

PITTSBURGH COMMISSION ON HUMAN RELATIONS

Minutes of Meeting

January 4, 2010

Attendance: Adelaide Smith, *Chair*
Leah Williams-Duncan
Dr. Lee Fogarty
Mary K. McDonald
Sr. Eleanor Loftus
Curtis A. Smith
Amanda Rubio
Winford Craig

Called/Unable to Attend:
Elizabeth Pittinger
Anne McCafferty
Rev. Timothy L. Smith, Sr.
Lynette Drawn-Williamson
Neil Parham
Chaz Kellem

Staff: Charles Morrison, *Director*
W. Kevin Trower, *Solicitor*
Connie Miskis Zatek

Guests: Judy Reed
Peter Harvey

I. CALL TO ORDER

The meeting was called to order at 3:40 p.m. by Commission Chairperson, Adelaide Smith. The business portion of the meeting was delayed to hear a presentation by Peter Harvey, Executive Director of the Fair Housing Partnership of Greater Pittsburgh (FHP).

Director Morrison briefly recapped that at the December Commission meeting, he reported that he had attended the press conference held by the FHP regarding the release of their Fair Lending Study. Commissioners had questions about the study and expressed an interest in hearing from Mr. Harvey, the FHP Executive Director. As a result, Mr. Harvey was invited to today's meeting to present an overview of the FHP, the outcomes of the study conducted and what their next step might be. Director Morrison stressed the importance of keeping Commissioners informed of what is going on in the community, especially regarding concerns related to fair housing or fair employment practices.

Mr. Harvey explained that the FHP is a private, non-profit organization that works with HUD, as well as the City and State Commissions, to end housing discrimination in Pittsburgh and the region. One of the important tools the FHP brings is that of testing. He went on to explain the process and use of fair housing testers. Mr. Harvey stated that testers are volunteers who receive special training before being sent out for a housing test. In each case, black and white testers with identical or very similar background profiles are paired. After the test, the testers write

up a detailed summary of their experience for the record. Mr. Harvey acknowledged that in many cases no discrimination is found. In other cases, the FHP has found that many people are not aware that they are being discriminated against. Testing a good way to ascertain whether or not disparate treatment may be occurring.

The FHP conducts tests in the sale and rental of housing, as well as for financing. Mr. Harvey explained that there are two basic kinds of testing – random testing to detect systemic discrimination, and complaint-based testing conducted in response to a complaint filed. It is important that the tests be timely, professional and well-documented so that if discrimination is found, the Commission can use the information to more fully develop the case.

Mr. Harvey reported that the FHP Fair Lending Study was actually completed more than a year ago, but release of their report was delayed until late 2009. It received a lot of media coverage via the Pittsburgh Post Gazette and the Pittsburgh Tribune Review. He distributed a summary of the FHP's findings to Commissioners. *(Copy attached for absent Commissioners.)*

Mr. Harvey explained some of the details of the study. Prior to conducting the tests, the FHP contacted a series (five) of focus groups in different parts of the city and county and talked about different lending experiences; 50 pre-qualified applicant testers participated. Also included in the tests were bona fide mortgage seekers. In some cases, the FHP found the APR was higher for the black applicants and that black applicants were charged extra fees for the same work that was provided white applicants at no cost.

A portion of the study involved 50 paired tests. Mr. Harvey stated that they expected to see some discrimination, "but to the extent it occurred, we were shocked." The profiles of the black and white testers were almost identical, and in one case, the black tester was slightly more qualified for a conventional mortgage. The only differences were race and the location of the home. Yet, over 80% of the white testers received more favorable treatment as compared with 35% of the black testers.

For example, in conversations with black applicants, the testers were asked about their housing experiences, but never asked about their income or savings. Then, the lender tells the black applicants that they can't afford the housing, or gives vague responses and asks the black applicants to call back or go to another branch. On the other hand, white testers were immediately asked about income and savings, given appointments to see the properties and often walked away with a pre-qualified letter. Mr. Harvey admitted that the statistics are very disturbing.

