



# Interfaith Housing Center of the Northern Suburbs

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Skokie Human Relations Commission  
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July 15, 2008

Henry Cisneros and Jack Kemp  
Co-Chairs

National Commission on Fair Housing and Equal Opportunity

Dear Mssrs. Cisneros and Kemp and the National Commission on Fair  
Housing and Equal Opportunity:

I am pleased to provide testimony on behalf of the Interfaith Housing  
Center of the Northern Suburbs on the nature and extent of illegal housing  
discrimination, its connection with government policy and practice, and its  
effects on our communities.

The Interfaith Housing Center of the Northern Suburbs, founded in 1972  
with roots dating back to the Civil Rights Movement, is the Chicago area's  
only grassroots and faith-based fair and affordable housing advocacy  
organization. Its mission is to foster a housing market open to people of all  
ages and income levels, regardless of race, religion, family composition or  
any of the other legally protected classes. In the nearly fifteen years of my  
tenure as Executive Director of Interfaith, I have supervised four FHIP  
enforcement initiatives, three FHIP education initiatives, and co-  
implemented the Chicago portion of the National Housing Discrimination  
Study with HOPE Fair Housing Center.

On May 31<sup>st</sup>, Interfaith completed an eighteen-month FHIP Private  
Enforcement Initiative project in which we conducted 100 audits of the  
sales, rental, and lending markets for evidence of discrimination on the  
basis of race, national origin (Hispanic), and disability in addition to a  
special set of audits of senior housing. We are still analyzing the audits for  
a report submission to HUD in August, but I am here to provide you some  
of our preliminary findings.

## Demographic Summary of Chicago's Northern Suburbs

Interfaith has a broad sixteen-community northern Cook and southern Lake  
County service area bordering Chicago, encompassing 430,000 people,  
areas of the greatest private wealth in the nation (with averaging home  
prices in four communities exceeding \$1 million), home to corporate  
headquarters such as Kraft and Allstate (there are more jobs in the "Edens  
Expressway Corridor" than downtown Dallas), and now also the "new Ellis



Island,” as a home builder termed the North Shore at a conference, with immigrants from throughout the world. Although the number of persons of color doubled between 1980 and 2000 to over 20%, outside the City of Evanston (the area’s largest suburb at over 70,000 people and home to Northwestern University), the remaining area remains *only 1%* African-American.

### **“Bigger Picture”: Exclusionary Communities**

Individual instances of discrimination, what I would call “one-on-one” bigotry, is slowly – too slowly – decreasing. I will describe how discrimination has manifested itself to our testers and bona fide complaints. However, our overarching concern at Interfaith is an overall “tenor” in our communities of the “rightness” of exclusivity.

For example, **individual suburbs tend to discourage the building of new housing for families with children**. Most recently, I sat down with the planning staffs of Glenview and Northbrook after they created “Development Principles” for the 41 acres that comprised the former Culligan site specifically stating “no rental housing,” “no affordable housing,” and a preference for no children: “The development will be evaluated on its ability to increase tax revenues, with minimal impact on area schools. If residential uses are proposed, the development proposal will need to discuss the potential for school-age population by product type.” These communities are not alone. Since at least 80% of all local school funding in Illinois comes from local property taxes, municipalities seek maximum tax revenues and the fewest service expenditures.

Discrimination against families with children is practically endemic in **condominiums, cooperatives, and townhome associations**. Interfaith is currently working with John Marshall Fair Housing Legal Clinic on a case involving a 97-unit cooperative along the Lake in Wilmette which has a stated no-children policy even though it is not HOPA-compliant. However, all residents are not only over 55 years of age, but over 70. Although IHDR found “substantial evidence” of discrimination, it is clear to us that decades of de facto discrimination created this pattern, and yet HOPA compliance will be a simple and not particularly costly (unfortunately) remedy for this homeowners’ association. Similarly, in 2007, Interfaith worked successfully with other groups such as Access Living to block the Cook County Housing Authority (HACC) from converting 900 of its public housing units in the north and northwest suburbs to “senior-only.” It is unfortunate that HUD permits PHAs to do this because it limits the number of units accessible to people with disabilities and families with children. We are pleased that we were able to persuade HUD staff that HACC showed no compelling reason, especially given the affordability crisis, for making this change. But facilitating age-segregated housing is extremely troubling, because it can also mask discrimination on the basis of race, disability, and familial status on the part of PHAs.

