

CLOSED DOORS, OPPORTUNITIES LOST

The Continuing Costs of Housing Discrimination

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Discrimination in Housing

■ ACCESS DENIED, ACCESS CONSTRAINED

When an auditor or an actual customer arrives at the office of a real estate broker or rental agent, the first thing she does is to inquire about the advertised unit that brought her there. She then proceeds to ask whether any similar units are available. These questions, and the agent's responses to them, constitute the first stage of a housing market transaction, and bring out the first signs of discrimination.

As illustrated in Figure 3.1, an agent may withhold all information about available housing from a minority customer, who is thereby denied access to the housing market, at least by that agent. Even if a minority customer is not literally denied access to housing, her access may be constrained, perhaps severely, by an agent who shows her fewer units than he shows her white counterpart.

Agents not only provide information about available housing, they also take many actions to facilitate a potential housing transaction: they indicate the terms and conditions of sale or rental; they help a potential buyer learn about mortgage possibilities; and they inform customers about the features of available units and the steps required to complete a transaction. Although these actions may not literally take place after the exchange of information about available housing, it is convenient to place these steps in stage 2 of a housing market transaction. Discrimination in this stage further constrains minority customers' access to housing.

A final important aspect of a housing transaction is the geographic location of the housing units the agent makes available, which, for

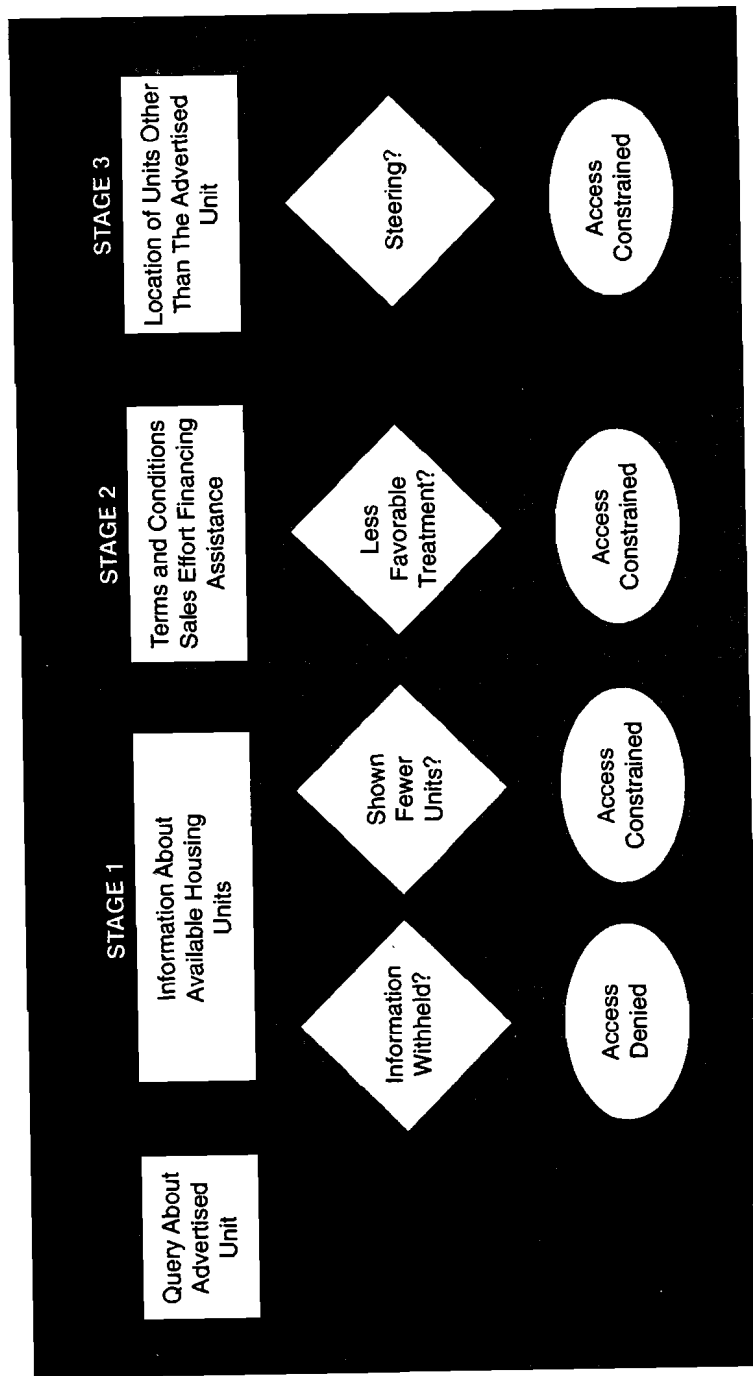


FIGURE 3.1. The Stages of a Housing Market Transaction

convenience, is called stage 3. A customer's access to housing is constrained if she does not state any preference for a certain type of neighborhood but is nevertheless only shown housing in neighborhoods with a particular racial or ethnic composition. This type of agent behavior is called steering.

