

You don't know what you're missing...

A Report on Discrimination in the
Greater Boston Home Sales Market.

Fair Housing Center of Greater Boston

59 Temple Place Suite 1105

Boston MA 02111

www.bostonfairhousing.org

October 2005

Introduction

During the 18 months from January 2004 to May 2005, the Fair Housing Center of Greater Boston conducted a series of investigations to determine the extent and nature of discrimination against African American and Latino homebuyers in greater Boston. The Fair Housing Center used trained volunteers to call and visit real estate offices of large chain realtors to record their experiences.¹ Overall, Fair Housing Center found differences in treatment which disadvantage the homebuyer of color in 17 of the 36 matched paired tests conducted, or 47%.

This report summarizes these findings and places them in the broader context of the otherwise well-documented housing crisis confronting the region today. The report is organized into the following seven sections:

Section I gives a brief history of the Fair Housing Center.

Sections II provides background on the need for a study of discrimination in the region's housing sales market.

Section III describes the laws and regulations relevant to the investigations.

Section IV presents a summary of the methods the Fair Housing Center used in conducting the investigations.

Section V reports the findings, with information on the occurrences of discrimination and examples of the types of discriminatory behavior encountered by testers.

Section VI discusses the findings and comments on their implications.

Section VII provides a series of recommendations for further action.

¹ The first phase of the project included some smaller real estate offices, but these are excluded from the analysis presented here.

I. About the Fair Housing Center of Greater Boston

Founded in 1998 by local civil rights and housing advocates and attorneys, the Fair Housing Center of Greater Boston (Fair Housing Center) works to eliminate housing discrimination and promote open communities throughout the region. We pursue this mission through four main program areas: Education and Outreach, Enforcement, Public Policy Advocacy, and Research. The goals for each of these programs are as follows:

Education and Outreach: To inform the general public, home-seekers (both renters and buyers), and housing providers of their fair housing rights and responsibilities.

Enforcement: To assist home-seekers in pursuing individual complaints, to investigate and challenge systemic housing discrimination, and to enhance the region's enforcement capacity, through testing, technical assistance, and legal action.

Public Policy Advocacy: To advocate for strong local, state, and federal housing laws and policies and ensure their effective implementation, in collaboration with other fair housing, legal, civil rights, and community groups.

Research: To research and document the nature and extent of housing discrimination as well as the fair housing impacts of public policies in order to inform our education, enforcement, and policy activities.

The Fair Housing Center serves the communities of Norfolk, Suffolk, Essex, Middlesex, and Plymouth counties and seeks to promote fair housing for all protected classes under federal, state, and local laws. We partner with urban community organizations serving home seekers, suburban community organizations promoting diversity within their communities, and attorneys experienced in civil rights litigation. The Fair Housing Center works in close collaboration with other organizations to increase their fair housing expertise and enhance the capacity of organizations and communities to further the goal of making residential neighborhoods open, welcoming and accessible to all.

II. Summary of research on housing discrimination in greater Boston

Although the Boston metropolitan region, like many others in the nation, has diversified in recent years, the Greater Boston region remains one of the nation's most segregated housing markets for African Americans and Latinos. Several studies have documented continued concentration of African American and Latino homebuyers. Notable among these was a study of HMDA (Home Mortgage Disclosure Act) data for the years 1993 to 1998 by Guy Stuart, which found that although people of color were moving out of the city of Boston they were concentrating in a very limited number of communities. Stuart found that 49 percent of the homes purchased by homebuyers of color were in seven of the 126 towns covered by the study. An analysis of 2000 census population data published in 2002 by the Harvard Civil Rights Project showed that even as the population of color in the city of Boston was "soaring," the rate of segregation had actually increased, leaving the Boston region "the third 'whitest' of all large metropolitan areas – behind Pittsburgh and Minneapolis." According to the report, the immigrant and non-white population remains concentrated within a "multi-ethnic core" in Boston, as well as "satellite cities surrounded by overwhelmingly white outer suburbs." (see 1, Race, Place and Opportunity).

