

Final Report: Familial Status Testing in Waterloo, Iowa

Introduction

The Iowa Civil Rights Commission (the Commission) is a state administrative agency located in Des Moines, Iowa. Its mission is “enforcing civil rights laws through compliance, mediation, advocacy, and education.”¹ The Commission is charged with enforcing Iowa’s anti-discrimination law, the “Iowa Civil Rights Act of 1965” and its subsequent amendments. The Commission strives to eliminate discrimination by:

- (1) Investigating and resolving individual complaints alleging unlawful discrimination.
- (2) Conducting a multi-faceted training and public education program by offering educational resources on anti-discrimination law, preventing discrimination, and the value of diversity.
- (3) Providing consultation and direction for communities, businesses, and housing providers wanting to identify and resolve diversity and discrimination issues locally.

In addition to its investigative, training, and general educational functions, the Commission is statutorily authorized to investigate and study the existence, character, causes and extent of discrimination in various areas, including housing,² as well as to issue publications and reports of investigations and research which will help prevent or eliminate discrimination in housing.

During the month of April 2008, at the request of David Meeks,³ executive director of the Waterloo Commission on Human Rights, the Commission tested twenty (20) randomly-selected housing rental units in Waterloo, Iowa, in order to determine if managers and owners of said units were acting in compliance with State and Federal Fair Housing Laws.⁴ The Commission tested to determine whether housing providers treated potential applicants differently because of their familial status (the presence of minor children in their households)⁵ by using matched-pair testers.⁶

¹ <http://www.state.ia.us/government/crc/index.html>

² Iowa Code §§ 216.5 (2), (3) (2007).

³ Director Meeks requested the testing project to assist his Commission in identifying fair housing training and enforcement needs and priorities for the City of Waterloo.

⁴ Title VIII of the Civil Rights Act of 1968 and § 216.8 of the Iowa Civil Rights Act of 1965.

⁵ Definition of “familial status” as provided by Iowa Code § 216.2(9) –

“‘Familial status’ means one or more individuals under the age of eighteen domiciled with one of the following:

- a. A parent or another person having legal custody of the individual or individuals.
- b. The designee of the parent or the other person having custody of the individual or individuals, with the written permission of the parent or other person.
- c. A person who is pregnant or is in the process of securing legal custody of the individual or individuals.

Fair Housing Law

The “Iowa Civil Rights Act of 1965” prohibits unfair and discriminatory practices in the areas of employment, housing, public accommodations or services, education, and credit.⁷ The Act prohibits covered entities or individuals from making decisions or taking actions in those areas based on certain protected personal characteristics.

In the area of housing, the protected personal characteristics are race, color, creed, sex, sexual orientation, gender identity, religion, national origin, disability, and familial status. The Act prohibits owners or persons acting for owners from making decisions or taking actions that adversely affect someone’s ability to purchase or rent residential or commercial property if those decisions or actions are motivated, even in part, upon one of those protected personal characteristics.⁸ The Act also prohibits owners or their agents from discriminating in the “terms, conditions or privileges of the purchase or rental of such property.”⁹ The law states:

It shall be an unfair or discriminatory practice for any person, owner, or person acting for an owner, of rights to housing or real property, with or without compensation, including but not limited to persons licensed as real estate brokers or salespersons, attorneys, auctioneers, agents or representatives by power of attorney or appointment, or any person acting under court order, deed of trust, or will:

1. To refuse to sell, rent, lease, assign, sublease, refuse to negotiate, or to otherwise make unavailable, or deny any real property or housing accommodation or part, portion, or interest therein, to any person because of the race, color, creed, sex, sexual orientation, gender identity, religion, national origin, disability, or familial status of such person.
2. To discriminate against any person because of the person’s race, color, creed, sex, sexual orientation, gender identity, religion, national origin, disability, or familial status, in the terms conditions or privileges of the sale, rental, lease assignment or sublease of any real property or housing accommodation or in the provision of services or facilities in connection with the real property or housing accommodation.

‘Familial status’ also means a person who is pregnant or who is in the process of securing legal custody of an individual who has not attained the age of eighteen years.”

⁶ Under this method, two testers are selected to be “contrasting-class” home seekers. One tester will represent a home seeker with the presence of minor children in the household. The second tester will be similar in every aspect to the first, except the second tester will not have the presence of minor children in the household.

⁷ Iowa Code Chapter 216 (2007).

⁸ Iowa Code § 216.8(1).

⁹ Iowa Code § 216.8(2).