This chapter presents the HDS evidence on discrimination in stage 1 of a housing market transaction and in all aspects of stage 2 except the provision of information about mortgages. It also summarizes the evidence from other audit studies concerning discrimination in these stages. Racial and ethnic steering are considered in Chapter 4, and real estate brokers' role in the mortgage market is discussed in Chapter 5.

In an audit study, discrimination is defined as systematically less favorable treatment of minority auditors than of their white teammates. Several different methods of calculating discrimination are consistent with this definition, however. This chapter focuses on two simple measures, the *net incidence of discrimination* and the *severity of discrimination*, both of which indicate the unfavorable treatment of minority auditors relative to the unfavorable treatment of their white teammates. Alternative ways of measuring discrimination are briefly considered later in the chapter.

For any particular type of agent behavior, such as denying an auditor access to all available housing, the net incidence of discrimination equals the share of audits in which the minority auditor was treated less favorably than her white teammate minus the share of audits in which the white auditor was treated less favorably. The severity of discrimination only applies to agent behavior that can take different values, such as the total number of housing units an agent shows to an auditor. In this example, the severity of discrimination equals the average number of units shown to white auditors minus the average number of units shown to minority auditors.¹

■ DISCRIMINATION IN STAGE 1: HOUSING AVAILABILITY

The Net Incidence of Discrimination

Most of the time the housing agent tells both the minority and white auditors that the advertised unit is still available, but the first signs of discrimination can appear in the responses to the query regarding availability. The HDS survey forms reveal whether the auditor was told that the advertised unit was available and whether the auditor

TABLE 3.1 THE NET INCIDENCE OF DISCRIMINATION IN HOUSING AVAILABILITY

	<i>Black-White</i> %	<i>Hispanic-White</i> %
Sales Audits		
Advertised unit available	5.45*	4.51*
Advertised unit inspected	5.63*	4.20*
Similar units inspected	9.04*	6.26*
Excluded	6.34*	4.51*
Number of units recommended	11.09*	13.12*
Number of units shown	14.00*	9.68*
Number of units available	19.44*	16.50*
Rental Audits		
Advertised unit available	5.48	8.37
Advertised unit inspected	12.50*	5.09
Similar units inspected	2.47*	1.61
Excluded	10.66*	6.52*
Number of units recommended	11.09*	5.36
Number of units shown	17.16*	7.94
Number of units available	23.25*	9.76

NOTE: Entries marked with an asterisk are statistically significant at the 5 percent level or above (two-tailed test) based on a fixed-effects logit model.

was able to inspect the advertised unit. The net incidence of discrimination in the availability of the advertised unit was 5.5 percent for blacks in both the sales and rental markets, 4.2 percent for Hispanics in the sales market, and 8.4 percent for Hispanics in the rental market.² These results are in the first sales and rentals rows of Table 3.1.

After asking about the advertised unit, auditors, as well as most actual customers, ask whether any similar units are available. In the sales market, agents are able to discriminate in response to this question because similar units often are available but unknown to the customer. Thus, the net incidence of discrimination in the inspection of units similar to the advertised unit is 9 percent in the black-white sales audits and 6.3 percent in the Hispanic-white sales audits. In the rental market, however, agents often do not have similar units for inspection, and the net incidence of discrimination for this variable is very low: 2.5 percent in the black-white audits and 1.6 percent in the Hispanic-white audits (see Table 3.1).

Auditors, like many actual customers, then proceed to find out about and to inspect as many housing units as possible. Housing agents have a great deal of leeway in deciding what units to make

available to each customer, and they frequently recommend or show fewer units to minority than to white auditors. As shown in Table 3.1, the net incidence of discrimination is particularly dramatic for the total number of units available, which is the sum of the units recommended and shown. The net incidence of discrimination against black auditors on this variable is 19.4 percent in the sales market and 23.4 percent in the rental market. About one-fifth of the time, in other words, blacks learn about fewer housing units than do comparable whites.³ In the Hispanic-white audits, the net incidence of discrimination in the total number of units available is 16.5 percent in the sales audits and 9.8 percent in the rental audits. Although somewhat lower than those for the black-white audits, these figures are still disturbingly high. Moreover, these results are the same for all Hispanics; the incidence of discrimination is not lower against Hispanics with light skins or without Spanish accents.⁴

Perhaps the most dramatic form of discrimination is exclusion, which is the complete withholding from minority customers of all information about available housing. Before the Fair Housing Act of 1968, this type of discrimination was the norm, as black and Hispanic customers were simply told that nothing was available—if indeed they could get an appointment in the first place.⁵ In the HDS audits, exclusion is said to exist when an auditor is told that nothing is available while her teammate is recommended or shown at least one unit. The fourth row of Table 3.1 reveals that minority homeseekers still encounter exclusion: the net incidence of exclusion ranges from 4.5 percent in the Hispanic-white sales audits to 10.7 percent in the black-white rental audits.

