

Fair Housing Agencies File Civil Rights Complaint Against U.S. Bancorp

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Funding from Fannie Mae also supported the investigations of REO properties across the nation.

NFHA and its member partners also utilized their own resources to expand the REO investigations.

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Introductions

- **National Fair Housing Alliance**
 - **Shanna L. Smith, President/CEO**
 - **Washington, DC**
- **Miami Valley Fair Housing Center**
 - **Jim McCarthy, President/CEO**
 - **Dayton, Ohio**
- **Metro Fair Housing Services, Inc**
 - **Gail Williams, Executive Director**
 - **Atlanta, Georgia**
- **Housing Opportunities Project for Excellence (HOPE, Inc.)**
 - **Keenya Robertson, President/CEO**
 - **Miami, Florida**
- **HOPE Fair Housing Center**
 - **Anne Houghtaling, Executive Director**
 - **Wheaton, Illinois**

Purpose of Investigation

- Overall, US Bank REO properties have suffered from a disproportionate amount of negligence and maltreatment in communities of color.
- Beginning in 2010 and continuing through the present, Complainants investigated how US Bank maintains and markets its REO properties nationwide. Through this investigation, Complainants evaluated a substantial number of single-family and townhome REO properties owned by US Bank in seven metropolitan areas^[1]. This investigation revealed significant racial disparities in maintenance and marketing in all seven metropolitan areas, as well as nationally.

^[1] The metropolitan areas are: (1) Washington, D.C. Metropolitan Area; (2) Baltimore, MD Metropolitan Area; (3) Chicago (4) Oakland, Richmond, and Concord, CA; (5) Dayton, OH; (6) Miami, FL; and (7) Atlanta, GA.

Methodology for Investigation

- Neighborhoods were either predominantly White or predominantly Latino, African-American, or a combination of both.
- Neighborhoods selected had recent high foreclosure rates of US Bank REOs located in the zip codes evaluated.
- 100% of REOs of US Bank were evaluated within the zip codes.

Evaluation Measures



- Curb Appeal
 - Accumulated mail, trash, overgrown or dead grass/shrubbery, invasive plants
- Structure
 - Unsecured/broken doors, locks, windows, damaged roof, fence, deck, holes, wood rot
- Signage
 - Trespass/warning signs, "bank owned," "For Sale signs," broken/discarded signs, unauthorized occupancy

Evaluation Measures

- Paint/Siding
 - Graffiti, severe peeling/chipped paint, damaged siding, missing/broken shutters
- Gutters
 - Missing, out of place, broken, hanging, obstructed
- Water Damage
 - Mold, water damage, erosion
- Utilities
 - Tampered with or exposed



Federal Fair Housing Act

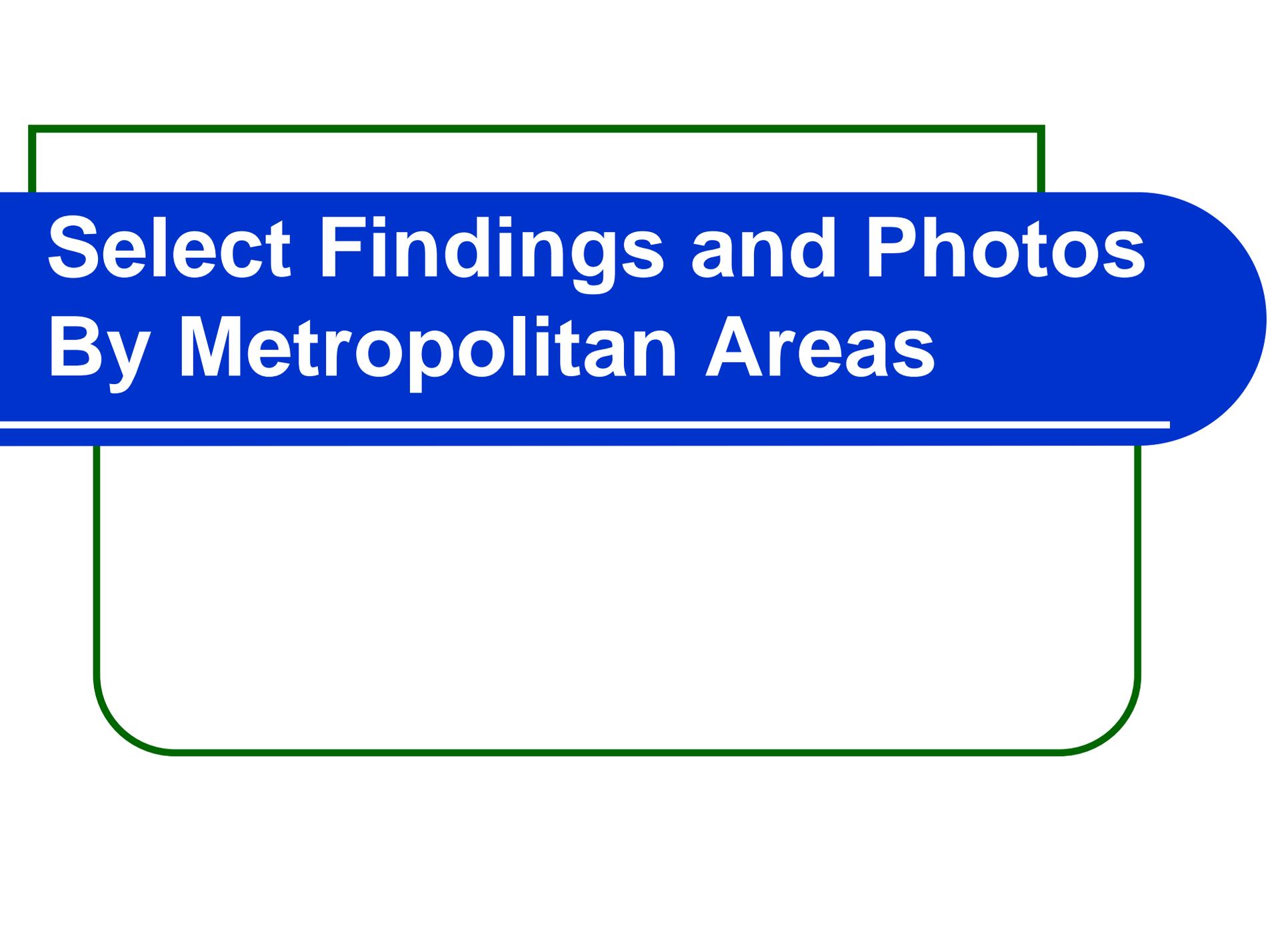
- The Fair Housing Act has two goals:
 - to eliminate housing discrimination and
 - to promote residential integration.
- HUD's regulations interpreting the Fair Housing Act state:
 - It shall be unlawful because of race, color, religion, national origin, sex, familial status or disability to restrict or attempt to restrict the choices of a person by word or **conduct** in seeking, negotiating for, buying or renting a dwelling so as to **perpetuate segregated housing patterns**, or to discourage or obstruct choices in a community, neighborhood or development.