The U.S. Department of Housing and Urban Development (HUD) enforces Title VIII of the Civil Rights Act of 1968, which is the federal anti-discrimination law commonly referred to as the Fair Housing Act.¹⁰ The Fair Housing Act contains similar “refusal to sell or rent” and “terms, conditions, or privileges of sale or rental” provisions.¹¹

Testing Methodology

For this testing study, the Commission selected twenty residential units located in Waterloo, Iowa, advertised as available for rent in newspapers, shoppers, or online.¹² Two testers, each employed by the Commission and posing as potential applicants, contacted the advertised property owner or manager. The testers were matched in all relevant aspects, except familial status. If the profile of the tester was of a single parent of a minor child, the tester was matched with a married couple. If the profile of the tester was of a married couple with a minor child, this tester would be matched with a married couple with an additional adult in the home [such as an elderly parent]. The testers sought information about the property. They asked about rent, deposit, and various unit amenities.

After all the tests were completed, the Commission’s testing coordinator¹³ reviewed each test to determine whether the property owner or manager treated the tester with a minor child less favorably than the tester without children. For example, did the owner or manager deny availability of the apartment to the tester with minor child, but not to the tester without minor child? Did the owner or manager tell the tester with minor child the apartment was upstairs and therefore not available to families with young children? Did the owner or manager tell one tester but not the other the apartment would not be available for several months? Did the owner or manager tell one but not the other about the company’s move-in or reduced first month’s rent special?

In those tests where the Commission’s testing coordinator believes the property owner or manager acted in accordance with law and did not treat the matched-pair testers differently because of familial status or otherwise engage in discriminatory conduct, the coordinator will contact the property owner or manager and discuss the results of the particular test. The coordinator will also explain the purpose, process, and benefits of testing.

In those tests where the Commission’s testing coordinator believes the property owner or manager denied availability to the tester with a minor child based on familial status, or otherwise treated the tester with a minor child differently than the tester without a minor

¹⁰ Title VIII of the Civil Rights Act of 1968 and its subsequent amendments are codified in 42 U.S.C. § 3601-3639.

¹¹ 42 U.S.C. §§ 3604(a), (b), (f)(1), and (f)(2).

¹² The test sites were selected at random from available units advertised by *The Courier*, the *Waterloo Insider*, www.Rent.com, *Apartment Finder*, www.blackhawkcountylandlords.com, Yahoo! Yellow Pages, www.mynewplace.com, and www.switchboard.com.

¹³ Tiffanie Drayton, an investigator with the Commission, served as testing coordinator.

child by offering less favorable terms or conditions of rental, the coordinator will refer the matter to the Commission's management and legal staff for further review. If the Commission's management and legal staff believe the property owner or manager likely committed a discriminatory practice in violation of state and federal fair housing laws, the Commission's executive director will initiate a formal complaint.¹⁴

For those tests that produced inconclusive or uncertain results, the Commission's testing coordinator will offer the particular owner or manager an opportunity to explain their behavior or correct the practice through education and mediation. Should the practice not be corrected and the issues resolved amicably, the coordinator will refer the matter to the Commission's management and legal staff for further review and, if appropriate, remedial action, including in-person testing, fair housing training, and/or the filing of a Commission-initiated complaint.

Findings

Six (6) of the twenty (20) tests indicated evidence of possible discrimination. One indicated possible discrimination based on familial status. One indicated possible discrimination based on familial status and race. Four (4) indicated possible discrimination based on race. Although the tests were designed solely to determine whether familial status would be a factor or consideration in the way particular property owners or managers responded to inquiries regarding their residential rental units; results from five (5) of the tests indicated possible racial steering.¹⁵

Test 1

This test indicated possible discrimination based on familial status. The test was conducted over the course of three telephone calls. The basis¹⁶ tester (an adult white male with one minor child) called on April 16 and again, on April 29, 2008. The non-basis tester (an adult white male, married, without children) called on April 22, 2008. Both testers spoke to the same housing provider, who referred them to another property listed further down in the same online ad. For the basis tester, the housing provider quoted the rent for this other property at \$500 per month. But for the non-basis tester, the housing provider quoted the rent at \$485. This test was referred to Commission

¹⁴ The State of Iowa gives the Commission, a commissioner, or the attorney general the authority to make, sign, or file a complaint, just as any aggrieved individual. *See* Iowa Code § 216.15(1)(2007).

