

Do Fair Housing Policies Help or Hinder?

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Question

Do fair housing policies actually reduce racial disparities in housing?

Motivation

- Stable and quality housing is important
 - Homelessness and eviction lead individuals to commit more crimes (Cronley et al., 2015; Aim and Backham, 2020)
 - Living in disadvantaged neighborhoods has both short and long-term effects on children's outcomes (Chetty, Hendren, Katz, 2016; Chyn, 2018; King, Ludwig, Katz, 2005; Ludwig, Duncan, Hirschfield, 2001)
- Racial disparities in housing continue to persist
- Compared to white homebuyers of similar profiles, black homebuyers are shown 17.7% fewer available units by housing providers
- Compared to white renters of similar profiles, black renters are shown 4.2% fewer available units by housing providers (Turner et al., 2016)
- To combat racial disparities, many cities have introduced fair housing policies. However, the effects of these policies are unclear

Fair Housing Policies in WA and Seattle

- April 2016: HUD published Fair Housing policy guideline
- Jan 2017: WA attorney general fined rental housing companies** for using blanket bans on tenants with a past felony (Seattle, Tacoma, Kirkland)
- Seattle's fair housing policies**
 - First-in-time ordinance
 - passed: Aug 2016, effective: **Jan 2017**
 - requires landlords to lease to the first qualified applicant
 - Move-in fees ordinance
 - passed: Dec 2016, effective: **Jan 2017**
 - limits security deposit and fees to one month's rent
 - Fair chance housing ordinances
 - passed: Aug 2017, effective: **Feb 2018**
 - prohibits landlords in Seattle from conducting criminal background checks or asking about criminal history

Potential Effects

- These policies could potentially decrease discriminatory behaviors as intended
- However, tighter regulation on screening could also discourage landlords and lead to a decrease in the supply of rental properties
- Instead of screening on criminal history, landlords could shift to screening on other factors, e.g., income

Literature

- Statistical discrimination by employers increases when there is less information about the candidates available (Autor & Scarborough, 2008; Wozniak, 2015; Bartik & Nelson, 2016; Clifford & Shoag, 2016)
- The 'Ban the Box' policy in job applications negatively impacts black citizens, especially black men (Agan and Starr, 2018; Doleac and Hansen, 2020)

Formal Estimates: Seattle

	(1)	(2)	(3)
	housing spending	renting	having moved within 12 months
post x black	87.09 (53.74)	-0.0364 (0.0287)	-0.0210 (0.0228)
Controls	Yes	Yes	Yes
Time trends			
ControlsXPost			
N	53,458	53,458	53,458

Standard errors in parentheses

Conclusion

- In WA, fair housing policies led to
 - an increase of \$106 per month in housing spending for black citizens
 - no significant effects on the likelihood of renting or the likelihood of moving
- In Seattle, the results are not statistically significant for any of the outcomes

Empirical Approach

Difference-in-differences approach comparing housing outcomes of

- Black and White residents
- Before and after 2017
- In WA and Seattle

Model

$$Y_{it} = \alpha + \gamma_t + \delta \cdot \text{black}_i + \beta_x X_i + \beta \cdot I[\text{black} \times \text{post}]_{it} + u_{it}$$