Federal Fair Housing Act

- The differing maintenance of REO properties based on the racial or ethnic composition of neighborhoods is a violation of the Fair Housing Act.
- HUD's regulations clearly state that “failing or delaying maintenance or repairs of sale or rental dwellings because of race. . .” is a prohibited action under the Fair Housing Act.

Federal Fair Housing Act

- Steering by real estate agents based on neighborhood racial composition is illegal and other behavior in the sale or rental market that operates to discourage potential buyers from purchasing or renting homes, such as by failing to adequately maintain properties in communities of color, can also violate the Act.
- It is unlawful to “make unavailable or deny” housing to any person because of race, national origin...
- If the poor maintenance of an REO property in an African-American or Latino neighborhood makes it difficult for a potential purchaser to obtain a mortgage loan for the property, the poor maintenance has made the housing “unavailable” within the meaning of the Act.



Select Findings and Photos By Metropolitan Areas

Overview

- NFHA and partners investigated 177 US Bank REOs.
- In each of the seven metropolitan areas where Complainants evaluated a number of REO properties owned by US Bank
 - REO properties in White communities were far more likely to have a small number of maintenance deficiencies or problems as compared to REO properties in communities of color.
 - In addition, in each of the metropolitan areas, Complainants observed significant racial disparities in many of the objective factors evaluated.

