

FairWays

December 1999

The Newsletter of The Fair Housing Council Of Suburban Philadelphia

Advance Planning Conference Held Saturday October 30, 1999

By Jean Moore

The Planning Advance Conference was opened and moderated by the President of the Board of Directors of the Fair Housing Council of Suburban Philadelphia, Dr. Jean Moore. She indicated that the Board and staff have been involved in a rolling planning process since Spring 1999. During that process, the following four overarching priorities were identified and accepted by the Board to carry out the purpose of the Council, which, according to the By-Laws, is "to promote open housing."

1. Develop and execute programs to enhance fair housing opportunities
2. Recruit and retain members a) to the Council and b) to the Board
3. Provide professionally prepared staff and volunteers
4. Assure financial stability and resources for the Council.

The purpose of the Planning Advance Conference was to secure input from the participants to guide the direction and planning of the Council's actions over the next three years in carrying out the priorities through a planned programmatic approach. There were 22 participants in the conference. As they introduced themselves around the table, they identified their professions, vocations and affiliations, which covered a wide variety of interests. Board members of the Council constituted more than half of the group. The agenda for the conference provided for four presentations during the first hour. Participants were then asked to identify and come to consensus on key issues they felt should be addressed by the Council during the next three years. This was followed with a listing of suggested programs that the group thought should be developed to respond to key issues. The afternoon session broke the group into two Clusters. The first dealt with the priority of the Council to "Assure financial stability and resources to carry out the mission

and purposes of the Council." Their charge was to determine how to fund the recommended programs. The second cluster was charged with determining a response to the Council's priority of how to "Recruit and maintain a strong diversified board and expanded Council membership. The following is a summary of the major sessions.

FIRST PLENARY SESSION

Cary Isard, Chairperson of the board's Membership Committee and early member of the founding group of the Council presented the history of the Council which began over 40 years ago as a voluntary/volunteer group dependent on support from persons interested in enabling primarily African Americans to secure access to housing during an extremely restricted and segregated era. Jim Berry, Executive Director of the Council provided a prepared document reviewing the Council Today, which operates through a limited paid staff. He spoke of the extensive work of the Council in the four suburban counties (more in some counties than in others) and the programs that have developed in large part due to the help of governmental funding. Bill Henderson, past president and current Treasurer of the Board

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President Jean Moore leading the First Plenary Session. Deborah Butler and Carole Karash look on.



FairWays is a publication of
**The Fair Housing Council
of Suburban Philadelphia**
"The Nation's Oldest Fair
Housing Council"

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For questions or comments regarding this newsletter, please contact the newsletter committee by calling the FHCS office.

FHCS, Inc. is a private non-profit fair housing organization that advocates and works for freedom of residence in Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania.

A copy of the official registration and financial information may be obtained from the Pennsylvania Department of State by calling toll free within Pennsylvania 1-800-732-0999. Registration does not imply endorsement.

Message From the Executive Director

By Jim Berry

As we come to the end of 1999 I can't help looking back over the progress of the Council during our 43-year existence. The Fair Housing Council of Suburban Philadelphia is the oldest Fair Housing Council in the nation. In its 43 years our members and staff have fought for and seen the passage the Fair Housing Act and have opened more than 44,000 housing units to members of the protected classes. Yet we have so much more work to do. The Philadelphia region has been rated as one of the most hyper-segregated housing markets in the United States. Nationally, Blacks are more likely to be denied housing --albeit with a smile and a handshake--than whites, are more likely to be denied a mortgage, and are less likely to refinance to more favorable loan terms. Based on the Council's current program to investigate compliance with new construction guidelines in

accessibility, the Council has found no substantial interest from the industry to comply with these guidelines. James H. Carr of the Fannie Mae Foundation has said that discrimination "can be institutionalized in policies, practices and procedures and continues long after the desire to discriminate has faded. (Such) actions can be invisible even to those who fight discrimination in their work." The methods of discovering discrimination that worked 10 or 20 years ago do not work as well in today's more sophisticated housing market. In October, the Council held a planning advance conference to consider the most effective ways of dealing with this critical issue. The planning and strategizing process is far from over, and I want to encourage you to become more involved in helping the Council fight housing discrimination. If you have ideas and would like to become involved please contact the Council and help with the fight.

