



Winston-Salem

**CITY OF WINSTON-SALEM AND
FORSYTH COUNTY**

**ANALYSIS OF IMPEDIMENTS
TO FAIR HOUSING CHOICE**

A FAIR HOUSING ACTION PLAN

2014-2018



EXECUTIVE SUMMARY

As the following analysis indicates, there is a dire need for the continuation in the work of the Human Relations Department in affirmatively furthering the city's efforts in eliminating barriers to fair housing. The analysis indicates discrimination continues in the areas of lending and in the sale/rental of housing in Forsyth County. Most of the allegations are specifically from the protected classes based on race, gender, familial status, national origin, and disability.

The vision of the Winston-Salem Human Relations Commission is: **“Winston-Salem: A place where everyone is treated fairly.”** Since the arrival of the current director in November 2001, the Commission continues to make improving its image and visibility in the community a Strategic Action Plan priority. By implementing the director's approach in implementing new systems and streamlining successful procedures, an increase in the number of investigations, special projects, and community outreach efforts have resulted. Specifically, the department continues to disseminate quarterly newsletters and tape a quarterly television show on the Government Channel that features human relations topics, programs, issues, and partners.

The Department continues to focus its investigations on the areas in which it has jurisdiction and enforcement authority. These areas are primarily focused on discrimination issues, as ascribed in the Fair Housing Act. The Department will also continue to mediate, investigate and process landlord/tenant issues, as per North Carolina General Statutes, specifically Chapter 42. Additionally, the Department has forged an historic partnership with the Forsyth County District Court, the City Attorney's Office, and Legal Aid of Northwest North Carolina to implement the Alternative Residential Mediation (ARM) program, which will provide residents with a free, expedient, non-litigious way to resolve landlord/tenant complaints. It is the first of its kind in North Carolina and is expected to generate more potential fair housing complaints since many such complaints are derived from what initially appears to be routine landlord/tenant issues.

The Department continues to participate in the administration of the Fair Housing Assistance Program (FHAP) grant through the U.S. Department of Housing and Urban Development (HUD). The FHAP grant's focus parallels the focus of the Commission by emphasizing the importance of continual community education and outreach. Additionally, the FHAP grant utilizes a system of tracking fair housing investigations that is compatible with the Department's internal system of ensuring a thorough, step-by-step process for enforcing the Fair Housing Act.

The Department will continue its focus on community education and outreach with respect to Fair Housing and landlord/tenant laws. The Department will expand its efforts in ensuring that every segment of the City's population has access to the services of the Department. For instance, the Department's comprehensive web site includes information about the Department's jurisdictional areas of specialty as well as additional resources in the community. The Department will also continue to employ a bilingual Human Relations Specialist who can communicate with members of the Hispanic community. Staff will continue to field questions from the general public via telephone and in person. Staff will also continue conduct and track at least one fair housing outreach and/or training per month.

It is the on-going intention of the Human Relations staff to continue working collaboratively with HUD, the Community and Business Development Department, and other community partners in taking on the challenge of affirmatively furthering fair housing in Winston-Salem.

INTRODUCTION

The United States Department of Urban Housing (HUD) requires the City of Winston-Salem to submit Federal grant funding applications for the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) as a part of the Consolidated Plan. Previously, these federal grant fund applications were submitted individually throughout the budget year.

This is the second Fair Housing Plan developed by the City of Winston-Salem under the federal guidelines mandated by HUD. As part of its certification to affirmatively further fair housing (AFFH), HUD requires the City to conduct an analysis of impediments to fair housing choice. The City must also take appropriate actions to overcome the effects of any impediments identified in this analysis.

The Federal Housing Administration (FHA) was established by the government to improve housing conditions for Americans. Title VIII of the Fair Housing Act states, "It is the policy of the United States to provide for fair housing throughout the United States." Additionally, the law directs all executive departments and agencies to administer their programs and activities relating to housing and urban development in a manner to further the purposes of the Act.

Title VIII of the Fair Housing Act declares, "It is the policy of the United States to provide, within Constitutional limitations, for fair housing throughout the United States." In addition, the law directs all executive departments and agencies to administer their programs and activities related to housing and urban development in a manner affirmatively to further the purposes of the Act.

Winston-Salem is a progressive southern city that is experiencing significant development. Consequently, Winston Salem has much to offer in addition to its natural beauty, active business sector, strong community based organizations and strong political leadership.

The City of Winston Salem has internally conducted this Analysis of Impediments through its Human Relations Department director and staff. Per City Code, the Human Relations Commission, through its staff in the Human Relations Department, is responsible for administering and enforcing the Fair Housing Act and the local Fair Housing Ordinance in the City of Winston-Salem. As part of its certification to affirmatively further fair housing, HUD has required the City to conduct an analysis of impediments to fair housing choice.

Participants included staff from the departments of Community and Business Development, Planning and Zoning, Inspections, the Housing Authority of the City of Winston-Salem, and the City Manager's Office. The contributions of Shelby Ashley, an intern from Salem College with the Human Relations Department, should be noted. Ms. Ashley significantly contributed to the statistical fair lending research and comparative data included in this report.

METHODOLOGY USED

As a part of its duties to enforce the Fair Housing Act within the jurisdictional city limits of Winston-Salem, the Human Relations Department conducted an analysis of fair housing choice for the City of Winston Salem and Forsyth County. HUD defines this procedure as a "comprehensive review of policies, practices and procedures that effect the location, availability and accessibility of housing and the current residential patterns and conditions." In order to accomplish this task we have examined existing studies and literature, conducted an historical analysis, reviewed the public policies from a fair housing

perspective, analyzed the effectiveness of existing fair housing activities and examined barriers to fair housing choice for each protected class.

In this study, we will:

- Identify any barriers to the use of public and private resources by members of protected groups;
- Analyze the extent to which governmental programs or services (or the lack thereof) contribute to fair housing impediments;
- Analyze the extent to which lending institutions policies and programs (or lack thereof) contribute to community disenfranchisement;
- Analyze the extent of discrimination experienced by protected groups; and
- Analyze the need and resources available for enforcement of fair housing/fair lending laws.

Based upon this analysis, Human Relations has compiled and prepared this report of our findings and recommendations for public comment and review.

Funding

Funding for the Analysis of Impediments study was incurred and derived from funding from Community and Business Development Department and the in-kind staff time and equipment of the Human Relations Department, with contributions from other aforementioned city department staff.

JURISDICTIONAL BACKGROUND AND DATA

There are several laws relating to fair housing and affirmatively furthering fair housing choice. Each of these laws is relevant to the City's role in insuring fair housing opportunity to all citizens. A summary of these laws is provided in APPENDIX A.

CURRENT DEMOGRAPHIC TRENDS AND HISTORICAL BACKGROUND

Forsyth County began as a Moravian settlement in 1753, and was named in honor of Colonel Benjamin Forsyth. After the two settlements of Bethabara and Bethania were established, the town of Salem was begun in 1766 as the central town in Wachovia. Salem grew rapidly both as a religious center and as a center for crafts and trades. Today, Forsyth County has progressed from its rustic past to a modern community which offers a variety of services to its citizens.

Forsyth County experienced tremendous growth between 2000 and 2010. The total population of Forsyth County grew from 306,067 to 350,670, an increase of 14.6 percent. The population of the City of Winston-Salem increased 13.12% in a span of ten years. Approximately 67.1% of the population of Forsyth County now lives within the city limits.¹

Forsyth County has a very diverse racial and ethnic population. According to the 2011 census, Whites make up 68.1% of the total population. The African-American population is 27.1% of the total county population. Asians and Pacific Islanders comprise 0.1% of the population. 12.2% of the population describe themselves as of Hispanic or Latin origin. According to the census, 8.9% of the population is

¹ City of Winston Salem Consolidated Plan, Section 1 Community Profile. p.I-1

foreign born, and 13.4% of the population speaks a language other than English in the home. This has created a number of challenges for the community.²

Fifty-one point two percent (51.2%) of the population of the City of Winston-Salem is White. More than half of the White population in Forsyth County lives in Winston-Salem, approximately 87% of the African-American population lives in the city. In fact, African-Americans comprise 34.7% of the population in Winston-Salem while African-Americans only comprise 21.5% of the population in North Carolina as a whole.³ Winston-Salem is racially segregated along the Hwy 52 corridor. These demographic trends have their basis in Southern history. Prior to the civil rights movement of the 1960s, segregation in the South was the rule. Current segregated housing patterns are attributable to the historical legacy of overt discrimination in housing through both public policy and social practices. Residential segregation became an important component of the institutionalized effort to isolate the races.

"In 1912, it was illegal for black families to move into white neighborhoods in Winston."⁴ The City of Winston voted in July 1912 to prohibit the purchase of a house in a block where the majority of dwellers were of a different race. The law was modeled after a Richmond, VA ordinance.⁵ In 1917 the US Supreme Court ruled that local laws allowing residential segregation were unconstitutional because they violated the 14th amendment.

White homeowners used restrictive covenants to keep African Americans, Jews, and Catholics from living in white neighborhoods in Winston-Salem. In 1930 the City adopted a zoning ordinance to prohibit African-Americans from moving into white neighborhoods.⁶

In the 1940s, government programs designed to promote homeownership helped to increase racial segregation. These programs, particularly the Federal Housing Administration's (FHA) mortgage policy, heightened racial segregation by encouraging the real estate industry to protect the ethnic characteristics of neighborhoods and by refusing to make loans in black communities because they were deemed too risky.⁷

In addition, federal urban renewal programs in the hands of local coalitions, initiated slum clearance practices, whereby poor blacks were moved into high-density housing projects, often in squalid conditions. With the advent of the Federal Interstate Act, highways provided access to jobs for suburban residents with automobiles, while urban minorities had little access to housing and employment opportunities.

As a result, Winston-Salem has housing patterns that are part of an historical legacy of segregation and discrimination. The results of these public policy decisions remain relevant as the majority of black residents continue to reside East of HWY 52, which serves as the unofficial color line.

² Forsyth County: Quick Facts from the 2010 US Census.

³ City of Winston Salem Consolidated Plan, Section 1 Community Profile.

⁴ Winston-Salem Journal, "It Was the Law: City Ordinance mandated segregated housing." April 19, 1998.

⁵ IBID

⁶ IBID

⁷Matthew Charles Bouchard, How Can the State of North Carolina Promote Residential Integration. (Durham: Duke University, 1994), pp. 3-4

EMPLOYMENT

The area's largest employers include R.J. Reynolds, Hanes Brands, BB&T, Forsyth Medical Center, North Carolina Baptist Hospitals, Wake Forest University, Novant Health, Wells Fargo, WSFC Schools, Lowes Foods, and City/County Government. In tandem with state and national trends, the composition of Forsyth County employment by industry category has changed dramatically over the past twenty years. There has been a marked decline in manufacturing and trade, and a significant increase in the service industry.

At-place employment in Forsyth County grew by 17.4 percent between 1990 and 2000, before dropping to a -2.18 percent growth rate between 2000 and 2010. The current unemployment rate for Winston-Salem is 9.4% as of July 2012. In comparison, the state of North Carolina achieved a 25.7 percent growth rate from 1990 to 2000, before slowing to a 2.1 percent rate of growth during the period of 2000 to 2006 (NC-ESC). While these statistics indicate an overall decline in at-place employment, it also suggests that Forsyth County has performed significantly below the industry standards of the state.

From 2000 to 2006, the service industry has experienced a 22.8 percent growth rate, displacing manufacturing as one of the leading stalwarts within the local economy. As a result, many displaced workers in the manufacturing industry have been absorbed by the service industry. Data indicates the presence of health care and social assistance as the prominent employers within the service industry. An aging population, coupled with a weakened economy can be attributed to this trend. Other strong subgroups within the service industry include education as well as accommodation and food services.

POPULATION

Forsyth County is one-third of the north central metropolitan North Carolina region referred to as the Piedmont Triad. According to 2011 estimate, Forsyth County is the 4th largest county in North Carolina with a population of 354,952, and is located in the northern Piedmont region of North Carolina. Winston-Salem, the county seat, has a population of 229,617(2010 estimate), and is ranked 85th in the nation and 5th in the state of North Carolina. Centrally located between Atlanta and Washington D.C., Forsyth County is part of several connected metropolitan areas stretching along Interstate 85 from Raleigh to Alabama that includes Greensboro, Charlotte, Greenville, and Atlanta. Forsyth County is no longer an isolated county. It is now a component of one of the largest and fastest growing agglomerations of urban development in the United States.

Forsyth County experienced tremendous growth between 2000 and 2010. During this period, the total population of Forsyth County grew from 306,063 to 350,670, an increase of 14.6 percent. Roughly 67.1% of the county's population now lives within the city limits.

The growth in Forsyth County and Winston-Salem has been tremendous. Because of the city's rapid growth, the Legacy 2030 plan was developed and then adopted in November 2012. Legacy 2030 is a plan to improve the community of Winston-Salem through revitalization, economic development and increased sustainability.

Forsyth County has a diverse racial and ethnic population. According to the 2008-2010 American Community Survey, Whites make up 63.4% of the total population, while the Black population is 26.0%. 11.5% of the population describe themselves as of Hispanic or Latin origin.⁸ 8.9% of the population is

⁸ 2005 American Community Survey.

foreign born, and 13.4% of the population speaks a language other than English in the home, which has led to a number of challenges for the community.⁹

HOUSING CHARACTERISTICS

Forsyth County's housing stock reflects the demographic constraints of the county and is notable for the following characteristics:

- **Age of the Housing Stock:** Nearly 27% of all occupied housing units were constructed prior to 1960.
- **Moderate Rent to Own Ratio:** 34.1% of all occupied units in Forsyth County are rentals, and 65.9% of all units are owner occupied.
- **Vacancy Rates:** Forsyth County's overall vacancy rate is high at 6.9%, indicating a soft rental market.