A separate report on segregation that analyzed Home Mortgage Disclosure Act (HMDA) data from 1993 to 1998 for the Boston metropolitan region concluded: "The City of Boston is itself highly segregated and...this pattern of segregation is replicating itself across the cities and towns outside its boundaries." Nearly half of the purchases by African American and Latino buyers (48 percent) were concentrated in only *seven* of the 126 communities included in the study (Chelsea, Randolph, Everett, Lynn, Somerville, Milton, Malden). 40 percent of African American and 60 percent of Latino homebuyers made purchases outside the city of Boston, compared with 90 percent of white homebuyers. Using a standard measure of residential segregation, the authors reported that "to achieve racial and ethnic integration with European-American homebuyers, over 50% of African American and Hispanic homebuyers would have had to have bought a home in a different city or town in the 1993 to 1998 period." (see 2, Segregation...20th Century).

There can be no denying that high housing costs are limiting options for many residents. Municipal Planners list high housing costs, the lack of subsidized housing, and lead paint as primary barriers to achieving full housing choice in greater Boston's suburban and urban communities alike. In housing, as in other arenas, members of protected classes who often share the dual burdens of limited resources and high visibility suffer first and longest from such crises. In fact, a 2000 study from the McCormack Institute at UMass/Boston identified more than 600,000 households across Massachusetts as being shelter poor, the majority of which are single-parent families, elders, and people of color. (See 3, Situation [Critical]: Meeting the Housing Needs of Lower-Income Massachusetts Residents.) The Commonwealth's 1998 Analysis of Impediments to Fair Housing Choice identified "the expense of housing" as a subtle but "most notable" condition impeding housing choice in both rental and sales markets. "The high cost of housing limits housing choice and geographic mobility among lower income persons, including a disproportionate percentage of protected groups." (see 4, State Analysis of Impediments)

In many respects the affordability explanation is an old story, however, and though it certainly remains a factor it is a questionable explanation for the extent and degree of concentration. Indeed, seven years ago the state's Analysis of Impediments identified additional impediments, including: "ignorance of fair housing requirements, community reinvestment practices by Massachusetts banks, insurance practices which deny or limit coverage, local zoning restrictions, and inadequate accessible transportation facilities." As future initiatives, the Commonwealth calls for training and education programs on fair housing issues and creation of a "cooperative exchange program for data with major actors in the fair housing enforcement world," as well as collection of data on its own programs.²

In 2003, Fair Housing Center of Greater Boston Director David Harris co-authored a study with Nancy McArdle of the Harvard Civil Rights Project to test the common explanation that people of color simply cannot afford to buy homes in our suburbs. The paper, "More than

² The Department of Housing and Community Development is working on a sorely needed revised Analysis of Impediments that will incorporate much more recent data than the 1990 census data used in the current analysis.

Money,” analyzed census data on homeownership and HMDA data on recent mortgages to determine the extent to which the region’s ongoing segregation can be explained by a disparity in the values/prices of homes people of color own and those owned by whites. We found that African American and Latino Homebuyers are greatly over-represented in certain areas, even after accounting for affordability. Yet in 80 percent of cities and towns, the number of African American and Latino homebuyers was less than half what would predict based on affordability alone. (See 5, More than Money). The study found that this simple notion of “affordability” does not explain the ongoing and frequently documented patterns of racial concentration and segregation.