Metro Dayton, Ohio

Jim McCarthy
President/CEO

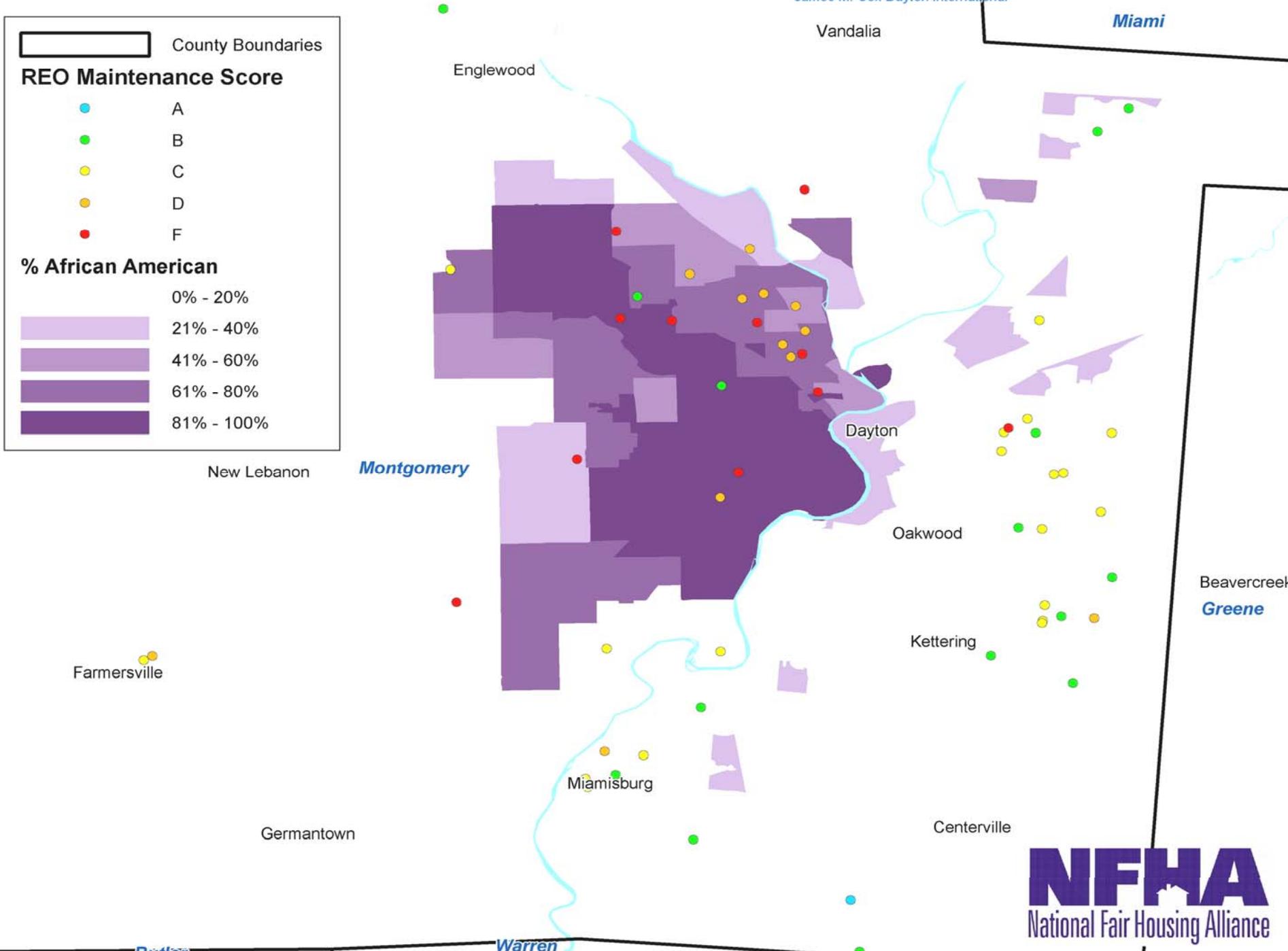
County Boundaries

REO Maintenance Score

- A
- B
- C
- D
- F

% African American

- 0% - 20%
- 21% - 40%
- 41% - 60%
- 61% - 80%
- 81% - 100%



Racial Disparities

- 58 REO properties evaluated.
- 14 located in African-American communities
- 1 located in a neighborhood with a majority of non-White residents
- 43 were located in predominantly White neighborhoods.

Racial Disparities

- 65% of REO properties in communities of color had **substantial amounts of trash**, while only 24% of REO properties in White communities had the same problem.
- REO properties in communities of color are almost 6 times more likely to have substantial amounts of trash than REOs in White areas.
- 65% of REO properties in communities of color had **unsecured or broken doors**, while only 15% of REO properties in White communities had the same problem.

- 94% of REO properties in communities of color **did not have a “for sale” sign** or over 4 times more likely than REO properties in White communities to have a “for sale” sign missing.
- 53% of REO properties in communities of color had **broken gutters**, while only 24% of REO properties in White communities had the same problem.
- 53% of REO properties in communities of color had **broken windows**, while only 37% of REO properties in White communities had the same problem.

94% of REO properties in communities of color did not have a “For Sale” sign



- The nice home on the top is the REO located in an African American neighborhood. There is no “For Sale” sign and the leaves have not been raked.
- This home is the neighbor and is well maintained.

A closer look at one REO



- Overgrown yard
- Obstructed gutters
- Broken gutters



Same REO Home



- Missing gutters
- Overgrown yard

Racial Disparities



- No lawn care. In the spring this will be dead grass and mud.
- Trash remains inside the home.



Racial Disparities

- No house numbers.
- No For Sale sign.
- Missing siding. 
- Damaged lawn
- Nice area, nice neighborhoods and beginning eyesore.



Racial Disparities



- Minor repairs to this REO in an African America neighborhood would make all the difference.

Racial Disparities



- With simple cleaning, repairing the window and regular visits by US Bank, this home would be neat and marketable.

Atlanta, Georgia

Gail Williams
Executive Director

Racial Disparities

- 13 REO properties evaluated.
- In White areas US Bank only had 2 REOs.
- 63% of REO properties in communities of color had more than 5 maintenance or marketing deficiencies.

Racial Disparities

- 73% of REO properties in communities of color had **substantial amounts of trash.**
- 73% of REO properties in communities of color had **mail accumulated.**
- More than half (55%) of properties in communities of color had **overgrown grass or leaves.**

Racial Disparities

- More than half (55%) of properties in communities of color were **missing a “for sale” sign**.
- 36% of properties in communities of color had **broken or boarded windows**.
- 36% of properties in communities of color had **peeling or chipped paint**.
- 36% of properties in communities of color had **broken gutters**.

Racial Disparities



- This REO is poorly maintained with an accumulation of trash, broken porch rails and no for sale sign.

A closer look at one REO



- This could be a nice REO, but it is boarded up, trash is in the yard and the yard is unmaintained.





- The rest of the neighborhood is nice.

Another eyesore in nice neighborhood.



- Neighbor's home.



Poorly Maintained REO



- No “For Sale” sign.
- Obstructed gutters.
- Broken fence.
- How can a real estate agent encourage a prospective buyer?

Nice Neighborhood—Poor REO



- Nice African American neighborhood with poorly maintained US Bank REO.



Chicago, Illinois

Anne Houghtaling
Executive Director

Racial Disparities

- 26 REO properties evaluated.
- 42% of REO properties in White communities had **minimal problems** (fewer than 5), while only 16% of properties in communities of color had **minimal problems** (fewer than 5).
- Additionally, **0%** of properties in African-American neighborhoods had fewer than 5 problems.

Racial Disparities

- 79% of REO properties in communities of color had **substantial amounts of trash**, while only 57% of REO properties in White communities had the same problem. In other words, REO properties in communities of color are 2.8 times more likely to have a substantial amount of trash on the premises than REO properties in White communities.
- 37% of REO properties in communities of color had **unsecured or broken doors**, while only 14% of REO properties in White communities had the same problem.

Racial Disparities

- 32% of REO properties in communities of color had **broken windows**, while **0%** of REO properties in White communities had the same problem.
- 47% of REO properties in communities of color had a **damaged fence**, while only 14% of REO properties in White communities had the same problem.
- 26% of REO properties in communities of color had **trespassing or warning signs**, while **0%** of REO properties in White communities had the same problem.

Racial Disparities

- 68% of REO properties in communities of color had **missing “for sale” signs**.
- 21% of REO properties in communities of color had **broken or discarded signage**, while 0% of REO properties in White communities had the same problem.

Racial Disparities



- No "For Sale" sign.
- Boarded up windows.
- Trash.

Racial Disparities



- Boarded up home.
- For Sale sign lying against home.

Miami/Fort Lauderdale, FL

Keenya Robertson
President/CEO

Racial Disparities

- 22 REO properties evaluated.
- 10 located in African-American communities.
- 4 located in predominantly Latino communities.
- 2 located in a community with a majority of non-White residents.
- 6 were located in predominantly White communities.