We also feel very strongly that the **lack of affordable housing** is a fair housing issue. Interfaith was actively involved in the push for the Affordable Housing Planning and Appeal Act, a state law patterned after Massachusetts that requires municipalities with less than 10% affordable housing to deliberately increase their stock. The letters to the editor and protests bordered on racism, with characterization by opponents of the affordable housing (in which “affordable” means 80% of AMI, or about \$57,000 for a family of four) as “massive development” of “public housing” that would create “staggering costs” to New Trier Township villages in the form of “a

drop in property values, major hikes in taxes and subsidies, school expansion, and increased public services.” This comes from a 2004 letter from the now defunct “New Trier Neighbors” opposition group (Eleven of Interfaith’s sixteen communities have under 10% affordable housing.)

Needless to say, these communities have done the bare minimum to comply with the Act, having at best submitted skeletal plans to Illinois without fleshing out implementation steps. Only Highland Park, Wilmette, and Winnetka have made any kind of deliberate effort to figure out ways to expand their affordable stock.

Local zoning is a powerful way to shape communities, as we all know, and communities with large minimum lot sizes, few multi-family housing districts, and active discouragement of rental housing guarantee an inflation of housing prices, smaller families, and few children.

Interfaith is known as having “**non-fair housing fair housing cases.**” In other words, Interfaith has worked with large groups of members of protected classes in cases of threatened displacement that “look, feel, and act” like discrimination but cannot be proven as such because the more **obvious bias is one of income**. Interfaith was founded as a grassroots group with the ability to mobilize constituencies and by necessity, due to the limitations of the Fair Housing Act and slowness of enforcement, combines this with its fair housing work. For example:

**Morton Grove Motels (over 200 units, 1999-2001):** The Village of Morton Grove created a Tax Increment Finance (TIF) district to spur economic development. The first properties earmarked for demolition were three motels which de facto served as permanent housing for single men, veterans, people with disabilities, some families with children, and about half Black and Latino. Morton Grove as whole had almost no Blacks (0.6%) and few Hispanics (4.4%). Interfaith helped to organize the tenants who sported “I’m Not Blight” buttons (“blight” is the criterion necessary for a TIF district) and spoke out at hearings and to the press. This bought time and money for the residents who ultimately had to move. By the time Morton Grove acquired the third motel, a new TIF reform law requiring Uniform Relocation Act provisions to go into effect if at least 10 low-income households are displaced, kicked in and the Village provided assistance.

**Rental Housing Licensing Ordinance, Highwood (2003-present):** The City of Highwood has a population over half Latino (mostly Mexican), but has no Latino in public office. Over 80% of Latinos are renters, and about 68% of the housing stock is rental. Highwood adopted a rental licensing ordinance which drew concerns from Interfaith but which HUD deemed fine as long as it was administered fairly. Six months later, Highwood police cut water service in two buildings and then vacated them at 11 p.m. Unfortunately, the tenants were virtually all undocumented immigrants and feared complaining. Interfaith is in the process of working with other agencies to save a 252-unit rental complex, virtually all Mexican, from condo conversion. Community organizing strategies are necessary because it is almost impossible to prove that a Highwood approval of a condo conversion would be based on illegal discrimination.

**Skokie taxicab drivers (2007-2008):** The Village of Skokie passed a zoning amendment to prevent taxicabs from parking on the street or uncovered driveways. Although this would put taxis under the same restrictions as other commercial vehicles, the overwhelming number of cab drivers are people of color (particularly Indian and Pakistani) and Muslim. The cab is their only vehicle and they do not own homes with garages. It could be argued that this regulation has a disparate fair housing impact based on race, national origin, and religion. But this would have been difficult to prove. The income bias was much more obvious, but not protected. Only through a publicized threat of using the Fair Housing Act against Skokie (in which two dozen drivers completed complaint forms at the Village Hall prior to a Village Board public meeting) effectively persuaded the Village to amend the ban.

