VOLUNTARY COMPLIANCE AGREEMENT

BETWEEN

THE UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

AND

THE CITY OF ST. Paul

AND

THE METROPOLITAN INTERFAITH COUNCIL ON AFFORDABLE HOUSING

HUD CASE NUMBERS:
05-15-0006-6 (TITLE VI)
05-15-0006-9 (SECTION 109)

I. INTRODUCTION

A. In 2015, the Metropolitan Interfaith Council on Affordable Housing ("MICAH" or "complainant") filed two complaints with the United States Department of Housing and Urban Development ("HUD") alleging that the City of St. Paul, Minnesota ("recipient"), a recipient of HUD Community Development Block Grant funds and HOME Investment Partnerships Program funds and the Minneapolis/St. Paul Housing Board ("Joint Board"), discriminated on the basis of race, color, and national origin, and failed to affirmatively further fair housing, in its operation of housing and community development programs. HUD initiated an investigation of the recipient under Title VI of the Civil Rights Act of 1964, as amended, and Section 109 of the Housing and Community Development Act of 1974, as Amended.

B. Recipient provided a response to the complaints, denying all allegations of discrimination and failure to affirmatively further fair housing and outlining recipient's efforts to provide needed housing to meet the needs of all citizens.

C. The purpose of this Voluntary Compliance Agreement ("agreement") is to resolve and close the complaints prior to an investigation or the issuance of findings in order to avoid the burdens and expenses of investigation and possible litigation. Nothing herein constitutes a finding of fact or noncompliance by recipient.

D. The term "parties" as used in this agreement refers to the recipient and the complainant as identified in Section I.A of the agreement.

E. The parties, having agreed to settle and resolve voluntarily the complainant's allegations hereby agree and consent to the terms of this agreement.

F. The parties and HUD recognize that there has been no investigation, evaluation of evidence, or findings regarding the allegations in the complaints. Recipients are undertaking this agreement voluntarily due to a desire to further address integration and segregation in the region. HUD regulations allow for settlement of these matters at this early stage and state that in the absence of the issuance of any findings by HUD, the agreement is consistent with 24 CFR 1.4 (6)(b)(ii) which states, "Even in the absence of prior discrimination, a recipient in administering a program should take affirmative action to overcome the effects and conditions which resulted in limiting participation by persons of a particular race, color or national origin." See also 24 CFR Part 6.4 (a)(3)(ii), "In the absence of discrimination, a recipient, in administering a program or activity funded in whole or in part with community development funds, may take any

affirmative action necessary to ensure that the program or activity is available to all without regard to race, color, national origin, religion or sex."

II. GENERAL PROVISIONS

A. The parties acknowledge that, should the recipient comply with the terms of this agreement, this agreement will provide for a voluntary and full settlement of the complainant's claims and allegations against both the recipient and the Joint Board. The parties affirm that they have read and fully understand the terms set forth herein.

B. The parties agree that nothing contained in this agreement shall be construed to be a finding or determination by HUD or admission by recipient or the Joint Board that recipient, the Joint Board or any of their respective agents, employees, or elected or appointed officials engaged in practices that may directly or indirectly have had the effect of illegally discriminating on the basis of race, color, national origin.

C. The parties agree that nothing contained in this agreement shall be construed to be a finding or determination by HUD or admission by the recipient or the Joint Board that recipient, the Joint Board or any of their respective agents, employees or elected or appointed officials failed to affirmatively further fair housing in its operation of housing or other programs.

D. The parties agree that the Analysis of Impediments was developed by and on behalf of an organization of the 13 entitlement jurisdictions in the region and not solely by or on behalf of recipient.

E. HUD agrees that all issues related to recipient's or the Joint Board's obligation to affirmatively further fair housing as challenged in the complaint are fully and finally addressed by this VCA.