For purposes of the study, Mr. Harvey indicated that they used as testers people who are actually in the process of looking for a home. As it is very difficult to get naturally occurring matched profiles, the "matched" pairs were often asked to provide fabricated responses. As a result, they could not provide sensitive data such as Social Security Number and, therefore, could not complete the entire mortgage application process. Mr. Harvey stated that 62 persons were interested in participating with this study; they ended with 25 testers, including one black and one white bona fide applicant. These testers completed four of the five tests they were scheduled to conduct.

Mr. Harvey was asked where the FHP plans to go from here. He stated that he is not certain, noting that the data collected is confidential. Realistically he would like to secure additional funding to do follow-up tests with the most egregious, noting that six to eight are among the biggest offenders. Options might include pursuing litigation against the offenders or working with them "to make sure that we get something out of our efforts, perhaps training of their staff." He acknowledged that the first thing would be to identify resources for further testing.

Commission Chairperson, Adelaide Smith, asked if testers are sent out with the façade of seeking a loan. Mr. Harvey replied affirmatively, stating that there was only one bona fide tester; all others had profiles created to meet the situation for the test. "The testers know that there is a point where they must stop because they do not have useable Social Security Numbers, etc."

Commissioner Craig inquired how long it might take the FHP to respond to an allegation of discrimination. Mr. Harvey stated that depends on the nature of the problem, the availability of testers and other factors; they try to get testers out within a week. The goal is to act timely because the unit may be rented or sold very quickly.

Director Morrison relayed the Commission's earlier concerns and questions regarding the Commission's responsibility to the public if discrimination is taking place within the city of Pittsburgh. He asked if the lenders involved in these tests can be identified. Mr. Harvey responded that it is not possible. The Commissioners then asked exactly when this study was done. Mr. Harvey responded that the tests were conducted "in 2007 and finished in 2008." The press conference related to the study was held in late November 2009.

Director Morrison pointed out that the persons who conduct the housing tests are volunteers who must complete a training program and then are paid a small stipend (to cover transportation costs). These volunteers are also committed to fair housing practices. Persons may want to attack the credibility of the tester, their

motivation or the methodology. Therefore, it is crucial that the information provided by the volunteer testers be clear and very objective. Since they are volunteers, there is nothing for them to personally gain from doing the tests.

Commissioners also inquired how many of the tested lenders were recipients of bailout money, noting that they should be held to a higher standard. Mr. Harvey did not have this information available but agreed to check in to it and get back to the Commissioners.

Mr. Harvey stated that the Fair Lending Study served to raise awareness for consumers, as well as letting lenders know that "there is someone watching them." He stated that this was the first step; from here he hopes to do more re-testing, and may be more enforcement later. According to Mr. Harvey, blacks are targeted as victims of the mortgage and sub-prime crisis. "It has devastated African-American families. They don't have access to conventional mortgage loans and channels to affordable loans."

In response to a question with regard to collaborating with other local agencies, Mr. Harvey stated that the FHP works with the Housing Counseling Services, Call 4 Action, MonValley NeighborWorks and others for the purpose of increasing home ownership in the region. He indicated that the Heinz Foundation and the Richard K. Mellon Foundation have provided grants; Neighborworks is facilitating the collaborative.

Director Morrison stated that the FHP is currently under contract by the City of Pittsburgh to do testing of the rental and sales markets; they also do testing for HUD. Any data gathered as a result of these tests that indicate an appearance of a violation within the City of Pittsburgh, is forwarded to the Commission for investigation. At that time, the Compliance Review Section may initiate a complaint. He noted that the FHP's report of the Fair Lending Study does not look welcoming to African-Americans.

Commissioners can find more information regarding the FHP at www.pittsburghfairhousing.org. Mr. Harvey asked for their patience as the website is currently under construction. Mr. Harvey was thanked for his presentation.

At approximately 4:10 p.m., the Commissioners continued with the business portion of their meeting.

II. ADOPTION OF MINUTES

The Minutes of the Commission meeting of December 7, 2009, were unanimously adopted as mailed upon motion by Commissioner Williams-Duncan and second by Sister Loftus.

