable occupancy limits and set reasonable rules about the behavior of tenants, those rules cannot single out children for restrictions that do not apply also to adults.

Table 2 shows the age characteristics of Salinas and Monterey County residents from 2000 to 2010. The Census data indicates that the City is aging but still has a younger population compared with the County. Between 2000 and 2010, the percentage of residents over age 45 increased while some of the City's younger population decreased proportionally (specifically the 5-17 year and 25-44 year age groups). The median age in the City was 28.8 years old in 2010, a slight increase from the median age of 28.5 years recorded in 2000.

**Table 2: Age Characteristics**

Age Group	2000		2010	
	City of Salinas	Monterey County	City of Salinas	Monterey County
0 - 4 Years	9.3%	7.8%	9.5%	7.8%
5 - 17 Years	22.8%	20.6%	21.8%	18.9%
18 - 24 Years	11.8%	10.9%	12.0%	11.1%
25 - 44 Years	33.7%	31.4%	29.9%	28.2%
45 - 54 Years	10.2%	12.3%	11.5%	12.8%
55 - 64 Years	5.3%	7.1%	7.8%	10.4%
65+	7.1%	10.0%	7.5%	10.7%
Total	100%	100%	100%	100%
Median Age	28.5	31.7	28.8	32.9

Source: Bureau of the Census, 2000 and 2010

### 3.1.3 Racial/Ethnic Composition

Salinas and Monterey County residents are predominately Hispanic. In 2010, three-quarters of the City's population was Hispanic and 15.5 percent were White (Table 3). In 2010, the City of Salinas had a higher proportion of Hispanic residents compared with the County (55.4 percent). Between 2000 and 2010 the proportions of White and Black residents decreased, while the Hispanic population increased. The proportion of Asian/Pacific Islander residents increased only slightly.

**Table 3: Race and Ethnic Composition**

Ethnic Group	2000		2010	
	City of Salinas	Monterey County	City of Salinas	Monterey County
Non-Hispanic White	24.2%	40.3%	15.5%	32.9%
Black or African American	3.0%	3.5%	1.6%	2.7%
Hispanic or Latino	64.1%	46.8%	75.0%	55.4%
American Indian or Alaska Native	0.4%	0.4%	0.3%	0.3%
Asian/Pacific Islander	6.0%	6.2%	6.0%	6.2%
Other	0.3%	0.3%	0.1%	0.2%
Two or more races	1.9%	2.5%	1.5%	2.3%
Total Population	100%	100%	100.0%	100.0%

Source: Bureau of the Census, 2000 and 2010

Race and ethnicity have implications on housing choice in that certain demographic and economic variables correlate with race. For example, the average household size for Salinas was 3.66 in 2010 while the average household size was 4.40 for Hispanics and 2.24 for Whites. In another example, per capita income for Hispanics is 78 percent of the City's per capita income, compared with Whites who earned almost twice the City's per capita income during 2009 to 2013.

### 3.1.4 Linguistic Isolation

Reflective of the demographics in the City, 68.5 percent of all Salinas residents spoke languages other than English at home, according to the American Community Survey (ACS). Over half of these residents spoke English “less than very well.” Linguistic isolation is more severe among Hispanics than among Asians, with approximately 64 percent of Salinas residents speaking “Spanish or Spanish Creole<sup>12</sup>” at home compared to only 3.8 percent speaking “Asian and Pacific Islander languages.” Among “Spanish or Spanish Creole” speaking households approximately 58.3 percent spoke English “less than very well”. The City’s Plan to accommodate Persons of Limited English Proficiency (LEPs) of 2013 analyzed the ACS data and found that Tagalog was the second most frequently occurring language among Salinas residents who speak English “less than very well.” Language barrier can be an impediment to accessing housing of choice. A population that is both minority and does not speak English well may face discrimination based on national origin as well as challenges related to obtaining housing, such as communicating effectively with a rental agent, real estate agent, mortgage lender, or insurance agent.

### 3.1.5 Race/Ethnic Concentration

Ethnic and racial composition of a region is useful in analyzing housing demand and any related fair housing concerns as it tends to demonstrate a relationship with other characteristics such as household size, locational preferences and mobility. Nationally HUD data shows that race-based discrimination ranks second in discrimination of protected classes, behind discrimination due to disability.<sup>13</sup> Figure 2 shows concentrations of minority<sup>14</sup> households by Census block group in Salinas. A "concentration" is defined as a block group whose proportion of minority households is greater than the overall 2010 minority average (in Salinas, an average of 84.5 percent).<sup>15</sup> Minority concentrations are found in East Salinas, Downtown, along Natividad Road north of Highway 101, and along the northwestern edge of the City. Many of these areas correspond to Low and Moderate Income areas (see Figure 4). When looking at racial/ethnic concentration at a countywide scale, it should be noted that the City of Salinas has a much higher proportion of minority residents (84.5 percent) compared to 68.4 percent in Monterey County overall and therefore, the majority of the City would be considered areas with minority concentration. This comparison would not provide information on potential segregation patterns within the City.

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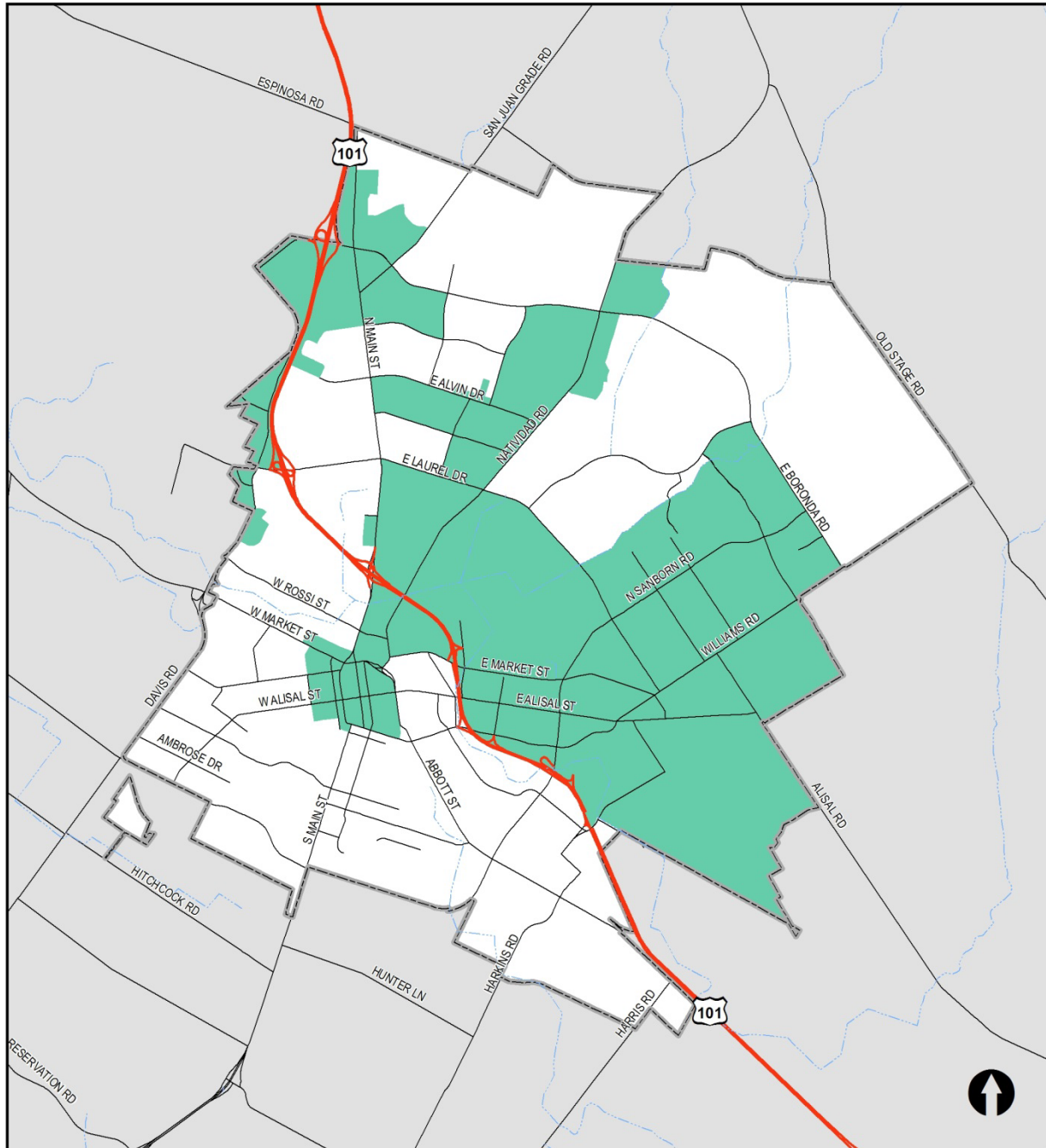
<sup>12</sup> American Community Survey offers the following sub-categories for members of the population that “Speak a language other than English”: “Spanish or Spanish Creole”; “Other Indo-European languages”; “Asian or Pacific Island languages”; and “Other languages”






<sup>13</sup> U.S. Department of Housing and Urban Development. “Annual Report on Fair Housing FY 2012-2013.”

<sup>14</sup> Minority: Non-white and/or Hispanic

<sup>15</sup> This definition of concentration is derived from the concept of Location Quotient (LQ), which is calculated by comparing the proportion of one group in a smaller geographic unit (e.g. block group) to the proportion of that group in the larger population (e.g. county).

Figure 2: Minority Concentration Areas



-  City Limits
-  Freeway
-  Major Roads
-  Water Features
-  **Minority Concentration Area**  
Block groups with a minority population (population other than non-Hispanic White) greater than the overall Salinas minority population of 84.5 percent

Sources:  
Bureau of the Census, 2010  
City of Salinas, 2014

## Minority Concentration Areas

### 3.1.6 Residential Segregation

Residential segregation refers to the degree to which groups live separately from one another. The term segregation historically has been linked to the forceful separation of racial groups. Modern segregation is complex, difficult to generalize, and is influenced by many factors. As more minorities move outside of traditional urban enclaves, some modern segregation is becoming increasingly self-imposed. Individual choices can certainly be a cause of segregation. Many residents choose to live among people of their own race/ethnic group. This does not mean that they prefer ethnically homogeneous neighborhoods, but that they feel more comfortable where members of their group are commonly found. This attitude is widespread and typically more frequently found among recent immigrants, who often depend on nearby relatives, friends, and ethnic institutions to help them in their adjustment.<sup>16</sup> However, individual choices may be constrained by factors outside an individual's control. A large factor in residential segregation is related to housing market dynamics such as availability of affordable housing and housing discrimination can also affect residential segregation.

The dissimilarity index is the most commonly used measure of segregation between two groups, reflecting their relative distributions across neighborhoods (as defined by census tracts). The index represents the percentage of the minority group that would have to move to new neighborhoods to achieve perfect integration of that group. An index score can range in value from 0 percent, indicating complete integration, to 100 percent, indicating complete segregation. An index number above 60 is considered high similarity and segregated. An index number of 40 to 50 is considered moderate segregation and values of 30 or below are considered low levels of segregation. To put the dissimilarity index into context, the Detroit metro area was found to be the nation's most segregated metropolitan statistical areas (between Whites and Blacks in the top fifty metro areas with largest Black populations in 2010), with a 79.6 percent rating. Among the top fifty metro areas with largest Hispanic Population, the Los Angeles-Long Beach-Glendale metro area was the most segregated (first place with 63.4 percent) and Laredo, Texas was the least segregated (50<sup>th</sup> place with 30.7 percent). The Salinas metro area (County of Monterey) was ranked fifth most segregated area between Hispanics and Whites, among the top fifty metro areas with the largest Hispanic Population (60.9 percent).<sup>17</sup>

Table 4 presents dissimilarity indices for the City of Salinas. Overall the City has moderate to low levels of segregation. Segregation is highest between Whites and Hispanics and Hispanics with Blacks and Asians. Since 1980, segregation between White and Black and Hispanic residents has decreased slightly as segregation between Hispanic and Black and Asian residents has increased. While numerically, there were drops in the indices, demographers interpret changes below 5 points in one decade as a small change or no real change at all. Nonetheless, change can be cumulative, and small changes in a single decade – if they are repeated over several decades – can constitute a significant trend.<sup>18</sup>

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<sup>16</sup> Allen, James P. and Turner, Eugene. "Changing Faces, Changing Places: Mapping Southern California." California State University, Northridge, (2002).

<sup>17</sup> Logan, John R. and Stults, Brian. "The Persistence of Segregation in the Metropolis: New Findings from the 2010 Census." Census Brief prepared for Project US2010, (2011).

<sup>18</sup> Logan, John R. and Stults, Brian. "The Persistence of Segregation in the Metropolis: New Findings from the 2010 Census." Census Brief prepared for Project US2010, (2011).



Table 4: Dissimilarity Indices in Salinas

Dissimilarity Index	1980	1990	2000	2010
White/Black	66.5	59.5	53.7	51.6
White/Hispanic	55.1	56.9	58.8	60.9
White/Asian	37.0	35.5	38.3	37.2
Hispanic/Black	77.2	69.9	60.8	57.0
Hispanic/Asian	53.7	54.5	51.4	49.8
Black/Asian	48.9	44.2	38.2	34.0

Source: Project US2010, <http://www.s4.brown.edu/us2010/index.htm> accessed January 3, 2015.

## 3.2 Household Characteristic

Household type and size, income level, the presence of persons with special needs, and other household characteristics may affect access to housing. This section details the various household characteristics that may affect equal access to housing.

### 3.2.1 Household Composition and Size

Different household types generally have different housing needs. Seniors or young adults typically make up a majority of single-person households and tend to reside in apartment units, condominiums or smaller single-family homes. Families, meanwhile, often prefer single-family homes. Household size can be an indicator of changes in population or use of housing.

#### **What is a Household?**

A household is defined by the Census as all persons occupying a housing unit. Families are a subset of households and include all persons living together who are related by blood, marriage or adoption. Single households include persons living alone, but do not include persons in group quarters such as convalescent homes or dormitories. “Other” households are unrelated people living together, such as roommates.

The 2010 Census reported 40,378 households in Salinas, representing an increase of approximately 5.5 percent since 2000. Family households comprised the majority (78 percent) of Salinas’ households, a higher proportion than the County as a whole (Table 5). Families with children accounted for 46 percent of all households in the City. Over 20 percent of households had at least one elderly (65+ years) member and households comprised of one elderly person made up about 6 percent of all households.

Over three quarters of the City’s households are family households. Families with children often face housing discrimination by landlords who fear that children will cause property damage, or the landlords have cultural biases against children of opposite sex sharing a bedroom. While the language in federal law about familial status discrimination is clear, the guidelines landlords can use to establish occupancy can be very vague. Although landlords can create occupancy guidelines based on the physical limitations of the housing unit, landlords often impose strict occupancy limitations precluding large families with children. Nationally, HUD data shows that familial status discrimination ranks third in discrimination of protected classes, behind discrimination due to disability and race.<sup>19</sup>

<sup>19</sup> U.S. Department of Housing and Urban Development. “Annual Report on Fair Housing FY 2012-2013.”

Just over 20 percent of households in Salinas included an elderly household member and 10 percent of households were female-headed households with children. Single-parent households with children and households headed by seniors have unique fair housing issues discussed later in this chapter.

**Table 5: Household Characteristics**

Household Type	City of Salinas	Monterey County
<b>Household Growth</b>		
Households (2010)	40,387	125,946
Households (2000)	38,298	121,236
% Change 2000-2010	5.5%	3.9%
<b>Household Type</b>		
Families	78.0%	71.8%
Families with Children	46.0%	36.5%
Married Families With Children	31.5%	26.3%
Male Headed Families with Children	4.5%	3.2%
Female Headed Families with Children	10.1%	7.0%
Non Family Households	22.0%	28.2%
Senior Living Alone	6.4%	8.6%
Households with elderly (65+ years) members	20.4%	25.6%
<b>Household Size</b>		
Average Household Size	3.66	3.15
Average Household Size - Owners	3.58	3.04
Average Household Size - Renters	3.73	3.26
Large Households (5+)	30.4%	21.4%
Large Households – Owners	27.8%	18.5%
Large Households - Renters	32.6%	24.4%

Source: Bureau of the Census, 2000 and 2010

The average size and composition of households are highly sensitive to the age structure of the population but they also reflect social and economic changes. For example, economic downturns may prolong the time adult children live at home or result in multiple families and non-family members living together to lower housing costs. The average household size in Salinas in 2010 was 3.66 persons per household, the same as it was in 2000 and higher than the Monterey County average household size (3.15). While the overall average household size remained unchanged since 2000, the average household size for owner-occupied units increased while the average household size for renter-occupied units decreased slightly.

### 3.3 Special Needs Households

Certain households, because of their special characteristics and needs, may require special accommodations and may have difficulty finding housing due to special needs. Special needs groups include seniors, persons with disabilities, families with children, single-parent households, large households, homeless persons and persons at-risk of homelessness, farm workers, and persons with HIV/AIDS.

#### 3.3.1 Seniors

Seniors (persons age 65 and above) are gradually becoming a more substantial segment of a community's population. Americans are living longer and having fuller lives than ever before in our history and are expected to continue to do so. Elderly households are vulnerable to housing problems and housing discrimination due to limited income, prevalence of physical or mental disabilities, limited mobility, and high health care costs. The elderly, particularly those with disabilities, may face increased difficulty in finding housing accommodations and may become victims of housing discrimination or fraud. Seniors sometimes face discrimination in the rental housing market, often based on the perception of increased risks and liabilities associated with the frail conditions or disabilities of senior tenants. A senior on a fixed income can face great difficulty finding safe and affordable housing. Subsidized housing and federal housing assistance programs are increasingly challenging to secure and often involve a long waiting list.

According to the 2010 Census, 7.5 percent of all residents in Salinas were ages 65 and over (Table 2). Twenty percent of the City's households had an elderly member (Table 5) and 15.4 percent of households were headed by a senior resident. Between 2009 and 2013, close to 12 percent of all seniors in Salinas were living in poverty. Also, over 38 percent of disabled residents in Salinas were seniors.

The Monterey County Area Agency on Aging (AAA) is a planning, advocacy, and grant making entity. The AAA's role in direct service provision is limited to the Information & Assistance (I&A) Program in partnership with the County Department of Social and Employment Services. Funding constraints and costs of doing business impacted the AAA's capacity to continue as a provider of case management services. With a focus upon system planning, advocacy, and grant making, the AAA uses its resources and expertise to strengthen the capacity of community based service providers in fulfilling the public's increased requests for services. As an administrative entity, the AAA is positioned to track service trends and policy developments; lead efforts in community services planning; and assist with fund development activities.

The Alliance on Aging also serves seniors in Monterey County. Alliance on Aging programs include Medicare counseling and education, peer counseling, nursing home information and advocacy, senior employment training, tax counseling, and a monthly luncheon located in Salinas. Alliance on Aging staff and volunteers provide direct services, information and education to seniors, adult children, caregivers, and "baby boomers" approaching and preparing for their senior years. The Alliance on Aging's administrative and program offices are located in Salinas and a representative visits the City's Firehouse Recreation Center at least twice a month.

The City of Salinas' senior programs, most offered at the Firehouse Recreation Center, include senior nutrition, leisure activities, education classes, social services, senior/adult trips, and volunteer opportunities. The Firehouse Senior Program works closely with a number of local non-profit agencies to provide services to its seniors such as Legal Services for Seniors. The Salinas Senior Center is a nonprofit organization, not a physical operating center, but it is working to raise funds to build a one-stop multi-service center for seniors and family caregivers in the City.

There are 451 rental units in six rental properties in Salinas that are restricted for those age 55 or 62 and older, with renter qualifications not to exceed anywhere from 50 percent to 80 percent of median income.

**Table 6: Senior Housing Developments**

Name	Address	Units
Gateway Apartments	25 Lincoln Avenue	52
La Gloria Apartments	539 E. Market Street	23
Los Abuelitos	528 East Market Street	25
Montecito (Salinas) Senior Apts.	1598 Mesquite Drive	132
Regency Court Sr.	472 Regency Circle	119
Steinbeck Commons Apartments	10 Lincoln Avenue	100

Source: City of Salinas, 2015; Association of Monterey Bay Area Governments, 2015.

In addition to the senior housing developments above, seniors in the City are also served by 29 State-licensed residential care facilities for the elderly, 24 adult residential facilities, and 6 adult day care facilities licensed residential care facilities with a combined capacity to serve 1,163 persons. The location of licensed residential care facilities located in Salinas is shown on Figure 13 on page 68.

### 3.3.2 Persons with Disabilities

Persons with physical disabilities may face discrimination in the housing market because of the use of wheelchairs, need for home modifications to improve accessibility, or other forms of assistance. Landlords/owners sometimes fear that a unit may sustain wheelchair damage or may refuse to exempt disabled tenants with service/guide animals from a no-pet policy. A major barrier to housing for people with mental disabilities is opposition based on the stigma of mental disability. Landlords often refuse to rent to tenants with a history of mental illness. Neighbors may object when a house becomes a group home for persons with mental disabilities. Currently, the Housing Choices Coalition serves 122 Salinas households in which at least one member has a developmental disability. About 37 percent of their clients are between the ages of 5 and 17 years old, while about three percent are over the age of 55.

While housing discrimination is not covered by the ADA, the Fair Housing Act prohibits housing discrimination against persons with disabilities, including persons with HIV/AIDS. In their 2013 Fair Housing Trends Report, the National Fair Housing Alliance indicated that disability complaints were the most prevalent type of housing discrimination complaints. The report stated that apartment owners made direct comments refusing to make reasonable accommodations or modifications for people with disabilities, making discrimination based on disability easier to detect. Discrimination

against persons with disabilities continues to be the largest category of complaints HUD receives each year.<sup>20</sup>

Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and mental retardation that substantially limits one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.<sup>21</sup>

The U.S. Census Bureau classifies disabilities into the following categories:

- **Hearing difficulty:** Deaf or having serious difficulty hearing
- **Vision difficulty:** Blind or having serious difficulty seeing, even when wearing glasses
- **Cognitive difficulty:** Because of a physical, mental, or emotional problem, having difficulty remembering, concentrating, or making decisions
- **Ambulatory difficulty:** Having serious difficulty walking or climbing stairs
- **Self-care difficulty:** Having difficulty bathing or dressing
- **Independent living difficulty:** Because of a physical, mental, or emotional problem, having difficulty doing errands alone such as visiting a doctor's office or shopping

According to the 2009-2013 ACS, approximately 7.2 percent of the Salinas population has one or more disabilities. Of those disabilities tallied between 2009 and 2013 (as shown in Table 7), cognitive, ambulatory, and independent living disabilities were the most prevalent. The elderly population had a significantly larger percentage of all disability types.

**Table 7: Disability Characteristics**

Disability by Age and Type	5 to 17 years	18 to 64 years	65 years and over	Total
Total Persons with a Disability	3.3%	6.1%	38.1%	7.2%
<b>Disability Type</b>				
Hearing Difficulty	0.5%	1.1%	14.0%	2.0%
Vision Difficulty	0.5%	1.1%	6.7%	1.4%
Cognitive Difficulty	2.3%	2.3%	11.2%	2.9%
Ambulatory Difficulty	0.7%	3.3%	26.0%	4.4%
Self-Care Difficulty	1.1%	1.6%	9.5%	2.1%
Independent Living Difficulty <sup>1</sup>	--	2.2%	19.0%	2.9%

Note 1: Tallied only for persons 18 years and over

<sup>20</sup> U.S. Department of Housing and Urban Development. "Annual Report on Fair Housing FY 2012-2013."

<sup>21</sup> U.S. Department of Housing and Urban Development. "Disability Rights in Housing." [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/disabilities/inhousing](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/disabilities/inhousing). Accessed December 23, 2014.

The elderly population is expected to grow substantially in the next 20 years. Since seniors have a much higher probability of being disabled, the housing and service needs for persons with disabilities should grow considerably commensurate with senior population growth.

Special housing needs for persons with disabilities fall into two general categories: physical design to address mobility impairments and in-home social, educational, and medical support to address developmental and mental impairments.

The Central Coast Center for Independent Living (CCCIL) is an advocacy and information center serving disabled persons in Salinas. With a central office in the City of Salinas, CCCIL provides various services to persons with disabilities who live in the counties of Santa Cruz, Monterey, and San Benito. CCCIL programs include information and referral; individual and systems change advocacy; benefits counseling; housing assistance; personal assistance services; peer support; independent living skills training; and assistive technology.

For disabled persons who require more assistance at home, the California Department of Social Services, Community Care Licensing Division reports that in Salinas there are 24 adult residential facilities, 6 adult day care facilities, and one social rehabilitation facility.

### **Persons with Developmental Disabilities**

As defined by federal law, “developmental disability” means a severe, chronic disability of an individual who:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments;
- Is manifested before the individual attains age 22<sup>22</sup>;
- Is likely to continue indefinitely;
- Results in substantial functional limitations in three or more of the following areas of major life activity: a) self-care; b) receptive and expressive language; c) learning; d) mobility; e) self-direction; f) capacity for independent living; or g) economic self-sufficiency; and
- Reflects the individual’s need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

The Census does not record developmental disabilities. According to the U.S. Administration on Developmental Disabilities, an accepted estimate of the percentage of the population that can be defined as developmentally disabled is 1.5 percent. This equates to just over 2,256 persons in the City of Salinas based on the 2010 Census population.

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<sup>22</sup> The State of California defines developmental disabilities slightly differently than federal law. The main difference is at the manifestation age, where California established that threshold at age 18.

San Andreas Regional Center is a community-based, private nonprofit corporation funded by the State of California to serve people with developmental disabilities as required by the Lanterman Developmental Disabilities Services Act (aka Lanterman Act). The Lanterman Act is part of California law that sets out the rights and responsibilities of persons with developmental disabilities. San Andreas is one of 21 regional centers throughout California and serves individuals and their families who reside within Monterey, San Benito, Santa Clara, and Santa Cruz Counties. The Regional Center provides diagnosis and assessment of eligibility and helps plan, access, coordinate, and monitor the services and supports that are needed because of a developmental disability. As of January 2015, the Regional Center had just over 1,070 clients living in the City of Salinas, close to 40 percent of all clients in Monterey County.

### **3.3.3 Families with Children and Single Parent Households**

Families with children often face housing discrimination by landlords who fear that children will cause property damage. Some landlords may also have cultural biases against children of the opposite sex sharing a bedroom. Differential treatments such as limiting the number of children in a complex or confining children to a specific location are also fair housing concerns. For example, some landlords may charge large households a higher rent or security deposit, limit the number of children in a complex, confine them to a specific location, limit the time children can play outdoors, or choose not to rent to families with children altogether, which would violate fair housing laws. Housing discrimination against families with children can also be masked as issues faced by overcrowded households. Even when housing providers rent openly to families with children there can still be an issue of illegal discriminatory policies. Neutral rules are expected to apply to all tenants equally, but once a housing provider isolates a particular group upon which to singularly implement those rules, a discriminatory practice is set in motion. According to the 2010 Census, approximately 46 percent of all households in Salinas have children under the age of 18 (Table 5).

Single-parent households often require special consideration and assistance as a result of their greater need for affordable housing, as well as accessible day care, health care, and other supportive services. Due to their relatively lower per-capita income and higher living expenses such as day-care, single-parent households have limited opportunities for finding affordable, decent, and safe housing. In 2010, approximately 5,885 single-parent households resided within Salinas, representing 14.6 percent of the City's households. Single-parent households, especially single mothers, may also be discriminated against in the rental housing market. At times, landlords may be concerned about the ability of such households to make regular rent payments and therefore, may require more stringent credit checks or higher security deposit for women. In 2010, an estimated 4,066 female-headed, single-parent households with children under age 18 lived in the City, representing approximately ten percent of all households in the City. Of particular concern are single-parent households with lower incomes. Data from the 2011-2013 American Community Survey (ACS) shows that approximately 37.3 percent (2,703 households) of the City's female-headed households had incomes below the poverty level.

Limited household income constrains the ability of single-parent households to afford adequate housing, childcare, health care, and other necessities. The City of Salinas offers various programs for families with children. The City's Breadbox Recreation Center is a recreation center with an emphasis on the City's youth and offers a variety of drop-in recreation programs and services. The Hebbbron Family Center offers a youth homework center, computer lab summer programs, karate classes, Girl Scout Troop, citizenship classes, and a teen lounge. The Mexican American

Opportunity Foundation (MAOF) has a Resource and Referral Program that provides families and providers in Monterey County with free referrals to licensed child care centers and family day care homes near a family's home or place of employment. MAOF is located in the City of Salinas and also offers information about child care options for children with special needs, free workshops on child care-related topics, and technical assistance in completing applications for community services relating to child care. Single parent households in the Salinas can also benefit from general programs and services for lower-and moderate-income persons, including the Housing Authority of the County of Monterey Housing Choice Voucher and Public Housing programs, the City's First Time Homebuyer and Housing Rehabilitation programs, and various community and social services provided by non-profit organizations in the region.

### **3.3.4 Large Households**

Large households are defined as those with five or more members. These households are usually families with two or more children or families with extended family members such as in-laws or grandparents. It can also include multiple families living in one housing unit in order to save on housing costs. Large households are a special needs group because the availability of adequately sized, affordable housing units is often limited. To save for necessities such as food, clothing, and medical care, lower- and moderate-income large households may reside in smaller units, resulting in overcrowding. Furthermore, families with children, especially those who are renters, may face discrimination or differential treatment in the housing market. For example, some landlords may charge large households a higher rent or security deposit, limit the number of children in a complex, confine them to a specific location, limit the time children can play outdoors, or choose not to rent to families with children altogether, which would violate fair housing laws. Housing discrimination against families with children can also be categorized as issues faced by overcrowded households.

As indicated in Table 5, in 2010, 30.4 percent of all households in Salinas had five or more members; specifically 27.8 percent of owner-households and 32.6 percent of renter-households in the City were considered to be large households. The proportion of large households in Salinas (30.4 percent) was higher than at the County level (21.4 percent). Areas with a high proportion of large households also tend to have high proportions of non-White population and family households. Many ethnic minority groups have a younger age profile and tend to have larger families than the White population. However, cultural differences also contribute to the overcrowded conditions. Some cultures tend to have larger households and have a range of attitudes about intergenerational living and homelessness prevention by sharing home spaces, no matter how small. Also, recently arrived immigrants may stay with relatives on a temporary basis until they get established.

Large households in Salinas can benefit from general programs and services for lower-and moderate-income persons, including The Housing Authority of the County of Monterey Housing Choice Voucher and Public Housing programs, the City's First Time Homebuyer and Housing Rehabilitation programs, and various community and social services provided by non-profit organizations in the region.

### **3.3.5 Homeless Persons**

On January 4, 2012, final regulations went into effect to implement changes to the U.S. Department of Housing and Urban Development's (HUD's) definition of homelessness contained in the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The definition



affects who is eligible for various HUD-funded homeless assistance programs. The new definition includes four broad categories of homelessness:<sup>23</sup>

- People who are living in a place not meant for human habitation, in emergency shelter, in transitional housing, or are exiting an institution where they temporarily resided.
- People who are losing their primary nighttime residence, which may include a motel or hotel or a doubled up situation, within 14 days and lack resources or support networks to remain in housing.
- Families with children or unaccompanied youth who are unstably housed and likely to continue in that state.
- People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing.

This definition demonstrates the diversity of people experiencing homelessness. The numerous locations in which people experiencing homelessness can be found complicate efforts to accurately estimate their total population. For example, an individual living with friends on a temporary basis could be experiencing homelessness, but would be unlikely to be identified in a homeless count.<sup>24</sup>

The 2013 Monterey County Homeless Census and Survey counted 2,950 homeless individuals during their one night point-in-time count.<sup>25</sup> This represents a three percent increase from 2011. The point-in-time count identified 128 sheltered and 404 unsheltered homeless individuals in the City of Salinas. The 532 homeless individuals identified in the count was 19 percent lower than in 2011 and made up 21 percent of the total count for Monterey County. The point-in-time count is just a snapshot of how many homeless people are on streets and in emergency and transitional shelters on any given day in Monterey County. Using the point-in-time results, the 2013 Monterey County Homeless Census and Survey estimates that over 6,400 individuals in Monterey County experienced homelessness in 2013.

The definition of homelessness in the City of Salinas school districts is established by the State to calculate funding and extends to any child not having a permanent roof. By definition, a child is homeless if he/she is living with a family due to financial hardships, renting a room (motel, hotel or shelter), living in a car, RV, campsite or garage, or awaiting foster care placement. According to the Homeless Liaison for the Salinas City Elementary School District, in the 2013-2014 school year, approximately 33 percent of all students in the district were homeless (2,849 students). In the City of Salinas, a total of 4,456 students were found to be homeless (within eight school districts) – almost three times as many compared to the 2010-2011 school year (1,704 students).

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<sup>23</sup> U.S. Department of Housing and Urban Development. “Expanding Opportunities to House Individuals and Families Experiencing Homelessness through the Public Housing (PH) and Housing Choice Voucher (HCV) Programs: Questions and Answers (Q&As).” (September 2013).

<sup>24</sup> The school districts, however, define homelessness very differently. This definition extends to any family without a permanent roof over their heads. By definition, a child is homeless if he or she is: a) living with another family due to financial hardship; b) renting a room, living in a motel or hotel, or shelter; c) living in a car, RV, campsite, or garage; or d) awaiting foster care placement. Based on this definition, the Salinas City School District reported 2,849 homeless students in the 2013-2014 school year, or one in three of the district’s enrollment. (Roberto M. Robledo, “Homeless ranks in Salinas schools on upswing,” *The Californian*, September 18, 2014.)

<sup>25</sup> United Way of Monterey County, “2013 Monterey County Homeless Point-in-Time Census and Survey.” (2013).

In 2011, the Counties of Monterey and San Benito completed the *Lead Me Home* plan, a 10-Year Plan to End Homelessness in Monterey and San Benito Counties. The Plan included recommendations by a Working Group comprised of representatives from public and private agencies that met over a 10-month period. The Plan establishes a “Housing First” approach to help people re-access housing as quickly as possible through four key strategies: create a comprehensive housing pipeline, focus housing development on target populations, identify new funding sources to support the creation of permanent housing, and improve system-level permanent housing outcomes. Goals set forth by the Plan aim to increase the permanent housing stock for homeless persons by 75 units after five years and 200 units after ten years and also to increase permanent supportive housing units by 500 in ten years. As part of a Lead Me Home breakout session at the 2013 MPC (Monterey Peninsula College) “Symposium on Hungry & Homeless in Paradise,” participants indicated the following top challenges to ending homelessness:

1. Need for lower-cost housing
2. Lack of realistic living wages, health benefits, and jobs for homeless
3. Lack of accessible transportation
4. Increasing criminalization of homelessness
5. Coordinating the ongoing communication among all those who want to help

Several homeless resources are available within the City of Salinas and presented in Table 8.

**Table 8: Homeless Resources**

Agency/Program	Description	Location
<b>Emergency Shelter</b>		
Franciscan Workers – Women Alive! Shelter	Emergency walk-in overnight shelter for women (no children). Capacity: 16 beds.	30 Soledad St. Salinas, CA 93901
Shelter Outreach Plus – Salinas	24-hour emergency shelter for battered and/or homeless women and their children. Access to case management, support groups, stocked and functional kitchen, donated clothing, and bilingual staff. Capacity: 32 beds.	N/A
Shelter Outreach Plus - Men's Lodging Program	14-bed fixed site emergency shelter for Salinas men	Marina
Victory Mission	Provides overnight shelter, food, showers, and clothing to homeless males 18yrs or older.	43 Soledad St. Salinas, CA 93901
<b>Community Kitchens</b>		
First United Methodist Church	Provides hot lunch Monday through Friday 11:30-12:30pm.	404 Lincoln Ave. Salinas, CA 93901
Franciscan Workers – Dorothy's Kitchen	Serves breakfast and lunch every day to persons in need. Provides food boxes for individuals and families during the week.	30 Soledad St. Salinas, CA 93901
<b>Transitional Housing</b>		
Sun Street Centers-Seven Suns	A self-supporting transitional housing facility for men with a variety of supportive services.	8 Sun St. Salinas, CA 93901

**Table 8: Homeless Resources**

Agency/Program	Description	Location
Sun Street Centers-Men's Residential Program	State-licensed recovery program for men. Services include 3 meals a day, laundry facilities, planned activities, weekly after care, family counseling, and support groups.	8 Sun St. Salinas, CA 93901
<b>Rental and Support Services</b>		
Catholic Charities Family Supportive Services Program	Provides direct financial aid with rental, move-in, and utility assistance as well as assistance with the CalFresh application process for eligible families and individuals.	1705 2nd Ave Salinas, CA 93905
Central Coast HIV/AIDS Services (CCHAS)	Programs focus on education, prevention, and testing. Also able to assist persons living with HIV/AIDS through short-term motel vouchers.	1121 Baldwin St, Salinas , CA 93906
CHISPA	Non-profit housing developer in Monterey County that offers affordable rentals to families who qualify by income. (Currently most developments have a waiting list; some are closed). Section 8 Vouchers are not required.	295 Main St. #100 Salinas, CA 93901
Clínica De Salud del Valle De Salinas	Mobile clinic providing medical and dental care to the homeless population.	Includes three permanent locations in Salinas. <ul style="list-style-type: none"> <li>Alvin Dental Clinic: 620 E Alvin Dr. Suite G</li> <li>Sanborn Clinic: 219 North Sanborn Rd.</li> <li>Circle Clinic: 950 Circle Dr.</li> </ul>
CSUMB Community Learning Center - Chinatown	Computers public use, classroom for job readiness skills, social service drop-in center.	22 Soledad Street Salinas, CA 93901
First United Methodist Church	Safe space day program with TV, computers, phone, and restrooms.	404 Lincoln Ave. Salinas, CA 93901
Franciscan Workers of Junipero Serra – Dorothy's Dayroom	Safe space program including showers, laundry, and mail services. Located next to Dorothy's Kitchen which serves daily breakfast and lunch.	30 Soledad St. Salinas, CA 93901
Food Bank for Monterey County	Provides emergency supplemental food to low-income residents of Monterey County.	815 W. Market St. Salinas, CA 93901 (distributes at more than 20 locations in Salinas)
Home Energy Assistance Program (HEAP)	Assists low income families with paying their PG&E bill.	The Salvation Army hosts HEAP on Thursdays at 2460 North Main St in Salinas.
Housing Resource Center – SSVF	Supportive Services for Veteran Families – emergency housing assistance and supportive services to homeless and at-risk veterans and families.	201A John Street Salinas, CA 93901
Interim Inc. McHOME	Outreach to homeless mentally ill adults living on the street.	339 Pajaro Street Salinas, CA 93901
Monterey County Aging and Adult Services	Provides information and assistance; adult protective services and in-home supportive	713 La Guardia St. Salinas, CA 93905.