¹⁵ "Steering is the practice of channeling homeseekers into different areas based on their race or some other prohibited factor. Although most steering cases have been brought under 42 U.S.C. § 3604(a) and § 3604(b), some forms of steering would also seem to violate § 3604(c). For example, when a real estate salesperson makes statements to black clients that encourage them to consider only integrated or predominately black neighborhoods and then discourages white clients from considering these same areas, he is indicating that certain homes are appropriate only for buyers of a particular race. These are statements of racial preference and would therefore seem to be condemned by § 3604(c)." Robert G. Schwemm, Housing Discrimination: Law and Litigation, Thompson West, 15-10.

¹⁶ "Basis" refers to a particular personal characteristic or class that is protected from discrimination by Federal and State Fair Housing Laws.

management and legal staff and a Commission-initiated complaint was filed against this housing provider alleging different terms and conditions of rental based on familial status in violation of Iowa Code § 216.8(2) and 42 U.S.C. § 3604(b).

Following are verbatim excerpts from each of the calls. The housing provider is noted as “HP.” The tester is noted as “BT” for basis tester or “NBT” for non-basis tester.

April 16, 2008 at 8:17am

HP: Ok [TESTER NAME], it sounds like there’s two of you?
BT: Yes, yes.
HP: Your wife? Your girlfriend?
BT: No, it’d be my son and I.
HP: Oh, ok. Uhm, how old is he?
BT: He’s six.
HP: Six. Ok, so he’s content to sleep in the living room or in the basement or something like that.
BT: Yeah, we’ll figure something out.
HP: Ok. Let me suggest something else to you, ok?
BT: Sure.
HP: I don’t know, I have another house. The [ADDRESS OF PROPERTY CALLED] is a house and there’s also a [ADDRESS OF OTHER PROPERTY] underneath it [REFERENCING THE ONLINE AD].
BT: Ok.
HP: And that’s at [ADDRESS OF PROPERTY CALLED]. Do you know where that is?
BT: Uh, no, I’m not, we’re moving there from Des Moines. I’m not real familiar with Waterloo except how to get there.
HP: Oh, oh. You guys here now or are you going to be coming?
BT: No we’re going to be coming in a few weeks.
HP: Oh, ok. The [ADDRESS OF OTHER PROPERTY], that’s a little more suitable for 2 people. It has a basement underneath.
BT: Is that a one bedroom as well?
HP: Yeah, yeah, it’s a one bedroom.
BT: Ok, what’s the rent on that one?
HP: For two people it would be \$500.
BT: For two people it would be \$500?
HP: It’s a nice little one bedroom really. It’s got a washer/dryer hook up in it, no washer dryer. It has an air conditioner, refrigerator; I put new windows and sided the outside. There’s a yard.

April 22, 2008 at 4:23pm

HP: Are you looking for yourself?
NBT: Yeah, it’ll be me and my wife.

HP: Ok, I'm going to direct you. That's a really really nice house, it's fairly small. There's no basement underneath it. For most people it's a one person house. But for the two of you, there were two ads online. There's one [ADDRESS OF OTHER PROPERTY].

NBT: Ok, I didn't get that one.

HP: Yeah, that's why I'm mentioning it. That's \$485, that's got a full basement in it and its much larger. If people want a one bedroom you know, that's a pretty nice place.

NBT: Sure, is that still in Waterloo?

HP: Yeah, it's in a good neighborhood, an upcoming neighborhood I call it.

April 29, 2008 at 9:35am

BT: Hi, [TESTER NAME] here. I called you a few, probably last week sometime about the house on [ADDRESS OF OTHER PROPERTY].

HP: Ok.

BT: I just wanted to verify, I got a bunch a scribbles here. I was just trying to verify what the rent was on that and if it's still available.

HP: Oh, are you from Des Moines [TESTER NAME]?

BT: Yes.

HP: Ok, I remember you. It's you and your wife?

BT: It's me and my son.

HP: Oh, you and your son, ok. The rent is 500 a month. \$485 one person, \$500 two.

BT: Oh, ok.

HP: Whether it's available or not, I'm not 100% sure.

BT: Ok.

HP: I did show it to a woman and she's going to get back to me tomorrow, maybe even today.

BT: Ok, well, I'll just give you a call when we come up and find out if it's still available.

HP: Ok, when are you expecting to come up?

BT: We still have a couple of places to call but probably sometime next week.

HP: Ok.

BT: I'll probably just give you a call and see if it's available when we figure that out.