The “More than Money” paper raised a critical question: if not affordability, what is causing the persistent pattern of concentration? We know from our own previously released studies that discrimination limits housing choice in the greater Boston rental market. In 2001, the Fair Housing Center released our first testing audit of the greater Boston area, “*We don’t want your kind living here.*” This audit tested for discrimination based on race (African American), familial status (the presence of children), and source of income (receipt of rental assistance). Specifically, 55% of the race tests showed evidence of discrimination against African Americans, 60% of testers with rental subsidies experienced discrimination, and 67% of testers with children experienced discrimination. In 2002 the Fair Housing Center released our second rental discrimination audit, “*Acceso negado/Access denied,*” which documented discrimination against Latinos in 52% of their attempts to rent housing in greater Boston. Both audits tested in Boston and its immediate suburbs. The Fair Housing Center conducted a third audit of the of the greater Lowell and Merrimack Valley rental housing market in June – August 2004. This testing showed evidence of discrimination against Latinos at 67%, African Americans at 52%, Asian Americans at 38%, and families with children at 33%.

Thus, as more and more studies document continuing patterns of residential segregation across the region without addressing reasons, the Fair Housing Center’s discrimination testing

audits have confirmed that racial discrimination is significant factor; more the norm rather than the exception for people of color attempting to rent or purchase homes in our region.³

State and Federal fair housing laws protect all of us from discrimination that keeps us from accessing the housing of our choice. The laws are intended to permit everyone to enjoy the social and economic benefits of living in integrated communities. Discrimination in housing not only takes away our freedom to choose where we live, it also limits the variety of people with whom we can interact and the opportunities available to us in our own neighborhoods. Where we live often determines the quality of our children's education and our access to jobs, as well as other aspects of our health and well-being. Many people are not aware that housing discrimination continues to be present in our city, region, and nation. Nor are they aware of their rights and responsibilities as home seekers and as housing providers.

Unfortunately, enforcement of anti-discrimination laws is complaint-driven and relies upon individuals to file complaints when they suspect they have encountered discrimination. Individuals cannot always know that they have been discriminated against, and even if they know, they may feel too busy with their housing search to file a complaint. Housing discrimination is under-reported and therefore, often unaddressed. Thus, larger patterns of community segregation remain unchanged, and citizens of good will throughout the region interpret the lack of dialogue on discrimination to mean that discrimination does not occur within their communities. One of the purposes of this and all Fair Housing Center publications is to initiate and inform a dialogue to work for change. Toward this end, the next section contains a summary of existing fair housing requirements.

³ The Fair Housing Center conducted the first phase of the sales testing with support from the Harvard Civil Rights Project, investigating cities and towns exhibiting the largest gaps between expectation and reality for African American and Latino homebuyers. The preliminary results were, in a word, sobering. In all 17 cases, which included a sampling of large and small firms, we found examples of differential treatment. Not all cases involved treatment necessarily rose to the level of sustaining a formal complaint. But even "minor" abuses or "trivial misdeeds" can have serious consequences in a housing market such as ours.

III. Applicable laws

Housing discrimination is defined largely by the Fair Housing Act of 1968 (Title VIII) and the Fair Housing Act Amendments of 1988 (42 USC § 3601 et seq.). According to the law, it is illegal to discriminate against someone because of their race or color, national origin, sex, religion, familial status (families with children) and disability. In Massachusetts, as in many other states, housing discrimination is also prohibited under state law. Chapter 151b of the Massachusetts General Laws largely mirrors the federal law, but adds certain bases: marital status, sexual orientation, veteran status, age, and source of income (receiving welfare or some other public assistance and/or have a housing subsidy) to the list of protected classes.

According to the law, housing providers are prohibited from the following actions because of a person's membership in a protected class:

- ◆ Refusing to rent, sell, or negotiate for housing on the basis of the characteristics of a protected class;
- ◆ Making housing unavailable or deny that housing is available;
- ◆ Setting different terms, conditions or privileges for the sale or rental of housing;
- ◆ Denying or making different terms or conditions for a mortgage, home loan, homeowners insurance or other real estate related transaction;
- ◆ Advertising housing for rent or sale in a way that is discriminatory;
- ◆ “Blockbusting for profit”; persuading owners to sell their homes by telling them minority groups are moving into the neighborhood; or
- ◆ Threatening, coercing or intimidating anyone attempting to exercise his or her fair housing rights.

