

AEI INSTITUTE

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#NARAEI2023



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**NATIONAL
ASSOCIATION OF
REALTORS®**

Bridging the Gap in Race & Home Ownership

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Question:

Who created the gap?

Answer:

We did (with help from many others)



For decades, the
Code mandated
housing
discrimination

CODE OF ETHICS



*Obsolete
see
1928*

Adopted by the
National Association of Real Estate Boards
at its
SEVENTEENTH ANNUAL CONVENTION
June 6, 1924

ARTICLE 32.

Before the closing of a transaction, the Realtor should recommend the examination of title and conveyancing papers.

ARTICLE 33.

All contracts and agreements to which a Realtor is a party should be made in writing and should be complete and exact.

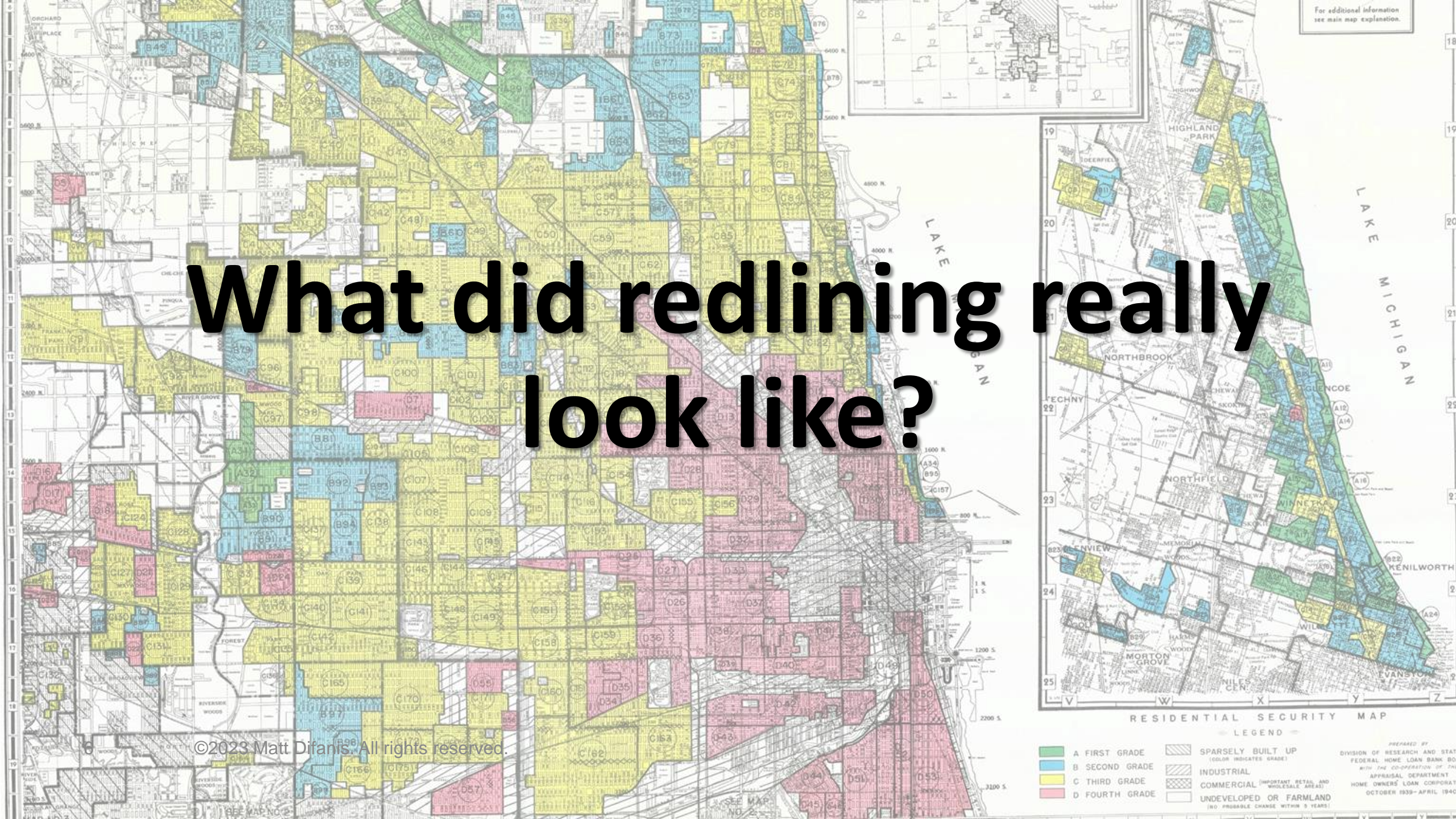
ARTICLE 34.

