



# A field study of rental market discrimination across origins in France

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## ABSTRACT

Discrimination against particular groups in the housing market increases search costs and limits optimal matching, thus resulting in economic and social inefficiencies. This paper tests for the existence of discrimination in the French rental market against individuals with names which signal their connection to five immigrant groups (Northern Africa, Sub-Saharan Africa, Turkey, Poland, Portugal–Spain) by implementing an online field study using one of France's largest online advertisements website. The results show that applicants with foreign sounding names coming from Northern Africa, Sub-Saharan Africa and Turkey are 16 to 22 percentage points less likely to receive a response than applicants with French names or names associated with Poland, Portugal or Spain. In addition, when applicants with foreign sounding names from any origin receive a response, it is significantly more likely to be negative or include a request for more information than responses to emails including French sounding names. Finally, we find some geographic differences in response rate differentials that are correlated with differences in the local income and share of immigrants. This provides evidence that landlords use names as a proxy for economic and other sociodemographic characteristics.

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## 1. Introduction

The integration of immigrants and their children has been the object of intense public and academic debate in France (as in many other European countries). France has a diverse and established immigrant population, the second largest in Europe. In 2011, 7.3 million immigrants, 11.2% of the population, lived in France (Eurostat, 2011).<sup>1</sup> Moreover, there is an extended native-born population with ties to immigrants. As of 2008, 6.5 million French citizens, or 10% of the population, were born in France with one or two immigrant parents.<sup>2</sup>

Much of the debate on immigrant integration has focused on the trajectory of immigrant wellbeing, with a concern that education, employment, and housing market barriers are adversely affecting the ability of first and second generation immigrants to integrate into French society (Alba, 2005; Silberman and Fournier, 2006; Heath et al., 2008; Algan et al., 2009). Regarding housing, there is some evidence consistent with the notion that barriers exist for immigrants. For example, a number of studies have documented ethnic segregation among immigrant groups (Shon, 2010; Prêteceille, 2012). Similarly, a localized phone audit study found some degree of discrimination against applicants with Northern

African sounding names (Bonnet et al., 2014). However, this study was unable to determine whether the discrimination was a function of the applicant's ethnicity or their current place of residence, leaving open the possibility that the result was driven by perceived differences in tenant quality rather than ethnicity.

If it exists, discrimination in housing can increase immigrant search costs and result in suboptimal matching that can result in higher costs in employment and other markets. The potential welfare implications go beyond the time cost of sending additional applications. For example, the spatial mismatch literature has linked discrimination in the housing market to lower employment and lower wages for minority workers and to lower educational outcomes (Kain 1968, 1992, 2004, Kain and Quigley, 1972). Recent evidence has found that immigrants are located further away from jobs (Liu and Painter, 2011) and that spatial mismatch impacts employment likelihood for youth (Liu et al., 2007).

This paper provides an estimate of the level of discrimination against immigrants by private landlords in the first stage of the rental housing application process in France. We conducted a randomized online audit to measure the differences in the response rate and the nature of the responses to online applications that differ in the signal they impart regarding immigrant status. We sent identical messages in response to advertisements posted on the main French rental website with one exception: the name of the applicant. We constructed names associated with French origin as well as with 5 non-French origins that comprise the main immigrant groups to France – Northern African, Sub-Saharan African, Southern European (Portuguese and Spanish), Eastern European

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<sup>1</sup> The French census bureau (INSEE) defines immigrants as individuals who are not French at birth and were born in a foreign country.

<sup>2</sup> We refer to them as second generation immigrants.

(Polish), and Middle Eastern (Turkish) – and used both masculine and feminine names to identify whether the response rates varied across gender. Finally, we also used information on the location of the dwelling advertised for rent to investigate geographic differences and whether there are local characteristics that are associated with different response rates.

Compared with the landlord response rate to applicants with French sounding names, we find significant differences in the landlord response rate to applicants with names associated with Turkey and Northern African and Sub-Saharan African countries. There are no significant landlord response differences for applicants with names associated with French ethnicity and those associated Eastern or Southern European ancestry, nor are there systematic differences in landlord response rates by gender. There are regional differences in response rates, but local market characteristics used as controls (average rent, rent to income, vacancy rate) do not fully explain these differences. We do, however, find lower levels of discrimination in areas in which the income of immigrants is high relative to natives and in areas in which the employment rate of immigrants and second generation is high relative to natives for applicants with names particularly likely to be discriminated against. These findings are consistent with statistical discrimination in which, in the absence of other information, names are used as a proxy for expected sociodemographic characteristics. Finally, the data show that, given a response to an inquiry, applicants with non-French names were significantly more likely to be told that the unit is already rented or asked for more details, resulting in a lower likelihood to be offered a visit directly.