The total number of housing units in Forsyth County increased from 146,751 in 2005 to 156,872 in 2010, an increase of 6.9%. The number of occupied units is 125,454, while the number of vacant units is 15,709 (11%).

The housing stock in Forsyth County has incurred a strong increase in both ownership and new housing construction. However, most of the growth is related to rental units, particularly multi-family units, while there has been a decrease in single-family housing construction growth.

At the end of the 2010 fiscal year, a total of 4,392 units¹⁰, or 2.8 percent of the total city housing inventory of 156,872¹¹, was substandard. In the 2005-06 fiscal year, over 41 percent of substandard housing units were concentrated in eight Census tracts.

Forsyth County's housing stock is marked by a diverse array of choices. A new resident can choose between new housing developments or historic neighborhoods. While this diversity provides residents with a number of choices it sometimes hides the fact that much of the housing stock in poorer areas is aging and at increased risk of becoming unsuitable for continued habitation.

According to the 2008-2010 American Community Survey, the median contract rent of occupied rental units in Forsyth County increased by 5.8 percent (from \$503 to \$532 per month). Conversely, the Consumer Price Index grew at 1.7% between August 2011 and August 2012. Consequently, rent increases have consistently increased at a rate greater than the rate of increase in consumer prices in general.

In Forsyth County, an annual income of approximately \$45,583 would be required to afford the median contract rent of \$532 per month in 2009--up from \$20,112 in 2005. This is 56 percent of the 2009 median household income of \$45,583 for Forsyth County.

⁹ 2006 American Community Survey.

¹⁰ City of Winston-Salem, Community and Business Development Department

¹¹ 2005 American Community Survey

According to the 2010 American Community Survey, the median value of owner-occupied units in Forsyth County increased from \$108,900, in 2000, to \$149,000, in 2010, at a rate of 36.8%, or at an average annual rate of 3.7 percent.

The 2010 estimated median housing value of owner occupied housing is \$149,000. The 2010 estimate median value of renter occupied housing is \$668. Owner housing units that are affordable to low- and moderate-income households are unevenly distributed throughout the county.

Rental housing units that are affordable to low- and moderate-income households are unevenly distributed throughout the county. A low- and moderate-income household—earning up to 50 percent of the county median income, or \$22,523—could afford a monthly rent of approximately \$563.

According to the 2008-2010 American Community Survey, of 35,108 Black or African-American households, 16,375 (46.6%) are owner households and 18,733 (53.4%) are renter households.

IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING CHOICE

Public Policy

The Fair Housing Act makes it unlawful

- To utilize land use policies or actions that treat groups of persons with disabilities less favorably than groups of non-disabled persons.
- To take action against or deny a permit for a home because of the disability of individuals who live or would live there.
- To refuse to make reasonable accommodation in land use and zoning policies and procedures where such accommodations may be necessary to afford persons or groups of persons with disabilities an equal opportunity to use and enjoy housing.
- What constitutes a reasonable accommodation is a case-by-case determination.
- Not all requested modifications of rules or policies are reasonable. If a requested modification imposes an undue financial or administrative burden on a local government, or if a modification creates a fundamental alteration in a local government's land use and zoning scheme, it is not a "reasonable" accommodation.

Public Sector

Winston-Salem is undergoing several major neighborhood revitalization efforts that will have a direct and significant impact on employment, housing, and transportation.

The Neighborhood Revitalization Strategy Area (NRSA) is an area of the city with the lowest incomes. This section includes significant portions of downtown. The Neighborhood Revitalization Strategy provides a context for monitoring the progress of attainment of established target benchmarks within the areas of the community with the highest needs (upper quartile of low income census tracts) as reflected in the various elements of the Consolidated Plan. Renewed HUD approval additionally provides increased flexibility in the use of CDBG funds for housing and economic development activities. These activities increase access to housing and economic opportunities. Additionally, the Triad Research Park, the Triad

Business Park, and the Winston-Salem baseball stadium are major economic development projects that are expected to employ large numbers of the city's residents.

The City of Winston-Salem has a small business loan program called the Economic Development Revolving Loan Program. This program is available to businesses located in the Neighborhood Revitalization Strategy Area (NRSA), and must create jobs that benefit low to moderate income individuals. The goals of the economic development projects include economic and workforce development which will include low-income residents who have been traditionally minorities and socio-economically disadvantaged. The goal of neighborhood revitalization efforts is to achieve sound, safe, and enriching neighborhoods and to maintain geographic loyalty in retaining existing and attracting new residents. As job development and wealth creation remain central, continued emphasis is given to quality of life issues encompassing quality of housing, transportation access, recreation, open space, community facilities, safety and the physical environment in general. It is also recognized that institutional and social development programs must be in place, to assure the sustainability of physical improvements. Physical improvements in a neighborhood send a positive message that people have indeed received a return on their investment of time. It is for these reasons that the physical aspects of neighborhood revitalization are viewed as particularly important. Furthermore, the economic development projects cover areas that meet HUD's description of low-income areas.

The Anti-Poverty Strategy of the Consolidated Plan also relates to community revitalization. Both the NRSA and the Anti-Poverty Strategy encompass the efforts of many community partners and complementary strategic efforts. The Northwest Piedmont Council of Governments is a key partner in workforce and economic development. Its Northwest Piedmont Development Corporation has been a Certified Development Corporation (CDC) since 1984 and administers the U.S. Small Business Administration (SBA) 503/504 program in the northwest piedmont region of North Carolina. The Small Business Administration 504 program creates employment opportunities by providing financing to help small businesses acquire or construct fixed assets (land, buildings, and long-life machinery). If the required number of jobs is not created, a project must meet a public policy goal (such as veteran, minority, female-owned, or rural business development).

The NWPCOG handles workforce development for the local community. NWPCOG is also a resource that serves as a valuable partner agency to city government. There is some overlap of the Neighborhood Revitalization Strategy and the Antipoverty Strategy. The Antipoverty Strategy ties together economic opportunity and neighborhood revitalization to pursue goals of job creation, wealth creation, workforce development, and social and physical development. A key point of the Antipoverty Strategy is that the City partners with other organizations, such as NWPCOG and Experiment in Self-Reliance, who are engaged in activities. Such activities include Workforce Development and the Individual Development Accounts program, which help people build income and wealth. These efforts relate to the Fair Housing Act in that both strategies often impact minorities and others who are historically impacted by unaffordable and limited housing opportunities.

Homelessness is a serious problem that has resulted in Winston-Salem due, in part, to the lack of affordable housing choices in the immediate community. Approximately 1,800 people experience homelessness in Winston-Salem/Forsyth County each year. Twenty percent are families; around 200 are children. The City of Winston-Salem has created a commission entitled, The Ten-Year Plan Commission on Homelessness. The Commission was created in 2006. The purpose of the Commission is to affect the vision of the Winston-Salem/Forsyth County Ten-Year Plan to End Chronic Homelessness, including overseeing implementation of the strategic initiatives described in the Ten-Year Plan to End Chronic Homelessness. The plan, itself, provides for effective solutions and accessible services to eliminate chronic homelessness and improve the system's effectiveness for all persons

experiencing a housing crisis. Many individuals who experience homelessness are male and families, who are both protected classes of persons under fair housing law.

The Housing Authority of the City of Winston-Salem (HAWS) is another community resource for pursuing its charge of providing affordable housing to the population's low and moderate-income residents. Such resources provided by HAWS included assisted/insured housing provider tenant selection procedures, housing choices for certificate and voucher holders, and public housing/section 8 waiting lists. Specifically, HAWS administers the Section 8 Program which consists of 3,896 tenant-based vouchers, 327 project-based vouchers, and 226 moderate rehabilitation units. The agency administers approximately 130 special use vouchers for other agencies. The waiting list for Section 8 tenant-based housing has approximately 2,500 families and the waiting list has been closed since October 2004. Presently, of those who are still listed on the Section 8 waiting list, the fair housing protected classification statistics are:

Race	Number
Black/African American	645
White/Caucasian	38
Native Hawaiian/Pacific Islander	2
Hispanic	11
American Indian/Alaskan	2

Gender

Female – 545

Male – 155

Disabled – 110

Family Status (children under 18) - 267

The number of HAWS owned and/or managed units are headed by African-Americans, Caucasians, Asians, Native Americans, and Hispanics are:

Race	Number
African Americans	881
Caucasians	119
Asians	3
Native Americans	0
Hispanics	53

Of these HAWS owned and/or managed units, 674 are headed by females versus 382 that are headed by males. HAWS officials further estimate that HAWS-owned and/or managed units including families with a child or children under the age of 18 is approximately 540. Additionally, HAWS officials estimate that 377 of HAWS-owned and/or managed units are occupied by the disabled.

The Forsyth County Tax Office has information available on the internet that shows property values and revaluation of housing stock in the county and city. A sampling of comparable houses with similar square footage, amenities, and lot size were compared within various wards that have been historically defined by race and socio-economic status. The review of this data warrants further research as to why there is a difference in pricing and value.

The City-County Planning and Zoning Board and Building/ City-County Inspections Departments are city departments that provide information that is germane to identifying fair housing impediments.

Local amendments to city development ordinances were also reviewed for their effects on the protected classes under the Fair Housing Act. Specifically, UDO-163 (approved 12/14/06) UDO Text Amendment proposed by Winston-Salem Council on Homelessness and City of Winston-Salem staff to amend Chapters A and B of the Unified Development Ordinances to create new definitions and provisions for Shelters for the Homeless, Temporary Shelters, and Emergency Shelters. One effect of the amendment was to cap each shelter at 100 beds, which resulted in the homeless council having to open an overflow shelter this winter. Traditionally, the disabled tend to be disproportionately represented among the homeless, particularly the chronically homeless who are by definition disabled. UDO-120 (approved 5/13/04), a Zoning Text Amendment proposed by Winston-Salem City Council, added section 6-1.6 "REQUEST FOR REASONABLE ACCOMMODATION" to the UDO. This amendment allows some recourse for disabled persons.

UDO 166 was originated by the Winston-Salem City Council and adopted in 2007 to amortize existing informal "rooming and boarding houses" that had sprung up within single family-zoned neighborhoods. This amendment made it clear that rooming and boarding houses are only allowed in certain multi-family zoning districts and that the renting of individual rooms in dwelling units in other districts is only allowed if the dwelling unit is used as a single housekeeping unit without individual locks on doors.

UDO 204 was proposed by the Winston-Salem Council on Homelessness and the City staff to remove the prohibition of retail sales as an accessory use in Shelters for the Homeless. The amendment, adopted in 2009, will allow Shelters and the homeless to expand their options for the development of useful skills and the generation of revenue.

UDO 237 is under consideration by the Planning Board in November, 2012. This proposal by a private developer allows for the developers of rental single-family subdivisions to be able to build such a subdivision on a single platted parcel rather than platting each home on a separate subdivided lot. This will expand the ability of developers to obtain financing for such a development, which in turn will expand affordable housing options for tenants.

The City-County Planning Department and City-County Planning Board promulgate development and zoning regulations that may impact fair housing. Of specific note was a local ordinance that was instituted in June 2004 that allows any person eligible under the Federal Fair Housing Act to request relief from requirements of local development ordinances through the granting of a reasonable accommodation by the local elected body if it is found that the accommodation is (1) reasonable and (2) necessary to afford handicapped persons equal opportunity to use and enjoy housing.

The City-County Inspections Department administers and enforces the North Carolina State Building Codes (NCSBC) that also have a direct impact on the disabled. Under the provisions of NCSBC, all new privately or publicly owned covered multi-family residential facilities must comply with the accessibility requirements of the building codes for both "Type A" & "Type B" dwelling units. Existing privately or publicly owned covered multi-family residential facilities that are altered or remodeled also must comply with the accessibility requirements of the building codes, but only for "Type A" dwelling units. In existing covered multi-family facilities, alterations would also trigger "Path of Travel" improvements to upgrade the accessibility of existing building or site features. However, expenditures for path of travel improvements do not have to exceed 20% of the cost of building improvements to the altered dwelling units. For example, if building renovations to existing covered dwelling units cost \$100,000, at least \$20,000 has to be spent making the building or site more accessible.

The Winston-Salem City Council and Forsyth County Board of Commissioners both voted unanimously to adopt the Legacy 2030 comprehensive plan in November 2012. Legacy 2030 is built on ideas from numerous public meetings and will guide our community's growth for the next twenty years. Under the Legacy Plan, there are several areas that relate to the importance of community diversity and inclusion that can only exist once barriers to affordable and fair housing are removed. Specifically, such items in Chapter 1 of the Legacy Vision and Goals include:

Goal 12- A vibrant city center which is the focus of the economic and social life of our community, a center of civic, entertainment and cultural activities, and a symbol of community identity.

1. The Human Relations Department sponsors an International Row at the annual Rock the Block festival to ensure the inclusion of residents of various international backgrounds and cultures.

Goal 16- People of different races, ages, abilities, and incomes work together to overcome community problems, provide accessible resources to residents, and attain a high quality of life in Forsyth County.