Test 2

This test, although inconclusive, indicated possible steering based on familial status and race. The test consisted of two telephone calls. The basis tester (an adult white male with minor child) called on April 26, 2008. The non-basis tester (an adult white male, married, without children) called on April 29, 2008. Both testers spoke to the same housing provider. After learning the familial status of the basis tester, the housing provider described the area around the subject property as "not the best neighborhood" and questioned whether the tester really wanted to view the property. For the non-basis

tester, the housing provider did not describe the neighborhood as negatively but did mention the “big apartment complex right next door” and management’s efforts “in getting a lot of people out of there, which is cleaning up the neighborhood.”

When the housing provider mentioned the “big apartment complex” and management’s efforts, the provider did not know the non-basis tester’s familial status. Even if the housing provider treated the testers differently and steered one and not the other, it is impossible to conclude the provider acted on the basis of familial status, based on this single test. It is possible the housing provider did not treat the two testers differently at all, or did not mean to treat them differently. The housing provider may have perceived both testers as white and then chose to describe the neighborhood where the subject rental property is located in a negative way in an effort to steer them away because of their race. Because the results of the test are inconclusive, the testing coordinator will offer the housing provider an opportunity to explain their statements before deciding appropriate follow-up action, such as training, future testing, or a Commission-initiated complaint.

Following are verbatim excerpts from each of the calls. The housing provider is noted as “HP.” The tester is noted as “BT” for basis tester or “NBT” for non-basis tester.

April 26, 2008 at 10:48am

BT: Ok, are there any parks or anything within walking distance? Anything like that?
HP: Any parks did you say? Uhm. I don’t think so probably in that area. I mean what are you looking for? For yourself or you and someone else?
BT: It’ll be for me and my son.
HP: For you and your son? Ok, uhm [PAUSE] I’m trying to think if anyone else might have something. I worked in a real estate office and some of the other guys have other stuff available but I don’t know what they have right now I guess. But \$300 is kind of the price range?
BT: Yeah, we’re calling around looking right now and that’s kind of the area we’re looking at.
HP: Ok, I don’t know about parks over there.
BT: That’s fine, that’s fine, I’m just curious as to what’s in the actual neighborhood. That’s not a huge deal.
HP: I’m trying to think. I mean, I’m just going to be honest, it’s not the best neighborhood in Waterloo.
BT: I’m sorry, what’s that?
HP: I said it’s not the best neighborhood in Waterloo, but I just acquired that 6-plex and I’m fixing it up and I’m trying to fix it up and do stuff. I’m going to be working on the outside here, probably within the year also. But I don’t know if it’s something you’re going to want to look at. I mean I have a duplex in a little bit better area, but I already have that one rented downstairs.
BT: I guess when you say not the best neighborhood, is it crime or is it?
HP: No, I don’t, it’s hard to say. I mean I just, you’re more than welcome to look at it and drive around and see what you like.

April 29, 2008 at 8:02 am

- NBT: Ok, I'm moving from Waterloo from out of town so I'm not really familiar with the area or anything. So like around the apartment there, could you describe the neighborhood? Is it nice or quiet?
- HP: Uhm, it's got a big apartment complex right next door and I think they are in the process of getting a lot of people out of there, which is cleaning up the neighborhood.
- NBT: Right.
- HP: And my building doesn't look so nice from the outside but I've worked on it in the inside. I will be, I just brought the building, so I will be working on the outside and making it look a lot nicer here in the next year. But I do actually have two parking lots so there's plenty of off street parking.
- NBT: That's good, sure. Are there any stores, grocery stores, that type of thing near by?
- HP: There is a dollar general and a restaurant. And it's right close to downtown. Not really walking distance but you can get there and it's right next to the interstate which you can get on and get to Target, Wal-Mart, all those things within 10 minutes.
- NBT: Ok, and I'm trying to narrow down my list of what I want to see coming up here so, are there any recreation areas, parks, bike trails anything close by?
- HP: Not really too close no. There are some that aren't too far away. I really I just brought the property so I have to think about this. There are a lot of trails around Waterloo and I know you can get to it, but it's not close by or anything. I don't think there are any parks around there. There's a lot of churches.
- NBT: Ok, I'm looking at coming up Waterloo towards the end of the week so I'm not sure exactly the time yet. Would I be able to see any of the apartments?
- HP: Yeah, as long as you give me a little bit of notice, I can run and get it open for you.

Test 3

This test, although inconclusive, indicated possible racial steering. The test consisted of two telephone calls. The non-basis tester (adult white male, married, without children) called on April 26, 2008. The basis tester (adult white male with minor child) called on April 29, 2008. Both testers spoke to the same housing provider. For each tester, the housing provider described the area around the subject property as a "mixed" neighborhood.

