Housing Discrimination in the Phillips Neighborhood

by Yu Zhou and Frederick W. Smith

The Twin Cities is the largest metropolitan area in the country without a major organization dedicated to the monitoring and enforcement of fair housing legislation. In 1991, a cooperative study was undertaken to look at housing discrimination in one Minneapolis neighborhood in order to establish, by a case study, whether or not there was a need for a fair housing organization. The project also sought to develop a local group of people with skills, knowledge, and experience in conducting fair housing audits.

Housing segregation is recognized as commonplace in United States cities. To establish the impact of racial discrimination in this pattern of housing segregation, however, has become increasingly difficult. The reason is simple. More than two decades after the Fair Housing Act (1968) went into effect, housing discrimination has changed its appearance. Unlike the “slammed door” that many people identify with discrimination, today’s persons of color seeking to rent or buy a home often encounter a “revolving door” where their request is politely deflected. In such cases, minority home-seekers may be unaware that discrimination has even occurred. As discrimination becomes more and more subtle and sophisticated, so does the difficulty of data collection.

Fair Housing Audits

In a self-administered mail survey conducted in Minneapolis in 1947, approximately 40 percent of the surveyed real estate agencies stated that they did not want to deal with Negroes, Orientals, or Jews. The same survey method would be ineffective today because it is widely recognized that such blatant conduct openly violates fair housing law. Nowadays a carefully designed methodology capable of detecting subtle forms of discrimination is necessary. The fair housing audit is just that.

The audit process normally designates two otherwise identical auditors from minority and majority groups as the home-seekers. They are given identical socio-economic profiles and sent to the audit site in sequence within a short time span. Each auditor writes down his or her experience independently. A third person compares how each auditor was treated by the housing agent to determine if any discrimination has occurred.

Many local audit programs have been conducted in cities across the country.

Two out of four audits with Asian Americans showed discrimination.

There have also been nationally coordinated audit studies. Most of these, including two large national studies conducted by HUD, provide powerful evidence that housing discrimination exists at a large scale and in all areas of the country. It is still one of the major barriers to equal access in housing, particularly for African Americans and Hispanics.

The first audit program in the Twin Cities area was conducted from May to September, 1991. The program was coordinated by People of Phillips (the city-recognized neighborhood organization for the Phillips community) with assistance from the Minneapolis Department of Civil Rights. Major funding for the study was provided by the United States Department of Housing and Urban Development (HUD). CURA provided a graduate research assistant. Staff from the cooperating organizations, joined by interested individuals from the community, served as an advisory council. The program investigated rental housing discrimination in the Phillips neighborhood.

ThePhillips Neighborhood

Phillips is the largest central city neighborhood in Minneapolis. It houses a disproportionate number of low income people and provides a large stock of rental housing to its uniquely diverse population. As of 1988, 27 percent of Phillips residents received some form of public assistance and 83.4 percent of all housing units were rental. It is a neighborhood of great racial and ethnic diversity (Table 1).

Table 1. Racial and Ethnic Diversity in the Phillips Neighborhood

<table>
<thead>
<tr>
<th>Racial/Ethnic Group</th>
<th>Percent of Total Population in 1990</th>
<th>Percent Increase (Decrease) from 1979-1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>21</td>
<td>161</td>
</tr>
<tr>
<td>American Indian</td>
<td>24</td>
<td>36</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>8</td>
<td>520</td>
</tr>
<tr>
<td>European American (non Hispanic)</td>
<td>42</td>
<td>(33)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>6</td>
<td>82</td>
</tr>
</tbody>
</table>
May 1990, however, over 35 percent of all housing complaints received by the Minneapolis Department of Civil Rights (MDCR) were from Phillips. Perhaps residents of Phillips are more aware of fair housing legislation than residents of other areas. Regardless of how typical the rate of discrimination may or may not be in Phillips, the relatively high number of complaints from the area was one of the reasons why MDCR was interested in conducting an audit program in the neighborhood.

The Phillips Fair Housing Survey

Like other audit programs, the Phillips Fair Housing Survey followed strict procedures for auditing by assigning carefully selected and trained pairs of auditors to test for discrimination against a specific protected class. The audit program attempted to include a wide range of protected classes. But with only eighty-two effective audits available for analysis at the end of the program, the data for some classes were not large enough to make statistically significant conclusions. The composition of the pool of auditors also proved to be a limiting factor. In spite of the full cooperation of the multicultural staff at People of Phillips, it was impossible to recruit and train an adequately diverse group of auditors. American Indians were seriously under-represented, while African Americans were over-represented in the audit.