The Human Relations Commission addresses this issue within the context of accessibility and the removal of stigmatizing barriers that can and often do serve as impediments and barriers to housing choice. Specifically, the Commission:

1. Enforces the local fair housing ordinance that ensures non-discriminatory treatment in all residential real estate transactions for all people based on someone's race, color, national origin, familial status, gender, religion, and disability.
2. Mediates disputes between landlords and tenants to offer a non-confrontational, informal way to resolve complaints and issues.
3. Administers the Limited English Proficiency Program to ensure that all residents have accessibility to local government resources, despite language barriers.
4. Sponsors programs that focus on bettering race relations and educating the public on various religious faiths in order to dispel misconceptions and stereotypes.
5. Analyzes impediments to fair housing by affirmatively furthering fair housing opportunities for all citizens through programs and outreach.
6. Works with the College Advisory Board and the Youth Advisory Council in order to ensure that people from the younger age demographic are included in overcoming community problems and are actively involved in local government.

Goal 17- Active and involved citizens and a responsive environment for citizen participation that promotes involvement in community affairs and contributes to the quality of life in our community.

The Human Relations Commission addresses this issue within the context of accessibility and the removal of stigmatizing barriers that can and often do serve as impediments and barriers to housing choice. Specifically, the Commission:

1. Works as a 13-member citizen volunteer board that is charged with recommending community programs that will encourage positive relationships amongst all people.
2. Employs three Specialists, including one bilingual Hispanic Outreach Specialist who is responsible involving Hispanic residents in outreach efforts and self-education.

Regional Efforts

From a regional perspective, the Piedmont Triad Regional Council and the Piedmont Triad Sustainable Communities Planning Project have missions and goals that can have direct influence and impact on fair housing opportunity and choice in Winston-Salem and Forsyth County.

Formerly the Northwest Piedmont Council of Government (NWPCOG), the Piedmont Triad Regional Council (PTRC) is a voluntary association of local governments - urban and rural - authorized by state law to:

- Make and implement joint regional decisions;
- Provide management, planning and technical services to local governments;
- Identify and solve short and long-term problems best addressed at the regional level;
- Bring together local elected officials on a regular basis, giving them an opportunity to form working relationships;
- Promote regional issues and cooperation among members.

Forsyth County is included as one of the sixteen volunteer counties included in the PTRC. The PTRC provides management, planning and technical services in specific service areas, including housing programs, regional planning and planning technical assistance, transportation planning, and workforce development. PTRC is a resource that serves as a valuable partner agency to city government. There is some overlap of the Neighborhood Revitalization Strategy and the Antipoverty Strategy. The Antipoverty Strategy ties together economic opportunity and neighborhood revitalization to pursue goals of job creation, wealth creation, workforce development, and social and physical development. A key point of the Antipoverty Strategy is that the City partners with other organizations, such as PTRC and Experiment in Self-Reliance, who are engaged in activities. Such activities include Workforce Development and the Individual Development Accounts program, which help people build income and wealth. These efforts relate to the Fair Housing Act in that both strategies often impact minorities and others who are historically impacted by unaffordable and limited housing opportunities.

The Piedmont Triad Sustainable Communities Planning Project is conducting a regional Fair Housing and Equity Assessment (FHEA) that complements the local Analysis of Impediments to Fair Housing information provided in this report. The Piedmont Triad Sustainable Communities Planning Project includes a housing component as a part of its initiative. One of the main objectives of its housing program is to meet future housing needs for all citizens by promoting fair housing practices in response to the livability principle by promoting equitable, affordable housing. Areas addressed are to include segregated housing patterns as well as housing affordability and choice, given the increasing number of manufactured homes. This is accomplished by coordinating five-year consolidated plans for CDBG entitlement communities, drafting outlines for local housing plans, aligning funding streams with housing needs and priorities, and emphasizing the needs to coordinate housing, employment and transportation choices. Building on the recently completed Regional Transit Development Plan (RSPD) that considered both urban and rural needs, the RSPD will more specifically address the jobs/housing/access to transit relationships. In this capacity, the housing component seeks to address outcomes of decreasing the overall combined housing and transportation cost per household and reduced social and economic disparities.

Private Sector

Private Sector lending policies and practices can also be barriers to fair housing. The city's Tandem Loan Committee represents city departments and major banking and lending institutions in Winston-Salem. From this group, reviews of lending policies and practices of the companies and organizations that are represented on the committee were valuable resources.

The Community Reinvestment Act (CRA) requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account a relevant depository institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.

An instance of a local major lender being reviewed for its community reinvestment efforts as well as its Home Mortgage Disclosure Act (HMDA) activities was Branch Banking and Trust (BB&T), which is based in Winston-Salem. This example serves to show the multiple levels of review which determine whether fair lending practices are being followed.

According to a Federal Reserve Board's 2006 press order: "Beginning January 1, 2004, the HMDA data required to be reported by lenders were expanded to include pricing information for loans on which the annual percentage rate (APR) exceeds the yield for U.S. Treasury securities of comparable maturity by 3 or more percentage points for first-lien mortgages and by 5 or more percentage points for second-lien mortgages. Although the preliminary 2005 HMDA data for BB&T's subsidiary banks and non-bank mortgage lenders indicate that a greater percentage of higher priced loans were made to African-American or Hispanic borrowers relative to non-minority borrowers, HMDA data provide an insufficient basis by themselves on which to conclude whether BB&T or its subsidiaries are excluding or imposing higher costs on any racial or ethnic group on a prohibited basis. The Board reviewed 2004 and preliminary 2005 HMDA data reported by BB&T's subsidiaries, including data for North Carolina."

HMDA data alone provide only limited information about the covered loans, specifically outreach efforts that may attract one community more than another, credit history problems, excessive debt levels relative to income, and high loan amounts relative to the value of the real estate collateral (reasons most frequently cited for a credit denial or higher credit cost) are not available from HMDA data. Furthermore, BB&T's records indicate that the institution takes steps to ensure compliance with fair lending and other consumer protection laws. It also has an internal second-review process for home loan applications that would otherwise be denied and regularly analyzes its HMDA data and disparities in its lending rates for select products and markets.

Finally, the Federal Reserve Board found that BB&T provides fair lending training to its lending personnel, including training to help ensure that loan originators consistently disseminate credit-assistance information to applicants. The Board also has considered the HMDA data in light of other information, including the CRA performance records of each of BB&T's subsidiary banks. Based on all the facts of record, the Board concluded that BB&T's established efforts and record demonstrate its commitment to meeting the credit needs of all facets of the community, as required under the Fair Housing Act.

A state-based organization, the Community Reinvestment Association of North Carolina (CRA- NC) was formed in 1986 as an advocate for change in the lending practices of financial institutions and to promote wealth building in minority and low-income communities. It works to eradicate predatory lending practices that strip the wealth from vulnerable neighborhoods and communities.

By challenging bank mergers, CRA-NC negotiated agreements with financial institutions that enabled more than \$40 billion directed through the Community Reinvestment Act to local low-income neighborhoods. CRA-NC worked with other local groups to help pass the 1999 North Carolina anti-predatory lending legislation. CRA-NC has produced a video and has launched a public education campaign to inform borrowers of excessive interest rates on their loans.

FAIR HOUSING ENFORCEMENT

Fair housing enforcement is the responsibility of the Winston-Salem Human Relations Commission (WSHRC). A review of WSHRC records from 2002-2007 shows a strong commitment to the elimination of illegal housing discrimination and to the promotion of fair housing choice. The Winston Salem Human Relations Commission has successfully continued its Fair Housing Assistance Program grant which is based on the Commission's investigating fair housing complaints as well as educating housing industry and the general public about fair housing laws.

The WSHRC has established an ongoing relationship with industry groups and routinely makes presentations and conducts workshops concerning fair housing for property managers, tenants, and the local Association of Realtors. The WSHRC has worked to develop the capacity of the local bar and legal services program by sponsoring and participating in Continuing Legal Education (CLE) programs regarding fair housing.

INFORMATIONAL PROGRAMS

Since 2001, the WSHRC has averaged 12 workshops or presentations per year to local community groups informing them of their fair housing rights under the law. Further, the WSHRC has run public service announcements and participated in other outreach activities to reach citizens and inform them of their rights. Specific programs include the Nexus TV Show on the local government channel and the Nexus Newsletter, both of which are produced quarterly. Furthermore, Human Relations has partnered with the Marketing and Communications Department and Neighborhood Services Department to produce an educational Spanish television show on the government channel in 2008. The show will inform Spanish speakers about the various services that are offered by city government. The goal is to foster a level of trust between government and Hispanic immigrants.

The WSHRC ordered a baseline audit to determine the level of discrimination in the Winston-Salem area in 1999. It plans to order another one in 2009. In the past, the WSHRC has also trained its own auditors for compliance testing. The enforcement statistics of the WSHRC Commission are equal to its peer agencies and superior to the Atlanta Regional HUD Enforcement Center.

VISITABILITY IN HOUSING

Visitability in housing is considered an extra effort beyond mere accessibility to housing, as required by the Fair Housing Act and the Winston-Salem Fair Housing Ordinance. More broadly, it should be considered in Universal Design, so that disabled citizens will be able to visit homes, not just businesses. According to HUD's model guidelines, although not a requirement, it is recommended that all design, construction and alterations incorporate, whenever practical, the concept of visitability **in addition** to the requirements under Section 504 and the Fair Housing Act. Visitability is a design concept, which for very little or no additional cost, enables persons with disabilities to visit relatives, friends, and neighbors in their homes within a community.

Visitability design incorporates the following in all construction or alterations, in addition to the applicable requirements of Section 504 and the Fair Housing Act, whenever practical and possible for as many units as possible within a development:

- Provide a 32" clear opening in all bathroom and interior doorways
- Provide at least one accessible means of egress/ingress for each unit.

Visitability also expands the availability of housing options for individuals who may not require full accessibility. It will assist project owners in making reasonable accommodations and reduce, in some cases, the need for structural modifications or transfers when individuals become disabled in place. Visitability will also improve the marketability of units. According to HUD, housing that is "visitable" has a very basic level of accessibility that enables persons with disabilities to visit friends, relatives, and neighbors in their homes within any community. Visitability can be achieved for little cost, with the use of the two simple design standards mentioned above.

HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates approximately \$2 billion among the States and hundreds of localities nationwide. The program was designed to reinforce several important values and principles of community development. In many cities, HOME funds are allocated to those who wish to make their residences or places of business visitable. At this time, the City of Winston-Salem encourages and welcomes HOME fund proposals that incorporate HUD's visitability standards into their design and construction features, but at this time the City does not make funding decisions based on whether visitability is a component. The City of Winston-Salem has implemented these concepts in all government-owned buildings and facilities. In many jurisdictions throughout the United States, private incentives are offered for public and private buildings to implement visitability to ensure people with disabilities have an option to receive integrated, community-based services.

ASSESSMENT OF CURRENT PUBLIC AND PRIVATE FAIR HOUSING PROGRAMS AND ACTIVITIES IN THE JURISDICTION

The Role of City Government in Fair Housing

The Winston-Salem Human Relations Department and Commission provide the voice and the opportunity for people to be afforded equal rights in their real estate transactions, including the buying and renting of their homes by enforcing the Fair Housing Act. The Department not only provides conciliation possibilities for citizens to work out their alleged housing discrimination complaints, but it also conducts investigations into discrimination allegations. Upon the completion of the investigations, a final determination is made by the Director to decide whether there is reasonable cause to believe discrimination has taken place. If reasonable cause is determined, the parties are advised and the City Attorney's Office will take over the case. If reasonable cause is not determined, the parties are advised that there appears that no discrimination occurred. Despite the determination, the parties always have the right to pursue the matter with their own personal attorneys through a court of law.

The Human Relations Department and Commission also provide mediation for landlords and tenants regarding disputes and concerns about their rights as mandated by North Carolina General Statute Chapter 42. While the Department staff does not have the jurisdictional authority to enforce the landlord/tenant mediation agreements, many citizens have found that such mediation agreements are very helpful to them in resolving their landlord/tenant issues.¹²

The final major function of the Department and Commission is to encourage and promote positive community and cultural relations throughout the city. The Department staff promotes interpersonal relations and interactions amongst its citizens by providing various town hall meetings, roundtable discussions, and other community events that promote and celebrate the theme of cultural diversity.

¹² City of Winston-Salem Human Relations Department, 2007.

In 1968, the City of Winston-Salem also established its local Fair Housing Ordinance. As such, the ordinance is substantially equivalent to the Federal Fair Housing Act administered by the U.S. Department of Housing and Urban Development (HUD). In 1975, the Winston-Salem Human Relations Commission was established as an advisory board by city ordinance by the Board of Aldermen (now the "City Council"), pursuant to the provisions of G.S. 160A-492. The duties of the commission were established to:

- (1) Study problems of discrimination in any or all fields of human relationship and encourage fair treatment and mutual understanding among all ethnic groups in the city;
- (2) Promote equality of opportunity for all citizens;
- (3) Provide channels of communication among all ethnic groups;
- (4) Encourage the employment of qualified people of all ethnic groups;
- (5) Encourage youth to become better trained and qualified for employment opportunities;
- (6) Anticipate and discover those practices most likely to create animosity and unrest among racial and ethnic groups and by consultation seek a solution as these problems arise or are anticipated;
- (7) Hold such meetings as the commission may deem necessary or proper to assist in carrying out its functions;
- (8) Make recommendations to the city council for action it deems necessary for the furtherance of harmony among racial and ethnic groups in the city;
- (9) Perform duties consistent with general law as may be assigned from time to time by the city council;
- (10) Perform such other duties as necessary to enforce the powers assigned it in accordance with Article IV, the Fair Housing Ordinance of the City of Winston-Salem, of Chapter 38 of the City Code; and
- (11) Facilitate partnerships with fair housing and cultural community organizations to further the purpose of the commission.