The question now becomes whether the housing provider described the neighborhood as "mixed" in order to steer the testers away because of their race, perceived as white. Because the housing provider's perception of each tester's race is uncertain due to the test being telephonic and the housing provider may or may not characterize the neighborhood as "mixed" to everyone who calls, the results of the test are inconclusive. Because the results of the test are inconclusive, the testing coordinator will offer the housing provider

an opportunity to explain their statements before deciding appropriate follow-up action, such as training, future testing, or a Commission-initiated complaint.

Following are verbatim excerpts from each of the calls. The housing provider is noted as “HP.” The tester is noted as “BT” for basis tester or “NBT” for non-basis tester.

April 26, 2008 at 11:04am

NBT: Ok. I’m coming from out of town. I’m not real familiar with Waterloo. I’ve been there a couple of times. Could you describe the neighborhood?

HP: Well, it’s a mixed rental neighborhood.

NBT: Ok, is it pretty quiet?

HP: Well, Franklin is a main road; it’s a four-lane road right out front. So if you’re adverse to traffic it’s not a place for you.

NBT: Right. I guess with the main road there, is there, are there any grocery stores nearby? Would I have to drive a little ways?

HP: Uh, the convenience stores are not too far away. Maybe, three blocks or four blocks to a convenience store. As far as a grocery store, like a Hy-Vee or something like that. That, well it all depends on how far you like to walk, but it’s probably a good mile or two.

April 29, 2008 at 3:12pm

BT: Sure, I haven’t been to Waterloo, is this close to – is this a residential or is this close to?

HP: This is mixed neighborhood, a very mixed neighborhood as far as there’s some commercial, there’s some homeowners and there’s several rental properties in the area. It’s on a main busy street.

BT: Ok, well I’m assuming I wouldn’t have to go too far for necessities or anything like that.

HP: Convenience stores are kind of close, a main large grocery store, I don’t know, it’s probably a mile and a half, two miles.

BT: Are there any, are there parks or anything like that in the area?

HP: Uh yeah, there’s actually, we’re four blocks away from the river basically and there’s a river bike trail that runs right along the river and it connects to a park and I’d say it’s about eight blocks away or so. Are you familiar with Waterloo at all?

BT: No, I’m not, I’ve looked at a map online and that’s about it. Are there any elementary schools in the area?

HP: Uhm, actually, not very close. The one that was close, they’re thinking about closing it. You know, unfortunately that’s what happened.

BT: Yeah, nothing you can do about that.

HP: Well, they built two new schools farther away and what they’re doing is shipping the kids to those newer schools because this is an older school. As I said this is an older home it’s in a older neighborhood, except for, you know there’s a few new

places put up, but most of the homes around here are, you know, 75 years old or older.

BT: Sure, I don't think I asked, what do you require for a deposit?

HP: I require, uh, uh, a preliminary deposit of the same as the rent to move in. Then if you have a secondary deposit right away that's fine, otherwise I will work with somebody. So the deposit is equal to two months rent.

BT: Ok, I'm going to be coming into town probably sometime next week, could I get your name?

HP: My name is [HOUSING PROVIDER].

BT: [NAME OF HOUSING PROVIDER]. We're calling a few places, we're trying to set up to see a bunch in one day, so I'll tell you what [FIRST NAME OF HOUSING PROVIDER], I'll give you a call back after we figure out what day we're going to be in and maybe we can take a look at it.

HP: I will tell you that I'm not prejudiced, but this is a mixed neighborhood. It has three races in the area. So I'm just letting you know in case that is a determining factor.

BT: Ok, what, I'm mean, what's around there?

HP: You mean as far as races?

BT: I mean, what you mean as mixed I guess.

HP: Well, let's see there's, like I said it's a rental neighborhood and older rental neighborhood, so like I said there's Caucasian and Negro and Hispanic.

BT: Ok.

HP: I mean it's not a high crime area or anything like that, but if you're moving here from out of town, I'm not trying to hide anything from you. I've actually lived at the place several years myself, but now I live elsewhere.

Test 4

This test, although inconclusive, indicated possible racial steering. The test consisted of two telephone calls. The basis tester (adult white male with minor child) called on April 9, 2008. The non-basis tester (adult white male, married, without children) called on April 11, 2008. Both testers spoke to the same housing provider. For each tester, the housing provider described the area around the subject property as a "transitional" neighborhood.

The question now becomes whether the housing provider described the neighborhood as "transitional" in order to steer the testers away because of their race, perceived as white. Because the housing provider's perception of each tester's race is uncertain due to the telephonic testing and because the housing provider may or may not characterize the neighborhood as "transitional" to everyone who calls, white or African American or other racial/ethnic minority, the testing coordinator will offer the housing provider an opportunity to explain their statements before deciding appropriate follow-up action, such as training, future testing, or a Commission-initiated complaint.