**Table 8: Homeless Resources**

Agency/Program	Description	Location
	services.	
Monterey County Department of Social Services	Provides applications for Medi-Cal or CalFresh (Food Stamps) programs.	1000 South Main St. Suite 216 Salinas, CA 93901
Salvation Army – Salinas Center	Community center with a variety of family and senior services.	2460 North Main St. Salinas, CA 93906
Sunrise House	Provides services for at-risk teens, youth and family counseling for issues including drugs and alcohol, violence, and crisis matters.	119 Capitol St. Salinas, CA 93901

Source: Monterey County Homeless Services Resource Guide. Coalition of Homeless Service Providers, January 2014, City ESG program records.

### 3.3.6 Farm Workers

The Salinas Valley is one of the most productive agricultural regions in the world, earning its moniker “the Salad Bowl of the World.” The Valley is home to thousands of acres of produce and flower farms, as well as wineries. Agriculture contributes millions of dollars to the local economy and provides jobs to people throughout the Monterey Bay region. As traditionally defined, farm workers are persons whose primary incomes are earned through permanent or seasonal agricultural labor. Permanent farm workers tend to work in fields or processing plants. During harvest periods when workloads increase, the need to supplement the permanent labor force is satisfied with seasonal workers. Often these seasonal workers are migrant workers, defined by the inability to return to their primary residence at the end of the workday. The agricultural workforce in Monterey County does many jobs, including weeding, thinning, planting, pruning, irrigation, tractor work, pesticide applications, harvesting, transportation to the cooler or market, and a variety of jobs at packing and processing facilities. It is therefore difficult to estimate the number of farm workers residing in the County or City of Salinas. According to 2011-2013 ACS, there were 11,461 agricultural workers living in Salinas (18 percent of the City’s total labor force), constituting more than half of the County’s agricultural workers.

Farm worker households tend to have high rates of poverty, live disproportionately in housing which is in the poorest condition, have very high rates of overcrowding, have low homeownership rates, and are predominately members of minority groups. Some immigrant farm workers may have an inherent fear and mistrust of law enforcement and other government authorities based on their experience or perception of the government in their country of origin or from rumors and experiences suffered by other farm workers. These farm workers may be reluctant to report fair housing issues or violations or contact any other government official for assistance. Furthermore, most federally funded housing programs, including the Housing Choice Voucher program and other subsidy programs, exclude persons who are undocumented. This means that people who are most in need are unable to obtain housing assistance, and others are unable to find any housing and instead must resort to homeless shelters, to sleeping in their vehicles, or to homeless encampments.

According to the U.S. Department of Labor, Bureau of Labor Statistics (BLS), the average annual wage for farm workers and laborers in the Salinas MSA in 2013 was \$19,290. Within farming, fishing, and forestry occupations, first-line supervisors and agricultural inspectors earned the highest

wages. Table 9 presents the location quotient for farming, fishing, and forestry occupations. The location quotient is the ratio of the area concentration of occupational employment to the national average concentration. A location quotient greater than one indicates the occupation has a higher share of employment than average, and a location quotient less than one indicates the occupation is less prevalent in the area than average. As shown in Table 9, there is a very high concentration of all types of agricultural occupation in the Salinas Metro area.

**Table 9: Farm Worker Employment Profile - Salinas, CA Metro Area (County of Monterey)**

Occupation Title	Employment	Location Quotient	Mean Hourly Wage	Annual Mean Wage
Farming, Fishing, and Forestry Occupations	28,340	55.62	\$9.71	\$20,200
First-Line Supervisors of Farming, Fishing, and Forestry Workers	680	31.35	\$23.02	\$47,880
Agricultural Inspectors	60	3.98	\$27.39	\$56,970
Graders and Sorters, Agricultural Products	520	11.67	\$10.09	\$20,990
Agricultural Equipment Operators	320	11.89	\$13.29	\$27,640
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	26,700	87.14	\$9.27	\$19,290

Note: The U.S. Department of Labor, Bureau of Labor Statistics indicates a higher number of persons employed in Farming, Fishing, and Forestry Occupations as compared with data from the 2011-2013 American Community Survey from the U.S. Census Bureau.

Source: U.S. Department of Labor, Bureau of Labor Statistics. May 2013 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates.

Several organizations work to secure more affordable housing for Salinas' farmworkers. The two most active organizations in this area are the Community Housing Improvement Systems and Planning Association, Inc. (CHISPA) and the Center for Community Advocacy (CCA). CHISPA works to rehabilitate and construct new farm worker housing in the Salinas Valley. They have been successful in demolishing the dilapidated buildings intended to serve single migrant farm workers in the 1940s, which were not appropriate for permanent occupation by large families. In their place new affordable units are built for farm workers, some of which are "sweat equity" homes. With a sweat equity arrangement, the sale price of the home is significantly reduced because the homeowners themselves provide much of the labor to build them. CCA is a nonprofit organization whose mission is to improve housing conditions as well as provide outreach, health services, and educational programs to farm workers and other low-income families. CCA's overarching goal is to help farm workers help themselves. CCA conducts outreach at labor camps to educate farm workers about their basic rights.

The Housing Authority of Monterey County (HACM) maintains a number of Migrant and Permanent Farm Labor housing units. A total of 215 housing units are available for this targeted population. The Migrant Center is located in King City and is open for six months each year. The permanent Farm Labor Complexes maintained by HACM are located in Salinas, Chualar, and Castroville. The United Farm Workers (UFW) Union also maintains an office in Salinas.

### 3.3.7 Persons with HIV/AIDS

The Fair Housing Amendments Act of 1988, which is primarily enforced by HUD, prohibits housing discrimination against persons with disabilities, including persons with HIV/AIDS. Housing providers are barred from discriminating against people with disabilities, but they also have a responsibility to provide reasonable accommodation in housing policies and procedures. A tenant with HIV/AIDS may not need physically accessible housing when initially renting a unit, but may then develop a symptom that requires a wheelchair or installation of support bars in the unit. Many landlords and tenants are not aware that a landlord is required by law to allow physical modifications to a unit to accommodate a disability. Despite federal and state anti-discrimination laws, many people face illegal eviction from their homes when their illness is exposed. Misconceptions and stigma associated with their illness and possible sexual orientation can add to the difficulty of obtaining and maintaining housing. In addition, persons with HIV/AIDS may also be targets of hate crimes, which are discussed later in this document.

California has the second largest number of Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS) cases in the United States. According to the Monterey County Health Department Communicable Disease Unit, approximately 638 persons in Monterey County are living with HIV/AIDS (as of December 2014). Of these persons, 39 percent (249 persons) reported living in the Salinas area. Of the total HIV/AIDS population in the City of Salinas, 69.9 percent were Hispanic, 18.1 percent were White, and 8.4 percent were black.<sup>26</sup>

Persons with HIV/AIDS may require a broad range of services, including counseling, medical care, in-home care, transportation, and food, in addition to stable housing. Today, persons with HIV/AIDS live longer and require longer provision of services and housing. Stable housing promotes improved health, sobriety, decreased drug abuse, and a return to paid employment and productive social activities resulting in an improved quality of life. Furthermore, stable housing is shown to be cost-effective for the community in that it helps to decrease risk factors that can lead to HIV and AIDS transmission.

Central Coast HIV/AIDS Services (CCHAS) has an office in Salinas and serves individuals and families living with HIV/AIDS in Monterey and San Benito County by providing safety-net and vital services that assist in maintaining the best possible quality of life while also preventing the continued spread of HIV. Programs focus on education, prevention, and testing. Through HUD's Housing Opportunities for Persons with AIDS (HOPWA) program and other funding, CCHAS is able to assist persons living with HIV/AIDS through short-term motel vouchers.

Monterey County has two clinics that specialize in HIV/AIDS Care, the Natividad Immunology Division Outpatient (NIDO) Clinic in Salinas and the Outpatient Immunology Services (OPIS) Clinic at the Community Hospital of the Monterey Peninsula in Monterey. The NIDO Clinic is a comprehensive primary care clinic serving adults with HIV/AIDS and other infectious diseases. In addition to medical services, the clinic provides free HIV testing and counseling, laboratory, case management, health education, treatment adherence education, mental health counseling, outreach, and referral services.

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<sup>26</sup> Monterey County Health Department Communicable Disease Unit, data are current as of December 31, 2014.

The HIV Care Program (HCP) as well as all other Monterey County HIV- and AIDS-related service programs promote awareness and education about HIV/AIDS prevention, testing, treatment, and services available in the county. Services include coordinating HIV prevention strategies, working with community organizations focused on HIV prevention and HIV/AIDS Care Clinics, and facilitating the Monterey County HIV Planning Group (MCHPG which meets quarterly), and outreach through social media promoting STD and HIV Prevention awareness. In addition to the services discussed above, the Monterey County Health Department provides a comprehensive resource guide for persons living with HIV/AIDS (also published in Spanish). For example, additional Salinas resources for HIV testing, medical/dental referrals, and HIV/AIDS education include: Clínica de Salud (219 No. Sanborn Road), Clínica de Salud (950 Circle Drive), Alisal health Center (559 E. Alisal Street #201B), and Planned Parenthood of Salinas (316 No. Main Street).

## **3.4 Income Profile**

Household income is the most important factor determining a household's ability to balance housing costs with other basic life necessities. Regular income is the means by which most individuals and families finance current consumption and make provision for the future through saving and investment. While economic factors that affect a household's housing choice are not a fair housing issue per se, the relationships between household income, household type, race/ethnicity, and other factors often create misconceptions and biases that raise fair housing concerns.

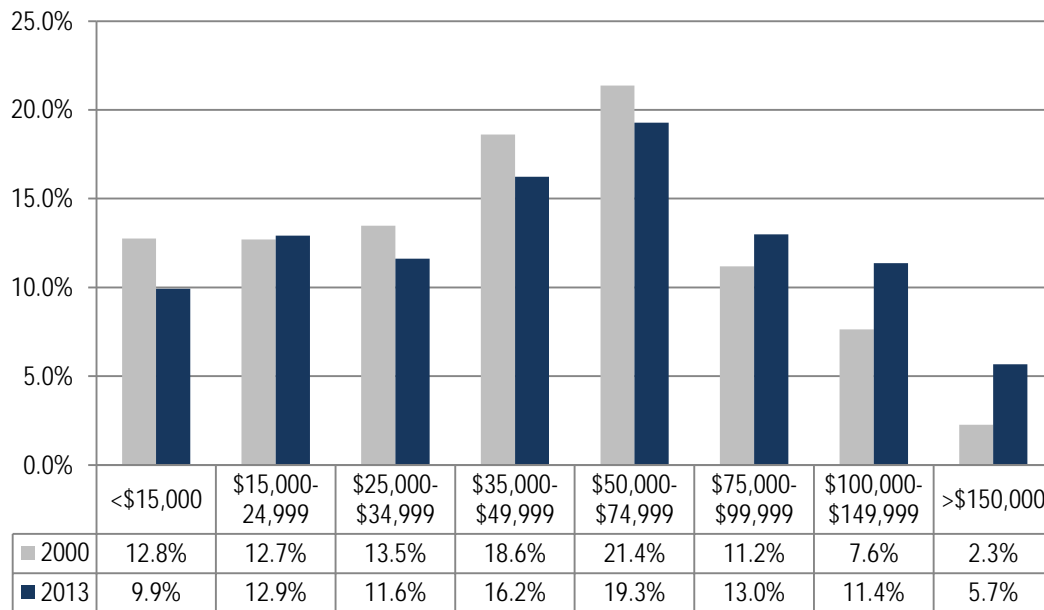
### **3.4.1 Household Income**

Data from the 2009-2013 ACS shows that Salinas households had a median income of \$49,264. Figure 3 shows that about a third (34.4 percent) of the households earned less than \$35,000 in 2013. In contrast, only 17.1 percent of the households earned more than \$100,000 in 2013. Overall, the proportion of households earning less than \$75,000 has fallen since 2000 and households earning more than \$75,000 increased since 2000 as seen in Figure 3.

The City's median income in 2013 was 17 percent lower than the County median income of \$59,168. Table 10 shows median household income in the City, Monterey County, and State of California in 2000 and 2013. Overall, median household income in the City is significantly lower than for the County as a whole.

According to 2000 Census data and 2013 ACS data, in absolute terms, the median income in the City has risen since 2000 (Table 10). When inflation is not factored in, the City and County posted significant median household income gains compared with 2000. However, adjusting the 2000 income for inflation to 2013 shows that both the City and County saw an actual decrease in median income, reflecting a trend nationwide. The decrease in median income may be attributed to the economic downturn that started in 2007 and has just recently started to level off.

Figure 3: Household Income



Source: Bureau of the Census, 2000; American Community Survey (ACS), 2009-2013

Table 10: Median Household Income

Jurisdiction	Median Household Income 2000 (Not Adjusted for Inflation)	Median Household Income 2000 (in 2013 Inflation-Adjusted Dollars)	Median Household Income ((in 2013 Inflation-Adjusted Dollars))	% Change 2000 in 2013 (Inflation-Adjusted Dollars to 2013)
City of Salinas	\$43,280	\$58,550	\$49,264	-15.9%
Monterey County	\$48,165	\$65,159	\$59,168	-9.2%
State of California	\$47,288	\$63,973	\$61,094	-4.5%

Source: Bureau of the Census, 2000; American Community Survey (ACS), 2009-2013; U.S. Department of Labor, Bureau of Labor Statistics

### 3.4.2 Income Distribution

HUD periodically receives "custom tabulations" of Census data from the U.S. Census Bureau that are largely not available through standard Census products. The most recent estimates are derived from the 2007-2011 ACS. This dataset, known as the "CHAS" data (Comprehensive Housing Affordability Strategy), demonstrates the extent of housing problems and housing needs, particularly for low-income households. The CHAS cross-tabulates the Census data to reveal household income in a community in relation to the Area Median Income (AMI). As defined by CHAS, housing problems include:

- Units with physical defects (lacking complete kitchen or bathroom);
- Overcrowded conditions (housing units with more than one person per room);



- Housing cost burden, including utilities, exceeding 30 percent of gross income; and
- Severe housing cost burden, including utilities, exceeding 50 percent of gross income.

For the purpose of using housing and community data, HUD has also established the following income categories based on the Area Median Income (AMI) for the Metropolitan Statistical Area (MSA):<sup>27</sup>

- Extremely Low Income (0-30 percent of AMI)
- Low Income (31-50 percent of AMI)
- Moderate Income (51-80 percent of AMI)
- Middle/Upper Income (above 80 percent of AMI)

According to the CHAS data in Table 11, approximately 28.3 percent of the Salinas households were within the lower income (50 percent or less of the AMI) categories and 19.1 percent were within the moderate income (80 percent AMI) category. The majority of the City's households (52.6 percent) were within the middle/upper income category (greater than 80 percent AMI). The proportion of middle/upper income households in the City is lower than that for the County as a whole (52.6 percent in the City versus 62.3 percent in the County). However, Monterey County has some extremely wealthy households in the Pebble Beach, Carmel and Carmel Valley areas which would raise the County-wide statistic.

**Table 11: Income Distribution**

Jurisdiction	Total Households	Extremely Low Income (0-30%)	Low Income (31-50%)	Moderate Income (51-80%)	Middle/Upper Income (80%+)
City of Salinas	40,675	12.7%	15.6%	19.1%	52.6%
Monterey County	125,215	9.9%	11.6%	16.2%	62.3%

Note: Data presented in this table is based on special tabulations from sample Census data. The number of households in each category usually deviates slightly from the 100% count due to the need to extrapolate sample data out to total households. Interpretations of this data should focus on the proportion of households in need of assistance rather than on precise numbers.

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data, 2007-2011

### 3.4.3 Income by Household Type and Race/Ethnicity

Household income often varies by household type. As shown in Table 13, small family households had the highest proportion of households that earned less than 80 percent of the AMI (43 percent)

Race/ethnicity can indicate housing need to the extent that different race/ethnic groups earn different incomes. Overall, lower income households comprised just over 28 percent of all households in Salinas in 2007-2011. However, certain groups had higher proportions of lower income households. Specifically, Hispanic (34.2 percent) and Black (33.3 percent) households had a

<sup>27</sup> Income limits established by the State of California Department of Housing and Community Development (HCD) are different from those set by HUD. HCD income limits are as follows: Extremely Low Income (30 percent AMI); Very Low Income (50 percent AMI); Low Income (80 percent AMI); Moderate Income (120 percent AMI); and Above Moderate Income (greater than 120 percent AMI).

higher proportion of lower income households than the rest of the City (Table 12). Fewer Asian (17 percent) and Non-Hispanic White households (16.4 percent) fell in the lower income category compared to the City average.

**Table 12: Income by Race/Ethnicity**

Income Level	All Households		Non-Hispanic White	Hispanic	Black	Asian
Extremely Low Income (0-30% AMI)	5,170	12.7%	7.6%	15.1%	14.3%	10.7%
Low Income (31-50% AMI)	6,350	15.6%	8.8%	19.1%	19.3%	6.3%
Moderate Income (51-80% AMI)	7,750	19.1%	14.1%	22.0%	15.5%	12.8%
Middle/Upper Income (81% + AMI)	21,405	52.6%	69.5%	43.7%	50.9%	70.2%
Percent of Total Households	40,675	100.0%	25.9%	63.9%	2.0%	7.0%

Note: Data presented in this table is based on special tabulations from sample Census data. The number of households in each category usually deviates slightly from the 100% count due to the need to extrapolate sample data out to total households. Interpretations of this data should focus on the proportion of households in need of assistance rather than on precise numbers.

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data, 2007-2011

### 3.4.4 Concentrations of Lower and Moderate Income Populations

HUD defines a “Low and Moderate Income Area” as a Census tract or block group where over 51 percent of the population is lower and moderate income. Figure 4 identifies the Low and Moderate Income Areas in Salinas. As shown in the figure, Low and Moderate Income Areas are located generally in the center of the City (including the entire Alisal neighborhood), the Downtown area, and in parts of North Salinas. Most of the Low and Moderate Income Areas are also identified as minority concentration areas, an indication that certain parts of the City have a disproportionate number of lower income minority residents.

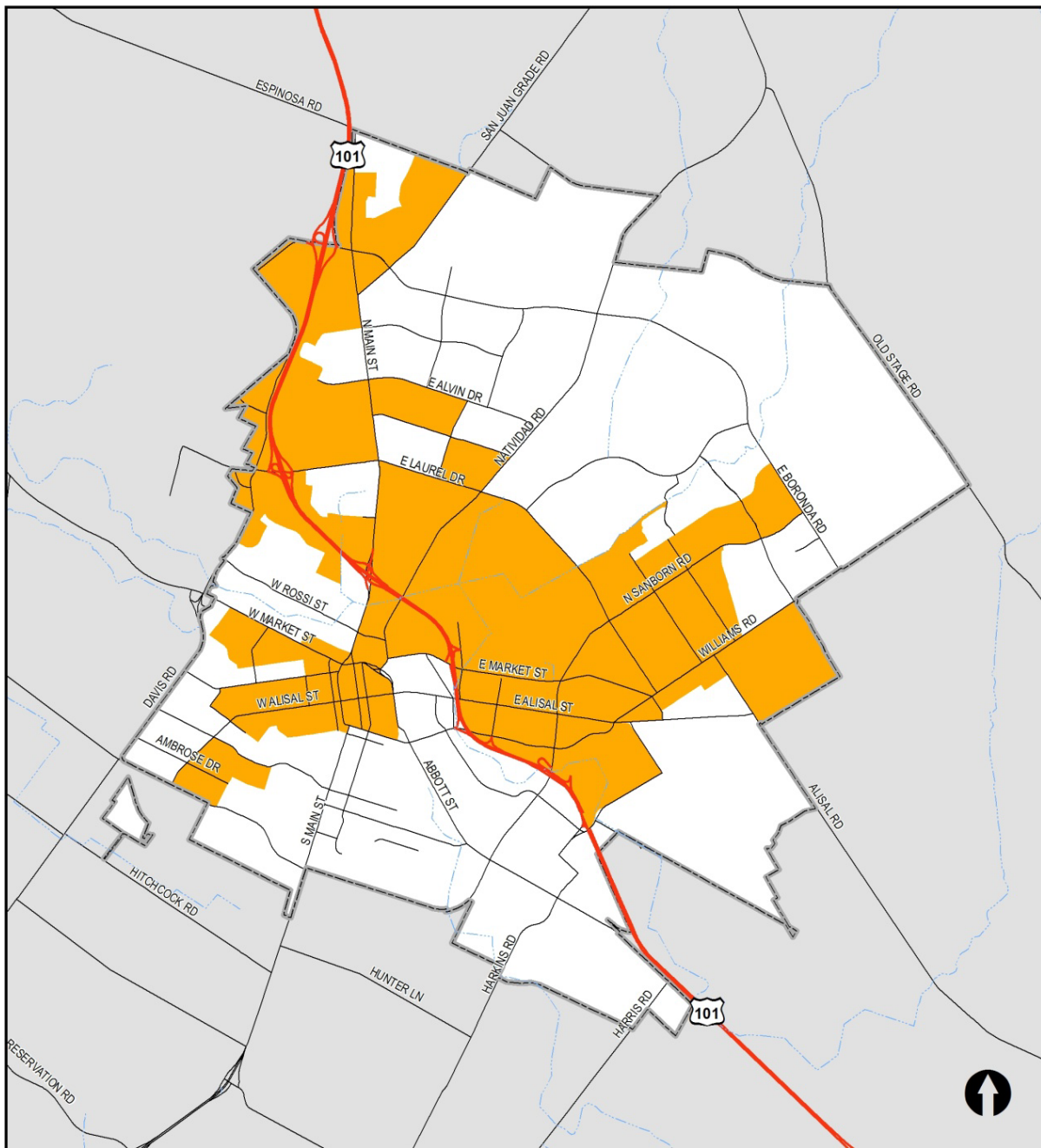
Table 13: Housing Assistance Needs of Low and Moderate Income Households

Household by Type, Income & Housing Problem	Renters				Owners				Total Households
	Elderly	Small Families	Large Families	Total Renters	Elderly	Small Families	Large Families	Total Owners	
<b>Ext. Low Income (0-30% MFI)</b>	<b>740</b>	<b>1,915</b>	<b>770</b>	<b>4,120</b>	<b>480</b>	<b>285</b>	<b>155</b>	<b>1,050</b>	<b>5,170</b>
with any housing problems	76%	89%	97%	81%	67%	79%	100%	77%	80%
with cost burden > 30%	74%	86%	84%	77%	67%	77%	100%	77%	77%
with cost burden > 50%	53%	75%	70%	64%	57%	70%	77%	68%	65%
<b>Low Income (31-50% MFI)</b>	<b>655</b>	<b>2,455</b>	<b>1,215</b>	<b>4,840</b>	<b>610</b>	<b>440</b>	<b>335</b>	<b>1,510</b>	<b>6,350</b>
with any housing problems	83%	91%	92%	91%	40%	92%	97%	72%	86%
with cost burden > 30%	84%	89%	84%	87%	38%	92%	93%	70%	83%
with cost burden > 50%	64%	38%	38%	43%	21%	81%	82%	57%	47%
<b>Moderate Income (51-80% MFI)</b>	<b>350</b>	<b>2,310</b>	<b>1,645</b>	<b>5,075</b>	<b>800</b>	<b>835</b>	<b>945</b>	<b>2,675</b>	<b>7,750</b>
with any housing problems	74%	60%	88%	72%	28%	91%	94%	73%	72%
with cost burden > 30%	57%	51%	57%	56%	28%	91%	87%	71%	61%
with cost burden > 50%	13%	7%	16%	13%	18%	67%	55%	49%	25%
<b>Middle/Upper Income (81% + MFI)</b>	<b>455</b>	<b>4,125</b>	<b>1,655</b>	<b>8,175</b>	<b>2,290</b>	<b>6,575</b>	<b>2,840</b>	<b>13,230</b>	<b>21,405</b>
with any housing problems	31%	28%	71%	35%	25%	43%	61%	45%	41%
with cost burden > 30%	32%	15%	20%	17%	25%	42%	40%	40%	31%
with cost burden > 50%	4%	1%	0%	1%	9%	13%	13%	12%	8%
<b>Total Households</b>	<b>2,200</b>	<b>10,805</b>	<b>5,285</b>	<b>22,210</b>	<b>4,180</b>	<b>8,135</b>	<b>4,275</b>	<b>18,465</b>	<b>40,675</b>
with any housing problems	69%	60%	85%	64%	32%	52%	73%	53%	59%
with cost burden > 30%	66%	52%	56%	52%	32%	51%	57%	49%	51%
with cost burden > 50%	40%	24%	24%	25%	18%	24%	30%	24%	24%


Source: HUD Comprehensive Housing Affordability Strategy (CHAS), 2007-2011.

Note: HUD CHAS (Comprehensive Housing Affordability Strategy) data is based on tabulations from the American Community Survey (ACS) and has a smaller sample size than the Decennial Census. Due to the smaller sample size, the data presented may have significant margins of error, particularly for smaller geographies. The intent of the data is to show general proportions of household need, not exact numbers.

Figure 4: Low and Moderate Income Areas



-  City Limits
-  Freeway
-  Major Roads
-  Water Features

 **Low and Moderate Income Areas**  
Block groups or block group where over 51% of the population is low to moderate income.

Sources:  
HUD, 2014  
City of Salinas, 2014

## Low and Moderate Income Areas

### 3.4.5 Concentrations of Poverty

National poverty data suggests that people living in poverty tend to be clustered in certain communities rather than being evenly distributed across geographic areas. Identifying concentrations of poverty is important because living in areas with many other poor people has been shown to place burdens on low-income families beyond what the families' own individual circumstances would dictate. Other research indicates that this concentration of poverty can result in higher crime rates, underperforming public schools, poor housing and health conditions, as well as limited access to private services and job opportunities.<sup>28</sup> The consequences of poverty are particularly harmful to children. Children who grow up in densely poor neighborhoods and attend low income schools face many barriers to academic and occupational achievement.

In Salinas, 21 percent of residents (31,514 persons) were found to be living below the poverty level (according to 2009-2013 ACS data).<sup>29</sup> Poverty was more prevalent for Hispanics (24.6 percent) and adults with less than a high school education (25.7 percent). In contrast, 9.1 percent of both White and Asian residents and 5.8 percent of residents with at least a college degree were living below the poverty level during the same time period. The proportion of residents living in poverty in Salinas (21 percent) was higher than the countywide proportion (17 percent).

Figure 5 shows the geographic concentration of poverty in Salinas. Generally poverty concentration areas are located along a swath cutting through the center of the City. In these areas, the proportion of persons in poverty is higher than the countywide proportion (17 percent). In several areas, the proportion of persons in poverty is twice the countywide proportion. These areas include Downtown and two sections of the Alisal neighborhood on the west (north of Alisal Street and west of Sanborn Road) and east (northeast of Garner Avenue, south of Alisal High School and La Paz Middle school). The area around Salinas Municipal Airport shows a high concentration of persons in poverty but there are very few residents identified in the Census data in that area (under 40 persons total).

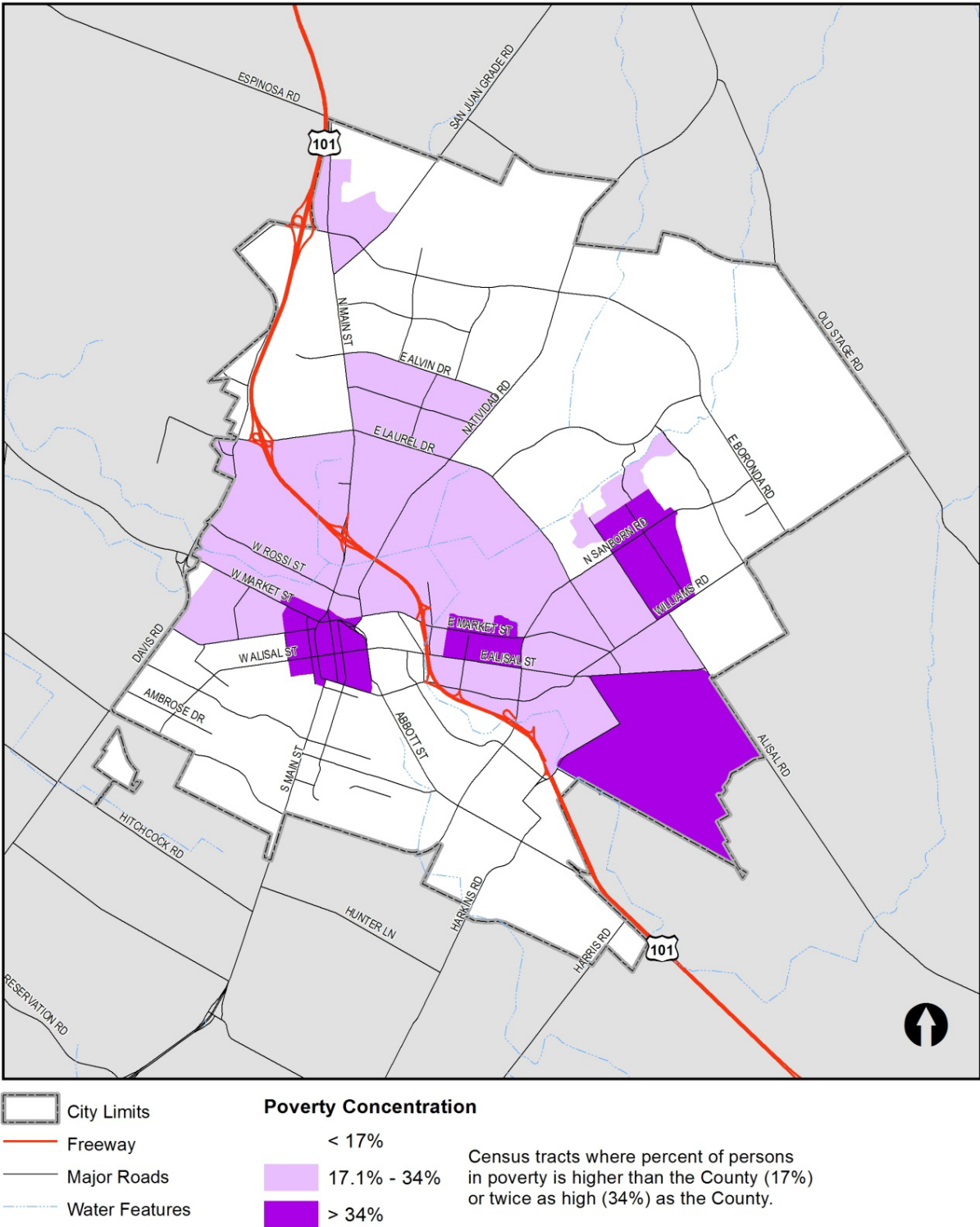
Most of the poverty concentration areas were also identified as minority concentration areas. In an effort to identify racially/ethnically-concentrated areas of poverty (RECAPs), HUD has identified census tracts with a majority non-White population (greater than 50 percent) and a poverty rate that exceeds 40 percent or is three times the average tract poverty rate for the metro/micro area (in 2010), whichever threshold is lower. HUD has classified the two areas within the Alisal neighborhood with a high poverty concentration, as racially/ethnically-concentrated areas of poverty (RECAPs). Specifically, Census Tracts 5.01 and 7.01 are identified as RECAPs; the tract boundaries can be viewed in Figure 6.

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<sup>28</sup> Bureau of the Census. "Areas with Concentrated Poverty: 2006–2010. American Community Survey Briefs", (December 2011).

<sup>29</sup> The U.S. Census Bureau determines poverty status by comparing annual income to a set of dollar values called poverty thresholds that vary by family size, number of children, and age of householder. If a family's before tax money income is less than the dollar value of their threshold, then that family and every individual in it are considered to be in poverty. For people not living in families, poverty status is determined by comparing the individual's income to his or her poverty threshold.

Figure 5: Poverty Concentration Areas



Sources:  
American Community Survey (ACS), 2009-2013  
City of Salinas, 2014

**Poverty Concentration Areas**



### 3.4.6 Alisal Neighborhood Revitalization Strategy Area (NRSA)

The Alisal NRSA covers approximately 2.6 square miles, or about 11 percent of the whole City. The Alisal NRSA includes some of the most distressed residential neighborhoods in Salinas and qualifies as a NRSA based on the high percentage of low to moderate income (LMI) residents. The NRSA faces challenges such as inadequate public infrastructure, high levels of unemployment, high levels of poverty, and violent criminal activity. Table 14 provides a comparison of demographic and household characteristics between the Alisal NRSA and the City as a whole.<sup>30</sup> Focused efforts to address the housing and supportive service needs in the Alisal area are needed.

**Table 14: Alisal NRSA vs. City of Salinas**

	Alisal NRSA	Salinas	California
Population Growth (2000-2010)	-8.8%	+5.4%	10.0%
% Children (under age of 18)	35.8%	31.4%	25.00%
% Seniors (65 years and older)	4.5%	7.5%	11.40%
% Hispanics	95.1%	75.0%	37.60%
% Families with Children	69.7%	46.0%	33.00%
% Female-Headed Families with Children	14.2%	10.1%	6.80%
% Large Households (5+ members)	52.3%	30.4%	16.40%
% Living below Poverty Status	33.3%	21.0%	15.90%
% With Less Than High School Education (of population 25 years and older)	65.0%	39.4%	18.5%
% Housing Growth (2000-2010)	-0.5%	7.5%	12.0%
% Unemployed	14.8%	11.6%	11.5%
% Households with Cost Burden <sup>1</sup>	30.0%	28.4%	23.3%
% Households with Severe Cost Burden <sup>2</sup>	26.6%	23.7%	21.8%
% Households Overcrowded <sup>3</sup>	36.6%	17.5%	8.2%

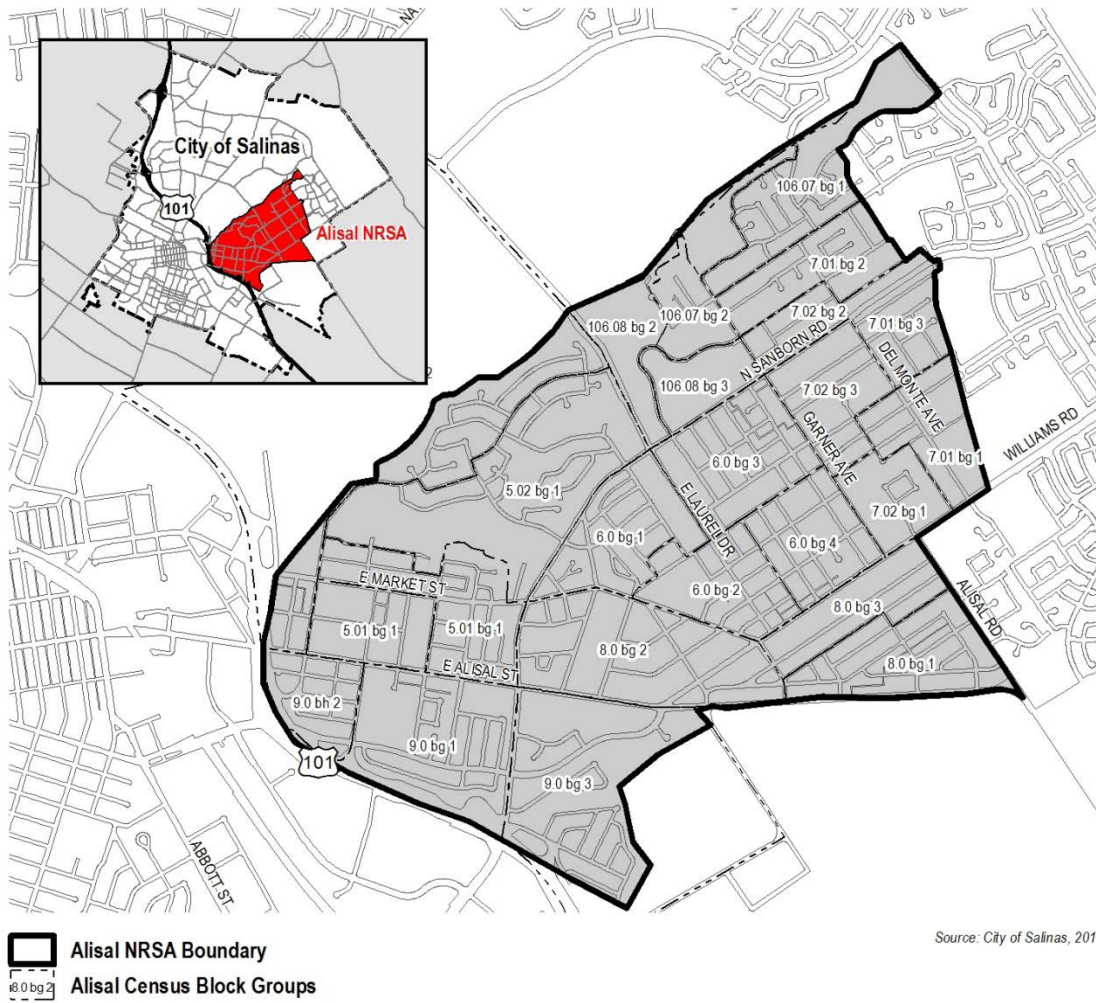
Notes:

1. 30 to 50 % of income spent on housing costs
2. >50% of income spent on housing costs
3. 1+ occupants per room

Sources: Bureau of the Census, 2000 and 2010 Census; American Community Surveys 2009-13, HUD Comprehensive Housing Affordability Strategy (CHAS), 2007-2011.