Racial Disparities

- 63% of REO properties in communities of color had **substantial amounts of trash**.
- 31% of REO properties in communities of color had **mail accumulated**, while **0%** of REO properties in White communities had the same problem.
- 44% REO properties in communities of color had **dead grass** covering up to 50% of the lawn, while only 17% of REO properties in White communities had the same problem.
- 25% of REO properties in communities of color had **broken doors**, while only 17% of REO properties in White communities had the same problem.

Racial Disparities

- 31% of REO properties in communities of color **had trespassing or warning signs**, while 17% of REO properties in White communities had the same problem.
- 33% of REO properties in communities of color had **damaged siding**, while **0%** of REO properties in White communities had the same problem.
- 25% of REO properties in communities of color had **broken gutters**, while 17% of REO properties in White communities had the same problem.

A Closer Look at One REO



- No For Sale sign.
- Trash.
- Broken glass (dangerous)
- Damaged overhang.

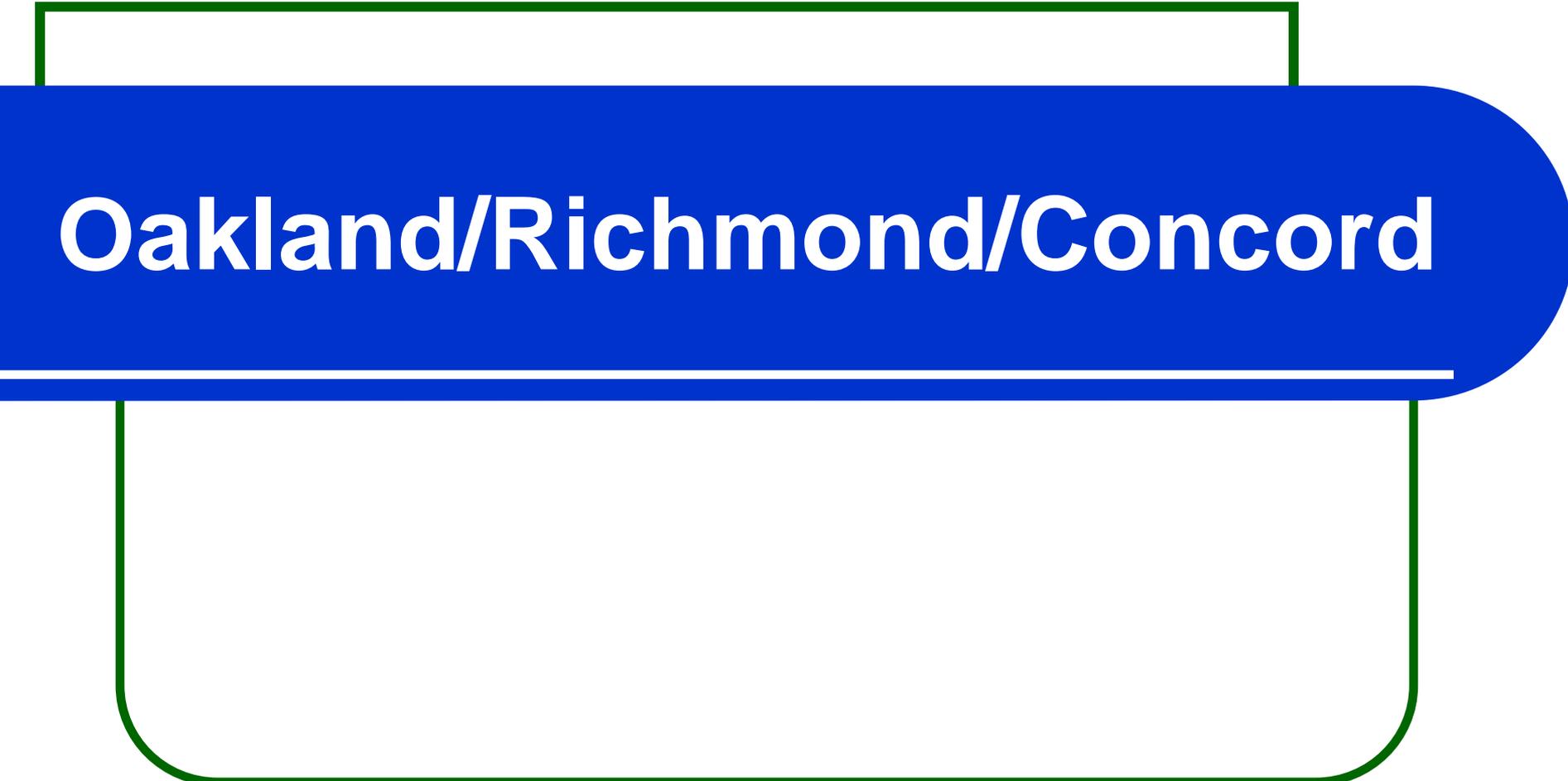


“Unfit for Human Habitation”



