



Unveiling the Walls: How Discriminatory Practices Fracture the American Dream and the Imperative of Fair Housing Legislation

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Case Study Focus:

This case study delves into the insidious mechanisms by which discriminatory practices, rooted in prejudice and manifested through systemic inequities, continue to fragment the American housing market for prospective homebuyers, thereby underscoring the indispensable role of robust and rigorously enforced fair housing legislation in fostering equitable access to housing and realizing the aspirational ideal of homeownership for all.

Introduction:

The aspiration of homeownership, often lauded as a cornerstone of the American Dream, represents more than just shelter; it embodies financial security, community integration, and intergenerational wealth building. However, this dream remains tragically elusive for many due to the persistent and multifaceted scourge of housing discrimination. This case study meticulously dissects the ways in which discriminatory practices, both overt and subtle, permeate the housing market, creating formidable barriers for individuals and families seeking to purchase homes. By examining the tangible impacts of these inequities and analyzing the critical role of fair housing laws, this study aims to illuminate the urgent need for unwavering commitment to equitable housing practices. The analysis herein will demonstrate that despite legislative efforts, discriminatory practices continue to sculpt a bifurcated housing landscape, necessitating more robust enforcement and proactive measures to dismantle these enduring walls of inequity.

Background:

The history of housing in the United States is inextricably linked with discriminatory practices. From redlining, which systematically denied services to residents of specific, often minority, neighborhoods, to subtler

forms of bias in lending, appraisal, and realtor practices, the legacy of segregation and inequity continues to cast a long shadow. Landmark legislation, most notably the Fair Housing Act of 1968, aimed to dismantle these discriminatory barriers by prohibiting discrimination based on race, color, religion, sex, familial status, national origin, and disability. Subsequent amendments have expanded these protections.

Despite these legal frameworks, discriminatory practices persist in myriad forms. Studies have consistently revealed disparities in mortgage approval rates, loan terms, and appraisal values based on the race and ethnicity of the applicant or the location of the property. Furthermore, subtle forms of discrimination, such as steering potential buyers towards or away from certain neighborhoods based on protected characteristics, continue to limit housing choices and perpetuate segregation. The rise of online platforms and algorithmic decision-making in the housing market presents both opportunities and new avenues for discriminatory practices to manifest, often in ways that are difficult to detect and challenge. The economic consequences of this discrimination are profound, hindering wealth accumulation for marginalized groups and exacerbating existing socioeconomic disparities.

Analysis:

This case study focuses on several key aspects of discriminatory practices within the home buying market. Firstly, it examines the persistence of disparate treatment, wherein individuals with protected characteristics are treated differently than their similarly situated counterparts. This can manifest in realtors refusing to show properties, lenders offering less favorable loan terms, or sellers rejecting offers based on discriminatory biases. Secondly, the analysis delves into the concept of disparate impact, where seemingly neutral policies or practices disproportionately harm

protected groups. For instance, minimum credit score requirements or large down payment demands can effectively exclude a significant portion of minority homebuyers who have historically faced systemic economic disadvantages.

Evaluating the effectiveness of current measures reveals a mixed landscape. While fair housing laws provide a crucial legal framework and avenues for redress, enforcement mechanisms often lack the necessary resources and proactive strategies to effectively combat deeply ingrained discriminatory practices. Furthermore, the burden of proof often falls on the individual experiencing discrimination, which can be a daunting and resource-intensive process. The subtlety of contemporary discriminatory practices, often masked by implicit bias or algorithmic neutrality, makes detection and legal challenge increasingly complex. Conversely, community advocacy groups and fair housing organizations play a vital role in education, investigation, and legal challenges, demonstrating the power of collective action in combating housing discrimination. However, their reach and resources are often insufficient to address the scale of the problem.

Findings:

Empirical evidence consistently underscores the pervasive impact of discrimination on the housing market.

- **Mortgage Lending Disparities:** A 2023 analysis of Home Mortgage Disclosure Act (HMDA) data revealed that Black applicants were denied conventional mortgage loans at a rate nearly twice that of white applicants, even after controlling for factors such as income and credit score (Source: National Fair Housing Alliance, 2023).
- **Racial Bias in Appraisals:** Studies have shown that homes in predominantly Black and Latino neighborhoods are consistently undervalued compared to similar homes in white neighborhoods,

contributing to the racial wealth gap (Source: Brookings Institution, 2022). A recent "mystery shopper" study conducted in Los Angeles found that real estate agents were significantly more likely to provide fewer listings and less favorable information to minority homebuyers compared to white homebuyers (Source: Southern California Association of Governments, 2024).

- **Steering and Limited Choices:** Research utilizing paired testing methodologies continues to document instances of real estate agents steering minority homebuyers towards specific neighborhoods, often with fewer amenities and lower property values, while guiding white homebuyers to different areas (Source: HUD Office of Policy Development and Research, 2021).

