

FAIR HOUSING NEWS

QUARTERLY NEWSLETTER FOCUSING ON FAIR HOUSING ISSUES

Summer 2017



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A Housing Affordability Crisis That's Worse for the Lowest Income Americans

By Priyanka Boghani for Frontline— [CLICK HERE](#) to access the original article

The United States government spends roughly \$200 billion a year to help Americans buy or rent homes. The vast majority of that spending — 70 percent in 2015 — goes toward subsidizing homeowners, according to the nonpartisan Center on Budget and Policy Priorities.

Meanwhile, millions of Americans struggle to pay rent every month — with only one in four who are eligible for housing assistance receiving it. More than 11 million households across the country spend over half their income on rent each month.

“That means that they are one emergency, one broken-down car, one illness, one missed day of work away from not being able to pay the rent,” Diane Yentel, president of the National Low Income Housing Coalition, told FRONTLINE and NPR in the new documentary *Poverty, Politics and Profit*. “They’re really at risk of losing their homes altogether and becoming homeless.”

Households that pay more than 30 percent of their income for housing are considered “cost-burdened,” while those that pay more than 50 percent are considered “severely cost-burdened.” The number of households that spend more than half of their income on rent has grown roughly 25 percent since 2007, according to an analysis by the Joint Center for Housing Studies of Harvard University.

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Recent Developments

HUD ANNOUNCES AGREEMENT WITH CALIFORNIA CREDIT UNION TO SETTLE MATERNITY DISCRIMINATION COMPLAINT

On May 10, 2017, the U.S. Department of Housing and Urban Development (HUD) announced an agreement between Wescom Central Credit Union, based in Pasadena, California, and a married couple, resolving allegations the company denied the couple's mortgage loan application because the wife was on maternity leave.

Refusing to provide a mortgage loan or mortgage insurance because a woman is pregnant or on family leave violates the Fair Housing Act's prohibition against sex and familial status discrimination, which includes discrimination against individuals who have or are expecting a child. Since 2010, HUD received nearly 150 complaints alleging maternity leave discrimination and has obtained more than \$8 million in compensation for victims.

"An otherwise qualified borrower should not have their mortgage loan denied or delayed just because they're having a baby," said Bryan Greene, HUD's General Deputy Assistant Secretary for Fair Housing and Equal Opportunity. "HUD will continue to protect the rights of families by enforcing the Fair Housing Act and educating the housing industry about their responsibilities under the law."

The agreement stems from a complaint that a married couple from Santa Ana, California filed with HUD. The couple alleged that Wescom Credit Union unfairly denied their mortgage loan and that the lender requested the woman return to work and provide a current pay stub before they would approve the loan application.

Under the terms of the agreement Wescom will:

- Refinance the couple's existing mortgage at a lower rate;
- Create a \$50,000 compensation fund for applicants who were similarly denied loans or withdrew mortgage applications from Wescom during calendar year 2015;
- Ensure its lending policies regarding parental leave comply with the Fair Housing Act;
- Provide fair lending training to its employees; and
- Send a notice to its employees regarding its parental leave lending policies.

HUD REACHES SETTLEMENT AGREEMENTS WITH OHIO AND FLORIDA INSURANCE COMPANIES ACCUSED OF VIOLATING THE FAIR HOUSING ACT

On January 26, 2017, the U.S. Department of Housing and Urban Development (HUD) announced agreements with two insurance companies in Ohio and Florida settling allegations the companies violated the Fair Housing Act by denying insurance coverage to properties that contain "subsidized housing" and "low-income housing."

The Fair Housing Act makes it unlawful for providers of housing-related services or products, including insurance providers, to discriminate because of race, color, religion, sex, national origin, disability, and familial status.

The agreements stemmed from a Secretary-Initiated complaint HUD filed after receiving reports the insurance companies' policies and practices had a discriminatory effect because of race and national origin. Specifically, HUD's complaint alleged that the companies refused to provide umbrella coverage, which provides additional liability coverage when an insured's other primary policy limits have been reached, to properties containing subsidized or low-income housing.

Under the agreements, McGowan and Company will remove "subsidized" and "low-income" from its list of prohibited properties, spend \$100,000 to affirmatively market its services and products to the affordable and low-income housing markets and provide fair housing training for management and staff that review and/or approve applications for insurance. Mack & Waltz will spend \$10,000 to affirmatively promote its services in affordable and low-income housing markets, and provide fair housing training for its management and staff.

The conciliation agreement with McGowan and Company, based in Fairview Park, Ohio can be found at <https://portal.hud.gov/hudportal/documents/huddoc?id=17mcgowanconcil.pdf>.

The conciliation agreement with Mack, Mack & Waltz Insurance Group based in Deerfield Beach, Florida can be found at <https://portal.hud.gov/hudportal/documents/huddoc?id=17mackconcil.pdf>.