REO in White Neighborhood

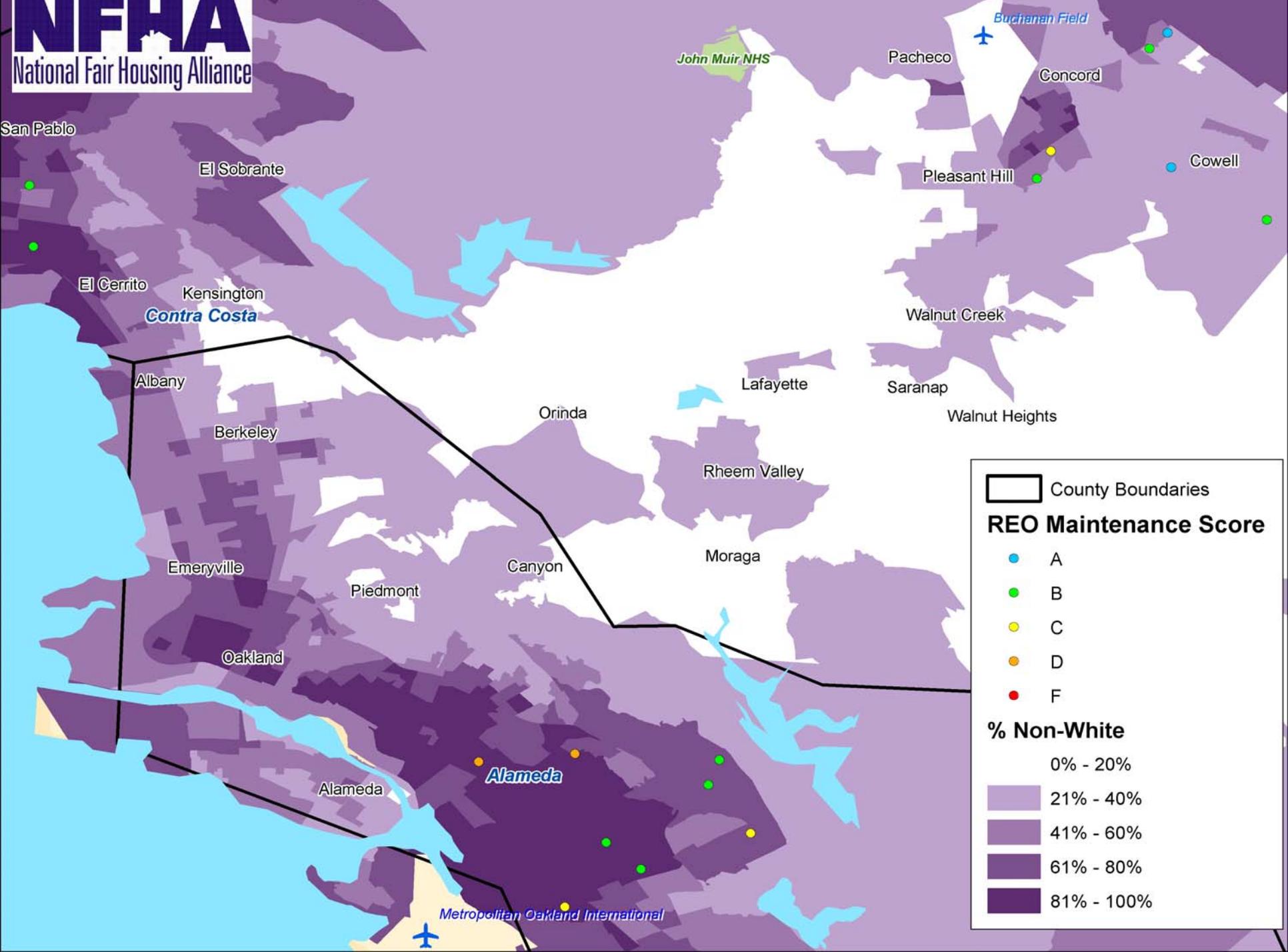




Oakland/Richmond/Concord

Racial Disparities

- 6 REOs in White areas and 4 scored an “A.”
- 10 REOs in neighborhoods of color and only 1 scored an “A.”



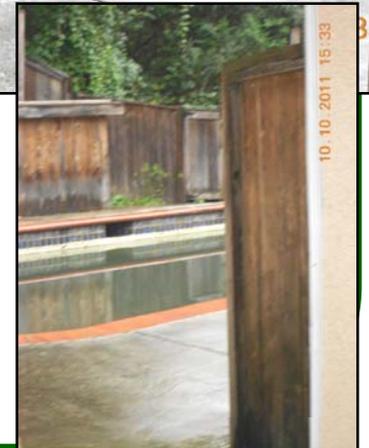
Racial Disparities



Racial Disparities



Racial Disparities



- Nice REO in African American neighborhood—danger for children.