In addition, the Massachusetts Lead Law prohibits landlords from denying a unit to a family because of the presence of lead paint. The law requires that landlords have their units deleaded before renting to families with children under the age of six.

IV. Methodology

This sales audit is a systematic investigation of housing discrimination in the housing sales market for the purpose of gauging the prevalence and types of discrimination present in the market. In order to address housing discrimination in the Greater Boston region, — both in terms of education and enforcement — we need an accurate picture of how it occurs, who it affects, and where it is happening. The discrimination testing audit has been proven to be one of the most effective tools for providing hard numbers about discrimination and a basis for remedial action.

Testing. Testing is a controlled method of measuring and documenting variations in the quality, quantity and content of information and services offered or given to various home seekers by housing providers. Quite simply, a test is designed to reveal differences in treatment and to isolate the cause of that difference. A proven tool for discovering the presence of discrimination, testing has become a common and accepted practice in several arenas. Testing is used for self-compliance monitoring by the real estate industry and lending institutions. Many agencies and management companies use ‘shopping services,’ a form of testing that allows them to determine if their leasing staff are complying with fair housing laws (see 6, “Using ‘Shopping Services’ to Check...Fair Housing Compliance”). Additionally, testing is used to determine whether or not there is evidence to support or deny an individual’s claim of discrimination. The legitimacy of testing evidence in housing discrimination cases has long been upheld by the courts. In several cases, including *Strong V. Chatsford Manor Apartments*, *Havens Realty Corporation v. Coleman*, and *City of Chicago v. Matchmaker Real Estate*, courts all the way up to the Supreme Court have accepted testing evidence as useful and valid evidence in support of a plaintiff’s claim of discrimination.

The Fair Housing Center conducts tests with matched pairs or trios of testers – commonly called a paired test. Testers are matched on personal and home seeking characteristics so that the only significant difference between them is the factor being tested. In each pair, the subject tester is assigned characteristics that make him or her slightly more qualified than the control tester. For example, the person of color would have a higher mortgage amount approved than the white tester or the tester who is a parent would have a higher income than the childless tester.

The Fair Housing Center trains volunteers to conduct tests by impartially recording the facts of their interactions with a housing provider. Fair Housing Center staff members provide all testers with standardized training that emphasizes the role of testers as objective fact finders. Testers for this audit had previously experience as rental testers and received additional training in sales testing. To ensure the objectivity of the test results, testers are not told what form of discrimination they are testing. Each tester separately calls or visits a housing provider and records his or her experience. Testers complete detailed written narratives documenting their experiences and debrief orally with the Test Coordinator. The Test Coordinator then compares the documented experiences of each tester in the pair to determine whether or not there are differences in the treatment, information given and/or service provided. In tests where the Test Coordinator finds differences, the Enforcement Coordinator and Executive Director analyze these differences to determine whether or not the differences are cognizable violations of federal or state law.

Selection of sites. The audit consisted of 12 preliminary paired tests conducted in January 2004 and 24 paired tests conducted between January and May 2005, for a total of 36 paired tests. Testers were sent to inquire about properties in 14 cities and towns across the Greater Boston region. The Fair Housing Center used the More than Money statistical analysis (described on pages 4-5) to choose locations in which to conduct sales testing. All testing occurred in cities and towns where the population of color is much lower than what would be predicted based on affordability alone, according to the statistical analysis presented in More than Money. We made final site selections from among these in order to provide a broad geographic distribution and socioeconomic status of cities and towns tested. All agencies included in the audit are franchise offices or affiliates of large realty corporations active in the region. The Fair Housing Center chose 2-3 agencies in each town and used home sale listings posted on the internet to locate realtors.

In the first phase of the audit, pairs of testers called and dropped in to real estate offices making general inquiries about housing availability. They identified themselves as first time home buyers who were new to the process. The testers were pre-qualified (but not pre-approved) for mortgages sufficient to cover homes advertised in the communities they were testing. Testers were available to spend as much time as possible reviewing listings and/or visiting homes for sale. In the first phase testers dealt with whoever was available to help them.