The Severity of Discrimination

These results reveal how often minority auditors are recommended or shown fewer housing units than their white teammates, but they do not reveal the magnitude of the differences in the number of units shown. In other words, these results indicate the incidence of discrimination in housing availability, but they do not reveal its severity.

As shown in Table 3.2, the severity of discrimination in housing availability is quite high: minority auditors are recommended or shown significantly fewer housing units than are their white teammates.⁶ Again focusing on the total number of units available, Table 3.2 reveals that blacks are shown 23.7 percent fewer units in the sales market and 24.5 percent fewer units in the rental market. For Hispanics, the differences are 25.6 percent in the sales market and 10.9 percent in the rental market.⁷ With the exception of Hispanic renters,

TABLE 3.2 THE SEVERITY OF DISCRIMINATION
IN HOUSING AVAILABILITY

	<i>Black-White</i>	<i>Hispanic-White</i>
Sales Audits		
Number of units recommended		
Number of units	0.316*	0.534*
Percentage of white units	32.22%	50.78%
Number of units shown		
Number of units	0.302*	0.167*
Percentage of white units	18.55%	9.92%
Number of units available		
Number of units	0.619*	0.701*
Percentage of white units	23.69%	25.63%
Rental Audits		
Number of units recommended		
Number of units	0.171*	0.078
Percentage of white units	48.26%	24.50%
Number of units shown		
Number of units	0.233*	0.099*
Percentage of white units	18.01%	7.58%
Number of units available		
Number of units	0.404*	0.177*
Percentage of white units	24.50%	10.90%

NOTES: Entries marked with an asterisk are statistically significant at the 5 percent level or above (two-tailed test) using a weighted, paired difference-of-means test. The percentage figures simply scale the units figures and require no additional statistical test.

therefore, minority homeseekers can expect to learn about almost one-quarter fewer housing units than comparable whites: they must visit four housing agents to learn about the same number of housing units that whites learn about in three visits.

Withholding some units from minority customers has about the same quantitative impact on the number of units they learn about as simply excluding them from all information about available housing. When minorities are excluded, they are denied access to all the housing recommended or shown to their white teammates in those audits, which equals about 2.5 houses in the sales audits and 1.6 apartments in the rental audits, on average. These figures are very similar to the severity of discrimination in Table 3.2; on average, both outright exclusion and the withholding of some available units deny minorities access to over 2 housing units in the sales audits and 1.6 units in the rental audits. Exclusion is a more dramatic type of discrimination

with a single visit to a housing agent because it cuts minorities off from all information about available housing. If minority homeseekers visit several housing agents, however, a minority homeseeker who encounters exclusion by one agent loses access to approximately the same number of housing units, at least on average, as another minority homeseeker who encounters one agent who withholds some available units.

Taking Advantage of the Opportunity to Discriminate

Housing agents do not always have the opportunity to discriminate. An agent with no housing units to show, for example, cannot show fewer units to a minority than to a white customer. Moreover, the severity of an agent's discriminatory behavior is limited by his opportunity; the severity of discrimination by an agent with only one housing unit to show, for example, cannot exceed one unit. The question is: To what extent do housing agents take advantage of the opportunity to discriminate when it arises?

The opportunity to discriminate is difficult to measure, but it can be measured for one aspect of housing availability in the sales audits; namely, the number of units inspected. In this case the opportunity to discriminate equals the total number of housing units available to be inspected, which equals, in turn, the number of housing units inspected by either the minority or the white auditor.⁸

The question becomes, therefore, whether the severity of discrimination in the number of units shown increases with the opportunity to discriminate. The answer, which is illustrated in Figure 3.2, is affirmative.⁹ The greater the number of units other than the advertised unit that are available to be inspected, the greater the severity of discrimination against minorities. This relationship is particularly striking for blacks. With a single unit available to be inspected, the severity of discrimination is only 0.11 houses or 0.08 apartments, but with fifteen additional units available, which is about the maximum found by HDS, the severity of discrimination rises to 2.26 houses or 1.07 apartments. If a real estate agent has fifteen houses ready to be inspected, for example, a black customer can expect to inspect two fewer houses than her white counterpart.¹⁰ The maximum severity of discrimination is about 1.4 apartments for black renters and 1.0 units for Hispanics in either market.