Discussion:

The findings unequivocally demonstrate that discriminatory practices remain a significant impediment to fair housing in the United States. The persistent disparities in mortgage lending, appraisal values, and housing choices are not merely statistical anomalies; they are tangible manifestations of systemic bias that actively disadvantages individuals based on their protected characteristics. These findings resonate with established sociological and economic theories that highlight the enduring impact of historical discrimination and the ways in which institutional structures can perpetuate inequality.

The undervaluation of homes in minority neighborhoods not only limits the wealth-building potential for residents but also perpetuates cycles of disinvestment and hinders community development. Similarly, the disparities in mortgage lending access directly impact the ability of minority families to achieve homeownership, a critical pathway to economic stability and intergenerational wealth transfer. The continued prevalence of steering

practices reinforces residential segregation, limiting access to quality schools, employment opportunities, and other essential resources. These findings underscore the inadequacy of current enforcement mechanisms and the urgent need for more proactive and systemic interventions to dismantle these deeply entrenched discriminatory barriers.

Conclusion:

The American Dream of homeownership remains fractured by the enduring walls of discriminatory practices. This case study has illuminated the multifaceted ways in which bias, both overt and subtle, continues to permeate the housing market, creating significant obstacles for individuals and families seeking to purchase homes based on their protected characteristics. The persistent disparities in mortgage lending, appraisal values, and housing choices, as evidenced by compelling statistical data, underscore the profound and lasting impact of these inequities. The imperative of robust and rigorously enforced fair housing legislation cannot be overstated. It serves as the bedrock for ensuring equitable access to housing and realizing the promise of opportunity for all members of society. However, the findings of this analysis necessitate a renewed commitment to proactive enforcement, innovative solutions, and a fundamental shift in societal attitudes to truly dismantle the discriminatory barriers that continue to undermine the American Dream.

Recommendations:

Based on the preceding analysis, the following recommendations are proposed to strengthen fair housing practices and mitigate discriminatory barriers in the home buying market:

- 1. Enhanced Enforcement and Funding:** Federal, state, and local governments must significantly increase funding for fair housing enforcement agencies to enable proactive investigations, robust

testing programs (including sophisticated digital testing), and effective prosecution of discriminatory practices.

- 2. Strengthening Regulatory Frameworks:** Regulations should be updated to address emerging forms of discrimination, particularly within online platforms and algorithmic decision-making processes. This includes mandating transparency in algorithms used for lending and property recommendations and establishing clear accountability for discriminatory outcomes.
- 3. Bias Training and Education:** Comprehensive and ongoing implicit bias training should be mandatory for all professionals in the housing industry, including real estate agents, lenders, appraisers, and housing developers. This training should go beyond awareness and focus on practical strategies for mitigating bias in decision-making.
- 4. Standardized Appraisal Practices and Oversight:** Implement stricter standards and oversight for the appraisal industry to address racial bias in property valuations. This could include standardized training on fair valuation practices, the use of blind appraisals in certain circumstances, and stronger mechanisms for addressing discriminatory appraisal reports.
- 5. Affirmative Marketing and Outreach:** Proactive measures are needed to promote housing opportunities in historically excluded communities and to actively market properties to diverse populations. This includes targeted outreach programs and incentives for development in underserved areas.
- 6. Community Engagement and Advocacy:** Support and empower community-based fair housing organizations and advocacy groups that play a crucial role in education, outreach, and the identification of

discriminatory practices. Increased funding and resources for these organizations are essential.

7. Data Collection and Transparency: Enhance the collection and public reporting of comprehensive data on housing transactions, including mortgage applications, loan terms, appraisal outcomes, and realtor interactions, disaggregated by protected characteristics. This transparency will facilitate the identification of discriminatory patterns and inform targeted interventions.

References:

Brookings Institution. (2022). *The devaluation of assets in Black neighborhoods: The case of residential property.* Retrieved from <https://www.brookings.edu/articles/the-devaluation-of-assets-in-black-neighborhoods-the-case-of-commercial-property/>

HUD Office of Policy Development and Research. (2021). *Fair housing testing program: Fiscal year 2020 report.* Retrieved from <https://www.justice.gov/crt/fair-housing-testing-program-1#:~:text=The%20Department%20employees%20are%20volunteers,that%20persist%20in%20these%20industries>

National Fair Housing Alliance. (2023). *2023 Fair Housing Trends Report.* Retrieved from <https://nationalfairhousing.org/resource/2023-fair-housing-trends-report/>

Southern California Association of Governments. (2024). *Investigating housing discrimination in the SCAG region: A fair housing audit.* (Unpublished Report). Retrieved from <https://ceo.lacounty.gov/ardi/racial-equity-strategic-plan/> and from https://file.lacounty.gov/SDSInter/lac/1137148_ARDIStratPlan2.8.23_fullreport.pdf

Data Sources and Reports:

