

EXECUTIVE SUMMARY

We live in a society that is racially and economically divided. In fact, the U.S. ranks at the bottom when it comes to comparative data on poverty, employment, income and wealth inequality, education, health inequality, and residential segregation.¹ The inequalities of today were centuries in the making – resulting from government policy, housing industry practices, individual acts of discrimination, and local zoning and land use barriers. Current policies and practices reinforce and perpetuate segregation and inequality. We simply cannot prosper as a nation with this level of inequality and division. Housing lies at the very center of this phenomenon. What we do about access to housing opportunity and the dismantling of segregation affects the entire fabric of our nation. The achievement of fair housing and dismantling of segregation are essential to creating access to opportunity for everyone. In this **2017 Fair Housing Trends Report**, we make **The Case for Fair Housing**.

Every major metropolitan area in the United States is heavily segregated by race and ethnicity, but we did not come to this deeply divided state by accident (Section I). Decades of government policymaking and rampant housing discrimination shaped the segregated neighborhoods that we see today. Many of these government policies

originated in the 1930s and 1940s. The most notable among them related to discrimination in public housing, the Home Owners Loan Corporation (HOLC), and the Federal Housing Administration (FHA). In tandem with these government policies were systemic practices in the private housing market, including racially restrictive covenants, discrimination by the real estate industry, and redlining by lending and homeowners insurance corporations.

Contemporary versions of the same practices continue to this day. Racial and ethnic disparities in access to credit, the compounding effects of the subprime lending and foreclosure crisis, and modern practices of discrimination, racial steering, and redlining have perpetuated racial segregation. As a result, in today's America, approximately half of all Black persons and 40 percent of all Latinos live in neighborhoods without a White presence. The average White person lives in a neighborhood that is nearly 80 percent White. Persons with disabilities are also often segregated or prevented from living in their community of choice, both because a great deal of housing is inaccessible and because they experience high levels of discrimination.

Where one lives determines one's access to an array of opportunities and dictates many life outcomes around education, employment, health, and wealth (Section II). Widespread residential segregation has gone hand in hand

¹ Grusky, David and Clifton B. Parker, "Stanford report shows that U.S. performs poorly on poverty and inequality measures." Stanford News, February 2, 2016. Available online at: <http://news.stanford.edu/2016/02/02/poverty-report-grusky-020216/>

with mechanisms to limit opportunity and home ownership in neighborhoods of color, leading to significant gaps in racial and ethnic wealth and achievement. These mechanisms include lack of access to quality credit, lack of investment, absence of jobs or transportation to jobs, insufficient fresh food and quality health care, and inadequate public institutions, schools, and services. This is not only harmful for those living in neighborhoods of color; ensuring that every neighborhood is a place of opportunity is fundamental to America's success in a world that is increasingly interconnected with a global economy that is highly competitive.

Fortunately, there is an infrastructure in place to help us pursue the promise of equal access to opportunity for all. The Fair Housing Act lies at the center of this structure (see Section III for more information about the Fair Housing Act). Private fair housing organizations and several government agencies and programs make up the framework that tackles housing inequality. These organizations, and private fair housing agencies in particular, do tremendous work in educating consumers and industry about their rights and responsibilities; assisting individuals and families who are victims of housing discrimination; and addressing systemic barriers to housing opportunity that perpetuate segregation. These organizations process significant numbers of complaints, but the number of complaints represents only the tip of the iceberg that is the incidence of housing discrimination. Thousands of cases have been brought to secure the rights of individuals and to eliminate policies and practices that deny housing opportunity.

Despite this work, however, the rates of housing discrimination and segregation that

occur in our nation today signify that we need a stronger, better-funded, more effective system for addressing discrimination and segregation.

Every year, the National Fair Housing Alliance (NFHA) compiles data from a comprehensive set of fair housing organizations and government agencies to provide a snapshot of what housing discrimination looks like today (Section IV). Some of the highlights from the 2016 data include the following data points:

- There were 28,181 reported complaints of housing discrimination in 2016. Of these, private fair housing organizations were responsible for addressing 70 percent, the lion's share of all housing discrimination complaints nationwide.
- 55 percent of these complaints involved discrimination on the basis of disability, followed by 19.6 percent based on racial discrimination and 8.5 percent based on discrimination against families with kids.
- 91.5 percent of all acts of housing discrimination reported in 2016 occurred during rental transactions.

