



Fellow Fair Housing Advocates,

Thank you for the opportunity to present testimony on behalf of the more than 26,000 REALTORS® in the State of Michigan. The Michigan Association of REALTORS® ("MAR") steadfastly supports the Fair Housing Act and is encouraged by this examination of our progress towards meeting the goals set forth in this law and the opportunity to talk about the future.

It is our belief that the only way to truly cure the evils of housing discrimination is to maintain constant pressure within our membership regarding special educational events, testing, and working cooperatively with our Michigan-based Fair Housing Centers to keep awareness in the forefront and not simply a single month during the year. A significant charge as a REALTOR® member is to embody both the letter and the spirit of the law. In Michigan, we strive to be a party to the solution, providing the resources and a strong level of engagement with both our membership and the public to best understand and adhere to Fair Housing law. However, the battle continues every day. Consistent innovations in teaching methodology and a willingness to take a look at our industry, audit our own actions, and ensure that testing methodologies are of the highest quality remain essential measures to upholding the law.

MAR believes that effective cooperation is a paramount objective. Breaking down any and all barriers between our industry and the Fair Housing Centers is essential to progress. Over the past three years, MAR has made significant strides toward fostering meaningful partnerships with all four major Fair Housing Centers in Michigan. Additionally, MAR has worked effectively with the National Fair Housing Alliance to develop a model and comprehensive Fair Housing course for REALTOR® members.

As I mentioned above, MAR has partnered with our state Fair Housing Centers in a variety of ways. Most notably, we have begun voluntary and confidential testing within our membership. The fruits of this relationship

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have already begun to show, with a growing knowledge base of examples derived from the testing to help illustrate to our members and the public the depth and complexity of fair housing law. This partnership has also gone a long way toward helping the Fair Housing Centers best understand the corresponding complexity of the real estate industry, forging a mutual understanding of the way agents market homes today and the trends that are emerging amongst prospective buyers as they decide upon a home that appeals to them. Without qualification, fair housing advocates must understand the industry and the way it operates. Self-testing and the sharing of information about our industry between the REALTORS® and the Fair Housing Centers go a long way towards eliminating any of the mystery that exists between agents and testers. The goals are the same. We believe that there is no reason that resources should not be shared to achieve them.

As this Commission has heard at its hearing in Chicago, there were significant drops in the rate of discrimination faced by African American and Hispanic testers posing as housing buyers between 1989 and 2000. The same study, however, reported an increase in the incidence of steering on the basis of race. This information, while crucial to understanding the housing market, does not, by itself, provide clues or evidence regarding why we were successful on one hand and slipped backwards on the other. Subsequently, HUD focused on the important task of ramping up enforcement. However, in this instance there was limited cooperation between enforcement groups and the practitioners and educators in the real estate industry. Without greater involvement, our industry fails to understand the successes and it makes it difficult to develop a meaningful strategy to solve the problems. This highlights my earlier observations about bridging the gap between the fair housing centers and the REALTOR® associations. Without this involvement, we are left with limited and anecdotal evidence pointing to the success of various fair housing strategies upon which to base future fair housing efforts. Those in the fair housing enforcement arena will undoubtedly point to their private enforcement efforts, while we in the industry look at our training and the expanded commitment to fair housing in our profession. Neither is a complete picture. The best

scenario showcases REALTOR® associations, Fair Housing Centers, and enforcement entities as partners to celebrate successes and to efficiently address problem areas.

Fair housing plays an important part of the real estate business, and REALTORS® rely on the fair housing laws to prevent discrimination from interfering in the free use, transfer and occupancy of residential real property. Discrimination in any part of the transaction injures not only those homebuyers or renters who may be denied housing opportunities, but also injures everyone else in the transaction. Real estate agents are often the first to suspect discrimination and in increasing numbers are either filing complaints or helping the prospective homebuyer to file a complaint. This has proven to be the case in Michigan where a growing number of REALTORS® have become more and more comfortable reaching out to their local fair housing center to request information or report concerns. We believe this is a direct result of the spirit of partnership.

Fair housing education provides two direct benefits to REALTORS® in our efforts to end housing discrimination. First, it opens the doors to training and development of tools to put fair housing practices into place in their daily business. Second, Brokers and salespeople can better identify discriminatory practices they encounter, understand the resources available to address the discriminatory practices, and take action to end those practices. MAR, along with the Fair Housing Center of West Michigan, developed a portable reference checklist aimed at reminding the agent or office staff person of the acceptable interaction and follow-up with a prospective client. The checklist allows the REALTOR® to focus on consistency with every individual that walks through the door. Adopting these types of policies within a real estate brokerage, it becomes easier to spot inconsistencies and to take corrective action before a major problem arises.