The nature and the extent of its policies and programs are determined and set by the commission and shall be implemented within accepted policies and procedures of the city.

In 1978, the Human Relations Department was established. The Department was staffed to enforce the jurisdictional authority of the Human Relations Commission. Shortly thereafter, the city established a formal cooperative agreement with HUD, for the Human Relations Department staff to enforce fair housing laws in Winston-Salem under the city's ordinance by sharing funding for processing, investigating, and disposing of housing discrimination complaints filed within the city limits of Winston-Salem, with the exception of complaints filed by complainants against public housing agencies (W-S Housing Authority or tax credit property). In these cases, HUD has original jurisdiction, but may refer the complaint back to the Department for investigation and disposition.

The number of housing discrimination and landlord-tenant complaints received by the commission rose from 214 in 2003-04 to 483 in 2004-05, the last year in which complete figures are available.¹³ The number of cases that resulted in full-fledged investigations tripled from five in 2003-04 to 15 in 2004-05.¹⁴ The majority of the complaints that the commission receives are settled through mediation.

TYPES OF DISCRIMINATION FACED BY PROTECTED CLASS MEMBERS

RACE/ COLOR

AFRICAN-AMERICANS

Race

The greatest impediment to fair housing choice for African-Americans is residential segregation and the economic disparities that foster it. A recent study conducted by the University of Minnesota suggests "residential segregation is an example of a negative constraint for the access to housing markets of African Americans which, in turn, hampers their ability to accumulate wealth.

Based on the Human Relations Department's caseload over the past ten years, there is a strong perception of housing discrimination based on race. This perception is based on incontrovertible data that reflect the fact that the majority of housing discrimination cases filed during these recent fiscal years were filed based, at least in part, on race. For instance, from July 2002-June 2011, approximately 45% of all fair housing complaints included race as a basis for discrimination. Most of the race-based cases were filed by African-Americans.

In response to the trending data, in the fiscal year 2011-2012, the Winston-Salem Human Relations Department conducted "Phase One" of fair housing test audits within Winston-Salem to determine the level and type of discrimination faced by African-Americans in the Winston Salem/Forsyth rental market 1999. "Testing" or auditing, is a simulated search technique, which is used to obtain comparative data on differential treatment. It is a process that has been accepted by the courts, the U.S. Department of Justice and the U.S. Department of Housing and Urban Development. Testing team partners are sent, at closely spaced intervals, to seek information about apartment availability. In general, testers are assigned identical characteristics, except for income, in the race and national origin tests, which, by design, is more favorable for the protected tester -- thus presenting him or her as the more qualified applicant under generally accepted industry standards. In familial status tests, testers are assigned identical characteristics except for the number of children.

The protected classes of persons that were tested during the 2011-2012 test cycle focused on race and national origin. These classes were selected because they were the most frequent complaints filed during the most immediate ten-year period. The sites selected for auditing were chosen based on the frequency of filed complaints against particular apartment complexes, property managers, or property owners over a ten-year period. In the most recent testing audits, approximately 30% of testing results suggested that discrimination could have occurred. By contrast, in test audits conducted in Winston-Salem and Forsyth County in 1998-99 by the North Carolina Fair Housing Center, African Americans experiences significant

¹³ Winston-Salem Journal, "Summit puts Focus on Housing Problems." April 21, 2006

¹⁴ Ibid.

levels of discrimination 48% of the time. In 22% of the audits conducted, the African-American tester was either steered or offered fewer favorable terms and conditions than the white tester. In one test, the White tester was “advised” of the racial make-up of the apartment complex. The national trend indicates that 32.4% of all fair housing complaints filed are based on race.¹⁵

Although not tested during Phase One of testing, there is strong statistical evidence, supported by past limited testing evidence, that African-Americans experience a significant level of possible discrimination by lenders. African-Americans lack access to capital by commercial banks and financial institutions. Subprime and predatory lenders then target these same communities with high cost products. African-Americans are disproportionately located in the subprime market. When all factors other than race are excluded, it appears that at least 30% of African-Americans in the subprime market are “A” borrowers and are entitled to significantly lower interest rates.

In 2011, the FFIEC reported 3,125 applications received for conventional home-purchase loans in the amount of \$512,456.00. Of the 3,125 applications received, 493(15.8%) were denied, and 536 (17.2%) were either: approved but not accepted, withdrawn, or closed as a result of incomplete files.

Of the 3,125 applications originally received, almost a quarter (82%) came from White borrowers, with 5.7 percent attributed to African-American borrowers, and the rest distributed among other races. This trend continued with Whites accounting for 84.3 percent of loans originated, and African-Americans accounting for 4.4 percent. The distribution of races borrowing has changed since 2005. The percentage of white people applying for loans has increased on average of about 5% and the percentage of blacks applying for loans has decreased almost 8%. This pattern changes, however, when looking at application denials. White borrowers accounted for 73.4 percent of all conventional home-purchase loan application denials, while African-Americans accounted for 12.6 percent. FFIEC data indicates that African-American borrowers incurred a 34.8 percent denial rate, while only 14.1 percent of White borrowers were denied loans. This suggests that African-Americans were turned down for conventional home-purchase loans over twice as much as Whites.

Disposition of Applications for Conventional Home-Purchase Loans by Race, Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other¹	\$000's
Native American	16	1044	2	417	4	290	2	337
Asian	42	7324	34	6382	4	361	4	581
Black	178	22635	92	13172	62	6849	24	2614
Pacific Islander	2	188	1	170	1	18		
White	2564	428,788	1751	311971	362	44322	440	72,495
2+ Minority Races	1	612	1	612				
Joint (White/Minority)	28	6239	16	3803	7	963	5	1473
Race N/A	294	45,626	180	31289	53	7126	61	7211
Total	3,125	512,456	2,077	366,816	493	59,929	536	84,711
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

¹⁵ The National Fair Housing Alliance, 2012.

As a result, it is the goal of the Human Relations and Housing and Neighborhood Development Departments to create a position that will be, in part, responsible for investigating subprime and predatory lending complaints in addition to other fair housing investigating and outreach.

Applications Received for FHA, FSA/RHS, and VA Home-Purchase Loans

In 2011, a total of 2,036 FHA, FSA/RHS, and VA Home-Purchase loan applications were received in the Winston-Salem MSA (FFIEC). 74.7 percent (1520) of all total loan applications received came from White adults, in comparison with 15.5 percent (315) from Black residents. Of total applications received, 34 percent were submitted by males, 33 percent by females, and 29 percent were submitted jointly. In addition, roughly 4.3 percent were submitted by people identifying themselves as Hispanic or Latino, and 88 percent were submitted by those identifying themselves as Non-Hispanic/Latino. Of the 2,036 total applications received, by far the greatest proportion was 33.4 percent (681) submitted by those in the income bracket of 50-79 percent of the MSA’s median income of \$55,064. The second most applications received were by those under the median MSA income, (455) 22.3 percent. The total loan amount requested in the application process was approximately \$261,270,000. The following table breaks down the applications received by race:

FHA, FSA/RHS, and VA Home-Purchase Applications by Race, Winston-Salem MSA, 2011		
	Applications Received	\$000's
Native American	2	210
Asian	15	2,105
Black	315	38,716
Pacific Islander	2	185
White	1,520	195,649
2+ Minority Races	2	239
Joint (White/Minority)	19	2,831
Race N/A	161	21,335
Total	2,036	261,270

Source: Federal Financial Institutions Examination Council

Loans Originated for FHA, FSA/RHS, and VA Home-Purchase Loans

The FFIEC documented a total of 1,431 loans (around 70.3% of all applications received) in the amount of \$187,753,000 originating in 2011. Of that total, 77.5 percent (1109) were from White borrowers, and 14.1 percent (202) came from African-American borrowers. These rates are consistent with the statistical stratifications of applications received. Loans originated by race are profiled in the table below.

Loans Originated for FHA, FSA/RHS, and VA Home-Purchase Loans by Race		
Winston-Salem MSA, 2011		
	Loans Originated	\$000's
Native American	1	135
Asian	10	1319
Black	202	25,177
Pacific Islander	2	185
White	1,109	145,833
2+ Minority Races	1	114
Joint (White/Minority)	14	2063
Race N/A	92	12,927
Total	1,431	187,753
Source: Federal Financial Institutions Examination Council		

The pattern of correlation repeats itself when looking at gender. In 2011, 34.6 percent (495) loans originated from male borrowers, 31.2 percent (447) from female borrowers, and 30.5 percent (436) originated jointly. Accordingly, 4.3 percent (59) of loans originated from the Hispanic/Latino population, while 89.4 percent (1280) originated from non-Hispanic borrowers. We can thus ascertain that there is no discernable bias in the transformation from application to origination on the basis of strictly gender or ethnicity alone.

Denials for FHA, FSA/RHS, and VA Home-Purchase Loans

Of the 2,036 loan applications originally received in 2011, 241 (11.8%) were denied overall, 67.6 percent (163) of the loan denials were given to White borrowers, 19.1 percent (46) to African-Americans, and over 11.2 percent (27) could not be identified with race. This indicates a slight proportional shift, as loans are denied to African-Americans at a slightly higher increment when compared to the rate of applications received, and loan origination. Conversely, application data for White borrowers suggests a decrease in denials in proportion to applications received and loans originated.

Disposition of Applications for FHA, FSA/RHS, and VA Home-Purchase Loans by Race				
Winston-Salem MSA, 2011				
	Applications Denied	\$000's	Other¹	\$000's
Native American			1	75
Asian	2	364	3	422
Black	46	5,621	67	7,918
Pacific Islander				
White	163	18864	248	30,952
2+ Minority Races	1	125		
Joint (White/Minority)	2	321	3	447
Race N/A	27	26,267	42	5,141
Total	219	51,562	364	44,955
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness				
Source: Federal Financial Institutions Examination Council				

Males experienced a higher rate of application denials (40.6%), than either females (39.7%), or joint couples (24.7%). In terms of ethnicity, the Hispanic/Latino population experienced an 8.2 percent (18) denial rate, while those not identified as being of Hispanic or Latino ethnicity suffered a 92.2 percent (202) denial rate. Those of Hispanic ethnicity incurred 18 denials (8.2%) out of the 219 total denials, while the non-Hispanic population accounted for the other 92.2% or 202 denials. And 40.1 percent (88) of all applications denied were incurred by the population below the median income level for the MSA. The following table illustrates the great demand for home loans concentrated below the median income level of \$55,064.

Disposition of Applications for FHA, FSA/RHS, and VA Home-Purchase Loans by Income								
Winston-Salem MSA, 2011								
% of AMI	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other¹	\$000's
< 50%	458	39,387	276	24,587	88	7,300	91	7500
50-79%	681	78,090	497	57351	71	7932	113	15815
80-99%	312	43728	223	31035	33	4927	56	7766
100-119%	196	28965	141	21018	15	2585	40	5362
120%+	345	63798	255	47389	31	5571	59	10830
Total	1992	253968	1,192	181380	238	28315	359	47273
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
AMI is Area Median Income for the Metropolitan Statistical Area								
This chart compiles totals of each race								
Source: Federal Financial Institutions Examination Council								

Others

Roughly 17.9 percent (364) of total loans originated valuing \$44,955,000 did not make it through to completion for a variety of reasons. The three reasons given for these terminations are 1.) The application was approved but not accepted; 2.) The application was withdrawn; 3.) The file was closed for incompleteness.

Disposition of Applications for Home Improvement Loans

In 2011, the FFIEC reported 799 home improvement loan applications received in the amount of \$45,605,000. Furthermore, 37.5 percent (330) of the applications were denied, and 12.2 percent (98) were either: approved but not accepted, withdrawn, or closed for incompleteness.

Of the 799 home improvement loan applications received, 75.6 percent (604) came from White borrowers, 14 percent (112) came from African-American borrowers, and 1.8 percent (14) came from borrowers of other racial backgrounds (Asian, Pacific Islander, multi-racial). In addition, 8.4 percent (67) of the applications received could not be determined by racial background.

Disposition of Applications for Home Improvement Loans by Race								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other¹	\$000's
Native American	2	18			2	18		
Asian	4	84			4	84		
Black	112	3240	33	1340	70	1524	9	376
Pacific Islander	2	18			2	18		
White	604	37954	307	25289	220	6382	77	6283
2+ Minority Races								
Joint White/Minority	2	21	1	218	1	3		
Race N/A	67	3868	28	1633	27	1584	12	651
Total	793	45201	369	28480	326	9613	98	7310
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

Of the applications received, White non-Hispanic borrowers applied for home improvement loans at a rate of over 3:1 when compared with other minority groups. In addition, White non-Hispanic borrowers incurred both a significantly lower denial rate (35.3 %) than other minority groups (60.5%), as well as a higher loan origination rate (61.8%) than other minority groups (52.3%).

