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Rental Discrimination on the Basis of Immigration Status

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Abstract

We employ a field experiment to assess the degree of housing discrimination against Hispanic immigrants versus someone with Hispanic heritage. I divide Queens into neighborhoods by varying percentages of a Hispanic population, single out the 1-bedroom apartments, and control for price. The results indicate that individuals who indicate that they are immigrants in their rental applications are less likely to receive a response.

Keywords: Immigration, Discrimination, Housing Market, Background, Hispanic, Audit Study

Table of Contents

1. **Introduction** 6
2. **Literature Review** 6
3. **Hypotheses** 8
4. **Experimental Design and Model** 9
5. **Results** 13
6. **Conclusion** 20

References 21

List of Tables

1. **Table 1** **11**
2. **Table 2** **12**
3. **Table 3** **13**
4. **Table 4** **14**
5. **Table 5** **16**
6. **Table 6** **17**
7. **Table 7** **17**
8. **Table 8** **18**
9. **Table 9** **19**
10. **Table 10** **20**

1. Introduction

Reliable and safe housing is critical for a city's economic growth. It is crucial for major cities such as New York to provide a housing market that provides equal opportunity to those who are looking to rent. However, current literature continues to show that discrimination remains widespread in the housing market. As federal and local governments attempt to address the issue through various policies, it is crucial to research how discrimination works and add to the current literature on housing discrimination.

This paper uses the results of an audit study to parse out disparities in the housing market. By using Craigslist as the primary source of rental listings, we assess whether bias against recent Hispanic immigrants is more pronounced than bias against individuals of Hispanic descent in the housing market in Queens, New York. I set up three email profiles, one with a 'white-sounding name' and two with 'Hispanic-sounding names'-one of the Hispanic profiles indicates that the individual is an immigrant from El Salvador in the email inquiry. The data derived uncovers an additional rental penalty for the Hispanic immigrant.

2. Literature Review

Attempts to study the racial disparities in rental markets have been extensively documented in peer-reviewed literature since the 1980s. However, attempts at parsing out disparities based on immigration status are relatively new. After the 9/11 attacks, an abundance of academic literature relating to this subject emerged. Research conducted in 2006 by Carpusor et al. used a field experiment to test the effect of ethnicity on housing discrimination. The study uncovered that 'Arab-sounding names' received 23 percent less responses than the applications

with ‘white-sounding names’. The sizeable effects suggest that this largely overlooked form of discrimination is a major component of housing discrimination. There exist enough differences between Hispanic and Arab ethnic groups to contend that Carpusor et. al’s study does not predict the effects of discrimination for individuals of Hispanic descent. Following this line of argument, it is also possible that within the subgroup of individuals of Hispanic descent-Hispanic immigrants face an additional penalty, as they are often viewed as undocumented (Flores & Schanchter, 2019). It is conceivable that these differences in perception may result in a different outcome.

Nelson et al. made a significant contribution to the subject in 2016 when they analyzed the different response rates that Anglos, Muslims, and Indians get from landlords in Sydney. The results showed that Anglo applicants were more likely to be asked about their housing needs and referred to available rentals. The study by Nelson et al. provides a critical self-critique in the conclusion that influences our study. They are unable to address whether their results vary by the ethnic makeup of their geographic location and encourage that future studies parse their effects with this in mind. Due to the varying ethnic makeup of neighborhoods in Queens, our study is able to address this concern for Hispanic applicants.

This paper is largely inspired by a study conducted by Hanson et al. (2014) that divided Hispanics into two groups; those that appear assimilated and recent immigrants. The study attempts to show varying assimilation levels through name and grammatical errors that are common among native Spanish speakers in e-mail correspondence with renters. Our paper adds to this body of literature by dividing Hispanics into the same two groups. We, however, actively indicate that one person is a recent immigrant.

3. Hypotheses

There are two separate forms of discrimination at play in this experiment: Taste-based and statistical. The theory of taste-based discrimination assumes that people (in this case, landlords) hold less favorable attitudes towards ethnic minorities. Therefore ethnic minority rentees have a more challenging time finding places to rent. Landlords may have beliefs influenced by the portrayal of Hispanics on T.V. The general stereotypes include that Hispanics are a group with low levels of education, undocumented, large families with multiple children, and unable to speak English (Haynes, 2018).

