

**Westchester Residential Opportunities**  
**Race Based Fair Housing Testing Project**



DO REAL ESTATE AGENTS TREAT  
MINORITIES DIFFERENTLY  
THAN WHITES?

**Westchester Residential  
Opportunities, Inc.**

©MAY 2005



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## PROJECT SUMMARY

Westchester Residential Opportunities, Inc. (WRO) conducted "paired testing" from July, 2004, through February, 2005, in selected Westchester communities to determine if minorities were treated differently than whites as they approached real estate agencies for rental housing.

**PAIRED TESTING** is a longstanding and court-approved technique of fair housing enforcement in which two individuals present themselves to real estate agencies, landlords, or managing agents as having similar incomes, assets, family status (married, children, etc.), and so forth. The only perceived difference between the two is that one is a minority while the other is white. If, under these circumstances, the minority person receives unequal and inferior treatment, it can be assumed that discrimination based on race or ethnicity is the reason.

**... almost half of the tested real estate offices exhibited race based housing discrimination.**

The results of the testing project show that almost half of the tested real estate offices (12 of 25, or 48%) exhibited race based housing discrimination. WRO conducted 58 tests of 25 different real estate offices, and unequal treatment based on race or national origin or other violations of fair housing laws was found in 27 of the 58 tests, that is, in 46% of the tests conducted. (It should be noted that offices that were found to treat whites and minorities unequally were tested several additional times.)

The 25 real estate offices that were tested showed properties in Eastchester Area (lower Westchester); the River Towns Area of Hastings, Dobbs Ferry, and Irvington; and Mount Pleasant Area (mid-northern Westchester).

Two of these 25 real estate offices discriminated in such a systemic manner that the Civil Rights Bureau of the New York State Department of Law (the "Attorney General") is filing charges against them. Five other offices were found to treat minorities differently than whites in more than 50% of the tests that WRO conducted at their locations, while 2 others violated fair housing laws in other ways. Another 3 offices appeared to discriminate at times, but in 50% or less of the tests conducted. The other 13 offices either gave equal treatment or the tests were inconclusive.

These findings should not be seen as a sweeping description of what occurs throughout Westchester County, as testing was limited to three geographic areas. However, sufficient problems were uncovered to recommend a program of ongoing testing in the same or in additional communities to evaluate how widespread these problems are in the County.

## METHODOLOGY

WRO staff looked at Census data, the presence of moderate priced multi-family rental housing, advertisements in area real estate classified sections of daily and weekly periodicals, and the location and visibility of real estate offices in various communities.

## SELECTION FACTORS

1. WRO focused on communities that continue to have **more than 90% white population**. In view of the growth of the Hispanic and African American population to 31% of the countywide population, and a decline of the white population by 5% (based on the 2000 Census, see excerpt below), it was felt that communities that remain overwhelmingly white should be selected.
2. **Presence of moderate-priced multi-family rental housing**. Communities selected have a stock of reasonably priced rental housing, as documented by the Westchester County Department of Planning's Multi-family Housing Directory and WRO's average advertised rents surveys.
3. **Advertisements**. Vacant apartments at reasonable rentals located in the selected communities were advertised in The Journal News and the Pennysaver.
4. Real estate brokers selected **maintained offices** in prominent locations in selected communities, or advertised units available in the selected target areas.

### ABOUT WESTCHESTER COUNTY DEMOGRAPHICS...

Since the 1990 Census, Westchester's population has increased 5.6 percent - from 874,866 to 923,459. That's almost 50,000 more people living in the county.