**Sunset Village Manufactured Housing Park, Glenview (292 units, 2007- Present):** In this manufactured housing community, residents suffer from poor living conditions including questionable water quality from a well on the premise, predatory lending, and possible steering of Black and Latino households to low-quality homes and locations. Interfaith is working to organize the residents to assert their rights because it is difficult to prove that their living conditions are due to violations of their fair housing rights; or simply because they are poor people.

Bias against households with **Housing Choice Vouchers** is another example of “legal discrimination” but which nonetheless affects members of protected classes more than able-bodied Whites. Voucher status is not protected in Illinois.

Finally, the “North Shore” continues to have a regional reputation for elitism, snobbery, wealth and whiteness. People of color with and without the economic means do not often even think of making a move to the North Shore. HUD needs to provide resources to communities to reinforce the message that “**perception is reality**” and come up with concrete ways and dollars to affirmatively promote communities as inclusive and welcoming.

### **Findings: Race Testing in the Sales Market**

Between December 1, 2006 and May 31, 2008, Interfaith conducted 100 matched pair audits for evidence of race and national origin (Hispanic) discrimination in the sales, rental, mortgage markets, and senior housing markets; and special tests for accessibility in new construction. We are in the process of analyzing and summarizing these audits in a report we will provide to HUD in August. However, we can already provide the following findings to your Commission.

Real estate professionals continue to violate the fair housing rights of Blacks and Hispanics in the northern suburbs of Chicago. One of our frustrations as an agency that conducts tests is that often unanticipated events, such as a Realtor hurting his leg just as we wanted to do follow-up tests, or testers ending up seeing different brokers, means that we cannot be as conclusive as we would like to be. We are grateful that for the first time in my 15 years, Interfaith has back-to-back Enforcement grants which enable us to do follow-up testing on those audits which I describe herein.

In two matched pair audits of the same well-established firm in which both testers saw the same agents, the agents made comments about to the Black testers to attract them to Evanston because of its “diversity.” In both cases, the Black testers asked for homes in the predominantly white and affluent Wilmette and Winnetka but were not shown homes in those areas in contrast to the White testers. In one case, when the Black tester asked what the agent meant by a comment that Wilmette schools were better than Evanston’s because of Evanston’s diversity. He responded that because of that diversity, the schools needed to deal with the lowest common denominator.

The above situation is particularly blatant. But generally, those firms we have identified for follow-up testing have agents that Black testers are shown fewer homes; return fewer phone calls to Black testers than to Whites; show Black testers units well under their price range (while Whites are shown units above their price range); and show (in the case of a manufactured housing complex) units in disrepair to Blacks but not to Whites.

### **Findings: National Origin (Hispanic) Testing in the Sales Market**

Interfaith found fewer conclusive instances of differential treatment against Hispanics than for Blacks in this study. However, testers did experience some differences. An agent in one prominent firm showed the unprotected tester five homes, provided community information, and made follow up calls. The protected tester was only shown one home, given no community information and no follow through.

In another case with a different prominent firm, testers asked to see homes in Des Plaines, a community with a substantial Hispanic population. The agent made comments to the White tester about “riff raff” gangbangers and provided listings numerous listings for three neighboring communities but only two for Des Plaines. Interestingly, the same agent spent considerable time with the Hispanic testers, took the tester to lunch (the agent paid), and providing only Des Plaines listings while complimenting the restaurants and convenience of the town.

### **Rental and Lending Markets**

Interestingly, we have found less evidence of discrimination in the rental market than sales. For this reason, Interfaith will conduct fewer rental audits in its new HUD enforcement grant.

The lending market, racially discriminatory behavior also persists. In the few tests we performed in this market (15 in total for race and discrimination against Hispanics), we found questionable practices in 4 cases (27%). These involved higher fees quoted to Blacks than whites; offering no-document verification to the Black tester but not the White (and yet asking Hispanic testers for precise income verification and tax numbers but accepting the White testers word about being “self-employed”); and steering the Hispanic tester to apply on online, but providing information over the phone to the White tester.