There were also a number of notable fair housing cases in 2016 that highlight the persistence and variability of housing discrimination in this nation (Section V). These include the following allegations:

- widespread sexual harassment by a housing authority's employees;
- racially restrictive bylaws of a homeowners' association;
- a University's practice of denying its students' reasonable accommodation

FAIR HOUSING TRENDS IN 2016

In 2016, there were

28,181

reported complaints of housing discrimination across the USA.

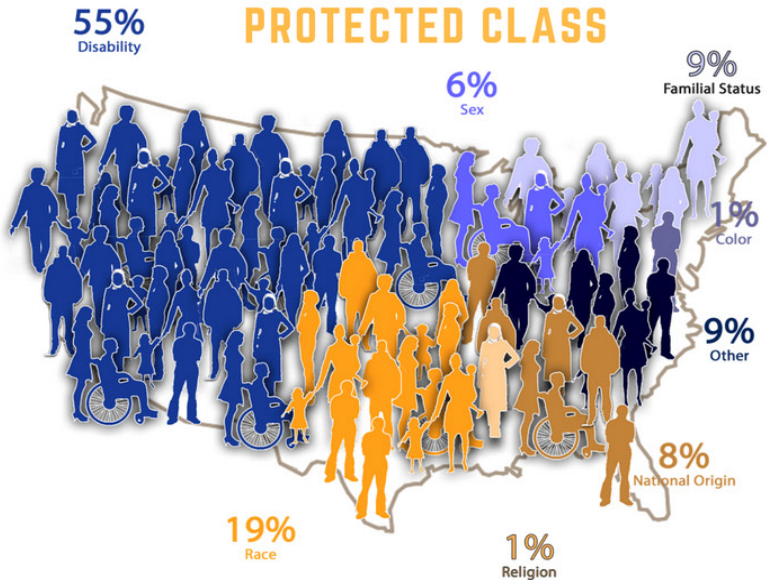


But we know that housing discrimination often goes unreported or undetected. It is estimated that there are over

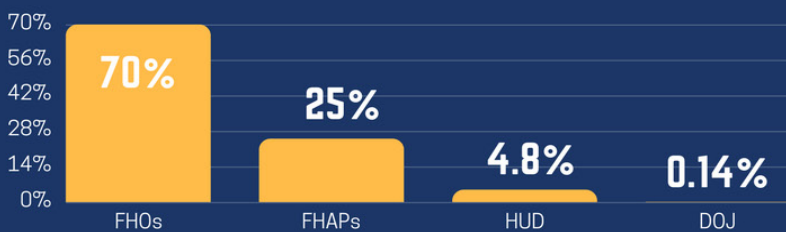
4 MILLION

instances of housing discrimination annually in the rental market alone.

PERCENT OF COMPLAINTS BY PROTECTED CLASS



PERCENT BY REPORTING AGENCY



Private Fair Housing Organizations (FHOs) processed the overwhelming majority of housing discrimination complaints, followed by Fair Housing Assistance Program (FHAPs) agencies, HUD and DOJ.

- requests;
- discriminatory targeting of lending services away from Black mortgage applicants;
- denial of mobile home rentals to Black applicants;
- discriminatory identification requirements of prospective renters from foreign countries;
- denial of an affordable housing zoning application in response to discriminatory opposition;
- discriminatory concentration of affordable housing;
- refusal to rent to people with mental disabilities;
- discriminatory targeting of predatory loans against borrowers refinancing their mortgages;
- an insurance policy limiting coverage for landlords that rent to Section 8 tenants;
- a city's practice of administering housing programs that are not accessible to people with disabilities;
- failure to design and construct accessible multi-family housing; and
- discriminatory maintenance and marketing of bank-owned, post-foreclosure properties.

A few key issues were additionally important in 2016. The first, brought to light by recent actions by Facebook and Airbnb, involves fair housing

rights in the context of social media platforms and in the shared economy. The second addresses the need to apply fair housing laws in counteracting the recent surge in hate crimes, harassment, and housing-related hate activity. And thirdly, the first round of cities and jurisdictions required to implement HUD's new Affirmatively Furthering Fair Housing rule took their initial steps in 2016, and we are in the process of learning how these requirements will help us fulfill our promise as a nation to dismantle residential segregation and promote opportunity in all neighborhoods.