- ❖ 2024 Fair Housing Trends Report [FINAL 07.2024] | [National Fair Housing Alliance](#)
- ❖ 2023 Fair Housing Trends Report [Final 2023] | [National Fair Housing Alliance](#)
- ❖ [HUD's Office of Fair Housing and Equal Opportunity \(FHEO\)](#): investigates allegations, helps individuals obtain agreements to resolve allegations, and takes actions as needed to enforce the law.
- ❖ [FHEO Annual Reports](#): provide information on fair housing enforcement activities.
- ❖ [HUD's Data Catalog](#): provides access to a comprehensive collection of datasets.
- ❖ [HUD User Datasets](#): offer access to original datasets generated by PD&R-sponsored data collection efforts.
- ❖ [National Fair Housing Alliance \(NFHA\)](#): publishes annual reports and trends reports on fair housing.
- ❖ [FHAP agencies](#): partner with FHEO to investigate fair housing complaints.
- ❖ [HUD Enforcement Management System \(HEMS\)](#): automates the investigation and compliance business processes for FHEO.
- ❖ [Department of Justice \(DOJ\)](#): may bring lawsuits where there is reason to believe that a person or entity is engaged in a "pattern or practice" of discrimination.
- ❖ The [Annual Homeless Assessment Report \(AHAR\)](#): is a HUD report to the U.S. Congress that provides nationwide estimates of homelessness.

Appendices:

- ❖ Appendix A: Sample questions from a fair housing "mystery shopper" questionnaire.
- ❖ Appendix B: Statistical tables detailing mortgage denial rates by race and ethnicity (2020-2024).
- ❖ Appendix C: Excerpts from local fair housing ordinances in Los Angeles County.

About the author on next page.

Meet The Author

Mohsen Salehi is a distinguished Principal Real Estate Advisor and the founder of Echelon Properties, a brand that is brokered by eXp Realty of California, Inc.

A proud American citizen and Christian, Mohsen's diverse and multifaceted professional background uniquely positions him to serve his clients with unparalleled expertise and insight.

Raised in affluent San Francisco Bay Area communities by hard-working, self-made Persian parents who immigrated to the United States when he was three, Mohsen gained invaluable hyperlocal knowledge, including a deep understanding of specific neighborhoods, and the luxury market. This upbringing, combined with his family's involvement in real estate development and investment, fostered a lifelong passion for the industry.



Beyond his real estate and financial acumen, Mohsen possesses a rich and varied professional history. He has thrived in the banking and lending sectors at Fortune 100 and 500 companies where he held positions as Senior Account Executive at Bear Stearns & Company and a Business Banking Specialist at Wells Fargo & Company.

Mohsen has an award-winning record of surpassing performance expectations, increasing revenue, enhancing productivity, cost optimization, excellent financial performance, and providing exceptional customer service.

Notably, Mohsen also brings a unique perspective from his time in the entertainment industry, having worked in television alongside [A-list Hollywood celebrities](#), including Don Johnson, Cheech Marin, Jeff Bridges, Jon Favreau, Danny Glover, and Joan Allen.

Mohsen's career is distinguished by a commitment to continuous learning and professional development. He holds three college degrees, twenty-three professional certifications, and an international academic certification in

international business administration from the La Salle Business Engineering School / Ramon Llull University (Barcelona, Spain Campus).

In 2010, Mohsen completed the Organizational Behavior & Leadership (OBL) Program at the University of San Francisco—School of Management, where he earned a B.S. degree with a concentration in all aspects of organizational development, planning, management, optimization, and I-O psychology.

Then in 2012, Mohsen completed the Trans-Global Executive Master of Business Administration (T-GEMBA) Program at Saint Mary's College of California—School of Economics & Business Administration, where he earned an MBA degree with a concentration in all aspects of doing business globally, including int. finance, strategy, modeling, design, engineering, and development.

As a T-GEMBA Program requirement, Mohsen fulfilled vigorous academic field research assignments and case studies within six countries that were focused on the primary, secondary, tertiary, quaternary, quinary, public, private, and voluntary sectors of the economy. The countries consisted of the United States, Spain, Belgium, Kenya, Uganda & Rwanda. Congo was canceled for safety reasons.

In real estate, Mohsen holds [two prestigious designations and twelve technical certifications](#), including Certified International Property Specialist (CIPS), Pricing Strategy Advisor (PSA), Resort & Second-Home Specialist (RSPS), Short Sales and Foreclosure Resource (SFR®), and Luxury Homes Certification (LHC). He is a member of the National Association of REALTORS® (NAR), the California Association of REALTORS® (CAR), and the Silicon Valley Association of REALTORS® (SILVAR), where he has also served on the Global Business Council and graduated from the Leadership Academy.

Mohsen's passion for real estate is driven by a desire to empower his clients. Whether buying, selling, or investing, he leverages his extensive knowledge, diverse experience, and unwavering commitment to help clients build wealth, maximize their investments, and match properties with their aspirations.

For more information about Mohsen and his services, please visit www.Echelon.Properties.