III. STAFF & COMMITTEE REPORTS

A. Director's Report

Director Morrison highlighted portions of the written report which was mailed to Commissioners prior to today's meeting.

HUD Review

- Director Morrison reported that HUD has recently reviewed the Commission's performance under contract. The review is of an on-going nature. The Director does not anticipate any problems. HUD continues to ask the Commission to do more outreach. Intake is about the same this year as last; HUD would like it to be higher. Approximately 18 housing cases were filed in 2009; HUD has projected 25 for 2010.
- Director Morrison reported that he participated in a conference call with HUD FHIP/FHAP agencies last week. The discussion topic was the length of time for processing cases. He explained that HUD requires that all housing cases be completed within 100 days, and payment for the case is tied directly to the number of days in process to the completion of the investigation. He was proud to report that this Commission is one of very few agencies that has NO cases over 100 days.

Bi-Lingual Outreach

- A new Commission Representative is scheduled to start working on January 11th. She will work approximately 15 hours a week for a maximum of 1,000 hours. She is fluent in Spanish, has ties to the Hispanic community and has worked with the Pittsburgh Interfaith Impact Network (PIIN) as a community organizer. HUD is providing the funding for this position as a one-time grant for community outreach.

Fair Housing Month

April is Fair Housing Month. The Director reported that he hopes the Commission will be able to do something to make it "special."

Public Hearing Cases

Two cases are scheduled for public hearing in February:

- February 8 & 9: Hirt v. Barie, a housing case filed on the basis of handicap/disability
- February 11 & 12: Southworth v. City of Pittsburgh, an employment case filed on the basis of age

Director Morrison reported that mandatory conciliations are scheduled in "the 11th hour" and said he will be surprised if the cases do not settle prior to the public hearing dates.

Talk show Taping

The Director reported he and Commission Representative Robert Fulton recently taped a talk show, "People Helping People," with the Reverend Elizabeth Darkins-Alexander and the Reverend Charles Upshur for Channel 21 which airs 11 p.m. The Director welcomes any and all exposure for the Commission.

IV. NEW BUSINESS

The Chair announced that Chaz Kellem has communicated his resignation today as a Commissioner as he has moved outside of the territorial limits of the city of Pittsburgh. The Commission now has two vacancies on its board.

Persons interested in volunteering with the Commission should be directed to apply through the Mayor's website, which can be found at http://www.city.pittsburgh.pa.us/mayor/html/boards_commissions.html. It is also recommended that those persons be directed to speak with the Commission Chair and/or Director for more information.

V. ANNOUNCEMENTS

LGBT (Lesbian Gay Bi-Sexual Transgender) Advisory Committee

Commissioner Rubio announced that she has been asked to serve on the Mayor's advisory committee for LGBT as a liaison for the Commission. She reported that the committee has met several times, including twice with the Mayor and City Council members. They have developed a mission statement and initiatives. Commissioner Rubio serves at the pleasure of the Mayor to advise and keep him aware of community issues. A meeting is scheduled for tomorrow with leaders of all LGBT organizations in preparation for collecting information for a townhall meeting to be held in April. The leaders will help get the word out to their organizations/members who will then be invited to voice their concerns about treatment, discrimination, etc. Commissioner Rubio said that the committee is very organized and very fair.

Commissioner Rubio suggested that the Commission invite someone from the LGBT advisory committee to speak to the Commission. The Commission Chairperson asked Commissioner Rubio to extend the invitation to Elise DeLong, who serves as the chair of the LGBT Advisory Committee. Commissioner Rubio agreed, and also offered to pull together a report for the Commissioners.

Black and White Reunion

The 12th Annual Summit on Racism is scheduled for January 23, 2010 from 9 a.m. to 1 p.m. at the East Liberty Presbyterian Church. Commissioner Williams-Duncan indicated she is planning to attend. Commissioners were asked to call Director Morrison for more information.

City Public Schools

Commissioner Adelaide Smith said she does not want to lose sight of the Commission's concerns with regard to city public schools and the treatment of young black males. She asked the Director to touch base with the Community Relations Committee and determine if a report can be made at the Commission's February meeting.

