

Fair Ways

June 2001

The Newsletter of The Fair Housing Council Of Suburban Philadelphia

Council Finds Homeowners Insurance Discrimination & Redlining in the City of Chester

A home is one of the largest and most important assets a family will own. It is vital that this asset be protected in case of disaster. Homeowners insurance coverage protects the homeowner against such losses. Additionally, homeowners' are almost always required to have insurance coverage in order to qualify for a mortgage or home equity loan. Access to affordable insurance is essential for homeownership, business and commercial development and any urban redevelopment initiatives. If insurance is not available, or is only available on unfavorable terms and conditions, efforts to achieve fair housing, to nurture economic opportunity, or even secure the basic rights of citizenship are undermined.

FHCSP conducted a testing project to determine if the residents of the City of Chester had the same access to quality homeowners insurance products as other residents of Delaware County. For this testing, Black testers seeking insurance on homes in the West End of Chester phoned agents and requested a verbal and a written quote for insurance. White testers seeking insurance on homes in white neighborhoods surrounding the City of Chester then called the same agent also requesting a verbal and written quote for insurance. Both the homes and the testers were almost an exact duplicate of each other, leaving the only variable tested the neighborhood the home was located in.

The results of the testing showed that in 60% of the cases there were differences in treatment experienced by the Black testers. These differences included: outright denials of coverage, higher costs (18% to 317% higher than for a similar home in the white neighborhood), lower quality of policies

offered (for example, the tester with the home in Chester was only offered a market value policy whereas the tester with the home in the white neighborhood was offered a replacement cost and a guaranteed replacement cost policy), less agent responsiveness (the black testers found it more difficult to receive return phone calls and get written quotes for insurance), and company policies and standards were applied differently (for example, requiring a social security number and credit check before offering a quote to the black tester while the white tester was given a quote without this).

In addition, in 55% of the tests policies having a discriminatory effect—the effect of redlining the City of Chester—were stated. These policies included: not insuring properties with flat roofs, having a minimum market value requirement on the property (from \$75,000 to \$100,000) and requiring a social security number to run a credit check before a quote could be given.

The conclusion? Residents of the City of Chester have less access to homeowners insurance products, are often treated differently than homeowners in low-minority areas of the County and often must pay more for the insurance coverage they have.

“Our goal is obviously to promote more home ownership and one of the components is easy access to homeowners insurance,” said Chester Mayor Dominic F. Pileggi. “Now, with this study from a recognized agency in hand, it should be easier to remedy that problem.”

The Council is now in the process of investigating possible methods to end this type of discrimination. The Council's study “Homeowners Insurance Discrimination & Redlining in the City of Chester” is available on the Council's website:

<http://fhcsp.fairhousing.com>



FairWays is a publication of
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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.

Speech Patterns Trigger Housing Discrimination

by Sandy Smith

(Reprinted with permission from the Penn Current)

If you are black and looking for a place to rent, you may be out of luck the moment you leave a message on the leasing agent's telephone.

That's what a team of undergraduates discovered when they served as testers for a research project headed by Dorothy S. Thomas Professor of Sociology Douglas Massey and postdoctoral fellow Garvey Lundy. The researchers discovered significant race, class and gender discrimination in the Philadelphia housing market based solely on speech patterns of the would-be renters.

Massey and Lundy published their research results in the March issue of *Urban Affairs Review*. Expanding on an earlier study that documented similar discrimination in the San Francisco Bay area, their team set out to measure discrimination based on calls to Philadelphia-area landlords and rental agents.

Students in Massey's course, *Studying Racial Discrimination*, made 474 phone calls to 79 agents who advertised in the Sunday *Philadelphia Inquirer* real-estate section and two local rental guides. The students followed a standard script with identical life histories, incomes and rent requirements. But they assumed three different speech patterns, two middle class—white middle-class English and black accented English—and the lower-class dialect known as Black English Vernacular.

While 76 percent of the males who spoke white middle-class English were ultimately offered an apartment to inspect, only 63 percent of the men who spoke black accented English were. The women fared worse – 60 percent of those who spoke white middle-class English and 57 percent of those who spoke black accented English were offered apartments. And of those who spoke Black English Vernacular, only 44 percent of the men and 38 percent of the women were offered apartments.

Many of the students, Massey said, were surprised by what they discovered. "The white students were more surprised than the black students, the women were

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Notes From The Membership Committee

We do hope we will see many of you at the annual picnic of the FHCSP in the back yard of the Isard's home on Saturday June 23 at 5pm till dark. (Rain date is Sunday June 24) The Isards live in a large white house that was part of the Underground Railroad. There is an historical marker on the front lawn. The address is 3218 Garrett Road in Drexel Hill at the SE corner of Garrett and Maple across from the Playhouse Bowling Alley.

Do come and bring family and friends—bring something to grill and a dish to share. Folding chairs would be helpful. We will provide the grill, punch, ice and condiments, utensils, cups, plates and napkins.

Questions? Call Kathleen Henderson (610) 558-5186 or Cary Isard (610) 259-6080.

Dues & Contributions

We received dues and contributions from 124 individuals totaling \$2,579, this included 2 United Way pledges and 3 organizations. This was in response to our mailing in February from the membership committee. We hope that many more of our supporters will respond to our Annual Appeal letter, which was mailed in May.

