


City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 21, 2006
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: CONSIDERATION OF RESULTS OF FISCAL YEAR 2006 FAIR HOUSING TESTS

ISSUE: Consideration of the results of fair housing tests performed in Fiscal Year 2006

RECOMMENDATION: That City Council accept the results of fair housing tests conducted in Fiscal Year 2006 for discrimination in sales and real estate lending based on race and national origin.

BACKGROUND: The Fair Housing Testing Program 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 overseen by the Fair Housing Testing Program Advisory Committee 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.

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, familial status, persons with disabilities, and sexual orientation. During Fiscal Year 2006, the City tested real estate firms and lending institutions operating in the City for discrimination in real estate sales and lending practices on the bases of race and national origin.

A summary of the test results of all categories tested since the program was initiated in 1990 have 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.

DISCUSSION: From June 2005 to September 2005, the Office of Housing tested all identified real estate firms and lending institutions in the City for discrimination in real estate sales and lending. The firms were tested for potential discrimination based on race and national origin¹, and included 12 real estate offices and 11 mortgage lenders. Fewer real estate firms and lending institutions were identified than in previous testing years due to the relocation, merger or closure of some of these businesses. Previously, 15 real estate firms were tested in fiscal year 1998, and 13 lending institutions were tested in fiscal year 2000.

Lending institutions making mortgage loans in the City were identified through various sources including the Mortgage Bankers Association of Metropolitan Washington, the Virginia Housing Development Authority, and City business licensing records. Firms brokering the sale of real estate in Alexandria were identified by information obtained from Northern Virginia Association of Realtors and National Association of Realtors, and local business license records.

Test Methods and Results

Real Estate Sales Tests Real estate sales offices were tested by walk in testers posing as interested homeseekers. The testers, who identified their approximate household income and desired home features, were closely matched on all variables relating to the tests except for race and national origin. Control testers were slightly less qualified financially than minority testers.

Of the 12 real estate firms included in the testing, 9 were tested for discrimination based on race, and three for national origin. No differential treatment was identified. Testers were given comparable information regarding the value of homes for which they were qualified, available amenities, and the areas of the City where available homes were located.

Lending Tests Mortgage lending tests were conducted at the mortgage pre-application stage. As with real estate testing, testers were closely matched, with minority testers were slightly more qualified financially. The 11 mortgage lending tests included 8 institutions tested for racial discrimination, and three lenders tested for discrimination based on national origin. No potentially differential treatment was found, and 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 conducted fair housing testing for discrimination based on race and national origin in real estate sales in fiscal year 1998, and lending institutions in fiscal year 2000. During fiscal year 1998 the City conducted real estate sales tests for the first time. That testing, like testing

¹Race and national origin is conducted as one category of tests because of similarities in discriminatory practices based on race and national origin, and similarities in evaluating this discrimination. Race and national origin are tested simultaneously by HUD, localities and non profit fair housing organizations for these reasons.

performed in fiscal year 2006, sought to identify discrimination based on race and national origin. Test results indicated potentially differential treatment of minority testers in five (26.31%) of the total 19 tests completed. As previously noted, during fiscal year 2006, none of the 12 tests of real estate offices indicated differential treatment of minority testers.

Mortgage lending tests were first conducted in fiscal year 2000 for discrimination based on race and national origin. The result indicated that one of the 13 total tests completed (7.1%) indicated potential discrimination. None of the 11 tests conducted in fiscal year 2006 of Alexandria's lending institutions indicated differential treatment of minority testers.

Conclusions:

Because fiscal year 2006 testing produced no tests which identified differential treatment of minority testers, no further action is recommended to conclude fiscal year 2006 testing. The Fair Housing Testing Program Advisory Committee and the Landlord-Tenant Relations Board convened a joint meeting on June 7, 2005, and voted unanimously to recommend that Council accept the report.

As with recent years, testing results indicate that housing industry professionals in the City of Alexandria are aware of, and compliant 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 recommended that staff continue to evaluate and offer fair housing education and outreach services to property management, lending, and real estate 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 increased awareness and understanding of fair housing laws in the housing industry, resulting in decreasing evidence of housing discrimination in Alexandria.

