

## CITY OF BATTLE CREEK

### COMPANION ANIMAL ACCEPTANCE INVESTIGATION

The Fair Housing Center of Southwest Michigan (“the Center”) promotes integration and works to eliminate housing discrimination through education, advocacy, and enforcement of the fair housing law. In partnership with the City of Battle Creek, Michigan, the Center conducted an investigation to review the response of housing providers when confronted with a reasonable accommodation request for a companion animal. [Contract 2014-043R]

#### Pervasive Practice

The purpose of this investigation is to determine the response of a housing provider when a person with a disability needs an accommodation. Under the fair housing laws, people with disabilities are entitled to receive changes in policies or procedures to adapt to the person's individualized need. A systemic housing investigation, like this one, attempts to investigate discrimination that is pervasive or institutional in nature, or the collection and analysis of data likely involve complex issues, novel questions of fact or law, or will potentially affect a large number of persons. Specifically, the practices being investigated is the housing provider's response and procedure surrounding a person requesting an accommodation. .

#### Investigation Structure

The primary tool for this investigation is testing. A test means an undisclosed housing investigation involving one or more persons who initiate contact with another person or entity for the purpose of examining how members and non-members of a protected class are treated. Here, a one tester calls an agent in Battle Creek. The tester inquires about availability of units. Then, tester discloses his/her disability status, by stating he or she has a husky (referencing the breed of dog), which is a companion animal. The purpose of these 28 tests is to determine whether people with disabilities receive different services, treatment, and access to available rental housing based on a disclosure of disability status.

**Investigation Summary:** Rental agents in Battle Creek have varying degrees of fair housing knowledge related to people with disabilities. It appears that overall, the biggest obstacle in the Battle Creek housing market for people with companion animals is the denial of housing based on their need for an accommodation. In some cases, tester could detect a more amicable tone once disability status was disclosed. In others, tester could detect a harsher tone once disability status was disclosed.

- **10 out of 28 agents denied housing** to tester after disclosure of disability status. Half of those denials were due to a no pet policy. The other half were due to a species or breed restriction policy.
- **3 out of 28 agents offered fewer properties** based on the species or breed of animal.
- **4 of 28 agents applied different terms and conditions** to tester with companion animal in the form of a pet fee.
- **9 of 28 agents stated that tester would need to prove their need** for a companion animal. 3 agents asked if tester had documentation. 3 agents asked if animal was state certified. 2 stated

tester would need a doctor's note. 1 stated tester would need to make a 504 request. Only 2 of the 9 agents asking for proof stated how and when an applicant would need to provide that information.

- **7 of 28 agents showed no signs of discrimination** after disclosure of disability status.

## CITY OF BATTLE CREEK

### REAL ESTATE AGENTS AND RACE DISCRIMINATION INVESTIGATION

**Introduction** - The Fair Housing Center of Southwest Michigan promotes integration and works to eliminate housing discrimination through education, advocacy, and enforcement of the fair housing law. In partnership with the City of Battle Creek, Michigan, FHCSWM conducted a real estate sales systemic housing investigation to assess the quality of information generated, the locations provided, and the potential for steering in the Battle Creek housing market on the basis of race. [Contract 2014-043R]

**Methodology** - All real estate tests used for contract 2014-043R utilized a match-pair methodology with testers trained by a HUD-approved process—two test parts are assigned to one site, one test part consisting of a protected tester, here the testers were Black; and one test part consisting of a comparison tester, here the testers were White. Both testers were assigned to contact the real estate agent and inquire about real estate availability. The purpose of these paired tests was to determine whether comparably qualified Black and White prospective real estate customers receive the same information, service, treatment, and access to available real estate listings.

It should be noted protected testers (Black testers) are assigned characteristics to make them better-qualified consumers. Both testers ask for the same or comparable homes, request the same specifications, and execute actions as similarly as possible. Tests are structured in such a way to grant Black testers the advantage in an effort to target discriminatory behavior.

The findings below are derived from 19 tests, or 38 matched pairs.

**Service and Treatment** - Battle Creek Real Estate agents provided better service and treatment with White testers. Examples of these differences in service and treatment are seen in the following statistics:

- 11 of 19 agents followed up with Black testers, 16 of 19 agents followed up with White testers
  - Of the 8 agents who did not follow up with a Black tester, 5 still followed up with a White tester.
  - If an agent did not follow-up with a White tester, they did not follow up with a Black tester.
  - Agents were more likely to volunteer to contact White testers.
- When follow-up was *not requested*, agents were twice as likely to check-in with White testers.
- Black testers had to try five times harder to receive correspondence or correct information.
- During 3 tests, agents asked to review pre-approval letter from Black tester. One agent asked twice. During 1 test, agent asked to review pre-approval letter from White tester.

