

NFHA

National Fair Housing Alliance

Housing Segregation Background Report: Long Island, New York



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National Fair Housing Alliance
1212 New York Avenue, NW
Suite 525
Washington, DC 20005
(202) 898-1661
www.nationalfairhousing.org

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About the National Fair Housing Alliance

Founded in 1988, the National Fair Housing Alliance is a consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals from throughout the United States. Headquartered in Washington, D.C., NFHA, through comprehensive education, advocacy and enforcement programs, provides equal access to apartments, houses, mortgage loans and insurance policies for all residents of the nation.

Introduction

In 2003, the National Fair Housing Alliance (NFHA) embarked on a multi-year, twelve-city enforcement project to test for housing discrimination in real estate sales and rental markets. The purpose of this project was to conduct targeted enforcement testing of housing providers who violated the Fair Housing Act during research conducted during HUD's Housing Discrimination Study 2000. In the twelve metropolitan areas investigated to date, NFHA has uncovered illegal steering based upon a person's race or national origin. In Nassau County, New York, NFHA's testing of Julia Stevens Realty revealed blatant steering of home buyers by race as well as anti-Semitic and other derogatory comments by real estate agents. The racial demographics of the schools were also used to steer potential buyers.

One of NFHA's primary goals is to promote integration by challenging policies and practices that create and maintain segregated neighborhoods and schools. To counteract these widespread findings of discrimination in real estate practices, NFHA has filed with the U.S. Department of Housing and Urban Development (HUD) an administrative housing discrimination complaint against Julia Stevens Realty, a Long Island real estate firm. If the administrative process fails to resolve matters in a timely fashion, NFHA plans to pursue legal remedies in federal district court.

The federal Fair Housing Act makes it illegal to discriminate based on race, color, national origin, religion, sex, disability or familial status. HUD's regulations implementing the federal Fair Housing Act state that:

It shall be unlawful, because of race, color, religion, sex, handicap, familial status, or national origin, to restrict or attempt to restrict the choices of a person by word or conduct in connection with seeking, negotiating for, buying or renting a dwelling so as to perpetuate, or tend to perpetuate, segregated housing patterns, or to discourage or obstruct choices in a community, neighborhood or development. (24 CFR Part 14, Section 100.70(a))

Regulations further prohibit unlawful steering practices based on race, color, national origin, religion, sex, disability or familial status, including:

- Discouraging any person from inspecting, purchasing or renting a dwelling;

- Discouraging the purchase or rental of a dwelling by exaggerating drawbacks or failing to inform any person of desirable features of a dwelling, or of a community, neighborhood or development;
- Communicating to any prospective purchaser that he or she would not be comfortable or compatible with existing residents of a community, neighborhood or development;
- Assigning any person to a particular section of a community, neighborhood or development, or to a particular floor of a building (24, CFR Part 14, Section 100.70(c)(1-4)).

In addition to an individual's right to sue for violations of the Fair Housing Act, the Supreme Court ruled in 1979 that steering based on race is illegal and further that local jurisdictions have standing to sue. In *Gladstone, Realtors v. Village of Bellwood*, 441 U.S. 91, the Court ruled that residents of a neighborhood have standing to sue if agents are steering people away. The agents in the case had denied the residents "the social and professional benefits of living in an integrated society." In the *City of Evanston v. Baird & Warner, Inc.*, a similar ruling was made for Evanston in 1989. Baird & Warner took affirmative steps to correct and eliminate illegal practices in the company and reportedly paid more than \$400,000 in damages to the City.

This document provides information on the complaint against Julia Stevens Realty and additional background information about the nature and extent of racial segregation in Nassau County and throughout the United States. It also briefly recounts the establishment of Jewish communities in Nassau County. To conclude, NFHA offers its recommendations for achieving nationwide enforcement of the Fair Housing Act to help lead this nation toward integration.

The Nature and Extent of Segregation

In 2005, NFHA documented 26,092 complaints of housing discrimination.¹ This figure represents less than one percent of the estimated annual housing discrimination violations against African Americans and Latinos in rental and real estate sales markets, which NFHA estimates to be closer to four million annually.² Uncounted additional violations are committed against people in all

¹ National Fair Housing Alliance, *2006 Fair Housing Trends Report*, April 2006

² National Fair Housing Alliance, *2004 Fair Housing Trends Report*, April 2004

of the seven federally-protected classes. Moreover, this figure does not include discrimination in the areas of lending, insurance, racial and sexual harassment, planning, and zoning.