ATTACHMENT: Summary of the Results of the City of Alexandria's Fair Housing Testing Program

STAFF:

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Onwuchekwa Okpara, Ph.D., Relocation Advisor, Landlord-Tenant Relations
Mildrilyn Stephens Davis, Director, Office of Housing

**SUMMARY OF THE RESULTS OF THE CITY OF ALEXANDRIA'S
FAIR HOUSING TESTING PROGRAM**

Fiscal Year	Market Type	Basis (Protected Class)	Total Test Sites	Total Tests (including retests)	# Tests w/problems (including retests)	#sites with problems	% problem tests (including retests)	% problem sites	Action taken Complaints Filed/Monetary Settlements Remedial Action ²
1990	Rental - Multifamily Apt Bldge	Race National Origin (Hispanic)	79 Apt. Bldgs	96 Tests Race 53 National Origin 43	Race 11 Nat. Org. 8	Race 7 Nat. Org. 7	Race 20.8% Nat. Org. 18.6%	Race 8% Nat. Org 8.9%	Complaints Filed - 1 (Race) Monetary Settlement - \$10,000 Remedial actions for all problems
1991	Rental Real Estate Firms	Race National Origin (Hispanic)	21	24 Tests Race 16 National Origin 8	Race 3 Nat. Org. 0	Race 3 Nat. Org 0	Race 12.5% 	Race 14.3%	Complaints Filed 0 (No problems on retests) Remedial Action for all problems
1992	Rental Multifamily Apt. Bldgs.	Familial Status	71	93	10	10	10.8%	14.1%	Complaints Filed - 1 Monetary Settlement \$4,000 Remedial action for all problems (9 cases involved occupancy standards which were modified)

²In addition to the monetary settlements, the owners of the complexes agreed 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.

Attachment

**SUMMARY OF THE RESULTS OF THE CITY OF ALEXANDRIA'S
FAIR HOUSING TESTING PROGRAM (Continued)**

Fiscal Year	Market Type	Basis (Protected Class)	Total Test Sites	Total Tests (including retests)	# Tests w/problems (including retests)	#sites with problems	% problem tests (including retests)	% problem sites	Action taken Complaints Filed/Monetary Settlements Remedial Action
1993/1994	Rental Multifamily Apt. Bldge	Disabilities - AIDS, Past Alcoholism, Past Addiction, Mental Illness Hearing/Mobility/ Visual Impairment,	78	291	28	25	9.6%	32%	Complaints Filed - 3 Monetary Settlement \$2,500 (total all complaints) Remedial Action for all problems
1996	Rental Housing Apt. Bldgs	Race (Limited Retest)	20	20 (8 Targeted 12 Random)	0	0	0	0	No Action Taken
1997	Rental Multifamily Apt Bldgs	Sexual Orientation	75	79	3	3	5%	4%	Complaints Filed 0 Monetary Settlement 0 Remedial Action for problems
1998	Real Estate Sales Realtors (tested 3x for condo/SF/TH)	Race/National Origin (Hispanic)	16	62 Race 45 NO 17	Race 8 Nat Org 6	Race 7 Nat Org 3 (1 site w/problems in race and national origin tests)	Race 17.7% Nat Org 35.3%	Race 44% Nat Org 18.7%	Complaints Filed 3 (1 withdrawn) Monetary Settlements \$10,000 (total all complaints) Remedial Action for all problems
1999	Rental Multifamily Apt. Bldgs	Disability Hearing, Vision, Mobility Impairments	70	218	6	5	2.8%	7.1%	Complaints Filed 0 Monetary Settlement 0 Remedial Action for problems
2000	Rental Multifamily Apt Bldgs	Race/National Origin (Hispanic)	72	75 Race 50 Nat Org 25	Race 2 Nat Org 1	Race 2 Nat Org 1	Race 4% Nat Org 4%	Race 4.2% Nat Org 4.2%	Complaints Filed 0 Monetary Settlement 0 Remedial Action for problems

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**SUMMARY OF THE RESULTS OF THE CITY OF ALEXANDRIA'S
FAIR HOUSING TESTING PROGRAM (Continued)**

Fiscal Year	Market Type	Basis (Protected Class)	Total Test Sites	Total Tests (including retests)	# Tests w/problems (including retests)	#sites with problems	% problem tests (including retests)	% problem sites	Action taken Complaints Filed/Monetary Settlements Remedial Action
2001/2002	Rental Multifamily Apt Bldgs	Familial Status	85	87	2	2	2.2%	2.3%	Complaints Filed 0 Monetary Settlement 0 Remedial Action for problems
2003/2004	Rental Multifamily Apt Bldgs	Race/National Origin	28 Race20 Nat Org 8	28	0	0	0	0	Complaints Filed 0 Monetary Settlement 0 Remedial Action for problems
		Sexual Orientation	18	18	0	0	0	0	
		Familial Status	19	19	0	0	0	0	
		Mobility Impairments	18	19	1	1	5.2%	5.5%	
		Total	83	84	1	1	1.2%	1.2%	
2005/2006	Real Estate Sales Offices	Race/National Origin (Hispanic)	12	12 Race 9 Nat Org 3	0	0	0	0	No Problems Found
2006	Mortgage Lending	Race/National Origin (Hispanic)	11	11 Race 8 Nat Org 3	0	0	0	0	No Problems Found

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