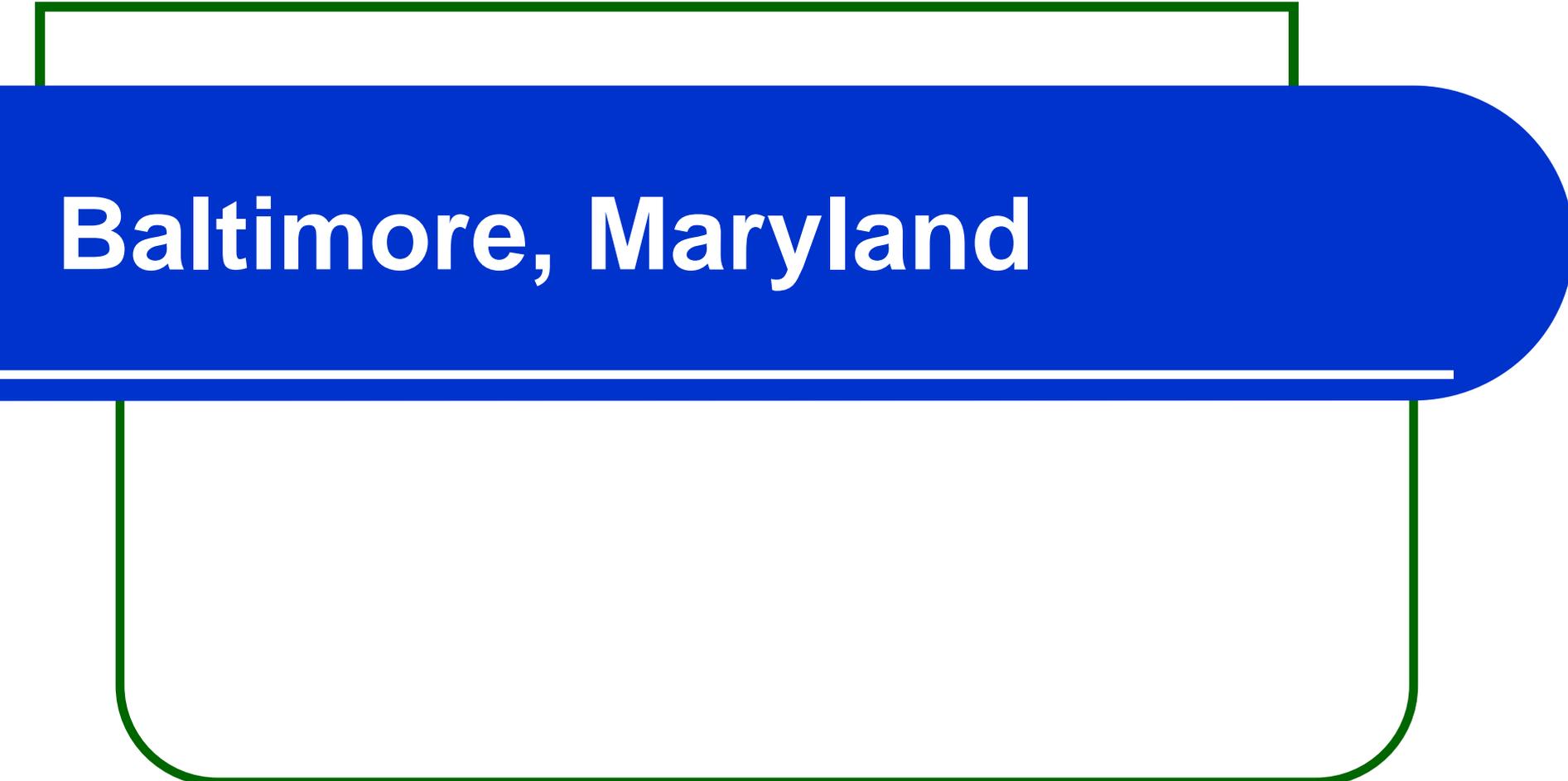
Oakland



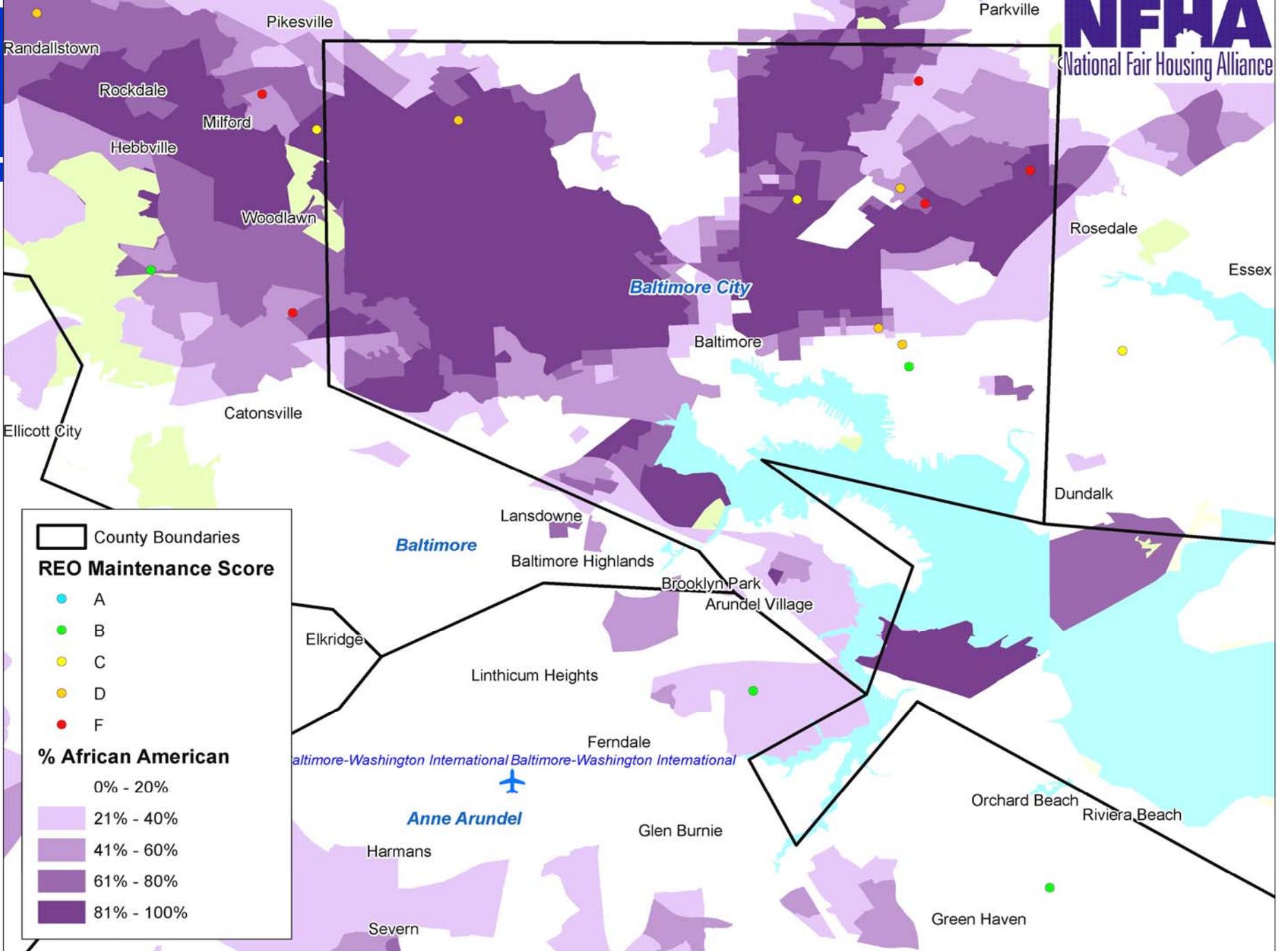
- Nice REO in African American neighborhood and even has “For Sale” sign, but garage door is wide open, house is clearly vacant—encourages vandalism or theft.

