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TO: The National Commission on Fair Housing
and Equal Opportunity

RE: A Forward-Looking Fair Housing Research Agenda

DATE: October 27, 2008

Over the last three decades, rigorous research has played an essential role in shaping and supporting fair housing policies. Well-designed, objective studies have documented the incidence and forms of housing market discrimination, public knowledge of and support for fair housing protections, trends in patterns of residential segregation, and the damage caused to families, children, and neighborhoods by segregation and poverty concentration. This kind of research enables policymakers and practitioners to make informed decisions about the allocation of scarce resources and the design of new programs, supports advocacy for additional resources at federal, state, and local levels, and encourages critical thinking about “what works” and where mid-course corrections may be needed.

HUD’s Office of Policy Development and Research (PD&R) has historically played a leadership role in fair housing research, particularly (though not exclusively) in the use of paired testing to rigorously measure the incidence of discrimination against minority homeseekers. But PD&R’s capacity to design, fund, and conduct high-quality, high-impact studies has substantially deteriorated in recent years, due to weak leadership, insufficient funding, staff retirements, and an increasingly narrow and constrained research agenda. This deterioration and its consequences for future housing and urban development policy are documented in a recent report from the National Academy of Sciences, along with specific recommendations for rebuilding HUD’s research capacity. The next administration at HUD should implement these recommendations. But HUD will need support from its advocacy and implementation partners and from Congress to ensure that – as a nation -- we have the information and analysis we need to intelligently address the housing and urban development challenges facing us.

Within this context, rigorous research is needed to inform the three prongs of fair housing policy that I outlined in my July 15 testimony to the Commission. More specifically, the federal fair housing research agenda should address 1) the persistence of housing market discrimination

and efforts to combat it; 2) the availability and assets of diverse neighborhoods and strategies for educating Americans about them; and 3) the dynamics of neighborhood racial change and strategies for nurturing stable residential diversity. For each of these three prongs of policy and research, I suggest specific studies that I believe are needed and that would help strengthen the nation's fair housing policy. In addition, just as I argued in my testimony before the Commission that fair housing principles should be integral to *all* federal affordable housing and community development policy, I suggest here that any housing or community development study should explicitly address issues of race, ethnicity, and inequalities in access to opportunity.

1) Housing market discrimination and efforts to combat it. PD&R has sponsored national paired-testing studies of housing market discrimination at roughly ten-year intervals since the late 1970s and should certainly launch another by 2010. However, the design of the next decennial housing discrimination presents a complicated set of choices, and warrants careful planning, including respectful consultation with a wide range of stakeholders before the scope is finalized. Key design decisions include:

- Should the top priority be to replicate past protocols, in order to measure progress over time on consistently defined indicators, or should greater priority be given to measuring new forms of discrimination, including the expanded use of telephone screening and internet searches?
- Should resources be targeted to producing statistically valid measures of discrimination for individual metro areas, or should the focus be on national measures (potentially covering more forms of treatment and/or more protected classes)?
- What protected classes should be covered by the study? Should tests be designed to measure discrimination against homeseekers who don't speak English fluently? And should diverse ethnic groups such as Latinos and Asians be disaggregated based on country or region of origin?
- Should the study measure discrimination by lending institutions as well as by rental housing providers and real estate agents?
- Should the study include housing whose occupancy is limited to particular groups, such as LIHTC properties or housing for the elderly?
- Should the study include an investigation of discrimination against housing voucher recipients, or differential treatment of voucher recipients based on race or ethnicity?

In addition to paired-testing research, other methods can and should be used to assess the extent and forms of discrimination in housing markets today, including for example, analysis of internet advertising, and analysis of Home Mortgage Disclosure Act (HMDA) data on mortgage loan applications, approvals, and loan terms. Research is also needed to better understand the business practices, incentives, or perceptions among housing providers that perpetuate

discrimination, so that education, prevention, and enforcement strategies can be adjusted to target causal factors. And, given the strong evidence that few victims of discrimination take action against it, we need to rigorously test and evaluate strategies for encouraging victims to seek help when they believe they have experienced discrimination in the housing market.

2) Availability and desirability of diverse neighborhoods. In most metropolitan areas today, a substantial number of neighborhoods – at a range of income levels – are racially and ethnically diverse. And discrimination by housing providers is no longer the primary barrier to residential mixing. But many homeseekers – both minority and white – are likely to be more familiar with neighborhoods where their race predominates, and may be doubtful about the safety, viability, or openness of more diverse communities. Too little is known about how families search for housing, how they learn about the assets and liabilities of potential neighborhoods, and how barriers such as discrimination or unaffordable prices and rents affect their search and decision processes and their ultimate housing outcomes. Understanding these dynamics is essential to the development of policies and incentives that promote pro-integrative housing choices by both minorities and whites. The next generation of research should also explore a range of criteria for identifying diverse neighborhoods; assess the effects over the life-course of growing up in a diverse neighborhood; and rigorously test strategies for “marketing” diverse neighborhoods and for providing housing search assistance for families (at all income levels) that want to relocate to diverse neighborhoods. In addition, research should identify and assess strategies for effectively integrating and retaining poor families who are able (through assisted housing mobility programs) to move into high opportunity communities.

3) Dynamics of neighborhood racial change and contributors to stable diversity. Just as we know too little about how families search for housing and make choices about neighborhoods, we are remarkably uninformed about the processes and determinants of neighborhood racial and ethnic change. Although black-white segregation has declined (slowly) since 1980, levels remain disturbingly high. And although more neighborhoods are racially mixed than in the past, experts are uncertain (and divided) on whether these diverse neighborhoods are truly “integrated” or simply in the middle of a process of “tipping” from one predominant group to another. Immigration has further complicated the picture; we can no longer think of segregation or diversity only in terms of black and white. HUD should be making the most of new sources of data available at small area levels to track and analyze the dynamics of racial and ethnic change in both city and suburban neighborhoods; seeking to identify key factors that promote stability; and rigorously testing local strategies for encouraging and preserving neighborhood diversity, including strategies that seek to preserve affordable housing options and maintain long-term market stability in gentrifying neighborhoods.

Finally, fair housing issues should not be treated as somehow separate from or secondary to a larger agenda of research on affordable housing and urban development. Instead, issues of race, ethnicity, segregation, and exclusion should be explicitly incorporated into all of HUD’s research. This is not just a matter of producing a few cross-tabulations by race and ethnicity, or

including a race term in a regression specification. It requires that researchers seriously consider the ways in which outcomes may differ because of past and continuing patterns of discrimination, segregation, and inequality. For example, research designed to evaluate alternative strategies for preventing foreclosures must consider the racial and ethnic characteristics of the at-risk homeowners, but should also take into account racial and ethnic differences in wealth, employment security, and credit history. And an evaluation of programs designed to return foreclosed properties to active use so that they don't destabilize the surrounding neighborhoods, should consider relative effectiveness for minority and white neighborhoods.

Sincerely,

Margery Austin Turner