As a result, our communities remain highly racially and ethnically segregated even as a growing U.S. population becomes more diverse. That segregation continues to extract a high price in societal and economic terms.

A recent study of 2000 U.S. census data indicates that, of 69 metropolitan areas in which African Americans are a dominant minority, 64.8 percent of Whites live in neighborhoods that are exclusively White and 52.3 percent of African Americans live in neighborhoods that are majority African American. That is, in 69 key urban areas, more than two-thirds of Whites live in areas that have less than a 5 percent African American population. In these same communities, more than half of African Americans live in neighborhoods that are more than 50% African American.

A similar examination of suburban neighborhoods indicates that these neighborhoods are also likely to be exclusively White: 58% of the suburban neighborhoods examined were exclusively White, while only 21% of the urban neighborhoods were exclusively White.

Only about one-third of the neighborhoods studied were considered to be mixed neighborhoods—those with significant populations of both African Americans and Whites.³

According to the Census Bureau's 2004 American Community Survey, Whites comprise 77 percent of Nassau County's population, followed by African Americans (11 percent), Latinos (11 percent) and Asians (7 percent).⁴ Long Island is the third most segregated suburb in the nation when measured in Black/White residential segregation, preceded only by the suburbs of Newark, NJ, and Cleveland, OH. This is according to an analysis of 2000 Census data prepared by the State University of New York at Albany's Lewis Mumford Center and released by ERASE Racism. The study also reports that the segregation index for

³ Rawlings, L., Harris, L., and Turner, Margery Austin, *Race and Residence: Prospects for Stable Neighborhood Integration*, Neighborhood Change in Urban America, Urban Institute, March 2004.

⁴ U.S. Census Bureau American Community Survey, *General Demographic Characteristics 2004*

African Americans on Long Island is 74 with total separation being 100.⁵ This is not entirely surprising given the steering practices by real estate agents uncovered in NFHA's investigation. Agents engage in racial steering with little fear that they or their broker agencies will suffer meaningful consequences.

On Long Island, not only steering but restrictive zoning practices perpetuate racial segregation. In 2002, a lawsuit was brought against the Town of Huntington in Suffolk County for its refusal to permit the building of multifamily housing in a predominantly White neighborhood. The lawsuit alleges that Huntington has repeatedly violated the Fair Housing Act by consistently engaging in discriminatory housing practices that have excluded families of color from its predominantly White neighborhoods. Over a decade ago, the U.S. Court of Appeals for the Second Circuit found the Town of Huntington guilty of exactly that – violating the federal Fair Housing Act by refusing to permit the development of affordable multi-family housing in one of its predominantly White neighborhoods. Huntington was ordered to amend its zoning laws to allow for the development. However, since that time and as evidenced by the recent lawsuit, Huntington has continued to prevent the development of affordable family housing outside areas in which African American and other minority groups already predominate.

Growth of Jewish Community in Nassau County⁶

Nassau's demographic profile also includes a large Jewish community, which has been settled on Long Island since colonial times. Some of Nassau County's earliest synagogues included Congregation Beth Israel in Hempstead, founded in 1908; Temple Israel of Lawrence, founded in Far Rockaway in 1908; and Shaaray Tefila in Lawrence, founded in 1909. The most significant influx of Jews occurred in the period following World War II. The passage of the GI Bill enabled many veterans and soldiers to purchase homes for the first time, resulting in a significant population boom not only in Long Island but in suburban communities throughout the country.

⁵ ERASE Racism, *Long Island Fair Housing: A State of Inequity*. April 2005. The segregation index ranges from 1, the lowest level of segregation, to 100. It is equivalent to the number of non-Whites who would have to change the block on which they lived in order to produce an unsegregated distribution.

⁶ The U.S. Census Bureau does not collect data on religious affiliation in its demographic surveys or decennial census. Public Law 94-521 prohibits them from asking a question on religious affiliation on a mandatory basis.