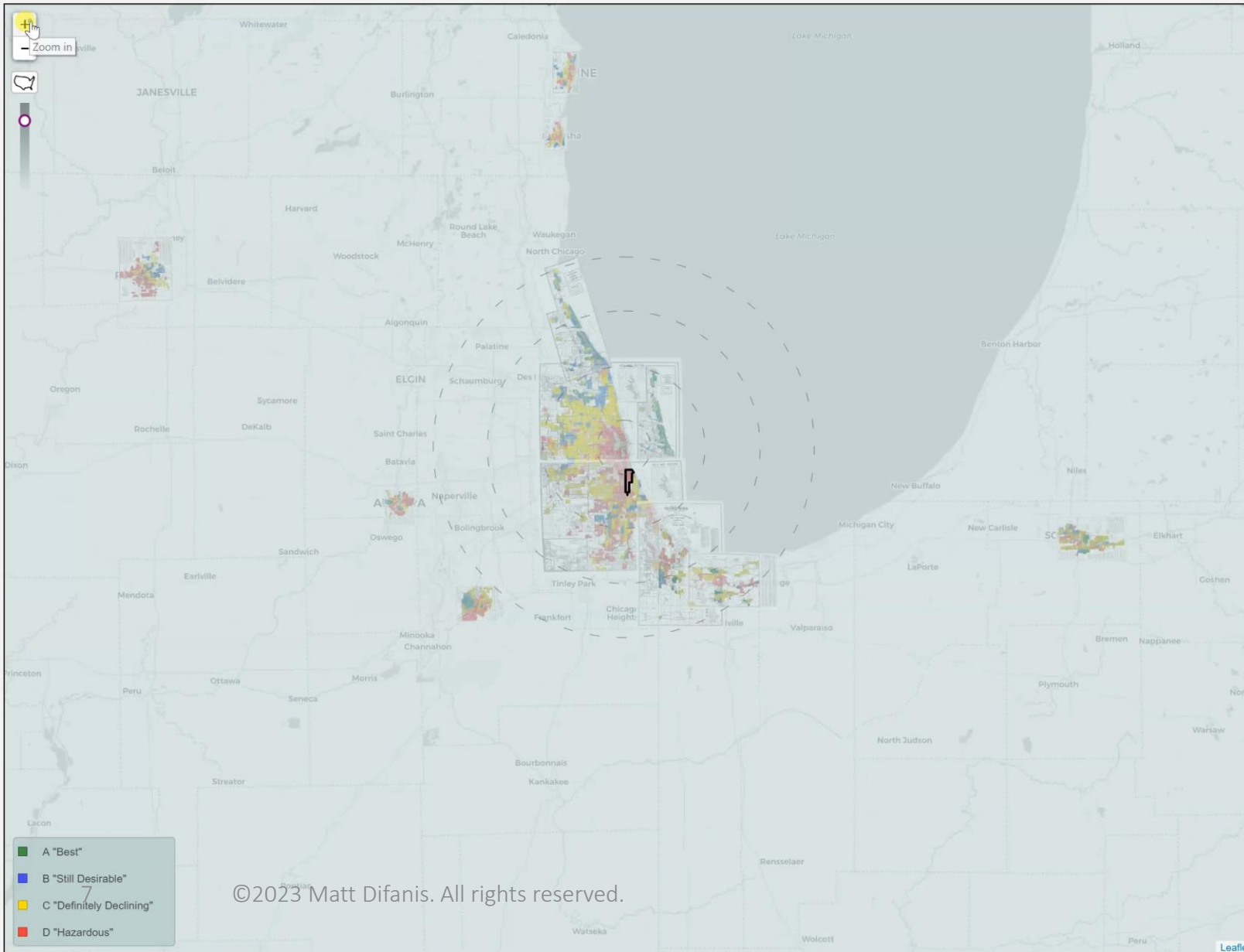
A Realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality, or any individuals whose presence will clearly be detrimental to property values in that neighborhood.