<sup>30</sup> A separate document that details the neighborhood conditions in the Alisal area and proposed strategies for improvements is incorporated as part of the City's FY 2015 – FY 2019 Consolidated Plan.

Figure 6: Alisal NRSA Location





## 3.5 Housing Profile

A discussion of fair housing choice must be preceded by an assessment of the housing market being analyzed. This section provides an overview of the characteristics of the local and regional housing markets.

### 3.5.1 Housing Growth

As shown in Table 15, housing growth in Salinas has outpaced the County and neighboring jurisdictions. According to the 2010 Census, Salinas had 42,651 housing units, an increase of approximately 7.5 percent from 2000.

According to the State Department of Finance, the housing stock in Salinas was estimated at 42,948 units as of January 1, 2014, representing only a 0.6 percent increase between 2010 and 2014 and reflecting still a slow housing market.

#### **What is a Housing Unit?**

The Census Bureau defines a housing unit as a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or, if vacant, is intended for occupancy) as separate living quarters. Separate living quarters are those in which the occupants live separately from any other individuals in the building and which have direct access from outside the building or through a common hall.

Table 15: Housing Unit Growth

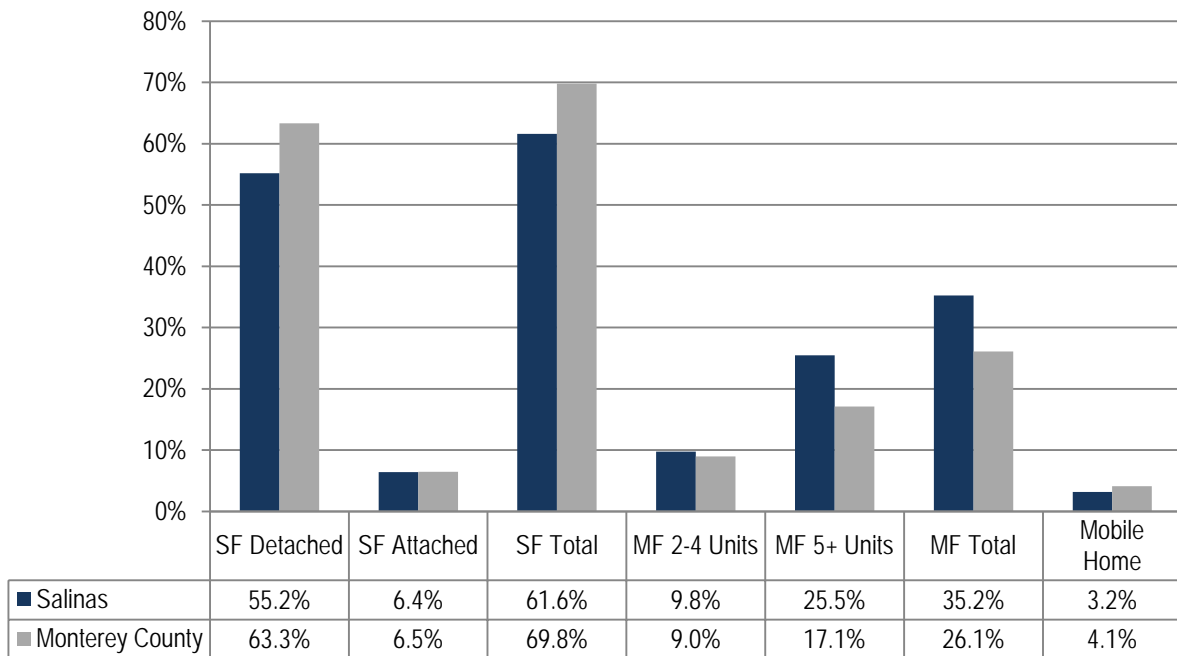
City/County	# of Units 2000	# of Units 2010	% Change 2000 to 2010
Salinas	39,659	42,651	7.5%
Seaside	11,005	10,872	-1.2%
Monterey	13,382	13,584	1.5%
Pacific Grove	8,032	8,169	1.7%
Monterey County	131,708	139,048	5.6%

Sources: Bureau of the Census, 2000 and 2010 Census

### 3.5.2 Housing Type

A region's housing stock is comprised of three major categories: single-family dwelling units, multi-family dwelling units, and other types of units such as mobile homes. Single-family detached units comprise a substantial majority of the City's housing stock (61.6 percent) (Figure 7). Correspondingly, the proportion of multi-family housing in the City is about 35.2 percent with mobile homes comprising the remaining 3.2 percent of the housing stock. Compared with the County of Monterey as a whole, Salinas has less single-family housing and more multi-family housing.

Figure 7: Housing Type



Note: SF: Single Family, MF: Multi-Family  
Source: Bureau of the Census, 2010

### 3.5.3 Tenure and Vacancy

A person may face different housing issues in the rental housing market versus in the for-sale housing market. Residential stability is also influenced by tenure with ownership housing evidencing a much lower turnover rate than rental housing. Tenure preferences are primarily related to household income, composition, and age of the householder. Communities need to have an adequate supply of units available both for rent and for sale in order to accommodate a range of households with varying incomes, family sizes, composition, life styles, etc.

#### **What is Housing Tenure?**

Housing tenure describes the arrangement by which a household occupies a housing unit; that is, whether a housing unit is owner-occupied or renter-occupied.

As seen in Table 16, the City of Salinas has a higher proportion of renter-occupied housing (54.9 percent) than owner-occupied housing (45.1 percent). The proportion of owner-occupied housing is less than the proportion countywide, but the countywide statistic reflects some extremely wealthy areas. Among the homeowners in Salinas, there was a virtually even split between Hispanic and non-Hispanic households. However, when considering Hispanic households represented 62 percent of the households in the City, they were underrepresented in the homeownership market.

**Table 16: Tenure and Vacancy**

City/Area	Percent Owner-Occupied	Percent Renter-Occupied	Vacancy Rate
Salinas	45.1%	54.9%	5.3%
Monterey County	50.9%	49.1%	9.4%

Sources: Bureau of the Census, 2010 Census

A substantial income and housing disparity exists between owner- and renter-households. Table 17 indicates that Salinas renters are more likely to be lower and moderate income and are more likely to experience housing problems such as cost burden and substandard housing conditions.

**Table 17: Income by Tenure**

Tenure	Percent of All Households	Percent Low and Moderate Income	Percent with Housing Problems
Renters	54.6%	63.2%	64.0%
Owners	45.4%	28.4%	52.9%
All Households	100%	47.4%	59.0%

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data, 2007-2011

A certain number of vacant units are needed to moderate the cost of housing, allow sufficient choice for residents and provide an incentive for unit upkeep and repair. Vacancy rates are generally higher among rental properties, as rental units have greater attrition than owner-occupied units. A healthy vacancy rate — one which permits sufficient choice and mobility among a variety of housing units — is considered to be two to three percent for ownership units and five to six percent for rental units. Low vacancy rates can indicate a heightened likelihood of housing discrimination as the number of house-seekers increases while the number of available units remains relatively constant. Managers and sellers are then able to choose occupants based on possible biases because the applicant pool is large. The vacancy rate for the City is within the lower ranges, indicating more limited housing options and mobility for residents.

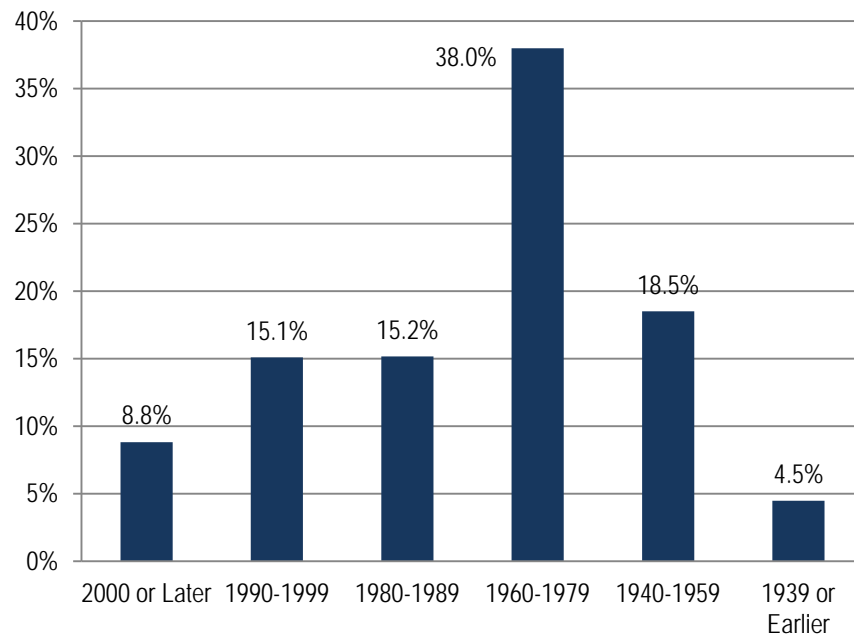
### 3.5.4 Housing Condition

Assessing housing conditions in the City can provide the basis for developing policies and programs to maintain and preserve the quality of the housing stock. Housing age can indicate general housing conditions within a community. Housing is subject to gradual deterioration over time. Deteriorating housing can depress neighboring property values, discourage reinvestment, and eventually impact the quality of life in a neighborhood.

State and federal housing programs typically consider the age of a community's housing stock when estimating rehabilitation needs. In general, most homes begin to require major repairs or have significant rehabilitation needs at 30 or 40 years of age. Furthermore, housing units constructed prior to 1979 are more likely to contain lead-based paint. The City's housing stock is older with a majority of the housing units (60.9 percent) built before 1979. Specifically, more than a third of the housing stock was built prior between 1960 and 1979 (Figure 8). The median year built for all units

in the City is 1975. Given the age of the housing stock, housing rehabilitation needs in the community will increase substantially in the upcoming decade.

**Figure 8: Housing Age**

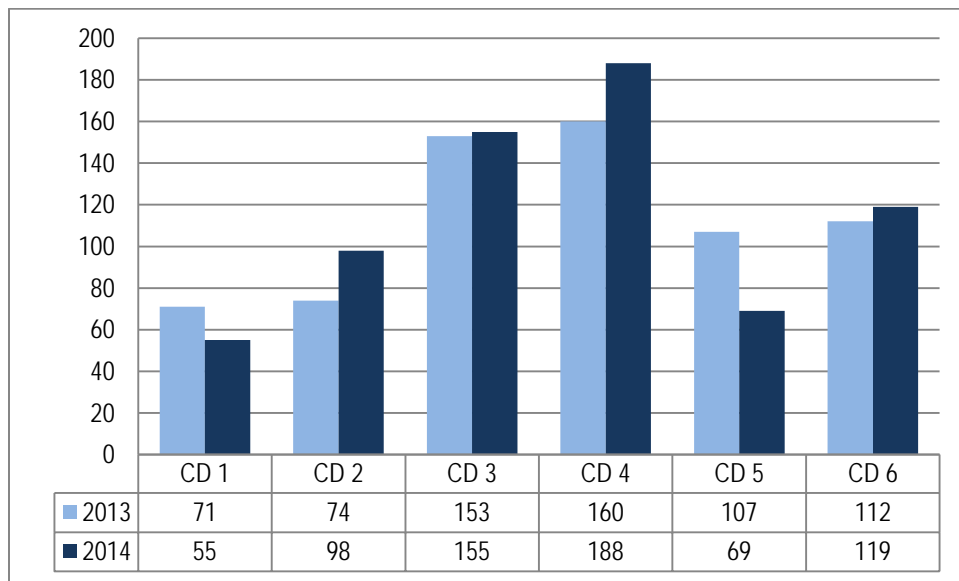


Source: Bureau of the Census, 2000; American Community Survey (ACS), 2009-2013

### **Code Enforcement Activities**

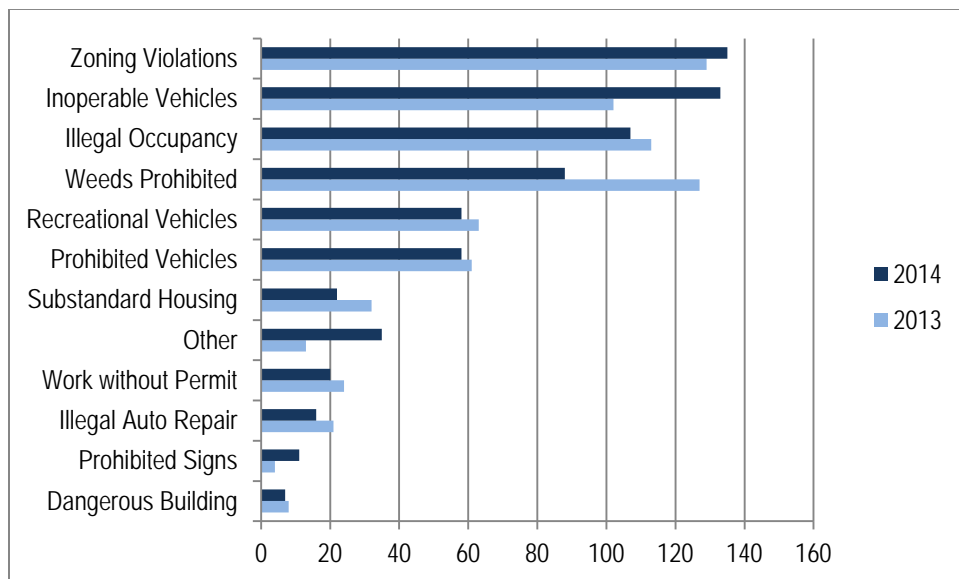
The City provides code enforcement services throughout the City solely on a complaint basis. A recent study indicated that for a thorough pro-active code enforcement program, the City would need to staff at least eight (8) people instead of the current 3.5. Based on Code Enforcement statistics, Council Districts 3 and 4 had highest number of cases (Figure 9). Most of the cases opened were related to neighborhood maintenance issues. Most typical housing condition issues concerned illegal occupancy, primarily related to garage and garden shed conversions and recreational vehicles illegally connected to the City's sewer system (Figure 10).

Figure 9: Code Enforcement Cases Opened



Source: City of Salinas, 2015

Figure 10: Type of Code Enforcement Cases Opened



Source: City of Salinas, 2015

### Lead-Based Paint Hazard

According to the federal Centers for Disease Control (CDC), approximately 250,000 children aged one to five years in the United States have elevated levels of lead in their blood. High blood lead levels are a concern because they may be harmful to a child's developing organ systems such as the kidneys, brain, liver, and blood-forming tissues, potentially affecting a child's ability to learn. Very high blood lead levels can cause devastating health consequences, including seizures, coma, and even death.

Housing age is the key variable used to estimate the number of housing units with lead-based paint (LBP). Starting in 1978, the federal government prohibited the use of LBP on residential property. Housing constructed prior to 1978, however, is at risk of containing LBP. According to the 2009-2013 ACS, an estimated 26,014 units (representing 61 percent of the housing stock) in Salinas were constructed prior to 1980.

The potential for housing to contain LBP varies depending on the age of the housing unit. National studies estimate that 75 percent of all residential structures built prior to 1970 contain LBP. Housing built prior to 1940, however, is much more likely to contain LBP (estimated at 90 percent of housing units). About 62 percent of housing units built between 1960 and 1979 are estimated to contain LBP. Table 18 estimates the number of housing units in Salinas containing LBP utilizing the assumptions outlined above. It should be noted, however, that not all units with LBP present a hazard. Properties most at risk include structures with deteriorated paint, chewable paint surfaces, friction paint surfaces, and deteriorated units with leaky roofs and plumbing.

**Table 18: Lead Based Paint Estimates**

Year Built	Housing Units	LBP Estimates	Estimated # of Units with LBP
1960-1979	16,212	62% $\pm$ 10%	10,051 $\pm$ 10%
1940-1959	7,896	80% $\pm$ 10%	6,317 $\pm$ 10%
Before 1940	1,906	90% $\pm$ 10%	1,715 $\pm$ 10%
Total Units	26,014	62% $\pm$ 10%	16,129 $\pm$ 10%

Source: American Community Survey (ACS), 2008-2012

Between 2009 and 2013, the California Department of Public Health Childhood Lead Poisoning Prevention Branch (CLPPB) reported a total of 724 incidences of persons age 21 and younger with elevated blood lead levels (of 4.5 micrograms per deciliter [mg/dL]) or higher<sup>31</sup> in Salinas.

## 3.6 Housing Cost and Affordability

This section evaluates the affordability of the housing stock in the City to low and moderate income households. If housing costs are relatively high in comparison to household income, a correspondingly high rate of housing problems occurs. An emphasis must be made that housing affordability alone is not a fair housing issue. Fair housing concerns may arise only when housing affordability interacts with other factors covered under the fair housing laws, such as household type, composition, and race/ethnicity.

### 3.6.1 Housing Cost

Table 19 displays median home prices for Salinas and neighboring jurisdictions within Monterey County. For 2014, the median sales price for homes in Salinas was \$346,000, an increase of more

<sup>31</sup> Until recently, children were identified as having a blood lead “level of concern” if the test result is 10 or more micrograms per deciliter of lead in blood. Experts (and the Centers for Disease Control and Prevention) now use a reference level of 5 micrograms per deciliter to identify children with blood lead levels that are much higher than most children’s levels. This new level is based on the U.S. population of children ages 1-5 years who are in the highest 2.5 percent of children when tested for lead in their blood.

than 21 percent from 2013. The price of for-sale housing in the City during 2014 was significantly lower than in areas on the Monterey peninsula but only slightly lower than the County as a whole. The rate of home sale price increases between 2013 and 2014 in Salinas outpaced the County and surrounding cities.

Every year, the National Association of Home Builders (NAHB) tracks the ability of households to afford a home in metropolitan areas across the country. NAHB develops an Housing Opportunity Index (HOI) for a given area that is defined as the share of homes sold in that area that would have been affordable to a family earning that area's median income. Fifteen of the twenty least affordable metro areas in 2014 were located in California. The Salinas Metropolitan Statistical Area (MSA) ranked as the fifth least affordable region in the United States in 2014. In 2014 (third quarter), only 16.7 percent of the homes sold in the Salinas MSA were affordable to a family earning the area's median income.<sup>32</sup> The City of Salinas itself also ranked as the third worst place in the country for first-time homebuyers.<sup>33</sup> The study compared the 300 largest U.S. cities to determine the ones that were most and least attractive to first-time home buyers using measures ranging from median house prices and real estate taxes to median home price appreciation and price-to-rent ratios.

**Table 19: Median Home Prices**

Jurisdiction	# Sold	Median Price 2014	Median Price 2013	% Change 2013-2014
Salinas	1,124	\$346,000	\$285,000	21.4%
Marina	161	\$450,000	\$385,000	16.9%
Carmel	339	\$1,010,000	\$870,000	16.1%
Monterey	305	\$565,000	\$515,000	9.7%
Pacific Grove	177	\$677,500	\$627,500	8.0%
Seaside	204	\$353,000	\$325,000	8.6%
Monterey County	3,074	\$415,000	\$359,000	15.6%

Source: DQNews.com, California Home Sale Activity by City, 2014. Accessed January 15, 2015

Information on current rental rates in the City was obtained through a review of advertisements on Craigslist during January 2015. Available rental housing ranged from single room studios to five-bedroom units. The majority of available units in the City were one- and two-bedroom apartment units and three-bedroom single-family homes. Table 20 summarizes average apartment rents by unit size. Overall, 40 units of varying sizes were listed as available for rent in January 2015 with an average rent of \$1,354.

<sup>32</sup> National Association of Home Builders, The NAHB/Wells Fargo Housing Opportunity Index: Complete History by Metropolitan Area (1991-2014).

<sup>33</sup> 2014's Best and Worst Cities for First-Time Home Buyers. WalletHub.com. WalletHub compared the 300 largest U.S. cities to determine the ones that are most and least attractive to first-time home buyers using 17 key metrics, ranging from median house prices and real estate taxes to median home price appreciation and price-to-rent ratios.

**Table 20: Average Rent by Unit Size**

Studio	1-BR	2-BR	3-BR	4+ BR
\$756	\$1,019	\$1,241	\$1,875	\$2,300

Source: [www.craigslist.org](http://www.craigslist.org), accessed January 30, 2015

### 3.6.2 Housing Affordability

Housing affordability can be inferred by comparing the cost of renting or owning a home in a community with the maximum affordable housing costs for households at different income levels. Taken together, this information can generally show who can afford what size and type of housing and indicate the type of households most likely to experience overcrowding and overpayment. While housing affordability alone is not a fair housing issue, fair housing concerns may arise when housing affordability interacts with factors covered under the fair housing laws.

The federal Department of Housing and Urban Development (HUD) conducts annual household income surveys nationwide to determine a household's eligibility for federal housing assistance. Households in the lower end of each category can afford less by comparison than those at the upper end. Table 21 shows the annual household income by household size and the maximum affordable housing payment based on the standard of 30 to 35 percent of household income. General cost assumptions for utilities, taxes, and property insurance are also shown.

The median home price in Salinas for 2014 (\$346,000) places homeownership out of reach for most lower and moderate income households (Table 21). Given the high costs of homeownership, lower income households are usually confined to rental housing but the affordability problem also persists in the rental market. The situation is exacerbated for large households with lower and moderate incomes given the limited supply of large units, and for seniors with their fixed incomes. When the housing market is tight, with high demand, low vacancies, and rising costs, the potential for discriminatory housing practices also increases.



Table 21: Affordable Housing Costs – Monterey County (2014)

Income Group	Annual Income Limits	Affordable Housing Payments		Utilities	Taxes & Insurance (Owner)	Maximum Affordable Price	
		Renter	Owner			Home (purchase price)	Rental (per month)
Extremely Low (0-30% AMI)							
1-Person	\$15,100	\$378	\$378	\$129	\$76	\$40,263	\$249
2-Person	\$17,250	\$431	\$431	\$165	\$86	\$41,892	\$266
3-Person	\$19,400	\$485	\$485	\$202	\$97	\$43,289	\$283
4-Person	\$21,550	\$539	\$539	\$238	\$108	\$44,918	\$301
5-Person	\$23,300	\$583	\$583	\$291	\$117	\$40,729	\$292
Low (30-50% AMI)							
1-Person	\$25,200	\$630	\$630	\$129	\$126	\$87,276	\$501
2-Person	\$28,800	\$720	\$720	\$165	\$144	\$95,654	\$555
3-Person	\$32,400	\$810	\$810	\$202	\$162	\$103,800	\$608
4-Person	\$35,950	\$899	\$899	\$238	\$180	\$111,945	\$661
5-Person	\$38,850	\$971	\$971	\$291	\$194	\$113,109	\$680
Moderate (50-80% AMI)							
1-Person	\$40,250	\$1,006	\$1,006	\$129	\$201	\$157,329	\$877
2-Person	\$46,000	\$1,150	\$1,150	\$165	\$230	\$175,715	\$985
3-Person	\$51,750	\$1,294	\$1,294	\$202	\$259	\$193,868	\$1,092
4-Person	\$57,500	\$1,438	\$1,438	\$238	\$288	\$212,254	\$1,200
5-Person	\$62,100	\$1,553	\$1,553	\$291	\$311	\$221,331	\$1,262
Middle Income (80-100% AMI)							
1-Person	\$41,400	\$1,035	\$1,208	\$129	\$242	\$194,799	\$906
2-Person	\$47,300	\$1,183	\$1,380	\$165	\$276	\$218,460	\$1,018
3-Person	\$53,200	\$1,330	\$1,552	\$202	\$310	\$241,889	\$1,128
4-Person	\$59,100	\$1,478	\$1,724	\$238	\$345	\$265,550	\$1,240
5-Person	\$63,900	\$1,598	\$1,864	\$291	\$373	\$279,282	\$1,307

Assumptions: California Department of Housing and Community Development 2014 income limits; 30 - 35% gross household income as affordable housing costs (depending on tenure and income level); 20% of monthly affordable cost for taxes and insurance; 10% downpayment, 4% interest rate for a 30-year fixed rate mortgage loan; utilities based on Housing Authority of Monterey County 2014 Utility Allowance.

Sources: California Department of Housing and Community Development, 2014; Housing Authority of the County of Monterey, 2014; MIG, 2015.

## 3.7 Housing Problems

### 3.7.1 Cost Burden (Overpayment)

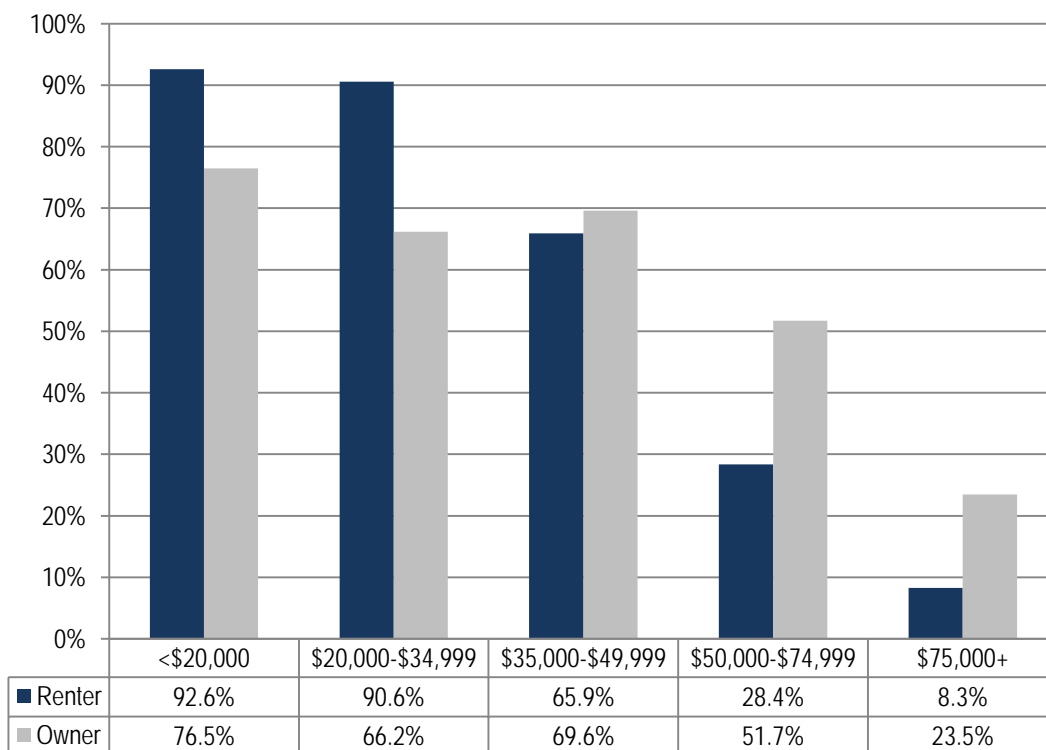
Cost burden is an important housing issue because paying too much for housing leaves less money available for basics such as food and living expenses as well as for emergency expenditures. Housing cost burden typically is linked to income levels. The lower the income, the larger percentage of a household's income is allotted to housing costs. Cost burden by low income households tends to occur when housing costs increase faster than income.

#### **What is Housing Cost Burden?**

According to the federal government, when a household spends more than 30 percent of income on housing, they are considered cost-burdened. A cost burden of 30 to 50 percent is considered moderate; payment in excess of 50 percent of income is considered a severe cost burden.

Figure 11 shows how dramatically income increases affect housing cost burden for owner- and renter-households. As shown, among the lower income groups (less than \$35,000), larger proportions of renter-households experienced cost burden. Cost burden among owner households was more prevalent among the upper income groups.

**Figure 11: Housing Overpayment by Income and Tenure**



Source: American Community Survey (ACS), 2009-2013

Over half of the Salinas households experienced cost burden (Table 22). A higher proportion of renter-occupied households experienced cost burden (52.5 percent) compared with owner-occupied households (48.7 percent). Most low and moderate income households (72.7 percent) experienced cost burden, and 43 percent experienced a severe cost burden.

Table 22: Housing Overpayment by Tenure

Household	Cost Burden (30%+)	Severe Cost Burden (50%+)
<b>Low and Moderate Income Households</b>		
Owner-Occupied	71.7%	54.9%
Renter-Occupied	73.1%	38.5%
All Households	72.7%	42.9%
<b>All City Households</b>		
Owner-Occupied	48.7%	24.3%
Renter-Occupied	52.5%	24.5%
All Households	50.8%	24.4%

Note: Cost burden (30-50%) is not available for specific income categories, cost burden (30%+) is shown instead.

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data, 2007-2011

### 3.7.2 Overcrowding

Some households may not be able to accommodate high cost burdens for housing, but may instead accept smaller housing or reside with other individuals or families in the same home. Potential fair housing issues emerge if non-traditional households are discouraged or denied housing due to a perception of overcrowding.

Household overcrowding is reflective of various living situations: (1) a family lives in a home that is too small; (2) a family chooses to house extended family members; or (3) unrelated individuals or families are doubling up to afford housing. However, cultural differences also contribute to the overcrowded conditions. Some cultures tend to have larger household size than others due to the preference of sharing living quarters with extended family members as a way of preventing homelessness among family members. Not only is overcrowding a potential fair housing concern, it can strain physical facilities and the delivery of public services, reduce the quality of the physical environment, contribute to a shortage of parking, and accelerate the deterioration of homes. As a result, some landlords or apartment managers may be more hesitant to rent to larger families, thus making access to adequate housing even more difficult.

#### **How is Overcrowding Defined?**

According to State and federal guidelines, an overcrowded housing unit is defined as a unit with more than one person per room, including dining and living rooms but excluding bathrooms, kitchens, hallways, and porches. Severe overcrowding is described as households with more than 1.5 persons per room.

Approximately 17.5 percent of all households in Salinas are overcrowded and 5.1 percent are severely overcrowded. Overcrowding is significantly more prevalent among renter-households than owner-households (Table 23). Overcrowding is also more prevalent in Salinas compared with the County as a whole.

**Table 23: Overcrowding by Tenure**

Jurisdiction	Overcrowded (1+ occupants per room)			Severely Overcrowded (1.5+ occupants per room)		
	Renter	Owner	Total	Renter	Owner	Total
Salinas	23.5%	9.6%	17.5%	7.2%	2.4%	5.1%
Monterey County	18.1%	6.2%	12.2%	6.0%	1.6%	3.8%

Source: American Community Survey (ACS), 2009-2013

## 3.8 Publicly Assisted Housing

The availability and location of public and assisted housing may be a fair housing concern. If such housing is concentrated in one area of a community or of a region, a household seeking affordable housing is limited to choices within the area. In addition, public/assisted housing and Housing Choice Voucher (formerly known as Section 8) assistance should be accessible to qualified households regardless of race/ethnicity, disability, or other protected class status.

### 3.8.1 Public Housing

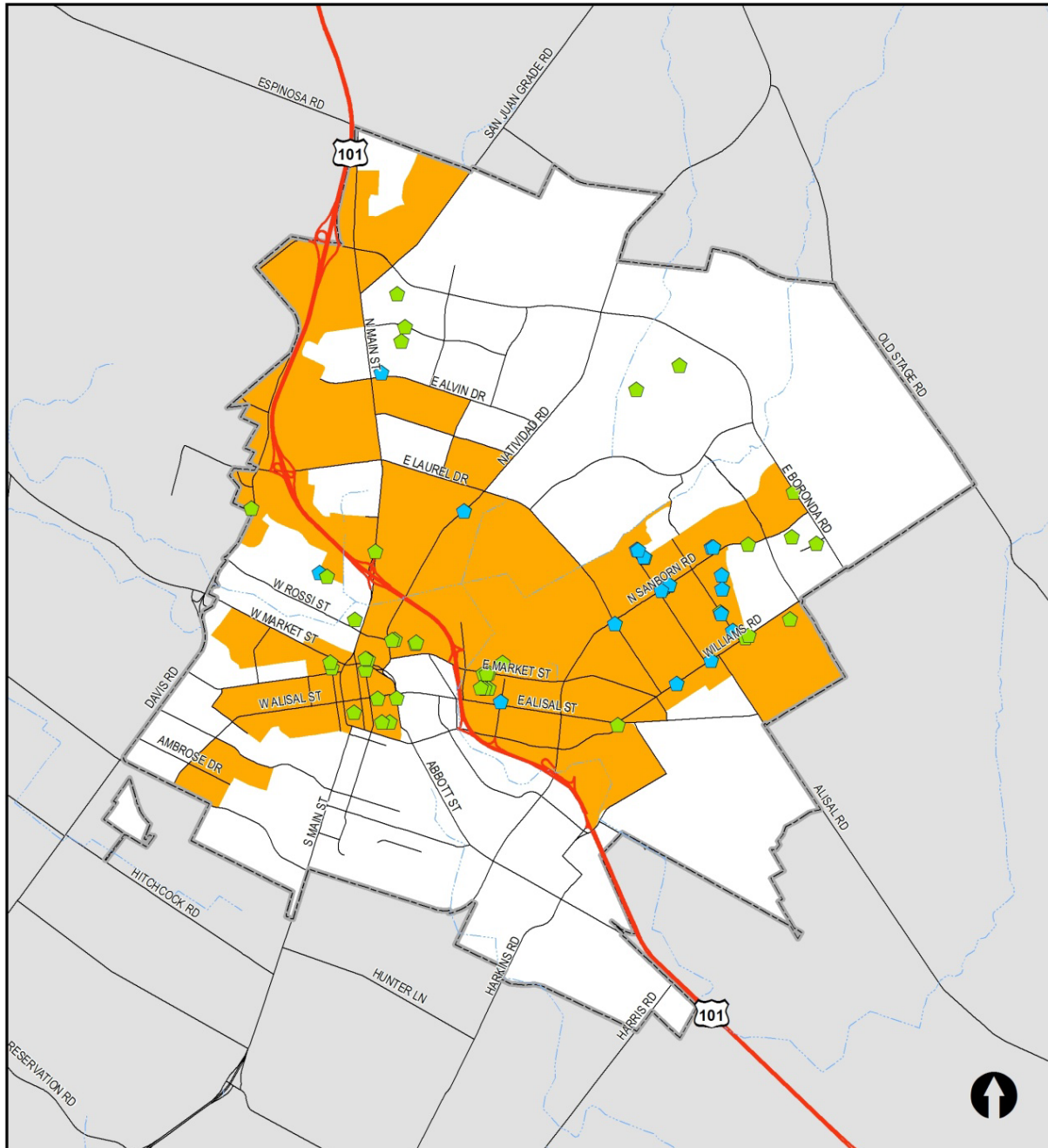
The Housing Authority of the County of Monterey (HACM) owns and administers 22 public housing complexes (372 units) in Salinas. Eligible residents must be senior citizens, a disabled individual, or a low income family. The household's annual gross income must be at or below 80 percent of the Area Median Income (AMI). As of January 2015, 1,135 Salinas residents were living in public housing units managed by the HACM. Hispanic residents make up 91 percent and Black residents make up 3 percent of all of public housing residents living in Salinas. Public Housing units are shown on Figure 12 and are concentrated in the Alisal neighborhood. The location of public housing units in Salinas coincides with low and moderate income areas, poverty concentration areas, and minority concentration areas. As of January 2015, there were 4,235 households on the waiting list for public housing and most (close to 84 percent) were Hispanic.

### 3.8.2 Housing Choice Vouchers Program

HACM administers the Housing Choice Voucher Program (HCV) for Salinas residents. As of January 2015, 2,398 Salinas households were receiving Housing Choice Vouchers. The majority of the vouchers are in use by Hispanic families. Data provided by the HACM shows that 90 percent of heads of household in the HCV program are White. Although data for White Hispanic residents was not available, HACM staff indicated that most of the persons indicating White as their race are Hispanic. For the distribution of Voucher assistance within the City, HACM has established local preferences such as families who have lost HCVs due to funding cuts, working families, elderly or disabled, and veterans. As of January 2015, there were 293 households on the waiting list for the HCV program and most (82 percent) were Hispanic.

As an extension of the HCV program, HACM provides assistance to eligible families who purchase a home by applying their existing HCV towards a monthly mortgage payment. Eligible families may qualify for a maximum period of 10 or 15 years (depending on the mortgage terms).

Figure 12: Public and Affordable Housing



- City Limits
- Freeway
- Major Roads
- Water Features

**Public and Affordable Housing**

- Public Housing
- Affordable Housing
- Low and Moderate Income Areas

Sources:  
HACM, 2014  
City of Salinas, 2014

## Public and Affordable Housing

### 3.8.3 Other Affordable Housing Projects

Housing developments utilizing federal, state, and/or local programs, including state and local bond programs, Low-Income Housing Tax Credits (LIHTC), density bonus, or direct assistance programs, are often restricted for use as low income housing and provide another source of affordable housing for a jurisdiction. A number of developments in Salinas have been identified where some or all of the units are affordable for low to moderate income households. Together these projects provide 1,961 units of affordable housing. As shown on Figure 12, concentrations of assisted housing units can be seen in the Downtown area and in the east side of the City north of Highway 101. Figure 12 also shows the location of these developments in relation to low and moderate income areas.