- During 3 tests, agents assumed and never requested Black tester’s needs or price-range. Agents never assumed a White tester’s needs or price-range.
  - Receptionist: “I will find someone to help you within your price range”.
  - Two prompts for better homes
  - Assumption of wanting to rent vs. buy
- During 2 tests, agents discussed neighborhoods (unprompted) with Black testers. During 12 tests, agents discussed neighborhoods (unprompted) with White testers.
- When neighborhoods were mentioned:
  - Agents spoke most positively of Pennfield and Lakeview with White testers, while most likely to speak negatively of Bedford.
  - Agents spoke most positively about Downtown and Emmett with Black testers, while warning against Post Addition and “the hood”.

**Listings Provided** - For 18 tests, Black tester assignments included pre-approvals ranging from \$180K-\$205K, whereas White tester assignments included pre-approvals ranging from \$176K-\$182K. Despite Black testers having better qualifications and therefore more opportunity, Battle Creek Real Estate agents provided more listings and covered a greater geographic area for White testers.

- Black testers received 222 total listings, White testers received 395 total listings.
- In individual pairings with no seen error, 36% of the listings were provided to both Black and White testers.

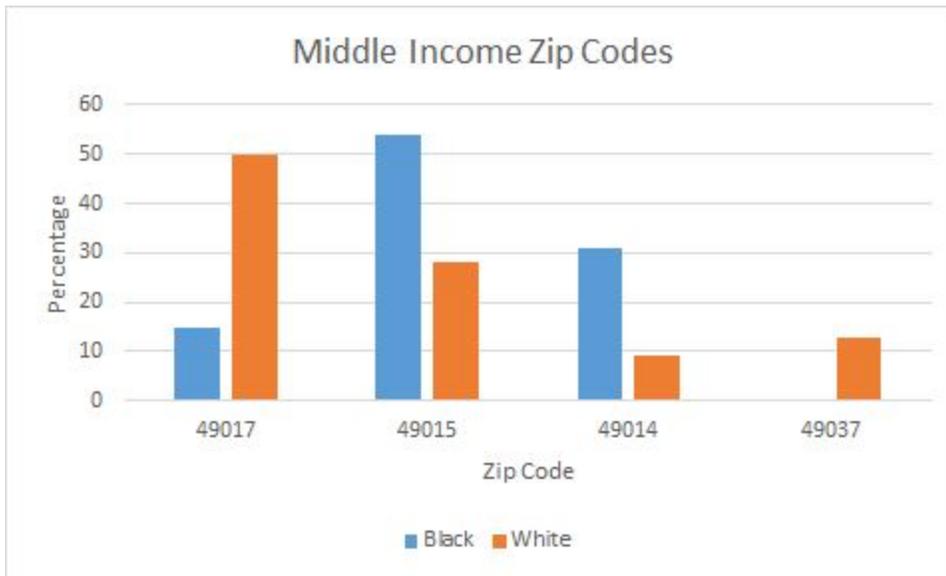
**Analysis of Most Likely Listings** - “Most likely listings” refers to any listings that were provided to testers by three or more agents. Though in some cases, testers were assigned to request a particular *area*, such as *downtown*, testers were always assigned to remain indifferent to their neighborhood/school district options. Differences are found by analyzing most likely listings trends:

- Black testers received 13 most likely listings, White testers received 32 listings. Black and White testers shared 2 of the same top listings.
- 15% of Black most likely listings did not appear in one of the 395 of the total White testers’ listings.
- 53% of White most likely listings did not appear in one of the 222 Black testers’ listings.
- Black testers were offered newer homes with a larger lot size.
- White testers were offered “better deals” when comparing assessed value to asking price.

Tester	Avg. Year built	Avg. Lot size	Avg. Assessed Value-Asking/Sale Price
<b>Protected</b>	1978	74,438 SF	\$97,294
<b>Comparison</b>	1953	59,672 SF	\$73,593

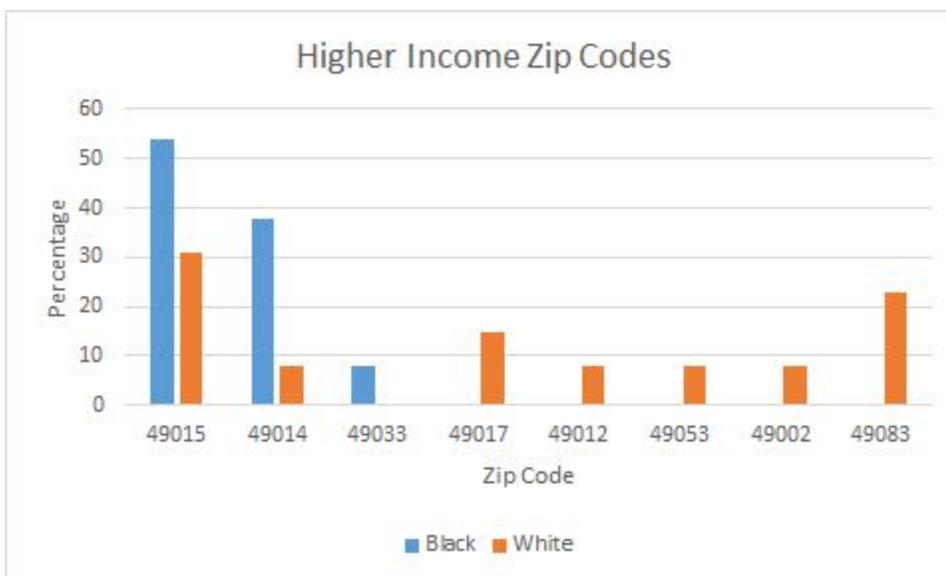
Figures an estimate from averages taken from most likely listings