Audit sites in Phillips were selected from a number of sources: newspaper ads, rental signs, and referrals from community housing agencies. The program attempted to visit all units available for rent during the three months of auditing. Given that housing agents in Phillips frequently handle many properties, we believe that the audit program reached most of the agents in Phillips and was successful in covering most of the properties available during the testing period. It was a comprehensive assessment of discrimination in the rental housing market in Phillips from July to September, 1991.

Finally, there are several reasons to believe that if the results of the audit program are biased in any direction, it is toward understating the extent of housing discrimination. First, the audits were done when the rental market in Minneapolis was in a rather deep depression. There were many more units available than renters. As other audit studies have shown, levels of discrimination in such a market are invariably lower than levels during normal or tight housing markets. Second, while the audits were being conducted, if there was some doubt about whether or not discrimination had occurred, follow-up audits were conducted or the case was labeled "determination pending." If the cases that remained "determination pending" (twenty-two) had been included in the results, the number of cases of discrimination would have increased. Finally, auditors in Phillips did not pursue the rental unit beyond the first encounter with the agents. For example, an application fee was usually not paid by the auditors. Therefore, the results did not
Older real estate agents tended to practice more overt discrimination than younger agents.

include any discrimination likely to happen during other phases of securing a rental unit. For these reasons, the results of the survey should be interpreted as a conservative estimate of discrimination in the Phillips neighborhood.

Audit Results

A total of ninety-one audits were initiated between July and September 1991. Nine remained incomplete, leaving eighty-two effective and usable audits. Audits were done to test for discrimination against: African Americans, American Indians, Asian and Pacific Islanders, and Hispanics. Audits were also done to test for discrimination based on gender, sexual orientation, familial status, and public assistance status. In twenty-four of the eighty-two cases probable cause of discrimination was found. This meant there was sufficient evidence to initiate legal action. In thirty-six cases no signs of discrimination were found. The remaining twenty-two cases were judged “determination pending.” Even though there was evidence of unequal treatment, additional audits would be necessary to verify culpable discrimination.

In the national HUD studies, probable cause was found in 40-45 percent of the audits. The relatively low level of probable cause in the Phillips survey (29 percent) is consistent with the caution, noted earlier, that the Phillips survey gives a conservative estimation of discrimination. Some of the cases left as “determination pending” would undoubtedly have yielded a probable cause judgment if further auditing had been possible. This would have resulted in final figures consistent with the broader HUD studies.

As already mentioned, the pool of auditors was not adequately stratified. Among ninety-one total audits, fifty-eight involved African Americans. Probable cause of discrimination was found among 32.8 percent of these cases. Fourteen audits involved American Indians with a probable cause rate of 14.3 percent. This percentage, however, may not be representative because most of the audits were done by two male American Indians. Audits for other protected racial and ethnic groups were even fewer. Four audits involved Asian Americans with two (50 percent) showing probable cause of discrimination.*

In the two audits involving Hispanics, there was no probable cause found. The most recent national study by HUD (1992), however, indicates that discrimination against Hispanics tends to be stronger toward persons with dark skin. The Hispanic auditor in the Phillips program had light skin and was also native-born. These two audits most likely do not reflect the experiences of many Hispanics.

In terms of other protected classes, six audits tested for gender discrimination. In one audit a woman was favored over a single male homeseeker. In one out of four audits, discrimination occurred against a large family. We found no evidence of discrimination against public assistance status or sexual orientation. However, testing for discrimination based on familial status, public assistance status, and sexual orientation is especially hard to do. The small number of audits were not enough to give sufficient indication of the treatment of these classes.

Current Patterns of Discrimination

Evaluating the reports filed in the Phillips survey revealed a number of patterns and techniques of discrimination. Some of the
more common and obvious are presented here.

- Adherence to appointments. There were five times when housing agents did not keep appointments with minority auditors while keeping appointments with majority auditors who came soon after the minority ones. This type of discrimination obviously severely restricts minority housing opportunities. In one case, an American Indian auditor had to go to the property three times to finally meet the agent. In another case, the agent did not keep the appointment with an Asian auditor and complained to the following Caucasian auditor about former Vietnamese tenants.

- Number of units shown and quality of the units. In four audits more units were shown to majority auditors than minority auditors. Closely related were two cases where majority auditors were subsequently shown additional “nicer” units (as acknowledged by the agents). These units were not shown to the minority auditors.

