

CITY OF WINSTON SALEM AND FORSYTH COUNTY

ANALYSIS OF IMPEDIMENTS OF FAIR HOUSING CHOICE

A FAIR HOUSING ACTION PLAN
2009-2013

EXECUTIVE SUMMARY

INTRODUCTION

The Department of Housing and Urban Development has required the Winston Salem/Forsyth Housing Consortium to submit a Consolidated Plan, which defines one year and five-year housing strategies and serves as the funding applications for the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs.

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 staff. 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. The City must also take appropriate actions to overcome the effects of any impediments identified through this analysis.

METHODOLOGY

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 institution’s 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, we have prepared this report of our findings and recommendations for public comment and review.

BACKGROUND

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.

The purpose of this study is to get a baseline assessment of current conditions in Winston-Salem and to determine what changes can be made to insure equal housing opportunities for the entire community.

CURRENT DEMOGRAPHIC TRENDS AND HISTORICAL BACKGROUND

Forsyth County experienced tremendous growth between 1990 and 2000. The total population of Forsyth County grew from 265,878 to 306,067, an increase of 15.1 percent. The population of the City of Winston-Salem increased 29.5%. Over 60 percent of the county's population now lives within the city limits.¹

Forsyth County has a very diverse racial and ethnic population. According to the 2000 census Whites make up 68.5% of the total population. The Black population is 25.6% of the total county population. Asians and pacific islanders comprise 1% of the population. Six point four percent (6.4%) of the population describe themselves as of Hispanic or Latin origin. According to the census, 6.5% of the population is foreign born, and 9.5% of the population speaks a language other than English in the home. This has created a number of challenges for the community.²

Fifty-eight point eight percent (58.8%) of the population of the City of Winston-Salem is White. While nearly half of the White population in Forsyth County lives in Winston-Salem, approximately 87% of the Black population lives in the city. In fact, over 86% of all minorities reside within the city limits of Winston-Salem.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

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

² Forsyth County QuickFacts from the 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

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, Jew, 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

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.

TYPES OF DISCRIMINATION FACED BY PROTECTED CLASS MEMBERS

RACE/ COLOR

AFRICAN-AMERICANS

Race

The greatest impediment to fair housing choice for blacks 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.

The North Carolina Fair Housing Center conducted audits 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

⁶ IBID

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

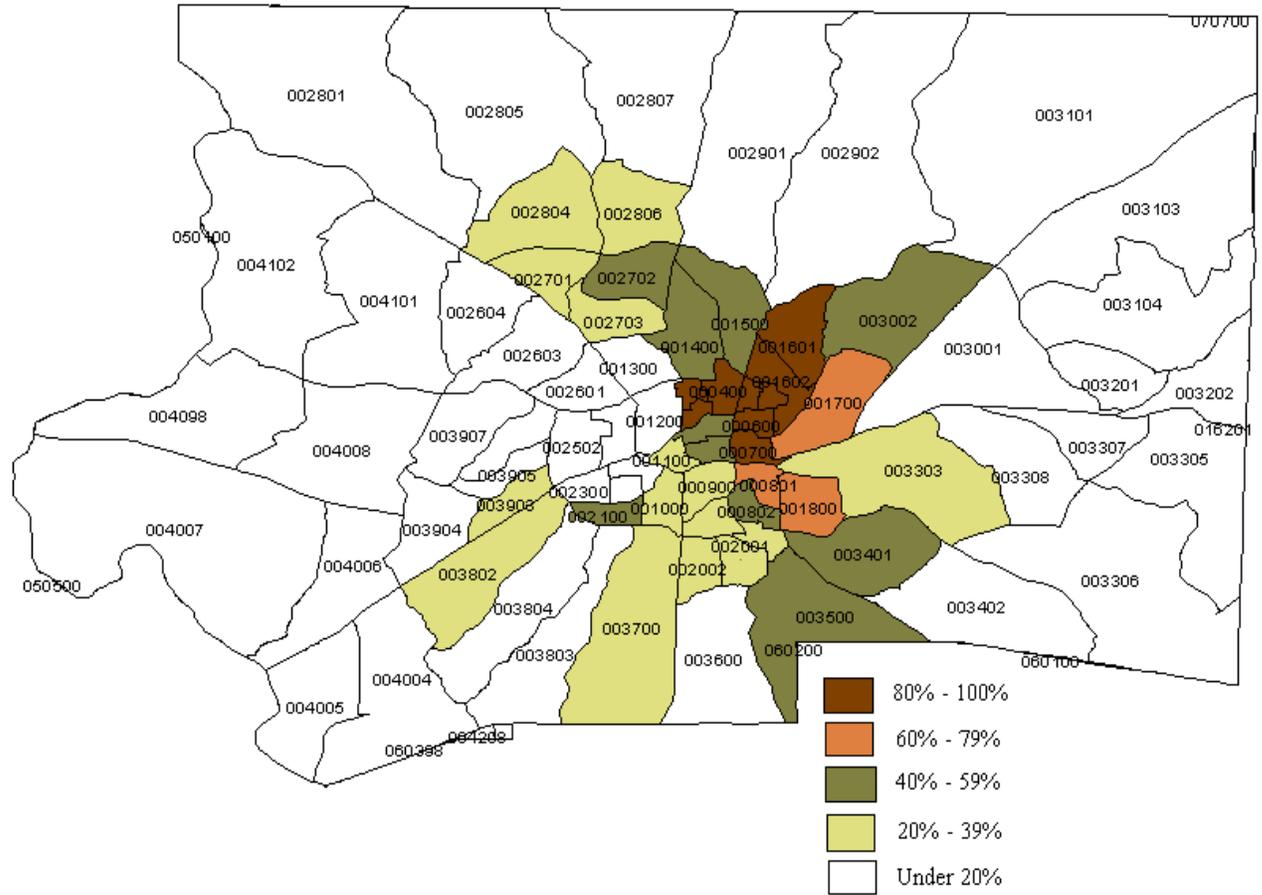
identical characteristics except for the number of children. The sites selected for auditing are chosen at random by the Center.