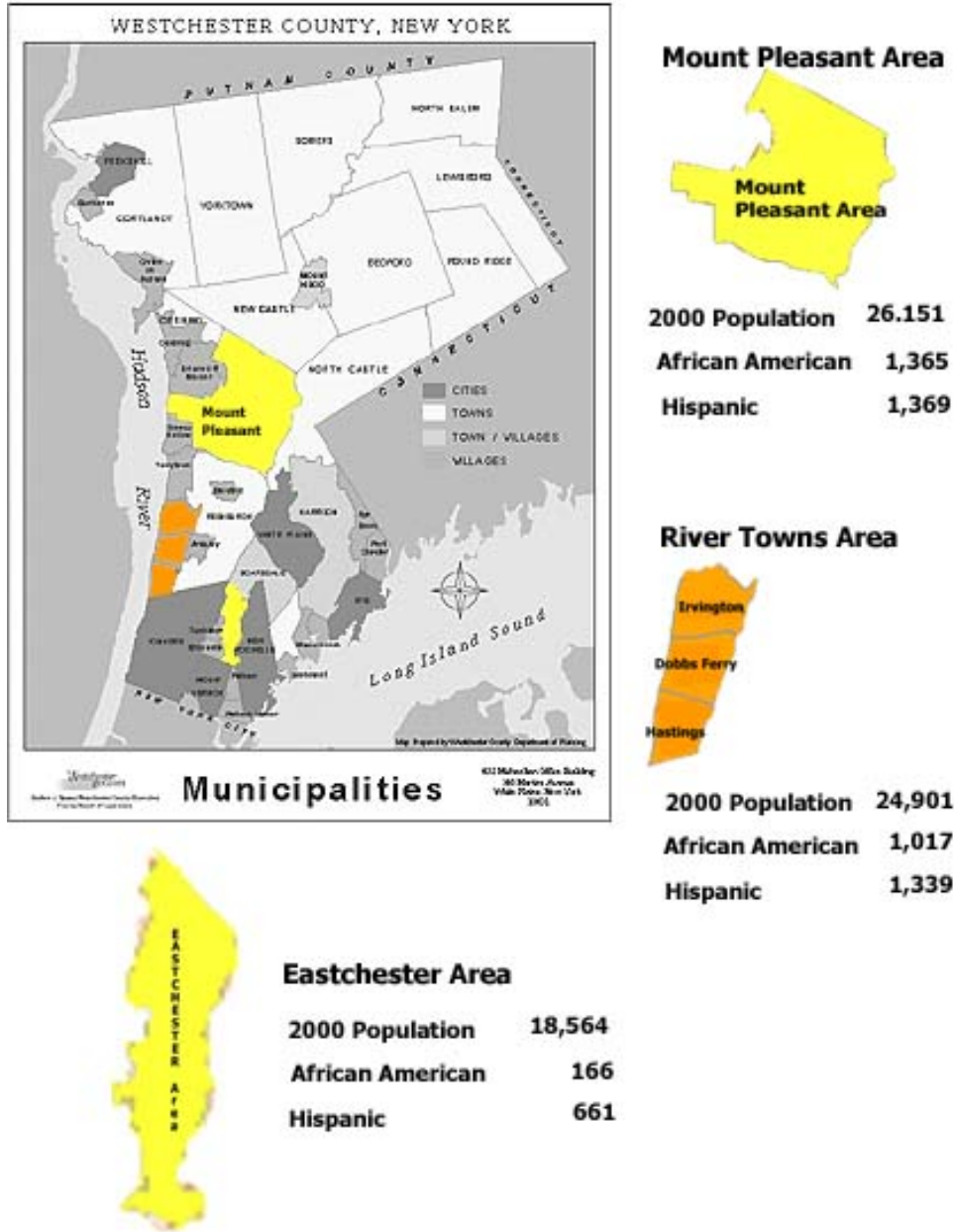
- In 2000, Hispanics were the fastest growing group of immigrants, with 144,124 residents. Hispanics now account for 15.6 percent of the county's total population compared to 9.9 percent in 1990.
- The Asian population also grew by 27 percent between 1990 and 2000. There are now 41,367 Asian residents who make up 3.7 percent of the county's total population.
- African-Americans also increased from 114,652 in 1990 to 131,132 in 2000. They now account for 14.2 percent of the county's total population compared to 13.1 percent in 1990.
- By contrast, the number of residents identifying themselves as white dropped by 35,450 to 658,858. While they remain the largest group in Westchester, whites make up a smaller percentage of the total population than they did in 1990. They now account for 71 percent of the total compared to 79.4 percent in 1990.

*WESTCHESTER COUNTY DEPARTMENT OF PLANNING DATABOOK - 2001*

**Selection of Communities**

Based on factors 1, 2, and 3 above, WRO staff selected for testing real estate offices in the communities of Eastchester Area (lower Westchester); Mount Pleasant Area (mid-Westchester); and the River Towns of Hastings, Dobbs Ferry, and Irvington Areas.