Disposition of Applications for Home Improvement Loans by Minority Status								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other¹	\$000's
White Non-Hispanic	564	36790	295	24832	199	5931	70	6027
Male	177	10218	74	5861	79	2531	24	1826
Female	149	6530	74	5861	59	1154	16	878
Joint	238	20042	147	14473	61	2246	30	3323
Others, Including Hispanic	157	4624	27	2088	95	1961	15	575
Male	70	1651	18	746	45	607	7	298
Female	55	1314	13	480	37	733	5	101
Joint	31	1649	16	862	12	611	3	176
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

Of the applications received, White non-Hispanic borrowers applied for home improvement loans at a rate of over 2:1 when compared with other minority groups. In addition, White non-Hispanic borrowers incurred both a significantly lower denial rate (33.9%) than other minority groups (48.3%), as well as a higher loan origination rate (46.6%) than other minority groups (31.1%).

Note that 4.1 percent (799) of the home improvement applications received in 2011 came from the Hispanic sector. Conversely, nearly 85.9 percent (687) of the applicants were not of Hispanic/Latino ethnicity, and 9.6 percent (77) of the data could not be related to ethnicity. 4.1 percent (33) of the total originations were borrowers of Hispanic/Latino descent, while 85.9 percent (687) were not of Hispanic/Latino ethnicity. 5.2 percent (17) of the total loan denials were denied to those of Hispanic/Latino descent, while 83 percent (274) were not of Hispanic/Latino ethnicity.

Within each respective ethnic group, those of Hispanic/Latino ethnicity incurred a 30.3 percent origination rate and a 51.5 percent denial rate. Comparatively, those of non-Hispanic/Latino ethnicity incurred a 48.3 percent origination rate and a 39.9 percent denial rate. Overall, the total origination rate was 46.4 percent and the denial rate was 41.3 percent.

Disposition of Applications for Home Improvement Loans by Ethnicity								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other¹	\$000's
Hispanic or Latino	28	2344	13	1093	10	688	5	563
Not Hispanic or Latino	889	87905	502	50682	238	21248	149	15975
Joint	6	377	3	243	2	102	1	32
Data N/A	195	25431	121	17398	40	4177	34	2856
Total	1118	116057	639	69416	290	26215	34	3856
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

Disposition of Applications to Refinance Homes (Winston-Salem MSA)

In the Winston-Salem MSA, the FFIEC reported 12,095 applications (in the amount of \$1,839,171,000) received to refinance home loans in 2011. Of the applications received, 77.5 percent (9,373) were generated by the White population, 8.9 percent (1,085) came from the African-American population, and the rest were dispersed among the other races with 11.1 percent (1,351) of the data unavailable by race.

Of the 12,095 applications received, 50.2 percent (6,801) originated, with White borrowers comprising 26.1 percent (1,772) of the originations, and African-American borrowers comprising 6.3 percent (428) of the total originations. 7.6 percent (517) of the origination data was not available by race.

21.6 percent (2,617) of the applications were denied, with White borrowers comprising 67.7 percent (1,772) of the total denials, and African-Americans comprising 15.4 percent (403) of the total denials. 14.2 percent (371) of denial data was not available by race.

Racially, White borrowers had both the highest origination rate (60.8%) and the lowest denial rate (18.9%). In comparison, African-Americans had an origination rate of 39.4 percent and a denial rate of 37.1 percent. Overall, the origination rate was 56.2 percent, and the denial rate was 21.6 percent.

Disposition of Applications to Refinance Loans by Race								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other ¹	\$000's
Native American	28	2856	9	951	14	1447	5	458
Asian	142	24300	85	15133	33	5033	24	4134
Black	1085	133186	428	55761	403	45111	254	32314
Pacific Islander	21	2709	11	1706	7	699	3	304
White	9373	1455515	5703	884556	1772	266183	1898	304776
2+ Minority Races	4	433			2	200	2	233
Joint White/Minority	91	15814	48	8186	15	2951	28	4677
Race N/A	1351	204358	517	82673	371	51347	463	70338
Total	12095	1639171	6801	1048966	2617	372971	3190576	417235
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

Of the 12,095 refinancing applications received in 2011, the FFIEC reports that 86.3 percent (10,433) of the applicants were identified as *non*-Hispanic/Latino, while 2.6 percent (312) were of Hispanic or Latino ethnicity. Furthermore, less than one percent (98) of potential borrowers were considered of joint ethnicity, and 10.3 percent (1,252) were not identified by ethnicity.

Of the 6,801 refinancing loans that originated in 2011, 90.1 percent (6,131) belonged to the non-Hispanic/Latino category, while less than 1.8 percent (121) were dispersed to Hispanics or Latinos. Moreover, White borrowers incurred 82.2 percent (2,153) of the total 2,617 loan denials, while the Hispanic/Latino sector incurred 4.2 percent (110) of total refinancing loan denials in 2011.

Within their respective ethnicities, the Hispanic/Latino group received both the *highest* loan denial rate (35.2%) as well as the *lowest* loan origination rate (38.8%). By comparison the non-Hispanic/Latino population incurred an origination rate of 58.8 percent, as well as a denial rate of 20.6 percent. Overall, the total origination rate was 56.2 percent, and the denial rate was 21.6 percent.

Disposition of Applications to Refinance Loans by Ethnicity								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other ¹	\$000's
Hispanic or Latino	312	38224	121	16762	110	11869	81	9593
Not Hispanic or Latino	10433	1590784	6131	943196	2153	309546	2149	338042
Joint	98	17495	63	10824	17	3654	18	3017
Data N/A	1252	1926688	286	78184	337	47902	429	66582
Total	12095	3573191	6601	1048966	2617	372971	2677	417234
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

Disposition of Loan Applications in Forsyth County

FHA, FSA/RHS & VA

According to the FFIEC, 71.3 percent (1,107) loans in the amount of \$157,919,000 were originated from 1,552 FHA, FSA/RHS and VA home-purchase loan applications in Forsyth County for 2011. 8.6 percent (98) of the loan applications were denied, while the rest were withdrawn, closed for incompleteness, or approved but not accepted.

Conventional

The FFIEC reported out of 2,426 conventional home-purchase loan applications received in 2011, 69.9 percent (1,695) were originated, while 13.7 percent (332) were denied. Furthermore, 16.4 percent (399) were either: withdrawn, closed for incompleteness, or approved but not accepted. The following table illustrates the disposition of home-purchase loan applications in Forsyth County in 2011:

Disposition of Home-Purchase Loan Applications				
Forsyth County, 2011				
	FHA, FSA/RHS & VA		CONVENTIONAL	
	Number	\$000's	Number	\$000's
Loans Originated	1107	157,919	1,695	307,334
Approved, Not Accepted	45	6,167	134	20,777
Denied	163	19,798	332	46,592
Withdrawn	206	26,596	222	37,708
Closed for Incompleteness	31	3,724	43	6,856
TOTAL	1,552	214,204	2,426	419,267
Source: Federal Financial Institutions Examination Council				

Refinancing

In 2011, the FFIEC reported 9,189 loan applications received for refinancing in Forsyth County in the amount of \$1,408,027,000. Of these applications received, 55.5 percent (5,101) were originated, while 16.3 percent (1,948) were denied. Of the rest, 23.3 percent (2,140) were either: withdrawn, closed for incompleteness, or approved, but not accepted.

Disposition of Refinancing Loan Applications		
Forsyth County, 2011		
	Number	\$000's
Loans Originated	5,101	813,596
Approved, Not Accepted	498	61,600
Denied	1,948	272,046
Withdrawn	1,195	188,588
Closed for Incompleteness	447	72,197
TOTAL	9,189	1,408,027
Source: Federal Financial Institutions Examination Council		

Denial of Applications for FHA, FSA/RHS, and VA Home-Purchase Loans—Winston-Salem MSA

The FFIEC identified 249 FHA, FSA/RHS, and VA Home-Purchase Loans loan denials in the Winston-Salem MSA in 2011. Of the 249 denials, 39 (15.7%) of these loans were denied to African-Americans, while 180 (72.3%) of White borrowers were denied loans. Additionally, 4 (1.6%) loans were denied to those of other races, and 25 (10%) loan denials could not be associated with the borrower's race.

Reasons for Denials

Of the 249 denials, 46 (18.5%) loans were denied due to debt-to-income ratio, 15 (6%) due to employment history, 65 (26.1%) due to credit history, 42 (16.9%) due to collateral issues, 17 (6.8%) due to insufficient cash, 16 (6.4%) due to unverifiable information, 9 (3.6%) due to incomplete credit applications, and 34(13.7%) due to unspecified other reasons. It is clear that credit history is the greatest obstacle to obtaining these kinds of home-purchase loans.

Race

Data shows that 44 percent (17) of African-American borrowers were turned down because of credit history issues, while 18 percent (7) were denied as a result of debt-to-income ratio. The remaining 38.5 percent (15) of Blacks were denied as a result of various other reasons. Comparatively, 36 percent (37) of White borrowers were turned down because of credit history issues, while 16 percent (16) were denied as a result of debt-to-income ratio.

Ethnicity

The data also shows that 19 (7.6%) of the 249 loan denials were incurred by people of Hispanic or Latino ethnicity. Of these denials, 16 percent (3) were directly linked to credit history problems and 37 percent (7) as a result of debt-to-income issues.

Minority Status

It is also seen that 27.3 percent (68) of all denials were incurred by minorities. In addition, 34 percent (23) of minorities in the MSA were denied because of credit history issues, while 22 percent (15) were denied due to debt-to-income ratios.

Denial of Applications for Conventional Home-Purchase Loans

Race

In 2011, the FFIEC reported 404 conventional home-purchase loan application denials in the Winston-Salem MSA. Of these 404 denials, 301 (74.5%) were denied to White borrowers, and 51 (10.1%) were denied to Blacks. In addition, 8(1.9%) loan applications were denied to borrowers of other races (Asian, Pacific Islander, American Indian), while 6 (1.5%) were denied to borrowers of joint (White/Minority) race. Finally, 38 (9.4%) denials could not be associated with race.

Of the 301 conventional home-purchase loan application denials incurred by White borrowers, 88 (29%) were due to credit history, 42 (14%) were due to collateral issues, and 67 (22%) were due to debt-to-income ratio. These were the primary issues that prevented White borrowers from obtaining these types of loans. However, other issues such as employment history, insufficient cash, unverifiable information, and

incomplete applications, played a lesser role. The most significant obstacles faced by Black borrowers were: credit history (29%), and debt-to-income ratio (20%).

Ethnicity

Hispanic or Latino borrowers accounted for 34 (8.4%) of the 404 denials. Of the denials by ethnicity, Hispanic/Latino borrowers were mainly denied due to: credit history (26%), collateral (18%), and debt to income ratio (24%). Non-Hispanic/Latino borrowers made up 332 (82.2%) of the total denials, and were denied mainly as a result of credit history (28%) and debt-to-income ratio (21%).

Minority Status

65.6 percent of conventional home-purchase loans were denied to White non-Hispanic borrowers, mainly because of credit history (28%), debt-to-income ratio (22%), and collateral (14%). Comparatively, minorities constituted 25.2 percent of conventional home-purchase loan denials, mainly due to credit history (28%), and debt-to-income ratio (22%).

Denial of Applications for Home Improvement Loans

In 2011, the FFIEC reported 408 home improvement loan applications denied in the Winston-Salem MSA. Of these denials, 271 (66.4%) were incurred by White borrowers; 87 (21.3%) by African-American borrowers; 16 (3.9%) by other races; and 34 (8.3%) not available by race.

Across the board, credit history was the biggest reason for home improvement loan application denials. Among the races, both Black borrowers were denied at a rate of 61% due to credit history while White borrowers were denied at a rate of 52% due to credit history. Similarly, both female and joint borrowers experienced a 55% denial rate (males had a 54% denial rate) due to their credit history. Borrowers of all income levels incurred a denial rate in the 40s or above due to credit history. Credit history played the biggest role in home improvement loan application denials.

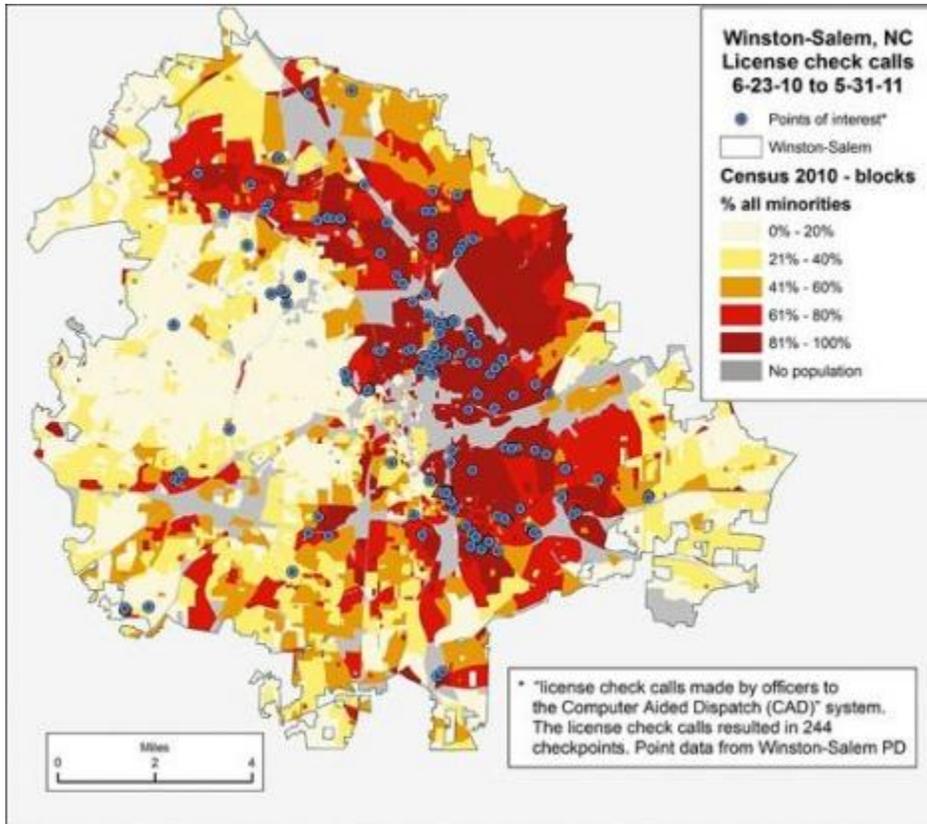
Denial of Applications to Refinance Loans – Winston-Salem MSA 2011

In 2011, the FFIEC reported 2,419 applications to refinance loans on 1 to 4- families and manufactured homes were denied in the Winston-Salem MSA. Of these 2,419 denials, 354 (14.6%) were incurred by African-American borrowers, and 1,682 (69.5%) were incurred by White borrowers. Furthermore, 310 (12.8%) could not be determined by race, and 71 (2.9%) were incurred by other races (including: American Indian, Asian, Pacific Islander, and multi-racial). Minorities (including Hispanics) incurred 531 (21.9%) denials, while White non-Hispanic borrowers experienced 1,568 (64.8%) application denials.

