Commentary: Testing Benefits
Housing Providers and the Industry

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Paired testing is useful for detecting discriminatory differences in treatment and can be used to address cases of alleged discrimination, to assess market levels of discrimination, or to educate the housing industry so it can monitor itself and make corrections to possible discriminatory practices. Changes in how discrimination is manifested in the marketplace do not remove the value of effective paired tests, but they may make such testing more difficult or expensive. Working with the housing industry, particularly practitioners with a deep commitment to fair housing and an intimate understanding of the market, can be beneficial in refining and crafting measures to test today’s markets. Participation and cooperation with the industry becomes critical as testing seeks to dive deeper into a transaction.

It is important to note how significantly demographic change is affecting the housing market. According to the Joint Center for Housing Studies (JCHS) at Harvard University (2015), the millennial generation is 45 percent multicultural (JCHS uses the term minority) and 22 percent of the millennial generation is Hispanic. In the next 10 years, 76 percent of housing growth will be multicultural. The 2014 State of Hispanic Homeownership Report, issued by the National Association of Hispanic Real Estate Professionals (2015), found that Hispanic homeowners accounted for 50 percent of the net growth in owner households between 2000 and 2014.

As is often said at multicultural real estate conferences, “We are the market.” Real estate in the coming decades will increasingly be multicultural, meaning that real estate agents’ clients will come from multicultural populations and the profession itself will increasingly reflect the market. That demographic change cannot predict a change in the level of housing discrimination, but it does mean that the real estate profession has a stronger commitment to and identification with the goals of fair housing. At the same time, the declines in homeownership rates and household wealth need to be examined to determine causes of this decline, including the effect of discrimination at the transaction level.

Rooting out housing discrimination is understood by a greater number of people in the housing industry than in the past. The housing industry is more diverse as it reflects today’s multicultural housing market. Support for fair housing has moved from passive acceptance of the law to active support. For example, recent policy positions at the National Association of Realtors® support the concept of disparate impact and call for fair housing protections based on sexual orientation and gender identity.
The analysis presented by Fred Freiberg and Gregory D. Squires may be most helpful in employing testing as a continued and effective tool for identifying discriminatory behavior. Differences in the traditional measures of discrimination, such as making an appointment or housing availability, have declined. Freiberg and Squires (2015) discuss the need to do more followup testing and to use more creative testing structures. Changes in the way housing is marketed, including on the Internet, and the actions of some who may be intent on finding new ways to discriminate also will shift the focus of testing to actions later in the transaction. Many housing providers, sharing a deep commitment to fair housing, can become strong allies to the fair housing community and help develop new and focused investigations. Although the housing industry has employed self-testing in relatively few instances, further examination of these self-testing methods and results could inform this discussion.

Collaboration between experienced fair housing organizations and state or local Realtor® associations can be of great help in the field of testing. A housing provider seeking to learn whether his or her agents are discriminating will not be satisfied simply knowing that every prospect gets a cup of coffee and four listings to look at. The provider will be looking to see if the agents steer, provide assistance equally later in the home search process, follow up equally, and so on. Brokers may also be interested in determining if other actors in the housing transaction are treating their clients fairly and may provide access to the state of the housing search to help test those others in the housing transaction. Michigan Realtors® contracted with experienced fair housing centers in Michigan to make self-testing available to brokers. Although the results of self-testing are generally not available for enforcement actions, results were used to improve fair housing education for Realtors®, and the knowledge of housing practices and the positive relationships that develop can be invaluable for designing effective tests.

Freiberg and Squires (2015) also discuss the cost of testing on housing providers and state that the value of testing also accrues to the housing provider by dispelling false claims of discrimination. More can be done to provide value back to the housing industry in this regard. Case studies are one of the best tools used in fair housing training sessions, office meetings, or discussions at conferences to educate real estate professionals. A contemporary and local example of a housing transaction enables discussion and learning about housing discrimination and helps agents and brokers identify ways to change their practices to reduce or eliminate discrimination. Whether the tests are conducted for enforcement, research, or self-correction, the act of being shown how certain practices or actions can be discriminatory helps practitioners improve their skills and their service to all customers.

Testing to identify general levels of discrimination in a market is required for both enforcement and education of the housing industry. As the articles of both Freiberg and Squires (2015) and of Rob Pittingolo and Stephen L. Ross (2015) point out, changes in how real estate is marketed and shown present challenges to traditional testing methods, but these challenges can be met. Pittingolo and Ross (2015) conclude that these challenges have not resulted in an underestimate of housing discrimination. Marjorie Austin Turner focuses on how to adjust testing to address bases of discrimination in which the tester's status is not apparent to housing providers. Addressing these changes in the market may require a renewed commitment to testing resources, however,
the general reaction to being tested and its cost in terms of lost time and business, is negative. Documenting the benefits of testing to housing providers and the industry may help to develop the support needed for continued funding for testing.

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References


Joint Center for Housing Studies (JCHS) at Harvard University. 2015. The State of the Nation’s Housing. Cambridge, MA: Joint Center for Housing Studies at Harvard University.