Figure 3.3 expresses the severity of discrimination as a percentage of the number of units available to whites. When only one unit is open for inspection, the severity of discrimination against blacks in

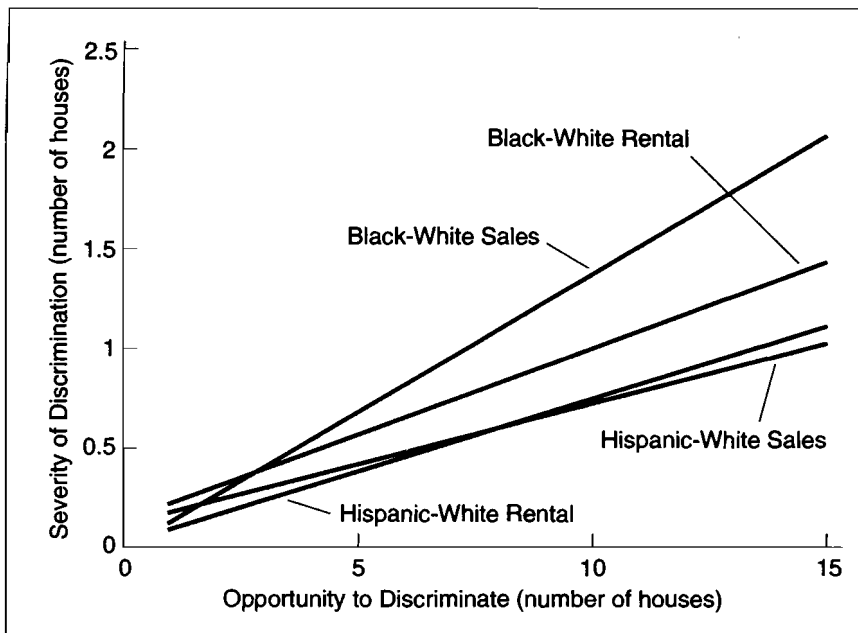


FIGURE 3.2. The Severity of Discrimination and the Opportunity to Discriminate I

the sales market equals 11 percent of the number of houses seen by whites, but it increases to 23 percent when ten additional houses are available. With eleven or more houses, including the advertised unit, available to be inspected, in other words, a black can expect to inspect only three houses for every four inspected by a white. In the case of Hispanics, however, the severity of discrimination in the sales market declines slightly, from 17 to 12 percent, as the number of units open for inspection increases. Black renters face a pattern similar to the one for Hispanic buyers, whereas for Hispanic renters the severity of discrimination remains constant at about 9 percent of the units seen by whites, regardless of the number of units open for inspection.

Examining the opportunity to discriminate provides some perspective on the meaning of the basic HDS results. When a homeseeker responds to a newspaper advertisement, a typical housing agent has only the advertised unit, and perhaps one more, available to sell or rent and therefore does not have much opportunity to practice discrimination. It is not surprising, therefore, that the average severity of discrimination, measured in numbers of units denied, is not very

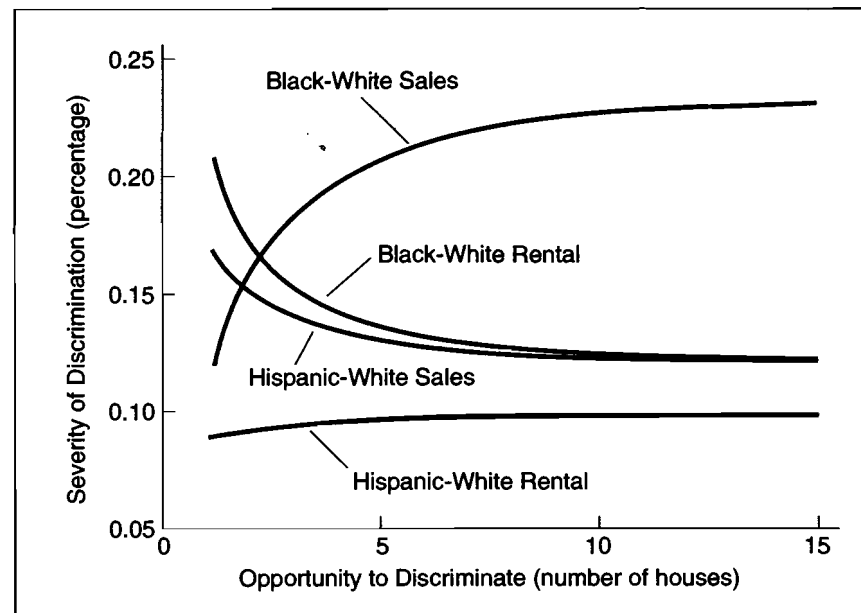


FIGURE 3.3. The Severity of Discrimination and the Opportunity to Discriminate II

large. Agents who have many units to sell, however, have a much greater opportunity to discriminate and tend to take advantage of it. This clear relationship underscores the conclusion that the HDS results do not reflect isolated behavior by a few wayward housing agents, but instead reveal that many housing agents are willing to discriminate when the circumstances are "right."¹¹

■ DISCRIMINATION IN STAGE 2: COMPLETING THE TRANSACTION

While an auditor or actual customer is trying to obtain information about available housing units, a housing agent can take a variety of actions to facilitate the completion of a potential housing transaction. As illustrated in Figure 3.1, these actions constitute stage 2 of a housing market transaction. HDS discovered discrimination in many of these actions, in the sense that they were taken for white but not for minority customers.