Supreme Court Says Cities Can Sue Big Banks Over Housing Bubble Damages

Article by Robert Barnes for *The Washington Post*

The Supreme Court ruled on May 1, 2017, that federal anti-discrimination law allows cities to sue a bank over lending practices they allege led to urban blight but said they face a high standard in proving those practices directly harmed the local governments.

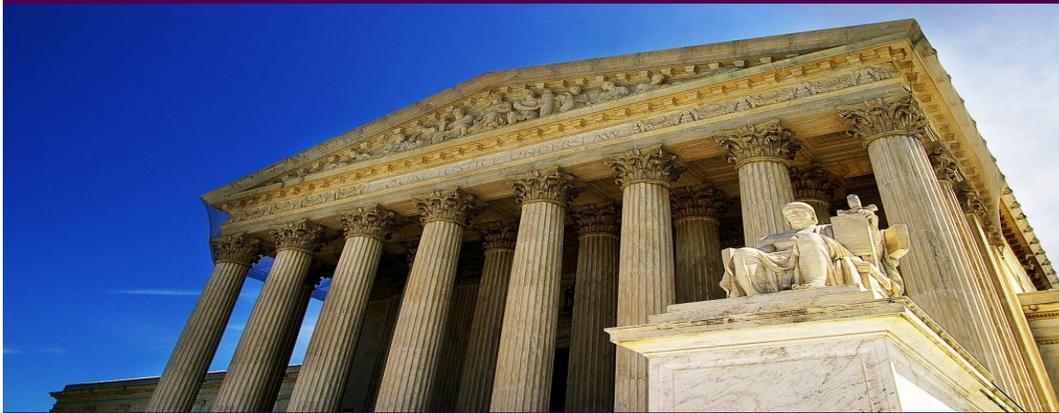
The ruling was a mixed one for Miami, which was at the forefront of a move by cities nationwide to sue big lending institutions under the federal Fair Housing Act.

Banks have previously been sued by individuals and taken to task by the federal government for lending practices. But these new cases are the first in which cities are the plaintiffs and are demanding that banks be held accountable for harming their communities.

A majority of the justices agreed that cities, not just individual, can sue under the FHA.

"This court has repeatedly written that the FHA's definition of a person 'aggrieved' reflects a congressional intent to confer standing broadly," Justice Breyer wrote for himself and four other justices.

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Supreme Court Says Cities Can Sue Big Banks Over Housing Bubble Damages (cont. from pg. 2)

But the justices unanimously decided that a lower court had incorrectly allowed Miami's lawsuit against Wells Fargo and Bank of America to go forward without more proof that the bank practices had directly harmed the city by, for instance, reducing the amount of property taxes it received.

Instead, cities must show "some direct relationship between the injury asserted and the injurious conduct alleged," Breyer wrote.

The half-full, half-empty opinion seemed to reflect an effort at compromise among the eight justices who heard the case. Chief Justice Roberts joined the four liberals in the majority opinion that cities could sue under the FHA, but the justices did not describe what would constitute the direct relationship that must be shown. That hard work was left for the lower court on remand.

Miami and other cities have pursued a novel approach under the FHA to recover what they lost as a result of lower tax revenue and greater demand for services after the housing collapse.

The banks countered that Congress never intended for the law to be used for such purposes.

"Municipal suits like this one were unheard of until recently, when enterprising contingency-fee counsel began pushing them," Bank of America told the court in its brief. Baltimore settled a suit it had filed against banks, and there is litigation underway by Cook County, Ill., Oakland, Calif., Los Angeles and other cities.

The law allows an "aggrieved person" to file a civil action seeking damages, and the first question for the court was whether cities

qualified.

Breyer said the court's precedents show that it has interpreted the law in a broad fashion, because that is what Congress intended.

Civil rights groups pointed to the finding that cities could sue as the most important takeaway from the court's decision.

"Today's Supreme Court decision reinforces the critical role that states and cities must play in holding banks and other actors accountable for actions that continue to harm communities, particularly minority communities that have borne the brunt of the crisis," said Kristen Clarke, president and executive director of the Lawyers' Committee for Civil Rights Under Law.

Breyer recounted the city's argument: Predatory lending practices in minority neighborhoods led to a concentration of foreclosures. That caused stagnation and decline. "They hindered the

TESTERS WANTED

Fair Housing Law Center, in conjunction with HUD, is looking for individuals to conduct fair housing investigations. This is a great opportunity to play a key part in fighting discrimination in Western and Central Pennsylvania and the West Virginia Panhandle.

Please contact us at 877-725-4472 or at www.fhlaw.org.

city's efforts to create integrated, stable neighborhoods. And, highly relevant here, they reduced property values, diminishing the city's property tax revenue and increasing demand for municipal services, he wrote.

But Breyer, joined by Roberts and liberal justices Ginsburg, Sotomayor and Kagan, said that only got the city into the courthouse.

To prevail, the city must prove the direct link, and they hinted it might be difficult to do that.