In the second phase, testers called in reference to specific homes listed online and both testers asked for the same agent. Testers of color were pre-approved for a mortgage that would cover the house in question and at \$15,000 more than their white counterpart. White testers were pre-qualified but not pre-approved for a mortgage. In other ways the procedure mirrored those in the first phase – testers were first time homebuyers looking to view properties in their price range.

V. Findings

Overall, the Fair Housing Center found a pattern of differences in treatment that disadvantaged homebuyers of color in 17 of the 36 matched paired tests. In other words, African American and Latino homebuyers experience disadvantageous treatment in just under half of their attempts to purchase homes in Greater Boston's suburbs. The pattern of differences can be broadly divided into four categories: access to agents, access to properties and listings, mortgage requirements, and encouragement versus screening. It is important to note that most of the interactions involved multiple infractions. There were only three of the seventeen pairs with only one difference in treatment. In two of those, the difference was that the testers of color never received return phone calls from the realtors, giving no opportunity to compare their experiences with their white counterparts, who were contacted and shown homes.

Access to Agents

In all, there were nine pairs in which the listing agent clearly gave more help, information, and access to units to the white tester than to the African American or Latino tester.

There is a basic pattern to all these instances of offering information and encouragement to white homebuyers and just bare facts — if that — to home seekers of color. Notably, seven of the nine occurred in the second phase of the investigations, when both testers were interacting with the same agent. All of the second phase of tests began with both testers calling about a specific property listed on the internet. They asked for the specific listing agent by name to inquire about a property and left detailed messages about their qualifications and interest in the home. In the most extreme version, as mentioned above, in two instances, white testers left messages and received return phone calls from the agent, but their more qualified African American counterparts never received a return phone call. In another example, the realty office gave the white tester the realtor's cell phone number and suggested she call him directly. The same office told the Latino tester that company policy was not to give out the cell phone numbers of their agents. Still another realtor did provide an African American tester with her cell phone number. It was only in comparison to her matched white tester, however, that the difference in access was revealed: the same agent gave the white tester her *home phone number* and encouraged the tester to call at any time.

Listing agents do not just show homes to prospective buyers. Agents offer additional services like advising buyers on getting mortgage pre-approval, giving information about the town, and serving as a buyer's agent who represents the home seeker in the buying process in exchange for commission. Five times, the realtor pursued the opportunity to be the buyer's agent for white testers but did not do the same for the more qualified tester of color. Three of these five instances were in the second phase of investigations, meaning that the same agent sought to represent the white buyer but did not offer the same arrangement to the African American and Latino buyers who were seeking the same housing and were financially more qualified to purchase.

Access to properties and listings

Realtors showed the white tester more homes or told about more listings than they told the tester of color in nine matched pairs. In some instances, agents offered to show homes to the

white tester but did not make that offer to the African American tester. One agent showed two homes to the white tester, but only mentioned the homes to the African American tester – he did not offer to show the homes. Others advised the African American tester to visit open houses and the white tester to make an appointment to see houses individually. Additionally, white testers were told about neighboring towns or asked if they would like to include them in their searches, while African American testers did not receive the same expanded opportunities.

Another agent never returned the Latino tester's calls, but called back the matched white tester, showed the white tester five homes, and registered the tester to receive home listings automatically by email. In yet another test, the home was under agreement and the agent offered homes in neighboring towns to the Latina tester, but none in the same town as the home she had called about. The agent had shown a home in the desired town to the white tester who visited first, but did not tell the Latina tester about the home. Until, that is, the white tester said she was not interested in the home. Then the agent emailed the listing to the Latina tester.

E-mail

The number of homes shown does not capture the full scope of the extra access offered to white home seekers over home seekers of color. Agents commonly email listings that meet a home seeker's criteria to that home seeker, or refer the home seeker to a website with their agency's listings. There were 14 tests where agents emailed listings to testers or referred the tester to websites, and in eight of them the white tester received substantially more access to listings.