Ira Goldstein, Ph.D. Elected to Council's Board of Directors

At its September meeting the Board of Directors elected Ira J. Goldstein, Ph.D. to fill a vacant position on the Council's Board. Ira is someone who is very familiar to anyone who has been involved in fair housing over the past decade. Ira left his position as the Director, Mid-Atlantic Hub, Office of Fair Housing and Equal Opportunity, U. S. Department of Housing & Urban Development, Pennsylvania State Office in June of this year to become the Director of Public Policy and Program Assessment at the Delaware Valley Reinvestment Fund. "Having someone with Ira's fair housing knowledge and credentials will significantly enhance the Council's ability to address fair housing issues in the Delaware Valley," said Council Executive Director James Berry. "I have been working with Ira since I became the Council's Director in 1992 and am extremely happy to be able to continue to have access to his wisdom.

What Is Predatory Lending?

By Ira J. Goldstein, Ph.D.

Because of declines in interest rates and changes to the tax laws, mortgage refinances and home equity loans are being sought at unprecedented levels. Oftentimes, an applicant's credit history does not meet the relatively strict standards of the "A credit" or prime mortgage market. Accordingly, many people have sought credit through institutions making credit available to people with less than perfect credit histories. The trade-off for making these loans available to those considered riskier is that the lender charges more (i.e., higher interest rates, points, etc.). These loans are oftentimes referred to as sub-prime.

Predatory lending is a term that represents the unconscionable actions of lenders typically operating within the sub-prime market. Generally predatory lending occurs when lenders seek out or target an individual or community because some unique aspect of that individual or community disposes them, or makes them vulnerable to, the loan the predatory lender wishes to make. The product that the lender sells is unfavorable - perhaps even financially ruinous - for the borrower. Unbeknownst to the borrower, they might possibly qualify for a loan under substantially better terms or conditions than that offered by the predatory lender (e.g., fewer points, lower interest rate, lower fees, less "packed" into the loan, etc.).

Some of the most common predatory practices include:

- Misrepresenting (or hiding) critical loan terms
- Failing to advise consumers of their right of rescission
- "Flipping" (i.e., frequently refinancing at the lender's suggestion) loans causing both the transaction costs to pile up and the principal balance to rise
- Establishing repayment terms that lenders knew could never be met by borrowers thus increasing the likelihood of default and foreclosure
- "Packing" the loans with extraordinarily expensive (single premium) credit life / disability insurance
- Charging undisclosed and/or improper fees (e.g., brokers receiving fees for which there were no services rendered, home improvement contractors receiving referral fees)
- Foreclosing on loans to obtain properties at a discount
- Selling foreclosed properties at a substantial profit

Existing anecdotal and documentary evidence suggests that the typical victim of the predatory lender is elderly, female, and lower / moderate income; in many cities, the predatory practices disproportionately affect minority group members and minority communities. The effect of predatory lending practices on lower income people is especially damaging since the large lien or foreclosure on the home takes away the only asset at their disposal. In some cases, the home may have been the only vehicle available to achieve an inter-generational transfer of wealth. And, as blocks and communities experience a proliferation of predatory lenders, they are destabilized at an accelerated pace.

There are many state and federal laws to protect you from predatory lending practices. If you think that you are victim of predatory lending practices, you are encouraged to seek out the assistance of organizations like the Fair Housing Council of Suburban Philadelphia or legal advocacy groups so that you can be properly counseled and where appropriate, referred to a law enforcement agency.

No Children Policy At Montgomery County Apartment Complex Results in Enforcement Agreement

Argyle Court Apartments is a 36-unit complex located in Ardmore, Montgomery County. Testing of this complex revealed that the owner was informing prospective tenants that families with children were not allowed to live there. The Council filed a complaint with the U. S. Department of Housing & Urban Development (HUD) based on the test results.

On October 25, 1999 HUD held a conciliation conference to attempt to resolve the complaint. At that conciliation conference, the owner agreed to enter into an Enforcement Agreement with the Council. The Enforcement Agreement includes an admission by the owners that their policy of not renting to families with children is a violation of the Fair Housing Act. This agreement is precedent setting since it represents the first time a complaint involving a Montgomery County housing provider was settled with such an admission. Other provisions of the Enforcement Agreement

require that Argyle's owners: immediately cease denying otherwise qualified families with children from renting apartments; comply with the Fair Housing Act in the future; attend a fair housing educational program; include the equal housing opportunity logo on all of its materials; display a fair housing poster in each room where there is rental activity; keep records on persons inquiring about the availability or terms of rental of units and all actions taken with respect to each inquiry and the reason for such action; and send a letter to all tenants advising them that children are welcome at Argyle Court Apartments.

