



FRIENDLY Leasing...
FAIR Leasing!
Friendly "Fair Housing" Leasing

Presented by:

Rick Ellis, CPM

About the Speaker: *Rick Ellis*, CPM **ELLIS Consulting Group, Inc.**

Rick Ellis is a noted consultant and speaker who has served the apartment industry for more than 32 years. His property management career began as an on-site assistant manager/leasing consultant with additional responsibilities as groundskeeper on the weekends! By the age of 28, Rick directed a portfolio of over 5,000 apartment units located primarily in the southwest United States. As vice president of property management, he took the fast-growing management division of a major 1980s syndication group from its infancy to a mature, effective management company.



Seeing a need for "executive-level" property management operations and marketing consulting, Rick formed *ELLIS Consulting Group* (formerly EPMS) in 1984. For more than 27 years, **ELLIS** has provided an array of services to the apartment industry including special problem consulting, market comparable studies, feasibility studies, and his company's unique "Marketing Observations and Recommendations" reports. The company also specializes in "off-site property management," under the name ELLIS HomeSource with a portfolio of more than 200 single-family homes, duplexes, condos, and small clusters of residential units. ELLIS HomeSource is one of the first off-site management companies to earn the prestigious AMO (Accredited Management Organization) designation from the Institute of Real Estate Management.

Speaking and training come natural to Rick. Not only does he always have plenty to say, his "first" career as a minister for the Church of Christ allowed him the opportunity to develop his unique, personable, and warm speaking style. Rick's seminar topics include everything from his popular "LEASEMAKERS" Comprehensive Leasing Program, to "Big League Marketing on a Little League Budget," and his "Economics of Apartment Management" series that focuses on increasing NOI (Net Operating Income). His fundamental approach to property management training is simple and straightforward . . . "People are Important! Once the people are ready and properly prepared, everything else falls into place. You will see Rick's articles in a number of industry publications throughout the country. A monthly newsletter, *ON-SITE Insights*, he wrote and published for the apartment on-site folks of a major Dallas-based family of REIT's, was twice awarded first place in IREM's national employee newsletter contest.

Rick holds the CPM, Certified Property Manager, designation and his company management company, holds the AMO, *Accredited Management Organization*, designation from the Institute of Real Estate Management (operating under ELLIS HomeSource.) Rick earned a B.S. in 1977 and a MA in 1979 from Abilene Christian University. He holds a Texas Real Estate Broker License and is an Eagle Scout.

Rick lives in Coppell, TX, just minutes from the ELLIS Companies corporate office in Irving. He has two sons, JR (25), who works for a multifamily real estate broker in Austin, TX and Phillip (21) who attends St. Edwards University in Austin playing soccer for that school. Rick is active with his sons through church, paintball, movies, travel, and discussions about religion and politics! The Ellis family enjoys working out, racquetball, sporting events and hanging out at Starbucks. Life is good.



Why Must We Have A Fair Housing Law?

WHY?

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- ☹️ Why must apartment management professionals be subjected to more government regulation through these fair housing laws?
- ☹️ Why must there be federal laws to make us simply do what any good person would do — that is **Treat People Right**?
- ☹️ Why must we be subject to major fines, blotches on our employment records, and even termination from our jobs if we break the fair housing laws?

Why? Tell us WHY!

Hey . . . you really wanna know why? Okay . . .

BECAUSE AMERICANS DISCRIMINATE
 ☹️ **AGAINST ONE ANOTHER!** ☹️

According to the Secretary of the Department of Housing and Urban Development (HUD),

“Every American has a right to fair housing. The right to live where you choose, to raise a family, to rent or own your home — in dignity and without fear of discrimination — is a fundamental right guaranteed to all. Every American will receive the full protection of the law.”

THE *RULES* OF FAIR HOUSING

The rules of the game are set by the government — federal, state, and municipality. These rules come from what’s called the **Fair Housing Law**. This law forbids you from discriminating when you or your onsite team engage in apartment management activities like interviewing prospects, providing maintenance services, and enforcing lease rules and obligations.

What does “no discrimination” mean?

Basically, it means that you must treat all people the same — fairly and equally — without regard to their:

1. **Race** - Ethnic Background
2. **Color** - Skin & Hair
3. **Religion or Creed** - Beliefs
4. **National Origin** - Country
5. **Sex** - Gender
6. **Handicapped**
7. **Familial Status**

Treating people differently based on their race, color, or any of the above-listed factors is **discrimination**.

Other Factors!

The factors listed at the left, aren’t the only ones you have to worry about. That’s because your state’s laws may include other factors.

