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Equal Opportunity in Housing

Report Bulletin 51

Volume I

August 13, 1973

Englewood Cliffs

Prentice-Hall

New Jersey

HUD Ordered to Go Ahead with Housing Programs

¶ 51.1 A U.S. District Court has ordered HUD to end its suspension of the federal subsidy programs under Sections 235, 236 and 101 of the Housing Act of 1968, as administered by HUD. The funds for these programs had been impounded by the Government.

The 235 program provides mortgage insurance and interest subsidies to purchasers of one family homes who qualify because of low incomes. The 236 program subsidizes the financing of multi-family housing, permitting rent reductions within the means of moderate income families. The 101 program grants rent supplements that permit households with incomes that would qualify them for low-rent public housing to live in privately owned federally-assisted housing, mainly built under § 236.

The Court held that this suit, filed by the National Committee Against Discrimination in Housing (NCDH) and others, was maintainable as a class action on behalf of those who have participated in efforts to obtain nondiscriminatory access of minority and low and moderate income persons to this type of housing.

HUD must accept and process existing and new applications and approve those that qualify.

Court Finds Racial Discrimination

¶ 51.2 The U.S. Court of Appeals for the Fourth Circuit has determined that a black man was denied an apartment on racial grounds. It overruled the decision of the District Court that the denial was for non-racial reasons [*Stevens v. Dobs, Inc.* (CA-4) No. 73-1164, 8-2-73; ¶ 13,609].

The defendant contended that he found the plaintiff, a black man, unacceptable because when the plaintiff visited the apartments to be interviewed, two receptionists reported that they had detected "an offensive odor". The receptionist who testified in court, however, conceded that the plaintiff was accompanied by a white male companion and she could not say whether the odor emanated from the plaintiff or his companion.

Court: The claim of defendant that plaintiff had "an offensive odor" carried on its face manifest racial overtones. There has been much literature [cited in the opinion at ¶ 13,609, footnote 2] discussing the prejudice associated with the notion of a peculiar "Negro odor." This demands the

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Equal Opportunity in Housing

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Realtor's Policy of Selling Lots Only to Builders Discriminatory

[[75.1]] A U. S. Court of Appeals has decided that an Arkansas realty company violated the Civil Rights Act of 1866 [[3150]] and the Fair Housing Act of 1968 [[3354]] when it limited the sale of lots in its Lakewood subdivision to "approved" building contractors. That's because this policy prevented a black husband and wife from buying a lot there. None of the contractors that the realty company approved would build or buy a home for blacks, and minority group builders couldn't get onto the approved list [Williams, et ux. v. The Matthews Company, et al. (CA 8) No. 73-1765, 6-20-74; [[13,659]].

Here's what happened:

Mr. & Mrs. Williams, a black couple, sought to buy a lot in Lakewood, a residential subdivision in North Little Rock, Arkansas. At the time, no blacks were living there. When the Williamses contacted James Matthews, the president of the realty company involved, he told them his firm didn't sell lots to individuals, but only to "approved" builders. Shortly after this, the Williamses got in touch with several builders who did business with the realty company, but none would build a home for them. One claimed "he'd go out of business" if he built a home in Lakewood for blacks. Finally, the Williamses approached Joe Anderson, a black builder. When Anderson tried to get onto the firm's approved list, he was told he'd have to wait until the chairman of the board got back from the Orient before a decision could be made. So the Williamses brought this class action for declaratory and injunctive relief, compensatory damages, and reasonable attorney's fees.

The District Court ruled in favor of the realty company [DC, E.D., Ark.]. It concluded that the Williamses were not denied the right to purchase a lot because of their race; they were afforded the same opportunity as others to buy from an approved builder.

The Court of Appeals reversed the lower court decision. It ruled the Fair Housing Act [[3354]] and the Civil Rights Act of 1866 [[3150]] forbid all forms of discrimination, sophisticated as well as simple-minded. Race is an impermissible factor in real estate transactions, even if it's not the sole reason for the unequal treatment. The run-around given the Williamses

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