

Messaging Strategies to Combat Housing Discrimination in New York City: Evidence from A Field Experiment

Albert H Fang, Andrew M. Guess, Macartan Humphreys¹

Columbia University, June 2014

Executive Summary

This report describes results from an analysis of data on housing market discrimination generated by the New York City Commission on Human Rights. The study has two aims: to measure baseline levels of discrimination in the rental housing market and to experimentally test the effectiveness of telephone messages from city government urging landlords to comply with fair housing law. Previous studies have focused on discrimination rates in rental markets nationally; this study is to our knowledge the first comprehensive attempt to provide estimates specific to New York City—the largest rental housing market in the United States—and the first to combine estimates of discrimination with evidence on simple strategies to combat it.

Research Strategy

The research strategy combined a matched audit design with a field experiment. In the audit portion, three testers—one black, one Hispanic, and one white—each responded to the same apartment listings and met with the associated agents. Differences in how these testers were treated when visiting nearly 700 units—and in particular whether they received callbacks and were offered units—provided a direct measure of discrimination. In addition to this audit study, there was an experimental component designed to assess the effects of interventions that advise landlords of their obligations not to engage in discriminatory practices. After visits were scheduled, landlords and brokers were randomly assigned to receive either a ‘punitive’ message informing them of the consequences (monetary and otherwise) of discrimination, a ‘monitoring’ message intended to communicate simply that the city is engaged on the issue (but without emphasizing sanctions), or no message at all (‘control’). Differences in outcomes across these conditions provide measures of the effectiveness of different strategies to combat discrimination.

Results

Our analysis suggests that there is a real problem of rental housing market discrimination in New York City, particularly for Hispanic populations. There is evidence however that simple strategies employed by the City may be powerful in constraining this discrimination at least against Hispanics (there is

little evidence for similar positive effects for African Americans).

Baseline Levels of Racial Housing Discrimination

Baseline estimates of discrimination are generated by observing differences in callbacks and offers for different testers in the control condition.

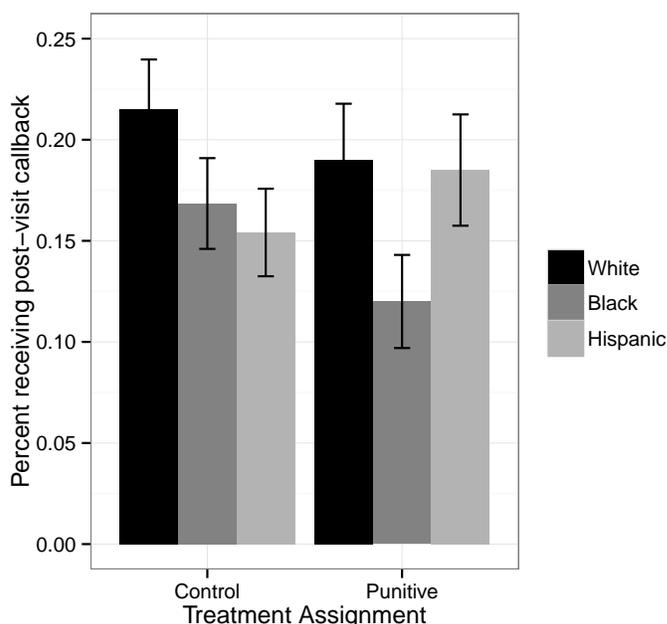


Figure A: Figure shows the share of white, black, and Hispanic testers receiving callback for rental units. Whites are more likely than Hispanics to receive callback in the control condition (left set of bars). This disparity essentially disappears in the punitive condition, however (right set of bars).

The headline results for *callbacks* can be seen in the group of bars on the left part of Figure A. The data show:

- *There is strong evidence of discrimination, particularly against Hispanics, on both of our primary measures. We estimate that Hispanic testers were less likely than white testers to receive a callback from a landlord or broker—receiving callbacks in 15.4% of cases compared to 21.5%, a difference of 6.1 percentage points ($p = 0.019$). They were also considerably less likely to receive an offer for an apartment—receiving offers in 6.1% of cases compared to 11.8% for white testers, a difference of 5.7 percentage points ($p = 0.011$).*

In percentage terms, Hispanic testers were 28.4% less likely to receive a callback than white testers and 48.3% less likely to receive an offer for an apartment.

