

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 15, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: RECEIPT OF RESULTS OF FISCAL YEAR 2009 FAIR HOUSING TESTS

ISSUE: Receipt of the results of fair housing tests performed in Fiscal Year 2009

RECOMMENDATION: That City Council receive the results of fair housing tests conducted in Fiscal Year 2009 for discrimination in mortgage lending based on race. The Fiscal Year 2009 tests of eight lending institutions did not indicate potentially differential treatment of minority and control testers.

BACKGROUND: Since the Fair Housing Testing Program started in 1990, the Office of Housing has conducted a series of tests to identify discriminatory housing practices in real estate sales, lending, and rental housing based on race, national origin, familial status, disability, and sexual orientation. A summary of the test results of all categories tested since the program was initiated in 1990 has been provided as an attachment to this report. These data allow for comparison of the test results to measure progress in industry compliance with fair housing laws. This information is also helpful in evaluating the effectiveness of City programs, including testing, fair housing education, outreach, and enforcement activities.

The Fair Housing Testing Program which is undertaken annually uses pairs of trained testers to identify evidence of discrimination in the provision of housing by the rental, sales, and mortgage lending industries. The program is administered by the Office of Housing with review and input from the Human Rights Commission, and tests for discrimination prohibited by the City's Human Rights Ordinance. Federal Fair Housing law prohibits housing discrimination on the basis of race, color, religion, sex, age, familial status, national origin or handicap. State Fair Housing law includes the same protections, and adds elderliness. The City's Human Rights Ordinance adds protection against housing discrimination on the basis of marital status and sexual orientation. Prohibited rental, sales, and lending practices include, but are not limited to, refusal to rent, sell, or negotiate the sale or rental of housing, but also discrimination in the terms, conditions, or privileges of rental or sale, as well as the provision of services or facilities.

DISCUSSION: In May 2009 the Office of Housing tested eight real estate lending institutions¹ (all identified) in the City for discrimination in real estate lending based on race and national origin. When the City first tested lenders in 2000, 13 lending institutions were identified and tested. Due to relocation, merger or closure, by 2006 the number had decreased to 11 lending institutions identified and tested. This year only eight lenders were identified, all of which were tested in May 2009.

Lending institutions in the City were identified through various sources including the Mortgage Bankers Association of Metropolitan Washington, the Virginia Housing Development Authority, and City's business licensing records.

METHOD AND RESULTS OF TESTS

Two White and two African-American testers were trained in testing methods and protocol as well as the mortgage pre-application process. Testers were paired in teams, closely matched in their assigned credit, financial and employment profiles, but with minority testers being slightly more qualified financially than the control testers in each pair.

No potential differential treatment was found as all the testers were told that they qualified for similar mortgage amounts, based on the income and debt information provided.

COMPARISON OF PRIOR TEST RESULTS

The City first conducted fair housing testing for discrimination based on race and national origin in real estate mortgage lending in fiscal year 2000. Fiscal Year 2000 lending tests revealed one test, (7%) involving potentially differential treatment. No problem was discovered during the retest of this firm. Lending Testing conducted in 2006 did not uncover evidence of potential discrimination in any of the 11 lending institutions tested. Likewise, May 2009 tests of lending institutions did not indicate potentially differential treatment of minority and control testers.

RECOMMENDATIONS:

Fiscal Year 2009 testing results indicate that lending institutions in the City of Alexandria are aware of, and in compliance with fair housing laws. The City's commitment to fair housing and its ongoing testing, education, and outreach programs contribute to this awareness and compliance. Therefore, it is planned that staff will continue on an annual basis to evaluate and offer fair housing education and outreach services to property management, lending, real estate, and leasing professionals in Alexandria, and continue to conduct ongoing fair housing testing. The City's testing program, education, and outreach programs for property management and real estate professionals, combined with national and regional fair housing efforts, appear to have contributed in the increased awareness and understanding of fair housing laws in the housing industry, resulting in decreasing evidence of housing discrimination in Alexandria.

¹ Bank of America, BB&T, Burke & Herbert Bank, Chevy Chase Bank, PNC Bank, Suntrust Bank, Wachovia Bank, Wells Fargo

ATTACHMENT: Summary of Fair Housing Testing Program Results

STAFF:

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Summary of Fair Housing Testing Program Results

Fiscal Year	Market/TestType	Protected Class	Sites	Total w/Retest	Problems	Sites/Problems	% Problem	% Prob Sites	Action
1990	Rental Apts	Race/NatOrg (Hisp)	79	96	19	14	20%	18%	1 Complaint \$10,000 Settlement
1991	Rental (Realtors)	Race/NatOrg (Hisp)	21	24	3	3	13%	14%	Remedial Action
1992	Rental Apts	Familial Status	71	93	10	10	11%	14%	1 Complaint \$4000 Settlement
1993/1994	Rental Apts	Disability	78	291*	28	25	10%	32%*	3 Complaints \$2500 Settlement
1996	Rental Apts	Race	20	20	0	0	0	0	No Problems Found
1997	Rental Apts	Sexual Orientation	75	79	3	3	5%	4%	Remedial Action
1998	Sales	Race/NatOrg (Hisp)	16	62*	14	7	23%	44%*	3 Complaints \$10,000 Settlement
1999	Rental Apts	Disability	70	218*	6	5	3%	7%*	Remedial Action
2000	Lending	Race/NatOrg (Hisp)	13	14	1	1	7%	7%	Remedial Action
2000	Rental Apts	Race/NatOrg (Hisp)	72	75	3	3	4%	4%	Remedial Action
2001/2002	Rental Apts	Familial Status	85	87	2	2	2%	2%	Remedial Action
2003/2004	Rental Apts	Multiple Bases	83	84	1	1	1%	1%	Remedial Action
2005/2006	Sales	Race/NatOrg (Hisp)	12	12	0	0	0	0	No Problems Found
2006	Lending	Race/NatOrg (Hisp)	11	11	0	0	0	0	No Problems Found
2007	Rental Apts	Race/NatOrg MidEast/Asian	73	77	3	3	4%	4%	Remedial Action
2008	Rental Apts	Race/NatOrg (Hisp)	64	66	2	2	3%	3%	Remedial Action
2009	Lending	Race	8	8	0	0	0	0	No Problems Found

Note: Remedial Actions are required in all problem test results even when complaints are filed and settled.- Owners of the complexes where problems are encountered in all cases agree to disclose all available units to all prospective renters regardless of race, sex, familial status, sexual orientation, disability, national origin, color, religion, or ancestry; provide fair housing training to all their staff; and if the owners advertise for rental vacancies, they shall do so in compliance with the fair housing advertising regulations. The owners were also required to display fair housing posters visible to the public in their rental offices

* Multiple tests at each test site