**Table 24: Non-Public Housing Affordable Units**

Property Name	Property Address	Funding Source	Total Affordable Units
California House	436 California Street	HOME, SRA	8
Catalyst Apartments	235 Martella Street	HUD Assisted	12
Creekbridge Apartments	1701 Independence Blvd	Inclusionary	12
Forester Building	369 Main Street	SRA	10
Foster Care Housing	7 Spoleto Circle	HOME, SRA	1
Gabilan Hills Townhomes	1051 Paseo Grande	LIHTC	99
Gabilan Plaza Apts	730 Williams Road	HUD Assisted	20
Gabilan Plaza II	736 Williams Road	HUD Assisted	20
Gateway Apartments (Senior)	25 Lincoln Avenue	HOME, SRA, Inclusionary	51
Haciendas Phase I	233 Calle Cebu	HOME, SRA, Inclusionary	52
Haciendas Phase II	241 Calle Cebu	HOME, Inclusionary	46
Harden Ranch Apartments	1923-1995 Dartmouth Way	LIHTC	98
Jardines Del Monte	1253 Del Monte Avenue	HOME, SRA, Inclusionary	11
La Gloria Apartments (Senior)	539 E. Market Street	HOME, SRA, Inclusionary, Density Bonus	22
Las Casas de Madera	510 East Market Street	CDBG, Salinas HTF	75
Loma El Paraiso	541 Roosevelt Street	CDBG	43
Los Abuelitos Senior Apartments (Senior)	259 East Market Street	SRA, SRA 2, LIHTC	24
Lupine Gardens	306 Soledad Street	CDBG, HOME, SRA, SRA 2, Inclusionary,	20
Mariposa Apartments	300 Casentini Street	HUD Assisted	20
Montecito Senior Apartments (Senior)	1598 Mesquite Drive	HOME, Inclusionary	132
Mountain View Townhomes	1568 Falcon Dr.	Inclusionary	68
Nantucket Bay Apartments	950 Nantucket Blvd.	LIHTC	158
Pajaro Triplex	139 Pajaro Street	SRA	3
Plaza Club Apartments	100 Harden Parkway	LIHTC	42
Plaza Grande	50 East Market	SRA	72



**Table 24: Non-Public Housing Affordable Units**

Property Name	Property Address	Funding Source	Total Affordable Units
Regency Court (Senior)	472 Regency Circle	HUD Assisted, LIHTC	119
Roosevelt Street Townhomes II	504 Roosevelt Street	LIHT	21
Roosevelt Townhomes	522 Roosevelt Street	LIHTC	21
Salinas Bay Apartments	920 Larkin Street	LIHTC	92
Salinas Point (aka Los Padres) Apartments	1260 John Street	HOME, SRA	164
Sherwood Village	808 N. Main Street	CDBG, HOME, Inclusionary	124
Soledad House	439 Soledad Street	HOME, SRA	8
Steinbeck Commons Apartments (Senior)	10 Lincoln Avenue	HUD Assisted, LIHTC	99
Sun Street Apartments	34 Sun Street	Inclusionary	2
Sunflower Gardens	29 Sun Street	CDBG, SRA, Inclusionary	23
Tresor Apartments	1041 Buckhorn Drive	HOME, SRA, Inclusionary	80
Tynan Village	323 Front Street	HOME, SRA, Inclusionary, Density	83
Wesley Oaks	138 Carr Ave	HOME, Salinas HTF, Inclusionary	6

**Abbreviations:**

HOME: HOME Investment Partnerships Program (HUD)

CDBG: Community Development Block Grant (HUD)

SRA: Sponsor Based Rental Assistance

LIHTC: Low Income Housing Tax Credit

HTF: Housing Trust Fund

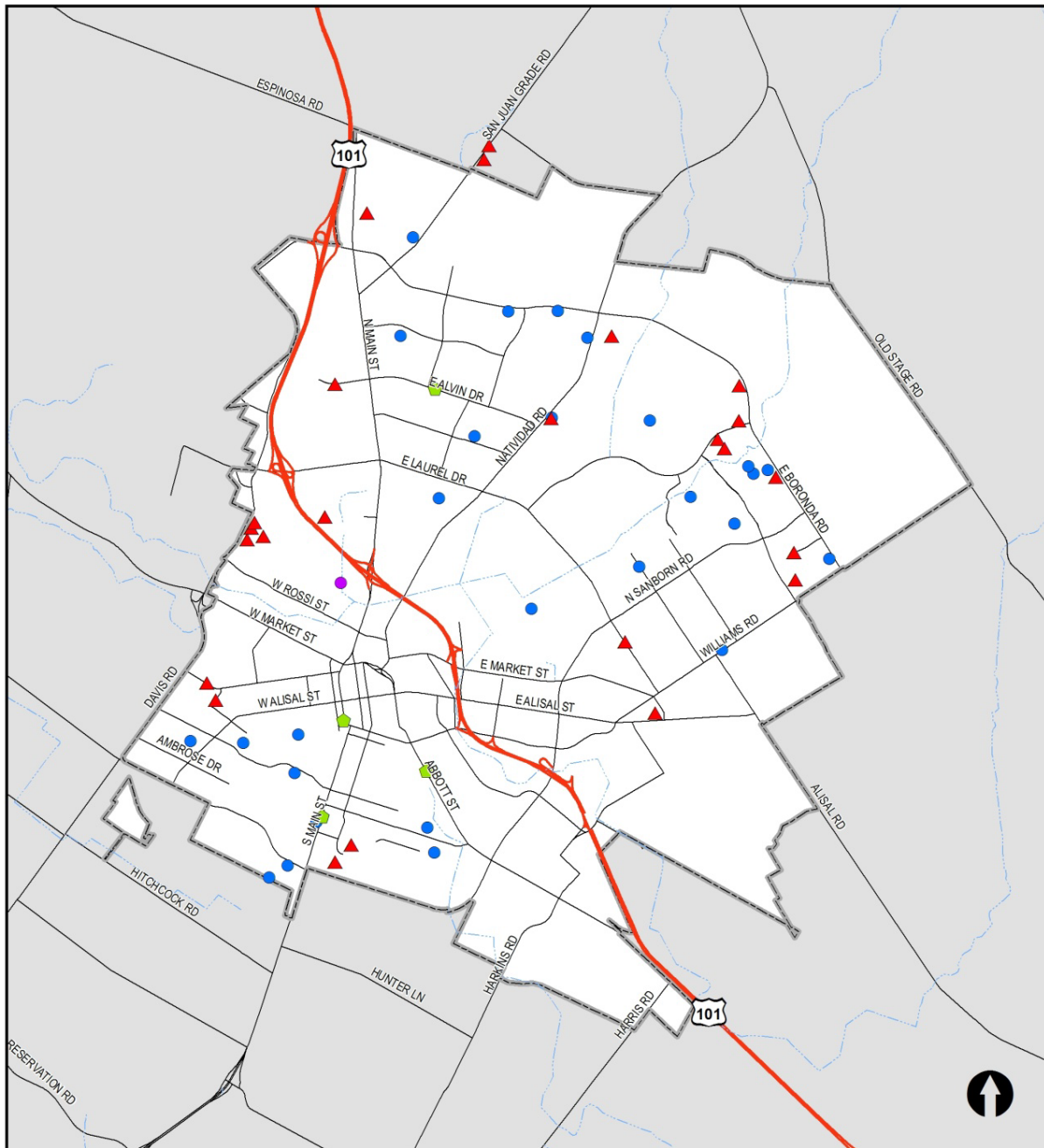
Source: City of Salinas, 2015; Association of Monterey Bay Area Governments, 2015.

### 3.9 Licensed Care Facilities

Persons with special needs, such as the elderly and those with disabilities, must also have access to housing in a community. Community care facilities provide a supportive housing environment to persons with special needs in a group situation. Restrictions that prevent this type of housing represent a fair housing concern.

According to the California Department of Social Services, Community Care Licensing Division, there are 29 State-licensed residential care facilities for the elderly, 24 adult residential facilities, 6 adult day care facilities, and one social rehabilitation facility in Salinas. These 60 licensed care facilities have a combined capacity of 1,178 beds/persons. The locations of these facilities are shown in Figure 13.

Figure 13: Licensed Care Facilities



- Water Features  
Freeway  
City Limits  
Major Roads
- Licensed Care Facilities**
- Adult Residential
  - Residential Care for the Elderly
  - Adult Day Program
  - Social Rehabilitation Facility

Sources:  
CA Department of Social Services,  
Community Care Licensing Division, 2014.  
City of Salinas, 2014

## Licensed Care Facilities



## 3.10 Accessibility to Public Transit and Services

Having access to good schools, quality jobs, effective public transportation, and other social services helps facilitate a good quality of life and improved life outcomes. Unfortunately, research has shown that racial and ethnic minorities, individuals with disabilities, and other protected classes often have less ability to access these vital amenities. This section addresses the access to public transit and employers as well as address disparities in exposure to adverse community factors.

### 3.10.1 Public Transit

Public transit should link lower income persons, who are often transit dependent, to major employers where job opportunities exist. Access to employment via public transportation can reduce welfare usage rates and increase housing mobility, which enables residents to locate housing outside of traditionally lower and moderate income neighborhoods. The lack of a relationship among public transit, employment opportunities, and affordable housing may impede fair housing choice because persons who depend on public transit will have limited choices regarding places to live. In addition, elderly and disabled persons also often rely on public transit to visit doctors, go shopping, or attend activities at community facilities. Public transit that provides a link between job opportunities, public services, and affordable housing helps to ensure that transit-dependent residents have adequate opportunity to access housing, services, and jobs.

The Monterey-Salinas Transit System (MST) provides local service within the City of Salinas as well as regional service to surrounding areas. MST has a total of 54 different bus lines serving a 280 square-mile area of Monterey County and Southern Santa Cruz County. MST bus lines cover most of the City of Salinas as shown in Figure 14. The Salinas Transit Center in downtown Salinas has nine gates to service eighteen (18) lines in/out of the Center.

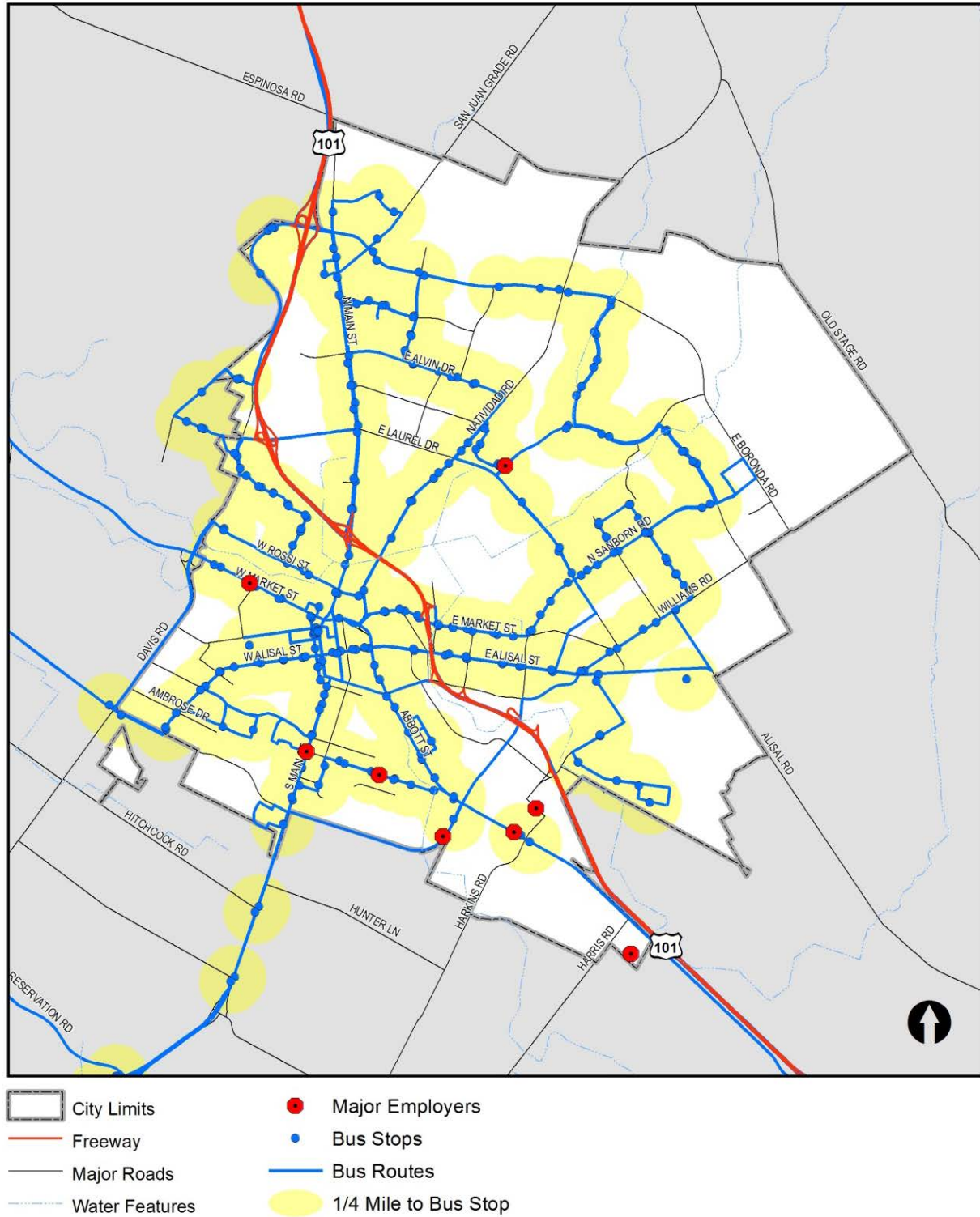
MST also offers the MST RIDES ADA paratransit program to disabled customers unable to use MST's regular fixed route bus service. MST RIDES ADA paratransit service is provided within a service corridor that extends three quarters of a mile from any of MST's regular bus routes. Both the point of departure and the destination of each trip must be within a service corridor. MST's Senior Shuttles travel to destinations frequented by seniors without the need of a bus transfer. Route 95 serves the City of Salinas. MST has also established a taxi voucher program, in conjunction with participating Monterey County cities, to assist seniors and persons with disabilities in accessing important locations within their community. In Salinas, eligible persons may procure the vouchers at Salinas City Hall, the Area Alliance on Aging office, and at the Firehouse Recreation Center. There is a \$3.00 co-pay for each trip but there are no restrictions on the purpose of the trip, i.e. not limited to medical appointments or food shopping.

### 3.10.2 Major Employers

Salinas is the County seat and largest municipality in Monterey County. The City serves as the main business, governmental and industrial center of the region and is known for its vibrant and large agriculture industry. Accordingly, major employers in Salinas include agricultural businesses, government offices, and medical facilities (Table 25). The 2009-2013 ACS data shows that jobs in the agriculture, forestry, fishing and hunting, and mining category and jobs in the educational services, and health care and social assistance category employ close to 40 percent of the City's labor

force. Medical and government jobs tend to provide higher wages and benefits than agricultural work. The concentration of agricultural jobs and major agricultural employers in Salinas translates into a high proportion of low wage earners. According to the U.S. Department of Labor, Bureau of Labor Statistics (BLS), the average annual wage for farm workers and laborers in the Salinas CA MSA in 2013 was approximately \$19,290. As demonstrated in Figure 14, all of the City's top employers are located along transit routes.

Figure 14: Major Employers and Public Transit



Sources:  
CA Employment Development Dept., 2014  
City of Salinas, 2014

## Major Employers and Public Transit

**Table 25: Major Employers**

Name	Address	Industry	Employees
D'Arrigo Brothers Co.	383 W Market St. Salinas, CA 93901	Fruit and vegetable merchant wholesalers	1,000-4,999
Natividad Medical Center	1441 Constitution Blvd. Salinas, CA 93906	Hospital/Medical Center	1,000-4,999
Salinas Valley Memorial Healthcare	450 E Romie Ln Salinas, CA 93901	Hospital/Medical Center	1,000-4,999
Taylor Farms	1207 Abbott St. Salinas, CA 93901	Fruit and vegetable merchant wholesalers	1,000-4,999
Monterey County Office of Education	901 Blanco Cir. Salinas, CA 93901	Elementary and Secondary Schools (School Districts)	500-999
Hilltown Packing Co.	9 Harris Pl. Salinas, CA 93901	Farm Labor Contractors and Crew Leaders	500-999
Mann Packing Co.	1250 Hansen St. Salinas, CA 93901	Fruit and vegetable merchant wholesalers	500-999
Monterey County Dept. of Social and Employment Services	1000 S Main St. Salinas, CA 93901	Government	500-999

Source: State of California, Employment Development Department, 2014

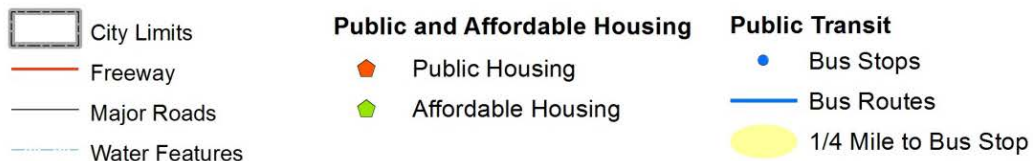
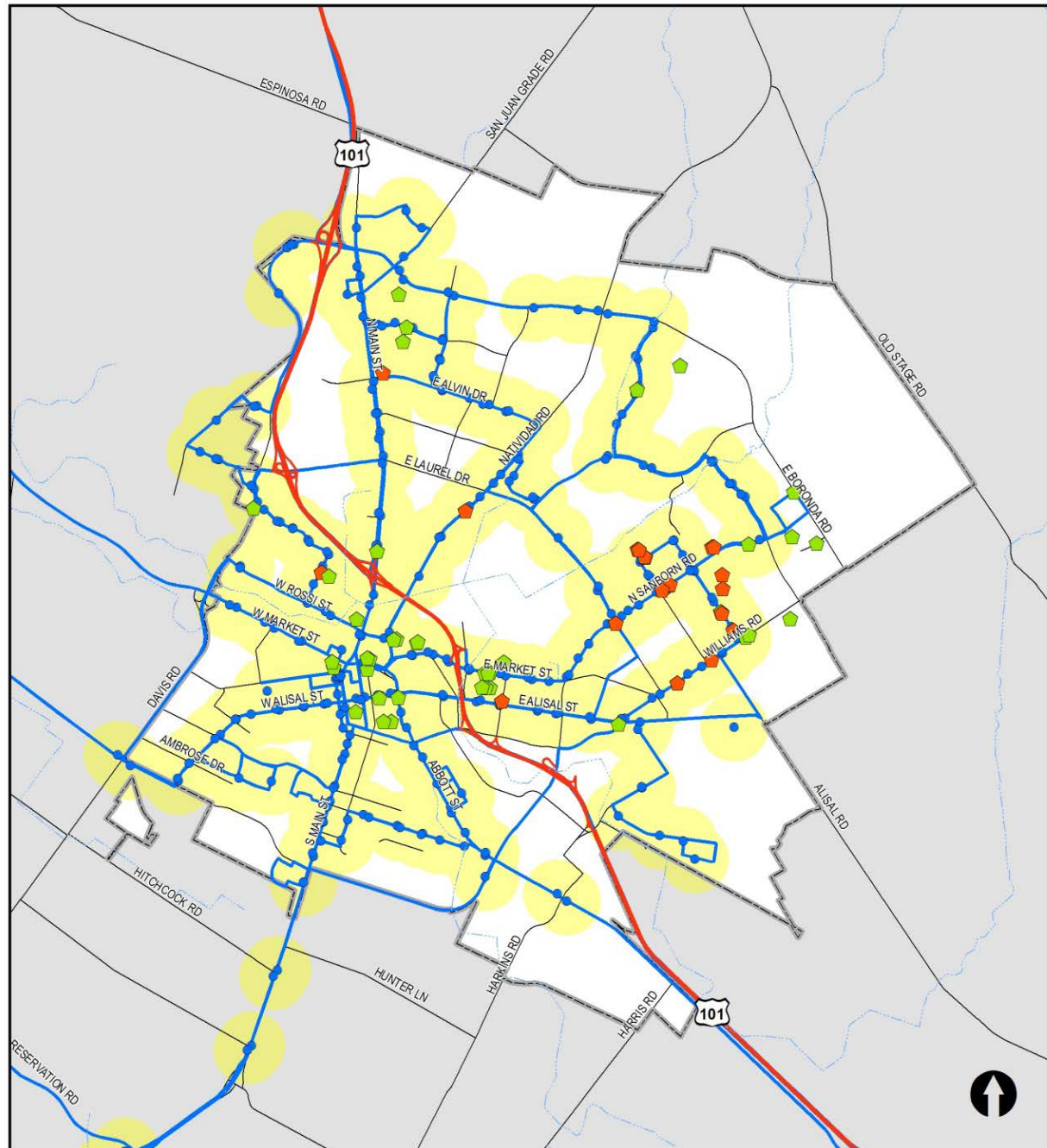
### **3.10.3 Affordable Housing and Public Transit**

The location of the City's affordable housing projects in relation to regional transit services can be seen in Figure 15. As shown, most affordable housing projects in the City are situated along transit routes, with all but four being located within one-quarter mile of a bus stop.

## **3.11 ADA-Compliant Public Facilities (Section 504 Assessment)**

Access to civic life by people with disabilities is a fundamental goal of the Americans with Disabilities Act (ADA). To ensure that this goal is met, Title II of the ADA requires State and local governments to make their programs and services accessible to persons with disabilities. This requirement extends not only to physical access at government facilities, programs, and events -- but also to policy changes that governmental entities must make to ensure that all people with disabilities can take part in, and benefit from, the programs and services of State and local governments. The City is in the process of creating an ADA Transition Plan that will include a survey of all City facilities for ADA compliance. The Plan will also include cost estimates for addressing the City facilities most in need of ADA improvements, priorities for sidewalk and ADA curb ramp construction, and a financial plan for the implementation of these projects. The City estimates the Plan will be in place by the end of 2015.

Figure 15: Affordable Housing Developments and Public Transit



Sources:  
HACM, 2014  
City of Salinas, 2014

## Affordable Housing and Public Transit

## 3.12 Exposure to Adverse Community Factors

Communities must consider fair housing when addressing environmental concerns because either the problems themselves, or treatment of the problems, may have a disproportionate effect on some residents. Of particular concern are environmental risks to vulnerable populations, including pregnant women, young children, and individuals with disabilities—all of whom are protected under fair housing law.

### 3.12.1 Public Schools

As part of President Johnson’s “War on Poverty,” the Elementary and Secondary Education Act (ESEA) was passed in 1965. It is often regarded as the most far-reaching federal legislation affecting education ever passed by Congress. The act is an extensive statute that funds primary and secondary education, while emphasizing equal access to education and establishing high standards and accountability. A major component of ESEA is a series of programs typically referred to as “Title I.” Title I provides financial assistance to states and school districts to meet the needs of educationally at-risk students. To qualify as a Title I school, a campus typically must have around 40 percent or more of its students coming from families who are low income. The goal of Title I is to provide extra instructional services and activities which support students identified as failing or most at risk of failing the state’s challenging performance standards in mathematics, reading, and writing. Figure 16 shows the location of Title 1 schools in Salinas. Most public schools in Salinas are Title 1 schools (33 of 41 public schools). While Title I schools are located throughout the City, six of the 8 non-Title I schools are located *outside* minority concentration areas and five of the eight are located *outside* low and moderate income areas. Addressing access to higher achieving schools is important as studies have shown that low income children who live in low-poverty neighborhoods and consistently attend high-quality schools perform significantly better academically than those who do not.<sup>34</sup>

### 3.12.2 Environmental Exposure

California state law defines environmental justice to mean “the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies.”<sup>35</sup> As a first step to assuring that all persons have access to environmental justice, the State of California is working to identify the areas of the State that face multiple pollution burdens so programs and funding can be targeted appropriately toward improving the environmental and economic health of impacted communities. Many residents live in the midst of multiple sources of pollution and some people and communities are more vulnerable to the effects of pollution than others. The California Environmental Protection Agency and the Office of Environmental Health Hazard Assessment (OEHHA) developed a screening methodology to help identify California communities that are disproportionately burdened by multiple sources of pollution called the California Communities Environmental Health Screening Tool (CalEnviroScreen). In addition to environmental factors (pollutant exposure, groundwater threats, toxic sites, and hazardous materials exposure) and sensitive receptors (elderly, children,

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<sup>34</sup> Sard, Barbara and Rice, Douglas, “Creating Opportunity for Children: How Housing Location Can Make a Difference”. Center on Budget and Policy Priorities, (October 2014).

<sup>35</sup> California Senate Bill 115 (Chapter 690, Statutes of 1999).



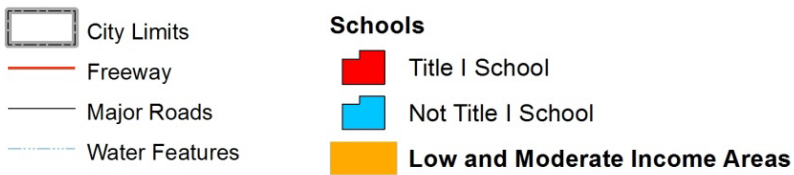
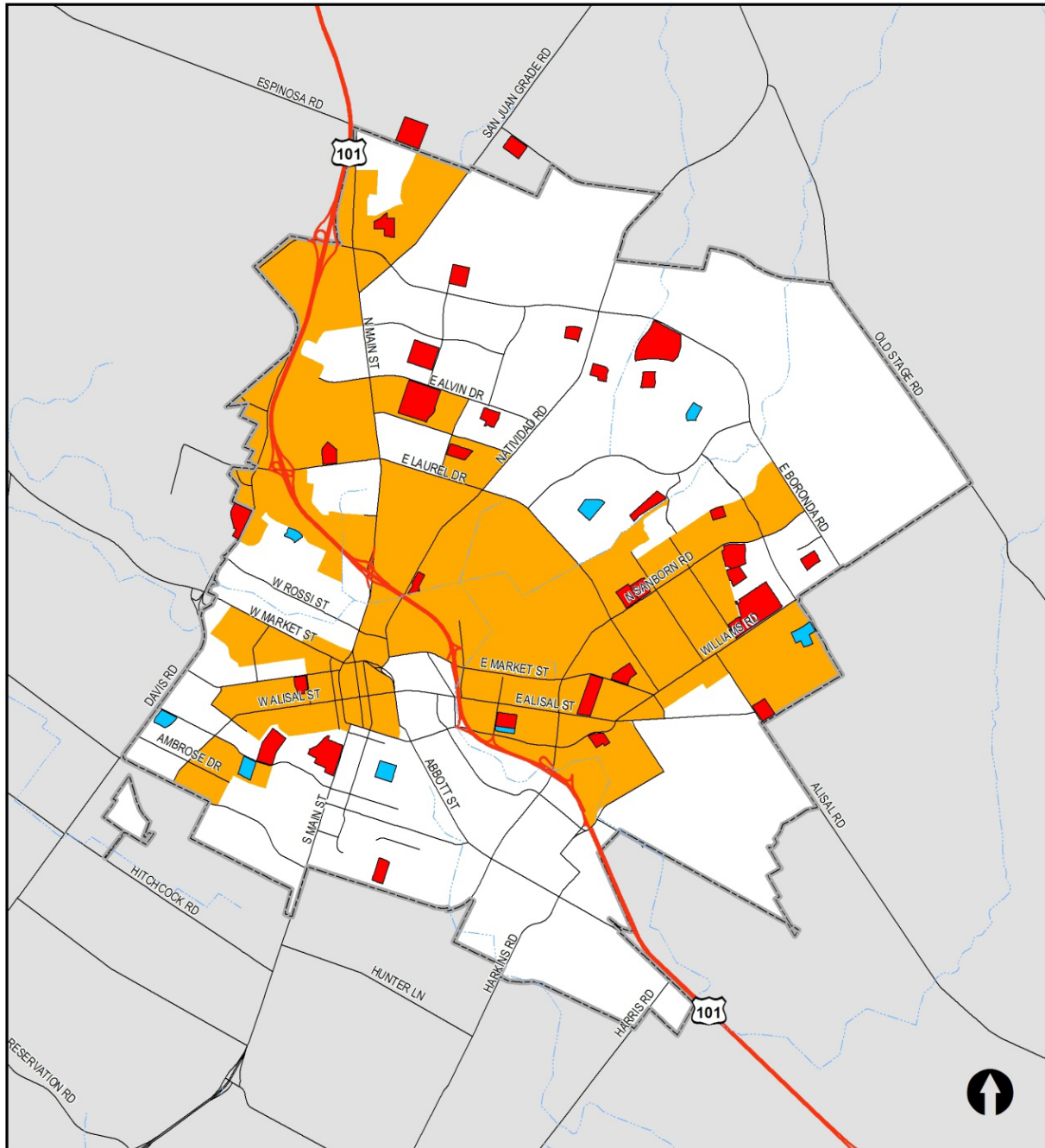
persons with asthma, and low birth weight infants), CalEnviroScreen also takes into consideration socioeconomic factors. These factors include educational attainment, linguistic isolation, poverty, and unemployment. A growing body of literature shows a heightened vulnerability of people of color and lower socioeconomic status to environmental pollutants. For example, a study found that individuals with less than a high school education who were exposed to particulate pollution had a greater risk of mortality.

Figure 17 shows the City's CalEnviroScreen scores. High scoring areas tend to be more burdened by pollution from multiple sources and most vulnerable to its effects, taking into account their socioeconomic characteristics and underlying health status. Countywide, northern and central/inland areas of the County (including the City of Salinas) had higher EnviroScreen scores. These are County areas with a concentration of minority populations.<sup>36</sup> In Salinas the areas indicated as having higher EnviroScreen scores overlap with the geographic distribution of minorities, low and moderate income persons, and poverty concentrations.

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<sup>36</sup> Monterey County Economic Development Department, "Analysis of Impediments to Fair Housing Choice." (May 2013).

Figure 16: Title I Schools

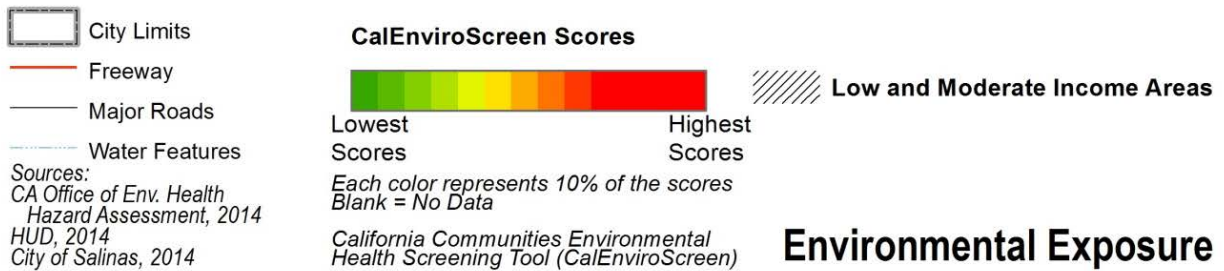
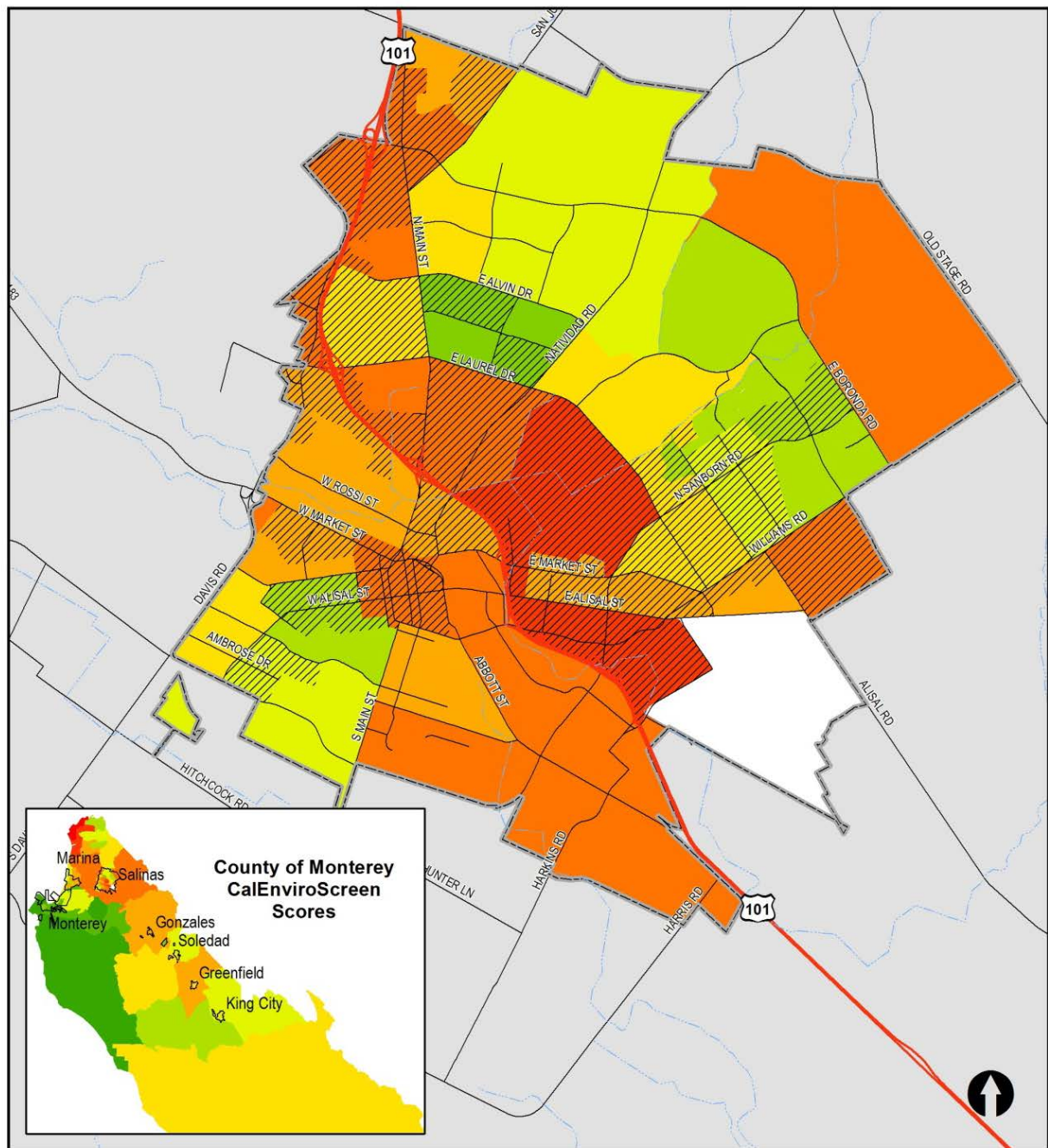


Sources:  
 CA Dept. of Education, 2014  
 HUD, 2014  
 City of Salinas, 2014

## Title I Schools



Figure 17: Environmental Exposure





# 4. Lending Practices

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A key aspect of fair housing choice is equal access to credit for the purchase or improvement of a home, particularly in light of the recent tightening of lending/credit markets. This section reviews the lending practices of financial institutions and the access to financing for all households, particularly minority households and those with lower incomes. Lending patterns in lower and moderate income neighborhoods and areas of minority concentration are also examined. However, publicly available data on lending does not contain detailed information to make conclusive statements of discrimination, but can only point out potential areas of concerns. Furthermore, except for outreach and education efforts, a local jurisdiction's ability to influence lending practices is limited. Such practices are largely governed by national policies and regulations.

## 4.1 Background

Discriminatory practices in home mortgage lending have evolved in the last five to six decades. In the 1940s and 1950s, racial discrimination in mortgage lending was easy to spot. From government-sponsored racial covenants to the redlining practices of private mortgage lenders and financial institutions, minorities were denied access to home mortgages in ways that severely limited their ability to purchase a home. Today, discriminatory lending practices are more subtle and tend to take different forms. While mortgage loans are readily available in low income minority communities, by employing high-pressure sales practices and deceptive tactics, some mortgage brokers push minority borrowers into higher-cost subprime mortgages that are not well suited to their needs and can lead to financial problems. Consequently, minority consumers continue to have less-than-equal access to loans at the best price and on the best terms that their credit history, income, and other individual financial considerations merit.

## 4.2 Legislative Protection

In the past, financial institutions did not always employ fair lending practices. Credit market distortions and other activities such as “redlining” were prevalent and prevented some groups from having equal access to credit. The Community Reinvestment Act (CRA) in 1977 and the subsequent Home Mortgage Disclosure Act were designed to improve access to credit for all members of the community and hold the lender industry responsible for community lending.

### 4.2.1 Community Reinvestment Act and Home Mortgage Disclosure Act

The CRA is intended to encourage regulated financial institutions to help meet the credit needs of their entire communities, including lower- and moderate-income neighborhoods. Depending on the type of institution and total assets, a lender may be examined by different supervising agencies for its CRA performance.

CRA ratings are provided by the Federal Reserve Board (FRB), Federal Financial Institutions Examination Council (FFIEC), Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC). However, the CRA rating is an overall rating for an

institution and does not provide insights regarding the lending performance at specific locations by the institution.

## 4.2.2 Home Mortgage Disclosure Act

In tandem with the CRA, the HMDA requires lending institutions to make annual public disclosures of their home mortgage lending activity. Under HMDA, lenders are required to disclose information on the disposition of home loan applications and on the race or national origin, gender, and annual income of loan applicants. This section examines detailed 2008 and 2013 HMDA data for Salinas, which includes an analysis of data collected under the Home Mortgage Disclosure Act (HMDA).

HMDA data provide some insight into the lending patterns that exist in a community. However, HMDA data are only an indicator of potential problems; the data cannot be used to conclude definite redlining or discrimination practices due to the lack of detailed information on loan terms or specific reasons for denial.

### Conventional versus Government-Backed Financing

Conventional financing involves market-rate loans provided by private lending institutions such as banks, mortgage companies, savings and loans, and thrift institutions. To assist lower and moderate income households that may have difficulty in obtaining home mortgage financing in the private market, due to income and equity issues, several government agencies offer loan products that have below market rate interests and are insured (“backed”) by the agencies. Sources of government-backed financing include loans insured by the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), and the Rural Housing Services/Farm Service Agency (RHA/FSA). Often, government-backed loans are offered to the consumers through private lending institutions. Local programs such as first-time homebuyer and rehabilitation programs are not subject to HMDA reporting requirements.