*CENSUS DATA IN FOCUS AREAS*



**Figure 1 Census Data for Selected Communities**

*HOUSING AVAILABILITY IN FOCUS AREAS*

	EASTCHESTER AREA*	RIVER TOWNS AREA*	MOUNT PLEASANT AREA
NUMBER OF RENTAL BUILDINGS	<b>66</b>	<b>47</b>	<b>74</b>
NUMBER OF RENTAL UNITS	<b>1,124</b>	<b>1,685</b>	<b>1,204</b>
NUMBER OF MULTI-FAMILY BUILDINGS	<b>186</b>	<b>181</b>	<b>256</b>
TOTAL HOUSING UNITS	<b>5,561</b>	<b>3,595</b>	<b>4,872</b>

\* Updated statistics June 21, 2005

SELECTION OF REAL ESTATE OFFICES

Based on factors 3 and 4 above, WRO selected real estate brokers that maintained offices in those communities or who advertised units for rent in those areas.

	EASTCHESTER AREA	RIVER TOWNS AREA	MOUNT PLEASANT AREA
BOARD MEMBERS*	<b>12</b>	<b>15</b>	<b>11</b>
NONBOARD MEMBERS	<b>34</b>	<b>55</b>	<b>46</b>
TOTAL OFFICES	<b>46</b>	<b>70</b>	<b>57</b>

\*a member of the National Association of Realtors®

TESTING APPROACH

All testers received training from WRO staff prior to conducting tests. Testers were paid as consultants at the rate of \$10.00 per hour plus 34 cents per mile for travel.

Each individual test involved sending two different customers to a real estate office for help in finding an apartment to rent. The two testers presented themselves to the real estate agents as having similar incomes, family status, and general housing needs. However, in each case, one tester was white and one was either African American or Hispanic.

If results of the first paired test of a real estate office showed no differences in treatment, WRO conducted no further testing of that office. However, if differences in treatment were observed or if the first test was inconclusive, testing continued. No more than 5 tests were conducted at any office.

## STAFFING

WRO's Fair Housing Director, Ann Seligsohn, served as Project Director. WRO's Testing Coordinator, James Hyer, was responsible for day-to-day activities from June, 2004, through mid-January, 2005, at which time the bulk of testing activities had been completed. Ann Seligsohn completed the balance of the project with assistance from staffer Donna Huaman.

WRO received assistance from the National Fair Housing Alliance in tester training.

The Attorney General was consulted in the selection of target communities, testing methodology, and re-testing parameters. The Attorney General provided sufficient funds to WRO to pay the minority and white individuals who conducted the tests.

## FINDINGS

As stated in the Project Summary above, WRO conducted 58 paired tests with 25 different real estate offices, with the following results:

A. No unequal treatment was found or the evidence was unclear with respect to 13 offices.

☛ With respect to 10 offices there was no evidence of discrimination.

☛ There was insufficient data respecting 3 offices to determine whether discrimination had or had not occurred. Changes in staffing at the firm or lack of responsiveness in general made it impossible to draw any conclusions with respect to equal treatment.

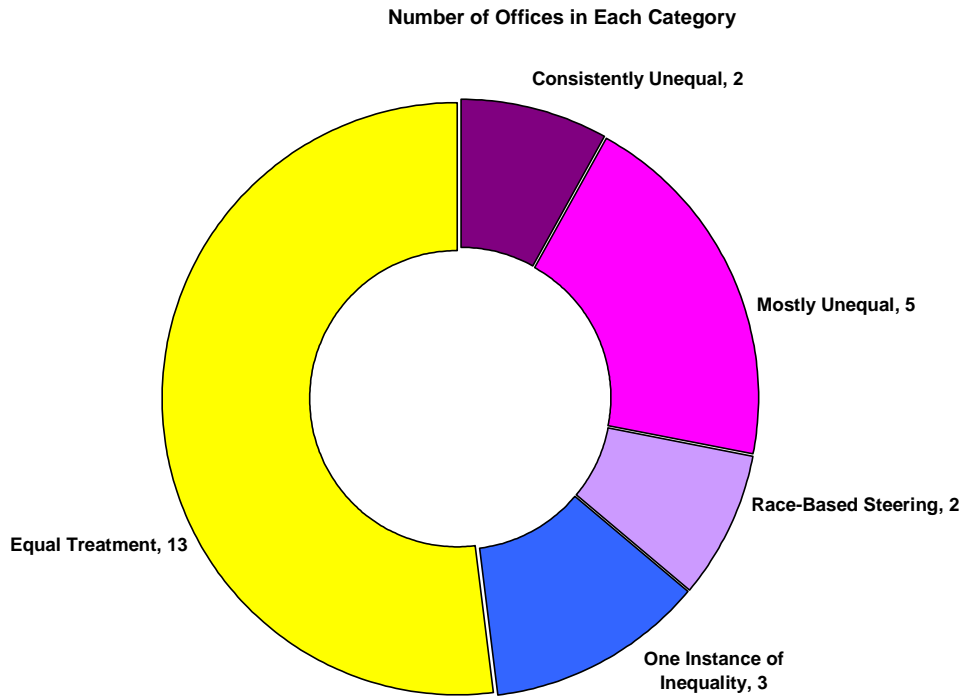
B. There were the following results with respect to the remaining 12 offices:

☛ Two offices exhibited a clear and consistent policy of unequal treatment in violation of law. The Attorney General is instituting suit in Federal District Court alleging that these firms engaged in "patterns and practices" of discrimination.