Some of the discrimination in these agent actions is annoying and

TABLE 3.3 DISCRIMINATION IN AGENT EFFORTS TO COMPLETE A TRANSACTION

	<i>Black-White</i>	<i>Hispanic-White</i>
Sales Audits		
Net incidence measures (percent)		
Auditor asked to call back	3.34**	11.45*
Follow-up call	7.74**	5.51**
Ask about income ^a	8.08**	1.96**
Ask about housing needs	6.46	3.65**
Waiting time ^a	8.71	4.92**
Positive comments on house	12.47**	7.52**
Severity measures		
Waiting time ^{a,b}	0.67**	0.37
Positive comments on house ^c	0.29*	0.16
Rental Audits		
Net incidence measures (percent)		
Auditor offered special rental incentives	5.37**	5.06**
Auditor asked to call back	15.78**	8.57**
Rent for advertised unit ^a	11.29**	8.61**
Waiting time ^a	5.09	16.42**
Positive comments on apt.	16.80**	14.59**
Positive comments on apt. complex	12.93**	11.92**
Severity measures		
Rent for advertised unit ^{a,d}	12.16**	7.08*
Waiting time ^{a,b}	0.46*	0.97**
Positive comments on apt. ^c	0.41**	0.30**
Positive comments on apt. complex ^c	0.32**	0.37**

NOTES: An * indicates statistical significance at the 5 percent (10 percent) level with a one-tailed (two-tailed) test; ** indicates significance at the 2.5 percent (5 percent) level with a one-tailed (two-tailed) test. For the incidence measures, statistical significance is determined with a fixed-effects logit model; for the severity measures it is determined with a weighted, paired difference-of-means test.

^aFor this type of agent behavior, a higher value is considered less favorable treatment.

^bSeverity measured in minutes.

^cSeverity measured in average comments per unit inspected.

^dSeverity measured in dollars per month.

degrading to minority customers but does not seriously constrain their access to housing. As shown in Table 3.3, for example, minority auditors must wait longer than their white teammates until they are served by the agent, and in the sales market they are less likely to be asked about their housing needs and more likely to be queried about their income.¹² Agents' comments may encourage customers to pursue certain housing units, and minority auditors also are less likely

to hear positive comments by the agent about the houses they inspect, the apartments they inspect, or the complexes in which these apartments are located.

Some other types of discrimination have more substantive impacts on housing access. In the sales market, minority auditors are less likely than white auditors to be invited to call the agent back and less likely to receive a follow-up call the next day. In the rental market, minority auditors are less likely than their white teammates to be offered special rental incentives, which include reduced rent, a free month's rent, a rebate at the end of the year, or a reduced or waived security deposit. Minority rental auditors are also less likely to be asked to call back.

The quoted rent for the advertised unit tends to be higher for minority than for white auditors, but this difference disappears when audits with a longer lease for minority auditors are excluded. A longer lease may be an advantage because it locks in the starting rent for a longer time, but it also limits a tenant's flexibility. Hence, landlords may simply be offering minorities a different, but comparable, combination of rent and lease length, or they may be stating higher rents and longer lease lengths in an attempt to discourage minority customers.

Overall, discrimination in housing availability is accompanied by discrimination in housing agents' efforts to complete a transaction. Black and Hispanic homeseekers not only must put up with petty mistreatment but also must put forth greater effort than their white counterparts to ensure that their own housing market transactions are completed.

■ DISCRIMINATION DURING HOUSING SEARCH

All these results apply to the discrimination that a minority homeseeker can expect to encounter during a visit to a single housing agent. But many homeseekers visit more than one agent, and a minority homeseeker visiting several agents will probably encounter at least one act of discrimination.¹³

A recent study in Boston found that white households searching for a house to buy visited 2.1 real estate brokers, on average, whereas minority households visited 1.9.¹⁴ Some particularly diligent households visited four or five brokers. Households searching for an apartment undoubtedly visit even more housing agents, on average, because an individual rental agent tends to have access to fewer housing