Typically, lower income households have a much better chance of getting a government-assisted loan than a conventional loan. However, the pre-2009 lending market offered subprime loan options such as zero percent down, interest-only, and adjustable loans. In recent years, however, heightened lending restrictions were put into place to severely limit the issuance of risky subprime loans. In addition, the federal government created a government-insured foreclosure avoidance initiative in September 2007, FHASecure, to assist tens of thousands of borrowers nation-wide in refinancing their subprime home loans. The number of government-backed loan applications in Salinas has remained fairly constant over time. However, the number of conventional home purchase loan applications has declined significantly—maybe in part due to the newly established subprime lending restrictions. Expanded marketing to assist potential homeowners in understanding the requirements and benefits of government-backed loans may be necessary to fill the demand in the lending market that was previously filled by subprime lending.

## 4.2.3 Financial Stability Act

The Financial Stability Act of 2009 established the Making Home Affordable Program, which assists eligible homeowners who can no longer afford their home with mortgage loan modifications and other options, including short sale or deed-in-lieu of foreclosure. The program is targeted toward homeowners facing foreclosure and homeowners who are unemployed or “underwater” (i.e.,

homeowners who owe more on their mortgage than their home is worth). The Making Home Affordable Program includes several options for homeowners in need of assistance:

- The Home Affordable Modification Program (HAMP) reduces a homeowner's monthly mortgage payment to 31 percent of their verified gross (pre-tax) income to make their payments more affordable.
- The Second Lien Modification Program (2MP) offers homeowners a way to lower payments on their second mortgage.
- The Home Affordable Refinance Program (HARP) assists homeowners whose mortgages are current and held by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) refinance into a more affordable mortgage.
- An Unemployment Program provides eligible homeowners a forbearance period during which their monthly mortgage payments are reduced or suspended while they seek re-employment. The minimum forbearance period is three months, although a mortgage servicer may extend the term depending on applicable investor and regulatory guidelines.
- The Principal Reduction Program offers homeowners who are underwater the opportunity to earn principal reductions over a three-year period by successfully making payments in accordance with their modified loan terms.
- For homeowners who can no longer afford their homes, but do not want to go into foreclosure, the Home Affordable Foreclosure Alternatives Program (HAFA) offers homeowners, their mortgage servicers, and investors, incentives for completing a short sale or deed-in-lieu of foreclosure. HAFA enables homeowners to transition to more affordable housing while being released from their mortgage debt. The program also includes a "cash for keys" component whereby a homeowner receives financial assistance to help with relocation costs in return for vacating their property in good condition.

#### **4.2.4 Helping Families Save Their Homes Act**

The Helping Families Save Their Homes Act was passed by Congress in May 2009 and expands the Making Home Affordable Program. This Act includes provisions to make mortgage assistance and foreclosure prevention services more accessible to homeowners and increases protections for renters living in foreclosed homes. It also establishes the right of a homeowner to know who owns their mortgage and provides over two billion dollars in funds to address homelessness.

The Act targets underwater borrowers by easing restrictions on refinance and requiring principal write-downs to help these homeowners increase the equity in their homes. The new law also provides federally guaranteed Rural Housing loans and FHA loans as part of the Making Homes Affordable Program. In addition to expanding the Making Homes Affordable Program, the Act extends the temporary increase in deposit insurance, increases the borrowing authority of the FDIC and National Credit Union Administration (NCUA), and creates a Stabilization Fund to address problems in the corporate credit union sector.

Under this new bill, tenants also have the right to stay in their homes after foreclosure for 90 days or through the term of their lease. The bill also provides similar protections to housing voucher

holders. Prior to this bill, tenants were only guaranteed 60 days of notice before eviction and any current lease was considered terminated in the event of a foreclosure. This Act extends the 60-day notification period to 90 days and requires banks to honor any existing lease on a property in foreclosure.

## 4.2.5 Fraud Enforcement and Recovery Act

The Fraud Enforcement and Recovery Act (FERA) enhances the criminal enforcement of federal fraud laws by strengthening the capacity of federal prosecutors and regulators to hold accountable those who have committed fraud. FERA amends the definition of a financial institution to include private mortgage brokers and non-bank lenders that are not directly regulated or insured by the federal government, making them liable under federal bank fraud criminal statutes. The new law also makes it illegal to make a materially false statement or to willfully overvalue a property in order to manipulate the mortgage lending business. In addition, FERA includes provisions to protect funds expended under TARP and the Recovery Act and amends the Federal securities statutes to cover fraud schemes involving commodity futures and options. Additional funds were also made available, under FERA, to a number of enforcement agencies in order to investigate and prosecute fraud.

## 4.3 Overall Lending Patterns

### 4.3.1 Data and Methodology

The availability of financing affects a person's ability to purchase or improve a home. Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications by the income, gender, and race of the applicants. This applies to all loan applications for home purchases, improvements and refinancing, whether financed at market rate or with government assistance.

HMDA data are submitted by lending institutions to the FFIEC. Certain data is available to the public via the FFIEC site either in raw data format or as pre-set printed reports. The analyses of HMDA data presented in this AI were conducted using Lending Patterns<sup>TM</sup>. Lending Patterns is a web-based data exploration tool that analyzes lending records to produce reports on various aspects of mortgage lending. It analyzes HMDA data to assess market share, approval rates, denial rates, low/moderate income lending, and high-cost lending, among other aspects.

Table 26 summarizes the disposition of loan applications submitted to financial institutions in 2008 and 2013 (most recent HMDA data available) by residents (or prospective residents) of Salinas. Included is information on loan types and outcomes. As indicated in Table 26, the total number of loan applicants has remained fairly constant since 2008; however, there has been a significant shift in the *types* of loan applications filed.

**Table 26: Disposition of Home Loans (2008 and 2013)**

Loan Type	Total Applicants		Percent Approved		Percent Denied		Percent Other <sup>1</sup>	
	2008	2013	2008	2013	2008	2013	2008	2013
Gov't-Backed Purchase	736	685	67.0%	70.9%	20.8%	16.2%	12.2%	12.8%
Conventional Purchase	1,578	574	64.3%	73.0%	24.3%	16.7%	11.4%	10.3%
Refinance	1,975	3,152	40.1%	66.9%	43.1%	18.7%	16.8%	14.5%
Home Improvement	212	86	35.4%	40.7%	48.6%	47.7%	16.0%	11.6%
Total	4,501	4,497	52.7%	67.8%	33.1%	18.6%	14.1%	13.6%

Note 1: "Other" = Withdrawn/Incomplete applications.  
Source: [www.lendingpatterns.com](http://www.lendingpatterns.com), 2014.

### 4.3.2 Home Purchase Loans

In 2013, 574 households applied for conventional loans to purchase homes in the City, a decrease of approximately 64 percent from 2008. This substantial decrease in lending activity is reflective of lending trends throughout the country. Housing prices, both in the region and nationwide, peaked in 2006, and 2007 marked the start of the housing market's steep decline. Mortgage lending in 2008, while not as vigorous as in the previous year, was still active. However, in the following years, lending activity slowed down dramatically to match the lack of construction activity in the housing market.

The approval rate in 2013 for conventional home purchase loans was approximately 73 percent, while 17 percent of applications were denied. In 2008, 64 percent of conventional home loan applications were approved and 24 percent were denied. When the housing market began to show signs of collapse and foreclosures were on the rise in 2007, many financial institutions instituted stricter approval criteria for potential borrowers, which should have caused approval rates to drop somewhat. However, as time passed, the applicant pool for mortgage lending also became smaller and increasingly selective. Applicants from recent years have generally been in much better shape financially than pre-2010 applicants, which has led to increased approval rates.

As an alternative to conventional home loans, potential homeowners can also choose to apply for government-backed home purchase loans when buying their homes. In a conventional loan, the lender takes on the risk of losing money in the event a borrower defaults on a mortgage. For government-backed loans, the loan is insured, either completely or partially, by the government. The government does not provide the loan itself, but instead promises to repay some or all of the money in the event a borrower defaults. This reduces the risk for the lender when making a loan. Government-backed loans generally have more lenient credit score requirements, lower downpayment requirements, and are available to those with recent bankruptcies. However, these loans may also carry higher interest rates and most require homebuyers to purchase mortgage insurance.

The number of applications for government-backed home purchase loans remained fairly constant between 2008 and 2013. However, this is in significant contrast to the dramatic drop in the number of conventional home purchase loan applications during the same time period. Approval rates were higher for government-backed purchase loans in 2013 (71 percent) than in 2008 (67 percent). Denial

rates for government-backed loans also decreased between 2008 and 2013, from 21 percent to 16 percent.

### **4.3.3 Home Improvement Loans**

Reinvestment in the form of home improvement is critical to maintaining the supply of safe and adequate housing. Historically, home improvement loan applications have a higher rate of denial when compared to home purchase loans. Part of the reason is that an applicant's debt-to-income ratio may exceed underwriting guidelines when the first mortgage is considered with consumer credit balances. Another reason is that many lenders use the home improvement category to report both second mortgages and equity-based lines of credit, even if the applicant's intent is to do something other than improve the home (e.g., pay for a wedding or college). Loans that will not be used to improve the home are viewed less favorably since the owner is divesting in the property by withdrawing accumulated wealth. From a lender's point of view, the reduction in owner's equity represents a higher risk.

In 2013, 86 applications for home improvement loans were submitted by Salinas households. Of these applications, 41 percent were approved and 48 percent were denied. Home improvement financing in the City was slightly more active in 2008, when 212 applications for home improvement loans were filed by Salinas residents. However, approval rates for this type of loan were lower in 2008 at 35 percent.

### **4.3.4 Refinancing**

Homebuyers will often refinance existing home loans for a number of reasons. Refinancing can allow homebuyers to take advantage of better interest rates, consolidate multiple debts into one loan, reduce monthly payments, alter risk (i.e. by switching from variable rate to fixed rate loans), or free up cash and capital.

The majority of loan applications submitted by Salinas households in 2013 were for home refinancing (3,152 applications). This represents an increase of approximately 60 percent from 2008. The dramatic increase in applications for refinancing may, in part, be due to the Home Affordable Refinance Program (HARP), which enables underwater homeowners (those who owe more than their house is worth) to refinance into a less costly loan. About 67 percent of these applications were approved and 19 percent were denied. These approval rates represent a considerable increase from 2008 when just 41 percent of refinance applications were approved.

## **4.4 Lending Patterns by Race/Ethnicity and Income Level**

The federal Fair Housing Act prohibits discrimination in mortgage lending based on race, color, national origin, religion, sex, familial status or handicap (disability). It is, therefore, important to look not just at overall approval and denial rates for a jurisdiction, but also whether or not these rates vary by other factors, such as race/ethnicity.

In a perfect environment, the applicant pool for mortgage lending should be reflective of the demographics of a municipality. When one racial/ethnic group is overrepresented or underrepresented in the total applicant pool, it could be an indicator of unequal access to housing



opportunities. Such a finding may be a sign that access to mortgage lending is not equal for all individuals. As shown in Table 27, White applicants were noticeably overrepresented in the loan applicant pool during 2013, while Hispanics were significantly underrepresented.

**Table 27: Demographics of Loan Applicants vs. Total Population (2013)**

	Percent of Applicant Pool	Percent of Total Population	Variation
White	27.8%	15.5%	12.3%
Black	1.4%	1.6%	-0.2%
Hispanic	42.5%	75.0%	-32.5%
Asian	9.6%	5.8%	3.8%

Note: Percent of total population estimates are based on 2013 applicant data and compared to total population estimates from the 2010 Census. Comparison does not include Other or Multi-Racial individuals.  
Source: Bureau of the Census, 2010; [www.lendingpatterns.com](http://www.lendingpatterns.com), 2014.

In addition to looking at whether access to lending is equal, it is important to analyze lending outcomes for any signs of potential discrimination by race/ethnicity. Generally speaking, approval rates for loans tend to increase as household income increases; however, lending outcomes should not vary significantly by race/ethnicity among applicants of the same income level.

Table 28 below summarizes lending outcomes by race/ethnicity and income in the City. In Salinas, White applicants generally had the highest approval rates in both 2008 and 2013. Hispanic applicants, meanwhile, had the lowest approval and highest denial rates across all income categories in 2008. By 2013, approval rates were more consistent across the different race/ethnic categories; however, White applicants continued to be the most likely to be approved for loans, regardless of income level. The number of Black applicants was too limited to draw any conclusions.

While this analysis provides a more in-depth look at lending patterns, it does not conclusively explain any of the discrepancies observed. Aside from income, many other factors can contribute to the availability of financing, including credit history, the availability and amount of a down payment, and knowledge of the home buying process. HMDA data does not provide insight into these other factors.

Table 28: Lending Patterns by Race/Ethnicity (2008 and 2013)

Tract Income		White	Black	Hispanic	Asian
Low (0-49% AMI)	Approved				
	2008	37.50%	--	27.80%	57.10%
	2013	66.00%	--	59.90%	50.00%
	Denied				
	2008	45.80%	--	60.80%	42.90%
	2013	25.50%	--	31.30%	40.00%
	Withdrawn/Incomplete				
	2008	16.70%	--	11.30%	0.00%
	2013	8.50%	--	8.80%	10.00%
Moderate (50-79% AMI)	Approved				
	2008	61.10%	40.00%	51.70%	60.90%
	2013	69.00%	60.00%	66.20%	66.70%
	Denied				
	2008	28.90%	20.00%	36.50%	21.70%
	2013	20.10%	20.00%	22.50%	24.40%
	Withdrawn/Incomplete				
	2008	10.00%	40.00%	11.90%	17.40%
	2013	10.90%	20.00%	11.30%	8.90%
Middle (80-119% AMI)	Approved				
	2008	58.40%	75.00%	53.00%	51.40%
	2013	72.00%	63.60%	69.30%	65.20%
	Denied				
	2008	30.40%	25.00%	34.30%	32.90%
	2013	18.60%	22.70%	17.80%	25.00%
	Withdrawn/Incomplete				
	2008	11.30%	0.00%	12.80%	15.70%
	2013	9.30%	13.60%	12.90%	9.80%
Upper (≥120% AMI)	Approved				
	2008	61.20%	44.40%	48.90%	57.20%
	2013	76.30%	62.10%	72.40%	76.50%
	Denied				
	2008	25.20%	44.40%	37.30%	30.70%
	2013	13.10%	17.20%	16.90%	12.30%
	Withdrawn/Incomplete				
	2008	13.60%	11.10%	13.80%	12.10%
	2013	10.60%	20.70%	10.60%	11.10%

Source: www.lendingpatterns.com, 2014

## 4.5 Lending Patterns by Census Tract Characteristics

### 4.5.1 Income Level

To identify potential geographic differences in mortgage lending activities, an analysis of the HMDA data was conducted by census tract. Based on the Census, HMDA defines the following income levels:<sup>37</sup>

- Low Income Tract – Tract Median Income less than or equal to 49 percent AMI
- Moderate Income Tract – Tract Median Income between 50 and 79 percent AMI
- Middle Income Tract – Tract Median Income between 80 and 119 percent AMI
- Upper Income Tract – Tract Median Income equal to or greater than 120 percent AMI

The majority of loan applications submitted in both 2008 and 2013 were by residents from the City's middle income tracts. Table 29 summarizes the loan approval and denial rates by tract income level in 2008 and 2013. In general, during this time period, home loan approval rates increased and denial rates decreased as the income level of the census tract increased. Higher income households are more likely to qualify for and be approved for loans, so this trend is to be expected. Trends in lending outcomes for the County were similar to those in the City in areas with similar income levels.

**Table 29: Outcomes Based on Census Tract Income (2008 and 2013)**

Tract Income Level	Total Applicants		Approved		Denied		Other <sup>1</sup>	
	#	%	#	%	#	%	#	%
<b>2008</b>								
Low	0	--	--	--	--	--	--	--
Moderate	1,168	25.9%	578	49.5%	397	34.0%	193	16.5%
Middle	2,241	49.8%	1,182	52.7%	741	33.1%	318	14.2%
Upper	1,092	24.3%	614	56.2%	353	32.3%	125	11.4%
Total	4,501	100.0%	2,374	52.7%	1,491	33.1%	636	14.1%
<b>2013</b>								
Low	233	5.2%	147	63.1%	55	23.6%	31	13.3%
Moderate	826	18.4%	552	66.8%	163	19.7%	111	13.4%
Middle	2,268	50.4%	1,542	68.0%	411	18.1%	315	13.9%
Upper	1,169	26.0%	807	69.0%	206	17.6%	156	13.3%
Total	4,496 <sup>2</sup>	100.0%	3,048	67.8%	835	18.6%	613	13.6%

Source: [www.lendingpatterns.com](http://www.lendingpatterns.com), 2014.

Notes:

1. "Other"= Withdrawn/Incomplete applications.
2. Income data was not available for one household; therefore, total number of applicants does not equal the overall total for 2013 of 4,497 applicants.

<sup>37</sup> These income definitions are different from those used by HUD to determine Low and Moderate Income Areas.

## 4.5.2 Minority Population

HMDA also records lending outcomes by the proportion of minority residents residing in a census tract. Much of Salinas is comprised of census tracts where 60 percent to 80 percent of residents are minorities. Table 30 summarizes lending outcomes by a census tract's minority population in 2008 and 2013. In 2008, approval rates generally increased and denial rates decreased as the proportion of minority residents decreased. These trends continued into 2013, with overall approval rates increasing for all tracts, narrowing the discrepancies. Trends in lending outcomes for the County were similar to those in the City in areas with similar proportions of minority residents.

**Table 30: Outcomes Based on Minority Population of Census Tract (2008 and 2013)**

Tract Income Level	Total Applicants		Approved		Denied		Other <sup>1</sup>	
	#	%	#	%	#	%	#	%
<b>2008</b>								
0-19% Minority	0	--	--	--	--	--	--	--
20-39% Minority	281	6.2%	170	60.5%	67	23.8%	44	15.7%
40-59% Minority	142	3.2%	84	59.2%	38	26.8%	20	14.1%
60-79% Minority	2,717	60.4%	1,427	52.5%	916	33.7%	374	13.8%
80-100% Minority	1,361	30.2%	693	50.9%	470	34.5%	198	14.5%
Total	4,501	100.0%	2,374	52.7%	1,491	33.1%	636	14.1%
<b>2013</b>								
0-19% Minority	0	--	--	--	--	--	--	--
20-39% Minority	0	--	--	--	--	--	--	--
40-59% Minority	819	18.2%	593	72.4%	124	15.1%	102	12.5%
60-79% Minority	831	18.5%	563	67.7%	145	17.4%	123	14.8%
80-100% Minority	2,847	63.3%	1,892	66.5%	567	19.9%	388	13.6%
Total	4,497	100.0%	3,048	67.8%	836	18.6%	613	13.6%

Note 1: "Other"= Withdrawn/Incomplete applications.

Source: [www.lendingpatterns.com](http://www.lendingpatterns.com), 2014.

## 4.6 Major Lenders

In 2013, the top ten mortgage lenders in the City of Salinas received over half of all loan applications. Among these lenders, Wells Fargo, Bank of America, and JP Morgan Chase Bank received the most applications – about 31 percent of the total market share. These top three lenders were also the only lending institutions in Salinas that were also considered major lenders in 2008. Table 31 summarizes the City's top lenders in 2013 as well as their underwriting outcomes.

As previously noted, many of the City's major lenders in 2008 were no longer active in Salinas by 2013. Overall approval rates in the City also increased—from 53 percent in 2008 to 68 percent in 2013. Approval rates by specific lender, though, varied notably. Three lenders in particular—WJ Bradley Mortgage Capital, Stearns Lending, Inc., and Quicken Loans, Inc.—had significantly higher approval rates (85 percent and above) than the average for all lenders (68 percent). While high approval rates do not necessarily indicate wrongdoing by a specific institution, they can be a sign of

aggressive lending practices on the part of the lender. In particular, smaller, less prominent financial institutions with significantly high approval rates may be a concern. On the other hand, one top lender, Nationstar Mortgage, LLC, had an approval rate well below the overall rate for all lenders (55 percent versus 68 percent overall).

Under current banking regulations, lenders are required to hold a given interest rate for a borrower for a period of 60 days. Borrowers, however, are under no obligation to actually follow through on the loan during this time and can withdraw their application. In mortgage lending, fallout refers to a loan application that is withdrawn by the borrower before the loan is finalized. Typically for-profit lenders should have little fallout and none that varies by race, ethnicity or gender.

**Table 31: Top Lenders (2008 and 2013)**

	Overall Market Share		Approved		Denied		Withdrawn or Closed	
	2008	2013	2008	2013	2008	2013	2008	2013
Wells Fargo Bank, NA	10.0%	13.3%	52.5%	64.7%	27.5%	24.0%	20.1%	11.3%
Bank of America, NA	21.8%	9.4%	63.0%	76.5%	27.7%	19.5%	9.3%	4.0%
JP Morgan Chase Bank, NA	3.5%	8.3%	46.5%	70.1%	44.0%	25.9%	9.4%	4.0%
Stearns Lending, Inc.	--	5.4%	--	87.2%	--	9.1%	--	3.7%
Quicken Loans, Inc.	--	4.1%	--	84.6%	--	15.4%	--	0.0%
Fremont Bank	--	3.3%	--	60.0%	--	9.3%	--	30.7%
WJ Bradley Mortgage Capital	--	3.3%	--	88.4%	--	7.5%	--	4.1%
Nationstar Mortgage, LLC	--	2.5%	--	55.3%	--	28.1%	--	16.7%
Mason McDuffie Mortgage Corporation	--	2.5%	--	61.6%	--	21.4%	--	17.0%
Citibank, NA	--	2.1%	--	61.1%	--	11.6%	--	27.4%
All Lenders	100.0%	100.0%	52.7%	67.8%	33.1%	18.6%	14.1%	13.6%

Source: [www.lendingpatterns.com](http://www.lendingpatterns.com), 2014.

Note: The table identifies the top ten lenders of 2013. Some of these lenders were not top lenders in 2008 and market share data is not available. Furthermore, not all top lenders from 2008 are identified above.

Closed applications refer to applications that are closed by the lender due to incompleteness. In instances where a loan application is incomplete, lenders are required to send written notification to the applicant and request the missing information be turned over within a designated timeframe. If this notice is given and the applicant does not comply within the specified time, the lender can close the application for incompleteness. A high rate of incomplete loans can indicate a lack of financial literacy on the part of the borrower. Several studies have correlated financial literacy with a borrower's income level. Specifically, lower-income individuals were the least knowledgeable about finance.<sup>38</sup> Insufficient lender assistance during the application process can also lead to high levels of incomplete applications. The lack of lender assistance may be discriminatory in motive or outcome, however, HMDA data cannot be used to prove motive.

<sup>38</sup> Collins, Michael. "Education Levels and Mortgage Application Outcomes: Evidence of Financial Literacy." University of Wisconsin-Madison, Department of Consumer Science, (2009).

During 2013, two of the City's top lenders had significantly higher than average rates of withdrawn and incomplete applications—Citibank NA (27 percent) and Fremont Bank (31 percent). A significant disparity in fallout could be an indicator of an overly complicated application process for a particular lender or suggest something even more troubling, such as screening, differential processing, HMDA Action misclassification, and/or the potential of discouragement of minority applications.

#### **4.6.1 Top Lenders by Race/Ethnicity**

Top lenders in terms of market share and performance varied by the race/ethnicity of applicants as well. Certain lenders, for example, appeared to be more popular among particular racial/ethnic groups. For example:

- White applicants comprised about 28 percent of the City's total applicants in 2013. However, they made up almost half of the applicant pool of American Pacific Mortgage Corporation and Loandepot.com.
- Hispanic applicants comprised about 46 percent of the City's total applicant pool in 2013. However, they made much higher proportions of the applicant pool for a number of lenders. WJ Bradley Mortgage Capital had a significantly higher proportion of Hispanic applicants (86 percent).
- Asian applicants comprised approximately ten percent of the total applicant pool in the City. Citibank and Fremont Bank were the most favored lenders, with each taking in approximately 15 percent of applications from Asian applicants.
- Black applicants represented less than two percent of the City's total applicant pool. There are no indications of any lender being more popular among Black applicants in 2013.

Table 32: Top Lenders by Minority Race/Ethnicity of Applicant (2013)

White		Hispanic		Asian		Black	
Lender	% of Total Applicants	Lender	% of Total Applicants	Lender	% of Total Applicants	Lender	% of Total Applicants
American Pacific Mortgage Corp.	46.5%	WJ Bradley Mortgage Capital	85.6%	Citibank, NA	15.8%	Nationstar Mortgage, LLC	4.4%
Loandepot.com	44.8%	Mason McDuffie Mortgage Corporation	73.2%	Fremont Bank	15.3%	Mason McDuffie Mortgage Corporation	3.6%
Citibank, NA	43.2%	Stearns Lending, Inc.	69.1%	JP Morgan Chase Bank, NA	12.6%	United Shore Financial Service	2.5%
JPMorgan Chase Bank, NA	30.0%	United Shore Financial Service	67.5%	Wells Fargo Bank, NA	11.7%		
Nationstar Mortgage, LLC	29.8%	Bank of America, NA	54.9%	Stearns Lending, Inc.	10.3%		
<b>All Lenders</b>	<b>28.3%</b>	<b>All Lenders</b>	<b>46.1%</b>	<b>All Lenders</b>	<b>9.8%</b>	<b>All Lenders</b>	<b>1.5%</b>

Source: www.lendingpatterns.com, 2014.

## 4.7 Subprime Lending

According to the Federal Reserve, “prime” mortgages are offered to persons with excellent credit and employment history and income adequate to support the loan amount. “Subprime” loans are loans to borrowers who have less-than-perfect credit history, poor employment history, or other factors such as limited income. By providing loans to those who do not meet the critical standards for borrowers in the prime market, subprime lending can and does serve a critical role in increasing levels of homeownership. Households that are interested in buying a home but have blemishes in their credit record, insufficient credit history, or non-traditional income sources, may be otherwise unable to purchase a home. The subprime loan market offers these borrowers opportunities to obtain loans that they would be unable to realize in the prime loan market.

Subprime lenders generally offer interest rates that are higher than those in the prime market and often lack the regulatory oversight required for prime lenders because they are not owned by regulated financial institutions. In the recent past, however, many large and well-known banks became involved in the subprime market either through acquisitions of other firms or by initiating subprime loans directly. Though the subprime market usually follows the same guiding principles as the prime market, a number of specific risk factors are associated with this market. According to a joint HUD/Department of the Treasury report, subprime lending generally has the following characteristics:<sup>39</sup>

- **Higher Risk:** Lenders experience higher loan defaults and losses by subprime borrowers than by prime borrowers.

<sup>39</sup> U.S. Department of Housing and Urban Development. Unequal Burden In Los Angeles: Income and Racial Disparities in Subprime Lending. April 2000.

- **Lower Loan Amounts:** On average, loans in the subprime mortgage market are smaller than loans in the prime market.
- **Higher Costs to Originate:** Subprime loans may be more costly to originate than prime loans since they often require additional review of credit history, a higher rate of rejected or withdrawn applications and fixed costs such as appraisals, that represent a higher percentage of a smaller loan.
- **Faster Prepayments:** Subprime mortgages tend to be prepaid at a much faster rate than prime mortgages.
- **Higher Fees:** Subprime loans tend to have significantly higher fees due to the factors listed above.

Subprime lending can both impede and extend fair housing choice. On the one hand, subprime loans extend credit to borrowers who potentially could not otherwise finance housing. The increased access to credit by previously underserved consumers and communities contributed to record high levels of homeownership among minorities and lower income groups. On the other hand, these loans left many lower income and minority borrowers exposed to default and foreclosure risk. Since foreclosures destabilize neighborhoods and subprime borrowers are often from lower income and minority areas, mounting evidence suggests that classes protected by fair housing faced the brunt of the recent subprime and mortgage lending market collapse.<sup>40</sup>

While HMDA data does not classify loans as subprime, it does track the interest rate spread on loans. In 2005, the Federal Reserve Board required lenders to report rate spreads for loans whose APR was above the Treasury benchmark. Loans with a reported spread are typically referred to as higher-priced or subprime loans.

The frequency of loans with reported spread has decreased substantially since 2008. About seven percent of loans in 2008 had a reported spread, but by 2013, only three percent of loans were considered sub-prime (Table 33). What appears to be most troubling, however, is that Black and Hispanic applicants seem to be significantly more likely to receive these higher-priced loans. In 2008, Blacks and Hispanics were about twice as likely as Whites and Asians to receive a subprime loan. This discrepancy was even more pronounced in 2013; Black and Hispanic applicants in Salinas were about three times more likely to get sub-prime loans in 2013 than White and Asian applicants.

Not only has there been a decline in the number of subprime loans issued since 2008, there has also been a decrease in the magnitude of spread reported on these loans. Generally, the higher the reported spread on a loan, the worse that loan is compared to a standard prime loan. In 2008, the average reported spread for a subprime loan was 3.75 points; by 2013, the average reported spread had dropped to just 1.83 points. For the most part, the magnitude of spread for subprime loans was consistent among applicants of all races/ethnicities, with the exception of Black applicants. The average reported spread for loans to Black applicants actually increased rather significantly between 2008 and 2013. However, Black applicants represented a small proportion of the overall applicant pool.

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<sup>40</sup> Foreclosure Exposure: A Study of Racial and Income Disparities in Home Mortgage Lending in 172 American Cities. Association of Community Organizations for Reform Now. September 2007.



Table 33: Reported Spread on Loans by Race/Ethnicity (2008 and 2013)

	Frequency of Spread		Average Spread	
	2008	2013	2008	2013
White	5.9%	1.4%	4.04	1.75
Black	12.5%	5.3%	3.47	7.52
Hispanic	8.8%	4.1%	3.61	1.75
Asian	3.1%	1.5%	4.12	1.94
Total	7.2%	2.8%	3.75	1.83

Source: [www.lendingpatterns.com](http://www.lendingpatterns.com), 2014.

## 4.8 Predatory Lending

With an active housing market, potential predatory lending practices by financial institutions may arise. Predatory lending involves abusive loan practices usually targeting minority applicants or those with less-than-perfect credit histories. Typical predatory lending practices include:<sup>41</sup>

- **Inadequate or False Disclosure:** The lender hides or misrepresents the true costs, risks and/or appropriateness of a loan's terms, or the lender changes the loan terms after the initial offer.
- **Risk-Based Pricing:** While all lenders depend on some form of risk-based pricing — tying interest rates to credit history — predatory lenders abuse the practice by charging very high interest rates to high-risk borrowers who are most likely to default.
- **Inflated Fees and Charges:** Fees and costs (e.g., appraisals, closing costs, and document preparation fees) are much higher than those charged by reputable lenders, and are often hidden in fine print.
- **Loan Packing:** Unnecessary products like credit insurance — which pays off the loan if a homebuyer dies — are added into the cost of a loan.
- **Loan Flipping:** The lender encourages a borrower to refinance an existing loan into a larger one with a higher interest rate and additional fees.
- **Asset-Based Lending:** Borrowers are encouraged to borrow more than they should when a lender offers a refinance loan based on their amount of home equity, rather than on their income or ability to repay.
- **Reverse Redlining:** The lender targets limited-resource neighborhoods that conventional banks may shy away from. Everyone in the neighborhood is charged higher rates to borrow money, regardless of credit history, income or ability to repay.
- **Balloon Mortgages:** A borrower is convinced to refinance a mortgage with one that has lower payments upfront but excessive (balloon) payments later in the loan term. When the balloon payments cannot be met, the lender helps to refinance again with another high-interest, high-fee loan.

<sup>41</sup> Al Krulick, "Predatory Lending," [www.debt.org](http://www.debt.org). Accessed February 17, 2015.

- **Negative Amortization:** This occurs when a monthly loan payment is too small to cover even the interest, which gets added to the unpaid balance. It can result in a borrower owing substantially more than the original amount borrowed.
- **Abnormal Prepayment Penalties:** A borrower who tries to refinance a home loan with one that offers better terms can be assessed an abusive prepayment penalty for paying off the original loan early. Up to 80 percent of subprime mortgages have abnormally high prepayment penalties.
- **Mandatory Arbitration:** The lender adds language to a loan contract making it illegal for a borrower to take future legal action for fraud or misrepresentation. The only option, then, for an abused borrower is arbitration, which generally puts the borrower at a disadvantage.

In recent years, predatory lending has also penetrated the home improvement financing market. Seniors and minority homeowners are typically the targets of this type of lending. In general, home improvement financing is more difficult to obtain than home purchase financing. Many homeowners have a debt-to-income ratio that is too high to qualify for home improvement loans in the prime market and become targets of predatory lending in the subprime market. Seniors have been swindled into installing unnecessary devices or making unnecessary improvements that are bundled with unreasonable financing terms.

Predatory lending is a growing fair housing issue. Predatory lenders who discriminate get some scrutiny under the Fair Housing Act of 1968 which requires equal treatment in terms and conditions of housing opportunities and credit regardless of race, religion, color, national origin, family status, or disability. This applies to loan originators as well as the secondary market. The Equal Credit Opportunity Act of 1972 requires equal treatment in loan terms and availability of credit for all of the above categories, as well as age, sex, and marital status. Lenders that engage in predatory lending would violate these Acts if they target minority or elderly households to buy at higher prices and unequal loan products, treat loans for protected classes differently than those of comparably credit-worthy White applicants, or have policies or practices that have a disproportionate effect on the protected classes.

Data available to investigate the presence of predatory lending is extremely limited. At present, HMDA data are the most comprehensive data available for evaluating lending practices. However, as discussed before, HMDA data lack the financial details of the loan terms to conclude that any kind of predatory lending has actually occurred. There is an effort at the national level to push for increased reporting requirements in order to identify and curb predatory lending.

The State of California has enacted additional measures designed to stem the tide of predatory lending practices. Senate Bill 537 provided a funding mechanism for local district attorneys' offices to establish special units to investigate and prosecute real estate fraud cases. The law enabled county governments to establish real estate fraud protection units. Furthermore, AB 489, a predatory lending reform bill, prevents a lender from basing the loan strictly on the borrower's home equity as opposed to the ability to repay the loan. The law also outlaws some balloon payments and prevents refinancing unless it results in an identifiable benefit to the borrower.

Predatory lending and unsound investment practices, central to the current home foreclosure crisis, led to a credit crunch that spread well beyond the housing market and impacted the cost of credit for local government borrowing and local property tax revenues. In response, the U.S. House of

Representatives passed legislation H.R.3915 in 2007, which would prohibit certain predatory lending practices and make it easier for consumers to renegotiate predatory mortgage loans. The U.S. Senate introduced similar legislation in late 2007 (S.2454). The Mortgage Reform and Anti-Predatory Lending Act (H.R.1728) was passed in the House in May 2009 and amends the Truth in Lending Act to specify duty of care standards for originators of residential mortgages. The law also prescribed minimum standards for residential mortgage loans and directs the Secretary of Housing and Urban Development (HUD) to establish a grants program to provide legal assistance to lower and moderate income homeowners and tenants and prohibits specified practices, including:

- Certain prepayment penalties;
- Single premium credit insurance;
- Mandatory arbitration (except reverse mortgages);
- Mortgage loan provisions that waive a statutory cause of action by the consumer; and
- Mortgages with negative amortization.<sup>42</sup>

In addition to anti-predatory lending laws, the Mortgage Forgiveness Debt Relief Act was enacted in 2007 and allows for the exclusion of income realized as a result of modification of the terms of a mortgage or foreclosure on a taxpayer's principal residence.

While subprime lending cannot in and of itself be described as “predatory,” studies have shown a high incidence of predatory lending in the subprime market.<sup>43</sup> Unlike in the prime lending market, overly high approval rates in the subprime market is a potential cause for concern when the target clients are considered high risk. High approval rates may indicate aggressive lending practices. Table 31 summarizes the approval rates of top lenders in Salinas. Of these top lenders, WJ Bradley Mortgage Capital (over 88 percent), Stearns Lending, Inc. (87 percent) and Quicken Loans (85 percent) all had approval rates significantly higher than the overall approval rate for all lenders (68 percent).

## 4.9 Purchased Loans

Secondary mortgage marketing is the term used for pricing, buying, selling, securitizing and trading residential mortgages. The secondary market is an informal process of different financial institutions buying and selling home mortgages. The secondary market exists to provide a venue for lending institutions to raise the capital required to make additional loans.

### 4.9.1 History

In the 1960s, as interest rates became unstable, housing starts declined and the nation faced capital shortages as many regions, including California, had more demand for mortgage credit than the lenders could fund. The need for new sources of capital promoted Congress to reorganize the Federal National Mortgage Association (FNMA) into two entities: a private corporation (today's

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<sup>42</sup> In negative amortization, a borrower pays monthly mortgage payments that are lower than the required interest payments and include no principal payments. The shortage in monthly payments is added to the principle loan. Therefore, the longer the borrower holds that loan, the more they owe the lender despite making monthly payments.

<sup>43</sup> Stolen Wealth, Inequities in California's Subprime Mortgage Market. California Reinvestment Committee. November 2001.

FNMA) and a government agency, the Government National Mortgage Association (GNMA). In 1970, Congress charted the Federal Home Loan Mortgage Corporation (FHLMC) to purchase conventional loans. Both FHLMC and FNMA have the same goals: to increase the liquidity of the mortgage market and make homeownership more widely available to the average citizen. The two organizations work to standardize the documentation, underwriting and financing of home loans nationwide. They purchased loans from originators, hold them and issue their own debt to replenish the cash. They are, essentially, very large, massive savings and loan organizations. These two organizations set the standards for the purchase of home loans by private lenders in the U.S.

## 4.9.2 Fair Housing Concerns

During the peak of the housing market, the practice of selling mortgage loans by the originators (lenders that initially provided the loans to the borrowers) to other lenders and investors was prevalent. Predatory lending was rampant, with lenders utilizing liberal underwriting criteria or falsified documents to push loan sales to people who could not afford the loans. The originating lenders were able to minimize their financial risk by immediately selling the loans to other lenders or investors on the secondary market.