Following are verbatim excerpts from each of the calls. The housing provider is noted as "HP." The tester is noted as "BT" for basis tester or "NBT" for non-basis tester.

April 9, 2008 at 8:38am

HP: Now, you're from Des Moines?
BT: Yes.
HP: Ok, the area just south of Drake?
BT: Yeah.
HP: Is what this is like.
BT: Just south of Drake there?
HP: Yeah, between Drake and the freeway.
BT: Ok.
HP: Is that a good description of so-so?
BT: Yeah, yeah. That would be a, yeah I understand, yeah that would be.
HP: Ok, ok. This is kinda like that. I used to live down there. Uh, early 80's and it was, that area there was a transitional area. Is it still like that today?
BT: Oh, well you know I've only been down here a few years so I can't compare what it used to be to now. I know south of Drake isn't a real problem area. It's a, the whole city has got their pockets of problem areas but south of Drake really wasn't where I see it on the news anyway.
HP: Sure, ok. Well no, this area isn't in the news either but you know that's why I'd thought I'd ask the question, you know.
BT: Sure, Sure.
HP: Since you were thinking of buying a house, I wanted to make sure you understood where this property is located at.
BT: No, that's not a problem. You said it's available immediately? I'm going to be starting towards the end of the month.
HP: Yes, Ok.

April 16, 2008 at 3:59pm

NBT: Since I'm moving from out of town, are there any grocery stores or stores nearby?
HP: There's a convenience store about two blocks away.
NBT: Ok, what about like parks or stuff like that?
HP: Uh, there's kind of like a triangular little city kind of park. It's a 'park' park. There's not much there. Otherwise, you have a larger city park that is several miles away.
NBT: Right. And so I guess, is the area quiet then?
HP: Uh, it's a transitional neighborhood.
NBT: Ok.
HP: It's right off of a primary street, I'd say.
NBT: Ok, I guess I'm not sure. What's a transitional neighborhood? What do you mean?

HP: Where you from?
NBT: Des Moines.
HP: Uh, just south of Drake.
NBT: Ok?
HP: Would that be a transitional neighborhood or would that be a college neighborhood?
NBT: I guess I'm not sure. I know the college is right there, so Drake. So there's a lot of college kids and stuff.
HP: Ok, right. Ok, let's try, uh, SE 14th, the south side of the freeway.
NBT: Ok, alright.
HP: Is that a transitional neighborhood?
NBT: Uh, sure. I don't know. I'm just looking for a definition you know, I don't want to get someplace that I don't want to be.
HP: Yeah, right, uh, it sounds like you're kinda professional?
NBT: Yeah.
HP: Ok, this probably wouldn't be the neighborhood for you.
NBT: Ok.
HP: But you know, you're free to take a look at it. Go drive by and if you're interested call me back.

Test 5

This test, although inconclusive, indicated possible racial steering. The test consisted of two telephone calls. The non-basis tester (adult white male, married, without children) called on April 11, 2008. The basis tester (adult white male with minor child) called on April 17, 2008. Each tester spoke to a different housing provider. For the basis tester, the housing provider described the subject property as "not really in the best neighborhood." For the non-basis tester, the other provider offered no negative information about the property or the neighborhood.

The question now becomes whether the first housing provider described the property as "not really in the best neighborhood" in order to steer the tester away because of race, perceived as white. Because the housing provider's perception of the tester's race is uncertain due to the telephonic test and because the housing provider may or may not characterize the neighborhood as "mixed" to everyone who calls, white or African American or other racial/ethnic minority. Because the results of the test are inconclusive, the testing coordinator will offer the housing provider an opportunity to explain their statements before deciding appropriate follow-up action, such as training, future testing, or a Commission-initiated complaint.

Following is a verbatim excerpt from the basis tester's call. The housing provider is noted as "HP." The tester is noted as "BT" for basis tester or "NBT" for non-basis tester.

April 17, 2008 at 8:17am

BT: Ok, do you know if it's a residential area? I'm not sure where E 2nd is at all, I've only been for the most part by the mall. Are there any grocery stores nearby?
HP: No, there isn't.
BT: So then it's pretty residential and just houses and stuff?
HP: Residential and commercial.
BT: Commercial and Residential?
HP: Yes.
BT: Are there parks are anything nearby?
HP: There is, but it's not really in the best neighborhood.
BT: Ok. Are there any elementary schools around?
HP: Yeah, I think so, there is one down the street.
BT: Is it available now?
HP: It is. I'm taking applications for it...