In audits conducted in Winston-Salem and Forsyth County in 1998-99 by the North Carolina Fair Housing Center, African Americans experiences significant levels of discrimination 48% of the time.

In 48% of the audits conducted the African American tester was offered fewer units than the control or white tester. Racial steering occurred in 16% of the audits conducted. African American testers were required to show ID or pay a fee in order to be told about apartment availability, and African Americans were quoted higher rental rates or were not shown model apartment dwellings in 10% of the tests, respectively. In 6% of the audits conducted African Americans were offered different and less favorable specials than the White tester. This level of discrimination is significantly higher than audits conducted at the state and national levels.

There is strong statistical evidence, supported by limited testing evidence, that African-Americans experience a significant level of 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.

*Winston Salem, Forsyth County African American Population



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 ten years 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 therefore exposure to differing customs is responsible for the growth in complaints in this class.

ISLAM

Winston-Salem has a growing population of the Islamic faith. Since the tragedy of September 11, 2001, there have been some challenges for those of the Islamic faith. Persons surveyed for this report did mention receiving a few threatening phone calls. There were also reports of threats against Islamic Centers according to the Council on American-Islamic Relations (CAIR), a national organization. There were 10 acts of discrimination reported on the basis of Islamic beliefs. None of these incidents were housing related or in Forsyth County.

EASTERN RELIGIONS

The North Carolina Fair Housing Center has received a number of inquiries and requests for technical assistance from housing providers around various rituals and requirements of tenants of certain Eastern belief systems. Many housing providers have adopted religious accommodation policies and procedures in an effort to address these issues.

The most common issues involve religions that prohibit anyone from wearing shoes in the dwelling. Most housing providers inform tenants that they will honor this request except where the health and safety of employees is at issue. For example, if an employee is asked to come in to repair an overflowing toilet or clean up a sewage spill or other hazard, the Center has recommended that employees wear surgical booties over their shoes. Most tenants have found this acceptable.

The other issue that is becoming more and more prevalent involves tenants who 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