Table 34 summarizes the various loan types purchased in Salinas, as well as the race/ethnicity of the applicants, in 2013. As shown below, White and Hispanic applicants in Salinas were more likely to have their loans purchased than Black and Asian applicants, regardless of loan type. Among all applicants, government-backed purchase loans were the most likely to be purchased.

**Table 34: Percent of Purchased Loans by Race (2013)**

Loan Type	White	Black	Asian	Hispanic
Government-Backed Purchase	34.4%	8.3%	19.4%	26.2%
Conventional Purchase	18.7%	0.0%	5.9%	11.1%
Refinance	8.6%	4.9%	4.5%	4.6%
Home Improvement	12.5%	0.0%	42.9%	9.1%

Source: [www.lendingpatterns.com](http://www.lendingpatterns.com), 2014.

## 4.10 Review of Lending Patterns by Specific Lender

Because the applicant profiles of some of the top lenders in Salinas differ so significantly, this section looks at the underwriting outcomes of some of the major lenders in both jurisdictions.

### 4.10.1 Wells Fargo

Wells Fargo was a top lender in the City in 2008 and 2013. In 2013, the lender captured 13 percent of the market share in Salinas. The overall approval rate for this institution was 65 percent and generally on par with the average for all lenders. Overall, Black applicants had the lowest approval rate of any race/ethnic group (50 percent); however, because Blacks made up such a small proportion of the total applicant pool, no real inferences can be made. Hispanic and Asian applicants also had slightly lower approval rates (53 percent and 63 percent, respectively) than White applicants. Fallout rates for this bank were moderate (17 percent), and only slightly higher among Hispanic applicants.

#### **4.10.2 Bank of America**

Bank of America was also a top lender in the City in 2008 and 2013. In 2013, Bank of America captured approximately nine percent of the market share in Salinas. The approval rate for this institution (77 percent) was noticeably higher than the average for all lenders. However, Hispanic applicants, who represented the majority of applicants for this lender, had a lower average approval rate (68 percent). Fallout rates among this lender were low overall, but highest among Asian applicants (16 percent).

#### **4.10.3 JP Morgan Chase Bank**

JP Morgan Chase Bank was the third most prolific lender in the City in 2013. The average approval rate for this lender (70 percent) was slightly higher than the average for all lenders (68 percent). Both approval and denial rates for this lender were consistent among most race/ethnic groups. Like with Bank of America, fallout rates for this lender were very low overall (four percent), but highest among Asian applicants (11 percent).

#### **4.10.4 WJ Bradley Mortgage Capital**

WJ Bradley Mortgage Capital was a top lender in the City in 2013. This lender was also the top lender among Hispanic applicants, with nearly 86 percent of all applicants being Hispanic. The overall approval rate for this institution (88 percent) was much higher than the average for all lenders (68 percent). Approval rates were fairly consistent for applicants of all race/ethnicities. This lender also had the lowest overall denial rate (eight percent) among top ten lenders.

#### **4.10.5 Mason McDuffie Mortgage Corporation**

Mason McDuffie Mortgage Corporation was a top lender in the City in 2013. This lender was also the second most popular lender among Hispanic applicants, with nearly 73 percent of all applicants being Hispanic. The overall approval rate for this institution (62 percent) was lower than the average for all lenders (68 percent). Approval rates for Hispanic applicants were slightly lower than the overall average for this lender (56 percent), while denial rates for these applicants were slightly higher (27 percent). The overall fallout rate for this lender was slightly higher than the average for all lenders (17 percent versus 14 percent overall).

#### **4.10.6 Stearns Lending, Inc.**

Stearns Lending, Inc. was a top lender in the City in 2013. This lender was the third most prolific lender among Hispanic applicants, with nearly 69 percent of all applicants being Hispanic. The overall approval rate for this institution (87 percent) was much higher than the average for all lenders (68 percent), though, fairly consistent for applicants of all race/ethnicities. The overall fallout rate for this lender was very low (four percent).

## 4.11 Foreclosures

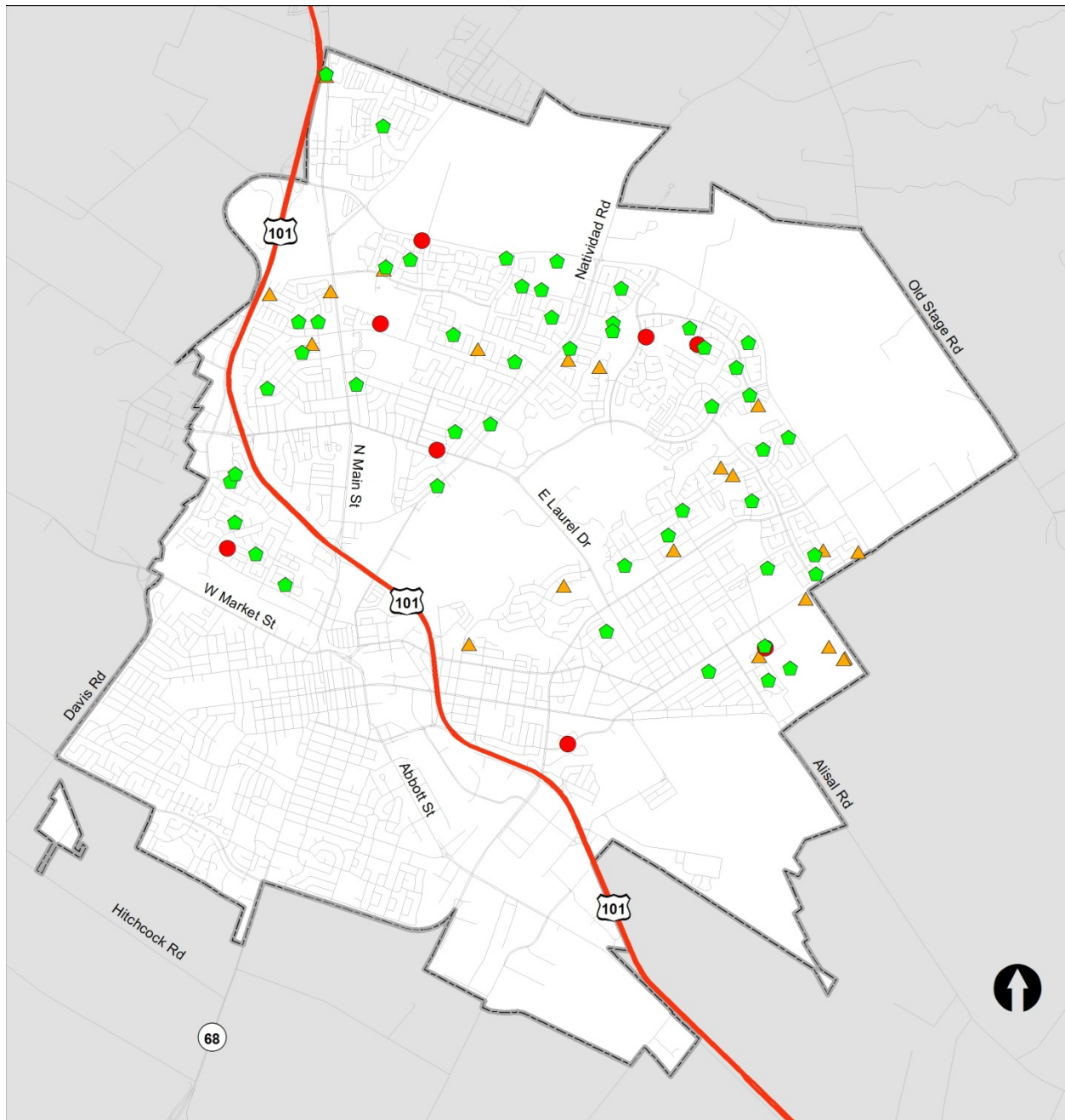
Foreclosure occurs when households fall behind on one or more scheduled mortgage payments. The foreclosure process can be halted if the homeowner is able to bring their mortgage payments current. If payments cannot be resumed or the debt cannot be resolved, the lender can legally use the foreclosure process to repossess (take over) the home. When this happens, the homeowners must move out of the property. If the home is worth less than the total amount owed on the mortgage loan, a deficiency judgment could be pursued. If that happens, the homeowner would lose their home and also would owe the home lender an additional amount.

Figure 18 illustrates the location of all the properties within the City that were in the foreclosure process as of November 2014. As shown, foreclosures are distributed throughout the northern portions of the City. Homes can be in various stages of foreclosure. Typically, the foreclosure process begins with the issuance of a Notice of Default (NOD). An NOD serves as an official notification to a borrower that he or she is behind in their mortgage payments, and if the payments are not paid up, the lender will seize the home. In California, lenders will not usually file an NOD until a borrower is at least 90 days behind in making payments. As of November 2014, 50 properties in Salinas were in this pre-foreclosure stage.

Once an NOD has been filed, borrowers are given a specific time period, typically three months, in which they can bring their mortgage payments current. If payments are not made current at the end of this specified time period, a Notice of Trustee Sale (NTS) will be prepared and published in a newspaper. An NTS is a formal notification of the sale of a foreclosure property. In California, the NTS is filed 90 days following an NOD when a property owner has failed to make a property loan current. Once an NTS has been filed, a property can then be sold at public auction. According to foreclosure records, 22 properties in Salinas were in the auction stage of the foreclosure process.

Many properties, however, are unable to be sold at public auction. In the event of an unsuccessful sale at auction, a property becomes classified as Real Estate Owned (REO) and ownership of it reverts back to the mortgage company or lender. In November 2014, the City of Salinas had a total of eight bank-owned properties.

Figure 18: Foreclosures (November 2014)



Sources:  
Foreclosure Radar  
U.S. Census TIGER/Line Shapefiles, 2014

## Foreclosures (November 2014)

# 5. Public Policies

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Public policies established at the regional and local levels can affect housing development and, therefore, may impact the range and location of housing choices available to residents. An assessment of public policies and practices can help determine potential impediments to fair housing opportunity. This section presents an overview of government regulations, policies, and practices enacted by the City of Salinas and whether they may impact fair housing choice.

## 5.1 Policies and Programs Affecting Housing Development

The General Plan of a jurisdiction establishes a vision for the community and provides long-range goals and policies to guide the development in achieving that vision. Two of the seven State-mandated General Plan elements – Housing and Land Use Elements – have direct impact on the local housing market in terms of the amount and range of housing choice. The zoning ordinance, which implements the General Plan, is another important document that influences the amount and type of housing available in a community – the availability of housing choice.

### 5.1.1 Housing Element Law and Compliance

As one of the seven State-mandated elements of the local General Plan, the Housing Element is the only element with specific statutory requirements and is subject to review by the California Department of Housing and Community Development (HCD) for compliance with State law. Enacted in 1969, Housing Element law requires that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law acknowledges that for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems that provide opportunities for and do not unduly constrain housing development. Specifically, the Housing Element must:

- Identify adequate sites which will be made available through appropriate zoning and development standards and with services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels in order to meet the community's housing goals;
- Assist in the development of adequate housing to meet the needs of extremely low, very low, low, and moderate income households;<sup>44</sup>
- Address and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities;
- Conserve and improve the condition of the existing affordable housing stock; and

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<sup>44</sup> Under the State Housing Element law, the income categories are: extremely low income (30 percent AMI); very low income (50 percent AMI); low income (80 percent AMI); moderate income (120 percent AMI); and above moderate income (greater than 120 percent AMI).



- Promote housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability.<sup>45</sup>

The City of Salinas is in the process of updating its Housing Element, in conjunction with an extensive community outreach process. The City anticipates adopting the Housing Element by the end of 2015. Salinas' current Housing Element was certified by HCD and adopted in March 2011.

## 5.1.2 Land Use Element

The Land Use Element of a General Plan designates the general distribution, location, and extent of uses for land planned for housing, business, industry, open space, and public or community facilities. As it applies to housing, the Land Use Element establishes a range of residential land use categories, specifies densities (typically expressed as dwelling units per acre [du/ac]), and suggests the types of housing appropriate in a community. Residential development is implemented through the zoning districts and development standards specified in the jurisdiction's zoning ordinance. The City's Land Use Element designated over 6,200 acres of land for residential uses. In addition, mixed use and residential uses are also allowed in Commercial, Office, New Urbanism and Mixed Use Zoning Districts.

### *Residential Densities*

A number of factors, governmental and non-governmental, affect the supply and cost of housing in a local housing market. The governmental factor that most directly influences these market conditions is the allowable density range of residentially designated land. In general, higher densities allow developers to take advantage of economies of scale, reduce the per-unit cost of land and improvements, and reduce developments costs associated with new housing construction. Reasonable density standards ensure the opportunity for higher-density residential uses to be developed within a community, increasing the feasibility of producing affordable housing, and offer a variety of housing options that meet the needs of the community. Minimum required densities in multi-family zones ensure that land zoned for multi-family use, the supply of which is often limited, will be developed as efficiently as possible for multi-family uses. Table 35 summarizes the land use designations within the City that allow residential uses, as well as their permitted net densities (without density bonus). The City of Salinas provides a range of densities for single-family (6-8 du/ac without density bonus) and multi-family (9-24 du/ac without density bonus) housing development to accommodate a range of housing options. The General Plan and Zoning Code also require minimum densities to be provided in the Low, Medium and High Residential Zoning Districts as referenced in Table 35. In 2013, the City also amended its MX zoning district and Focused Growth Overlay regulations to allow residential multi-family projects by-right that have a minimum net density of 30 du/ac to a maximum net density of 40 du/ac (without density bonus) for parcels 1 acre in size or larger in order to ensure adequate site for higher density residential uses. It also included an amendment to allow developments on certain MX zoned parcels located within 2,500 feet of the Intermodal Center to have up to a minimum net density of 80 units per acre (without density bonus) subject to the approval of a Conditional Use Permit. Higher densities of up

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<sup>45</sup> State Housing Element law does not cover all classes protected under State and Federal fair housing laws. The AI report expands the protected classes beyond the Housing Element law to discuss Housing Element compliance with State and Federal fair housing laws.

to 80 dwelling units per acre are also allowed in the Central City Overlay (Downtown Core) as indicated in Table 35.

**Table 35: General Plan Residential Land Use Designations**

Designation	Description	Existing Acreage <sup>1</sup>	Permitted Density <sup>2</sup>	
			Minimum	Maximum
Low Density (RL)	Single-family detached units, which may include small-lot, single-family developments.	3,992	6.0 du/ac	8.0 du//ac
Medium Density (RM)	Small-lot, single-family homes, town homes, row houses, duplexes, most mobile home parks, and multifamily units such as condominiums.	1,414	9.0 du/ac	15.0 du/ac
High Density (RH)	Apartments, condominiums, row houses, senior housing, and multifamily clusters.	827	16.0 du/ac	24.00 du/ac (without density bonus)
Mixed-Use Citywide (MX)	Mixture of retail, office, and residential uses in the same building, on the same parcel, or in the same area to promote pedestrian oriented uses and activity centers.	231	N/A	Mixed Use: 1.25 FAR <sup>4</sup> (1.0 FAR + 10 du/ac) Residential developments: max 24 du/acre without density bonus
Central City Overlay District <sup>3</sup>		62	N/A	6.0 FAR (4.0 FAR + 80 du/ac) 3.0 FAR if office only use 60 du/ac if residential only use
Mixed Arterial Frontage (MAF)	Residential, commercial, small-scale non-nuisance industry. Highly mixed use land patterns. This designation is intended for existing developed areas.	62	N/A	0.30 FAR Dwelling units determined per detailed plan

Source: City of Salinas General Plan, 2002.

du = dwelling units; ac = acre; FAR = floor area ratio

Notes:

1. These acreages do not include the annexation of the North of Boronda Focused Growth Area in 2006.
2. Permitted density per net acre.
3. A FAR of 8.0 may be allowed for receiving properties in the core of the downtown commercial area under a transfer of development rights program that may be adopted by the City.
4. A minimum density of 30 units per acre is allowed in the Focused Growth Areas.

Note: New Urbanism zones are cited in the Municipal Code for use in the Future Growth Areas. Since no Specific Plans have been adopted, there is no property zoned New Urbanist and none mapped in the General Plan.

## 5.2 Zoning Ordinance

The zoning ordinance implements the General Plan by establishing zoning districts that correspond with General Plan land use designations. Development standards and permitted uses in each zoning district are specified to govern the density, type, and design of different land uses for the protection of public health, safety, and welfare (Government Code, Sections 65800-65863). The Fair Housing Act does not pre-empt local zoning laws. However, the Act applies to municipalities and other local government entities and prohibits them from making zoning or land use decisions or implementing land use policies that exclude or otherwise discriminate against protected persons, including individuals with disabilities. Another way that discrimination in zoning and land use may occur is

when a seemingly neutral ordinance has a disparate impact, or causes disproportional harm, to a protected group. Land use policies such as density or design requirements that make residential development prohibitively expensive, limitations on multi-family housing, or a household occupancy standard may be considered discriminatory if it can be proven that these policies have a disproportionate impact on minorities, families with children, or people with disabilities.

Several aspects of the zoning ordinance that may affect a person's access to housing or limit the range of housing choices available are described below. As part of the Housing Element update, jurisdictions are required to evaluate their land use policies, zoning provisions, and development regulations, and make proactive efforts to mitigate any constraints identified. However, the following review is based on the current zoning ordinances as of the writing of this AI.

### 5.2.1 Definition of Family

A community's zoning ordinance can potentially restrict access to housing for households failing to qualify as a "family" by the definition specified in the zoning ordinance. For instance, a landlord may refuse to rent to a "nontraditional" family based on the zoning definition of a family.<sup>46</sup> A landlord may also use the definition of a family as an excuse for refusing to rent to a household based on other hidden reasons, such as household size. Even if the code provides a broad definition, deciding what constitutes a "family" should be avoided by jurisdictions to prevent confusion or give the impression of restrictiveness.

Zoning laws that are "facially neutral" (that is, they apply to all persons, not just those with disabilities) will violate the Fair Housing Act if they have a disparate impact or discriminatory effect on people with disabilities. One type of zoning law that often has been held to have a disparate impact on people with disabilities is a definition of the term "family" that allows any number of related persons to live together but limits the number of unrelated persons who may live together. Although applicable to groups of unrelated and non-disabled persons (e.g., college students, nuns, etc.), these laws may be deemed to have a disparate impact on persons with disabilities who often need to live in group settings for both programmatic and financial reasons.<sup>47</sup>

California court cases<sup>48</sup> have ruled that a definition of "family" that: 1) limits the number of persons in a family; 2) specifies how members of the family are related (i.e. by blood, marriage or adoption, etc.), or (3) a group of not more than a certain number of unrelated persons as a single housekeeping unit, is invalid. Court rulings stated that defining a family does not serve any legitimate or useful objective or purpose recognized under the zoning and land planning powers of the jurisdiction, and therefore violates rights of privacy under the California Constitution. A zoning ordinance also cannot regulate residency by discrimination between biologically related and unrelated persons. Furthermore, a zoning provision cannot regulate or enforce the number of persons constituting a family.

The City's Municipal Code defines family as "any group of individuals living together based on personal relationships. Excludes larger institutional group living situations such as dormitories,

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<sup>46</sup> Most Zoning Ordinances that define families limit the definition to two or more individuals related by kinship, marriage, adoption, or other legally recognized custodial relationship.

<sup>47</sup> Discriminatory Zoning and the Fair Housing Act. Disability Rights Network of Pennsylvania, 2007.

<sup>48</sup> City of Santa Barbara v. Adamson (1980), City of Chula Vista v. Pagard (1981), among others.

fraternities, sororities, monasteries, and nunneries, nor does it include such commercial group living arrangements as congregate housing, boardinghouses, lodginghouses, and farm labor camps.” This definition is consistent with State law.

## 5.2.2 Density Bonus Ordinance

California Government Code Section 65915 provides that a local government shall grant a density bonus of at least 20 percent (five percent for condominiums) and an additional incentive, or financially equivalent incentive(s), to a developer of a housing development agreeing to provide at least:

- Ten percent of the units for lower income households;
- Five percent of the units for very low income households;
- Ten percent of the condominium units for moderate income households;
- A senior citizen housing development; or
- Qualified donations of land, condominium conversions, and child care facilities.

The density bonus law also applies to senior housing projects and projects which include a child care facility. In addition to the density bonus stated above, the statute includes a sliding scale that requires:

- An additional 2.5 percent density bonus for each additional increase of one percent Very Low income units above the initial five percent threshold;
- A density increase of 1.5 percent for each additional one percent increase in Low income units above the initial 10 percent threshold; and
- A one percent density increase for each one percent increase in Moderate income units above the initial 10 percent threshold.

These bonuses reach a maximum density bonus of 35 percent when a project provides either 11 percent very low income units, 20 percent low income units, or 40 percent moderate income units. In addition to a density bonus, developers may also be eligible for one of the following concessions or incentives:

- Reductions in site development standards and modifications of zoning and architectural design requirements, including reduced setbacks and parking standards;
- Mixed used zoning that will reduce the cost of the housing, if the non-residential uses are compatible with the housing development and other development in the area; and
- Other regulatory incentives or concessions that result in "identifiable, financially sufficient, and actual cost reductions."

Jurisdictions also may not enforce any development standard that would preclude the construction of a project with the density bonus and the incentives or concessions to which the developer is entitled. To ensure compliance with the State density bonus law, jurisdictions must reevaluate their development standards in relation to the maximum achievable densities for multi-family housing.

In accordance with Chapter 4.3 Section 65915 *et. seq.* of the California Government Code, the City of Salinas has adopted a Density Bonus Ordinance (Chapter 37-50.060 of the Municipal Code). Upon request from the applicant, the City grants a density bonus based on the percentage of affordable units, senior housing units or transfer of land to the City for development of very low income housing units or the provision of child care facilities, consistent with State law. Projects qualifying for the density bonus also receive reduced parking requirements, concessions and other development incentives.

In response to the growing need for senior housing, the City also offers a second type of density bonus that is far more generous than the bonus mandated by the State of California. This density bonus applies only to projects that consist entirely of Senior Housing Type 2 developments, where at least 50 percent of the dwelling units are affordable housing units. A minimum of 60 percent of affordable housing units must be available at an affordable rent or affordable ownership cost to very-low income senior households, and 40 percent of affordable housing units must be available at an affordable rent or affordable ownership cost to lower income senior households. However, a greater percentage of very low income senior housing units may be provided in lieu of some or all of the lower income senior housing units on a one to one ratio. The density bonus is equal to the percentage of affordable housing units in the senior housing type 2 development. Senior Housing Type 2 developments of five dwelling units or more are designed for residency by qualifying residents in accordance with California Civil Code Section 51.3 and in which a minimum of 50 percent of the dwelling units are provided at an affordable housing cost.

### 5.2.3 Parking Requirements

Communities that require an especially high number of parking spaces per dwelling unit can negatively impact the feasibility of producing affordable housing by reducing the achievable number of dwelling units per acre, increasing development costs, and thus restrict the range of housing types constructed in a community. Typically, the concern for high parking requirements is limited to multi-family, affordable, or senior housing.

Table 36 and Table 37 summarize residential parking requirements in Salinas. Parking requirements do not constrain the development of housing directly. However, parking requirements may reduce the amount of available lot areas for residential development. The City determines the required number of parking spaces based on the type and size of the residential unit and has found the required parking spaces to be necessary to accommodate the number of vehicles typically associated with each residence. The City also provides a reduced parking requirement for mixed use residential buildings to encourage the development of such uses. Based on the numerous constructed and approved projects in Salinas, the City has found that the parking requirements do not unduly impact the cost and supply of housing.

**Table 36: Residential Parking Requirements**

Type of Residential Development	Required Parking Spaces (off street)
Single-family Dwellings (Detached and Attached Units)	4 bedrooms or less: 2 per dwelling unit (2 garaged*)
Duplex Dwellings, Green Court Dwellings, Multiple Detached Dwellings	5+ bedrooms: 3 per dwelling unit (2 garaged*), 3rd space may be tandem.
Multifamily Dwellings (except for condominiums)	Studio: 1 per unit.
	1- bedroom: 1.5 per dwelling unit.
	2- or 3- bedrooms: 2.0 per dwelling unit.
	4+ bedrooms: 3.0 per dwelling unit.
Condominiums	4 bedrooms or less: 2 per dwelling unit (2 covered).
	5+ bedrooms: 3 per dwelling unit (2 covered), 3rd space may be tandem.
Mobile home Parks	2 per dwelling unit, (1 covered); plus 1 space per 8 dwelling units, which must be designated for guest parking; tandem parking is permitted.
Second Dwelling Units	Studio: 1 per second dwelling unit.
	1- or 2- bedrooms: 1 per bedroom.
	2nd space may be tandem.
Senior Housing	1.0 per dwelling unit.
	0.5 per dwelling unit for congregate housing.
Single Room Occupancy Housing	0.25 per dwelling unit.
Large Residential Care and Residential Service Facilities	1 per 3 licensed beds.
Interim Housing	1 per private sleeping room; plus 1 per 100 sq. ft. used for common sleeping areas.

Source: City of Salinas Municipal Code Title 37, Sect. 50.360 et. seq., 2015

\* Single-family attached dwelling unit spaces may be tandem.

**Table 37: Mixed Use Parking Requirements**

Type of Residential Development	Required Parking Spaces (off street)
Mixed Use Buildings: Central City (Downtown Core Area) and Focused Growth Overlay Districts and the MX, MAF, and NU (VC) Districts only. (**)	Studios, 1- bedroom and 2- bedrooms: 1 per dwelling unit; plus Nonresidential Uses: 1 per 400 sq. ft. of nonresidential floor area.
	Loading requirement only applicable to buildings with 30,000 sq. ft. of gross floor area or more.
	For mixed use buildings that have dwelling units with more than 2- bedrooms, the mixed use development parking and loading standard shall apply.
C Districts	Residential Dwelling Units (applicable to mixed use buildings with a max. of 3 dwelling units only):
	Studios, 1- bedroom and 2- bedrooms: 1 per dwelling unit; plus Nonresidential Uses: 1 per 400 sq. ft. of nonresidential floor area.
	For mixed use buildings with more than 3 dwelling units or with dwelling units with more than 2- bedrooms, the mixed use development parking and loading standard shall apply.
Mixed Use Developments	The number of off-street parking and loading spaces to be provided shall be equal to the sum of the requirements prescribed for each residential and nonresidential use.

Source: City of Salinas Municipal Code Title 37, Sect. 50.360 et. seq., 2015.

\*\* On-street parking may be used to satisfy the off-street parking requirements in accordance with the provisions of Section 37-30.280(q) (3): On-street Parking.

## 5.3 Variety of Housing Opportunity

To ensure fair housing choice in a community, a zoning ordinance should provide for a range of housing types, including single-family, multi-family, second dwelling units, mobile homes, licensed community care facilities, employee housing for seasonable or migrant workers as necessary, assisting living facilities, emergency shelters, supportive housing, transitional housing, and single room occupancy (SRO) units. Table 38 provides a summary of Salinas' zoning ordinance as it relates to ensuring a variety of housing opportunities.

Table 38: Permitted Uses

Zone	SF Det'd	SF Att'd	Multiple Family	Multiple Det'd	Duplex	Residential Care Facilities		Conva-lescent & Rest Homes	Interim Housing	Resid. Service Fac.	Employee Housing		SRO	Second Units	Mobile Home Parks
						Large	Small				Medium	Small			
R-L-5.5	P	N	N	N	N	CUP	P	CUP	N	N	___	P	---	P	CUP
R-M-3.6	P <sup>2, 3</sup>	CUP <sup>3</sup>	N	N	N	CUP	P	CUP	N	N	___	SPR	---	P	CUP
R-M-2.9	P <sup>2, 3</sup>	SPR <sup>3</sup>	SPR	SPR	P <sup>5</sup>	CUP	P	CUP	CUP <sup>1</sup>	CUP	___	SPR	---	P	CUP
R-H-2.1	CUP <sup>4, 5</sup>	SPR <sup>5</sup>	SPR	SPR	SPR <sup>5</sup>	CUP	P	CUP	CUP	CUP	___	___	---	P	CUP
R-H-1.8	CUP <sup>4, 5</sup>	SPR <sup>5</sup>	SPR	SPR	SPR <sup>5</sup>	CUP	P	CUP	CUP	CUP	___	___	---	P	CUP
CO/R	P	SPR	SPR	SPR	SPR	CUP	<sup>7</sup>	CUP	CUP <sup>6</sup>	CUP	___	P	CUP	SPR	---
CO	CUP	SPR	SPR	SPR	SPR	CUP	<sup>7</sup>	CUP	CUP <sup>6</sup>	CUP	___	N	CUP	N	---
CR	CUP	CUP	CUP	CUP	CUP	CUP	<sup>7</sup>	CUP	CUP <sup>6</sup>	CUP	___	N	CUP	N	---
MAF	N	CUP	CUP	CUP	CUP	CUP	<sup>9</sup>	CUP	CUP <sup>8</sup>	CUP <sup>8</sup>	N	CUP	CUP	N	---
MX	N	SPR	SPR	CUP	CUP	CUP	<sup>9</sup>	CUP	CUP <sup>8</sup>	CUP <sup>8</sup>	N	SPR	CUP	N	---
NE <sup>17</sup>	P	CUP <sup>12</sup>	N	N	N	CUP	P	CUP	N	N	P	___	N	P	N
NG-1 <sup>17</sup>	P	SPR	SPR	SPR	SPR	CUP	P	CUP	N	N	___	P	N	P	CUP
NG-2 <sup>17</sup>	P	SPR	SPR	SPR	SPR	CUP	P	CUP	CUP	CUP	___	P	CUP	P	CUP
VC	N	SPR	SPR	CUP	CUP	CUP	CUP <sup>11</sup>	CUP	CUP <sup>10</sup>	CUP	___	N	CUP	N	N
A	P	N	N	N	N	CUP	P	---	CUP	CUP	P <sup>13</sup>	P <sup>13</sup>	---	SPR	---
Focus Growth (FG) Overlay			Does not permit single-family detached dwellings in CO, CO/R, CR, and R-M-2.9. This overlay does not specify restrictions for other uses.												
Central City (CC) Downtown Core (DC) Overlay			Does not permit residential uses on the ground floor fronting Main Street regardless of the underlying base district designation.												
Central City (CC) Downtown Neighborhood(DN) Overlay			Properties in the DN Overlay area are subject to the development regulations of the underlying base district, except that buildings shall be a maximum of 50 feet in height and the density and FAR limitations for DC area also apply to properties zoned CO, CR, and MX in the DN area.												
East Romie Lane Corridor (ERL) Overlay			The maximum FAR is 1.0 + 10 du/ac for mixed office and residential uses up to a maximum of 20 du/ac for residential projects without office uses. Where a conflict occurs with base district, the ERL Overlay district regulations prevail.												
P=Permitted by Right; CUP= Conditional Use Permit Required; N=Prohibited; "----"=Not listed for the zone; SPR=Site Plan Review Required															



Table 38: Permitted Uses

Zone	SF Det'd	SF Att'd	Multiple Family	Multiple Det'd	Duplex	Residential Care Facilities		Conva-lescent & Rest Homes	Interim Housing	Resid. Service Fac.	Employee Housing		SRO	Second Units	Mobile Home Parks
						Large	Small				Medium	Small			
<p>Notes:</p> <p><b>R-M- 3.6,2.9</b> <b>(R-M 3.6, R-M 2.9= Residential Medium Density)</b></p> <p>1. Interim housing shall be limited to facilities serving six or fewer people. Such housing shall be designed to accommodate a group living environment. Labor camps shall not be allowed.</p> <p>2. Single-family detached dwellings in the R-M-2.9 district shall comply with the R-M-3.6 district regulations.</p> <p>3. Must meet the minimum density requirements of the applicable district except as otherwise provided in the section.</p> <p><b>R-H-2.1, 1.8</b> <b>(R-H 2.1, R-H 1.8= Residential High Density)</b></p> <p>4. Single-family detached dwelling in the R-H district shall be subjected to the R-M- 3.6 district regulations.</p> <p>5. Must meet the minimum density requirements of the applicable zone except as otherwise provided in this section.</p> <p><b>CO/R, CO, CR</b> <b>(CO/R= Commercial Office/Residential; CO= Commercial Office; CR= Commercial Retail)</b></p> <p>6. Interim housing serving six or fewer people allowed with a site plan review.</p> <p>7. Small residential care facilities are permitted uses when the principal use is a residential dwelling unit.</p> <p><b>MAF, MX</b> <b>(MAF= Mixed Arterial Frontage; MX= Mixed Use)</b></p> <p>8. Residential services facilities and interim housing serving six or fewer people are allowed with site plan review. Such facilities shall be designed to accommodate a group living environment.</p> <p>9. Small residential care facilities are a permitted use when the principal use is a residential dwelling.</p> <p><b>NE, NG-1, NG-2, VC</b> <b>(NE= Neighborhood Edge/Low Density Residential; NG-1= Neighborhood General 1/Medium Density Residential; NG-2= Neighborhood General 2/High Density Residential; VC= Village Center)</b></p> <p>10. In the VC district, residential service facilities and interim housing serving six or fewer people are allowed with a site plan review. Such facilities shall be designed to accommodate a group living environment.</p> <p>11. In the VC district, small residential care facilities are permitted use when the principal use is a residential dwelling unit.</p> <p>12. Single-family attached dwelling units may be considered subject to the approval of a conditional use permit in the NE district to promote neighborhood diversity and to achieve minimum density requirements</p> <p>13. A, MU, PS, and all other districts that permit housing.</p> <p>14. In addition to Small Project Employee Housing and Medium Project Employee Housing, which are permitted by right in the A district, Employee Housing (not restricted by number of beds lor dwelling units) is permitted with a conditional use permit in the district.</p> <p>15. Emergency Shelter Type A, is permitted by right in the MU and PS districts; Emergency Shelter, Type B, which is not subject to the applicable development regulations for Type A, is permitted with a conditional use permit in the MU and PS districts.</p> <p>16. Supportive Housing and Transitional Housing are both considered residential uses of property subject only to the development regulations that apply to other residential dwellings of the same type in the same zoning district.</p> <p>17. Specific Plans for the FGA may adopt alternative Zoning Designation and use classifications to those listed</p>															

Source: City of Salinas Municipal Code, 2015



### 5.3.1 Single- and Multi-Family Uses

Single- and multi-family housing types include detached and attached single-family homes, duplexes or half-plexes, townhomes, condominiums, and rental apartments. Zoning ordinances should specify the zones in which each of these uses would be permitted by right.

Single-family, detached units are permitted by right in all of the single-family residential zoning districts, except for R-H-2.1 and R-H-1.8 where a Conditional Use Permit is required. Multi-family dwellings are permitted with a site plan review in all of the multi-family residential zoning districts. A Site Plan Review is required to provide a streamlined review process for verifying a project's compliance with the Zoning Code's development, design, and use standards. This process also serves as assurance to landowners, business owners, and developers that proposed uses, structures, and site improvements comply with the provisions of the Zoning Code, before preparation of plans for a building permit. To initiate the Site Review Process, the applicant files a Development Review Application. The application is reviewed by City planners.

Zoning ordinances should also avoid "pyramid or cumulative zoning" (e.g. permitting lower-density single-family uses in zones intended for higher density multi-family uses). Pyramid or cumulative zoning schemes could limit the amount of lower-cost multi-family residential uses in a community and be a potential impediment to fair housing choice. Allowing or requiring a lower density use in a zone that can accommodate higher density uses is regulated by State law (SB 2292, also known as the Dutra Bill). A local government is required to make a finding that an action that results in a density reduction, rezoning, or downzoning is consistent with its Housing Element, particularly in relation to the jurisdiction's ability to accommodate its share of regional housing needs. The Salinas Zoning Ordinance does not include pyramid zoning. It also requires minimum densities in all residential zoning districts as indicated in Table 35 except in limited circumstances.

### 5.3.2 Second Dwelling Units

Second dwelling units are attached or detached dwelling units that provide complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, cooking and sanitation. Second units may be an alternative source of affordable housing for lower income households and seniors. These units typically rent for less than apartments of comparable size.

California law requires local jurisdictions to adopt ordinances that establish the conditions under which second units are permitted (Government Code, Section 65852.2). A jurisdiction cannot adopt an ordinance that totally precludes the development of second units unless the ordinance contains findings acknowledging that allowing second units may limit housing opportunities of the region and result in adverse impacts on public health, safety, and welfare. An amendment to the State's second unit law in 2003 requires local governments to use a ministerial, rather than discretionary process for approving second units (i.e. second units otherwise compliant with local zoning standards can be approved without a public hearing) and allows jurisdictions to count second units towards meeting their regional housing needs goals. A ministerial process is intended to reduce permit processing time frames and development costs because proposed second dwelling units that are in compliance with local zoning standards can be approved without a public hearing.

The City of Salinas Zoning Code defines second dwelling units as “a subordinate dwelling unit that has separate living, sleeping, eating, cooking, and sanitation facilities attached to or detached from an existing single family detached dwelling.” Second units are not intended for separate sale, but may be rented. The City of Salinas permits second units in the Residential Low Density (R-L), Residential Medium Density (R-M), Residential High Density (R-H), Commercial Office/Residential (CO/R), Neighborhood Edge/ Low Density Residential (NE); Neighborhood General 1/Medium Density Residential (NG-1), and Neighborhood General 2/High Density Residential (NG-2) zoning districts. With the exception of the CO/R zoning district, second dwelling units are permitted by right, provided certain requirements are met. Second dwelling units in CO/R districts are permitted with a Site Plan Review, which is a non-discretionary administrative process.

### **5.3.3 Manufactured Housing**

State law requires local governments to permit manufactured or mobile homes meeting federal safety and construction standards on a permanent foundation in all single-family residential zoning districts (Section 65852.3 of the California Government Code). In Salinas, a manufactured/factory built house is considered to be a single-family detached dwelling unit and is treated as such.