In 2005, the National Fair Housing Alliance reported that real estate firms in the Detroit metropolitan area had engaged in steering based on race. Our association felt that in order to understand the accusations we had to get the best understanding of the methodologies that fair housing groups employ to test for violations. While many of the aforementioned accusations are still being addressed in court, MAR has introduced education programs involving cutting-edge and evolving material, including up-to-date

case studies with the fair housing centers, expanding the number of courses offered across the state, giving meaningful feedback to the fair housing centers regarding concerns we have with specific testing methods, and partnering with fair housing centers to self-test Michigan brokerages on a volunteer basis.

As you may know, self-testing uses matched-pair testing, whereby two testers who are identical in all aspects other than their race, visit the same real estate office or agent. The experiences of the two testers are compared and any differences are noted. Usually, there are multiple tests at the same office. If there are differences, the information is shared with the broker who then can take action to correct the situation, usually with further education. We believe that the experience that brokerage gains from being tested is invaluable. It offers the broker an important education on how enforcement and testing is conducted and, as a volunteer; it gives the broker a forum to voice concerns about the way tests are conducted. A significant part of fair housing enforcement relies on the integrity of the testing process. MAR and the Michigan Fair Housing Centers are leaving no stone unturned regarding consistency amongst testers.

By the end of 2008, we will have conducted over 120 tests across the state. Our results thus far have been extremely positive. Self-testing not only creates positive responses for the brokerages involved and opens the dialogue with the Fair Housing Center, but it keeps fair housing information front and center in the real estate offices. Self-testing also brings out the particular fair housing issues confronting a particular community or real estate office. For example, real estate agents are often concerned about how they should reply to questions about school quality or neighborhood composition. A response such as "We don't keep that data," or "we are not allowed to discuss that" raises more questions than they answer. Simply referring buyers to other sources of information also diminishes the value of the real estate agent to the customer. Through self-testing a broker can see how his or her agents respond to the questions as they work with the Fair Housing Center to develop responses that are meaningful in that market area without opening the door to discriminatory practices.

We have found that the application of self-testing is rare. However, MAR is not the first real estate organization to utilize it. Our Grand Rapids Association was the first REALTOR® Association to utilize self-testing. The tests conducted in the mid-1980s formed the basis for NAR's first scenario based fair housing training program. One result of that program is ongoing collaboration between the local REALTOR® association and the Fair Housing Center of Western Michigan. Similarly, in the early 1990's the Southwest Association of REALTORS® in Chicago's southwest suburbs embarked on a program where every agent received training and was tested. When the Leadership Council for Metropolitan Open Communities found evidence pointing to discrimination, the Association's Professional Standards Committee held a hearing and imposed sanctions on those agents or brokers who were found to have violated our Code of Ethics. In the mid to late 1990's the Fair Housing Center of Greater Washington contracted to provide self-testing to several major real estate firms in the Washington, DC area.

Our fair housing initiative has been viewed by other states as a strong model to adopt. We sincerely hope that other state associations do forge partnerships with the fair housing centers of their states. However, testing is costly and requires the close cooperation between the real estate community and fair housing centers. It requires full buy-in from participants. In this real estate market, it is difficult to pass the cost on to brokers, at least until its value is better documented. MAR has been funding the self-testing initiative for the past two years.

Education that is built off of testing should be an integral part of our nation's fair housing program. In order to be effective, that education has to reflect the reality of today's real estate market and reflect the day to day experiences of the real estate professionals being trained. Self-testing is an effective, albeit expensive, tool to educate with. A cheaper alternative may be to use existing test results from tests conducted for research and enforcement in order to better educate real estate professionals. Presently, these test results are not available for use in training. Since government funded tests are already paid for, they could be made available, with appropriate safeguards, for use in training.

We invite the Commission on Fair Housing to examine our program in Michigan to determine the benefits and costs of self-testing and whether the use of enforcement and research tests for educational purposes would be appropriate.

Thank you for the opportunity to share this information with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Martin". The signature is fluid and cursive, with the first name "Bill" and last name "Martin" clearly distinguishable.

Bill Martin, CEO

Michigan Association of REALTORS®