tech, bias, and
housing initiative

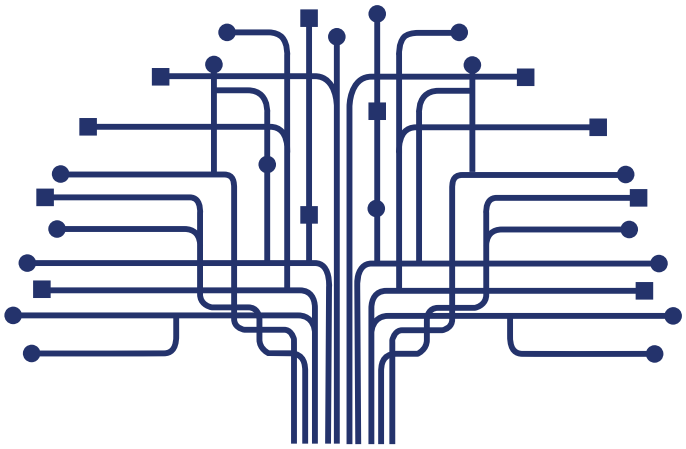
Residential Proptech Ethical Practice Guide

April 2023



TECHEQUITY COLLABORATIVE

To learn more about the Tech, Bias, and Housing Initiative
go to housing.techbias.org



TECHEQUITY COLLABORATIVE

At TechEquity Collaborative, our mission is to mobilize tech workers and companies to advance structural change that addresses economic inequity at its roots.

We do this in three ways:

Education

We create educational spaces in which the tech community can deepen their understanding of structural inequities, the history behind them, and the solutions we can enact together.

Public Policy

We advocate for public policy that addresses structural inequity in our economy. We work on issues that have a nexus with tech and the economy, with a focus on housing and workforce & labor.

Corporate Practice

We research, develop, and promote equitable corporate practices that build equity and opportunity in the broader economy.

Why an Ethical Practice Guide?

As the Residential Proptech sector grows, it is fast becoming an influential piece of the housing ecosystem. Venture capital investment in the space has increased by 53X globally between 2010 and 2021, from $600M to $32B, and traditional housing finance is also taking an interest in the sector, signaling that Residential PropTech will continue to shape the housing market for years to come. Housing has a long and fraught history in the United States, defined by racial exclusion, predatory business practices, and enforced segregation. This systemic inequity has been a major cause of the persistent racial wealth gap. That inequity has calcified into the housing system and persists, indeed is getting worse, despite regulatory structures that prohibit racialized practices.

As new Residential Proptech companies enter the space, and as existing companies gain market share, it is important that they develop business practices to ensure they avoid creating new bias or reinforcing and exacerbating the existing bias and focus on ensuring their efforts are a positive contribution to ending our housing crisis. This guide is meant to be a framework that helps them do that.

The elements below are meant to be a starting point, a set of ideas and considerations that spark further conversation and deeper work. For companies to implement these practices effectively will require meaningful resource commitments over time, and the willingness to develop an internal culture that prioritizes these practices. We at TechEquity stand ready to support companies in building that culture. If you want to talk more about what it would mean for your company to be an ethical and responsible actor in the Residential Proptech sector, please reach out to partnership@techequitycollaborative.org.

1. Education

Implement a company-wide education program that highlights the history and context of housing inequity and explores the way your company fits into that story.

The housing system in America is deeply infused with bias. While fair housing laws, consumer protections, and civil rights statutes exist to theoretically level the playing field, discrimination and inequity persist at staggering levels. Given housing's centrality to education, employment, transportation, climate, safety, opportunity, and prosperity in the US, companies who operate in this space have a responsibility to understand how and why the system works the way it does—and where your business intersects with this system. Developing a robust awareness across the company of the context in which you operate is a necessary first step in identifying where your products, services, and business models may unintentionally cause new harm or exacerbate existing harm. It also will help identify potential opportunities for new products or offerings that address some of those harms.

What companies can do

- Partner with experts to develop a curriculum for company stakeholders (employees, advisors, investors, and board members) that provides context on the history of the housing system. Pay particular attention to learning about aspects that intersect with the area of the market you serve.
- Incorporate learning programming into the new staff orientation and onboarding process.
- Develop a company point of view on housing equity and guideposts that employees can utilize to understand the goals, barriers, and potential blind spots of your products or efforts. Ensure that all employees participate in discussions on these guideposts and provide feedback on an annual basis to ensure it stays updated and relevant.
- Prioritize the creation of staff capacity in legal, government affairs, or elsewhere that is responsible for developing and sharing learning materials that are specifically relevant to the regulatory regime you operate under that will inform product design and avoid risk.
- Engage with outside experts on a regular basis, with a priority on experts who represent those who are closest to potential harms or come from affected communities. Offer opportunities for staff to engage with these experts.
- Create experiential learning opportunities where staff "get out of the building" and meet customers, do site visits, or meet with members of affected communities.
- Prioritize diversity and inclusion in all its forms, with a particular focus on hiring and including people who have experienced the effects of housing inequity in their lives.

2. Testing

Utilize a data minimization framework and discrimination testing to proactively reduce harm and measure impact

Running an equitable housing tech company requires constant vigilance around the societal impact of your business. To ensure your products and services aren't creating unintended harm, create monitoring frameworks that will give insight into the outcomes of your products and services. Developing close to real-time awareness about the outcomes of your business will help you identify where bias may be creeping in and help you stamp it out before it becomes too deeply embedded in the product. At the same time, collecting too much data can pose risks for harm to your customers. It may seem counterintuitive that minimizing data collection can support your efforts to avoid discrimination, but many rigorous tools and frameworks exist to help you get the balance right.