☛ Five offices were found to have given unequal treatment in the majority of tests, although each of them was found not to discriminate in at least one test.

☛ Two offices treated the white and minority testers equally, but discriminated against both of them in violation of the law by attempting to steer them away from a particular neighborhood based on the racial composition of the area.

☛ Finally, 3 offices were found to have discriminated in one instance, but not in a majority of the tests.



**Figure 2 Proportion of Offices Tested in Each Category of Client Treatment**

### FOCUS AREA #1:

#### *EASTCHESTER AREA*

Twenty-one paired tests were conducted involving 8 offices. Substantial problems were encountered in 3 of the 8 offices. The Attorney General is taking action against 1 office, while WRO documented unequal treatment in the majority of tests in 2 other real estate offices. The remaining 5 offices showed equal treatment.

### FOCUS AREA #2:

#### *RIVER TOWNS OF HASTINGS, DOBBS FERRY, AND IRVINGTON*

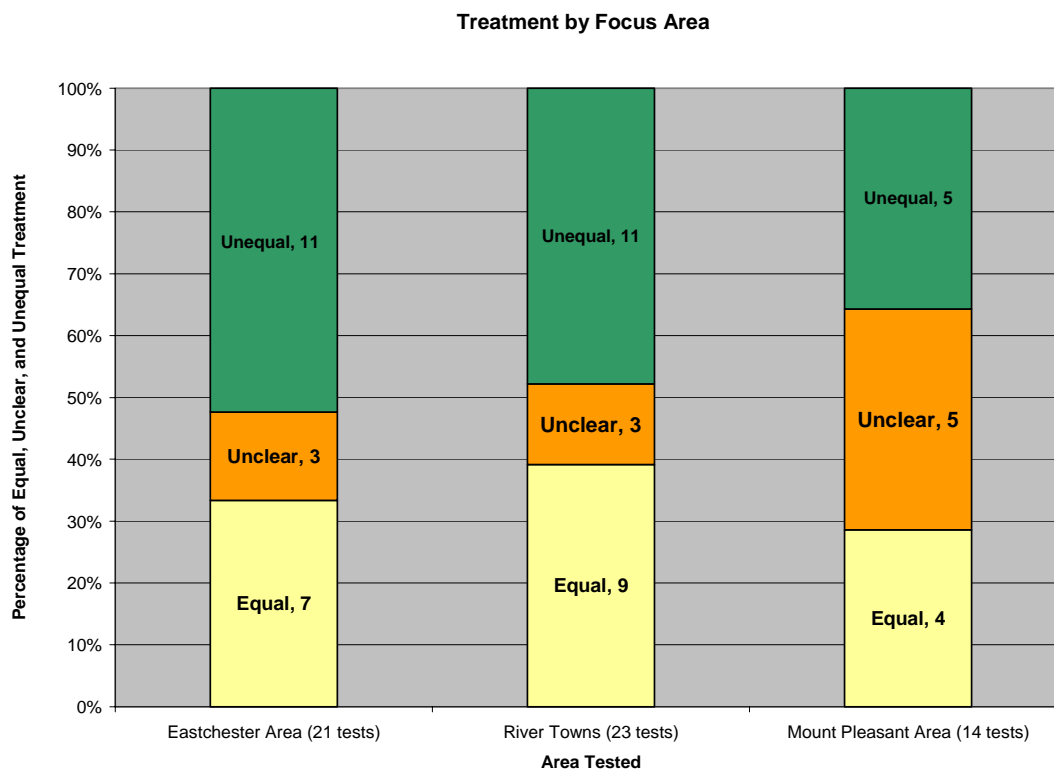
Twenty-three paired tests were conducted involving 8 offices. Substantial problems were encountered in 3 of the 8 offices. The Attorney General is taking action against 1 office. WRO found 2 offices that discriminated in more than half of the tests and 3 offices that discriminated in less than a majority of the tests. Two offices showed equal treatment.

