



REAL ESTATE BROKER'S INSIDER

Management and sales tools for the residential real estate broker

Regulatory Trends

Discrimination complaint reminds brokers of importance of color-blind service

With accusations of housing discrimination still being lobbed at real estate brokers four decades after the civil rights movement, multicultural housing expert Michael Lee urges you to make sure your agents treat everyone equally, regardless of their race.

Color-blind service isn't just a matter of good corporate citizenship, says Lee, an Asian-American broker, speaker, and author in Castro Valley, CA. It's also good business.

While the real estate market has slowed across the country, the multicultural market is heating up, says Lee. At the same time, claims of agent discrimination are once again surfacing in the news.

In an episode that seems like a throwback to 1960s-era integration wars, a not-for-profit group accuses a big-name brokerage of baldly discriminating against black home buyers.

The National Fair Housing Alliance sent undercover operatives to the offices of Corcoran Group, the high-end company that's New York City's biggest bro-

kerage, in search of racial discrimination. Investigators weren't disappointed.

One agent brought out a map of Brooklyn, then drew a red line around the areas where a white buyer should consider living, the alliance said. Agents also offered more information about financial incentives to white buyers than to blacks.

"During our 16 years of existence, the National Fair Housing Alliance has never seen such a literal and blatant example of sales steering," Shanna Smith, the group's chief executive officer, says in a statement.

Smith says the Corcoran agents presented a new twist on the 1970s problem of "white flight" after blacks moved into a neighborhood. In what she calls a reverse on the white flight tactic, Corcoran Group steered whites to certain neighborhoods, in part by touting the quality of the schools in white neighborhoods, the alliance says.

Corcoran CEO Pamela Liebman told the *New York Times* that the company "always has been devoted to fair housing."

But the National Fair Housing Alliance sees a pattern of discrimination at companies owned by Corcoran's parent, NRT Inc. The group says it found discriminatory practices at NRT-owned Coldwell Banker offices in Atlanta, Chicago, and Marietta, GA.

Corcoran promises to "vigorously defend" itself against the charges that it violated the Fair Housing Act.

And before this complaint, NRT Inc. and the National Community Reinvestment Coalition launched a nationwide training program to promote fair housing practices. NRT agents who take the training will sign a Fair Housing Pledge, promising equal levels of service to all regardless of race or other factors.

How do you make certain you're not caught in a similar trap? Lee offers these tips:

Assume nothing.

In the era of political correctness, Lee doubts that most agents discriminate based on rabid racism. Rather, they're simply assuming too much about their clients — namely that African-Americans want to live near other blacks, and that whites want to live near other whites.

"I don't think it's necessarily

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maliciously done on the part of most Realtors,” Lee says.

Still, it’s dangerous to decide what neighborhoods to show a client based on his race. If there’s any steering to be done, leave that to the client, not the agent.

“What fair housing is really about is nobody should decide where I live but me,” Lee says. “And that’s the ultimate in customer service: When the client is leading the transaction.”

Know how to respond when racial questions arise.

The most obvious form of racism comes when a seller refuses to entertain offers from buyers of other races. Most agents know how to respond to this sort of throwback mindset.

But what if you’re dealing with a black buyer who’s considering a predominantly white neighborhood? Often, they’ll ask this question: “Are there other people like me there?”

“I say, ‘There’s lots of nice folks in this area,’” Lee says.

Again, Lee says, it’s dangerous to assume you know what this question means. Maybe a black buyer

doesn’t want to be the only black owner in a neighborhood — or maybe he does.

Don’t get flustered by this question. If you point the client toward demographic information from the Census Bureau, you can help answer his question without running afoul of anti-discrimination laws.

More importantly, Lee says, recognize that a query like that is “a buy sign.”

“Why would they ask this question if they’re not interested in the neighborhood?” Lee asks.

So don’t backpedal away from this touchy topic so quickly that you lose a deal.

Keep detailed records.

To defend yourself against charges of discrimination, have agents maintain records of the properties they show clients. Ideally, these records will reflect that your agents show clients homes in a variety of neighborhoods.

Also make note of how the search narrowed. The notes should show that it was the client, not the agent, who decided which properties to pursue based on factors such as a

home’s physical characteristics or school districts.


Recognize the business opportunity.

About three quarters of white Americans own their homes, but only half of blacks and Hispanics are homeowners. After being shut out of the housing market for generations, minorities suddenly are buying homes in force — and providing a bright spot in a slowing market.

“There’s all this pent-up demand,” Lee says. “Any Realtor who is willing to be not only color-blind but culturally competent is going to see tremendous amounts of business.”

Nurturing this group of buyers can only improve the long-term health of the housing market, he adds.

“To maximize value, we want to maximize the number of buyers for every location, rather than steering them to one location or another,” Lee says. “Discrimination, when you look at it logically, just doesn’t make a lot of sense.”

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“Nobody should decide where I live but me.”

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