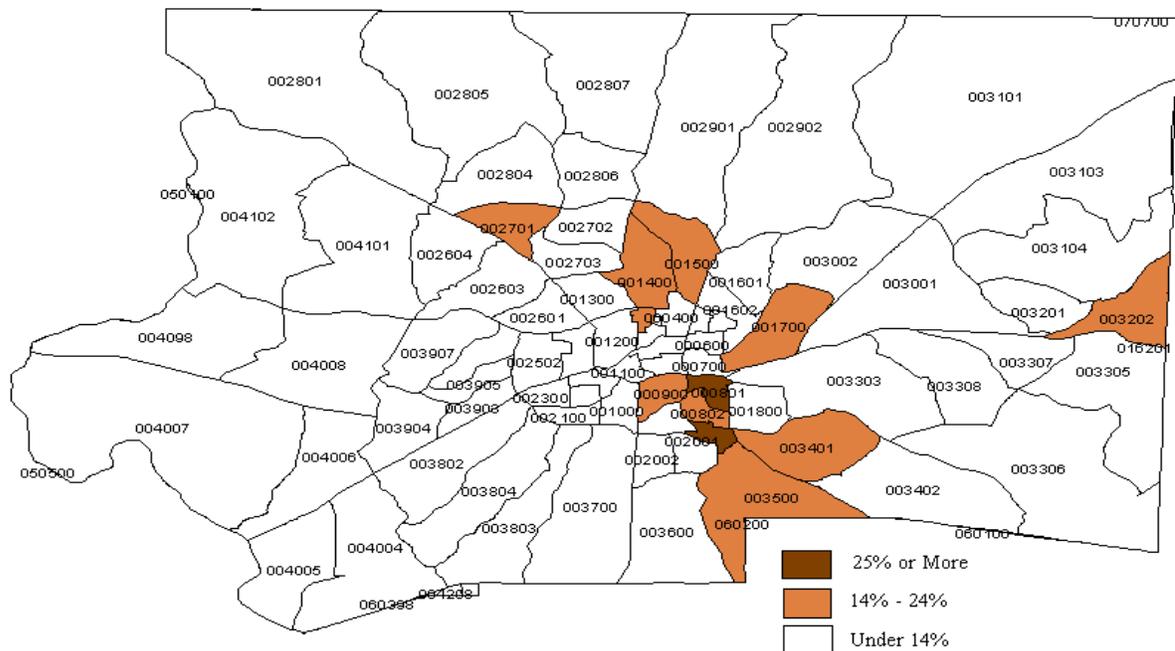
Testing conducted by the Fair Housing Center found gender discrimination occurred in 33% of the lending tests completed.

Statistical data suggests that women experience a high level of discrimination in the lending market. A single woman is 61% more likely to be turned down for a loan than male-female applicant pairs. This is a significant barrier to housing choice. Current trends indicate a significant increase in the number of single female headed households in Forsyth County.

NATIONAL ORIGIN

Winston-Salem experienced an 831% growth in its Hispanic Population since the last census, which currently comprises 6.4% of the population. This rapid influx of Hispanics has created unique barriers to fair housing choice. In this short period of time a segregated housing pattern is emerging. There are currently nine (9) census tracts where Hispanics make up more than 14% of the population and two census tracts that are more than 25% Hispanic. This type of isolation cannot be explained away by self-segregation.

Winston Salem, Forsyth County Hispanic Population



The North Carolina Fair Housing Center conducted audits in 1999 to determine the level and type of discrimination faced by Hispanics/Latinos in the Winston Salem/Fosyth Co rental market.

In 59% of the audits conducted significant levels of discrimination were found. In 59% of the sites audited the Control (white) applicant was informed of more units than the Variable (Hispanic) applicant. In twenty percent (20%) of the sites audited the Variable applicant was given a higher rental price than the Control applicant. Testing data indicate that there exists recurring stereotypes related to Hispanics that undermine their ability to secure the housing of their choice. For example, in 59% of the tests completed involving Hispanic Testers, the tester was asked how many people would be staying in the apartment compared to 23% of the time for African-American testers and 14% for white testers.