TABLE 3.4 THE INCIDENCE OF DISCRIMINATION DURING HOUSING SEARCH

	Black-White Number of Visits			Hispanic-White Number of Visits		
	%			%		
	2	4	6	2	4	6
Sales Audits						
Advertised unit available	10.60	20.08	28.56	8.22	15.77	22.70
Advertised unit inspected	10.94	20.69	29.37	10.41	19.74	28.10
Similar units inspected	17.28	31.58	43.40	12.13	22.79	32.15
Excluded	12.28	23.05	32.50	8.82	16.86	24.19
Number of units recommended	20.95	37.51	50.60	24.52	43.03	57.00
Number of units shown	26.04	45.30	59.54	18.42	33.45	45.71
Number of units available	35.10	57.88	72.67	30.28	51.39	66.11
Rental Audits						
Advertised unit available	10.66	20.18	28.69	16.04	29.51	40.81
Advertised unit inspected	23.44	41.38	55.12	9.92	18.86	26.91
Similar units inspected	4.88	9.52	13.93	3.19	6.29	9.28
Excluded	20.18	36.29	49.15	12.61	23.64	33.27
Number of units recommended	20.95	37.51	50.60	10.43	19.78	28.15
Number of units shown	31.38	52.91	67.68	15.25	28.17	39.13
Number of units available	41.25	65.48	79.72	18.57	33.69	46.00

NOTE: These figures are calculated from the results in Table 3.1 using the formula in footnote 15.

units than does a real estate broker, who is likely to use a multiple listing service. Consequently, apartment seekers often visit four, five, or even more rental agents.

The incidence of at least one act of discrimination in several visits to a housing agent is far greater than the incidence during one visit, which was presented in Table 3.1.¹⁵ For example, as shown in Table 3.4, black home buyers who visit four housing agents can expect to be totally excluded from all available housing by at least one agent 23 percent of the time. The comparable figures for black renters, Hispanic home buyers, and Hispanic renters are 36 percent, 17 percent, and 24 percent, respectively. It seems that even outright exclusion is not an uncommon occurrence for minority homeseekers—at least not for diligent ones. Moreover, except in the case of Hispanic renters, *most* minority households who visit four or more agents will encounter at least one agent who withholds some housing from them.

■ OTHER WAYS TO MEASURE DISCRIMINATION

So far, the discussion has focused on the net incidence of discrimination using a simple measure drawn from audit data. Alternative concepts of discrimination and alternative measurement techniques appear in the literature. In fact, the literature contains a lively debate about the strengths and weaknesses of various ways to conceptualize and measure discrimination.¹⁶

The most important distinction to make is between the concepts of net and gross incidence. The *gross incidence of discrimination* is the probability that a minority homeseeker will encounter unfavorable treatment because of her minority status. Since unfavorable treatment of minorities is explicitly outlawed by the Fair Housing Act of 1968, this approach measures the incidence of behavior that is, at least in spirit, illegal.¹⁷

The *net incidence of discrimination*, which is the concept employed in the preceding sections, focuses on the relative treatment of minority and white homeseekers. In contrast, the gross incidence concept is based on the view that discrimination should be measured by the absolute treatment of minority customers, not their treatment relative to whites. In a courtroom, a discrimination case is decided on the evidence about whether a single housing agent has denied a black or Hispanic customer access to the same housing made available to a white customer, regardless of whether or not another broker on the other side of town has treated a minority customer more favorably than a comparable white.

This book focuses on net incidence—the relative disadvantage imposed on minority households by discrimination. For some purposes, such as determining the extent to which additional law enforcement is needed, gross incidence may be a more appropriate concept. Thus, estimates of the gross incidence of discrimination are presented here to complement the estimates of net incidence presented earlier.

The key problem in exploring the gross incidence of discrimination is that the appropriate measurement technique is not clear. One possible measure, called the simple gross measure, is the share of audits in which an agent treats the minority auditor less favorably than the white. The simple net measure presented earlier begins with this gross measure and nets out cases in which minority auditors are favored.

Simple gross measures for the housing availability variables are

TABLE 3.5 THE GROSS INCIDENCE OF DISCRIMINATION

	<i>Black-White</i> %	<i>Hispanic-White</i> %
Sales Audits		
Advertised unit available	11.09	9.53
Advertised unit inspected	13.35	13.23
Similar units inspected	19.74	17.08
Excluded	7.59	7.50
Number of units recommended	31.34	34.30
Number of units shown	30.38	29.62
Number of units available	44.07	43.59
Rental Audits		
Advertised unit available	17.23	15.51
Advertised unit inspected	23.03	17.64
Similar units inspected	13.74	15.16
Excluded	15.12	12.09
Number of units recommended	22.28	18.55
Number of units shown	31.72	26.87
Number of units available	41.35	34.60

NOTE: All entries in this table are statistically significant at the 5 percent level (two-tailed) using a weighted t-test. See footnote 18.

presented in Table 3.5.¹⁸ For some variables, such as exclusion, the gross measure is not much larger than the net measure in Table 3.1. For the variables indicating whether the two auditors saw the same number of units, however, the gross measures are much larger. In fact, the gross measure for the number of units recommended or shown exceeds 40 percent, except in the case of Hispanic renters, for whom it is 35 percent. About two-fifths of the time, minority home-seekers can expect to learn about fewer housing units than their white counterparts.