There are a number of ways we can better tackle housing discrimination, address segregation, and work towards a more inclusive society (Section VI). Among these are the following recommendations:

- **Congress and the federal government must significantly increase the level of funding for private fair housing organizations, HUD, and public enforcement agencies at the state and local level** to support a large sustained effort to support existing and create additional fair housing organizations, foster systemic approaches to eliminating segregation, and address governmental and institutional barriers at local levels.
- **The philanthropic and corporate community must provide meaningful and substantive support for fair housing** as part of a holistic approach to achieving meaningful and lasting change.
- **Create an Independent Fair Housing Agency or Reform HUD's Office of Fair Housing and Equal Opportunity.** A strong, independent fair housing agency could more effectively address discrimination and segregation throughout the United States. In the absence of such an organization, HUD should be restructured so that the Office of Fair Housing and Equal Opportunity plays a more meaningful role and functions effectively in its many important responsibilities.
- **Strengthen the Fair Housing Initiatives Program** to support qualified, full-service nonprofit fair housing centers that provide the bulk of fair housing education and enforcement services to our nation. This includes funding the program at a minimum level of \$52 million.
- **Effectively Implement the Affirmatively Furthering Fair Housing Rule and Hold Grantees Accountable** to break down barriers to opportunity and ensure that all communities are inclusive and that individuals have access to the opportunities they need to flourish.
- **Improve Equal Access to Credit** so that individuals and communities previously denied quality credit at a fair price may have fair access to good credit that supports home ownership, small businesses, and economic growth.
- **Reestablish the President's Fair Housing Council** to establish a multi-disciplinary approach well suited to addressing the policies and systems that have a discriminatory

impact, perpetuating entrenched patterns of metropolitan segregation.

The Fair Housing Act was designed to achieve two goals: to eliminate housing discrimination and to take significant action to overcome historic segregation and achieve inclusive and integrated communities. But as Senator Edward Brooke, co-author of the Fair Housing Act stated in a 2003 speech, “The law is meaningless unless you’re able to enforce that law. It starts at the top. The President of the U.S., the Attorney General of the U.S., and the Secretary of HUD have a constitutional obligation to enforce fair housing law.”² Indeed, our elected leadership has the obligation to work towards making racially, ethnically, and economically integrated neighborhoods a reality, and we as citizens have an obligation to demand that change through policymaking and strong enforcement.

Achieving a more equitable society represents a significant challenge, but it is attainable. As Justice Kennedy stated in the 2015 Texas Department of Housing and Community Affairs v. The Inclusive Communities Project Supreme Court opinion: “much progress remains to be made in our nation’s continuing struggle against racial isolation. In striving to achieve our ‘historic commitment to creating an integrated society,’ we must remain wary of policies that reduce homeowners to nothing more than their race.” He then concludes by saying: “the court acknowledges the Fair Housing Act’s role in moving the nation towards a more integrated society.”³

Though challenges continue to be placed in our way, it is possible for our nation to move toward a society that is integrated and inclusive, and in which everyone has equal access to opportunity. It begins with fair housing.

Note: *In this report, we focus largely on segregation on the basis of race (Black/White). Discrimination and segregation on the basis of race is foundational to the discussion of inequities in this nation and the urban neighborhood construct. We are also well aware of discrimination against and segregation of Latinos, Asian Americans, Native Peoples, and others and the ramifications of this behavior on current practices and strategies for dismantling segregation and addressing discrimination against persons in all protected classes. This report focuses largely, however, on Black/White segregation.*

Note on language in this report: *As a civil rights organization, we are aware that there is not universal agreement on the appropriate race or ethnicity label for the diverse populations in the United States or even on whether or not particular labels should be capitalized. We intend in all cases to be inclusive, rather than exclusive, and in no case to diminish the significance of the viewpoint of any person or to injure a person or group through our terminology. For purposes of this report, we have utilized the following language (except in cases where a particular resource, reference, case or quotation may use alternate terminology): Black, Latino, Asian American, and White. In prior publications, we have utilized the term “African American,” but there are some who argue that this term is exclusive and we intend to be as inclusive as possible. We are also aware that many persons prefer the term “Hispanic.” We intend in this report to include those who prefer “Hispanic” in the term “Latino” and intend no disrespect. We refer to “neighborhoods of color” or specify the predominant race(s) of a neighborhood, rather than utilizing the term “minority.” We also use the term “disability,” rather than “handicap” (the term used in the Fair Housing Act”).*

2 Senator Edward Brooke, Remarks at the National Fair Housing Alliance National Conference, June 30, 2003.

3 Decision available online at: https://www.supremecourt.gov/opinions/14pdf/13-1371_m64o.pdf