F. Pursuant to Department of Justice guidelines,[1] HUD agrees that it will not for a period of eighteen months following the completion of the AI discussed in Section IIIaccept, process, or investigate any complaint against recipient or the Joint Board that HUD determines is a continuation of complainant's complaints or that alleges similar circumstances or involves the same or similar claims that are sufficiently similar to issues as those raised in the complaint as to render them effectively identical to those alleged by complainants. Further, HUD agrees that it will not accept, process, or investigate any complaint against recipient or the Joint Board relating to recipient's or the Joint Board's actions prior to the signing of this agreement that HUD determines is a continuation of complainant's complaints or that alleges similar circumstances or involves the same or

[1] See Investigation Procedures Manual for the Investigation and Resolution of Complaints Alleging Violations of Title VI and Other Nondiscrimination Statutes
https://www.justice.gov/sites/default/files/crt/legacy/2010/12/14/complain.pdf

similar claims that are sufficiently similar to issues as those raised in the complaints as to render them effectively identical to those alleged by complainants.

G. The parties acknowledge that this agreement does not increase or diminish the ability of any person or class of persons to exercise their rights under Section 109 of the Housing and Community Development Act of 1974, Title VI of the Civil Rights Act of 1964, the Fair Housing Act, or any other Federal, State, or local civil rights statute or authority with respect to any future actions, except for the limitation in Section II F of this agreement and the releases specified in Section I.E and Section III (B)(2) of this agreement.

H. This agreement does not create any private right of action for any person or class of persons.

I. This agreement shall be made available to members of the public upon request.

J. HUD's failure to enforce the entire agreement or any provision thereof with respect to any deadline or any other provision therein shall not be construed as a waiver of HUD's right to enforce other deadlines and provisions of the agreement.

K. HUD may conduct a review of the recipient's compliance with the provisions of this agreement at any time, and the recipient will grant HUD's employees access to its premises, records, and personnel with reasonable notice during normal business hours, during the duration of this agreement.

III. SPECIFIC PROVISIONS

A. Revision of Analysis of Impediments:

By no later than May 15, 2017, the recipient shall complete a revision to its current Analysis of Impediments to Fair Housing Choice (AI) informed by the instructions and tools provided with HUD's Affirmatively Furthering Fair Housing rule published on July 16, 2015 (including the Assessment Tool for local governments published on December 31, 2015, the HUD AFFH Data and Mapping tool, and the AFFH Rule Guidebook). The AI is a review of impediments or barriers that affect the rights of fair housing choice. Itcovers public and private policies, practices, and procedures affecting housing choice. The revised Analysis of Impediments shall focus on integration and segregation in the region.

(1) This deadline can be extended by HUD upon a good cause showing by the Recipient. HUD agrees to delays reasonably outside the control of the Recipient. The granting of any such extension is at the sole discretion of HUD, however, HUD shall grant any extension caused by a delay by HUD or others within HUD's control in providing Recipient the data necessary to perform the analysis.

(2) In order to ensure that there is maximum stakeholder involvement in the development of the AI, the parties shall participate in a HUD-directed regional fair housing planning process (the "planning process") and shall retain a consultant to conduct the revised AI. The planning process shall be funded by HUD through a Community Compass Technical Assistance Grant. Specific components of the planning process shall include:

a. The establishment of an advisory committee to assist HUD and the recipient in ensuring that the AI process is conducted consistent with this agreement and HUD instructions. The advisory committee shall be composed of the representatives of various community stakeholders. HUD will determine the number of individuals that will participate on the advisory committee with the goal of creating an advisory committee that reflects a balance of interests;
b. The recipient shall be a member of the advisory committee;
c. At least three representatives of other metropolitan entitlement jurisdictions, designated by the Fair Housing Implementation Council, shall be members of the advisory committee;
d. The Fair housing Implementation Council will be a member of the advisory committee in its own right.
e. The complainant, or its designee, will be a member of the advisory committee;
f. HUD has sole discretion to determine the individuals who will participate on the advisory committee.