Test 6

This test, although inconclusive, indicated possible racial steering. The test consisted of two telephone calls. The basis tester (adult white male with minor child) called on April 18, 2008. The non-basis tester (adult white male, married, without children) called on April 24, 2008. The testers spoke to different housing providers, who appeared dissuade each tester from seriously considering the property. The first housing provider stated the area around the subject property was "not the best neighborhood." The second provider described the area as "transitional."

The question now becomes whether the housing providers described the neighborhood as "not the best" or "transitional" in order to steer the testers away because of their race, perceived as white. Because the housing provider's perception of each tester's race is uncertain due to the telephonic nature of the test and because the housing provider may or may not characterize the neighborhood as "mixed" to everyone who calls, white or African American or other racial/ethnic minority, the testing coordinator will offer the housing provider an opportunity to explain their statements before deciding appropriate follow-up action, such as training, future testing, or a Commission-initiated complaint.

Following are verbatim excerpts from each of the calls. The housing provider is noted as "HP." The tester is noted as "BT" for basis tester or "NBT" for non-basis tester.

April 18, 2008 at 1:47pm

BT: Ok, and [PROPERTY ADDRESS], I'm not from Waterloo, I'll be new there so where exactly is that? I'll be coming off of Hwy 20, but I'm not exactly sure where it's at.
HP: It's off of West 9th Street.
BT: West 9th Street? Ok, is it in a primarily residential area or?
HP: Yes, I guess I would say that.
BT: Ok, do you know, are you familiar with the area at all? Are there stores or parks or anything like that nearby?

HP: I believe there is a park across the street, it's not the best neighborhood, I would say.

BT: What do you mean?

HP: Uhm, there's a lot of apartments that are by there that aren't the best apartments as far as, uhm, it's a more lower income area I guess.

BT: Ok. It's a 2 bedroom correct?

HP: Right.

BT: By, "not the best apartment," I guess I'm just trying to figure out what kind of area you're talking about.

HP: The apartment is fine, the area is probably not the best as far as break-ins and things like that.

BT: Ok, so there's a lot of crime in the area?

HP: I would, yeah.

BT: Hmm, ok. Do you know if there are any schools around?

HP: I am not for sure. I think you called earlier too regarding [ANOTHER TESTED PROPERTY], too.

BT: I very possibly may have.

HP: We have several rentals.

BT: Yeah, I'm just going down my list here, I'm not even sure, I've pulled out quite a few of them trying to find.

HP: What exactly are you kind of looking for? Do you have a price range you are looking at?

BT: Right now we're just trying to get prices on a bunch of apartments. I've probably called 20 or 30 now. We're trying to narrow it down to a few and then come in one day and look at them all.

HP: Right, do you have kids? Is that why you're looking for parks?

BT: Yes, yes.

HP: Ok, because we have quite a few. I mean if you have kids and things I would recommend that [ANOTHER TESTED PROPERTY] one. We have some that are on [STREET NAME], too that are \$450 a month. Those are ones by those new apartments that you called on [STREET NAME]. The ones next to it aren't the best and if you have kids I would probably steer clear of those. I guess [OTHER TESTED PROPERTY] would, [OTHER TESTED PROPERTY] is a really nice family-oriented neighborhood and they do have a school close to there. It's a new school. I guess that would be the best one for a family. And then I'd recommend that we have some other ones and those are around \$895. They are more duplex ones, I don't know if you'd be interested in those.

BT: No, I think that's a little too high.

HP: Too high? Ok, I think [OTHER TESTED PROPERTY] would probably be the best one that we're going to have.

BT: You think that would be better than this [PROPERTY]? The [OTHER TESTED PROPERTY] area is just a better area than this [SUBJECT PROPERTY]?

HP: Yeah, it's a lot, it's a way different area. I mean the [SUBJECT PROPERTY] apartments are very nice because they are brand new basically, but I'm just afraid that you're not going to like that area.

BT: I get it, yeah. I mean, could you be more specific about the area? I mean I've lived in a lot of different areas, I'm just trying to figure out, you know everyone has a different.

HP: They do have break-ins and stuff. I don't know if they have them at the apartment buildings, you know, your cars get broken into and things like that. I don't know if you'd like to live in that kind of neighborhood or not.

BT: I'm sorry what kind of neighborhood?

HP: In that kind of neighborhood or not, I guess it's up to you.

BT: Sure, well I'll tell you what, when we get it all figured out we'll probably give you a call back and maybe try to see that [OTHER TESTED PROPERTY] one.