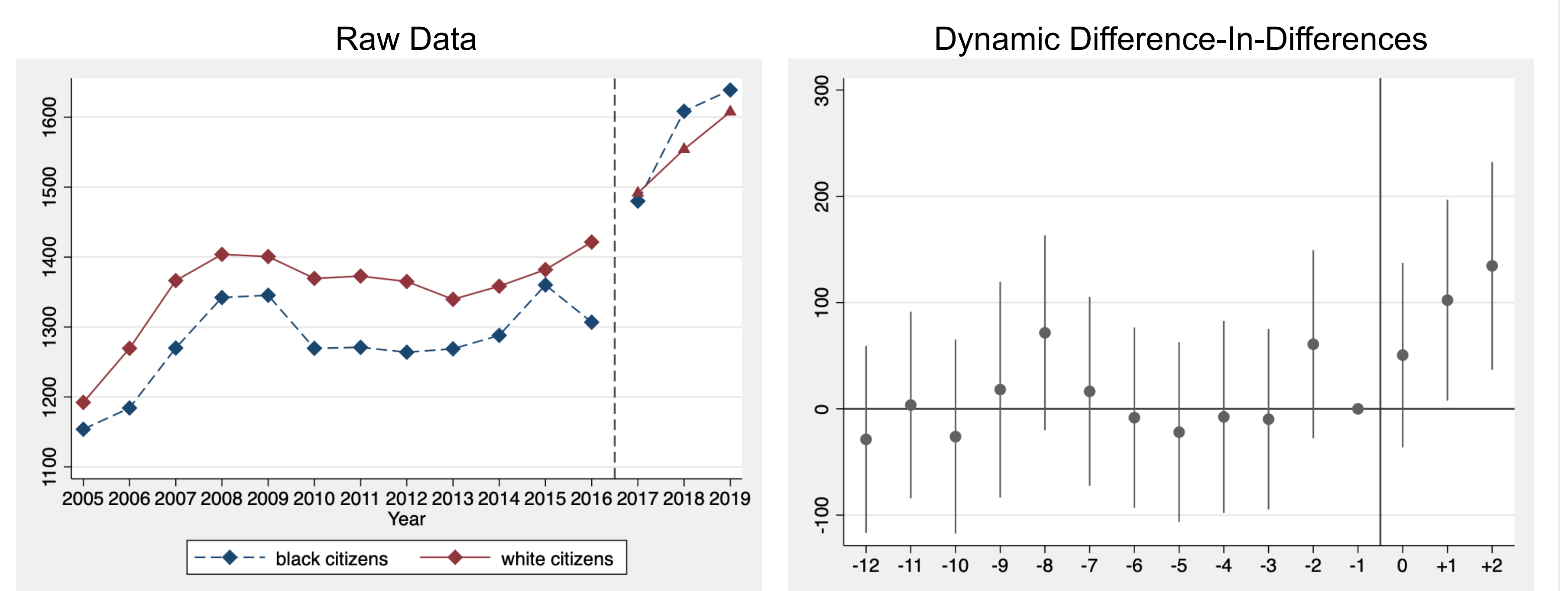
- Coefficient of interest is β

Data

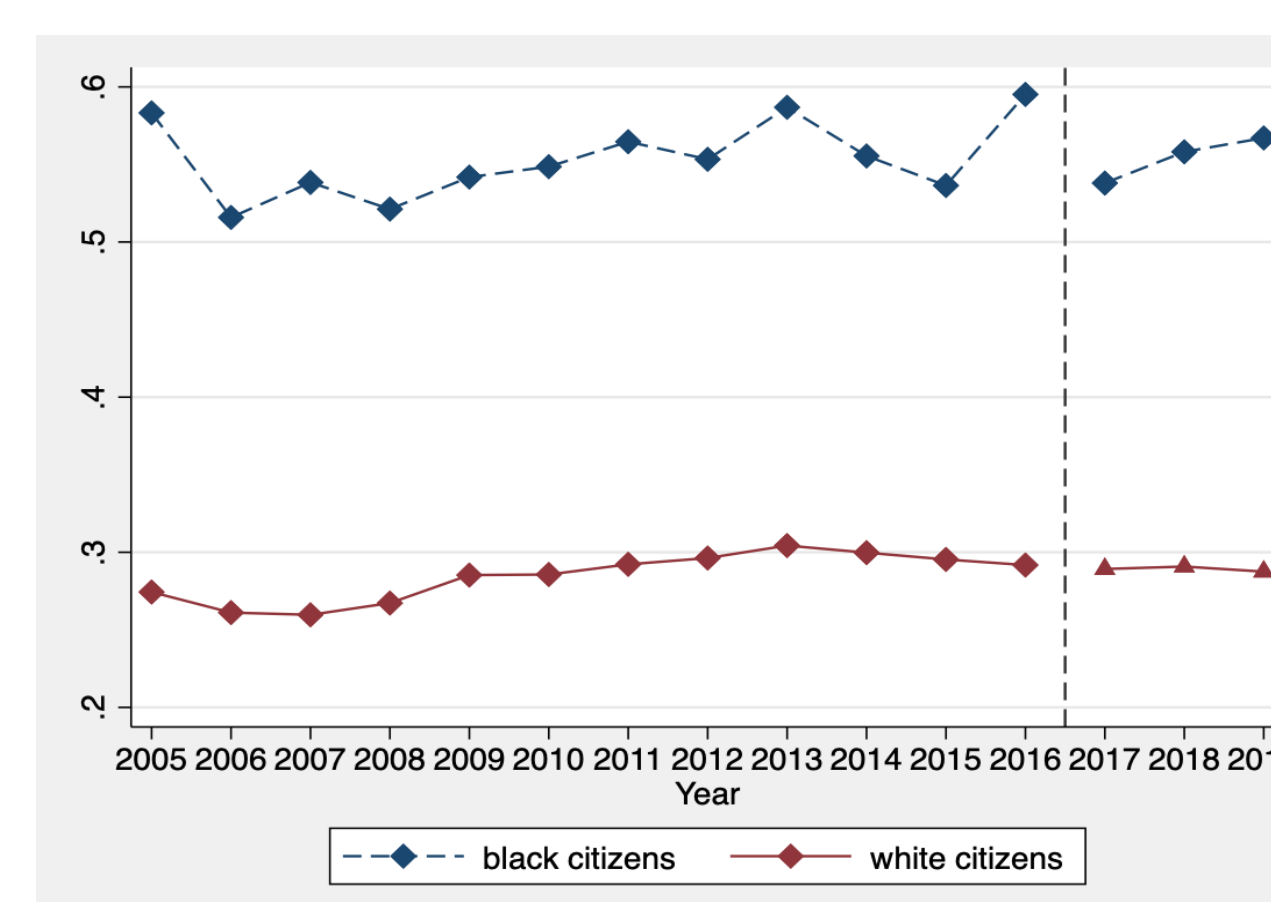
- 2005-2019 American Community Surveys
- Individual-level housing information
 - Likelihood of renting
 - Likelihood of having moved in the last 12 months
 - Housing spending
 - Renters: rent + utilities
 - Homeowners: mortgage + utilities + taxes + insurances
- Characteristic information, e.g., income, education, marital status, age, gender