ARTICLE 35.

No instructions nor inducements from any client or customer relieve the Realtor from his responsibility strictly to observe this Code of Ethics.

What did redlining really look like?





D74

Curated Selections from Area Description
([click here to show full](#))

8. Description and Characteristics of Area

Located between 35th and 67th, west of Cottage Grove to State, a blighted area, 100 per cent negro, predominantly apartment buildings; 3's, 6's and up, few 2's. Single homes are of the 6-10 room type, average age 40 years. In this area under construction is the Ida B. Wells US Housing Project, extending from 37th to 39th between South Parkway and Cottage Grove. This project is expected to house 1,662 negro families and, of course, will be taken off the tax rolls with the exception of taxes for police, fire and school purposes. This venture has the realtors guessing as to what the ultimate result will be when so many of this race are drawn into this section from the already negro-blighted district; particularly its effect on the section east and south of Cottage Grove, and to park and water frontage on Lake Michigan. Already Washington Park at the south, a very fine park, has been almost completely monopolized by the colored race. Criticism is heard of the location of the project, some believing it should have been located north of Oakwood and west of Indiana in order to keep the colored influence as far as possible from further encroaching on park and lake water frontage. Others believe that a location south of 35th, extending (over) to Garfield Boulevard between State and the Rock Island RR, would have been preferably and a large fire hazard eliminated; property adjoining the railroad used as a playground, and landscaped with trees, shrubs, etc. NOTE: At the southeast corner of South Parkway and 60th, a brick apartment house of at least 24 flats in a restricted area is reported as owned by Joe Louis. * A small colored B&L organization, the Illinois Federal B&L, is located at 62 E. 47th St. *Three's on South Parkway and Michigan Avenue would run up to \$10,000. A remodeling of buildings, stores, etc., by property owners on State Street would have resulted; and the cost of the project less. Rooms in a housing project should be in keeping with the average pockets of the neighborhood, which is said to be from \$4.50 to \$5.00 per room. With approximately 6,500 colored people moving into this district, it is evident they cannot be closed in; they must have an outlet; and the problem of keeping park and water frontage close by reasonably free of them will be difficult to surmount. The trend of the colored people will no be accelerated toward this park and water frontage, which many people consider could have been avoided had it been located west of Indiana. That section of the area between 35th and 39th, Cottage Grove to Lake Park Avenue, is restricted to whites; but, there are a number of colored families on Ellis Avenue between 37th and 35th, and it is believed (particularly since the advent of the housing project) that this entire section will ultimately go colored, which will increase the number of colored

“[The new housing project] has the realtors guessing as to what the ultimate result will be when so many of this race are drawn into this section from the already negro-blighted district . . . With approximately 6,500 colored people moving into this district, it is evident they cannot be closed in; they must have an outlet; and the problem of keeping park and water frontage close by reasonably free of them will be difficult to surmount.”



“The trend of the colored people will now be accelerated toward this park and water frontage, which many people consider could have been avoided had it been located west of Indiana.”



... it is believed (particularly since the advent of the housing project) that this entire section will ultimately go colored, which will increase the number of colored people using the lake front. Washington Park is already doomed.”



Scene from Rustic Bridge, Washington Park, Chicago.