(3) The advisory committee will provide recommendations concerning input into the scope of the AI consultant's analysis, common definitions, and evaluation of data sets to be used in revising the AI, which recommendations the recipient agrees to consider in developing the contract and work plan for the AI consultant;

(4) The advisory committee will have input into the selection of any consultant or contractor that the recipient may select to complete the AI, however the final selection decision shall be made by recipient;

(5) The advisory committee will provide recommendations to HUD and to the recipient on the development of specific strategies to overcome any impediments to fair housing choice and to foster inclusive communities free from discrimination both within and outside of racially and ethnically identified areas of poverty throughout the Twin Cities metropolitan area, which recommendations the recipient agrees to consider in formulating such strategies;

(6) Final strategies to address any identified impediments will be determined by Recipient.

(7) The AI shall:

a. Be used in the 2015-2019 Consolidated Plan to demonstrate the recipient's commitment to affirmatively further fair housing;

b. Be developed as part of a regional AI in conjunction with other entitlement communities in the Twin Cities Region under the planning process as set forth above and in the Road Map to Revise Analysis of Impediments (attached as Appendix A);

c. If for any reason the other entitlement jurisdictions fail to complete the AI, Recipient shall continue to complete the local and regional analysis as they relate to St. Paul;

(8) Through the Regional AI, commit to identifying and analyzing the fair housing issues within the recipient's jurisdiction and Region, including patterns of integration and segregation, racially or ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs as defined in HUD's Affirmatively Furthering Fair Housing rule and Assessment Tool;

(9) Through the Regional AI, commit to undertaking actions necessary to overcome the impediments identified in the analysis, and otherwise facilitate the implementation of this Agreement; and

(10) To demonstrate its commitment to affirmatively further fair housing, incorporate into each Annual Action Plan submitted to HUD the impediments through the AI and the actions the recipient commits to taking to overcome those impediments.

(11) In addition to addressing the issues identified above, the AI will specifically address:

a. The distribution of affordable housing through the Twin Cities metropolitan area;

b. The extent to which the recipient's administration of its Low Income Housing Tax Credit (LIHTC) allocations reinforces existing racial or ethnic concentrations of poverty or perpetuates racial or ethnic segregation;

c. The extent to which the administration of the recipient's current zoning ordinances reinforces existing racial or ethnic concentrations of poverty or perpetuates racial or ethnic segregation;

d. The extent to which the recipient's other housing-related activities and policies affecting affordable housing reinforces existing racial or ethnic concentrations of poverty or perpetuates racial or ethnic segregation.

e. The appropriate balance of investment in place and investment in new construction.

B. **Relief for Complainant and Release of Complainant's Claims:**

(1) The recipient agrees to pay complainant the sum of $10,000.00. The recipient shall deliver a check made payable to Metropolitan Interfaith Council on Affordable Housing within 20 days after the effective date of this agreement.

(2) The complainant agrees to release the recipient, the Joint Board and their respective agents, employees, elected and appointed officials and hold them harmless from any and all claims, demands, actions, causes of action, costs, expenses and attorney fees, that arise out of or in any way relate to the complaints which complainant has now or may have through the effective date of this agreement.

(3) 24 CPR 1.7(b) states, "A complaint must be filed no later than 180 days from the date of the alleged discrimination, unless the time for filing is extended by the responsible department official or his designee." 24 CPR 6.11(a) states, "Complaints shall be filed within 180 days of the alleged act of discrimination, unless the responsible official waives the time for good cause shown." The responsible department official for the purpose of these regulations is the Regional Director of HUD's Region V Office of Fair Housing and Equal Opportunity.

(4) The Department of Justice defines what circumstances a department official should consider when making a determination to grant a waiver to the limitations period for filing complaints under either Title VI of the Civil Rights Act of 1964, as amended, and Section 109 of the Housing and Community Development Act of 1974, as amended.

(5) Upon a finding by HUD that the recipient has failed to comply with the agreement, complainants may request a waiver of the limitations period for filing complaints as referenced above. At that time, the HUD will determine whether granting such a waiver conforms to department of Justice guidelines and make a determination accordingly.