In the course of the investigation there were nine tests with African American-white pairs where agents offered online listings. Seven out of nine times agents provided email listings to only the white tester. The agent either sent listings to the white tester or told the white tester to register on a website to be emailed listings automatically. These agents did not even mention to African American testers the possibility of seeing more listings online. The eighth agent sent the white tester 100 listings within the price range the tester gave. The same agent lowered the price

range given by the slightly more qualified African American tester and excluded her from receiving listings in a neighboring affluent town. The African American tester received only 55 listings. Again, we note that the African American tester might well have felt well-served by this number of listings, without knowing that there were at least 45 additional ones.

There were five Latino-white pairs where website or email listings were offered. Agents offered email or website listings to Latino testers nearly as often as their white counterparts. There were two differences, however: in one pair, the agent sent the white tester listings for five towns, but only sent the Latina tester listings for three towns. In another test, both testers received the same listings, except the more highly qualified Latina tester received listings for two lower priced mobile homes which were not sent to the white tester.

Mortgage Requirements

In the first round of tests, in 2004, agents often required that the African American tester be pre-approved for a mortgage while the white tester's pre-qualification was accepted- or the realtor did not even mention pre-approval or pre-qualification to the white tester. In the 2004 phase testers were frequently speaking to different agents in the same agency, and the agents gave contradictory agency policies- some would only show homes after seeing a mortgage pre-approval letter, while others would show homes to testers who were only pre-qualified for a mortgage, a much less rigorous process than mortgage pre-approval. In two instances the African American tester was able to view homes while the white tester that visited the same agency was not, because the white tester spoke with an agent who insisted on a pre-approval letter to. Four times in 2004, out of eight tests, the agent stressed that the African American tester needed to be pre-approved while not asking the white tester at all about mortgage qualifications or accepting a pre-qualification from the white tester.

Screening versus Encouragement

Throughout the study agents used questions to “screen” testers of color, asking, often more than once, about the tester’s job, income, and current housing, while not asking the same questions of their white counterparts. For example, several agents repeatedly asked African American testers why they were looking to buy a house in a particular community. We know these were communities with far fewer families of color than the prices of homes would suggest.

On the other hand, agents were able to give the advantage to the white home seeker in several different ways. Three agents told the white tester that the owner would be willing to negotiate the price, but did not reveal that information to the Latino tester. Two agents “screened” Latino testers by asking about their down payment, employment, and current housing or asking the Latino to bring a mortgage pre-approval letter, while taking none of these measures toward the less qualified white tester.

VI. Discussion and Commentary

On balance, the results of this two phase investigation are disturbing, revealing inconsistencies in the treatment of and services provided to testers of color when compared directly to white testers. The effects of these differences serve to disadvantage testers of color and advantage white testers. The testing process directly reflects reality insofar as neither testers of color nor white testers were aware of their relative (dis)advantages. As in previous Fair Housing Center audits, no testers were targets of outright hostility or subjected to overt discrimination. However, the evidence shows the differences in treatment can begin with the initial phone call and persist often throughout the process--many test pairs show more than one way the white tester was given advantages over the tester of color.

These findings are strikingly consistent with previous audits of the rental market, in which the Fair Housing Center documented differences in treatment in more than 50 per cent of the cases. Any such differences are troubling, but they are particularly disturbing in the home sales market. Not only is that market highly competitive, meaning that even the smallest advantage can be the difference between success and failure in buying the home one seeks, but it

is also the market toward which more and more of our resources are being directed, and the market held out as the next frontier of opportunity for people of color.

This evidence shows that discrimination in the form of differences in access and information continues in the greater Boston housing market. Specific trends in the sales market differ from findings in previous rental audits, namely an increased reliance on e-mail communication and online listings. These methods of information dissemination can increase a homebuyer's options exponentially – when they are offered. When email and online communication options are withheld, as the audit suggests they are from homebuyers of color, they have a similar but negative effect on the prospects for success in finding a home. Testers of color are left to a much more painstaking, time consuming and inefficient process of hunting down listings by themselves while white home seekers receive large daily or weekly emails of home listings from agents.