Statistical discrimination is a response to taste-based discrimination and argues that irrational motives and emotions are not the driving factors behind discrimination. Instead, the immigrant penalty may result from rational actions by profit-maximizing actors. In a 2003 paper, Ondrich, Ross, and Yinger establish the presence of statistical discrimination in the housing market. The authors uncover that discrimination is more likely to occur when rentals are in a neighborhood with a minority population. Ondrich, Ross, and Yinger hypothesize that this is because previous interactions may have shown landlords that ethnic minorities prefer to live in neighborhoods with other ethnic minorities. This phenomenon of 'ethnic clustering,' particularly by recent immigrants, is well documented (Havekes et al., 2016). In this case, not replying to an ethnic minority's query about a rental listing in a predominantly white neighborhood is a rational act, as showing the listing would be a waste of time. And going to more extraordinary lengths to avoid queries from recent immigrants is also a sensible profit-maximizing decision. Furthermore,

agents are also likely to think that Hispanics cannot afford more expensive listings. This outlook might be more pronounced for a recent immigrant because of job insecurity or questionable legal status. As a result, landlords may avoid spending time on transactions that are unlikely to go through and be more unwilling to show higher-priced units to ethnic minorities, particularly recent immigrants.

Given the body of literature discussed, we propose the following hypotheses:

Hypothesis 1: Landlords will be more likely to answer an inquiry when it comes from a white-sounding name.

Hypothesis 2: Landlords will be more likely to answer an inquiry from an individual with an Hispanic sounding name, who does not actively indicate that he is an immigrant, than from an individual with a similar name

Hypothesis 3: Areas with a lower Hispanic population will have a higher 'immigrant penalty.'

Hypothesis 4: Areas with higher rents will have a higher 'immigrant penalty.'

4. Experimental Design and Model

I sent 502 emails to recently listed classified ads for rental housing on Craigslist. I restricted the search to one-bedroom apartments in Queens, NY. The borough was selected due to its racial diversity. I used the "Random" app found in the App Store, which uses its own randomization algorithm to decide what profile group would be used in each sent message. The emails were sent between July 5th and July 19th of 2021. The number of emails sent was dependent on the number of listings provided by Craigslist's search engine. As the listings got older there was a higher chance of repetition/expiration. The emails had the same body of text

with the exception of the names (alternating between Hispanic sounding and white-sounding) and, in the case of the Hispanic immigrant, the country of origin. The study used only male names to avoid introducing a gender bias. Furthermore, the study omits workplace, education, or marital status indicators because these may also confound results by introducing bias.

The template for the emails is as follows:

Email Template A:

Good afternoon,

My name is [name of the applicant], and I would like to apply for the apartment that you have advertised on Craigslist. I can provide references upon request and have a good credit history.

Please reach back if the apartment is still available. I am really interested.

Thank you.

Email Template B:

Good afternoon,

My name is [name of the applicant], and I would like to apply for the apartment that you have advertised on Craigslist. I arrived in New York City this past winter from El Salvador. I can provide references upon request and have a good credit history.

Please reach back if the apartment is still available. I am really interested.

Thank you.

The responses received were coded as follows: Any response to my email inquiries, whether it was an invitation to check out the rental, an email requiring further information, or an email directing me to a new rental due to the one inquired for being rented already, was coded as a positive response. I also noted the price and area of each posting. The price of the postings ranged between 900 to 2300 dollars. Table 1 provides a breakdown of frequency by area and table 2 provides a breakdown of inquiries sent by each email profile.

Table 1: Names Used in Discrimination Experiment

	Frequency of Occurrence	Percentage of Emails
White Names		
Jack Smith	154	35.08
Hispanic Names		
Armando Lopez	145	33.03
Julio Garcia	140	31.89

Because our response variable is the outcome of a Burnelli trial (that is, 0 or 1) our response distribution will be binomial. What we are modeling is the probability of an observation being 1 (receiving a reply). In this case, any model that maps the real number line on the interval (0,1) should work. However, we believe a logistic model is more appropriate because we believe our covariates are directly connected to the probability of success.