Commissioner McDonald commented that she recently read an article regarding Pittsburgh's policy against charter schools, primarily because of the competition. Discussion ensued in which it was noted that charter schools are

funded by the public school system at the rate of that district's per pupil cost. In addition, a certain amount of money -- up to 30 or 40 percent -- is given as aid to the public school to make up for the loss of students.

There was some discussion about inviting Derrick Lopez, Dr. Linda Lane and/or the person who replaced Ms Arnet on the school Board to a future meeting of the Commission. Director Morrison pointed out that while a newly-elected board member may seem on target, they might not be "ripe" for discussing topics of interest or concern with the Commission. Commissioner Craig indicated that he can set up a meeting with Derrick Lopez or Dr. Lane and will discuss it further with the Director. ~~Commissioner Curtis Smith also offered to facilitate a meeting~~ with the Commission and Mr. Lopez, if needed.

VI. ADJOURNEMENT

With all business before the full Commission concluded, Commissioner Curtis Smith moved to adjourn the meeting at 4:40 p.m. The motion was seconded by Sister Eleanor Loftus and carried unanimously.

/cmz



CITY OF PITTSBURGH

"America's Most Livable City"

Commission on Human Relations

Luke Ravenstahl, Mayor

Charles F. Morrison, Director

Adelaide Smith, *Chair*

Leah Williams-Duncan, *1st Vice Chair*

Curtis A. Smith, *2nd Vice Chair*

Lynette Drawn-Williamson, *Secretary*

Winford Craig, *Treasurer*

Elizabeth C. Pittinger, *Chair Emeritus*

Lee Fogarty, Ph.D.

Chaz R. Kellem

Eleanor P. Loftus, RSM, Ph.D.

Anne McCafferty

Mary K. McDonald

Neil Parham

Amanda Z. Rubio, Esq.

Rev. Timothy L. Smith, Sr.

MEMORANDUM

To: All Commissioners

FROM: Connie Miskis Zatek
Secretary to Director

DATE: December 28, 2009

SUBJECT: **MEETING NOTICE**

I trust that everyone has enjoyed joyous, safe and relaxing holidays and ready to embark on a grand new year.

The next meeting of the Commission is scheduled for **MONDAY, JANUARY 4, 2010**, in the Commission offices:

2:30 p.m. Compliance Review Section
3:30 p.m. Full Commission meeting

Enclosed for your review are:

1. Minutes of the December 7, 2009, Commission meeting
2. Director's Report for December 2009
3. Case Summary Package (*for Compliance Review Section Members Only*)

If you are unable to attend the January 4th meeting(s), please call 412-255-2600 and let us know so that we can be assured of a quorum. We appreciate your commitment to the work of the Commission.

/cmz
Enclosures

Pittsburgh Commission on Human Relations

Director's Report

December 28, 2009

Dec. 02, 2009	Director Morrison met with HUD contract monitor, Phoebe Buchanan, with regard to HUD's review of the Commission's FHAP program. The purpose of this on-going review is to determine if the Commission is in compliance with the provisions of the cooperative agreement with HUD.
Dec. 15, 2009	Director Morrison participated in a program with the Pittsburgh Area Office of the EEOC regarding area enforcement activities which also served to honor District Director Marie Tomasso on the occasion of her retirement.
Dec. 16, 2009	Director Morrison and Commission Representative Robert Fulton appeared on PC-TV's program <i>People Helping People</i> to discuss the programs and services provided by the Commission. George Simmons, Regional Director of the Pennsylvania Human Relations Commission, also participated in the program.
Dec. 21, 2009	Director Morrison attended the meeting of the City of Pittsburgh/Allegheny County Task Force on Disabilities. Items discussed included the installation of audible traffic signals, captioning for city events, and the "One Step" project. This project will provide assistance to the many businesses that have one step entrances and assist them in making these businesses accessible.
Dec. 21, 2009	Director Morrison attended the DiverseCity 365 Community Appreciation program. DiverseCity is an initiative of the City of Pittsburgh to provide equal opportunity, foster inclusion, and increase diversity within the City's workforce. Commissioner Neil Parham was also in attendance.

rec'd
1/4/10

MORTGAGE LENDING PROJECT – SUMMARY

Focus Groups – 5 groups; 28 participants

- Blacks had significantly higher income than whites but, their average appraised home value was significantly lower.
- Twice as many black participants had been solicited by their lender and twice as many black applicants used a broker to secure their home loan.
- 100% of whites had their taxes and insurance included in their house payment by their lender, only 73% of black did.
- Black participants had an APR that was, on average, two-tenths of a percent higher than whites.
- 14% of black participants had unexpected fees at closing of which they were previously unaware, and one black participant had a balloon payment of which she was not aware.