In Memory Of...

We are sorry to report the death of one of our long time members – George Harris. He and his wife Thelma bought their home in Lansdowne with the help of Margaret Collins, broker of Friends Suburban Housing. The Harris family was one of the early African American pioneers in Lansdowne in the 1960's.

(Speech Patterns...Continued from page 2)

more surprised than the men, and the white women were particularly surprised at the extent of gender discrimination. The blacks were also surprised that discrimination was more blatant than they thought it was.”

This, Massey said, shows how technology – in this case, voice mail and answering machines – can make it easier to discriminate. “You can discriminate without ever speaking to or seeing someone simply by not returning a phone call. It’s harder to discriminate when someone is sitting in front of you.”

While scholarly studies cannot be used as law-enforcement tools, Massey hopes fair-housing advocates will use his methodology to conduct tests of their own.

“[This study] shows the persistence of illegal behavior and the need for enforcement of fair-housing laws in the United States,” he said.

Educational Materials Available

The Fair Housing Council of Suburban Philadelphia has created four new fair housing educational booklets this year.

We now have a full array of educational materials available free of charge. In addition to the following materials, the Council also has fair housing materials in Spanish, Chinese, Korean, and Vietnamese. If you are interested in receiving any of these materials, contact the Council at (610) 604-4411. All FHCSP materials are also available on our website at <http://fhcsp.fairhousing.com>.

Fair Housing: It's Your Right!

This is a general guide that would be helpful for anyone in the housing market. Much discrimination today is subtle and happens “with a smile and a handshake.” This guide describes many of the subtle ways discrimination can occur in rental housing, real estate sales, mortgage loans, rental and homeowners insurance, home appraisals and advertising.

Non-Discriminatory Rental Practices: A Fair Housing Guide for Apartment Management

This guide was developed to assist housing providers and landlords in understanding their

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Douglas S. Massey

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responsibilities under the Fair Housing Act. In addition to a general description of fair housing laws, the guide also discusses various technical fair housing issues, including: disability issues, occupancy issues and standards, per capita charges and fees, lead-based paint hazards and other “unsafe” living conditions, and advertising guidelines. The guide also describes recommendations for developing standard procedures to avoid discriminatory practices in the rental business.

A Fair Housing Guide to Homeowners Insurance

This guide gives helpful hints on how to compare insurance companies. It also gives descriptions about the different types of policies and what these policies cover, which will help individuals determine what type of policy is best for their family and what things are not covered under a given type of policy. In addition to the helpful insurance information found in this guide, there are also examples of discrimination encountered by the testers in the Chester insurance study. The inclusion of these anecdotes should help individuals get a better understanding of the subtle ways that discrimination can occur in the homeowners insurance industry and therefore be able to recognize it should it happen to them.

Need a Loan? Would you like some extra money? Don't Lose Your Home!

This is the Council's guide about sub-prime and predatory lending. Consumers in black or low-income neighborhoods are much more likely to receive high-cost home loans than consumers in predominantly white or moderate-income neighborhoods. Predatory lending is a term that represents the unconscionable actions of lenders typically operating within the sub-prime market. This guide is designed to help consumers understand the difference between a prime and a sub-prime loan and to recognize potential predatory behaviors of individuals and companies offering them a loan. The guide also gives suggestions that may help the homeowner avoid getting trapped into a predatory loan.

A Fair Housing Guide for Persons With Disabilities

This guide is designed specifically to help persons with disabilities understand their rights under the law. This guide describes how the Fair Housing Act defines a disability and the differences between the Fair Housing Act and the Americans with Disabilities Act (ADA). It also describes the terms “reasonable accommodation” and “reasonable modification.” Included in the guide is a sample letter that can be used as a guide to request accommodations and modifications.

Fair Lending: A Fair Lending Compliance Program for Mortgage Lenders

This guide was developed to assist mortgage lenders with basic information about their requirements and potential liability under the Fair Housing Act. It also gives an idea about how FHCSF can help lenders minimize the risk of having a complaint filed against them.

“Today, we still find insurance companies making underwriting decisions based on all kinds of factors that have nothing to do with a statistically measured or measurable probability of risk. One of these factors, unfortunately, is your location on a city map that probably does not have any red boundary lines drawn on it but it might as well because the results are the same.”

*J. Robert Hunter
Texas Insurance
Commissioner
Testifying before the
U.S. Senate Committee
on Banking, Housing &
Urban Affairs
1994*



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The Fair Housing Council of
Suburban Philadelphia

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Saturday, October 13, 2001
3 –7 PM

at *The Lagoon*

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Contact FHCS at (610) 604-4411
to order tickets

FHCS Welcomes Summer Intern to Staff

In June, Joyce Atkins was welcomed to our staff as an intern for the summer. Joyce is a rising senior at Swarthmore College and has joined us as part of Swarthmore's Summer of Service Program. The program is a part of Swarthmore's volunteer coordination department that encourages all interested students to complete at least one summer of volunteer work during their matriculation at the college. Joyce chose to intern with us because she is very interested in the way laws--if known, enforced and properly implemented--are able to make communities stronger and lives better. After Swarthmore, Joyce plans to attend law school and focus her endeavors on improving child welfare.