Zip Codes of most likely listings:



**The Higher-Income Test** - For one test, testers were assigned higher pre-approval amounts, Black testers \$405K and White testers \$375K. The following differences were found:

- The average sale price of listings provided to Black testers was \$249,000 and for White testers, \$259,000.
- White testers were provided housing choices in a larger geographic area than Black testers.
- Disparity of Zip Code with Higher-Opportunity Tests:



## **Aggregated Assessment of Differences**

- Differences are found in the information, service, treatment, and access to available real estate listings.
- A pattern of differences are found in the information, service, treatment, and access to available real estate listings.
- White testers are more likely than Black testers to receive a response from agents.
- White testers receive more listings than Black testers.
- Agents discuss preferred specifications without prompting, such as neighborhoods and schools, more often with White testers than they do with Black testers.
- Agents discuss qualifications, such as pre-approval, more often with Black testers than they do with White testers.
- Most of the time, individual agencies do not offer the same listings to comparably qualified Black and White testers.
- Listings for White testers cover a larger geographic area.
- White testers were more likely than Black testers to be offered the same property multiple times.
- The most likely properties to be offered to Black testers, on average, possess a larger lot size, younger age of home, but less equity, than properties most likely to be offered to White testers

## **Where Agents Went Wrong**

Agents take wrong turns when they assume the likes, dislikes, and qualifications of a client. For these tests, those assumptions are implicit racial biases in action and forms of discrimination.

## **Where Agents Went Right**

Agents went right when the listing results of a paired test came out the same. The agents who simply stated the facts and were led by their clients' specifications had the best results.

# **CITY OF BATTLE CREEK**

## **INDIVIDUAL LANDLORD INVESTORS AND RACE DISCRIMINATION INVESTIGATION**

The Fair Housing Center of Southwest Michigan (“the Center”) promotes integration and works to eliminate housing discrimination through education, advocacy, and enforcement of the fair housing law. In partnership with the City of Battle Creek, Michigan, the Center conducted an investigation to assess the quality of information generated, the availability of units, and the potential for steering in the Battle Creek housing market on the basis of race. [Contract 2014-043R]

### **Pervasive Practice**

The purpose of this investigation is to determine the housing practices of individual landlords operating in the City. An individual landlord is, contrasted to a complex or apartment community, an entity leasing single-family homes or a multi-unit homes. A systemic housing investigation, like this one, attempts to investigate discrimination that is pervasive or institutional in nature, or the collection and analysis of data likely involve complex issues, novel questions of fact or law, or will potentially affect a large number of persons. Specifically, the practices being investigated is the treatment of African-Americans regarding information shared about available units and level of service provided.

### **Investigation Structure**

The primary tool for this investigation is testing. A test means an undisclosed housing investigation involving one or more persons who initiate contact with another person or entity for the purpose of examining how members and non-members of a protected class are treated. The investigation may also include comparing the observed conduct or business practices to the requirements of fair housing laws or an accessibility review. Here, all tests utilized a matched-pair methodology with two test parts assigned to one site, one test part consisting of a protected tester, here the testers were Black; and one test part consisting of a comparison tester, here the testers were White. Both testers were assigned to contact the target entity and inquire about unit availability. Both testers are given similar requirements for housing and similar financial characteristic. However, the protected tester will have a profile slightly more favorable than the comparison.

The findings below are derived from 15 tests, or 30 matched pairs.

### **Investigation Summary**

Black and White testers alike seemed to have equally difficult experiences when it came to testing units with a lower price-point: Both Black and White testers had great difficulty meeting with agents face-to-face, generally due to an absent agent, no return phone call, or extensive requirements. In most cases where testers were able to meet with an agent, testers reported that the available unit was substandard with deteriorating components, broken windows, and without common amenities (fridge/stove). Both test parts were occasionally subjected to criminal background checks from the first point of contact. Often testers reported the agents presented information in a rude tone. For the most part, Black and White testers had an equally bad experience.

Expensive rentals revealed no notable difference in treatment.

Interestingly, the greatest potential for discrimination occurred not based on race, but based on sex. During 3 tests, discriminatory demands or comments based on the tester's sex were made.

Though the majority of available properties are considered affordable to moderately low or very low-income residents, the investigation found that affordability as a potential trade-off to quality housing. Additional Census data could show that lower-income residents are people of color. If this is true, then a disparate impact argument could be explored by investigating policies, procedures, and services offered by the investors and the negative effects on residents of color.

Additionally, 14 advertised but uncertified rental units were discovered through this investigation.