Some scholars have argued that the simple gross measure is inappropriate because it includes cases in which a minority auditor is favored for purely random reasons—not because of her minority status. It includes, for example, an audit in which the minority auditor cannot inspect an apartment because it was rented after it was shown to the white auditor. These scholars argue that minority auditors are unlikely to be favored except for random reasons, so the share of audits in which minority auditors are favored provides a reasonable estimate of the extent to which random factors are at work.¹⁹ Subtracting this share from the share of audits in which the white auditor was favored, which yields the simple net measure, can be seen as a

correction for random events. In short, some people argue that the simple net *measure* provides a reasonable estimate for the gross incidence *concept*.

This assumption is too extreme. Agents sometimes take systematic actions that favor minority customers. One important example is racial or ethnic steering. When steering occurs, an agent may show more houses to a minority customer, appearing to be favoring her according to standard measures, but the agent may show her houses only in largely minority neighborhoods, thereby limiting her housing options (as well as the options of her white counterparts). In calculating the gross incidence of discrimination, it makes no sense to “net out” cases like these.²⁰

This type of agent behavior is not just hypothetical: 24.0 percent of the sales audits in which blacks are recommended or shown more houses than their white teammates and 25.9 percent of those in which Hispanics are so “favored” involve the steering of the minority auditor to neighborhoods that have a larger minority population or lower-valued houses than those offered to whites.²¹

An alternative assumption, which is at the opposite extreme from the assumption behind the simple net measure, is that all audits in which minority auditors appear to be favored involve some form of steering or other agent behavior that works against both minority and white households. In this case it makes no sense to net out minority “favored” audits when calculating a measure of relative disadvantage; in fact, the relative disadvantage faced by minority auditors equals the simple gross measure of discrimination.

The alternative assumption also goes too far: both minority and white auditors are sometimes favored because of random events. But it is difficult to determine which assumption is right or, to be more precise, how often minority auditors are favored for purely random reasons. The simple net and gross measures appear to provide lower and upper bounds on the gross incidence of discrimination, but these bounds are far apart and therefore not very helpful guides.

No consensus has emerged among scholars on the best way to measure the gross incidence of discrimination, but a recent paper provides one possible approach.²² It develops a more elaborate estimating technique that makes it possible to isolate, within bounds, the impact of random factors. This technique is applied to several types of agent behavior in the HDS black-white sales audits. For the first three types of agent behavior in Tables 3.1 and 3.5, the estimated upper bounds are very close to the simple gross measures in Table 3.5, and the estimated lower bounds are about twice as large as the simple net measures.²³ For the first four types of agent behavior in Table 3.3,

the estimated upper bounds also are very close to the simple gross measures, which range from 20 to 26 percent, and the lower bounds are from 50 to 300 percent larger than the simple net measures.²⁴ In short, this work indicates that the simple net measure understates, often dramatically, the gross incidence of discrimination, whereas the simple gross measure provides a reasonable upper bound.

The simple net measure is plausible and easy to understand, but it is not the only way to measure discrimination. For those interested in the gross incidence of discrimination, that is, in the likelihood that a minority will encounter presumptively illegal treatment, the simple net measure is based on an extreme assumption about agent behavior and greatly understates the true gross incidence of discrimination. The story told by the simple net measure is bleak enough: it should give us pause to recognize that in some ways the story may be even worse.

■ HAS DISCRIMINATION DECLINED OVER TIME?

A 1970 report by the National Committee Against Discrimination in Housing concluded that blacks occasionally encounter real estate brokers who refuse to deal with them, but that “more frequently, non-white customers meet with efforts to discourage them, with evasion or misrepresentation, with withholding of information or with delaying tactics.”²⁵ Among the broker tactics listed in this report are the following: telling the buyer that no houses meeting his specifications currently are available when such houses actually are available; not making the follow-up calls that would be made for a white buyer; advising blacks they cannot afford a house under circumstances in which whites would be advised otherwise; misrepresenting the price or other terms of the transaction; and refusing to help black buyers find a mortgage. Although two of these tactics (differences in advice about affordability and misrepresentations of the price and terms) are no longer used very often, this list could almost serve as a summary of the HDS results.²⁶

A more formal look at changes in discrimination over time can be obtained by comparing the HDS results with those of the first national audit study, HMPS, which was conducted in 1977.²⁷ In fact, one of the objectives of HDS was to determine, through just such a comparison, whether the incidence of discrimination had declined. But the HDS audit methodology differed from that of HMPS in one important re-

spect, and the results of the two studies are difficult to compare with precision.²⁸

The change in audit methodology concerns the use of the advertised unit that is the starting point of an audit. HMPS drew a single sample of advertisements at the beginning of the study. The audits sometimes took place several weeks after the sample was drawn, so asking about the advertised unit specifically would not have been appropriate. Instead, each audit team was told to ask about a housing unit that was similar in price, size, and location to the unit mentioned in the ad. HDS drew a separate sample each weekend, so it made sense to ask about the advertised unit itself. Moreover, this procedure provided a more precise “anchor” to the audit, in which audit teammates gave identical initial signals to the housing agent.