April 24, 2008 at 12:06pm

BT: My name is [TESTER'S NAME], I'm calling about the property on [SUBJECT PROPERTY], it's an apartment building I believe.

HP: Those are currently full right now, we have a waiting list.

BT: Ok, I saw some others I was wondering, I'll take a look here. I have a list. I'm sorry, do you have anything off hand like two bedrooms in Waterloo?

HP: We have [ANOTHER PROPERTY] at \$750, that's comparable to [SUBJECT PROPERTY].

...

BT: Yes, I did see that one. Is that available now?

HP: Yes it is.

BT: Ok, do you know about that one, the utilities?

HP: You pay all your utilities.

BT: Ok, that's what I was wondering. I'm really not familiar with the area and I'm trying to figure out which ones I want to come look at, so could you describe the area to me or for me a little bit?

HP: Uh-huh, it's kind of a mixed industrial, or commercial, residential and multi-plex area. It's a nice place in town.

BT: Is it?

HP: Yeah, [SUBJECT PROPERTY] is a little more, hmm, transitional. [OTHER PROPERTY] is nice.

BT: And is there anything around there or would I have to travel to get groceries?

HP: No, there's Fareway within two blocks.

City of Waterloo Demographics and Dissimilarity Index

The City of Waterloo has the greatest percentage of African American residents of any city in Iowa. According to the U.S. Census Bureau, Waterloo's African American population is 9,168 or 13.8% of the total population of 66,416.¹⁷ Of the five properties flagged for possible racial steering, two are located in a census tract that has a 42% African American population. The other three properties are located in tracts having 12 and 15% African American populations.

¹⁷ American FactFinder, www.factfinder.census.gov.

The City of Waterloo is the most segregated city in Iowa.¹⁸ “Segregation in a particular community is commonly measured on a 100-point ‘dissimilarity’ index, with 100 indicating total segregation (i.e. all blacks and all whites live in racially homogenous areas) and zero indicating a population that is randomly distributed by race.”¹⁹ According to Censusscope.org., the “Dissimilarity Index” measures the relative separation or integration of groups across all neighborhoods of a city or metropolitan area.”²⁰ Waterloo’s Dissimilarity Index for African Americans is 62.3,²¹ based on 2000 census data.²² In order for the City of Waterloo to be fully integrated, 62.3% of its Caucasian population would need to move to other neighborhoods or census tracts.

Steering persons to other neighborhoods based on their race creates and perpetuates racial segregation. Presumably, the property owners or managers who were involved in Tests 2-6 do not discourage all persons from renting one of their units. The very terms they used to describe the neighborhoods – “not the best,” “mixed,” and “transitional” – suggest their descriptions may be influenced or affected by the perceived race of the caller or potential applicant. Even though the tests were conducted over the telephone, the terms used by the owners when considered in conjunction with Waterloo’s demographics lead the Commission to suspect racial steering.

Conclusion

The Commission’s testing coordinator identified six (6) or thirty percent (30%) of the twenty (20) landlords randomly selected and tested in the City of Waterloo as possibly engaging in discriminatory practices. The Commission has initiated a complaint against the housing provider identified in Test #1. The Commission’s testing coordinator will contact each of the housing providers in the other five (5) tests to give each an opportunity to explain their statements. If the statements are not explained and the apparent discriminatory practice cannot be corrected through education and mediation, the Commission will take remedial action, including but not limited to future testing and/or a Commission-initiated complaint.

Based on the results of those tests that suggested possible racial steering, the Commission’s Executive Director has decided to conduct additional fair housing education and testing in Waterloo. The Commission will take the information gathered from those tests into consideration when determining future public education and testing projects in the area.

¹⁸ www.censusscope.org/us/s19/print_rank_dissimilarity_white_black.html.

¹⁹ Robert G. Schwemm, *Housing Discrimination: Law and Litigation*, Thompson West, 2-2.

²⁰ www.censusscope.org/us/m8920/print_chart_dissimilarity.html.

²¹ www.censusscope.org/us/s19/print_rank_dissimilarity_white_black.html.

²² In 1995, the Commission investigated the racial disparity in Iowa home ownership. The Commission published its findings in a report, titled “1995 HMDA.” Using data from the 1990 census, the Commission determined the Dissimilarity Indices for each of the largest cities in Iowa, including Waterloo and Waterloo/Cedar Falls. The Commission calculated the Dissimilarity index for Waterloo in 1995 as 66 and Cedar Falls/Waterloo as 82.