IV. SUBMISSION OF REPORTS AND DOCUMENTATION

All reports, certifications and other documents identified for submission to HUD in the preceding sections are to be submitted to the following address:

Maurice McGough, Regional Director
Office of Fair Housing and Equal Opportunity, Region V
U.S. Department of Housing and Urban
Development Ralph Metcalfe Federal Building
77 West Jackson
Boulevard
Chicago, Illinois 60604

V. EFFECTIVE DATE AND DURATION

A. The agreement shall become effective on the date of the approving signature below.

This agreement shall remain in effect until the completion and submission to HUD of the revision of the current Analysis of Impediments to Fair Housing Choice provided the assurances of HUD in Section II F and the release in Section III (B)(2) shall remain in effect.

B. Failure to carry out the terms of this agreement will result in HUD opening a compliance review of the recipient's various housing and community development programs pursuant to its authority under Title VI of the Civil Rights Act of 1964, as amended, and Section 109 of the Housing and Community Development Act of 1974, as amended.

C. Upon a finding of non-compliance, HUD will provide recipient with a written statement specifying the facts of the alleged non-compliance and a reasonable opportunity to resolve or cure the alleged non-compliance; or, in the alternative, an opportunity to negotiate in good faith HUD's findings of non-compliance.

D. Completion of the planning process by the recipient as detailed within this agreement, in and of itself does not indemnify the recipient from subsequent, separate enforcement action by HUD if the recipient refuses or fails to address any policies or practices identified by way of the planning process that violate any provision of Title VI of the Civil Rights Act of 1964, as amended, and/or Section 109 of the Housing and Community Development Act of 1974, as amended.

VI. Signatures

This agreement for voluntary compliance with Section 09 and Title VI, consisting of 8 pages, is entered into by the U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, the City of St. Paul, and the Metropolitan Interfaith Council on Affordable Housing.

[Mayor, City of St. Paul] — Date: 5/25/2016

Approval as to Form
[Assistant City Attorney, St. Paul] — Date: 5/25/16

[for Metropolitan Interfaith Council on Affordable Housing] — Date: 5/16/16

Maurice McGough
Region V Director
Office of Fair Housing and Equal Opportunity
U.S. Department of Housing and Urban Development — Date: 5/25/16

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FHEO Region V
Ralph H. Metcalfe Federal Building
77 West Jackson Boulevard – Room 2101
Chicago, Illinois 60604-3507

Office of Fair Housing and Equal Opportunity

February 26, 2016
Mr. Karl Batalden
Housing and Economic Development Coordinator
8301 Valley Creek Road
Woodbury, Minnesota 55125

Dear Mr. Batalden:

This letter is in reference to discussions our offices have had about potential revisions to the 2014 Minneapolis-St. Paul regional analysis of impediments (herein, "AI") prepared by the Fair Housing Implementation Council (FHIC) on behalf of 13 entitlement communities – Anoka County, Dakota County, Hennepin County, Ramsey County, Washington County, the City of Bloomington, the City of Coon Rapids, the City of Eden Prairie, the City of Minneapolis, the City of Minnetonka, the City of Plymouth, the City of St. Paul, and the City of Woodbury – in the Twin Cities metro area. We greatly appreciate your dedication to enhancing the AI and developing innovative strategies to affirmatively further fair housing in the region.

In a conversation with the Department, members of the FHIC acknowledged potential concerns regarding their AI, including the need to adequately analyze pertinent issues relating to residential racial segregation. I was pleased that members of the FHIC expressed their willingness to collaboratively revise the AI to address these concerns.

The Department believes that this collaborative effort presents a valuable opportunity for the Twin Cities region to utilize the tools offered under the Department's new Affirmatively Furthering Fair Housing rule to revise and improve the AI. I am optimistic that a broad regional fair housing planning process, supported by cutting-edge analytical tools and informed by meaningful community outreach and participation, will result in an AI that addresses fair housing issues and sets constructive goals for the Minneapolis-St. Paul region.