Table 2: Breakdown by Area

County	Frequency
Astoria	76
Bayside	14
Bellerose	8
Briarwood	22
Corona	8
Flushing	30
Forest Hills	58
Fresh Meadows	5
Glendale	3
Jackson Heights	8
Kew Garden Hills	13
Long Island City	57
Queens Village	5
Rego Park	24
Richmond Hill	9
Ridgewood	16
Rosedale	5
Sunnyside	53
Woodhaven	7
Woodside	18

5. Results

Table 3 shows the result for both Hispanic applicants compared to the white applicant. The baseline analysis in column one shows that Hispanic applicants are less likely to receive a reply for a rental inquiry than white applicants. The Hispanic-Immigrant, however, displays a higher significance level and a lower likelihood. Column 2 the analysis with area fixed effects and controls for price. In this case, the applicant that indicates he is a recent immigrant is less likely to receive a reply from renters. Column 3 presents the analysis with price squared because we wanted to see if there is a turning point at which discrimination increases or decreases.

Table 3: Logistic: Response Rate for Rental Inquiries

	(1)	(2)	(3)
	No Controls	Area & Price Controls	$Price^2$
Hispanic Immigrant	-0.878***	-1.007***	-0.984***
	(0.306)	(0.324)	(0.327)
Hispanic Background	-0.512*	-0.392	-0.369
	(0.286)	(0.287)	(0.291)
Area	No	Yes	Yes
Price	—	0.880	-33.346
		(0.883)	(35.550)
Price Squared	—	—	2.249
			(2.308)
N	439	439	439

Standard errors in parentheses and clustered by county. Price in logs.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 4: Logistic: Response Rate for Rental Inquiries

	(1)	(2)	(3)
	No Controls	Area & Price Controls	Price^2
Hispanic Immigrant	-0.366	-0.928*	-0.925*
	(0.331)	(0.474)	(0.480)
Area	No	Yes	Yes
Price	—	-0.419	-65.581
		(1.782)	(77.152)
Price Squared	—	—	4.286
			(5.077)
N	285	273	273

Standard errors in parentheses and clustered by county. Price in logs.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 4 presents a similar analysis, but in this case, we compare the applicant that indicates he is an immigrant to the applicant that shows Hispanic heritage via name. Though we do not find significant effects for the baseline analysis, we note a decreased likelihood of receiving a reply for the applicant who indicates he is an immigrant compared to the applicant who does with area fixed effects and controls for price.

Correlation Coefficient:

	Price	% Hispanic
Price	1.000	
% Hispanic	0.529	1.000

We follow our baseline analysis with an attempt to parse out whether the effect varies by rent or neighborhood. Because rent and the percentage of Hispanics in a neighborhood are correlated (see correlation coefficient), we conduct a separate analysis interacting our subgroups with area first, and then price. Table 5 shows the results for the Hispanic Immigrant and the individual of Hispanic descent vs the white applicant, uncovering a decreased likelihood of receiving a reply for both subgroups for the first analysis. Table 6 shows the results for the same analysis for the Hispanic Immigrant vs the applicant of Hispanic descent. Our analysis focused on the interaction between subgroups and areas uncovered an 'immigrant penalty.' The Hispanic immigrant is less likely to receive a response compared to the applicant of Hispanic descent.

We also attempt to parse the effect by price conducting an analysis at and below and above the mean price of $1800. Table 7 presents the results for both Hispanic applicants in comparison to the white application. We note that when the price is above the median price, the applicant who indicates that he is an immigrant is less likely to receive a reply than the white applicant. This is a result that we hypothesized. We assumed that landlords might think that recent immigrants would be unable to afford more expensive listening due to legal status and job insecurity.

Table 8 presents the results for the same price-based analysis for the applicant who indicates that he is an immigrant compared to the one who does not. We again note that for rental prices above $1800, the applicant who indicates that he is an immigrant is less likely to get a reply than the applicant who does not.

Table 5: Differential Treatment: Hispanic Immigrant & Background vs. White

	(1) Area # Group	(2) Price # Group
Hispanic Immigrant	-0.667***	9.620
	(0.130)	(19.373)
Hispanic Background	-0.942***	14.899
	(0.012)	(12.347)
Area	Yes	Yes
Price	-0.377	-0.079
	(0.422)	(1.221)
Price Squared	0.877***	0.277
	(0.241)	(1.711)
Area# Immigrant	Yes	—-
Area # Hispanic Background	Yes	—
Price # White	—	0.050
		(1.007)
Price # Hispanic	—	-0.489
		(1.470)
Price Squared # White	—	0.683
		(1.657)
Price Squared # Hispanic	—	-0.069
		(1.608)
N	347	439