REO in White Neighborhood





Baltimore, Maryland



Racial Disparities

- 18 REO properties evaluated.
- 6 located in African-American communities.
- 2 located in a community with a majority of non-White residents.
- 10 were located in predominantly White communities.

Racial Disparities

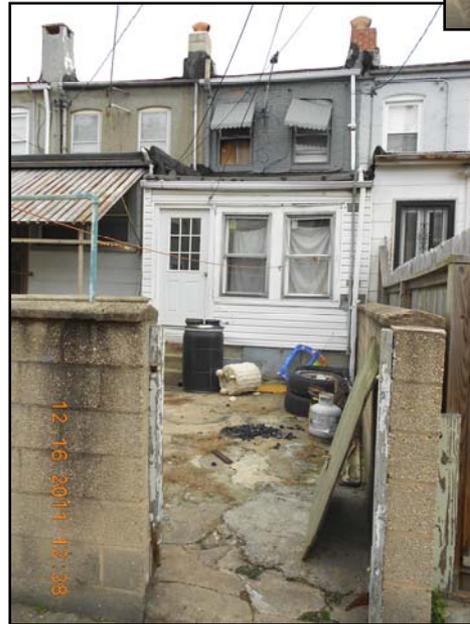
- **Not a single** REO home in a community of color had fewer than 5 deficiencies.
- **100%** of REO properties in communities of color had **more than 5 maintenance or marketing deficiencies**, while only 50% of REO properties in White communities (5 of 10 properties) had more than 5 deficiencies.

Racial Disparities

- 75% of REO properties in communities of color had **substantial amounts of trash**.
- 50% of REO properties in communities of color had **damaged steps and handrails**, while 0% of REO properties in White communities had the same problem.
- 63% of REO properties in communities of color had **broken or boarded windows**, while only 20% of REO properties in White communities.
- 88% of REO properties in communities of color had a **“for sale” sign missing**.

- 50% of REO properties in communities of color had **missing gutters**, while only 10% of REO properties in White communities had the same problem.
- 63% of REO properties in communities of color had **broken gutters**, while only 40% of REO properties in White communities had the same problem.

Racial Disparities



A Closer Look at One REO



- No For Sale Sign.
- Trash.
- Overgrown grass.

Racial Disparities



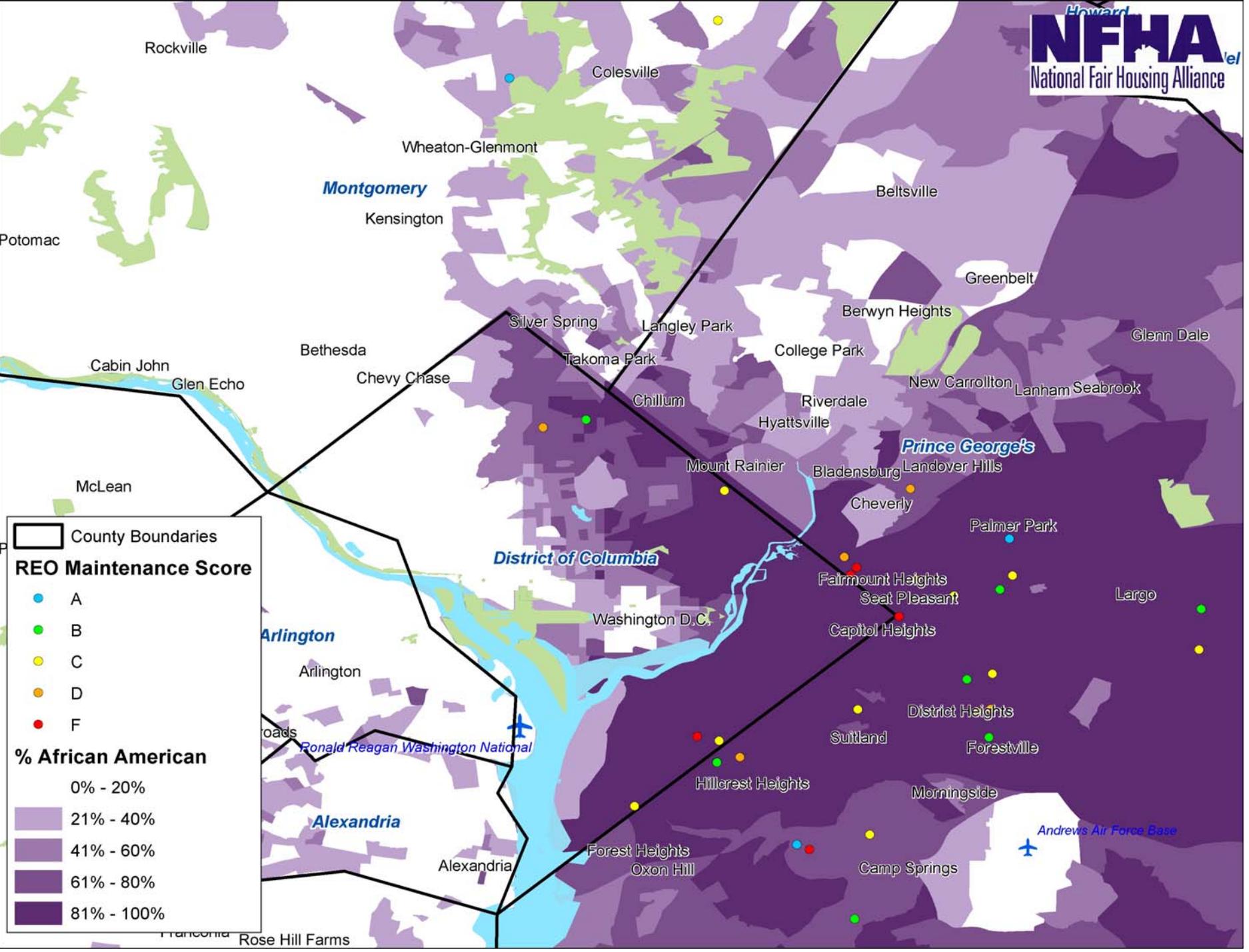
Racial Disparities



- No For Sale sign and dead grass.
- Neighbors' homes well maintained.

