Quantifying Racial Discrimination in Major US Housing Markets

Researchers:

Peter Christensen

Location: United States

Sample: 25,428 fictional inquiries to 8,476 online apartment listings

AEA RCT registration number: AEARCTR-0005338

Partner organization(s): National Center for Supercomputing Applications

Racial housing discrimination is tied to residential segregation and inequitable economic opportunity. Researchers conducted a correspondence study assessing property managers' responses to rental listing inquiries from prospective tenants with distinctively Black, Hispanic/Latinx, or white names in the United States. Property managers were significantly less likely to respond to messages from prospective Black or Hispanic/Latinx renters than white ones. The differences in response rates varied across cities, and anti-Black discrimination was associated with larger patterns of residential segregation and economic mobility.

Policy issue

In the United States, housing is a key factor in employment and educational opportunity, wealth accumulation, and economic mobility. Discriminatory policies that restrict access to housing on the basis of race have therefore stifled the opportunities and mobility available to many Black and Hispanic/Latinx people. Redlining, for example, created barriers to home ownership and divestment from Black-majority neighborhoods by demarcating properties in these communities as risky investments which were excluded from federally-insured mortgage programs. At the same time, racial covenants excluded people of color from moving into white neighborhoods. While the Fair Housing Act outlawed these practices in 1968, racial housing discrimination persists.

Historic discriminatory practices, coupled with current racial biases[1], continue to restrict access to housing for renters and homebuyers of color and may contribute to short-term, long-term, and intergenerational inequality. One hypothesized source of contemporary racial housing discrimination is property manager bias, which influences if and how property managers respond to rental inquiries from prospective tenants. However, the extent of discriminatory behavior by landlords and property managers in the US rental market can be difficult to quantify.

Context of the evaluation

Many prospective renters use online housing platforms to find potential homes that have been listed by realtors or property managers. These platforms generally share contact information for the listing agent (the landlord or someone working on their behalf) or may provide a portal to contact the agent directly through the platform. Renters can then inquire about a property of interest. However, if the listing agent does not respond to a prospective tenant's inquiry, that prospective tenant has no other avenues through which to access the property and is in effect prevented from renting, or even applying to rent, the home.

In the initial inquiry stage, often the only information property managers have access to is the inquirer's name. Given historical and contemporary racial discrimination in housing access, researchers hypothesized that property managers would respond less often to inquirers they assumed to be Black and Hispanic/Latinx, based on their names, than those assumed to be white. To investigate, researchers conducted a correspondence study to quantify discriminatory behavior at this initial stage of the housing

search process in the fifty largest rental markets in the United States.

Correspondence studies work by randomly altering characteristics of fictional applicants—for example, the name of the person inquiring about a property—and have previously been used to uncover racial discrimination in other fields, such as hiring.

A woman looking at apartment listings on a laptop.

Photo Credit: Shutterstock.com

Details of the intervention

Researchers conducted a large, nationwide correspondence study to examine racial discrimination by property managers in US housing rental markets. Researchers used Census data to identify the country's fifty largest metropolitan housing markets and an online platform to identify listings and contact property managers in these markets.

The correspondence entailed using an automated system to contact property managers with fictional inquiries about their properties using names commonly associated with Black (e.g., Shanice), Hispanic/Latinx (e.g., Pedro), or white (e.g., Aubrey) people. Names were selected from sociology studies that have used surveys to identify the strength of racial associations people make to a variety of names drawn from 1994–2012 census data and birth records.[2] These "prospective renters" then contacted 8,476 property managers by submitting a standard inquiry message through the online platform. Each property manager received three inquiries across three days, one each from a hypothetical renter with a distinctively Black, Hispanic/Latinx, or white name. Researchers randomized the order in which managers received messages from each name group. The study recorded the property managers' response rates to 25,428 inquiries, exactly three per listed rental property.

Once a given property was rented, the researchers analyzed the racial/ethnic identities of the actual tenants to examine how property managers' responses to fictitious renters of different perceived races predicted actual housing outcomes. This step

addressed a common limitation of correspondence studies: researchers typically do not observe the impact of the discriminatory behavior on actual outcomes.

Results and policy lessons

Property managers were less likely to respond to inquiries from prospective renters perceived to be Black and Hispanic/Latinx than those perceived to be white. Response rates to Black and Hispanic/Latinx inquirers were 5.6 and 2.8 percentage points lower than to white inquirers (9.3 percent and 4.6 percent lower, respectively, than the 60 percent response rate to white inquirers). There were no overall differences in response rate based on implied gender or maternal education level associated with the name.

Response differences by location

Gaps in response rates between Black-white and Hispanic/Latinx-white inquiries varied by location. For example, Black renters faced the greatest discrimination in Chicago, Illinois, where the response rate was 20.2 percentage points lower for Black inquirers than white ones (32 percent below the 63.5 percent response rate for white inquirers).[3], The Hispanic/Latinx-white response gap was widest in Louisville, Kentucky, with property managers replying to Hispanic/Latinx inquirers 13.7 percentage points less than white inquirers (21 percent less than the 65 percent response rate for white inquirers).[4] In some cities, Black renters faced significantly more discrimination than Hispanic/Latinx renters and vice versa, suggesting that racism and discrimination by property managers is targeted, rather than based in a general likelihood to discriminate.

Researchers also found correlations in many cities between property managers' relative response rate to Black inquirers and measures of segregation and economic mobility, suggesting that Black renters face more constraints in cities with more segregated housing markets.

Correlation between response rates and tenant demographics

Researchers analyzed the demographic information of the tenants who ultimately rented the properties sampled in the experiment and found that 12 percent of the renters were Black, 11 percent were Hispanic/Latinx, 71 percent were white, and 6 percent were from other racial/ethnic groups. When comparing eventual renter demographics to rental inquiry response rates, researchers found that non-response to a prospective Black or Hispanic/Latinx renter corresponded to a 17.3 percent reduction in the probability that the subsequent tenant was Black or Hispanic/Latinx.

These results illustrate that, despite efforts to promote fair housing practices, renters of color face racial discrimination when searching for rental properties in most US markets. Given the central role housing access plays in economic mobility and opportunity, addressing the ongoing inequities of the rental housing market is an important policy priority.

Christensen, Peter, Ignacio Sarmiento-Barbieri, and Christopher Timmins. *Racial Discrimination and Housing Outcomes in the United States Rental Market*. No. w29516. National Bureau of Economic Research, 2021.

---

1. Turner, Margery Austin, Rob Santos, Diane K. Levy, Doug Wissoker, Claudia Aranda, and Rob Pitingolo. 2013. "Housing Discrimination against Racial and Ethnic Minorities 2012." Washington, DC: US Department of Housing and Urban Development, Office of Policy Development and Research.
https://www.huduser.gov/portal/Publications/pdf/HUD-514_HDS2012.pdf

2. See, for example, Gaddis, S. Michael. "Racial/ethnic perceptions from Hispanic names: Selecting names to test for discrimination." Socius 3 (2017): 2378023117737193. doi: 10.1177/2378023117737193, and Gaddis, S. Michael. "How black are Lakisha and Jamal? Racial perceptions from names used in correspondence audit studies." Sociological Science 4 (2017): 469-489. doi: 10.15195/v4.a19

3. The figures reported were provided by the authors via email correspondence in November 2022.
4. As above, the figures reported were provided by the authors via email correspondence in November 2022.