That population boom eventually leveled off and declined slightly only in the 1980s as baby boomers migrated away from Long Island in pursuit of higher education and careers. Yet, even that population trend appears to be shifting today. The United Jewish Appeal conducted a survey of the Jewish community in New York's metropolitan area (included were the five boroughs, Nassau, Suffolk and Westchester counties) and found that between 1991 and 2002, there was a modest decline in the number of Jewish households in New York City in contrast to a substantial increase in the number of Jewish households located in the suburbs. In Nassau County, the percent of households that are Jewish increased from 18 percent to 20 percent from 1991 to 2002. The study estimates the current Jewish population of Nassau County to be 221,000, which places Nassau County as the suburban county with the highest percentage of Jewish persons in New York: 17 percent compared to 14 percent in Westchester and 6 percent in Suffolk⁷.

Illegal Steering and Anti-Semitism by Real Estate Agents Contributes to Segregation

NFHA's investigation of real estate agents on Long Island shows that agent behavior continues to shape the patterns of racial and ethnic separation that have historically been a part of Long Island. On June 21, 2006, NFHA filed a complaint with HUD against Julia Stevens Realty, a real estate company located in Nassau County, in Hewlett, NY (the current name of the company is a holdover from the previous owner; the current owner opted to retain the name when the company was purchased). NFHA's complaint alleges that agents of this company repeatedly showed and recommended homes and school districts to potential White homebuyers in White communities and showed and recommended homes and school districts to potential African American homebuyers in communities and school districts with higher African American and Latino populations. In each of the tests that NFHA conducted, the African American tester qualified for a higher priced home than the White tester and should have had a wider range of homes from which to choose.

⁷ United Jewish Appeal – Federation of New York. *Jewish Community Study of New York: 2002*. October 2004. Retrieved http://www.ujafedny.org/site/PageServer?pagename=jewishcommunitystudy_fullreport.

Testing revealed that White homebuyers were steered away from communities and school districts with more students of color. Agents made negative comments to White homebuyers about neighborhoods and school districts that contained high concentrations of African Americans and Latinos, while recommending and showing homes in neighborhoods and school districts with significantly higher White populations. African American homebuyers were marketed homes and schools in the very areas that Whites were told to avoid. Equally disturbing, real estate agents made negative comments about Jews to both White and African American homebuyers. Agents repeatedly discouraged non-Jewish White homebuyers from considering neighborhoods with significant Jewish populations (see map, p. 8).

In one example of anti-Semitic comments, an agent drove a White tester past her own home. She pointed to a picture of Jesus that a relative had placed in the window to “show those Jews.” The same agent later said that it was good to have some Jews in a neighborhood because they have a lot of money and they would never sell their homes to Blacks, thereby keeping the property values up. Another agent told a potential homebuyer that Inwood was not a nice place and that, although she wasn’t supposed to say it, it was an established fact that it wasn’t nice, it was a Jewish town, that the residents were Orthodox Jews, and that there were “temples everywhere.”

Agents often made comments to White homebuyers describing the best school districts in the area. In fact, one agent told a White homebuyer before they went to look at homes in the area, that the agent took the liberty of choosing houses for the homebuyer to see by school district. The agent said that she was not supposed to do that. In contrast, African American homebuyers were not told, as White homebuyers were, that they needed to be in certain school districts.

Comments about racial and religious minorities were so prevalent, it suggests a culture within the organization that these types of negative stereotypes can be voiced without fear of condemnation or consequence.