“I’ve been in many demonstrations all across the South, but I can say that I have never seen—even in Mississippi and Alabama—mobs as hostile and as hate-filled as I’ve seen here in Chicago.”

—Dr. Luther King, Jr.

Chicago, 1966



Dr. Martin Luther King, Jr., dropping to his knees after being hit in the head with a fist-sized rock thrown by a member of a white mob during King's march on August 5, 1966. He was leading a march through an all-white neighborhood to a real estate office to protest housing discrimination.





Keep **WHITE**
NEIGHBORHOODS
WHITE

WHITE MEN
ORGANIZE
WHITE
GUARD

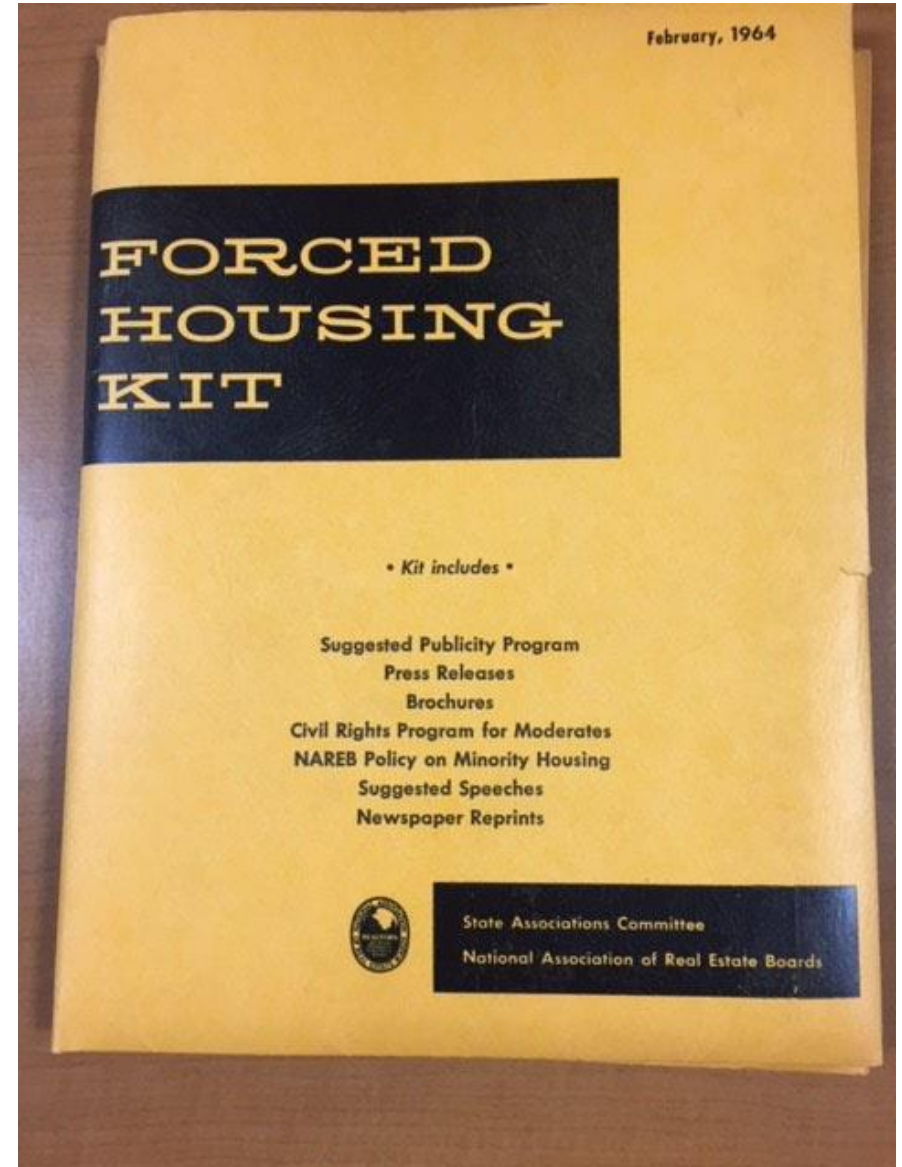
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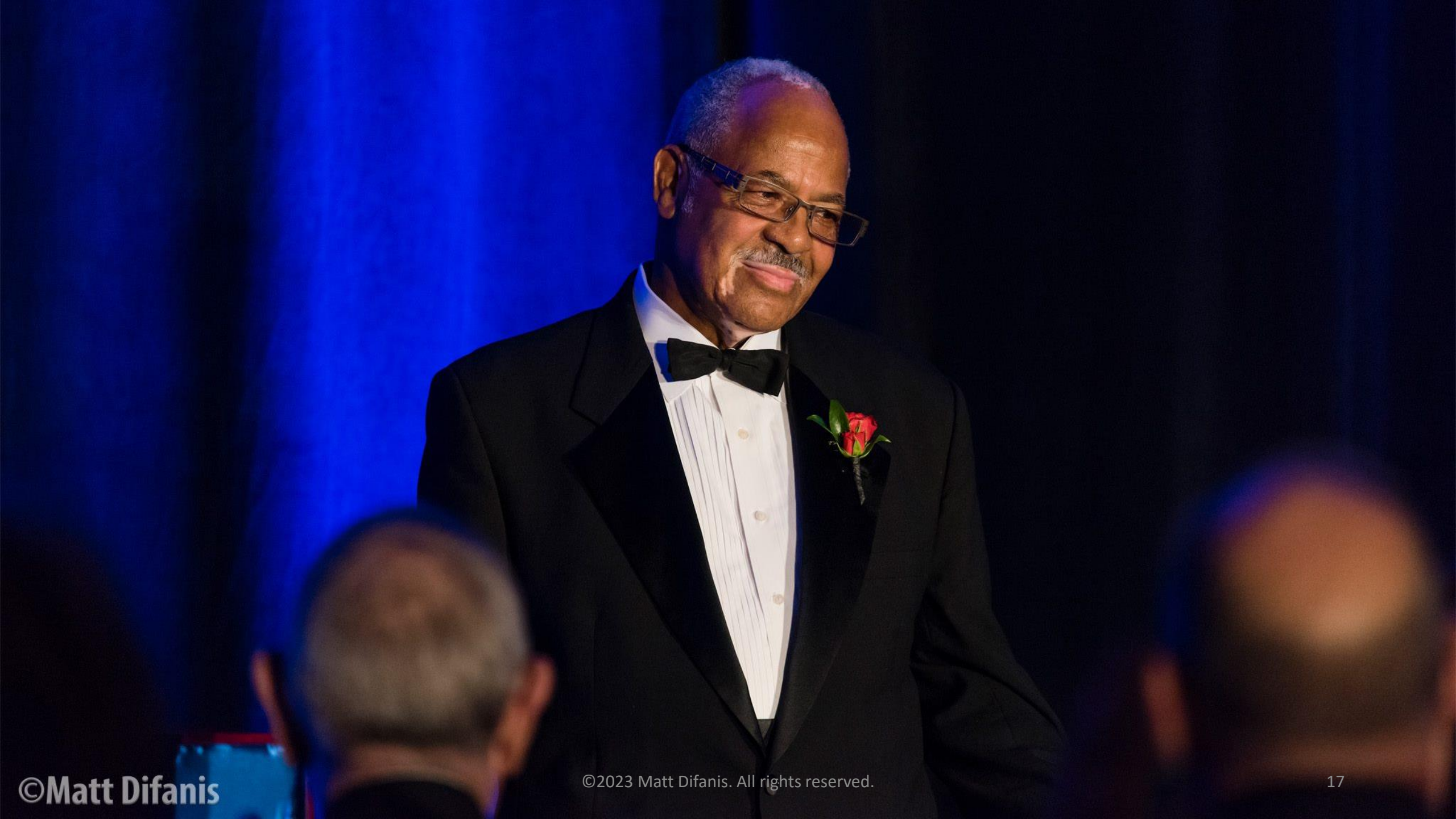
WHITE
GUARD



"Presented herewith is a collection of material designed to help real estate boards and state associations when they are confronted with the problem of 'forced housing' -- proposed or existing."