For example, your state may also bar you from treating people differently (discriminating) based on their:

- Age
- Personal appearance
- Job style (e.g., lawyers)
- Source of income (e.g., welfare payments)
- Marital status
- Sexual orientation (e.g., whether a person is gay or straight)

To find out if your state prohibits any of these kinds of discrimination, ask your supervisor, or company fair housing officer.

***BEST ADVICE:* Be concerned About Your Prospects’ Ability to Pay Rent and Maintain the Property...NOTHING ELSE!**



WHOOOOO? WHO MUST PLAY BY THE FAIR HOUSING RULES?

EVERYONE!

- √ You
- √ Your co-workers
- √ Your boss
- √ Your owner

No Matter What Your Position in the Apartment Industry!

- | | |
|----------------------|-----------------------------|
| √ Owner | √ Porter or Groundskeeper |
| √ Developer | √ Housekeeper |
| √ On-Site Manager | √ Leasing Consultant |
| √ Service Technician | √ Real Estate Broker |
| √ Apartment Locator | √ Bookkeeper |
| √ Concierge/Valet | √ Advertising Agency |
| √ Apartment Locators | √ Security/Courtesy Officer |

**Whatever you do while *providing housing services*,
It is as if your boss were doing it his or herself!**

Actual Example: A part-time janitor showed apartments and took phone calls for rentals at an Illinois community. While on leasing duty, the janitor told a black person looking to rent that the apartment had been rented. This was after a leasing consultant had told the prospect the apartment was available. Suspecting foul play, the prospect alerted a fair housing advocacy group. The group sent so-called “testers” to the community to check for discriminatory practices. The janitor told the white testers he “didn’t want to take blacks” because the white neighbors would “kill” him. The prospects sued for discrimination.

Not only was the janitor guilty of racial discrimination, said a federal court, but the managing company and owner were also guilty, even though they had no idea what the janitor had done. Result: The manager and owner had to pay the prospect a significant dollar amount to settle the lawsuit. [Reed v. Michael Realty & Assoc.]



WHEN DO THE FAIR HOUSING RULES APPLY?

**All the Time!
You Must Never Let Down Your Guard!**

***Want proof ?
Consider this:***

At any time of day, any one of the following tasks – if not handled fairly – can lead to a fair housing complaint against you and your company:

1. Writing “for rent” ads & internet website content
2. ALL Social Media – ALL!
3. Taking rental applications
4. Interviewing prospects (qualifying)
5. Saying which apartments are available
6. Showing prospects around the community
7. Deciding who gets an apartment and who doesn’t
8. Getting leases signed
9. Setting and enforcing community policies
10. Filling out and filing paperwork
11. Telling the owner what’s going on
12. Handling complaints from Residents
13. Responding to service requests from Residents
14. Settling disputes between Residents
15. Processing apartment transfers
16. Processing evictions
17. Handling special requests from older persons
18. Handling special requests from disabled persons
19. Selling an apartment or a home
20. Setting rent specials and incentives
21. Lease Renewal Negotiations



Big Three 3 BASIC TYPES OF *DISCRIMINATION*

Here are the Three Basic Ways On-Site Apartment Personnel Break the Fair Housing Laws:

JUST *DON'T* DO IT!

1. **Refusal to Rent** — leasing professional states words to the effect that he/she would refuse to rent to anyone from a protected status. The refusal could take place in the form of lying and stating that there is no availability, or refusing to show an apartment to someone because of their protected status.

2. **Steering** — the act that is intended to influence the prospective renter's choice of an apartment or its location within a community. For example, suggesting that a person with a child might want to live in the building near the playground or that the community "really doesn't have anything for kids."

3. **Different Rules for Different People** — In the past, apartment communities have had different policies for children. For example, rules prohibiting children under a certain age from using certain facilities like swimming pools, saunas, etc. Now HUD takes the general position that children, as a whole, should have no limitations. For safety reasons, it is appropriate in some cases to require that persons under clearly designated ages must be accompanied by an adult when using any facility that may pose a danger. (There is strong sensitivity toward children overall, and even more so toward working and single parents. **HUD makes it very clear that the agency is as serious about familial discrimination as it is about racial discrimination.**)



Eight Fair Housing Leasing Errors to Avoid!

* **ERROR #1 — Rental Ads – Including Internet Websites**

These ads may discriminate by what they say or don't say, or by what they show (e.g., all white residents) or don't show (e.g., no resident over age 40).

* **ERROR #2 — Application Process and Initial Tour**

Most fair housing complaints arise early on, during the application process, for example, when taking applications, showing apartments, and touring the property. If you work with applicants, be careful to treat them all the same.