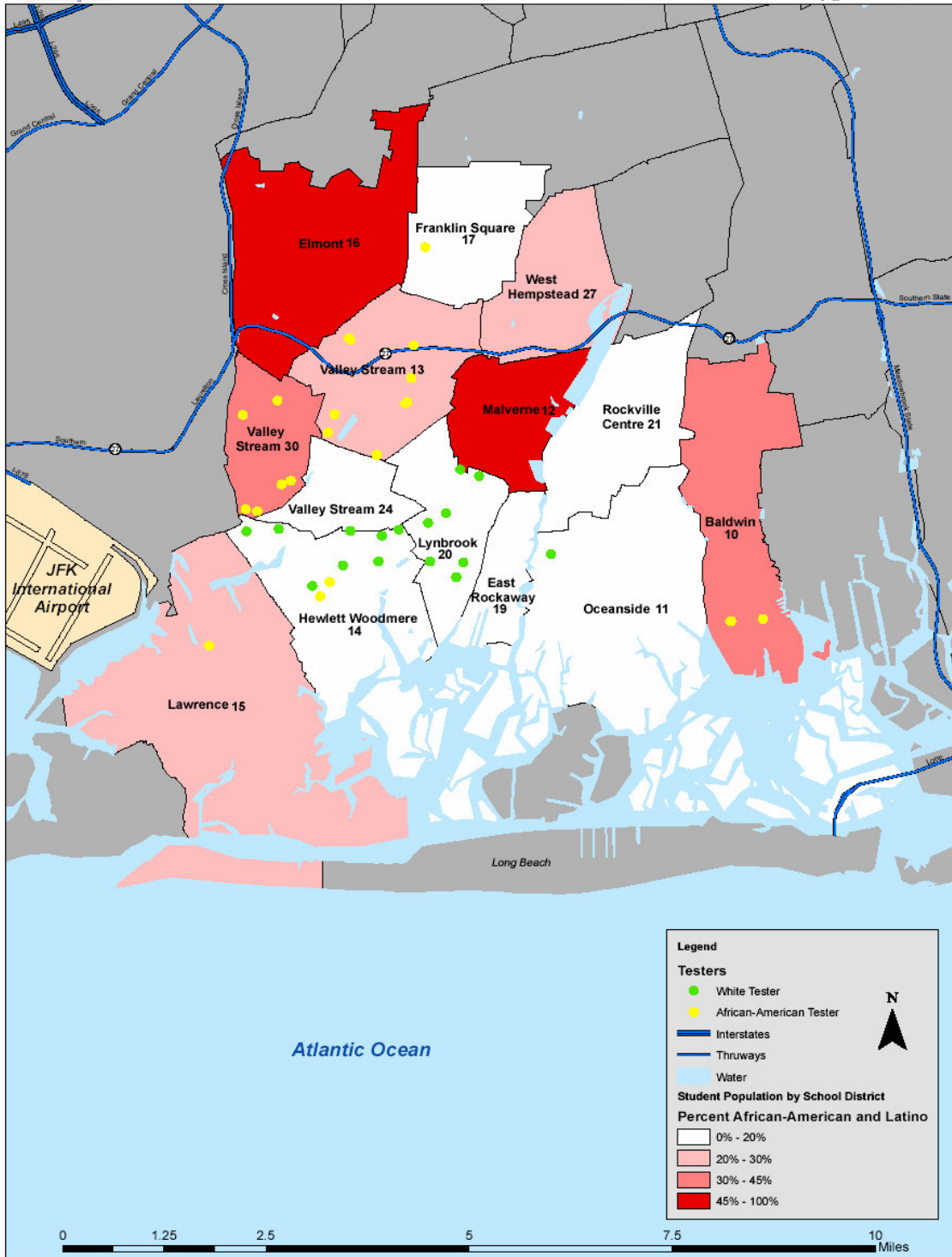
Real estate agents can be a potent force in the shaping of communities. NFHA’s testing of this company reveals that that influence is used to maintain the ethnic and religious segregation that has been so pervasive in Long Island. The testing and investigation of Julia Stevens Realty revealed systematic behavior that is a microcosm of the way that segregation often occurs in this country. Without testing, this behavior would be almost impossible to detect. This behavior,

repeated over and over again throughout the nation, clearly contributes to maintaining segregated living patterns in our neighborhoods.

Percent African-American and Latino Student Population by School District in Nassau County, New York

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Steering keeps neighborhoods segregated – by limiting choice through negative comments or by simply never showing homes to people in communities in which their race or national origin does not predominate. Homebuyers trust that their agents are showing them all available homes in their price range. Although some people self-select neighborhoods, others, such as first time homebuyers and families new to a city, rely on the experience and knowledge of their agents to help them find homes. When agents use that power to limit and even deny home seekers the opportunity to consider homes in many neighborhoods in their price range, agents perpetuate segregation.