Standard errors in parentheses and clustered by region.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 6: Logistic: Differential Treatment Hispanic Immigrant vs. Hispanic Background

	(1) Area # Hispanic BG	(2) Price # Hispanic BG
Hispanic Immigrant	-2.036***	-11.424
	(0.293)	(15.403)
Area	Yes	Yes
Price	-0.569	-0.110
	(0.676)	(1.381)
Price Squared	0.584	0.588
	(0.861)	(1.830)
Area # Hispanic Background	Yes	—-
Price# Hispanic Background	—	-0.526
		(1.581)
Price Squared # Hispanic Background	—	-0.441
		(1.669)
N	210	273

Standard errors in parentheses and clustered by region

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 7: Logistic: Response Rate for Rental Inquiries

	(1) *Price* <= 1800	(2) *Price* > 1800
Hispanic Immigrant	-0.777	-1.400***
	(0.503)	(0.449)
Hispanic Background	0.112	-0.886
	(0.393)	(0.583)
Area	Yes	Yes
N	221	186

Standard errors in parentheses and clustered by county. Analyzing at or below and above the median price.

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 8: Logistic: Response Rate for Rental Inquiries

	(1)	(2)
	Price <= 1800	*Price* > 1800
Hispanic Immigrant	-0.505	-1.156*
	(0.551)	(0.630)
Area	Yes	Yes
N	135	100

Standard errors in parentheses and clustered by county. Analyzing at or below and above the median price.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

We follow this analysis up with one that considers the demographics of the counties, grouping them into below 25% Hispanic and 25-50+% Hispanic. We would have preferred to test this at multiple different breakpoints. However, we do not have enough observations and break the points up as finely as possible. The results in table 9 show that the Hispanic immigrant is less likely to get a reply than the white applicant in both area subgroups. However, the decreased likelihood is more pronounced in areas with a less than 25% Hispanic population. This is a result we hypothesized. Landlords may assume that recent immigrants prefer to live in communities with a higher Hispanic population, and showing them listings is a waste of time.

Table 9: Logistic: Response Rate for Rental Inquiries by Hispanic Population

	Below 25%		25-50+%	
Hispanic Immigrant	-1.224**	-1.282***	-0.725*	-0.721*
	(0.515)	(0.484)	(0.426)	(0.433)
Hispanic Background	-0.308	-0.378	-0.649*	-0.618*
	(0.373)	(0.351)	(0.364)	(0.374)
Price	0.178	58.120	0.956	-47.268
	(1.272)	(40.649)	(0.641)	(58.101)
Price Squared		-3.895		3.146
		(2.687)		(3.780)
N	162	162	277	277

Standard errors in parentheses. Price in logs.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 10 presents the results for the analysis for the applicant who indicates that he is an immigrant compared to the one who does not. We again note a decreased likelihood of receiving a reply for the applicant who indicates that he is an immigrant in areas with a smaller Hispanic population. Our results confirm the presence of an extra ‘immigrant-penalty.’

Table 10: Logistic: Response Rate for Rental Inquiries

	Below 25%		25-50+%	
Hispanic Immigrant	-0.919***	-0.897***	-0.145	-0.189
	(0.349)	(0.330)	(0.356)	(0.384)
Price	-0.540	671.628	-0.485	-104.363
	(3.385)	(572.851)	(1.821)	(74.768)
Price Squared		-45.169		6.815
		(38.717)		(4.915)
N	99	99	186	186

Standard errors in parentheses. Price in logs.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

6. Conclusion

The Fair Housing Act of 1968 prohibits housing providers from discriminating on the basis of race or color, religion, sex, national origin, familial status, or disability (United States Department of Justice 2017). Needless to say, as the results of this study show, discrimination in the housing market is still prevalent today. There are limitations to this study: For example, we cannot note the demographic characteristics of the landlord, and ideally, this is something we should be able to control for. Moreover, I am also aware that as I used Craigslist to conduct this audit study, the emails I sent initially potentially confounded my online environment and altered the listings I saw. With more than two-thirds of its population being tenants, it is imperative that New York provide a fair housing market to those who are looking for housing. If possible further studies should attempt to tackle the limitations of this study and study more Hispanic groups to parse out where we need to focus policy efforts.

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