### **Major Red Flag: Senior Housing By Both Race and National Origin (Hispanic)**

In early 2007, Interfaith prepared for its testing of senior housing facilities (i.e., assisted living, continuing care, and retirement facilities) by surveying the marketing literature of 30 such senior



developments. Three testers, one Hispanic, one Black and one White, each made phone calls to 32 facilities to request the literature reviewed. The Hispanic tester received materials from just 19 facilities; the Black tester received literature from 21; and the White tester received materials from 28 facilities. The marketing literature review also revealed that three out of 32 facilities failed to display fair housing logos or language in their literature.

Interfaith conducted follow-up tests on those facilities whose treatment differed by the race or national origin of the applicant. Most of these are national companies and many are faith-based. Interfaith conducted ten audits total (five race and five national origin). **Four of the five race audits (80%) and three of the five national origin (Hispanic) (60%) showed disparity in treatment.** In the race tests, protected testers received few promotional materials and not invited to share a meal whereas the White testers were affirmatively invited to spend time, share meals, provided information, and even given different waiting list estimates. Protected testers in some cases were shown fewer units than whites and given different lending terms in one instance.

## Conclusion

Interfaith is pleased to provide these broad recommendations with regard to fair housing enforcement. These will be followed up by more detailed recommendations. Generally speaking, Interfaith would strongly recommend that HUD:

- Conduct extensive and swift national follow-up investigation of all assisted living, continuing care, and retirement facilities, and probably nursing homes and independent senior housing as well, for race and national origin discrimination. Follow-up enforcement action that is swift and severe is essential.
- Provide resources to private fair housing enforcement agencies to conduct the sales audits necessary to provide conclusive evidence. It is imperative that testers see the same agent. As such, several audits may be necessary to enable a judgement to be made by the agency to file an enforcement proposal with HUD.
- Revisit the Housing for Older Persons Act (HOPA). Interfaith has found that de facto age-discriminatory housing complexes that are “senior-only” in all but the law can gain HOPA status without having to pay restitution for their past discriminatory actions. The same is true for permitting PHAs to convert to “senior-only.”
- Link antipathy to affordable housing or lower income households as a fair housing/ housing justice issue. There has been some effort in other parts of the country, most notably the Twin Cities, to link anti-affordable housing sentiment to racial discrimination, because of the disparate impact against Blacks and Hispanics who earn less than whites (see Justin D. Cummins, “Housing Matters”, Howard Law Journal, Spring 1998). To that end, HUD needs to provide more than just a statement about “reducing regulatory barriers” to affordable housing. It needs to provide funding resources to groups and municipalities who would create or preserve affordable housing in white and affluent areas.

I strongly believe that the next civil rights "frontier" is economic justice, or "economic democracy," as Myles Horton, legendary civil rights advocate and a "mentor" to Dr. King, stated. Interestingly, Dr. King was planning to make this his next challenge, according to Horton (Myles Horton, *The Long Haul*, 1990, p. 118). At the time that he was killed, he had been planning a national anti-poverty campaign.

As far as housing is concern, this would mean treating housing as a basic human right. Practically speaking, it would require these public policies:

- Adding "source of income" such as Section 8/Housing Choice Voucher status as a protected class under the Fair Housing Act;
  - Enacting legislation similar to Illinois' law on displacement in TIF districts (which requires an "impact statement" when municipalities displace at least a certain number of units inhabited by low-income families, public input, and Uniform Relocation Act triggers) that protects the rights of low- and moderate-income households to remain in place or move into a cost-prohibitive but job-rich community;
  - Affordable housing set-aside, or inclusionary zoning, requirements for participating jurisdictions that receive federal funding; and
  - Strict scrutiny of "disparate impact" against low-income people that coincides with their membership in legally protected classes.
- Add new funding for a "perception is reality" campaign specifically targeted to get historically exclusionary communities to affirmatively market themselves to protected classes.

Please feel free to contact me at (847) 501-5762, ext. 406 or [gail@interfaithhousingcenter.org](mailto:gail@interfaithhousingcenter.org) for further information.

Thank you in advance for your action on these pressing items. Without making equal housing opportunity a top national priority, we will continue to fail our national promise of justice for all.

Sincerely,



Gail Schechter  
Executive Director