In October, 2005, NFHA filed complaints against real estate companies located in the Atlanta metropolitan area – Coldwell Banker “The Condo Store,” Coldwell Banker Marietta, and Re/Max Buckhead. Complaints have also been filed against real estate companies in Detroit (Century 21 Town & Country) and Chicago (ReMax East West) alleging illegal steering in violation of the Fair Housing Act. Most recently, NFHA filed complaints with both HUD and the Westchester Human Rights Commission against Riolo Real Estate Company, a Westchester County, NY, real estate company.

The investigations that NFHA has conducted reveal that steering is, unfortunately, a consistent behavior of many real estate professionals. NFHA’s investigations also clearly demonstrate that schools have become a proxy for race and that steering based upon the racial demographics of schools is pervasive.

The Effects of Segregation on Education

A major consequence of residential segregation is school segregation. Almost every school district studied recently by the Harvard Civil Rights Project showed an increase in segregation since 1986 for African American and Latino students. In the fourteen year time period studied, 1986-2000, the decline in interaction with Whites for the average African American and Latino student was dramatic in some school districts. As schools become increasingly segregated, all students lose enormous educational and social opportunities from interacting with one another. Ideally, schools would be integrated when neighborhoods are integrated.

The demographics of housing and schools are deeply interwoven and their reciprocal relationship is important in understanding how segregation is perpetuated. Simply put, segregated neighborhoods create segregated schools

because schools draw students from their surrounding geographic region. Alternatively, a school's socioeconomic and racial composition often leads to assumptions about its academic quality and signals to parents and homeowners the desirability of the surrounding neighborhood. The effect is that segregated schools reinforce segregated neighborhoods. Moreover, resistance to and fear of integration often result in White flight fueled by unscrupulous real estate agents, further exacerbating neighborhood segregation and disparities in social, economic and racial/ethnic representation.⁸

Further, segregated schools result in fewer resources for schools with students of color. According to Linda Darling-Hammond, a professor of education at Stanford University, "Recent analyses of data prepared for school finance cases in Alabama, California, New Jersey, New York, Louisiana, and Texas have found that on every tangible measure – from qualified teachers to curriculum offerings – schools serving greater numbers of students of color had significantly fewer resources than schools serving mostly White students ... The continuing segregation of neighborhoods and communities intersects with funding formulas and school administration practices that create substantial differences in the educational resources made available in different communities."⁹

The practice of steering by some real estate professionals perpetuates segregated schools and neighborhoods and creates demand for homes in certain school districts.¹⁰ This increases the value of homes in certain, majority White school districts.¹¹ By steering Whites away from schools and entire school districts, the real estate industry limits demand for homes in those communities.

⁸ Frankenberg, E., *The Impact of School Segregation on Residential Housing Patterns*, Harvard Civil Rights Project, 2002.

⁹ *What Happens to a Dream Deferred? The Continuing Quest for Educational Opportunity*, Linda Darling-Hammond, Stanford University. Linda Darling-Hammond is a professor of education at Stanford University, where she founded the Stanford Educational Leadership Institute and the School Redesign Network.

¹⁰ While there have been numerous studies regarding the relationship between school performance and home value, none has studied the role that real estate marketing to White home seekers may have in that matrix. See e.g. African American, Sandra E. "Do Better Schools Matter? Parental Valuation of Elementary Education." *The Quarterly Journal of Economics*, May 1999. It is clear from David Rusk's research that the steering based upon school district and increased competition would have an impact on home values.

¹¹ Greater competition for homes in White neighborhoods created by real estate steering can drive up the values in those White neighborhoods. Rusk, David, "The Segregation Tax: The Cost of Racial Segregation to African American Homeowners," *The Brookings Institution's Center on Urban and Metropolitan Policy*, October 2001, p. 10.

This artificial manipulation of the real estate market slows appreciation rates and can even depress home values in those communities. Because funding for schools is based on property taxes, which are in turn based on property values, schools deprived of valuable capital in the form of home values suffer in the funding matrix critical to school performance. In order to compensate for the reduced tax base that results from reduced home values, cities must increase the tax rate for schools and other city services. Real estate agents use this increased tax rate as a tool to steer Whites away from these urban neighborhoods. The economic and social consequences of the illegal steering by real estate agents based upon schools are astronomical.