And there are other “intangibles” that create differential advantages. In a market as heated as ours has been it is not surprising that homes that may attract a buyer into an office are already under agreement or subject of an offer. The real estate agent then has the opportunity to turn the caller into a new client. But when a person of color contacts a listing agent about a home that is already under agreement, that person is most likely going to get much less attention from and access to that agent's services than a white person who calls about the same home. The white tester might be shown the home, and will certainly be told about other comparable homes in the same market. If the tester of color does receive a return call, this study shows that call will not yield the same results as it does for a white tester. The tester of color is not likely to be shown the home and it appears a matter of chance at best whether such a tester will get the same access to other homes for sale as a white tester.

Another of the more troubling findings was the tendency to subject people of color to the “3rd degree.” This pattern repeated itself time and again and clearly traces to realtor skepticism about a person of color's ability to buy and/or skepticism about whether such a person would really want to live in a particular community. Of course the most extreme example of this was

actually withholding services from homebuyers of color who were not pre-approved for a mortgage. While homeseekers of color are able to address this issue by securing pre-approval before beginning a housing search, perhaps the most troubling finding is that realtors seem ready and anxious to work as buyer's agents for white testers, but withhold this service from testers of color. In today's market having an agent who is looking out for your interests may be one of the most critical factors in success, particularly for a first-time home buyer.

The special encouragement offered to white home buyers conveys the feeling that the agents really wants to sell them a home. Home buyers of color may never know if a housing provider gives them the same terms and conditions as the provider gives to whites, but this testing evidence shows that they often don't receive the same incentives from agents as whites. Even without knowing the differences in treatment, the tester of color may be discouraged enough not to pursue homes in particular communities that seem attainable to less qualified white buyers who benefit from the extra information and attention. Home buyers of color are not told that they cannot buy homes; they are simply not encouraged to do so.

Time and again we hear that the difference in wealth between whites and families of color is home ownership; that the ability of whites across the economic spectrum to purchase homes accounts for the differences in wealth between the races. It is in recognition of this that so many programs and resources are directed to facilitating home buying by people of color. Indeed, the tests used in this study all involved first time home buyers. To the extent that these findings reflect what is happening in the market today, the widely shared goal of increasing homeownership and thereby wealth of people of color is being thwarted by discriminatory real estate practices.

The findings also offer a sad complement to the recently released report by the Harvard Civil Rights Project on the experiences of African American and Latino residents of the region. Several findings of the report, "We Don't Feel Welcome Here...", are particularly germane to the findings reported here. The 400 respondents to the survey reported that they missed out on housing because: real estate agents will not show, sell or rent (60% of respondents); they lack

information on where to find good housing (67%); white owners will not rent or sell to them (68%); they fear they will not be welcome in a particular community (77%); and they cannot afford good housing (78%) (see 7, We Don't Feel Welcome Here)

While our *More than Money* study clearly demonstrates that people of color can afford to buy houses in most communities in the region, the sales audit addresses two other findings. Although the proportion of survey respondents who fear discrimination by agents is higher than the instances of different treatment that we found (60 % versus 47 %), the results of the survey are encouraging in one respect: fewer people of color expect a real estate agent to discriminate than an individual homeowner (68%). The tendency of some realtors to subject people of color to the third degree and to ask more information than they give could also be factors in making people feel they would be unwelcome in some communities. On the other hand, people of color who feel that they lack information on where to find good housing may be reacting to the realtor practices documented in this study. It could well be that more consistency from realtors in terms of providing information will not only address that result but increase the population of color's confidence in realtors. The fact is that this testing reveals that people of color's perceptions of discrimination are firmly rooted in real differences in treatment.