- While we also found evidence of discrimination against black testers on the same outcomes, the magnitudes were lower than those for Hispanics and fell short of conventional levels of statistical significance.

¹Corresponding author. Email: mh2245@columbia.edu.

Callbacks and offers were our primary indicators of post-visit discrimination. In addition, we collected evidence on discrimination *prior* to visits, that is, based on interactions during brief telephone calls to try to set up appointments.

- *We do not find evidence for ‘early stage’ discrimination against Hispanic and black testers over the phone.* Indeed, counter to expectations, we found that white testers were more likely than black or Hispanic testers to report experiencing difficulty with qualifications to rent when speaking over the phone to schedule a visit with a landlord or broker.

Do City Messaging Strategies Reduce Discrimination?

There is suggestive evidence that phone contact by the city can substantially reduce discriminatory behavior by brokers and landlords against Hispanics in particular. Again the headline results can be seen Figure A, this time by comparing the left and right set of bars. We see that the discrimination observed in the control condition (left bars) was almost entirely absent in the punitive condition (right bars).

The gains, however, were observed only for the Hispanic groups whose success rates increased, while those of white testers fell. Success rates for black testers did not increase and indeed fell. More specifically:

- Net discrimination rates against Hispanic testers (versus white testers) in receiving callbacks decreased by 6.8 percentage points in the punitive condition ($p = 0.059$).
- Net discrimination rates against Hispanic testers (versus white testers) in receiving *offers* for a housing unit decreased by 2.5 percentage points, though this reduction is not statistically significant ($p = 0.236$).
- Net discrimination rates against black testers (versus white testers) in receiving callbacks and offers did not appear to be affected by the punitive message. Black testers generally fared worse than Hispanic testers under these conditions.

Results for the monitoring condition were qualitatively similar, though generally somewhat weaker for Hispanics and relatively more positive for black testers. However, these intermediate effects are not statistically significant.

In sum, the statistical evidence suggests that at least for Hispanics and possibly for African Americans, *discrimination in the housing market is a real phenomenon*. There is, in addition, suggestive evidence that messaging strategies can reduce this discrimination, at least for Hispanics.

Varieties of Racial Housing Discrimination

During their visits, testers collected a wealth of information that paints a more comprehensive portrait of discrimination in the New York City rental housing market. For instance:

- *There is considerable variation in steering strategies in the New York City rental market.* Using data from paired tests, we found apparent differences by tester race in the average quoted price for rental units, the size of housing units shown, the number of amenities shown, and the stated number of amenities included in the quoted rental price.
- *There are complex disparities in the structure and amount of up-front costs and fees required to secure and move into units.* Move-in costs packaged as several months’ rent up-front appeared disproportionately levied on Hispanic testers. Hispanic and black testers were more likely to report requests to pay additional holding fees or good-faith deposits to secure units. White testers were more likely to report requests to pay broker fees, application fees, and administrative and processing fees. Black testers reported more requests to pass credit check or background checks than others.

Recommendations

This study finds that there is considerable racial discrimination in the New York City rental housing market. There is also suggestive evidence that the city possesses the tools to counteract it, at least for Hispanic renters. Based on the findings summarized above, we offer the following policy recommendations:

- *Disseminate information about discrimination in the rental housing market:* A long-term solution will require sustained engagement from citizens, policymakers, as well as landlords and brokers themselves. Publicizing the evidence for discrimination will draw attention to the problem and send a signal that the city is committed to solving it.
- *Continue the use of matched audits to uncover discrimination:* Many forms of differential treatment that occur are not easily identified within single interactions between any given housing seeker and a landlord or broker. Moreover, if broker awareness of monitoring increases, this may itself lead to a reduction in discrimination.
- *Communicate with landlords and brokers:* Reminding landlords and brokers to comply with the city’s Fair Housing Law and informing them of the pecuniary costs of violating it appears to be an effective way to reduce discrimination, particularly as it affects Hispanic populations. This study cannot address whether telephone calls are the most effective way to engage with landlords—more blanket approaches may be as effective at a lower cost—but it does provide grounds to support the general strategy.

For the full report see:
<http://cu-csds.org/projects/housing/>