### FOCUS AREA #3:

#### *MOUNT PLEASANT AREA*

Fourteen paired tests were conducted involving 9 offices. WRO found 1 office that discriminated in more than half of the tests, 1 office that discriminated in less than a

majority of the tests, and 2 offices that engaged in illegal steering. Two offices showed equal treatment, and results as to the remaining 3 offices were unclear.



**Figure 3 Results of 58 Tests by Area**

\* *Mount Pleasant statistics updated June 20, 2005*

## DISCUSSION

Of the 58 rental tests conducted, 27 tests involved unequal treatment or illegal steering.

The most blatant unequal treatment occurred when a real estate agent informed an African American tester that the agent had nothing to show—in the presence of the white tester who had just been shown 4 apartments in the same area and at rentals that the African American tester had indicated he could afford.

In general, however, the discrimination that was uncovered was not blatant, which suggests that real estate professionals understand the law and acted to disguise any unequal treatment. Minorities were discriminated against by being shown fewer units, by being steered geographically to minority neighborhoods, by being offered units in the wrong price range or otherwise deceived about the range of available units, and by having phone calls go unreturned. (African American testers on average had to make substantially more phone calls than whites in order to set up appointments; in many cases real estate agents did not return calls when minority testers left messages.) Furthermore, these patterns were found to exist whether the consumer contacted the real estate office by appointment, by telephone, or by a walk-in contact.

## REMEDIES

As a result of this documented housing discrimination, WRO is taking the following actions that we believe are appropriate, given the facts and circumstances of each case:

The Attorney General has indicated that legal action will be initiated against 2 realty firms referred to him by WRO, alleging "patterns and practices" of discrimination.

WRO will file complaints with the United States Department of Housing and Urban Development (HUD) against 5 firms that discriminated in a majority of tests.

WRO will contact the 3 firms that discriminated in less than a majority of tests, and the 2 offices that engaged in steering, and attempt to conciliate the matters.

In all referred cases where a Realtor® (a member of the National Association of Realtors®) is involved, WRO will inform the Westchester County Board of Realtors® of the action being taken.

WRO will request that any penalties required by either the Attorney General or HUD include mandatory training of staff in fair housing law and practice. WRO will also urge those firms whose practices were questionable to participate in fair housing training.

WRO reserves the right to conduct additional testing and retesting at times and in a manner of its choosing.

## CONCLUSIONS

There is both good news and bad news to be gleaned from this testing program.

The good news is that 10 of the real estate offices tested by WRO in fact obeyed the law and did not discriminate (and the outcomes were unclear in 3 instances). Clearly, much has been accomplished in the past through education by human rights commissions and by judicial and administrative enforcement of the laws. In addition, the Westchester County Board of Realtors has a strong program in support of fair housing; this not only

**... a substantial minority of the real estate offices tested either violated the law repeatedly or on occasion.**

protects the rights of minorities but also prevents unscrupulous Realtors, by appealing to prejudice, from unfairly competing with law-abiding Realtors. For all these reasons, a substantial minority or even a majority of realty firms tested seems to have developed an organizational commitment to follow the letter and spirit of the fair housing laws.

The bad news is that, 37 years after the passage of the Federal Fair Housing Act (antedated by New York State Human Rights Law), a substantial minority of the real estate offices tested either violated the law repeatedly or on occasion.

WRO finds that not everyone in Westchester has the same opportunity to secure housing for his or her family. Decent, safe, and affordable housing is in short supply in

Westchester. There is extensive documentation as to the negative impacts of the lack of affordable housing--regardless of race--on employers, commutation patterns, the environment, and of course on working families themselves. Given the chronic and ongoing shortage of housing, unequal treatment is all the more pernicious and damaging.

This study shows that minorities are less likely to compete successfully for the limited housing options that do exist and that minorities lose out more frequently in securing housing due to factors beyond their control.

Bringing this down to the personal level, a minority person or family looking for rental housing in Westchester in the targeted communities is highly likely (based on the WRO test results) to be discriminated against by one of the real estate agencies he or she contacts. This is unacceptable. Westchester can do better, and WRO is committed to ensure equal treatment in housing to all.

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*Note: WRO also conducted 2 tests of a senior housing development, which showed equal treatment. WRO also conducted 1 test of each of 2 apartment complexes; 1 test showed equal treatment and 1 test was unclear.*