Underrepresentation

... and the Sarah Ware Theorem for why this remains the case.

Two-pronged approach to bridging the gap:

1. Equip existing REALTOR® population to better serve historically marginalized communities
2. Recruit new REALTORS® from those communities



The unintended consequences of commission-based REALTORS® and mortgage originators.



It's a tough sell to get agents to focus efforts on clients who may require twice the work for half the pay.

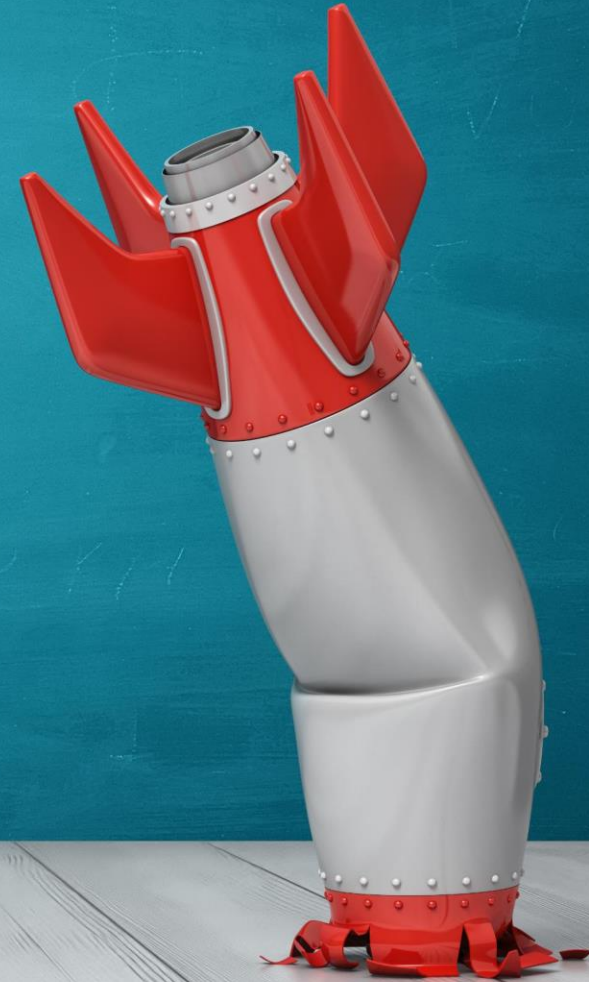
Find local community bankers, and know what makes them different from a traditional mortgage originator.



Inclusive Recruiting and its Pitfalls



Mitigating heightened wash- out risks



TOP 10

1. Look for partnerships to get your association into Black and Brown spaces
2. Don't lean too hard on your existing (and probably very scarce) supply of members from historically marginalized backgrounds. They don't necessarily have the time and patience to be one more person's one Black friend.
3. Be sure all your online and social media photo galleries showcase inclusion

TOP 10

4. Get the word out! Publicize the availability of programs that many of your members don't know about because many of the high producing mortgage originators don't offer them.
5. Host lunch-and-learn events or summits that bring together affiliates and members who are already doing their part to bridge the gap.

TOP 10

6. Offer minority scholarships, but be ready to back them up with training and other support to minimize the chances of attracting new talent, only to see it wash out quickly.
7. Encourage members to think creatively about licensed positions that will offer a base level of compensation or may be salaried with a bonus structure. This overcomes natural barriers created by 100% commission.

TOP 10

8. Do community outreach. White folks need to be ready to get comfortable being immersed in Brown and Black spaces, which will take time.
9. Recognize there are no quick fixes. This has to be a sustained, ongoing effort that has to overcome potentially serious distrust.
10. Be bold, but be humble and always ready to listen and learn from others.