Paired testing - 50 tests – 28 (56%) tests indicated some form of race discrimination.

- 15 tests showing differential treatment (appointments vs. phone interviews);
- 12 tests showing different terms and conditions (different product recommendations or rates);
- 9 tests showing differential discouragement/ encouragement (being told you can't find a house you can afford);
- 14 tests showing denials or effective denials (otherwise making information or products unavailable or being referred elsewhere).

Group averages:

- Black applicants quoted an average annual percentage rate (APR) 2% higher than that for whites.
- Lenders spent one and half times as much time with whites compared to blacks.
- Lenders provided one and half times more product information to whites than blacks.
- White applicants were one and half times more likely to receive follow up contact by phone or e-mail from the lender than blacks.
- In 30% of the cases in which both whites and black applicants requested an appointment, only the white applicant was successful in securing an in-person visit with the lender.

Bona Fide Testing – 5 tests, 4 completed pairs

- In two tests, the white applicants received superior treatment compared to the black applicants;
- One test the black applicant made three phone calls to the lender with no response.



Fair Housing Partnership Clip Report

Report date: 11/30/2009

Event date: 11/24/09

Team Markowitz: Saul Markowitz, BK Klein, Meredith Matthews, Danielle Scotti

Team FHP: Peter Harvey

Publication	Date	Day of Wk	Reporter	Focus	Length	Value	Link
KDKA-AM	11/24/2009	Tuesday	Noon News	Minority Mortgage discrimination	0:43	\$147.00	
KDKA-AM	11/24/2009	Tuesday	1:00 News	Minority Mortgage discrimination	0:43	\$147.00	
KDKA-AM	11/24/2009	Tuesday	2:00 News	Minority Mortgage discrimination	0:43	\$147.00	
KQV-AM	11/24/2009	Tuesday	4:00 News	Racial discrimination found in lending...	:57	\$138.00	
KQV-AM	11/24/2009	Tuesday	4:30 News	Racial discrimination found in lending...	1:05	\$138.00	
KDKA-AM	11/24/2009	Tuesday	4:30 News	Minority Mortgage discrimination	:37	\$147.00	
KDKA-AM	11/24/2009	Tuesday	5:30 News	Minority Mortgage discrimination	:39	\$147.00	
KDKA-TV	11/24/2009	Tuesday	Evening News	Mortgage study shows inconsistencies	1:49	\$5,994.00	
WPXI-TV	11/24/2009	Tuesday	Evening News	Study shows discrimination...	1:03	\$4,095.00	
KQV-AM	11/25/2009	Wednesday	5:30 a.m. News	Racial discrimination found in lending...	1:00	\$138.00	
KQV-AM	11/25/2009	Wednesday	7:00 a.m. News	Racial discrimination found in lending...	1:03	\$138.00	
KQV-AM	11/25/2009	Wednesday	5:00 News	Racial discrimination found in lending...	:23	\$67.00	
Tribune-Review	11/25/2009	Wednesday	Sam Spatter	Housing study shows...mortgage bias	51.5"	\$5,871.00	Click Here
Allbusiness.com	11/25/2009	Wednesday	Sam Spatter	reprint of Trib piece	51.5"	\$750.00	Click Here
Post-Gazette	11/25/2009	Wednesday	Tim Grant	Study Finds discrimination	16.5"	\$1,881.00	Click Here
Post-Gazette	11/29/2009	Sunday	R.J. Hufnagle	Unequal Opportunity	8"	\$1,388.40	Click Here
					TOTAL:	\$10,095.40	