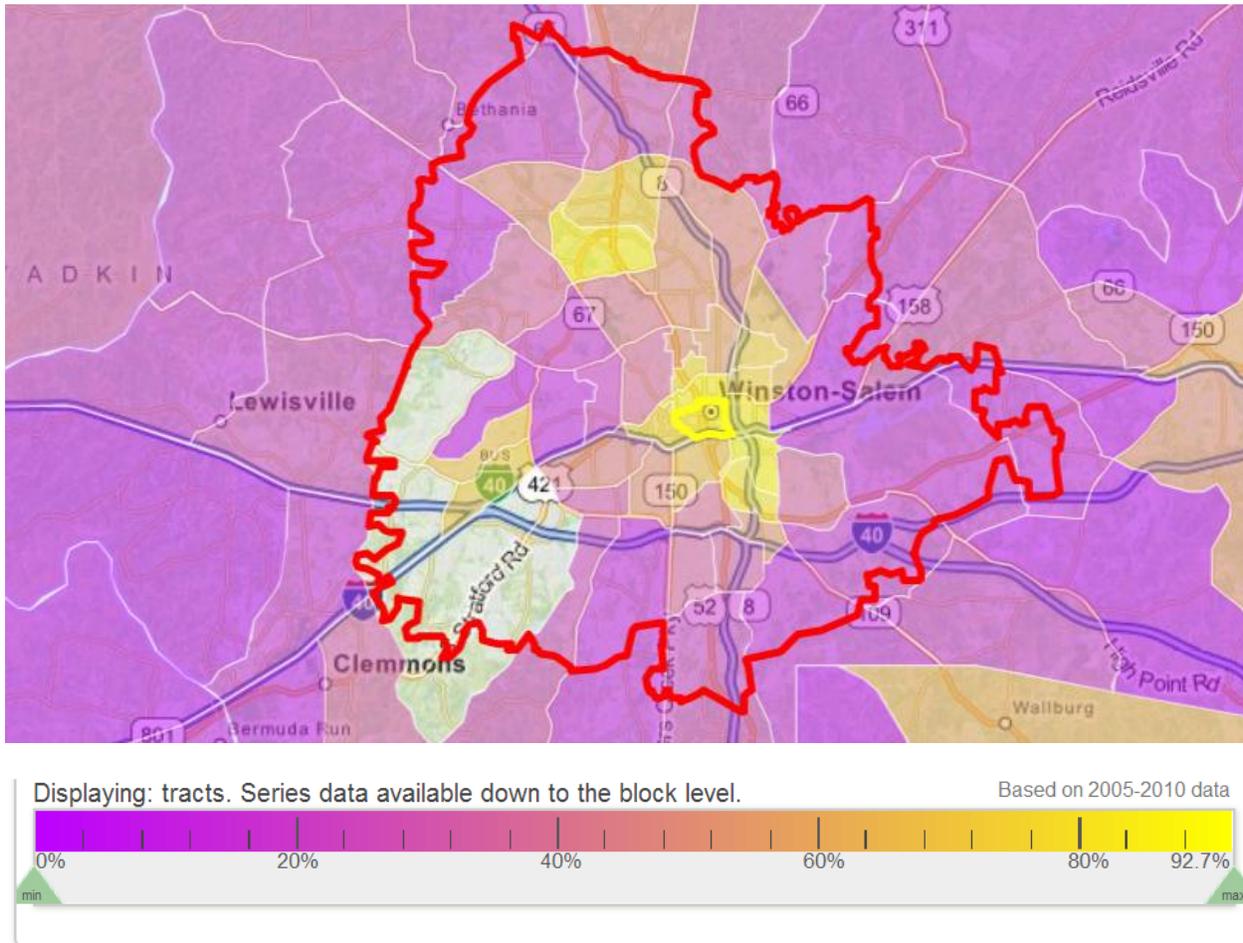
Summary of Reasons for Denial Rates

<u>Credit History</u>	<u>Debt-to-Income Ratio</u>	<u>Collateral</u>
Black/African-American- 29%	Black/African-American- 20%	Black/African-American- 8%
White- 29%	White- 22%	White- 14%
Hispanic/Latino- 26%	Hispanic/Latino- 21%	Hispanic/Latino- 18%
Non- Hispanic/Latino- 28%	Non- Hispanic/Latino- 21%	Non- Hispanic/Latino- 14%

***Winston Salem, Forsyth County Minority Population**



***Winston Salem, Forsyth County Renting Population**



Source: City-Data

NATIVE AMERICANS

The North Carolina Fair Housing Center conducted a survey of Native Americans through their tribal councils. Native American leaders were concerned that current methodologies would not capture a lot of their complaints because they are often listed as "other".

Native Americans may experience COLOR discrimination. Native Americans are often mistaken for persons of Middle Eastern descent or for Hispanics and are treated differently because of their color.

ASIANS

There are no reported cases where race alone was a factor for Asians. Most Asians filed complaints on the basis of their National Origin. There is no statistical evidence that indicates Asians are discriminated against by lenders.

RELIGION

During the past two decades, North Carolina, once commonly referred to as the heart of the Bible Belt, has experienced a growing diversity in religions and religious expression. This influx of new religions and cultures serves as a ripening basis for housing discrimination based on religion.

Winston-Salem has a growing population of the Islamic faith. Since the tragedy of September 11, 2001, members of the Islamic faith continue to report being subjected to unfair treatment and stereotyping in all social aspects of their lives. As the result of interfaith programming efforts by the Human Relations Department, staff has learned that many Muslims are continuously categorized as terrorist members of the extremist Al-Qaeda. This type of stereotyping continues to increase as the national “War on Terror” continues. Based on the housing discrimination caseload, none of these incidents were housing related or in Forsyth County.

The emerging presence of eastern religions continues to be relatively new for the majority of Winston-Salem residents. Over the past couple of decades, the prevailing eastern religion with which most residents are familiar is the Greek Orthodox faith. During the past several years, however, a burgeoning Ethiopian Orthodox population has grown significantly in Winston-Salem and the Triad at large. The Human Relations Department has conducted community outreach in order to educate the public about the differences in eastern religion and cultures. The hope is to thwart instances of housing discrimination based on religion.

The Human Relations Commission has received a number of inquiries and requests for technical assistance from housing providers around various rituals and requirements of tenants of certain religious affiliations. Many housing providers have adopted religious accommodation policies and procedures in an effort to address these issues. During the past ten years, the Human Relations Commission has received only one fair housing complaint based on religion, which constitutes less than 1% of total case load. Nationally, the trend is that 2.9% of all fair housing complaints are based on religion.¹⁶

As the eastern practice of feng shui continues to become popular in the United States, including Winston-Salem, more homebuilders are faced with accommodating homebuyers who wish to build houses based on the principals of feng shui. For many homebuyers, these principals have eastern religious roots. In contrast, some tenants wish to live in apartments or houses facing certain directions. Many Realtors and property managers in the Triad area have begun carrying compasses to accommodate these persons.

SEX

Housing discrimination complaints filed with the Human Relations Department often list sex, or gender, as a basis for discrimination in conjunction with another protected class. The most frequently protected class that is coupled with sex discrimination is race discrimination. In the majority of the cases, females who are African-American are filing these complaints.

The Human Relations Commission has noted that 18% of fair housing cases are based on sex discrimination. Although this number appears to be relatively low, current trends indicate a significant increase in the number of single female-headed households in Forsyth County. As this trend continues,

¹⁶ The National Fair Housing Alliance, 2012.

sex discrimination is likely to develop as a significant barrier to housing choice. The national trend for fair housing complaints based on sex/gender is 11.3%.¹⁷

Conventional home-purchase loan applications were distributed fairly evenly between males (29.6%), females (23.7%), and joint-couples (46.7%). Females constituted roughly a quarter (22.3%) of loans originated, while males accounted for 28.2 percent and joint borrowers 49.5 percent. However, males made up a higher proportion (36.2%) of application denials than both females (27.8 %) and joint borrowers (35.9%). This data is indicated in the following table:

Disposition for Conventional Home-Purchase Loans by Gender								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other ¹	\$000's
Male	862	130,800	548	91,736	168	18,788	143	20,276
Female	692	81,089	434	55,282	129	11,577	129	14,230
Joint Male/Female	1,360	269,578	961	198,917	167	25,926	232	44,735
Total	2,914	481,467	1,943	345,935	464	56,291	503	79,241
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

Of the home improvement loan applications received in 2011, 33.8 percent (252) came from male borrowers, 28.9 percent (215) came from female borrowers, and 37.3 percent (278) from joint (male/female) borrowers. Of the total loans that originated, males accounted for 26.4 percent (93), females for 26.1 percent (92), and joint borrowers for 47.4 percent (167). Of the total loans that were denied, males accounted for 45.3 percent (128), females for 32.9 percent (100), and joint borrowers for 25 percent (76).

Within each respective gender, females incurred the *lowest* origination rate (26.1%) while males incurred the *highest* denial rate (45.3%). Conversely, joint borrowers incurred the *highest* origination rate (47.4%) as well as the *lowest* rate of loan denials (25%).

Disposition of Applications for Home Improvement Loans by Gender								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other ¹	\$000's
Male	252	11,642	93	6,667	128	3,411	31	2,124
Female	215	8,352	92	5,214	100	2,002	31	1,136
Joint Male/Female	278	22,326	167	15,606	76	3,053	35	3,667
Total	745	42,320	352	27,487	304	7,466	97	6,927
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

Refinancing by gender showed that 27.4 percent of all applications received came from male borrowers, 22.6 percent from females, and 50 percent from joint (male/female) borrowers. Furthermore, males comprised 24.8 percent of all loan originations, while females made up 20.5 percent, and joint borrowers 54.7 percent. Male borrowers comprised 31.4 percent of all loan denials, while females made up 26.4

¹⁷ Ibid

percent, and joint borrowers 42.1 percent. Within each gender grouping, joint borrowers accrued both the highest origination rate and the lowest denial rate.

Disposition of Applications to Refinance Loans by Gender								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other ¹	\$000's
Male	3,081	461,826	1,602	245,852	749	105,612	730	110,362
Female	2,549	302,186	1,321	155,663	630	73,289	623	72,234
Joint Male/Female	5,633	944,598	3,535	590,686	1,003	164,044	1,065	189,868
Total	11,263	1,708,610	6,458	992,201	2,382	342,945	2,418	372,464
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

NATIONAL ORIGIN

Language and culture serve as significant barriers to housing opportunity for persons of Hispanic/Latino background. Many Latinos come from countries where there was very little trust in government and there were often negative consequences for going to government agencies for assistance. This suspicion causes many victims of illegal discrimination to shy away from reporting violations to appropriate agencies. Language also serves as a significant barrier for many Hispanic/Latinos who have difficulty in understanding complex legal documents such as leases and mortgages that are often only available in English. Currently, there are 33,752 Hispanics/Latinos residing in Winston-Salem, composing 14.7% of the population.¹⁸

In response, Human Relations and its partners developed tenant-relevant information that was translated into Spanish and disseminated to all tenants. Shortly thereafter, it was discovered that the majority of the tenants were functionally illiterate in Spanish. As a result, the Human Relations Commission developed a television outreach program and newsletter entitled, “Tu Comunidad.” Tu Comunidad is aired in both English and Spanish on WSTV-13, the government channel on a quarterly basis. A newsletter version of the program is also disseminated on a quarterly basis. Tu Comunidad was initially received with outrage and anger by some in the community who felt that non-English-speaking Hispanics should learn English in order to understand city services and how to live within the requirements of the code of ordinances. However, Tu Comunidad has been well-received by most in the community, including the Hispanic community. Also, the Human Relations Commission hired three full-time bilingual Human Relations Specialists (Spanish speaking) who are either responsible for investigating housing discrimination complaints originating from Hispanic complainants or who can assist with such complaints. One of the three Specialists also serves as the Hispanic Outreach Coordinator who creates and addresses the need for public education regarding the Hispanic culture, in addition to conducting fair housing investigations. Another of the three Specialists focuses on the international community for outreach purposes.