Recommendations

I. Implement a Nationwide Testing Program – Given the extent to which NFHA’s recent real estate testing program has uncovered discrimination, it seems clear that one way to abate discrimination by real estate agents and segregation of our nation’s neighborhoods is to implement a significant, nationwide testing and investigation program. This program should provide systemic assessments of real estate agents and companies and take appropriate policy and enforcement actions to counteract discriminatory behavior.

The federal government has failed to allocate sufficient resources to implement the measures necessary to enforce the Fair Housing Act. This failure has resulted in segregation, uneven allocation of resources, and harm to educational and future employment opportunities for students in urban communities.

NFHA proposes that the federal government invest in a ground-breaking nationwide testing program that would cover the nation’s largest metropolitan areas at a cost of approximately \$20 million. This program would allow for 5,000 paired tests, for an average of fifty paired tests in the nation’s one hundred largest metropolitan statistical areas (which contain 69 percent of the nation’s population).

II. Expand Current Education and Enforcement Efforts – Subsequent enforcement and educational programs, designed to ameliorate discrimination and the harmful costs of segregation, would cost an estimated \$20-25 million. Such a program could be conducted every two to three years until real estate discrimination is negligible. The cost of such a program does not even equal one tenth of one percent of the federal education budget. The relatively small

investment would reap enormous future economic benefits in all aspects of our society.

III. Create and Enforce a Whistleblower Policy – The Fair Housing Act was passed in 1968, just a week after the assassination of Dr. Martin Luther King, Jr. Through the years, real estate agents have received a high level of training regarding compliance with and promotion of the Fair Housing Act. They are well aware that steering and offering discriminatory comments are illegal. Evidence of this knowledge is clear from NFHA’s testing. During several tests, licensed real estate professionals throughout the country have stated that they know it is illegal for them to discriminate under the Fair Housing act. Despite these statements indicating knowledge of the law, real estate agents have then proceeded to make negative comments about the race, ethnicity or religion of people living in a community and stated they will select particular homes to show to potential home seekers in order to maintain the particular characteristics of a given community.

These willful acts of discrimination are contrary to what the agents are taught; yet, brokers and owners of real estate companies are doing little to monitor agent behavior and are therefore responsible for the ensuing acts of housing discrimination. This is not acceptable. It is incumbent upon company leaders to enforce a strong whistleblower policy to foster respect and accountability among employees so that discriminatory behavior and comments are neither tolerated nor reinforced. Similarly, co-workers who witness behavior in violation of the Fair Housing Act should speak out without fear retaliation or retribution from company employees and management. Promoting a culture of fairness and respect is good practice and good business.

IV. Alternative Funding Sources – There is a role for funding from foundations, corporations, and other institutions as well. Many foundations, for example, make significant investments in our nation’s educational systems and programs but fail to provide funding to address the reasons for the segregated communities that are the very underpinning of disparities in educational resources and achievement. It is unlikely that we will see significant improvements in educational achievement until integration is achieved.

Conclusion

Real estate agents throughout the nation continue to make inappropriate and illegal comments based on race and national origin, racial composition of neighborhoods, religion, and schools, thereby perpetuating segregation by limiting the neighborhoods in which homes are shown.

Our federal, state and local governments, the housing industry and communities across the country have a crucial responsibility in ensuring equal treatment and promoting integrated neighborhoods. Not only do integrated neighborhoods create a more diverse community and reduce the concentration of poverty in a city, they also sustain better schools, more amenities, a healthy infrastructure, a stronger tax base and a broader mix of businesses. Neighborhood integration provides everyone with the opportunity to have multi-cultural and multi-racial associations.

Housing discrimination occurs at alarming rates even in the best of times. The National Fair Housing Alliance and fair housing centers around the country, and other fair housing and industry professionals, are dedicated to educating the public about fair housing laws as well as enforcing those laws. Investigations like the one in Long Island serve to illuminate the crisis of housing segregation in our nation. We must now use this information to make real change and to work for integration of our neighborhoods and schools.