Metro Washington, DC

Capitol Heights, District Heights,
Suitland, and Silver Spring in
Maryland



County Boundaries

REO Maintenance Score

- A
- B
- C
- D
- F

% African American

- 0% - 20%
- 21% - 40%
- 41% - 60%
- 61% - 80%
- 81% - 100%

Racial Disparities

- 23 REO properties evaluated.
- 21 located in African-American communities.
- 2 located in predominantly White communities.

Racial Disparities

- 86% of REO properties in communities of color had more than 5 maintenance or marketing deficiencies, while none of REO properties in White communities had more than 5 deficiencies.
- 76% of REO properties in communities of color had **substantial amounts of trash**, while none of REO properties in White communities.

Racial Disparities

- 24% of properties in communities of color had **broken or boarded windows**, while none of properties in White neighborhoods had the same problem.
- **48%** of properties in communities of color were **missing a “for sale” sign**, while **none** of properties in White communities had the same problem.
- 19% of properties in communities of color were **marketed as distressed**, while none of properties in White communities had the same problem.
- 24% of properties in communities of color had **broken or discarded signage**, while none of properties in White neighborhoods had the same problem.

Racial Disparities

- 86% of properties in communities of color had **peeling or chipped paint**, while none of properties in White neighborhoods had the same problem.
- 38% of properties in communities of color had **broken gutters**, while none of properties in White neighborhoods

Racial Disparities



Racial Disparities



A Closer Look at One REO

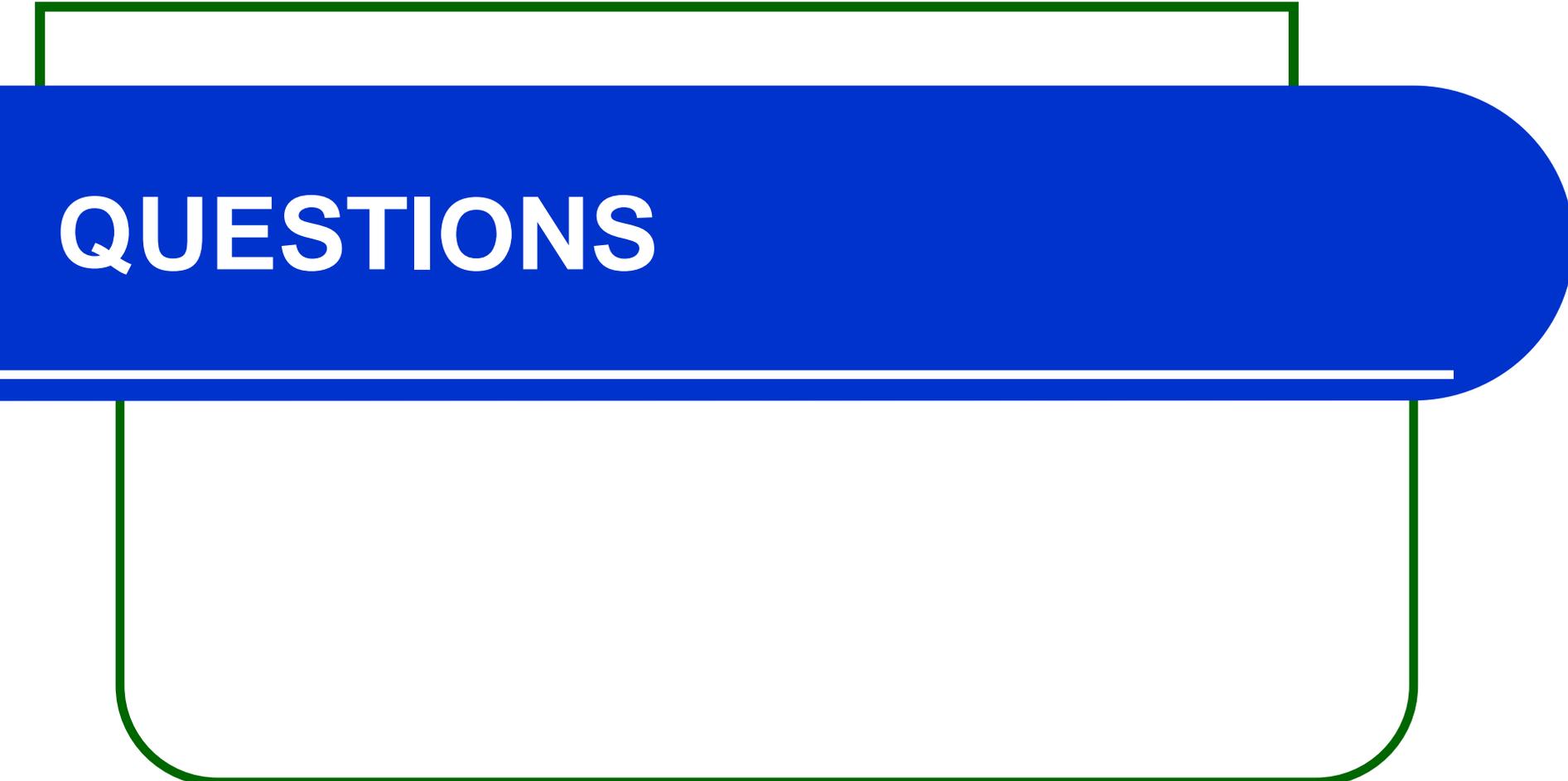


- No For Sale sign.
- Trash.
- Overgrown.
- Broken gutter.



Racial Disparities





QUESTIONS