What companies can do

- Operate from a data minimization framework that prioritizes what data and information is required as a business necessity to develop new products and services, and to test for consumer risks associated with the products and services—and what would fall outside of that purview.[1]
- Utilize a Responsible AI framework to balance data collection, processing, and information with discrimination testing, transparency, notice, and explanation. A variety of frameworks have been issued by governments, advocates, and think tanks.[2]
- Collaborate with stakeholders and experts in the areas of algorithmic bias, housing justice, privacy, and civil rights to determine how to best apply these standards and frameworks to your model(s) and to provide guidance when conducting testing to assess discrimination that could result from your product.[3]
- Ensure that when you deal with highly sensitive data you use heightened privacy and data security protocols.
- Create a data deletion and/or retention policy that directs the company to delete data after a reasonable amount of time.

3. Employee Engagement

Provide clear, actionable pathways for employees to raise ideas, concerns, and opportunities for improvement

Frontline employees serve as an important early warning system for when a company's product or service may be creating unintended harm, yet these employees often aren't in a position to speak up about what they're seeing. Creating clear pathways where all employees know that they can safely raise ideas and issues—and those ideas will be heard and utilized whenever possible—creates a culture that lets employees know that their experience and ideas are critical to the success and resiliency of the business. Additionally, this helps to cultivate a crucial channel for business intelligence and helps companies surface issues early before they fester.

What companies can do

- Ensure frontline and customer-facing employees have received the history and context training as outlined above and ensure that they understand their role in helping to identify potential harms.
- Create easy-to-use channels for frontline employees to communicate what they're hearing, where they see issues or potential blindspots, and develop feedback loops so they know they have been heard.
- Ensure that this feedback from frontline employees is incorporated into product development or service processes and systems—and that higher-level managers and executives are held accountable for responding to it.
- Develop a culture that encourages lower-level employees to feel safe speaking up, highlighting examples of when that feedback led to product changes or adapted strategies.
- Create a policy of non-retaliation that outlines your commitment to employees voicing their feedback, ideas, and concerns. Proactively pledge not to retaliate against an employee when they raise a valid issue or concern for the company.

4. Transparency

Provide transparent and easy-to-understand information for users and customers

The process around obtaining housing, whether to rent or buy, is complicated and stressful. The information asymmetries that exist between consumers and housing companies are daunting, and they create a multitude of ways for prejudice, bias, and harm to enter the process. Being as transparent and clear as possible about how your business works helps to level the information environment, builds trust with customers, and creates accountability that helps you achieve your equity goals.

What companies can do

- Publish all fee structures, including any applicable fines or penalties, in a way that's easily accessible and abundantly clear to the consumer.
- Provide educational or training materials for your customers to ensure they fully understand how your product works and what the implications are for them.
- For companies that provide credit checks, tenant screening reports, or other evaluative services, make available a copy of any reports, including the criteria on which the evaluation is based, to the person who was screened (whether they are your customer or not, while protecting individual privacy).
- Publish data that verifies your marketing claims and builds trust with consumers and community stakeholders.
- Consider developing internal and external reports that reflect the findings of your outcome measurement processes outlined above.

5. Recourse

Provide opportunities for customers or stakeholders who feel like they've been harmed to seek recourse

When a customer or other stakeholder feels like there has been a potentially discriminatory outcome from interacting with your business, it is important that they have a way to voice that concern to you—and feel as if it will be addressed. Much as with your frontline employees, customers and other stakeholders (such as members of the broader community in the markets where you operate) are a critical source of business intelligence about how your product is experienced on the ground. Developing ways to hear from those stakeholders will help address issues before they become bigger problems.

What companies can do

- Provide a clear complaint process that is easy to access and understand on your company website; include expected wait times and any processing details that help consumers understand how their complaint will be handled and by when.
- Ensure that your complaints team is adequately resourced to provide efficient and comprehensive follow-up on consumer complaints.
- Regularly analyze your complaint data to determine any patterns of inequity or discrimination, whether intentional or not, and develop a company action plan to address those issues.
- Solicit user and/or customer feedback on their experience, including their perception of clarity around the product, its impact, and any questions related to their sense of fairness when using the product.

6. Community Engagement

Engage in the broader societal conversation about housing—and use your position to advocate for change

PropTech companies don't operate in a vacuum. Housing and land use are two of the most important social and economic issues of our time, and they have implications for everything from climate change to education outcomes. Companies doing business in the housing space have an especially important role to play in conversations about those issues, and in ensuring that the structural inequities created through housing are addressed.

What companies can do

- Invest in government relations or public policy functions, and empower those teams to develop a point of view for the company on housing issues.
- Support the work of community and advocacy organizations who work on housing issues, and participate in their calls to action.
- Create programs that connect your employees to your partner organizations who advocate for pro-housing policies.
- Develop relationships with elected officials in your markets or where you have employees, and let them know how important housing equity issues are to your company.
- Create a process for gathering feedback from advocacy organizations with attributes similar to the ones recommended for the employee engagement process above.

Endnotes

1 D | European Data Protection Supervisor. (n.d.). Edps.europa.eu. Retrieved February 22, 2023, from https://edps.europa.eu/data-protection/data-protection/glossary/d_en#data_minimization

2 Turner-Lee, N., Resnick, P., & Barton, G. (2019, May 22). Algorithmic bias detection and mitigation: Best practices and policies to reduce consumer harms. Brookings; Brookings. https://www.brookings.edu/research/algorithmic-bias-detection-and-mitigation-best-practices-and-policies-to-reduce-consumer-harms/

3 For example, the National Fair Housing Alliance's Purpose, Process and Monitoring tool: https://nationalfairhousing.org/just-launched-purpose-process-and-monitoring-framework-ppm/