### **5.3.4 Licensed Residential Care Facilities**

The Lanterman Developmental Disabilities Services Act (Sections 5115 and 5116) of the California Welfare and Institutions Code declares that mentally and physically disabled persons are entitled to live in normal residential surroundings. The use of property for the care of six or fewer mentally disordered or otherwise handicapped persons is required by law. A State-authorized, certified or authorized family care home, foster home, or group home serving six or fewer persons with disabilities or dependent and neglected children on a 24-hour-a-day basis is considered a residential use to be permitted in all residential zones. No local agency can impose stricter zoning or building and safety standards on these homes (commonly referred to as “group” homes) of six or fewer persons with disabilities than are required of the other permitted residential uses in the zone.

The City of Salinas allows, by-right, residential care facilities for six or fewer persons in any residential zoning district and in the NE, NG-1, NG-2, and A zoning districts. Group care facilities for seven or more persons are permitted, subject to a Conditional Use Permit, in any residential, mixed-use and New Urbanism zoning district, in commercial zoning districts, as well as agricultural zoning districts.

The Lanterman Act covers only licensed residential care facilities. California Housing Element law also addresses the provision of transitional and supportive housing, which covers also non-licensed housing facilities for persons with disabilities.

### **5.3.5 Emergency Shelters**

An emergency shelter is a facility that provides temporary shelter and feeding of indigents or disaster victims, operated by a public or non-profit agency. State law requires jurisdictions to identify adequate sites for housing which will be made available through appropriate zoning and development standards to facilitate and encourage the development of a variety of housing types for all income levels, including emergency shelters and transitional housing (Section 65583(c)(1) of the Government Code). Recent changes in State law (SB 2) require that local jurisdictions make

provisions in the zoning code to permit emergency shelters by right in at least one zoning district where adequate capacity is available to accommodate at least one year-round shelter. Local jurisdictions may, however, establish standards to regulate the development of emergency shelters.

The City amended the Public/Semipublic (PS) zone and the Mixed Arterial Frontage (MAF) zone in 2012 to permit emergency shelters by-right. Emergency Shelters, as defined by State law, are defined in the City's Zoning Ordinance as Emergency Shelters, Type A. They are distinguished from Emergency Shelters, Type B, which are not subject to the same development regulations (e.g., number of beds, proximity to other emergency shelters) but do require a conditional use permit.

### **5.3.6 Transitional and Supportive Housing**

State law (AB 2634 and SB 2) requires local jurisdictions to address the provisions for transitional and supportive housing. Under Housing Element law, transitional housing means buildings configured as rental housing developments, but operated under program requirements that require the termination of assistance and recirculating of the assisted unit to another eligible program recipient at a predetermined future point in time that shall be no less than six months from the beginning of the assistance (California Government Code Section 65582(h)).

Supportive housing means housing with no limit on length of stay, that is occupied by the target population, and that is linked to an onsite or offsite service that assists the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. Target population means persons with low incomes who have one or more disabilities, including mental illness, HIV or AIDS, substance abuse, or other chronic health condition, or individuals eligible for services provided pursuant to the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code) and may include, among other populations, adults, emancipated minors, families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, and homeless people (California Government Code Sections 65582(f) and (g)).

Accordingly, State law establishes transitional and supportive housing as a residential use and therefore local governments cannot treat it differently from other similar types of residential uses (e.g., requiring a use permit when other residential uses of similar function do not require a use permit). The City of Salinas considers transitional and supportive housing as residential uses of property subject only to the development regulations that apply to other residential dwellings of the same type in the same zoning district.

### 5.3.7 Single-Room Occupancy (SRO)

AB 2634 also mandates that local jurisdictions address the provision of housing options for extremely low income households, including Single Room Occupancy units (SRO). SRO units are one room units intended for occupancy by a single individual. It is distinct from a studio or efficiency unit, in that a studio is a one-room unit that must contain a kitchen and bathroom. Although SRO units are not required to have a kitchen or bathroom, many SROs have one or the other.

The City of Salinas Zoning Code defines an SRO as “a residential facility with individual secure rooms, of a smaller size than normally found in multifamily dwellings, which may have kitchen, and bathroom facilities, and which are rented to a one- or two-person household on a long-term basis.” SRO developments may be located in the Commercial Office/Residential (CO/R) zoning district, Commercial Office (CO) zoning district, Commercial Retail (CR) zoning district, Mixed Arterial Frontage (MAF) zoning district, and Mixed Use (MX) zoning district. SRO’s are subject to a conditional use permit. Each project is reviewed and the conditional use permit is granted by the Planning Commission. The process is not intended to deter the use of SRO’s, but to ensure development of high quality projects located in appropriate areas with services and facilities to assist the SRO development residents.

### 5.3.8 Farmworker Housing

The California Employee Housing Act requires that housing for six or fewer employees be treated as a regular residential use. The Employee Housing Act further defines housing for agricultural workers consisting of 36 beds or 12 units be treated as an agricultural use and permitted where agricultural uses are permitted.

As amended in January 2012, the Salinas Municipal Code distinguishes three types of employee housing. Employee Housing, Small Project, which may accommodate up to six persons, is treated as family housing of the same type in each zone. Medium Project Employee Housing accommodates agricultural workers and may have up to 36 beds in group quarters or 12 dwelling units or spaces for single households on one lot. It is treated in the same way as other agricultural uses in the same zoning district. Finally, Employee Housing (without designation as Medium or Small Project, limiting the number of beds or units) is allowed with a conditional use permit in the Agricultural District.

## 5.4 Building Codes and Occupancy Standards

### 5.4.1 Building Codes

Building codes, such as the California Building Standards Code<sup>49</sup> and the Uniform Housing Code are necessary to protect public health, safety, and welfare. However, local codes that require substantial improvements to a building might not be warranted and deter housing construction and/or neighborhood improvement.

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<sup>49</sup> California Building Standards Code, adopted by the a Building Standards Commission, is actually a set of uniform building, electrical, mechanical, and other codes adopted by professional associations such as the International Conference of Building Officials, and amended to include California-specific requirements.

The California Building Standards Code is published every three years by order of the California legislature. The Code applies to all jurisdictions in the State of California unless otherwise annotated. Adoption of the triennial compilation of Codes is not only a legal mandate, it also ensures the highest available level of safety for citizens and that all construction and maintenance of structures meets the highest standards of quality.

The City of Salinas has adopted the 2013 California Building Standards Code. Other codes commonly adopted by reference within the region include the California Mechanical Code, California Plumbing Code, California or National Electric Code, Uniform Housing Code, and California Fire Code. Less common are the California Uniform Code for the Abatement of Dangerous Buildings, the Urban-Wildland Interface Code, and the Uniform Code for Building Conservation. Adopted amendments to the 2013 California Building Code address the following: moisture protection of concrete floors, use of plain concrete in structures that are assigned to certain Seismic Design Categories, and wall construction in structures assigned to certain Seismic Design Categories. In addition, the City amended provisions in the appendix concerning fence heights, permit and plan review fees, and fees for re-inspection.

## 5.4.2 Occupancy Standards

Disputes over occupancy standards are typical tenant/landlord and fair housing issues. Families with children and large households are often discriminated in the housing market, particularly in the rental housing market, because landlords are reluctant or flatly refuse to rent to such households. Establishing a strict occupancy standard either by the local jurisdictions or by landlords on the rental agreements may be a violation of fair housing practices.

### **“2+1” Rule**

Most State and federal housing programs use the “2+1” rule as an acceptable occupancy standard. The appropriate number of persons per housing unit is estimated at two persons per bedroom plus an additional person. For example, a two-bedroom unit could have five occupants.

In general, no state or federal regulations govern occupancy standards. The State Department of Fair Employment and Housing (DFEH) uses the “two-plus-one” rule in considering the number of persons per housing unit – two persons per bedroom plus an additional person. Using this rule, a landlord cannot restrict occupancy to fewer than three persons for a one-bedroom unit or five persons for a two-bedroom unit, etc. While DFEH also uses other factors, such as the age of the occupants and size of rooms, to consider the appropriate standard, the two-plus-one rule is generally followed.

The City of Salinas does not overtly limit the number of people who can occupy a housing unit. As previously discussed, court rulings stated a Zoning Ordinance cannot regulate residency by discrimination between biologically-related and unrelated persons. The City’s definition of “family” does not reference how members of a family are to be related or the maximum number of members in the household.

According to the City Building Official, the Building code addresses occupant load two ways. The first, for new construction, occupant load is calculated at one person per 200 square feet of home. The other, is through the International Property Maintenance Code which is triggered by code enforcement issues (see Table 39 for standards).

**Table 39: Minimum Area Requirements**

SPACE	Minimum Area in Square Feet		
	1-2 Occupants	3-5 Occupants	6 or more Occupants
Living Room	120	120	150
Dining Room	No requirement	80	100
Bedrooms	Every living room shall contain at least 120 square feet and every bedroom shall contain a minimum of 70 square feet and every bedroom occupied by more than one person shall contain a minimum of 50 square feet of floor area for each occupant thereof.		

Overcrowding was an issue frequently identified by participants of the Community Workshops and in the needs survey. Overcrowding can be addressed by expanding affordable housing opportunities in the City. In addition, the City’s housing rehabilitation programs allow room additions as eligible expenses in order to help alleviate overcrowding in existing units.

## 5.5 Affordable Housing Development

In general, many minority and special needs households are disproportionately affected by a lack of adequate and affordable housing in a region. While affordability issues are not directly fair housing issues, expanding access to housing choices for these groups cannot ignore the affordability factor. Insofar as rent-restricted or non-restricted low-cost housing is concentrated in certain geographic locations, access to housing by lower income and minority groups in other areas is limited and can therefore be an indirect impediment to fair housing choice. Furthermore, various permit processing and development impact fees charged by local government results in increased housing costs and can be a barrier to the development of affordable housing. Other policies and programs, such as inclusionary housing and growth management programs, can either facilitate or inhibit the production of affordable housing. These issues are examined in the subsections below.

### 5.5.1 Siting of Affordable Housing

A number of developments in Salinas have been identified where some or all of the units are affordable for low to moderate income households. Together these projects provide 1,987 units of affordable housing. The distribution of these units, however, is uneven throughout the City. The majority of these affordable units are located in central Salinas with the densest clusters located in the Alisal neighborhood – near Alisal Street and Market Street – and in the eastern portion of the City – near Sanborn Road and Williams Road.



## 5.5.2 Planning and Development Fees

Housing construction imposes certain short- and long-term costs upon local government, such as the cost of providing planning services and inspections. As a result, the City of Salinas relies upon various planning and development fees to recoup costs and ensure that essential services and infrastructure are available when needed. Planning fees for Salinas are summarized in Table 40.

**Table 40: Planning Fees<sup>1</sup>**

Application	Fee
General Plan Amendment	\$6,189
Conditional Use Permit	\$4,925
Variance	\$3,080
Site Plan Review	\$805 - \$5,162
Tentative Map	\$3,648
Parcel Map	\$2,063
Zone Change	\$2,400

Note:

1. A comprehensive fee study is underway.

Source: City of Salinas, July, 1 2013.

Jurisdictions also charge a variety of impact fees to offset the cost of providing infrastructure and public facilities that are required to serve new development. Until 1978, property taxes were the primary revenue source for financing the construction of infrastructure and improvements required to support new residential development. The passage of Proposition 13 in 1978 has limited a local jurisdiction's ability to raise property taxes and significantly lowered the ad valorem tax rate, increasing reliance on other funding sources to provide infrastructure, public improvements, and public services. An alternative funding source widely used among local governments in California is the development impact fee, which is collected for a variety of improvements including water and sewer facilities, parks, and transportation improvements.

To enact an impact fee, State law requires that the local jurisdiction demonstrate the “nexus” between the type of development in question and the impact being mitigated by the proposed fee. Also, the amount of the fee must be roughly proportional to the impact caused by the development. Nevertheless, development impact fees today have become a significant cost factor in housing development.

The City of Salinas collects development impact fees for construction of housing units, as well as commercial and industrial development and schools. These fees are used to offset impact costs associated with traffic, sanitary sewer, storm drain, street trees and parks. In addition, other local agencies collect development impact fees associated with sanitary sewer (in addition to City fees), regional traffic impacts, school districts, and floodplain management.

Table 41 summarizes the development impact fees required by the City and other relevant agencies for residential development. Given current economic conditions, these fees constitute a significant economic challenge to providing affordable housing in the City of Salinas, as has been experienced in communities throughout the region. Based on current conditions, planning and development impact fees are in the order of \$37,000 for a market-rate single-family home and \$24,000 for a market-rate multi-family apartment unit.

The contribution of fees to home prices varies temporally as well as spatially. When times are good, housing production tends to lag behind demand, especially in coastal markets. Housing prices during such periods are chiefly affected by the balance between supply and demand and are much less affected by construction and development costs. When economic times are bad, as they are today in most parts of California, and demand is weak, housing prices are more sharply affected by the prices

of construction inputs, including fees. The strength of the economy and housing market also determines the degree of fee shifting and who ultimately pays fees. During strong economic times, it is the final homebuyer or renter who ends up paying housing development fees; the builder or developer is mostly an intermediary. During recessionary periods, the burden of paying of fees may be shifted backwards to the landowner.

**Table 41: Residential Planning and Development Fees, April 2015<sup>5</sup>**

City of Salinas	Type	Cost Basis	Single Family <sup>1</sup>	Multi-Family <sup>2</sup>
Sanitary Sewer Trunk Line Fee	Bedroom	\$472	\$1,416	\$944
Traffic Impact Fee:				
Existing City Limits	Daily Trips	\$336 <sup>4</sup>	\$336	\$336
Future Growth Area (FGA)	Daily Trips	\$487	\$487	\$487
Storm Sewer Trunk Fee	Bedroom	\$506	\$1,518	\$1,012
Park Fee	Bedroom	\$867	\$2,601	\$1,734
Street Tree Fee	Per 60 ft. of frontage	\$305	\$305	\$305
Fire Impact Fee	Dwelling Unit	---	\$274	\$266
Police Impact Fee	Dwelling Unit	\$1,503	\$1,503	\$1,503
Library Impact Fee	Dwelling Unit	\$1,071	\$1,071	\$1,071
Recreation Impact Fee	Dwelling Unit	\$595	\$595	\$595
<b>Local Agencies</b>				
Transportation Agency of Monterey County				
Market-Rate Units	Dwelling Unit	---	\$3,044	\$2,137
Inclusionary Units - Moderate	Dwelling Unit	---	\$2,376	\$1,668
Inclusionary Units – Low, Very Low	Dwelling Unit	---	\$1,756	\$1,233
Monterey Regional Water Pollution Control Agency	Dwelling Unit	\$3,337	\$3,337	\$3,337
Monterey County Traffic Fee <sup>3</sup>	Dwelling Unit	---	\$2,159	\$1,509
<b>School Fees<sup>7</sup></b>				
Alisal Union	Per Residential SF	\$3.80	\$7,600	\$3,040
Salinas Union High	Per Residential SF	\$1.83	\$3,660	\$1,464
Salinas Elementary	Per Residential SF	\$1.42	\$2,840	\$1,136
Santa Rita Union	Per Residential SF	\$3.50	\$7,000	\$2,800
<b>City Total</b>			<b>\$36,575<sup>6</sup></b>	<b>\$24,170<sup>6</sup></b>
<b>City of Salinas – Future Growth Area</b>				
Traffic Impact Fee in Future Growth Area (replaces city-wide Traffic Impact Fee in FGA)	Dwelling Unit	\$487	\$487	\$487

Notes:

1. Assumes a 2,000 square feet / 3-bedroom household.
2. Assumes a 800 square feet / 2-bedroom unit.
3. Proposed Fee – not yet approved by the County.
4. Assumes assignment of ten daily trips per single-family unit and seven daily trips per multi-family unit.
5. City fees adjust on July 1<sup>st</sup> of each year. Fees above listed are those adopted as of July 1<sup>st</sup> 2013. A comprehensive fee study is underway.
6. Units in the FGA are subject to a higher TFO rate therefore the overall total will be higher for these units.
7. Sample school fees for a typical project only. Actual fees depend on the school districts involved for the specific location of the project.

Source: City of Salinas, 2015

## 5.6 Other Land Use Policies, Programs, and Controls

Land use policies, programs, and controls can impede or facilitate housing development and can have implications for fair housing choice in a community. Inclusionary housing policies and redevelopment project areas can facilitate new affordable housing projects, while growth management programs can impede new affordable housing development.

### 5.6.1 Growth Management Programs

Growth management programs facilitate well-planned development and ensure that the necessary services and facilities for residents are provided. However, a growth management program may act as a constraint if it prevents a jurisdiction from addressing its housing needs, which could indirectly impede fair housing choice. These programs range from general policies that require the expansion of public facilities and services concurrent with new development, to policies that establish urban growth boundaries (the outermost extent of anticipated urban development), to numerical limitations on the number of dwelling units that may be permitted annually. The City of Salinas has not adopted a growth management program.

### 5.6.2 Inclusionary Housing Program

Inclusionary housing describes a local government requirement that a specified percentage of new housing units be reserved for, and affordable to, lower and moderate income households. The goal of inclusionary housing programs is to increase the supply of affordable housing commensurate with new market-rate development in a jurisdiction. This can result in improved regional jobs-housing balances and foster greater economic and racial integration within a community. The policy is most effective in areas experiencing rapid growth and a strong demand for housing.

As rental and owner-occupied housing prices in Salinas became increasingly more expensive, the City introduced an Inclusionary Housing Ordinance in 1992. According to the predecessor ordinance, which is incorporated into Article 3, Chapter 17 of the City's Municipal Code, all new developments of 10 or more units are required to provide two lower income households inclusionary units. For developments with 20 and more units, the City has three options for inclusionary housing, which are summarized in Table 42. The City is in the process of updating the Inclusionary Housing Ordinance to reflect market conditions and legal requirements.

**Table 42: Salinas Inclusionary Housing Requirements**

Option	Very Low Income	Low Income	Moderate Income	Workforce Housing	Total Minimum Inclusionary Units
10 to 19 Units *		2 units			2 units
20 or more units					
Option One	4%	8%	4%	4%	20%
Option Two	5%	10%	5%	5%	25%
Option Three	7%	12%	8%	8%	35%

Source: City of Salinas Municipal Code Section 17-6, 2015.

\* Developments consisting of 10-19 units can choose to provide two low income units or any of the three options described in the table.

## 5.7 Policies Causing Displacement or Affecting Housing Choice of Minorities and Persons with Disabilities

Local government policies could result in displacement or affect representation of minorities or the disabled.

### 5.7.1 Redevelopment Activities

Until recently, redevelopment activity facilitated by policies and programs implemented by redevelopment agencies could have impacted protected classes either through direct displacement or by limiting housing options in redevelopment project areas. However, the State of California dissolved redevelopment agencies effective February 1, 2012. Prior to dissolution, redevelopment had been used by participating agencies as a tool to remove blighted conditions, provide economic opportunities, create housing for lower and moderate income residents, renovate or replace deteriorated or dilapidated structures, develop vacant infill and under-used properties, and provide public infrastructure and other improvements to support private investment in deteriorated areas of Salinas. Implementation of redevelopment project plans had provided a means for increasing housing choices for lower and moderate income residents and those with special needs. Today, most jurisdictions have suspended significant components of their affordable housing programs until a stable source of funding can be identified.

### 5.7.2 Reasonable Accommodation

Under State and federal laws, local governments are required to “reasonably accommodate” housing for persons with disabilities when exercising planning and zoning powers. Jurisdictions must grant variances and zoning changes if necessary to make new construction or rehabilitation of housing for persons with disabilities feasible, but are not required to fundamentally alter their zoning ordinance. Although most local governments are aware of State and federal requirements to allow reasonable accommodations, if specific policies or procedures are not adopted by a jurisdiction, disabled residents may be unintentionally displaced or discriminated against. The City of Salinas has not yet adopted a formal reasonable accommodations procedure.

Furthermore, a jurisdiction’s definition of a disabled person can be considered an impediment to fair housing if it is not consistent with the definition of disability provided under the Fair Housing Act. The Act defines disabled person as “those individuals with mental or physical impairments that substantially limit one or more major life activities.” The City’s definition of “disability” is consistent with the Fair Housing Act and is not considered an impediment.

## 5.8 Local Housing Authorities

In Salinas, the HUD Housing Choice Voucher program is administered by the Housing Authority of the County of Monterey (HACM). HACM also owns and administers 22 public housing complexes (372 units) in Salinas. The availability and use of housing choice vouchers and public housing units must also adhere to fair housing laws. Currently, HACM has adopted the following local preferences:

- Families who have had their Housing Choice Voucher revoked due to funding shortfalls
- County residents
- Working families
- Seniors
- Disabled persons
- Veterans
- Displaced persons
- Victims of Domestic Violence
- Live-in place families
- Homeless persons (referred by agencies in the County of Monterey Continuum of Care) or formerly homeless persons

Section 16(a)(3)(B) of the United States Housing Act mandates that public housing authorities adopt an admissions policy that promotes the deconcentration of poverty in public housing. HUD emphasizes that the goal of deconcentration is to foster the development of mixed-income communities within public housing. In mixed-income settings, lower income residents are provided with working-family role models and greater access to employment and information networks. This goal is accomplished through the policy's income-targeting and deconcentration.

For Housing Choice vouchers, the Housing Act mandates that not less than 75 percent of new admissions must have incomes at or below 30 percent of the Area Median Income. The remaining balance of 25 percent may have incomes up to 50 percent of the Area Median Income. For public housing, the Housing Act mandates that not less than 40 percent of new admissions must have incomes at or below 30 percent of the Area Median Income. The balance of 60 percent of new admissions may have incomes up to 50 percent of the Area Median Income.

## 5.9 Community Representation and Participation

Adequate community involvement and representation is important to overcoming and identifying impediments to fair housing. Decisions regarding housing development in a community are typically made by the City Council and Planning Commission. Council members are elected officials and answer to the constituents. Planning Commissioners are residents appointed by the Council or Board and often serve an advisory role. In addition to the City Council and Planning Commission, the City has appointed commissions, committees, and task forces to address specific issues. For example, Salinas has a Design Review Board whose purpose is to review development and ensure harmony with the City's unique character.

A broader range of residents may feel more comfortable approaching an agency with concerns or suggestions if that agency offers sensitivity or diversity training to its staff members that typically interface with the public. In addition, if there is a mismatch between the linguistic capabilities of staff members and the native languages of local residents, non-English speaking residents may be unintentionally excluded from the decision making process. Another factor that may affect community participation is the inadequacy of an agency or public facility to accommodate residents with various disabilities. The City of Salinas has bi-lingual capabilities to serve Spanish speaking residents, as well as the ability to accommodate other languages such as Tagalog. The City, in partnership with Building Healthy Communities, recently provided a training for its employees and

key stakeholders called “Governing for Racial Equity,” as part of an initiative calling on governments and institutions to work together to achieve racial equity in Salinas.

# 6. Fair Housing Profile

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This chapter provides an overview of the institutional structure of the housing industry with regard to fair housing practices. In addition, this chapter discusses the fair housing services available to residents in Salinas, as well as the nature and extent of fair housing complaints received by the fair housing providers. Typically, fair housing services encompass the investigation and resolution of housing discrimination complaints, discrimination auditing/testing, and education and outreach, including the dissemination of fair housing information. Tenant/landlord counseling services are usually offered by fair housing service providers but are not considered fair housing services.

## 6.1 Fair Housing Practices in the Homeownership Market

Part of the American dream involves owning a home in the neighborhood of one's choice. Homeownership is believed to enhance one's sense of well-being, is a primary way to accumulate wealth, and is believed to strengthen neighborhoods, because residents with a greater stake in their community will be more active in decisions affecting the future of their community. Not all Americans, however, have always enjoyed equal access to homeownership due to credit market distortions, "redlining," steering, and predatory lending practices. This section analyzes potential impediments to fair housing in the home loan lending industry.

On December 5, 1996, HUD and the National Association of REALTORS® (NAR) entered into a Fair Housing Partnership. Article VII of the HUD/NAR Fair Housing Partnership Resolution provides that HUD and NAR develop a Model Affirmative Fair Housing Marketing Plan for use by members of the NAR to satisfy HUD's Affirmative Fair Housing Marketing regulations. Yet there is still much room for discrimination in the housing market.

### 6.1.1 The Homeownership Process

The following discussions describe the process of homebuying and likely situations when a person/household may encounter housing discrimination. However, much of this process occurs in the private housing market over which local jurisdictions have little control or authority to regulate. The recourse lies in the ability of the contracted fair housing service providers in monitoring these activities, identifying the perpetrators, and taking appropriate reconciliation or legal actions.

#### Advertising

The first thing a potential buyer is likely to do when they consider buying a home is search advertisements either in magazines, newspapers, or the Internet to get a feel for what the market offers. Advertisements cannot include discriminatory references such as the use of words describing:

- Neighbors or the neighborhood in racial or ethnic terms;
- Perfect for empty nesters;
- Conveniently located by a Catholic Church; or
- Ideal for married couples without kids.

In the week of March 16, 2015, 420 homes were listed as available for sale in Salinas. A random sample of 20 percent (84) of these ads identified 23 ads (27 percent) with potentially discriminatory language, typically containing references to something other than the physical description of the home or included amenities and services that implied preferences by certain groups. All of the potentially discriminatory advertisements were targeted specifically at families through the identification of quality school districts, nearby schools, and available family amenities.

Advertising has become a sensitive area in real estate. In some instances advertisements published in non-English languages may make those who speak English uncomfortable, yet when ads are only placed in English they place non-English speaking residents at a disadvantage. While real estate advertising can be published in other languages, by law, an English version of the ad must also be published. However, monitoring this requirement is difficult, if not impossible.

**Examples of Potentially Discriminatory Language in For-Sale Listings**

“Perfect for large and extended family.”

“Walking distance to newly built Elementary school, Alisal High school and Monte Bella Park.”

“Open loft area perfect for office or play area for your children.”

“Large lot in a fantastic neighborhood, with plenty of room for family and entertaining.”

“Desired Washington Union Schools. ...Hike Bike Horses? Fort Ord trails are just out your door.”

“In a desirable school district, close to Toro Park.”

Even if an agent does not intend to discriminate in an ad, it would still be considered a violation to suggest to a reader whether or not a particular group is preferred. Litigation has also set precedence for violations in advertisements that hold publishers, newspapers, Multiple Listing Services, real estate agents, and brokers accountable for discriminatory ads.

**Lending**

Initially, buyers must find a lender that will qualify them for a loan. This part of the process entails an application, credit check, documentation of ability to repay, calculation of amount eligible to borrow, choosing the type and terms of the loan, etc. Applicants are requested to provide a lot of sensitive information including their gender, ethnicity, income level, age, and familial status. Most of this information is used for reporting purposes required of lenders by the Community Reinvestment Act (CRA) and the Home Mortgage Disclosure Act (HMDA). However, the recent mortgage lending crisis has demonstrated widespread misuse of the information, where lower income households and minorities have been targeted for predatory lending.

Lending discrimination can occur during advertising/outreach, pre-application inquiries, loan approval/denial and terms/conditions, and loan administration. Further areas of potential discrimination include: differences in the level of encouragement, financial assistance, types of loans recommended, amount of down payment required, and level of customer service provided.

**Appraisals**

Banks order appraisal reports to determine whether or not a property is worth the amount of the loan they will be giving. Generally speaking, appraisals are based on the comparable sales of properties within the neighborhood of the property being appraised. Other factors are taken into consideration, such as the age of the structure, any improvements made, location, general economic influences, etc. However, in recent years during the mortgage lending and refinancing frenzy, there have been reports of inflated home values in order to entice refinancing.



### **Real Estate Agents**

Real estate agents may act as agents of discrimination. Some unintentionally, or possibly intentionally, may steer a potential buyer to particular neighborhoods by encouraging the buyer to look into certain areas; others may choose not to show the buyer all choices available. Agents may also discriminate by who they agree to represent, who they turn away, and the comments they make about their clients.

The California Association of REALTORS® (CAR) has included language on many standard forms disclosing fair housing laws to those involved. Many REALTOR® Associations also host fair housing trainings/seminars to educate members on the provisions and liabilities of fair housing laws, and the Equal Opportunity Housing Symbol is also printed on all CAR forms as a reminder.

### **Covenants, Conditions, and Restrictions (CC&Rs)**

Covenants, Conditions, and Restrictions (CC&Rs), are restrictive promises that involve voluntary agreements, which run with the land they are associated with and are listed in a recorded Declaration of Restrictions. The Statute of Frauds (Civil Code Section 1624) requires them to be in writing, because they involve real property. They must also be recorded in the County where the property is located in order to bind future owners. Owners of parcels may agree amongst themselves as to the restrictions on use, but in order to be enforceable they must be reasonable.

The California Department of Real Estate reviews CC&Rs for all subdivisions of five or more lots, or condominiums of five or more units. This review is authorized by the Subdivided Lands Act and mandated by the Business Professions Code, Section 11000. The review includes a wide range of issues, including compliance with fair housing law. The review must be completed and approved before the Department of Real Estate will issue a final subdivision public report. This report is required before a real estate broker or anyone can sell the units, and each prospective buyer must be issued a copy of the report. If the CC&Rs are not approved, the Department of Real Estate will issue a “deficiency notice”, requiring the CC&Rs be revised. CC&Rs are void if they are unlawful, impossible to perform or are a “restraint on alienation” (a clause that prohibits someone from selling or transferring his/her property). However, older subdivisions and condominium/townhome developments may contain illegal clauses which are still enforced by the homeowners associations. Furthermore, board members of homeowners associations are not required to attend fair housing training. Most are not aware that fair housing laws also apply to homeowners.

### **Homeowners Insurance Industry**

Many traditional industry underwriting practices which may have some legitimate business purpose also adversely affect lower income and minority households and neighborhoods. For example, if a company excludes older homes from coverage, lower income and minority households who can only afford to buy in older neighborhoods may be disproportionately affected. Another example includes private mortgage insurance (PMI). PMI obtained by applicants from Community Reinvestment Act (CRA) protected neighborhoods is known to reduce lender risk. Redlining of lower income and minority neighborhoods can occur if otherwise qualified applicants are denied or encouraged to obtain PMI.<sup>51</sup> Underwriting guidelines are not public information; however,

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<sup>51</sup> “Borrower and Neighborhood Racial Characteristics and Financial Institution Financial Application Screening”; Mester, Loretta J; Journal of Real Estate Finance and Economics; 9 241-243; 1994

consumers have begun to seek access to these underwriting guidelines to learn if certain companies have discriminatory policies.

### **Credit and FICO Scores**

Credit history is one of the most important factors in obtaining a home purchase loan. Credit scores determine loan approval, interest rates associated with the loan, as well as the type of loan an applicant will be given. Applicants with high credit scores are generally given conventional loans, while lower and moderate range scores revert to FHA or other government-backed loans. Applicants with lower scores also receive higher interest rates on the loans as a result of being perceived as a higher risk to the lender, and may even be required to pay points depending on the type of lending institution used.

Fair Isaac and Company (FICO), which is the company used by the Experian (formerly TRW) credit bureau to calculate credit scores, has set the standard for the scoring of credit history. Trans-Union and Equifax are two other credit bureaus that also provide credit scores, though they are typically used to a lesser degree. In short, points are awarded or deducted based on certain items such as how long one has had credit cards, whether one makes payments on time, if credit balances are near maximum, etc. Typically, the scores range from the 300s to around 850, with higher scores demonstrating lower risk. Lower credit scores require a more thorough review than higher scores and mortgage lenders will often not even consider a score below 600.

FICO scores became more heavily relied on by lenders when studies conducted show that borrowers with scores above 680 almost always make payments on time, while borrowers with scores below 600 seemed fairly certain to develop problems. Some of the factors that affect a FICO score are:

- Delinquencies
- New accounts (opened within the last twelve months)
- Length of credit history (a longer history of established credit is better than a short history)
- Balances on revolving credit accounts
- Public records, such as tax liens, judgments, or bankruptcies
- Credit card balances
- Number of inquiries
- Number and types of revolving accounts

However, the recent mortgage lending crisis was in part a result of lenders providing mortgage financing to borrowers who are not credit worthy, or steering borrowers who can qualify for lower cost loans to the subprime market.

## 6.1.2 National Association of REALTORS® (NAR)

The National Association of REALTORS® (NAR) has developed a Fair Housing Program to provide resources and guidance to REALTORS® in ensuring equal professional services for all people. The term REALTOR® identifies a licensed professional in real estate who is a member of the NAR; however, not all licensed real estate brokers and salespersons are members of the NAR.

### Code of Ethics

Article 10 of the NAR Code of Ethics provides that “REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity.”

A REALTOR® pledges to conduct business in keeping with the spirit and letter of the Code of Ethics. Article 10 imposes obligations upon REALTORS® and is also a firm statement of support for equal opportunity in housing. A REALTOR® who suspects discrimination is instructed to call the local Board of REALTORS®, i.e. Monterey County Association of REALTORS® (MCAR). Local Boards of REALTORS® will accept complaints alleging violations of the Code of Ethics filed by a home seeker who alleges discriminatory treatment in the availability, purchase or rental of housing. Local Boards of REALTORS® have a responsibility to enforce the Code of Ethics through professional standards procedures and corrective action in cases where a violation of the Code of Ethics is proven to have occurred.

Additionally, Standard of Practice Article 10-1 states that “When involved in the sale or lease of a residence, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling, however, REALTORS® may provide other demographic information.” Standard of Practice 10-3 adds that “REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity.”

### Diversity Certification

NAR has created a diversity certification, “At Home with Diversity: One America” to be granted to licensed real estate professionals who meet eligibility requirements and complete the NAR “At Home with Diversity” course. The certification will signal to customers that the real estate professional has been trained on working with diversity in today’s real estate markets. The coursework provides valuable business planning tools to assist real estate professionals in reaching out and marketing to a diverse housing market. The NAR course focuses on diversity awareness, building cross-cultural skills, and developing a business diversity plan.

### 6.1.3 California Department of Real Estate (DRE)

The California Department of Real Estate (DRE) is the licensing authority for real estate brokers and salespersons. As noted earlier, not all licensed brokers and salespersons are members of the National or California Association of REALTORS®.

The DRE has adopted education requirements that include courses in ethics and in fair housing. To renew a real estate license, each licensee is required to complete 45 hours of continuing education, including five mandatory three-hour courses in Agency, Ethics, Trust Fund Handling, Fair Housing and Risk Management. The fair housing course contains information that will enable an agent to identify and avoid discriminatory practices when providing real estate services to clients. These licensees will also be required to complete a minimum of 18 additional hours of courses related to consumer protection. The remaining hours required to fulfill the 45 hours of continuing education may be related to either consumer service or consumer protection, at the option of the licensee.

### 6.1.4 California Association of REALTORS® (CAR)

The California Association of Realtors (CAR) is a trade association of realtors statewide. As members of organized real estate, realtors also subscribe to a strict code of ethics as noted above. CAR has recently created the position of Equal Opportunity/Cultural Diversity Coordinator. CAR holds three meetings per year for its general membership, and the meetings typically include sessions on fair housing issues. Current outreach efforts are directed to underserved communities and state-licensed brokers and sales persons who are not members of the CAR.

#### **REALTOR® Associations Serving Salinas**

REALTOR® Associations are generally the first line of contact for real estate agents who need continuing education courses, legal forms, career development, and other daily work necessities. The frequency and availability of courses varies amongst these associations, and local association membership is generally determined by the location of the broker for which an agent works. Complaints involving agents or brokers may be filed with these associations.

Monitoring of services by these associations is difficult as detailed statistics of the education/services the agencies provide or statistical information pertaining to the members is rarely available. The Monterey County Association of Realtors (MCAR) serves Salinas. MCAR uses MLS Listings, Inc. for its listing service. MCAR's Government and Community Affairs Director participated in the stakeholder interviews used to gather information for this AI.

Complaints against members are handled by the associations as follows. First, all complaints must be in writing. Once a complaint is received, a grievance committee reviews the complaint to decide if it warrants further investigation. If further investigation is necessary, a professional standards hearing with all parties involved takes place. If the member is found guilty of a violation, the member may be expelled from the association, and the California Department of Real Estate is notified.

## 6.2 Fair Housing Practices in the Rental Housing Market

Most fair housing issues occur in the rental housing market, as renters are in less control over their housing situation.

### 6.2.1 Rental Process

#### Advertising

Salinas, like most parts of California, is facing a shortage of rental housing. Most rental properties have low vacancy rates and do not require published advertising. Often, vacancy is announced either via word of mouth of existing tenants or a for-rent sign outside the property. Unless one happens to drive by the neighborhood or have friends or families currently residing at the property, one may not have access to information regarding vacancy. Furthermore, this practice tends to intensify segregation of neighborhoods and properties that already have a high concentration of a racial/ethnic group. When advertising is done, no checks-and-balances mechanism exists to ensure English advertising is provided.

In the week of March 16, 2015, 580 rental listings were posted on craigslist.org. A random sample of 121 ads (20 percent) was reviewed. Among the 121 ads reviewed, 64 ads (53 percent) contained potentially discriminatory language. Most ads implied preferences to families with children (34 ads), or young and active persons (8 ads).<sup>52</sup> Others stated a no-pet policy without recognizing service or companion animals would be allowed (23 ads). Another observation with the rental listings for Salinas was that while many ads do not contain express language to suggest a preference for families, visual cues were used. Many ads use pictures of playgrounds to suggest a family-living lifestyle.

#### **Examples of Potentially Discriminatory Language in Rental Listings**

“Occupancy is limited to one person. No drugs, or very loud music. We have very nice neighbors...We are looking for a younger person, perhaps a student or intern, who would have the same interests and life style as the person in the front house.”

“is usually rented to traveling professionals working in the medical field like nurses, therapists, radiologists, and other professionals.”