Main Results

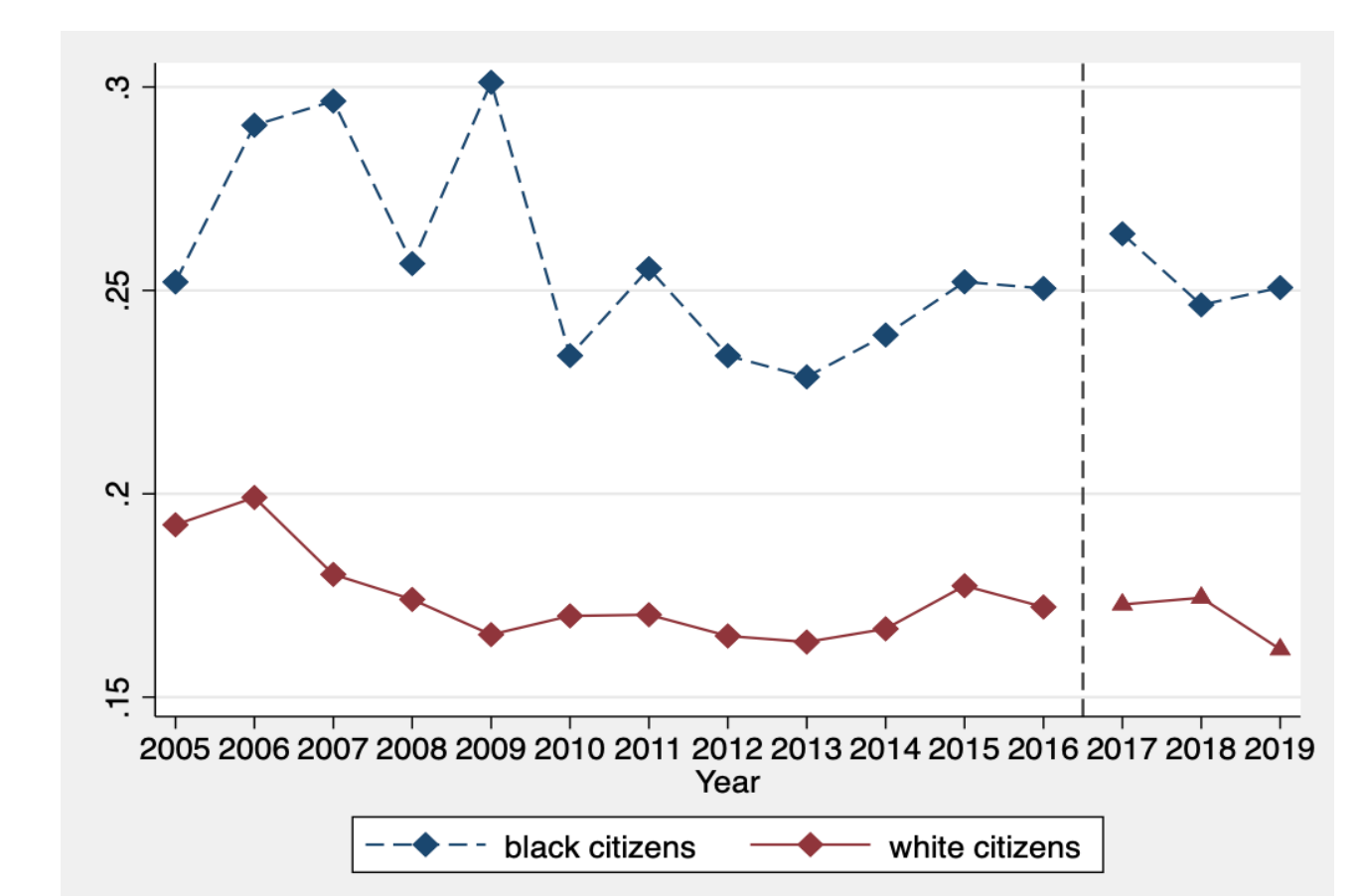
Housing Spending (\$/month): WA



Likelihood of Renting: WA



Likelihood of having moved in the last 12 months: WA



Washington

	housing spending						renting	having moved within 12 months
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	all	all	all	all	male	female	all	all
post x black	117.57*** (22.46)	106.37*** (20.18)	82.88*** (26.50)	91.69*** (20.16)	91.21*** (23.28)	123.31*** (24.85)	-0.0047 (0.0119)	-0.0031 (0.0104)
Controls		Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time trends			Yes					
ControlsXPost				Yes				
N	674,597	674,597	674,597	674,597	327,968	346,629	674,597	674,597

Standard errors in parentheses