The results of this audit lead to two sides of a single conclusion conveyed in the title of this report: *You don't know what you're missing*. This is certainly true for the homebuyers of color who miss out on opportunities because of what they do not know. It is also true, however, for the realtors who miss out sales to the most dynamic segment of the home buying population, first time home buyers of color. If there is a silver lining to these findings it is that with some serious but simple steps, we can reverse the trends identified and deliver on the national goal of increasing homeownership for all members of our population.

VII. Recommendations

Over the past few years the Fair Housing Center of Greater Boston has conducted several rental housing discrimination audits. In all of those encounters there has never been a single

example of overt racial hostility. Even so, past audits have found discrimination to be the norm rather than the exception. The results of this study of large real estate companies shows that home buyers of color can expect to face discrimination in slightly less than half of their contacts with real estate agents, and that is encouraging. As always the Fair Housing Center seeks to understand the dynamics behind the study results and below we offer recommendations to address problems revealed by the study. We offer the following limited recommendations in the hope of working with the industry to eradicate discriminatory practices in the home sales market.

1. The frequency and subtlety of the discriminatory practices revealed during the Fair Housing Center's sales audit underscore the need for ongoing systemic and complaint-based discrimination testing.
2. There is an obvious and glaring need for comprehensive training to ensure that housing providers are aware of their responsibilities under the fair housing laws. The Greater Boston Real Estate Board and other realtor associations in the region and the Fair Housing Center should negotiate partnership initiatives that employ fair housing experts to conduct education, training, and outreach programs, and expand voluntary compliance to include the use of testing.
3. This audit revealed the absolute need for agencies to develop clear and unequivocal policies and procedures and to enforce compliance with those procedures to prevent the kind of inter-agencies differences documented here.
4. The large companies that were the subject of this audit should review their own internal training programs and make sure that the policies adopted and implemented are routinely reinforced for all agency personnel, including non-sales agents.
5. The subtlety of discriminatory practices revealed by the audit underscores the need for extensive outreach and education for home seekers about their rights under the fair housing laws and the resources available to secure those rights.

6. The various existing enforcement agencies - Federal, state and local -- must continue vigorous efforts to enforce the laws. They must complete investigations of valid fair housing complaints in a timely and efficient manner. These enforcement agencies must be allocated sufficient funds to carry out this work.

Endnotes

1. Race, Place and Opportunity: Racial Change and Segregation in the Boston Metropolitan area: 1990-2000. Nancy McArdle, Harvard Civil Rights Project, 2003.
http://www.civilrightsproject.harvard.edu/research/metro/three_metros.php
2. Segregation in the Boston Metropolitan Area at the end of the 20th Century. Harvard Civil Rights Project: Guy Stuart, Kennedy School of Government, Harvard University, January 2000.
http://www.civilrightsproject.harvard.edu/research/metro/housing_boston.php
This September 2000 housing study by the Center for Social Policy at the McCormack Institute of UMass/Boston uses author Michael Stone's concept of shelter poverty to measure affordability and presents the situation of residents based on this standard.
3. Situation [Critical]: Meeting the Housing Needs of Lower-Income Massachusetts Residents. Michael Stone, Center for Social Policy at the McCormack Institute of UMass/Boston. September 2000.
4. Analysis of Impediments and Fair Housing Plan. Massachusetts Department of Housing and Community Development, April 1998.
5. More than Money: The Spatial Mismatch Between Where Homeowners of Color in Metro Boston Can Afford to Live and Where They Actually Reside. David Harris and Nancy McArdle, Harvard Civil Rights Project, January 2004.
http://www.civilrightsproject.harvard.edu/research/metro/residential_choice.php
6. Fair Housing Coach, November 2000, "Using 'Shopping Services' to Check Leasing Staff's Fair Housing Compliance," Brownstone Publishers, Inc.
7. We Don't Feel Welcome Here: African Americans and Hispanics in Metro Boston. Josephine Louie, Harvard Civil Rights Project, April, 2005.