* **ERROR #3 — Revealing Your Prejudices**

Listen up! We all have our sexual, racial, religious, and other prejudices. But to avoid getting clobbered by fair housing laws, we need to keep these preferences to ourselves and treat all applicants and Residents with equal respect. Revealing our prejudices to current Residents or new applicants only invites a discrimination complaint.

* **ERROR #4 — Not Considering Requests from Disabled Persons**

Disabled applicants and Residents have the right to request special treatment — what lawyers and housing professionals call “reasonable accommodations.” You must at least *consider* these requests. (Your company probably has a written policy on how to do this. Ask your boss about it.) If you don't appropriately handle a request for an exception to one of your house rules, you may find yourself facing a discrimination complaint.

* **ERROR #5 — Sexual Discrimination**

You absolutely must not let sexual attraction alter the way you do your job. Offering special treatment in exchange for sexual favors (or withholding service from a person who doesn't welcome your advances) is illegal. It falls under the ban on discriminating based on someone's sex. It can even be as simple as refusing to lease to two males.

* **ERROR #6 — Sloppy Record Keeping**

If a Resident or applicant sues your community for discrimination, you'll have to prove that you didn't discriminate. To defeat a complaint, you'll need evidence; for example, written documents showing what you said or office policies showing how particular housing tasks are handled. Often a community will lose merely because it can't locate the proof it needs for its defense. Poor documentation is evidence of poor judgment. Always use a guest card!

* **ERROR #7 — Inconsistent Enforcement of Rules and Leases**

Be consistent when enforcing your house rules and leases. If your lease says Residents will be evicted after committing a certain number of violations, don't play favorites. Send eviction notices to all Residents who commit the specified number of violations. Inconsistent enforcement of rules and leases is the fastest way into a fair housing penalty, as a California community found out.

* **ERROR #8 — Evictions — Inconsistent Enforcement**

If you have to evict a Resident, make sure there's substantial lease violation (like the Resident is far behind in the rent or constantly throws loud, late-night parties). Don't base an eviction on, say, whether a person is black, a Jehovah's Witness, or disabled. If you do, you and your company will get hit with a fair housing complaint so fast your head will spin.



WHEN PROSPECTS ASK *DISCRIMINATING* QUESTIONS

Questions About the Race, Ethnicity, etc. of Your Residents

Though the fair housing laws have been in place for years in this country, you will continue to see and hear discriminatory behavior, remarks, and questions. You will be asked questions such as:

“How many blacks (kids, Jews, etc.) live here?”

“Do you have any families on this floor?”

An appropriate answer is:

“This company is an equal opportunity renter. We welcome anybody who completes an application, meets our qualification standards, and wants to live here.”

If that answer does not stop the questions, an appropriate follow-up response is:

“If I answered that question, I’d be violating not only company policy, but also federal fair housing laws. If you’re not familiar with the law, you might want to read the explanation on our fair housing poster.”

Point to the fair housing poster in your office and continue,

“I would be happy to show you an apartment, but I can’t answer that question.”

Again, smile and be courteous.



Fair Housing Hot Topics and Unique Real Live Situations

1. **Social Media – Connect Fairly!** – Facebook, Google +, Twitter, etc...are also forms of advertisement! Sure, it is a way of connecting and creating community; a Good Neighbor atmosphere. If you would not do something in PRINT, then do not do it in SOCIAL MEDIA!
 - White Only! – HUD has made it clear to have advertising that reflects diversity. Human models still tend to be white. Residents, Staff, Corporate Spokesperson, and Avatar.
 - Photos on Social Media – It can be a good marketing practice to include photos of people but make it diverse! Avoid the “chilling effect”. A reasonable representation of diverse colors, children, and disability.
 - Call it a Bit of Insurance – Your advertising and Social Media that demonstrates your welcoming and inclusiveness.

2. **Hoarding** – “The acquisition of, and failure to discard, a large number of possessions that appear to be useless or of limited value resulting in living spaces that are sufficiently cluttered as to preclude activities for which those spaces are designed.”
 - A compulsive hoarder has a mental disability that substantially limits one or more of the person’s major life activities. That is the fair housing definition of disability. Covered!
 - Hoarders have a right to request reasonable accommodation.
 - Reasonable accommodation could be providing support services plus an individualized schedule for clean up and follow up inspections.

3. **Breed Restrictions for Service Animals?** - “Breed, size, and weight limitations may not be applied to an assistance animal. A determination that an assistance animal poses a direct threat of harm to others or would cause substantial physical damage to the property of others must be based on an individual assessment that relies on objective evidence about the specific animal’s conduct – not on mere speculation about the types of harm or damage an animal may cause and not on evidence about harm or damage that other animals have caused”

~ HUD, April 25, 2013.