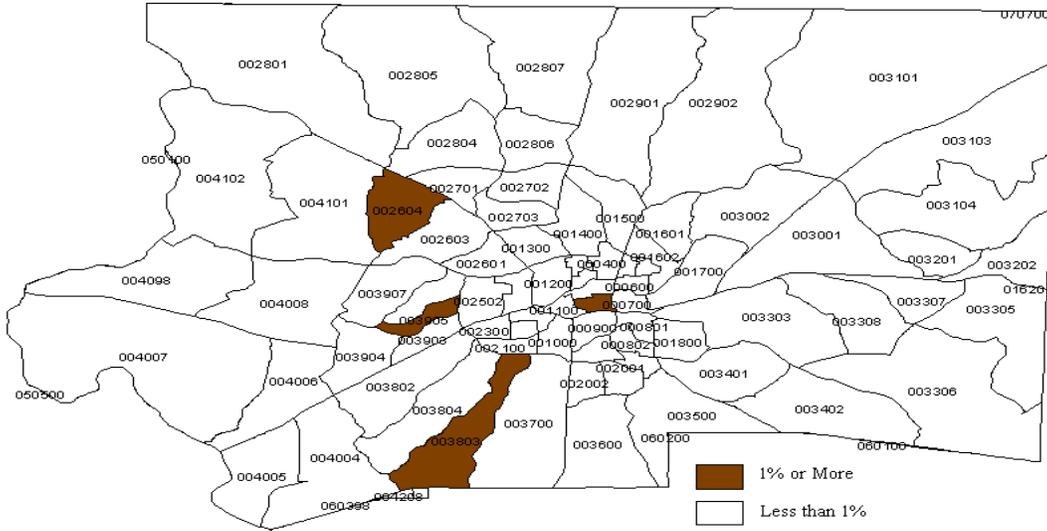
Hispanics and other immigrants also experience discrimination in the terms and conditions of occupancy. Many times landlords refuse to carry out repairs and routine maintenance for immigrant tenants. Hispanic tenants are often segregated into mobile home parks that have failing septic systems and mobile 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.

Language and culture also 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.

MIDDLE EASTERN

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. Since September 11, 2001 there have been no reported cases of housing discrimination in the Winston-Salem area although several persons have reported discrimination in employment and public accommodations according to CAIR.

*Winston Salem, Forsyth County Middle Eastern Population



FAMILIAL STATUS

Large families still have difficulty finding affordable units in the Winston-Salem market. 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.

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 very overt. In cases where discrimination was implicated, overt statements objecting to children occurred 35% of the time compared to 8% for race and 0% for National Origin. This indicates that there are many property owners who are unaware that familial status is protected under the law.

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.

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 an impairment. Major life activities include but are not limited to walking, talking, breathing, standing, ability to work, ability to care for oneself, and procreation.

The North Carolina Human Relations Commission reports that 33% of the cases filed in 1999 were on the basis of Handicap. This is somewhat higher than the national average of 26%.

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.

Testing performed by the North Carolina 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.

1. an accessible building on an accessible route; **50% noncompliance**
2. accessible and usable public and common use areas; **80% noncompliance**
3. useable doors; **50% noncompliance**
4. accessible route into and through the covered dwelling unit; **70% noncompliance**
5. accessible light switches, electric outlets, thermostats and other environmental controls in accessible location; **40% noncompliance**

6. reinforced walls for grab bars; **unable to determine**
7. Usable kitchens and bathrooms. **70% noncompliance**

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.

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.

ENFORCEMENT EFFORTS

Fair housing enforcement is the responsibility of the Winston-Salem Human Relations Commission (WSHRC). A review of WSHRC records from 2001-2006 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.

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.

The WSHRC ordered a baseline audit to determine the level of discrimination in the Winston-Salem area in 1999. The WSHRC has also trained its own auditors for compliance testing. The enforcement statistics of the Winston-Salem Human Relations Commission are equal to its peer agencies and superior to the Atlanta Regional HUD Enforcement Center.

CONCLUSIONS AND FINDINGS

Continue to provide effective enforcement of Fair Housing Laws.

The Human Relations Commission does an excellent job of enforcing Fair Housing laws in Winston-Salem. The Human Relations Commission continues to outperform regional and national averages for case management and case closings.

Develop print and media campaign to provide education and outreach to a variety of residents from various ethnic and socio-economic backgrounds.

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

The Commission works 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.

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

The level of spatial isolation found in the Hispanic community cannot be explained away by self-segregation. It is highly improbable for a community that makes up 6.4% of the general population to comprise 25% of some census tracts without some level of unlawful steering. Recent surveys should be studied and reviewed to find out how residents found their communities, what made those communities attractive to them and what can be done to encourage greater housing choice for this community.

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

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.

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

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.

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

Since 9/11/01 many persons in these communities may fear seeking assistance from Governmental agencies. It is important for the community to inform them of their Fair Housing rights under the law.

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 offers 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.

The City also operates a number of programs to expand the number of affordable housing units available throughout the City. The City of Winston-Salem insures that affordable units are constructed throughout the community and not concentrated in areas with high concentrations of low-income households.

Finally, the City operates and supports a number of programs to increase family self-sufficiency and to prepare renters for homeownership opportunities through financial literacy, credit counseling and rental assistance.