- Information provided, and the nature of that information. In seventeen cases, majority auditors received substantially more information than minority auditors. In a few cases, agents encouraged majority auditors to secure the units with a down payment by informing them that the units were on a first-come first-served basis. The same information was not provided the minority auditors. In related cases, minority auditors were given discouraging information such as a required deposit, lease terms, or additional charges for parking or laundry. Majority auditors were not informed of those conditions or charges. In one case, an agent told the minority auditor that tenants had to apply and pay for a parking permit while offering to rent the nearby garage cheaply to the majority auditor. There were also cases where agents told minority auditors that they were efficient in getting rid of undesirable tenants. Such comments could be interpreted as warnings to the auditors. The same comments were not made to majority auditors.

- Services offered. There were fourteen incidents where agents volunteered more services to majority auditors than to minority ones. The services included painting, additional supplies, and cleaning. In one incident, the agent told the African American auditor that the landlord would not supply shades to tenants while he told the Caucasian auditor that she could choose shades of her choice from the stock.

- Questions asked. There were nine incidents where African American auditors were questioned in more detail about their status and lifestyle than were Caucasian auditors. Agents tended to express suspicion or disbelief when African American auditors stated they were single and had no children. African American female auditors were often asked, “How many children do you have?” while Caucasian female auditors were asked, “Do you have children?” African Americans auditors were asked “Do you work?” or “Are you working?” Caucasian auditors were asked, “What type of work do you do?”

- Rent, deposit, and application fee terms. There was little evidence that minority tenants were asked for systematically higher rents or deposits than majority auditors. But in four cases majority auditors were offered financial incentives, such as an installment plan or less rent for the days remaining in the current month which were not offered to minority auditors. In another instance, a minority auditor was asked to fill out application forms that were not required of the majority auditor. There was also a case where the agent informed applicants that people on public assistance would pay a higher deposit.

- Comments and attitudes. Auditors reported usually that agents were reasonably polite to them. However, in three cases, agents made blatant negative remarks to the minority auditors or about former minority tenants to the following majority auditors. In one case, the agent told the majority auditor “I don’t think I would rent to her,” referring to an African American auditor just leaving the premise. In another case, the auditor was told that the agent did not like to rent to families with children.

We also found agents showing a disrespectful attitude to minority auditors by telling them that they did not allow drug dealing and prostitution on their properties. Majority auditors were seldom advised of these prohibitions, and when advised, were offered an apology for being told.

Sometimes these practices of discrimination exclude minority homeseekers completely. Often they greatly reduce the chances of having a decent house, or leave the minority homeseeker in decent housing but under less favorable conditions, with less assistance and fewer services than the majority homeseeker. In some cases, the disrespectful attitudes and questions from agents cause psychological damage to the minority homeseeker.

Several other patterns emerged from the process of auditing. Older agents tended to practice more overt discrimination than younger agents. Smaller families were favored over larger families. African Americans with lighter complexions were favored over those with darker skin.

Multiple audits confirmed the results of single audits. Seventeen addresses were audited more than once. Auditors’ reports were evaluated independently each time. At four addresses a total of twelve audits were conducted. Except for one incomplete audit, the remaining eleven all showed discrimination and were judged to have probable cause of discrimination. Five addresses were audited thirteen times and, except for one “determination pending” case, all showed no probable cause of discrimination. Only at two addresses, where two audits each were completed, were there contradictory findings, one audit finding probable cause while the other showed no probable cause. These cases were all classified “determination pending.”

Conclusion and Results
As a pilot study, the Phillips Fair Housing Survey gave a comprehensive, although rather conservative assessment of discrimination in the Phillips neighborhood during three months of last year. The study also revealed discrimination techniques used by agents which otherwise would have gone practiced but unknown. Finally, the study produced a group of persons trained and experienced in conducting fair housing audits that will stand the test of legal scrutiny and serve as valid evidence for court prosecution.

For the future, the study provides additional information from which strategies to counter discrimination may be built. Perhaps most important, the study led to the incorporation of the Minnesota Fair Housing Center in January 1992. The center is currently developing its program, plans, and budget. Many of those involved in the Phillips Fair Housing Program have remained to help with the initial phases of the Minnesota Fair Housing Center. Others, individuals and organizations, are needed.

Yu Zhou is a doctoral candidate in geography at the University of Minnesota. Her dissertation research is on Chinese ethnic networks in producer services. She was the research assistant in the Phillips Fair Housing Survey. Frederick Smith is the coordinator of community development programs for CURA and served on the advisory committee of the Phillips Fair Housing Survey. Trellis A. Powell coordinated the survey and the authors want to thank her for the wonderful job she did on the survey and for her generous support in helping them prepare this article.