Lakeside Apartments continues to be monitored given its past landlord/tenant issues with Hispanic residents. At Lakeside, approximately 95% of the tenants are Hispanic. Hispanic advocates continue to complain that the apartment units are deplorable and in violation of basic standards for human habitation. Human Relations has partnered with other city departments and the Mayor to create a line of communication between the property management and the tenants. It was quickly discovered that language was a primary barrier. It was also deduced that significant cultural differences constituted a

¹⁸ City-Data

large part of the issue. Specifically, the property management complained that as soon as they made repairs to the apartment units, tenants would not attempt to maintain or upkeep their homes. In contrast, Hispanic tenants communicated that they did not know or understand the rules for repairs and property maintenance.

Many times landlords refuse to carry out repairs and routine maintenance for immigrant tenants. Hispanic tenants are often segregated into mobile home parks that have failing septic systems and mobile homes that could not be placed in any manufactured housing park if that one is condemned. Hispanics are also subjected to different lease terms such as charging rent by the number of occupants. These serve as significant barriers to housing opportunity for Hispanics.

As a result of reports of housing discrimination against Hispanics, the Human Relations Commission partnered with Hispanic community activists and organizations to identify where the bulk of the alleged discrimination was occurring. It was quickly concluded that the vast majority of complaints stemmed from a housing community that was once historically considered African-American. This community, Lakeside Apartments, also happens to lie in the eastern part of Winston-Salem, which is also east of Hwy. 52, the perceived color line. This co-habitation of Hispanics and African-Americans resulted in increased tensions between the two. In response, the Human Relations staff developed an outreach program, "Beyond Soul and Salsa: African-American and Hispanic Relations," which was a series of forums designed to address issues of stereotyping that often resulted in potential housing discrimination allegations. The response to and interest in the series of forums proved to be beneficial and educational.

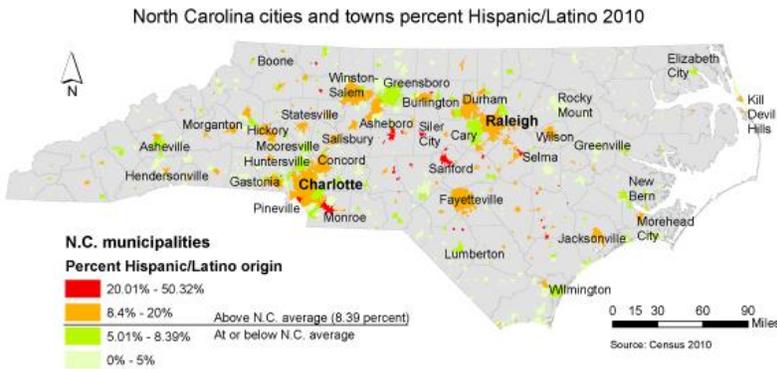
Over the past five years, the WSHRC has been heavily involved in investigating housing complaints originating from the Hispanic community. Five years ago, the majority of such complaints were reported by Hispanic community advocates and as non-formal complaints. Now, as a result of concentrated outreach and education efforts in the Spanish-speaking community, formal complainants are being filed by actual Hispanic alleged victims of discriminatory conduct. The most common complaints have been based on refusals of landlords to make repairs and limiting the number of people who can reside in a rental unit. As a result, most housing discrimination complaints filed with the WSHRC were based on national origin and familial status. In 2005-2006, there were no fair housing complaints filed based on national origin. However, in 2006-2007, 6% of fair housing complaints based on a single protected class were based on national origin. During that same year, 40% of fair housing cases were listed national origin as one of the protected classes. In contrast, during the 2011-2012 year, 90% of fair housing cases investigated were based on national origin discrimination, of which nearly 80% were filed by Hispanic complainants. The high number of filings from Hispanics primarily stemmed from multiple complainants who all resided in the same trailer park. The remaining 20% of those cases were filed by Asian complainants. These complaints all stemmed from multiple complainants who all resided within the same apartment complex. The WSHRC anticipates seeing a growing trend of more and more immigrants coming forward to assert their rights under fair housing laws. Therefore, the WSHRC has expanded its outreach and education efforts in the international community.

Hispanics and other immigrants also experience discrimination in the terms and conditions of occupancy. Specifically, during the FY 11-12 test audits conducted by Human Relations, 45% of tests suggested discrimination occurred based on national origin. The testers were of Hispanic origin. These testers were provided with different and variant information based on unit availability, terms, conditions, and privileges. For instance, Hispanic testers also noted that they were either questioned more extensively about their credit worthiness and family size or they were given limited information about how to acquire housing. These questions were not asked of the non-Hispanic testers. Therefore, it is more likely than not that stereotypes pertaining to Hispanic residents persist. It is also likely that other international populations experience similar types of stereotyping and possible discrimination.

Immigrants from different countries like India, Syria, Jordan, Palestine, Saudi Arabia, UAE, Egypt, Sudan, Morocco, Algeria, Tunisia, Bosnia, Afghanistan, Guyana, Pakistan, Somalia, Malaysia, and Ethiopia, have come to call Winston-Salem home. Over the past ten years, there have been 39 fair housing complaints filed from persons representing various immigrant communities. These complaints constitute approximately one third (32%) of all housing discrimination cases filed with the commission. The national trend for fair housing complaints filed based on national origin is 13.1%.

As more international persons immigrate to Winston-Salem, Human Relations staff expects to see this current trend of complaints based on national origin increase. As a result, Human Relations has hired a full-time employee who is responsible for conducting outreach to the international population in Winston-Salem. This employee's position is 100% HUD-funded.

Hispanic / Latino population



As seen in the chart above, the Hispanic population has increased in Winston-Salem. As a result, Winston-Salem has become a popular city of choice for Hispanics in the state of North Carolina.

FFIEC data suggests that White, joint-couples identified as non-Hispanic/Latino experienced the highest rate of loan origination (71%) while male Hispanic borrowers had the least success (15.2%).

Disposition of Applications for Conventional Home-Purchase Loans by Minority Status						
Winston-Salem MSA, 2011						
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's
White Non-Hispanic	2349	406,169	1,667	301,200	288	36,939
Male	694	109,936	470	80,249	113	12,441
Female	522	64,413	352	46,582	70	6,339
Joint	1127	230,606	841	174,185	105	18,099
Others, Including Hispanic	396	53,874	216	33,992	119	12,742
Male	113	14,427	60	8,982	33	3,488
Female	129	12,519	68	6,947	46	4,204
Joint	151	27,575	86	17,785	39	4,975

¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness

Source: Federal Financial Institutions Examination Council

Disposition of Applications for Conventional Home-Purchase Loans by Ethnicity								
Winston-Salem MSA, 2011								
	Applications Received	\$000's	Loans Originated	\$000's	Applications Denied	\$000's	Other¹	\$000's
Hispanic or Latino	120	12,114	55	6,745	41	3,469	24	4,348
Not Hispanic/Latino	2,623	448,385	1830	328,812	364	46,112	429	73,641
Joint	23	4,220	15	2,691	4	1,041	4	505
Ethnicity Data N/A	351	47,737	177	29,568	84	9,334	90	8,835
Total	3,117	512,455	2,077	367,744	493	59,956	547	87,329
¹ Includes: Applications approved but not accepted, applications withdrawn, and files closed for incompleteness								
Source: Federal Financial Institutions Examination Council								

FAMILIAL STATUS

Large families continue to have difficulty finding affordable units in the Winston-Salem market. Over the past five years, the Human Relations Department has conducted investigations into allegations of discrimination based on familial status. The most common complaint is based on landlords imposing a different set of rules for children than adults for the full use and enjoyment of the rental property's amenities and facilities.

In 1999, The North Carolina Fair Housing Center conducted audits to determine the level and type of discrimination faced by families with children in the Winston-Salem rental market. Overall, the audit uncovered little evidence of widespread discrimination based upon familial status in the Winston-Salem rental market. The testing performed by the North Carolina Fair Housing Center found that testers with children experienced significant levels of discrimination in 34.7% of the tests completed.

Familial status discrimination tends to be overt; however, upon examining Human Relations case reports over the past ten years, only 11% of complaints filed were based on familial status. This indicates that many tenants may be unaware that familial status is protected under the law. It also possibly indicates that landlords may be using other reasons as pretext for treating families with children differently than those without children.

In 2006-2007, the case load did not include any fair housing complaints based solely on familial status. However, 40% of fair housing complaints filed based on more than one protected class named familial status as a basis. The current trend for fair housing complaints that are filed based on familial status is 16%.¹⁹

EMERGING ISSUE

The North Carolina Division of Aging has cited that the fastest growing household type in the state is that of the elderly head of household with children under age 18. This has grave implications for the future. Many of the households that fall into this category are low-income. Federal Law the Housing for Older Persons Act states that housing communities designated for persons 62 or older, and housing communities designated for persons 55 and older are exempt from the familial status provisions of the Fair Housing Act.

¹⁹ The National Fair Housing Alliance, 2012.

HANDICAP

Handicap is the legal term used under the Fair Housing Act. Handicap is defined as a person with a physical or mental impairment that substantially limits one or more major life activities or has a history of or is perceived to have such impairments. Major life activities include but are not limited to walking, talking, breathing, standing, ability to work, ability to care for oneself, and procreation.

The Human Relations Commission has received complaints of discrimination based on both physical and mental handicap over the past five years. The most common complaint has been based on tenants being denied their reasonable accommodation requests. In 2005-2006, 15% of the fair housing complaints received were based solely on disability. When examining cases that were based upon more than one protected class of persons, 25% included disability as a basis. In 2006-2007, 18% of the fair housing complaints received were based solely on disability. In contrast, fair housing complaints based on more than one protected class listed disability 10% of the time. Over the past ten years (2002-2011), the Human Relations Commission notes that 8% of its fair housing cases were filed based on handicap.

According to the National Fair Housing Alliance, the national trend for fair housing complaints based on handicap/disability is 46.5%.²⁰

DESIGN AND CONSTRUCTION REQUIREMENTS

The Federal Fair Housing Act requires that all ground floor units in covered multi-family buildings ready for first occupancy on or after March 13, 1991 and all units in buildings with elevators must meet seven accessibility requirements. The seven standards are as follows:

1. an accessible building on an accessible route;
2. accessible and usable public and common use areas;
3. useable doors;
4. accessible route into and through the covered dwelling unit;
5. accessible light switches, electric outlets, thermostats and other environmental controls in accessible location;
6. reinforced walls for grab bars;
7. Usable kitchens and bathrooms.

All ground floor units in covered multi-family buildings ready for first occupancy on or after March 13, 1991 are required to meet the above requirements. A covered multi-family building is comprised of four or more attached units.

In 1999, testing performed by the N.C. Fair Housing Center found that 92.5% of all buildings tested for compliance over a three-year period were out of compliance with the law. Identifiable needs for improvement included most of the seven standards referenced above. Evidence of illegal steering was noted in several of the audit reports. Based on the audit results, a number of enforcement actions were taken by the Winston Salem Human Relations Commission to increase the availability of housing for persons with disabilities. In addition, numerous training sessions were designed for architects, builders and developers in the Winston-Salem area. Testing in this area is being planned within the next two to three years.

²⁰ The National Fair Housing Alliance, 2012.

Information received from disability advocates in the Winston-Salem area indicate that there is still a shortage of accessible housing units in Winston-Salem and that there is still significant noncompliance although there has been some improvement. It was also reported that many persons with disabilities are faced with landlords' perceptions that a person with disabilities will require more attention than other tenants and are reluctant to rent to them.

VI. EMERGING ISSUES AND TRENDS

A. Sexual Orientation and Fair Housing

The U.S. Department of Housing and Urban Development (HUD) issued a rule in 2012 giving local Fair Housing Assistance Program (FHAP) agencies, such as the Human Relations Commission of the city of Winston-Salem, the authority to investigate fair housing discrimination complaints based on sexual orientation or gender identity, which includes lesbian, gay, bisexual and transgender people are among those who would be protected under the new rule.

The new ruling applies to recipients of HUD funds and to FHA-backed mortgage lenders. Such recipients include banks, public-housing complexes and homeless shelters, among other entities. The rule also covers how HUD-funded programs are monitored. If a violation is found, it would be treated as a HUD-program violation, not a violation of the Fair Housing Act. Regardless, they are all required to provide equal access to HUD-funded or HUD-insured properties, programs and services regardless of actual or perceived sexual orientation, gender identity or marital status.

As a result of HUD's new rule, Human Relations has the authority to refer cases originating from same-sex couples to HUD for investigation or to investigate allegations of discrimination based on gender. Although the new HUD ruling does not change the Fair Housing Act or the city's fair-housing ordinance, sexual orientation, gender identity, or sexual harassment discrimination can be considered gender discrimination, which is one of the seven protected classes under the fair housing laws.

Housing discrimination has been a problem nationwide for LGBT people, according to a study released last year by the National Gay and Lesbian Task Force and the National Center for Transgender Equality, both of which are based in Washington, D.C. Of the 6,500 respondents included in the study, one out of five reported being denied a home or apartment, and one out of ten reported being evicted because of their gender identity or expression. Advocates argue that such discrimination has a disproportionate impact on LGBT youth and results in many of them being homeless.

As the LGBTQIA population continues to become more comfortable with disclosing or openly expressing their sexual orientation, it can be reasonably expected that their community may experience increased discrimination in housing. Transgendered people and those not conforming to traditional gender identity appearances are particularly vulnerable to discrimination, including housing discrimination. As a result, this is a newly emerging area in the community of which both landlords and tenants need to be aware.