The Fair Housing Council of Suburban Philadelphia is widely regarded as the premiere fair housing advocacy agency serving Montgomery County. Argyle's owners agreed to pay \$20,000 to the Council for the setback Argyle caused to the Council's previous educational and outreach efforts in Montgomery County.

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Planning Advance Conference...

of Directors of the Council spoke on the Board Today. He indicated some of the shifts between the volunteer nature of the past council and the changes in responsibilities between board and staff. He gave recognition to the historical legacy that still is carried through the ongoing relationship and help offered by some members of the board to fill voids occasioned by the limited number of staff. Finally, the challenges and opportunities for the Council were provided by Cliff Boardman, Esq. who has been legal Counsel for the corporation in providing successful litigation on a number of cases over recent years. The primary challenge that he provided for the council was the consideration of expanding the focus and geographic accountability to include discriminatory activities beyond the field of housing and within the fifth county, namely Philadelphia.

GROUP DISCUSSION

Eleven issues were identified and discussed by the group. This was followed by suggestions for programmatic responses to each of the issues, suggesting ways of dealing with the concerns raised.

CLUSTER MEETINGS

Each Cluster was provided with a Charge Statement with guidelines that included questions to be raised in considering their plan. Cluster I was facilitated by Marion Murphy and Recorded by Peter Hill Cluster II was facilitated by Deborah Butler and recorded by Carole Karash. The reports list recommendations for implementing the Council's priorities and complement the morning session.

CLOSING PLENARY SESSION

Following the cluster sessions, the participants reassembled to share their outcomes. Information was recorded and charted during the sessions. The Advance, which began at 8:30 am, was concluded by 3:30 pm. The moderator thanked the participants and indicated that the Board and staff will review and come to closure on the direction and the plans for the Council during the upcoming meetings of the Board.

Council Finds New Construction Industry Non-Compliant

In April the Council co-sponsored a seminar on Accessible Design & construction and the Fair Housing Act. In the August issue of *FairWays* we discussed many of the issues related to appropriate design & construction of housing built for first occupancy after March 13, 1991. For instance, some of these requirements are: an accessible building entrance, accessible public and common areas, doorway width appropriate for wheelchair access, and environmental controls at designated heights.

Since this conference, the Council has been working on an investigation program to determine compliance with these guidelines. Through funding assistance from the U.S. Department of Housing & Urban Development and a partnership with the Disabilities Law Project a comprehensive investigation program has been developed and implemented. The results of this program show that none of the covered dwellings investigated thus far are compliant with the new construction requirements of the Fair Housing Act.

"The accessibility requirements went into effect over eight years ago," stated Council Executive Director James Berry. "The Fair Housing Act only holds those involved in design (architects) and construction (developers) responsible for non-compliance with the accessibility requirements. However, the governmental agencies that grant building permits and the universities that failed to properly educate their architectural program graduates must also bear some culpability for this problem."

During the upcoming months the Council will be working closely with the Disabilities Law Project to determine the best methods to gain compliance at these new housing developments. If you have any questions regarding the requirements of the law do not hesitate to discuss them with us. The Council has a number of the technical design manuals which are available free of charge, and if we cannot answer your question we will direct you to a resource that can.

Message Regarding Annual Appeal

Thanks to everyone who responded to our Annual Appeal, a hearty welcome to all new Council members, and a gentle reminder to those who haven't quite gotten around to using that return envelope!

Are You Pregnant?

The Council performed a random test for compliance with fair housing laws regarding renting to families with children at an apartment complex in Bucks County. Although no specific evidence of different treatment was found, it was discovered that the complex's rental application contained a question that asked if anyone who would occupy the unit was currently pregnant. These types of questions have been shown to be illegal under the Fair Housing Act because they request information specifically related to a protected class. It is illegal to collect information regarding a protected class because this information can be used to make a "preference, limitation or discrimination..." The Council contacted the complex, notified them of the violation, and the question no longer appears on their application.



Invitation to Attend Membership Meeting for participants in cluster #2 of the planning advance conference and other interested persons

Attention everyone who was in Cluster #2 at our recent Planning Advance. This group will meet again at 10 AM on Monday December 13th at the FHCSF office. We've made a good start brainstorming what to do regarding membership and board participation; now we need to discuss how, who and when. All interested Council members, whether or not you attended the Planning Advance, are invited. We would welcome your input.



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**Mark Your Calendars and Plan on Attending the
Council's
43rd Annual Meeting**

Monday, January 10, 2000

7:00 PM

At the Council Office

225 South Chester Road, Suite 1 in Swarthmore



Attendees of October 1999 Planning Advance Conference