"The housing market is interconnected with economic and social life. A violation of the FHA may, therefore, be expected to cause ripple of harm to flow far beyond the defendant's misconduct," Breyer wrote. "Nothing in the statute suggests that Congress intended to provide a remedy wherever those ripples travel.

Previously, the U.S. Court of Appeals for
Cont. on pg. 4

Education Solutions for Non-Profits

Does your agency need Fair Housing training?

Through a grant from HUD, the Fair Housing Law Center offers free HUD approved fair housing training. If you are interested in having one of our staff members or partners give a free fair housing training, please contact Kristie Horrell at 724-225-6170.





Housing Affordability Crisis

(cont. from pg.1)

In 2007, there were 8.9 million households spending more than half their income on rent. By 2015, there were 11.1 million. A vast majority of the households that fall into this category — 72 percent — are those with extremely low incomes, meaning they make 30 percent or less of their area’s median income.

The more people spend on making rent, the less they have for life’s other essentials. According to the Harvard study, households with the lowest incomes that paid more than half of their incomes toward rent spent 41 percent less money on food, and 74 percent less on health care when compared to those living in housing situations they could afford. They were also less likely to save for retirement and at a higher risk of eviction.

“Typically, they are seniors or they’re people with disabilities, so they’re really on very limited incomes,” according to Yentel. “Sometimes, they’re caring for a person with a disability. They’re caring for preschool age kids. Or they’re working, but they’re working very low wage jobs ... where it’s difficult to just cobble together enough hours to be able to make ends meet.”

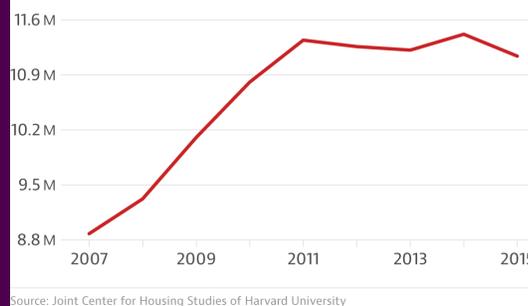
Households with the lowest incomes, making 30 percent or less of their area’s median income, face the biggest shortage of rental housing that is both affordable — costing no more than 30 percent of their income — and available. And that gap has only widened over the last few years, according to an analysis by the National Low Income Housing Coalition, a Washington, D.C.-based research and advocacy group.

The analysis found that in 2015, there were 11.4 million extremely low income households in America, but only 7.5 million homes were affordable for them to rent; 3.5 million of those homes were unavailable because they were rented by households with higher incomes. That left people at the lowest income level with only 35 rental homes for every 100 such households.

A number of factors contributed to this growing gap, according to the group’s vice president of research, Andrew Aurand. A slow, long decline in federal resources like public housing, the loss of thousands of housing assistance vouchers, and a surge in demand for rental properties that started even before the 2008 recession factored into the situation, Aurand says.

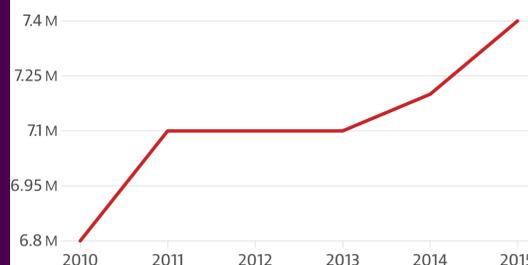
“What happened when we hit the foreclosure crisis is that, all of a sudden, millions of families lost their homes,” according to Shaun Donovan, secretary of the Department of Housing and Urban Development from 2009 to 2014. “They became renters competing in the same rental housing market. And at the same time, incomes were going down even if you could keep your job. And that led to a rental affordability crisis in this country that’s as bad as it’s ever been in our history.”

Households That Pay More Than Half Their Income in Rent



The Gap in Affordable Housing

Demand among extremely low-income households* vs. supply



Supreme Court Says Cities Can Sue Big Banks

(cont. from pg.3)

the 11th Circuit said Miami only had to show that its damages were “foreseeable” by the banks to proceed to trial. The Supreme Court unanimously said that was the wrong standard.

Robert S. Peck of the Center for Constitutional Litigation, which represented Miami, said the city is ready to prove the banks’ action directly led to the city’s problems. “We’re capable of doing it,” he said.

But Wells Fargo and Bank of America said the new standards will be hard to meet. The city’s charges “are without merit,” said Bank of America’s spokesman Lawrence Grayson.

The three dissenting justices also said Miami could not prove its case.

Justices Kennedy and Alito signed on to Thomas’s dissenting opinion that Miami should not be able to bring suit under the FHA. Even if it could, he wrote, the city’s injuries are “exceedingly attenuated.”

Thomas noted that the “chain of causation” in Miami occurred between 2004 and 2012. “The court of appeals will not need to look far to discern other, independent events that might well have caused the injuries Miami alleges,” Thomas wrote.

The original article can be found [HERE](#)