B. Domestic Violence and Fair Housing

HUD has issued guidance stating that victims of domestic violence can be discriminated against based on sex. The most vulnerable situation in which victims of domestic violence

may experience discrimination includes when a victim is seeking the rental of a home. Discrimination is often based on the gender stereotypes of battered women. Common stereotypes include that victims of domestic violence are too troublesome to have as tenants because their abusers will follow them, that property will be destroyed as a result of renting to victims of domestic violence, that renting to victims of domestic violence means that the police will always be called to the property or unit, and/or that domestic violence victims cause their own abuse and could end it if they wished. Basing a victim's eviction or treatment on those stereotypes would be discrimination based on sex under fair housing laws. Specifically, policies prohibiting renting to domestic violence victims are discriminatory despite a neutral or non-discriminatory intention. Since statistics show that 95% of domestic violence victims are women, policies that have a negative impact on domestic violence victims have a disparate impact on women.

Statistics also show that victims of domestic violence are often racial minorities, primarily African-Americans, Hispanics, and Native Americans. All victims falling into any of these categories could base a claim of discrimination on race or national origin, in addition to sex/gender. As the most recent census shows, our community continues to become more and more racially and ethnically diverse; therefore, it can be reasonably anticipated that these newly-emerging populations will be subject to some forms of discrimination, including victims of domestic violence who tend to be racial minorities and of international populations.

As a result, this is also a newly emerging area in the community of which both landlords and tenants need to be aware.

VII. CONCLUSIONS AND RECOMMENDATIONS

A. Updates on Recommendations and Conclusions for Previously-Identified Barriers

1. Continue to provide effective enforcement of Fair Housing Laws.

Over the past three years, the Human Relations Commission has exceeded previous case load statistics. The Commission launched and implemented a print and media campaign to provide education and outreach to a variety of residents from various national, ethnic, and socio-economic backgrounds.

2. Continue to work with other governmental and nonprofit agencies to develop programs to alleviate discrimination and further Fair Housing.

The Commission worked closely with the Winston-Salem Regional Association of Realtors, particularly the Property Management and Cultural Outreach Committees, to provide technical assistance and training to industry professionals on Fair Housing issues. It also works closely with other city departments, such as Neighborhood Services, Housing and Neighborhood Development, Marketing and Communications, the Office of the Mayor, and the Winston-Salem Police Department in order to communicate city residents' rights and responsibilities in both English and Spanish through outreach forums and the city's the government channel, WSTV-13.

3. Review survey results that were conducted through outreach and education in the Hispanic community to determine what is driving current housing patterns.

Surveys were conducted of the Hispanic community by a private consultant hired by the city. The survey information revealed how Hispanic residents perceived their community, what made the community attractive to them, and what could be done to encourage greater housing choice for this community. The results indicated the need for a more hands-on approach to educating and getting to know the Hispanic community at large, in order to foster a sense of mutual trust and respect. As a result of the survey results, Hispanic outreach programs such as the Beyond Soul and Salsa race relations series, the renters' educational video, the Fiesta Hispanic Festival, and the Tu Comunidad Spanish television program were implemented in order to have direct, non-threatening contact directly with the community to identify cultural and housing barriers. Human Relations also conducted national origin testing during the 2011-2012 fiscal year to further identify and address Hispanic housing patterns. Based on preliminary test results, the Hispanic community is not receiving equal housing opportunities.

4. *Conduct lending and sales baseline audits to determine what role unlawful discrimination plays in the lower homeownership rates experienced by African-Americans.*

Human Relations focused on fair lending education during its annual Fair and Affordable Housing Summit for two consecutive years. The Summit is a tool for educating lenders, Realtors, housing agencies, home builders, and local government regarding fair housing and lending laws. Human Relations partnered with several housing industry organizations, including the Winston-Salem Regional Association of Realtors, when sponsoring the Summit each year. Human Relations also supported the annual American Dream Weekend, which is conducted by the Winston-Salem Regional Association of Realtors. This program was aimed at first-time homebuyers and provides a one-stop-shop for them to learn their credit score, seek financing, and learn about affordable housing choice programs and communities. Human Relations also launched fair lending discrimination commercials in the immediate television market. Human Relations also conducted testing during the FY 2011-2012 calendar year. Fair lending will be the focus of upcoming testing phases.

5. *Conduct a study of the appraisal industry in the Winston-Salem Forsyth communities to determine what role unlawful discrimination plays in the lower housing values of African American.*

Human Relations discusses the illegality of steering during its annual Fair and Affordable Housing Summit. The Summit is a tool for educating lenders, Realtors, housing agencies, home builders, and local government regarding fair housing and lending laws. Human Relations partnered with several housing industry organizations, including the Winston-Salem Regional Association of Realtors, when sponsoring the Summit each year. Human Relations also supported the annual American Dream Weekend, which is conducted by the Winston-Salem Regional Association of Realtors. This program was aimed at first-time homebuyers and provides a one-stop-shop for them to learn their credit score, seek financing, and learn about affordable housing choice programs and communities.

6. *Continue to support financial literacy, first time homebuyer programs and anti-predatory lending campaigns in the community.*

Human Relations discusses the illegality of steering during its annual Fair and Affordable Housing Summit. The Summit is a tool for educating lenders, Realtors, housing agencies, home builders, and local government regarding fair housing and lending laws. There are a number of active public private partnerships in the Winston-Salem community aimed at reducing the number of borrowers who enter the sub-prime market or who are susceptible to predatory loans. Winston Salem serves as a Regional Banking Center and benefits from the substantial community investments of BB&T and Wachovia Bank. As a result, Human Relations created the Fair and Affordable Housing Summit. This annual program has been a huge success since its implementation four years ago. Housing professionals from all industries gather to discuss housing trends, policies, legislation, and barriers to fair and affordable housing in Forsyth County and state-wide. Human Relations also supports the annual American Dream Weekend, which is conducted by the Winston-Salem Regional Association of Realtors. This program is aimed at first-time homebuyers and provides a one-stop-shop for them to learn their credit score, seek financing, and learn about affordable housing choice programs and communities.

7. *Continue to conduct education and outreach activities to the Muslim and Middle Eastern Communities.*

It is important for the community to inform them of their Fair Housing rights under the law. In order to build trust between the government and this community, Human Relations continued to develop its Interfaith Committee and created programs that unite all major faiths for dialogue, such as “I Have a Question About...Islam,” and “I Have a Question About...Judaism.” Both programs resulted in standing-room-only audiences who had an opportunity to have their stereotypes, perceptions, and questions answered by expert panelists representing the respective religions. Human Relations also created a Global Festival Series that spotlighted a different emerging culture in the city and introduced food, music, clothes, and dance to the community from that particular culture.

8. *Continue to implement strategies concentrating on increasing local activities to identify and reduce barriers to fair and affordable housing choices in all areas of the City.*

The City offered a number of activities to increase the availability of affordable housing opportunities throughout the Winston-Salem/Forsyth area. The City has developed programs to preserve existing housing stock throughout the community in an effort to keep units affordable.

Finally, the City co-trained with local homeownership agencies to provide fair housing law information while supporting housing opportunities through financial literacy, credit counseling and rental assistance.

B. Recommendations and Conclusions for Currently Identified Barriers

1. *Educate community-at-large regarding the illegality of steering.*

Human Relations will continue working with television, radio, and print media in order to educate all segments of the community regarding the illegality of steering.

2. *Focus on developing new outreach for the international populations in order to educate them about national origin discrimination.*

Human Relations has developed a grant-funded position to assist in developing and implanting engaging new forms of outreach for international populations. One such program is the International Village at the City's Rock the Block festival. During this program, materials will continue to be disseminated to the general public regarding fair housing discrimination.

3. *Develop outreach and marketing information for victims of domestic violence in order to educate them about their possible legal protections under the fair housing laws.*

Human Relations will continue its new partnership with Legal Aid and Family Services, Inc. to develop creative ways of reaching out to victims of domestic violence as well as to housing providers to educate them about HUD's new guidance and regulation concerning domestic violence and fair housing.

4. *Identify partner agencies in LGBTQIA, immigrant, and domestic violence communities to pro-actively identify and address barriers to fair and equal housing opportunity.*

Human Relations will continue developing and forming partnerships with existing and emerging organizations within the community that address barriers and discrimination in the areas of LGBTQIA, immigrant, and domestic violence.

5. *Continue fair housing testing within the local community until all protected classes have been tested.*

Human Relations plans to continue with multiple phases of testing over the next five years that will cover all seven of the protected classes of persons under the Fair Housing Act.

6. *Develop creative media campaigns using social media, television, radio, and print media in order to reach younger segments of the community who are often not targeted for education awareness.*

Human Relations will work with the city's Marketing and Communications Department and the College Advisory Board to educate the young adult population who may be first-time homebuyers or renters regarding their rights under fair housing laws.

7. *Continue to support and/or implement strategies concentrating on increasing local activities to identify and reduce barriers to fair and affordable housing choices in all areas of the City.*

The City will continue to offer a number of activities to increase the availability of affordable housing opportunities throughout the Winston-Salem/Forsyth area. Affordable housing initiatives will be developed and successful affordable housing initiatives will be cultivated and continued. The City will continue to work with and encourage local lending and banking institutions to be mindful of identifying and implementing programs and loan review policies that are equitable and fair to all segments of the community. The City will also continue developing programs to preserve existing housing stock throughout the community in an effort to keep units affordable.

Appendix A

Relevant Civil Rights Laws

Civil Rights Act of 1866

The Civil Rights Act of 1866 prohibits all racial discrimination in the sale or rental of property.

Section 1982

Section 1982 of Title 42 of the U.S. Code—part of the Civil Rights Act of 1866—protects citizens of the United States from racial discrimination in, among other things, private and public rental housing. Although Hispanics are not technically a race (the group consists of many races), the statute prohibits discrimination against Hispanic citizens in rental housing because Section 1982 defines racial discrimination as Congress considered it in 1866. Thus Section 1982 protects citizens against discrimination based not only on racial characteristics but also on ethnic characteristics and ancestry that were considered racial in the nineteenth century. Hispanics were considered a race in 1866.

Section 1981

Section 1981 of Title 42 of the U.S. Code—another part of the Civil Rights Act of 1866—prohibits discrimination based on race in the making of contracts. Section 1981 grants to all people the same rights as “white citizens” to make and enforce contracts. The statute is broad enough to cover housing discrimination cases alleging refusal to rent or to grant privileges that normally accompany rental contracts. Section 1981 applies to private as well as public discrimination. Like Section 1982, Section 1981 protects all people who were considered to be nonwhite in 1866. Section 1981 is broader than Section 1982, however, because it protects all people (including aliens), not just citizens.

The Equal Protection Clause

The Equal Protection Clause of the U.S. Constitution requires courts to scrutinize strictly any governmental distinctions based on “suspect classifications,” which include race, national origin, and alienage (whether or not a person is a citizen). To recover monetary damages for a violation of the U.S. Constitution, a plaintiff must sue under the Civil Rights Act of 1871, which is codified as Section 1983 of Title 42 of the U.S. Code. The purpose of Section 1983 is to allow people to seek compensation from local governments for violations of federally protected rights. A plaintiff may sue a private defendant under Section 1983 only when some nexus, or connection, exists between the private defendant’s action and the state. In other words, there must be some governmental, or state, action. The mere fact that a private landlord has received federal or state funding or is subject to heavy governmental regulation may not by itself provide a sufficient nexus for the court to find state action under Section 1983. The lower courts are in conflict about whether there is sufficient governmental action when a private landlord participates in the federal Section 8 program under Section 1437 of Title 42 of the U.S. Code, which provides vouchers or certificates for low-income people, to subsidize the cost of private rents.

North Carolina Fair Housing Act

The state Fair Housing Act (Chapter 41A of the North Carolina General Statutes) makes illegal the same actions as the federal Fair Housing Act. The protected classes are race, color, sex, national origin, handicapping condition, and familial status. The state Fair Housing Act designates the North Carolina

Human Relations Commission, which was created in 1963 to promote civil rights and equal opportunities for North Carolina residents, as the enforcing agency.

The Equal Credit Opportunity Act

The Equal Credit Opportunity Act makes discrimination unlawful with respect to any aspect of a credit application on the basis of race, color, religion, national origin, sex, marital status, age or because all or part of the applicant's income derives from any public assistance program.

Americans with Disabilities Act

Title III of the Americans with Disabilities Act prohibits discrimination against persons with disabilities in places of public accommodations and commercial facilities.

FAIR HOUSING ACT

Summary

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents of legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability).

What the Fair Housing Act Prohibits

In the Sale and Rental of Housing: No one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions or privileges for sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting) or
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

In Mortgage Lending: No one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap (disability):

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees
- Discriminate in appraising property
- Refuse to purchase a loan or
- Set different terms or conditions for purchasing a loan.

In Addition: It is illegal for anyone to:

- Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right
- Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap. This prohibition against discriminatory advertising applies to single-family and owner-occupied housing that is otherwise exempt from the Fair Housing Act.

ADDITIONAL PROTECTION IF YOU HAVE A DISABILITY

If you or someone associated with you:

- Have a physical or mental disability (including hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex and mental retardation) that substantially limits one or more major life activities
- Have a record of such a disability or
- Are regarded as having such a disability

your landlord **may not:**

- Refuse to let you make reasonable modifications to your dwelling or common use areas, at your expense, if necessary for the disabled person to use the housing. (Where reasonable, the landlord may permit changes only if you agree to restore the property to its original condition when you move.)
- Refuse to make reasonable accommodations in rules, policies, practices or services if necessary for the disabled person to use the housing.