Toward this end, in lieu of a 2016 revision to the current AI to support your jurisdictions' certifications to affirmatively further fair housing, the Department will accept your jurisdictions' assurances that you will revise the AI by no later than April 15, 2017, and in accordance with the Road Map set forth below. Upon receipt of such assurances, the Department will defer its review of your AI for a year in view of our mutual expectation that, subject to delays beyond your control, you will submit a revised AI before April 15, 2017.

Road Map to Revise Analysis of Impediments

Agreement by members of the FHIC to the following principles for revising the AI will assure the Department of the members' commitment to affirmatively further fair housing:

- That, in light of the release of HUD's Affirmatively Furthering Fair Housing (AFFH) rule on July 16, 2015 and the new data analysis tools made available thereunder, members of the FHIC will conduct an addendum to the existing Analysis of Impediments (herein, "AI") informed by the instructions and tools provided with the new rule (including the Assessment Tool for local governments published December 31, 2015, the HUD AFFH Data and Mapping tool, and AFFH Rule Guidebook), to be completed by April 15, 2017, subject to delays beyond reasonable control;

- That such addendum to the existing AI will consider, both regionally and specific to each jurisdiction, the fair housing issues of segregation, racially or ethnically concentrated areas of poverty, access to opportunity and disproportionate housing needs (as defined in the rule and Assessment Tool), and will consider, in particular, the distribution of affordable housing resources in the region;

- That the process for completing the addendum to the existing AI will provide for robust community participation;

- That the AI process will seek to develop innovative regional strategies that may serve as best practices for entitlement communities going forward.

The Department welcomes further discussions with the FHIC and its entitlement communities to clarify the exact parameters of this process.

Your jurisdictions may provide the requested assurances by signing the attached statement and submitting it with your 2016 Annual Action Plan certifications. To facilitate this process, each jurisdiction may sign a separate copy of the statement.

Please note that this letter does not in any way impact any authority the Department may have to investigate any complaint involving the entitlement communities made pursuant to the Fair Housing Act, or any other legal authority within the Department's jurisdiction.

The Department appreciates your continued commitment to working on these issues. If you have any questions or concerns about the contents of this letter, please do not hesitate to contact me at (312) 913-8400 or at maurice.j.mcgough@hud.gov.

Sincerely,

Maurice J. McGough
FHEO Region V Director

Attachment

Road Map to Revise Analysis of Impediments

Pursuant to a mutual commitment to affirmatively further fair housing, members of the Fair Housing Implementation Council (FHIC) – Anoka County, Dakota County, Hennepin County, Ramsey County, Washington County, the City of Bloomington, the City of Coon Rapids, the City of Eden Prairie, the City of Minneapolis, the City of Minnetonka, the City of Plymouth, the City of St. Paul, and the City of Woodbury – pledge the following:

- That, in light of the release of HUD's Affirmatively Furthering Fair Housing (AFFH) rule on July 16, 2015 and the new data analysis tools made available thereunder, members of the FHIC will conduct an addendum to the existing Analysis of Impediments (herein, "AI") informed by the instructions and tools provided with the new rule (including the Assessment Tool for local governments published December 31, 2015, the HUD AFFH Data and Mapping tool, and AFFH Rule Guidebook), to be completed by April 15, 2017;

- That such addendum to the existing AI will consider, both regionally and specific to each jurisdiction, the fair housing issues of segregation, racially or ethnically concentrated areas of poverty, access to opportunity and disproportionate housing needs (as defined in the rule and Assessment Tool), and will consider, in particular, the distribution of affordable housing resources in the region;

- That the process for completing the addendum to the existing AI will provide for robust community participation;

- That the AI process will seek to develop innovative regional strategies that may serve as best practices for entitlement communities going forward.

Date:

Signed:

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