The rest of the article is organized as follows. The next section discusses discrimination in rental housing markets, highlighting the different ways that it can occur. We then turn to the research literature on the topic, reviewing the results of both audit and other types of studies conducted in the United States and Europe. [Section 4](#) describes our experimental research design, including an articulation of how this study represents a contribution, and [Section 5](#) presents the results of our experiment. Final thoughts are offered in the conclusion.

## 2. Background – Discrimination in rental housing markets

This study focuses on discrimination in rental housing markets. Many countries have outlawed discrimination based on characteristics not directly linked to the nature of the transaction (i.e., taste-based discrimination). For example, in the European Union, discrimination in the access to and supply of housing on the grounds of racial or ethnic origin and of sex is prohibited in all countries. A number of member states go further by also prohibiting discrimination based on religion or belief, disability, age or sexual orientation. ([European Commission, 2013](#)). France defines the set of criteria that cannot be used by the landlord to choose a tenant. These include last name (the variable tested in this study), geographic origin, current place of residence, ethnic origin, sex or gender identify, familial status, physical appearance, age, handicap, political or religious beliefs and union activity ([Service Public 2016; Défenseur des Droits 2015](#)).<sup>3</sup> The United States similarly identifies factors that cannot be used as the basis for decision-making. Known as protected classes, these are race, color, national origin, religion, sex, disability and familial status ([HUD, 2016](#)).

In the case of rental housing, discrimination involves a landlord treating an existing or prospective tenant differentially based on characteristics unrelated to the likelihood of receiving the full rent on a timely basis or the probability that greater wear and tear will

be inflicted on a unit. The discriminatory behavior can take many forms.

An existing renter can be a victim of discrimination along multiple dimensions. Regarding the financial dimension, a landlord could charge the renter a higher rent or ask a renter to provide a larger security deposit or additional fees. Regarding timely payment rules for rent, the landlord could establish tougher rules, such that the tenant would have fewer days before a late fee is levied or face a larger penalty if the rent is late. As for property management, a landlord could choose to respond less promptly to a tenant's requests for emergency or basic maintenance. Further, landlords could place tougher restrictions on who can be in the unit, such as pets or acceptable visitors.

Landlords can also discriminate against prospective renters via the inquiry and application process. They can opt to not respond to an inquiry submitted by someone who would be acceptable save for an undesirable characteristic. Alternatively, a landlord could choose to respond to an inquiry, but respond in a less favorable fashion. For example, a landlord could ask a prospective tenant to provide more information, such as a work paystub, rather than offering to show the unit. A landlord could also wait longer before responding to a prospective tenant with undesirable characteristics to see whether an inquiry from a tenant without those characteristics is received. In an extreme case, the landlord could respond that the unit is no longer available, even if the unit has not yet been leased.

Regarding redress for individuals who feel that they have been the victims of discrimination in housing, the institutional framework in France has evolved in recent years. With the creation in 2005 of a national authority charged with fighting discrimination (the Haute Autorité de Lutte contre les Discriminations et pour l'Égalité (HALDE)), French residents have two possible courses of action to seek redress.<sup>4</sup> They can sue landlords directly in penal court, generally with the support of nonprofit organizations that specialize in providing legal services. Alternatively, individuals can report the alleged offense to the national authority, which then decides if and how to pursue the case. The authority can dismiss the case, require mediation between the parties, mandate a settlement, or advance a lawsuit against the defendant.<sup>5</sup> In recent years, this process has produced a number of recent cases in which landlords or agents were condemned ([Le Monde 2013; 2016](#)). The United States has similar processes in place, with the U.S. Department of Housing and Urban Development as the lead federal agency ([HUD, 2016](#)).

From a theoretical basis, discrimination can occur via several mechanisms. [Oh and Yinger \(2015\)](#) discuss two main hypotheses to explain observed discrimination in the housing market. First, discrimination can take the form of taste-based discriminatory practices that are pursued due to individual prejudices by agents or landlords against certain groups that are not related to expected performance outcomes. Another vehicle for discrimination is statistical discrimination, which arises when decisions are made based on characteristics that are correlated with membership in a protected class. For example, one might observe race-based discriminatory patterns in lending if decisions are based on income, as racial and ethnic minorities in many countries typically have lower incomes.

<sup>4</sup> In 2011, HALDE was folded into the Défenseur des Droits (Defender of Rights) authority.

<sup>5</sup> The national authority also disseminates information about what constitutes discrimination and collects data on its incidence. Between 2005 and 2011, the authority received more than 2,800 complaints about discrimination in the housing market; almost half of them were linked to ethnic origin. ([HALDE 2011; Défenseur des Droits 2016](#)).

<sup>3</sup> France also articulates objective criteria that a landlord can use in selecting tenants, including income, employment situation, and having someone serve as a guarantee ([Service Public 2016; Défenseur des Droits 2015](#)).

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