“We invite residents to relax in our heated swimming pool after a vigorous workout in our 24-hour fitness center.”

“just a short walk to North Salinas High School.”

Rental advertisements with references to a no-pet policy in Salinas were prevalent among the listings surveyed. Persons with disabilities are one of the protected classes under fair housing law, and apartments must allow “service animals” and “companion animals,” under certain conditions. Service animals are animals that are individually trained to perform tasks for people with disabilities such as guiding people who are blind, alerting people who are deaf, pulling wheelchairs, alerting and protecting a person who is having a seizure, or performing other special tasks. Service animals are working animals, not pets. Companion animals, also referred to as assistive or therapeutic animals, can assist individuals with disabilities in their daily living and as with service animals, help disabled persons overcome the limitations of their disabilities and the barriers in their environment.

Persons with disabilities have the right to ask their housing provider to make a reasonable accommodation in a no-pet policy in order to allow for the use of a companion or service animal.

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<sup>52</sup> Discriminatory references are not mutually exclusive; one ad may indicate preferences to families and young adults, or contain other arbitrary preferences.

However, in the case of rental ads that specifically state “no pets,” some disabled persons may not be aware of their right to ask for an exception to this rule. Because of this, a person with a disability may see themselves as limited in their housing options.

### **Credit/Income Check**

Landlords may ask potential renters to provide credit references, lists of previous addresses and landlords, and employment history/salary. The criteria for tenant selection, if any, are typically not known to those seeking to rent. Many landlords often use credit history as an excuse when trying to exclude certain groups. Legislation provides for applicants to receive a copy of the report used to evaluate applications.

### **The Lease**

Most apartments are rented under either a lease agreement or a month-to-month rental agreement. A lease is favorable from a tenant's point of view for two reasons: the tenant is assured the right to live there for a specific period of time and the tenant has an established rent during that period. Most other provisions of a lease protect the landlord. Information written in a lease or rental agreement includes the rental rate, required deposit, length of occupancy, apartment rules, and termination requirements.

Typically, the lease or rental agreement is a standard form completed for all units within the same building. However, the enforcement of the rules contained in the lease or agreement may not be standard for all tenants. A landlord may choose to strictly enforce the rules for certain tenants based on arbitrary factors, such as race, presence of children, or disability. In recent years, complaints regarding tenant harassment through strict enforcement of lease agreements as a means of evicting tenants have increased significantly due to reduced vacancy rates and increased rents, offering landlords “opportunities” to pick and choose their tenants.

Lease-related language barriers can impede fair housing choice if landlords and tenants do not speak the same language. In California, applicants and tenants have the right to negotiate lease terms primarily in Spanish, Chinese, Tagalog, Vietnamese or Korean. If a language barrier exists, the landlord must give the tenant a written translation of the proposed lease or rental agreement in the language used in the negotiation before the tenant signs it.<sup>53</sup> This rule applies to lease terms of one month or longer and whether the negotiations are oral or in writing. Also, the landlord must provide the translation whether or not the tenant requests it. The translation must include every term and condition in the lease or rental agreement. A translation is not required if the tenant provides his or her own adult interpreter.

### **Security Deposit**

A security deposit is typically required. To deter “less-than-desirable” tenants, a landlord may ask for a security deposit higher than for others. Tenants may also face discriminatory treatment when vacating the units. The landlord may choose to return a smaller portion of the security deposit to some tenants, claiming excessive wear and tear. A landlord may also require that persons with disabilities pay an additional pet rent for their service animals, a monthly surcharge for pets, or a deposit, which is also a discriminatory act.

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<sup>53</sup> California Civil Code Section 1632(b)

### **During the Tenancy**

During tenancy, the most common forms of discrimination a tenant may face are based on familial status, race, national origin, sex, disability, or immigration status. Usually this type of discrimination appears in the form of varying enforcement of rules, overly strict rules for children, excessive occupancy standards, refusal to make a reasonable accommodation for handicapped access, refusal to make necessary repairs, eviction notices, illegal entry, rent increases, or harassment. These actions may be used as a way to make a constructive eviction, in other words to force undesirable tenants to move on their own without the landlord having to make an eviction.

Some participants at the Community Workshops and survey respondents indicated landlords are not providing the necessary repairs to their apartments. However, many, especially those who are undocumented, fear evictions if they file complaints with the City.

## **6.2.2 Apartment Association of California**

The California Apartment Association (CAA) is the country's largest statewide trade association for rental property owners and managers. The CAA was incorporated in 1941 to serve rental property owners and managers throughout California. CAA represents rental housing owners and professionals who manage more than 1.5 million rental units. Under the umbrella agency, various apartment associations cover specific geographic areas.

The California Apartment Association has developed the California Certified Residential Manager (CCRM) program to provide a comprehensive series of courses geared towards improving the approach, attitude and professional skills of on-site property managers and other interested individuals. The CCRM program consists of 31.5 hours of training that includes fair housing and ethics along with the following nine course topics:

- Preparing the Property for Market
- Professional Leasing Skills and the Application Process
- The Move-in Process, Rent Collection and Notices
- Resident Issues and Ending the Tenancy
- Professional Skills for Supervisors
- Maintenance Management: Maintaining a Property
- Liability and Risk Management: Protecting the Investment
- Fair Housing: It's the Law
- Ethics in Property Management

In order to be certified one must successfully score 75 percent or higher on the comprehensive CCRM final exam. The training that would be most convenient to Salinas owners and managers is offered in San Jose and San Francisco. The CAA's Tri-County Division (San Mateo, Santa Clara and Santa Cruz Counties) offers educational events at its Tri-County Education Center in Santa Clara. In 2015, the Northern California CAA Connections Rental Housing Conference and Expo was held in Santa Clara.

The CAA supports the intent of all local, State, and federal fair housing laws for all residents without regard to color, race, religion, sex, marital status, mental or physical disability, age, familial status,

sexual orientation, or national origin. Members of the CAA agree to abide by the provisions of their Code for Equal Housing Opportunity.

### **6.2.3 Apartment Owners Association of California**

The Apartment Owners Association (AOA) provides professional guidance and resources for apartment owners throughout California. Its Northern California office is located in Alameda. AOA offers fair housing seminars for its members. Its “How to Avoid Fair Housing & Discrimination Lawsuits” seminar covers the following topics:

- Properly screen tenant applications
- Minimize a fair housing complaint
- Understand fair housing laws
- Know who the protected classes are and avoid discriminating against them

### **6.2.4 The National Association of Residential Property Managers (NARPM)**

The National Association of Residential Property Managers promotes a high standard of property management business ethics, professionalism and fair housing practices within the residential property management field. NARPM is an association of real estate professionals who are experienced in managing single-family and small residential properties. There is an annual state conference with training opportunities. The Monterey Bay Chapter of NARPM currently has 41 members. Members of the association adhere to a strict Code of Ethics to meet the needs of the community, which include the following duties:

- Protect the public from fraud, misrepresentation, and unethical practices of property managers.
- Adhere to the Federal Fair Housing Statute.
- Protect the fiduciary relationship of the Client.
- Treat all Tenants professionally and ethically.
- Manage the property in accordance with the safety and habitability standards of the community.
- Hold all funds received in compliance with state law with full disclosure to the Client.

In addition to promoting high standards of business ethics, professionalism and fair housing practices, the Association also certifies its members in the standards and practices of the residential property management industry and promotes continuing professional education.

NARPM offers three designations to qualified property managers and property management firms:

1. Residential Management Professional, RMP ®
2. Master Property Manager, MPM ®
3. Certified Residential Management Company, CRMC ®



Various educational courses are offered as part of attaining these designations including the following fair housing and landlord/tenant law courses:

- Ethnicity (required for all members every four years)
- Habitability Standards and Maintenance
- Marketing
- Tenancy
- ADA Fair Housing
- Lead-Based Paint Law

## **6.3 Fair Housing Services**

In general, fair housing services include the investigation and resolution of housing discrimination complaints, discrimination auditing and testing, and education and outreach, including the dissemination of fair housing information such as written material, workshops, and seminars. Landlord/tenant counseling is another fair housing service that involves informing landlords and tenants of their rights and responsibilities under fair housing law and other consumer protection legislations as well as mediating disputes between tenants and landlords. The following fair housing service providers serve(d) Salinas residents at one time or another:

### **6.3.1 Conflict Resolution and Mediation Center of Monterey County (CRMC)**

CRMC has previously been the City's fair housing services provider. During the course of their agreement with the City, CRMC closed down and failed to provide proper notification. As a result, the City terminated its agreement with CRMC for failure to comply with contract terms. The January 2013 closure of the Conflict Resolution and Mediation Center of Monterey County, the key provider of fair housing and landlord/tenant services for more than 20 years, has provided staff an opportunity to re-evaluate the nature of fair housing services in this area. Despite numerous attempts from the City to obtain fair housing records from CRMC, the City was unsuccessful in retrieving data from the defunct organization. Due to the closure of this agency, and lack of cooperation, no fair housing records were available for analysis.

### **6.3.2 Project Sentinel**

Project Sentinel assists home seekers as well as housing providers, with fair housing issues through counseling, complaint investigation, conciliation and education. Trained counselors also provide tenant/landlord counseling. Project Sentinel offers free, confidential services to both tenants and landlords to help them understand their rights and responsibilities under state and local laws and ordinances that affect the rental relationship. Beginning in FY 2014, this HUD-certified fair housing agency was contracted by Salinas and also by Monterey County to provide fair housing services to residents. In the previous two years, the Gilroy office, Project Sentinel received 50 calls per year from the Salinas area.

As of the writing of this report, Project Sentinel has not yet completed one year of services exclusive to the City of Salinas. Their first quarter report notes that "Complaint-based investigations require that other service providers and residents are educated about Project Sentinel, our work, and when and how to contact us. Therefore, as a new service to Salinas, reaching the community has been are

main focus and we have spent the majority of our time on outreach efforts. We are confident that these efforts will generate complaints and subsequent investigations as the fiscal year progresses.” Project Sentinel conducted one familial status audit in the first quarter. The audit produced evidence of discrimination, and staff is actively developing the case into a systemic investigation that will result in a complaint being filed with HUD.

The outreach includes distribution of fair housing information. In the first quarter of FY 2014-15, Project Sentinel distributed brochures to all three City libraries, City Hall, the Department of Community and Economic Development, the Monterey County One Stop Career Center, and the Monterey County Department of Family and Children’s Services and Department of Social and Employment Services.

Another goal of Project Sentinel is to conduct tester trainings. This is an activity that will build over time as they become further involved with Salinas nonprofit agencies. It is important for them to build knowledge and trust with other organizations, as they most often recruit successful testers from the ranks of partner organizations – their staff and their clients. They conducted formal outreach presentations at meetings of the Housing Choices Coalition and Health in All Policies and at informal meetings with staff of the Center for Community Advocacy and CalWorks.

### **6.3.3 Housing Resource Center of Monterey County**

The Housing Resource Center (HRC) primarily provides bilingual homeownership education, financial counseling, and outreach services to low income Salinas residents. In FY 2013, the agency was contracted by the City to provide fair housing counseling and services for residents. On April 1, 2014, HRC distributed new brochures about basic fair housing services.

### **6.3.4 Legal Services for Seniors**

Legal Services for Seniors provides comprehensive legal services at no charge to Monterey County seniors 60 years of age and older. However, beginning in FY 2013, the agency was contracted by the City and by Monterey County’s CDBG program to specifically begin providing legal assistance to seniors with rental and homeownership housing problems. The services facilitate the goal of helping elderly tenants and homeowners remain independently in their homes as long as feasible.

### **6.3.5 California Rural Legal Assistance**

California Rural Legal Assistance (CRLA) has an office in Salinas. Staff attorneys handle many consultations about landlord/tenant and fair housing related disputes, typically resulting in filing a dozen fair housing complaints a year.

### **6.3.6 Housing Choices Coalition**

The Housing Choices Coalition (HCC) is a non-profit organization that provides housing advocacy and case management to individuals with disabilities who are seeking housing or who have housing-related issues. The organization’s Watsonville office is home base to its Monterey County program and staff. Families are originally referred to HCC by the San Andreas Regional Center to help them locate more affordable housing in which they income qualify. They currently serve 122 clients who

reside in Salinas, of which about 37 percent are between the ages of 5 and 17 years old, while only about three percent are over the age of 55.

Many times, the families are Spanish speaking and HCC must work closely with them and their Service Coordinator at the San Andreas Regional Center. Based on the family's income, housing options are searched for within the County. Most clients want to stay in specific geographic locations because of a variety of reasons, which can include: being close to a hospital/hospital care, being close to family, school, or work. Housing options then become increasingly limited because of geographic and income limits.

Tenant income requirements for rental units (requiring a minimum monthly income of 2.5 to 3 times monthly rent) are increasingly affecting the available housing options for HCC's client population. Clients are placed on open HCV waitlists while continuing to look for affordable rental units.

### **6.3.7 California Department of Fair Employment and Housing (DFEH)**

The California Department of Fair Employment and Housing (DFEH) investigates complaints of employment and housing discrimination based on race, sex, religious creed, color, national origin, medical condition (cured cancer only), ancestry, physical or mental disability, marital status, or age (over 40 only). DFEH also investigates complaints of housing discrimination based on the above classes, as well as children/age, and sexual orientation.

DFEH established a program in May 2003 for mediating housing discrimination complaints, which is a first for the State of California and is the largest fair housing mediation program in the nation to be developed under HUD's Partnership Initiative with state fair housing enforcement agencies. The program provides California's tenants, landlords, and property owners and managers with a means of resolving housing discrimination cases in a fair, confidential, and cost-effective manner.<sup>54</sup> Key features of the program are: 1) program is free of charge to the parties; and 2) mediation takes place within the first 30 days of the filing of the complaint, often avoiding the financial and emotional costs associated with a full DFEH investigation and potential litigation.

After a person calls in for a complaint, an interview takes place, documentation is obtained and issues are discussed to decide on the course to proceed. Mediation/conciliation is offered as a viable alternative to litigation. If the mediation/conciliation is successful, the case is closed after a brief case follow-up. If the mediation/conciliation is unsuccessful, the case is then referred to DFEH or HUD. If during case development further investigation is deemed necessary, testing may be performed. Once the investigation is completed, the complainant is advised of the alternatives available in proceeding with the complaint, which include: mediation/conciliation, administrative filing with HUD or DFEH, referral for consideration to the Department of Justice, Civil Rights Division, Housing and Civil Enforcement Section, or referral to a private attorney for possible litigation.

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<sup>54</sup> DFEH News Brief, May 29, 2003

## 6.4 Fair Housing Statistics

As part of the enforcement and tracking services provided by the above mentioned fair housing service providers, intake and documentation of all complaints and inquiries result in the compilation of statistics provided to each jurisdiction in the form of quarterly and annual reports. Recently, the City has had a great deal of turnover in its fair housing services providers. Fair housing statistics for the previous five years are, therefore, unavailable. However, the following sections summarize alternative fair housing data for the City using available resources:

### 6.4.1 California Department of Fair Employment and Housing (DFEH)

The mission of the Department of Fair Employment and Housing (DFEH) is to protect Californians from employment, housing and public accommodation discrimination, and hate violence. To achieve this mission, DFEH keeps track of and investigates complaints of housing discrimination, as well as complaints in the areas of employment, housing, public accommodations and hate violence. Since 2008, a total of 16 fair housing complaints in Salinas have been filed with DFEH.

A single complaint can be filed alleging multiple bases of discrimination and can also involve multiple acts of discrimination. For example, a landlord can discriminate against race *and* sexual orientation, as well as harass a tenant *and* unfairly raise his/her rent. The majority of the complaints alleged housing discrimination based on: physical disabilities (three instances) and national origin (three instances). It should be noted, however, that a number of the complaints filed with DFEH (six complaints) were classified as confidential and the bases of discrimination were not made available. Furthermore, a complaint does not necessary result in a conclusion of an act of discrimination. Only three acts of discrimination were reported between 2008 and 2014: one denial of a reasonable accommodation and two instances of refusals to rent.

The number of fair housing complaints filed with DFEH appears to be low, compared with the City's population, especially with a large minority population. This is likely due to the lack of a consistent fair housing service provider and residents are not aware of their rights and where to get help.

### 6.4.2 U.S. Department of Housing and Urban Development

The U.S. Department of Housing and Urban Development (HUD) maintains a record of all housing discrimination complaints filed in local jurisdictions. These grievances can be filed on the basis of race, color, national origin, sex, disability, religion, familial status and retaliation. From January 1, 2008 to December 31, 2013, nine fair housing complaints in Salinas were filed with HUD. Overall, disability-related discrimination (three allegations) and national origin discrimination (three instances) were the most commonly reported.

Similar to DFEH records, the number of fair housing complaints filed with HUD appears to be low for a city of this size and with a large minority population. It is very likely the lack of cases is not due to limited discriminatory practices but a lack of knowledge of fair housing rights and resources.

## 6.5 Hate Crimes

Hate crimes are crimes that are committed because of a bias against race, religion, disability, ethnicity, or sexual orientation. In an attempt to determine the scope and nature of hate crimes, the Federal Bureau of Investigation's (FBI) Uniform Crime Reporting Program collects statistics on these incidents.

To a certain degree, hate crimes are an indicator of the environmental context of discrimination. These crimes should be reported to the Police or Sheriff's department. On the other hand, a hate incident is an action or behavior that is motivated by hate but is protected by the First Amendment right to freedom of expression. Examples of hate incidents can include name calling, epithets, distribution of hate material in public places, and the display of offensive hate-motivated material on one's property. The freedom guaranteed by the U.S. Constitution, such as the freedom of speech, allows hateful rhetoric as long as it does not interfere with the civil rights of others. Only when these incidents escalate can they be considered an actual crime.

Statistics compiled by the FBI found that a total of seven hate crimes were committed in Salinas from 2009 to 2013. Race based (two incidents) and sexual orientation based (two incidents) hate crimes were the most common; though, hate crimes motivated by ethnicity, disability and religion were also reported. During the five-year period from 2009 to 2013, the incidence of reported hate crimes in Salinas was less than one per 1,000 people (0.04 per 1,000 persons). This figure is comparable to the County's (0.07 per 1,000 persons).

## 6.6 NIMBYism

Many people agree that a variety of housing should be available for people with special needs, such as homeless shelters, affordable housing, and group homes for people with disabilities. However, whether or not these types of housing should be located within their own community is another matter. The following discussion on NIMBYism is not specific to Salinas and is included below simply to provide context for SB 1721 and SB 2 (described later).

The Not-in-My-Back-Yard sentiment (NIMBYism) can serve as the most significant constraint to the development of affordable or even market-rate multi-family housing. NIMBYism describes opposition by residents and public officials alike to additional or different kinds of housing units in their neighborhoods and communities. The NIMBY syndrome often is widespread, deeply ingrained, easily translatable into political actions, and intentionally exclusionary and growth inhibiting. NIMBY sentiment can reflect concerns about property values, service levels, community ambience, the environment, or public health and safety. It can also reflect racial or ethnic prejudice masquerading under the guise of a legitimate concern. NIMBYism can manifest itself as opposition to specific types of housing, as general opposition to changes in the community, or as opposition to any and all development.

Community opposition to high-density housing, affordable housing, and housing for persons with special needs (disabilities and homeless) is directly linked to the lack of such housing options for residents in need. In particular, community opposition can be typically strongest against high-density affordable housing and group homes for persons with mental disabilities. Throughout Monterey County, Interim Inc. has been very successful for more than twenty years in educating the

community about permanent housing for people with psychiatric disabilities. The quality of the design, management and maintenance of Interim Inc.'s housing (typically twenty units plus manager's unit and community facilities) has helped overcome prior prejudices against this type of housing.

Community residents who are especially concerned about the influx of members of racial and ethnic minority groups sometimes justify their objections on the basis of supposedly objective impacts like lowered property values and increased service costs. Racial and ethnic prejudice often is one root of NIMBYism, although NIMBY concerns still exist where racial or ethnic differences are not involved. The California legislature has passed various Anti-NIMBYism housing bills to prevent communities from rejecting affordable housing projects, including:

- SB 1721 - The bill stipulates that a local agency shall not disapprove an affordable housing development project, including agricultural worker housing, or condition approval, including through the use of design review standards, in a manner that renders the project infeasible for development for the use of very low, low- or moderate-income households.
- SB 2- Expands the Housing Accountability Act, to prohibit localities from denying a proposal to build an emergency shelter, transitional housing or supportive housing if it is needed and otherwise consistent with the locality's zoning and development standards.

# 7. Progress since Last AI

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This chapter summarizes and compares key findings from the City's 2005 AI in order to evaluate the progress toward addressing impediments to fair housing choice.

## 7.1 Fair Housing Education and Outreach

Continue to support consumer education and counseling programs such as first-time homebuyer workshops and ongoing fair housing presentations and training.

### Efforts

**First-Time Homebuyer Workshops:** The Housing Resource Center (HRC) continues to promote its first-time homebuyer education program and foreclosure prevention counseling. The agency also assists in homeless prevention. Currently the following services are available to Salinas residents: pre-purchase counseling and education, information about affordable home ownership opportunities, financial education, counseling; education and access to ethical loan products, post purchase education and counseling, predatory lending education and counseling, mortgage scam reporting; and foreclosure prevention counseling and education.

**Fair Housing:** CRMC had previously been the City's fair housing services provider. During the course of their agreement with the City, however, CRMC closed down and failed to provide proper notification. As a result, the City terminated its agreement with CRMC for failure to comply with contract terms. In FY 2013, the City contracted with Legal Services for Seniors for assistance with housing-related issues and with the Housing Resource Center of Monterey County for fair housing services. Beginning in FY 2014, the HUD-certified fair housing counseling agency Project Sentinel was contracted by Salinas to provide fair housing services to area residents. Project Sentinel offers free, confidential services to both tenants and landlords to help them understand their rights and responsibilities under state and local laws and ordinances that affect the rental relationship. Project Sentinel has made presentations to groups such as Monterey County's Health in All Policies Initiative and the Housing Choices Coalition, which provides assistance and case management to individuals with disabilities who are seeking housing or have housing-related issues.

Continue to provide information to the public on the Salinas' affordable housing programs.

### Efforts

Salinas' HUD-funded activities are administered by the Housing Division of the Community and Economic Development Department. Of the six full-time positions allocated to the Division, four are certified by the City as bilingual English/Spanish, including the first point of contact for telephone and walk-in inquiries. An additional staffer, while not certified, is bi-literate in Tagalog. An additional staffer hired in spring 2014 is bi-lingual in Spanish. Promotional materials are produced in both English and Spanish and whenever marketing is done via newspapers, the information is published in both English and Spanish. From time to time, targeted outreach for housing rehabilitation and first-time homebuyer activities makes extra efforts to outreach to Spanish-

speaking residents, including information to bilingual realtors and mortgage loan packagers and Spanish language Public Service Announcements to the local news media.

The City continues to make information available on the City website, which informs the public about available funds, eligibility requirements, and the application process of specific programs. Available online materials include informational flyers (in Spanish and English) on Housing Accessibility Grants (HAG), the First Time Homebuyer Program (FTHB) and Housing Rehabilitation loans.

**Continue to encourage that fair housing and equal opportunity information is available throughout the City of Salinas.**

### **Efforts**

In April 2014, the Housing Resource Center of Monterey County began distributing brochures in English and Spanish about fundamental fair housing rights. Beginning in FY 2014, Project Sentinel was contracted by Salinas to provide fair housing services to area residents. Project Sentinel offers free, confidential services to both tenants and landlords to help them understand their rights and responsibilities under state and local laws and ordinances that affect the rental relationship. In the first quarter of FY 2014-15, Project Sentinel distributed brochures to the Monterey County Government Center offices in downtown Salinas, Salinas City Hall, all three Salinas libraries, the Monterey County One-Stop office, the Monterey County Department of Family and Children's Services and the Monterey County Department of Social and Employment Services.

## **7.2 Accessible Housing**

**Continue to offer Housing Accessibility Assistance grants.**

### **Efforts**

The City continues to operate the Housing Accessibility Assistance (HAA) grant program. The City has also begun to coordinate with the Visiting Nurses Association, Monterey County Department of Social Services, and the Deaf and Hard of Hearing Center to make sure their clients are aware of the HAA program.

**Conduct a housing needs assessment of disabled persons in Salinas.**

### **Efforts**

The City has been facing tough financial challenges since 2007. The housing market crash and subsequent recession, the loss of redevelopment revenues, and the severe drought that continues to threaten farming as a vital economic engine in the County, have left the City with little financial resources to pursue many planning initiatives. The needs assessment was not conducted. However, in 2014/2015, the City undertook a number planning initiatives – updating the Consolidated Plan, Analysis of Impediments to Fair Housing Choice, and Housing Element. Housing needs of persons with disabilities were examined in each of these three documents.



**Continue to support organizations that serve disabled people and assist with their housing needs.**

**Efforts**

The City has continued to support the Central Coast Center for Independent Living (CCCIL) with CDBG public service funds in order to assist the agency with their activities to serve persons with disabilities. CCCIL provides services to low and moderate income Salinas residents seeking affordable/accessible housing, advocacy, independent living skills training, and any other related housing services offered. CCCIL also distributes information regarding housing services and programs and promotes the City of Salinas' Housing Accessibility Assistance Grant program at outreach activities.

**Continue to support the development of housing that serves disabled persons.**

**Efforts**

The City continues to support the development of housing that is in compliance with 24 CFR 8.22, which implements Section 504 of the Rehabilitation Act of 1973. For new construction of multi-family projects, at least five percent of total units (but not less than one unit) in the project must be accessible to individuals with mobility impairments, and an additional two percent of the units (but not less than one unit) must be accessible to individuals with sensory impairments. Recent accomplishments include:

- Gateway Apartments constructed 51 affordable rental units for seniors and one manager's unit. Special design features include an elevator, signage, appropriate door openings, and accessible counter-top heights for bathrooms and kitchens.
- The Wesley Oaks Subdivision, a ten-unit single-family development, received HOME funds and also meets accessibility requirements. The City allocated \$800,000 of its FY 2007-08 HOME/CHDO funds to CHISPA (Community Housing Improvement Systems and Planning Association), a local housing non-profit, for development of the Wesley Oaks Subdivision project, consisting of six single-family homeownership units and four single-family homeownership and/or rental units.
- The City provided the Monterey County Housing Authority Development Corporation (MCHADC, Housing Authority of the County of Monterey's development arm) \$1,125,000 in HOME funds and \$685,000 in Salinas Redevelopment Agency funds for Haciendas Phase I. The Haciendas Phase I constructed a total of 53 units, which include 14 accessible units, including one unit accessible to individuals with sensory impairments.
- The City also allocated \$500,000 of HOME funds to the MCHADC for development of the Haciendas Phase II. This development consists of 46 newly constructed units. It is also in compliance with Section 504 and constructed eight adaptable/accessible units and four fully accessible units and will additionally provide one unit accessible to individuals with sensory impairments.
- The City also contributed to Interim Inc. for the development of Lupine Gardens and Sunflower Gardens, permanent supportive housing for people with psychiatric disabilities in Salinas.

Consider instituting a “visitability” ordinance in Salinas.

### Efforts

Due to the implosion of the housing market nationwide and in California, little housing growth was seen in the City. The City did not pursue this ordinance. Furthermore, the accessibility provisions of the 2013 California Building Code (CBC) conform to the requirements of the 2010 Americans with Disabilities Act (ADA) Standards for Accessible Design. The 2013 CBC was effective on January 1, 2014. All federally funded housing projects and Low Income Housing Tax Credit (LIHTC) projects in California are required to meet visitability requirements.

Work to create a public listing of landlords or property managers that have accessible units.

### Efforts

Maintaining a public listing of properties with accessible units requires cooperation from property owners and managers, as well as staff time to update the listing on an ongoing basis. The City does not anticipate assuming this function in the near future.

## 7.3 Affordable Housing

Update the City's Inclusionary Housing Ordinance to require a greater percentage of affordable units.

### Efforts

In August 2014, the City issued a Request for Proposals for consultants to assist with a review and update of the Inclusionary Housing Ordinance and performance of nexus study. In October 2014, the City entered into a contract with Baird+Driscoll and Vernazza Wolfe; the analysis and preparation of a potential revision to the Inclusionary Housing Ordinance of the Municipal Code began in November 2014 with completion anticipated in the fall of 2015. The community engagement and outreach process including bilingual workshops and surveys began in December 2014.

Continue to implement the City's First Time Homebuyer Program.

### Efforts

***First-Time Homebuyer Program (FTHB):*** Due to significant reductions in HOME funds and steep increase in home prices, the City has suspended its First-Time Homebuyer Assistance program in 2014. In addition to the limited availability of HOME funds, the HOME program regulations also establish a maximum purchase price of \$333,000 in Salinas, limiting the number of eligible properties for purchase. However, the city will continue to provide education and services for residents who may be eligible for homeownership but face barriers in navigating the home loan process. Homeownership opportunities will also be addressed in the City's Housing Element update, which will explore other resources.

**Continue to support the efforts of local affordable housing developers building rental and ownership housing in Salinas.**

**Efforts**

The City of Salinas continues to support developers building affordable rental and ownership housing in Salinas. The City has provided substantial financial support to CHISPA for a number of projects: Wesley Oaks (nine units), Vista de la Terraza (40 units), and Loma El Paraiso (43 units). The City has also provided financial assistance to the Monterey County Housing Authority Development Corporation (MCHADC) for the development of Haciendas Phases I (53 units) and II (46 units). The City provided HOME funds to First Community Housing for the development of the Gateway Senior apartments (51 units). Interim, Inc. received HOME funding for their Lupine Gardens (20 units) and Sunflower Gardens (23 units) projects. The City provided a predevelopment grant to Midpen Housing for the development of the Chinatown project of 90 units.

**Ensure that the inclusionary housing lottery remains an open, public process.**

**Efforts**

Inclusionary units were provided under the ordinance previously in effect: eighty five low- income first-time homebuyer households purchased affordable single family units in the Monte Bella subdivision (phase 1: 34; phase 2: 26; and phase 3: 25 units). There are 17 projected inclusionary units in Phase V expected to be built in the future. Due to the housing foreclosure crisis, high unemployment, and subsequent recession of 2008, housing production decreased in the City, which translates to decreased inclusionary units. The Colomas Townhomes project in North Salinas began processing its Conditional Use Permit in 2014; it will have five inclusionary units. The Haciendas III project will have ten inclusionary units in 2015 and the Haciendas Seniors project will have eight inclusionary units. The decision of the 2<sup>nd</sup> District Court of Appeals in Palmer/6th St. Properties LP v. City of Los Angeles has served to restrict the ability of local governments to control the development of inclusionary housing.

**Continue to encourage non-City programs that support affordability for low-income residents.**

**Efforts**

The City continues to support the efforts of housing developers that provide affordable housing opportunities in Salinas, particularly rental and multi-family housing. The City also continues to support homeownership counseling and financial literacy training in the community through organizations such as the Housing Resource Center. In addition, the City supports senior-related services that enable seniors to remain in their own homes and address basic needs by promoting programs administered by the Alliance on Aging, Conflict Resolution and Mediation Center (formerly), Project Sentinel, Food Bank of Monterey County, Legal Services for Seniors, and Meals on Wheels of the Salinas Valley. The City also continues to support community organizations that provide services to the disabled community (and to those living with HIV-AIDS), particularly those that assist with securing and maintaining decent, appropriate housing such as Central Coast Center for Independent Living, Interim, Inc., and Central Coast HIV/AIDS Services.



# 8. Fair Housing Action Plan

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The previous chapters evaluate the conditions in the public sector and private market that may impede fair housing choice in Salinas. This chapter builds upon the previous analyses, summarizes conclusions and presents a list of recommendations to help address the impediments. When identifying recommendations, this AI focuses on actions that are directly related to fair housing issues and can be implemented within the resources and authority of the City of Salinas.<sup>55</sup> Existing State, local, and federal requirements, such as Affirmative Marketing Plans, Relocation Plans, de-concentration of Section 8 and public housing, are not re-stated in this AI.

## 8.1 Demographic Characteristics and Associated Needs

**Impediment:** Linguistic isolation is severe among Hispanics, with approximately 64 percent of Salinas residents speaking “Spanish or Spanish Creole<sup>56</sup>” at home. Among “Spanish or Spanish Creole” speaking households approximately 58.3 percent spoke English “less than very well”. Language barrier can be an impediment to accessing housing of choice.

### Recommendations:

- Ensure all outreach materials and information on City housing programs and services is available in Spanish, and Spanish-speaking staff is available to provide assistance to residents.
- Periodically update the City’s Limited English Proficiency (LEP) plan to reflect the changing demographics in the community and adjust language skills of staff and outreach materials accordingly.

**Impediment:** The Alisal area includes some of the most distressed neighborhoods in Salinas. The area faces challenges such as inadequate public infrastructure, high levels of unemployment, high levels of poverty, and violent criminal activity. The Alisal area is also disproportionately burdened by multiple sources of pollution.

### Recommendations:

- Continue to engage community stakeholders, business owners and non-profits in the assessment of priorities for the Alisal NRSA
- Implement the Alisal Neighborhood Revitalization Strategy Area Plan, with focused efforts in building nonprofit capacity to serve residents in this neighborhood.
- Ensure that annually, a portion of the City’s CDBG and HOME funds is expended in the Alisal NRSA to help address housing issues in this area. Specifically, pursue strategies that

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<sup>55</sup> The 2005 AI focused primarily on three topics: affordable housing; accessible housing for persons with disabilities; and fair housing outreach and education. Many of these issues persist and are modified and incorporated into the impediments and recommendations in this new 2015 AI. However, the focus of affordable housing issues is narrowed to fair housing concerns.

<sup>56</sup> American Community Survey offers the following sub-categories for members of the population that “Speak a language other than English”: “Spanish or Spanish Creole”; “Other Indo-European languages”; “Asian or Pacific Island languages”; and “Other languages”

take advantage of the NRSA designation to allow more flexible uses of CDBG funds in the Alisal NRSA.

## 8.2 Concentration of Affordable Housing

**Impediment:** Affordable housing projects are primarily concentrated in the Alisal area and in the Downtown. While affordable housing is greatly needed in the community, the concentration of affordable housing limits the locational choice for low and moderate income residents, the majority of them are Hispanic.

### **Recommendations:**

- As part of the update to the Inclusionary Housing Ordinance, explore incentives to provide affordable housing on site, encouraging mixed income housing throughout the community.

## 8.3 Accessibility of Community and Public Facilities

**Impediment:** Access to civic life by people with disabilities is a fundamental goal of the Americans with Disabilities Act (ADA). Many public and community facilities in the City, including some parks and recreation facilities, are not fully ADA-compliant.

### **Recommendations:**

- Complete the ADA Transition Plan by the end of 2015.
- Through the City's Capital Improvement Planning, identify resources to rehabilitate public and community facilities in a timely manner.

## 8.4 Lending Practices

**Impediment:** In reviewing the HMDA data, several issues and trends are evident:

- Few households applied for home improvement financing in the private market and approval rate was low at 41 percent.
- Hispanic households were underrepresented in the ownership housing market. While Hispanic households represented 75 percent of the City population, they represented only 42.5 percent of the applicants for home loans.
- Hispanic households consistently had lower loan approval rates across all income levels, compared to White households in the City. Low and moderate income Asians also had consistently lower approval rates compared to White households in the same income groups.
- Different lenders appeared to target different racial/ethnic groups. Hispanic households appeared to have been served primarily by smaller, lesser known lenders (many out of State).
- Black and Hispanic households were more likely to receive subprime loans compared to White and Asian households. The spread of the subprime rate was most pronounced among Black applicants.

### **Recommendations:**

- Periodically review the lending patterns of all financial institutions that provide financial services to the City. Special attention should be directed to home purchase lending in lower income and minority concentration areas.
- Provide financial literacy and loan acquisition trainings, with particular attention to outreach in minority populations.
- In selecting financial institutions to participate in housing programs, consider the lender's performance history with regard to home loans in low/moderate income areas and minority concentration areas, as well as the lender's activity in other Community Reinvestment Act (CRA) activities such as participation in affordable rental housing projects under programs such as bond financing, tax credit, or the Federal Home Loan Bank Affordable Housing Program.
- The fair housing service contractor(s) should monitor lending activities in the City and identify potential issues regarding redlining, credit steering, predatory lending, and fraudulent activities. If feasible, fair housing service contractor(s) should conduct fair housing audits on for-sale units and the lending process.

## **8.5 Reasonable Accommodation for Persons with Disabilities**

**Impediment:** Local governments are required to “reasonably accommodate” housing for persons with disabilities when exercising planning and zoning powers. The City of Salinas has not yet adopted a formal reasonable accommodations procedure.

### **Recommendations:**

- Adopt a reasonable accommodation ordinance by the end of 2016, within one year of the adoption of the 2015 Housing Element.

## **8.6 Fair Housing Services**

**Impediment:** Housing discrimination persists in the City, which is supported by general literature, statistical data from HUD and DFEH. In Salinas, discriminatory practices based on disability status and national origin were the top categories.

Due to the turnover of fair housing service providers, limited fair housing records/statistics were available for analysis, and residents were probably not aware of resources available. As a result, few filed complaints with enforcement agencies such as DFEH and HUD.

### **Recommendations:**

- Expand education and outreach efforts, with specific efforts outreaching to small rental properties where the owners/managers may not be aware of the fair housing laws.
- Support local groups to provide workshops informing tenants of their housing rights.
- Ensure bilingual fair housing information and resources are available on City website and at public counters and community locations. Expand fair housing information to languages according to the City's Limited English Proficiency (LEP) plan.

- Pursue random testing to identify issues, trends, and problem properties and expand testing to cover other protected classes, especially those with emerging trends of suspected discriminatory practices.
- Support enforcement activity by fair housing service providers and publicize outcomes of fair housing litigation as a means to deter discriminatory practices and to encourage reporting.
- Celebrate Fair Housing Month and insert fair housing information into large community events.