This difference in audit methodology implies that the housing agent had more leeway to practice discrimination in response to the initial request by a HMPS auditor than to that by a HDS auditor. After all, it is difficult to deny the existence of a unit you have advertised in the newspaper. Even with no change in the discriminatory behavior of housing agents, one would expect to find less discrimination in information about the “advertised unit” in HDS than in HMPS. This turns out to be the case. In the sales audits, the net incidence of discrimination in the availability of the advertised unit is 10 percent in HMPS and 4.4 percent in HDS.²⁹ The comparable figures for the rental audits are 19 percent and 10.2 percent for HMPS and HDS, respectively. Given the difference in methodology between the two studies, this difference obviously cannot be interpreted as a decline in the incidence of discrimination.

This issue does not arise for some other types of agent behavior, however. There is no reason to believe, for example, that the differences in methodology between the two studies would significantly impact their estimates of discrimination in the number of housing units inspected or made available. Consider first the net incidence of discrimination in the number of housing units inspected. In both the sales and rental audits, this measure of discrimination is higher in HDS than in HMPS. The sales audit results are 10 percent in HMPS and 13.3 percent in HDS, and the rental audit results are 6 percent in HMPS and 24.4 percent in HDS. Not all comparisons reveal higher discrimination for HDS than for HMPS, however. In the case of the total number of units volunteered or inspected, to use the HMPS terms, the net incidence of discrimination is 30 percent in HMPS and 20 percent in HDS for the sales audits and 24 percent in HMPS and 23.5 percent in HDS for the rental audits.

Overall, a comparison of the HDS and HMPS results does not reveal

any clear trend in discrimination between 1977 and 1989. Both studies find widespread discrimination. For some types of agent behavior, the estimated net incidence of discrimination is higher for HDS than for HMPS, but for other types of agent behavior the HMPS estimates are higher. In most cases that are not influenced by differences in methodology, however, the estimated incidence of discrimination is similar for the two studies.

At least seventy-two other audit studies were conducted during the late 1970s or the 1980s.³⁰ These studies covered all regions of the country, both sales and rental markets, and both African Americans and Hispanics.³¹ The evidence from these studies overwhelmingly supports the conclusion that minority homeseekers have faced and continue to face widespread discrimination in housing.

Twenty-nine of these audit studies present summary measures of the incidence of discrimination.³² The average incidence for these studies is 47 percent, ranging from 4 percent to 90 percent, and every study except one concludes that the incidence of discrimination is statistically significant. Moreover, many of these studies find discrimination in the number of houses or apartments made available; in the terms or conditions of sale or rental; in the extent and quality of the information auditors were given about available housing; in the stated application procedures or waiting times for apartments; in the quality of the apartments shown to auditors; or in the courtesy with which the auditors were treated. No section of the country is immune from these types of discriminatory behavior, and the studies do not reveal any clear downward trend in the incidence of discrimination.³³

A few of these audit studies estimate the severity of discrimination. The 1981 Boston study provides estimates of discrimination against blacks that are comparable to those in Table 3.2.³⁴ For the number of units inspected, the severity of discrimination relative to the number of units inspected by whites is 23.8 percent in the sales audits and 32.9 percent in the rental audits. These figures are somewhat higher than the comparable figures from HDS.³⁵ The Boston severity results for the total number of units "suggested as serious possibilities" are 26.2 percent in the sales market and 28.6 percent in the rental market. These results are similar to the HDS results for the total number of units available, namely, 23.7 percent (sales) and 24.5 percent (rental). Twenty-seven other audit studies conducted between 1980 and 1985 estimate the severity of discrimination in housing availability against blacks or Hispanics.³⁶ All but two of these studies find statistically significant discrimination.³⁷

■ CONCLUSIONS

African American and Hispanic households are counter discrimination when they search for housing; it severely minority households receive about available housing, annoyance, complexity, and expense to their housing.

The evidence to back up these claims is overwhelming. The Housing Discrimination Study, which directly observed nationwide using fair housing audits, found that 10 percent of the time, all information about available housing was withheld from black and Hispanic customers; white home buyers and black renters were informed of fewer housing units than comparable whites; and blacks are significantly more likely than whites to receive no response to up calls from the housing agent or to hear positive news about an available house, apartment, or apartment complex. This large national study and dozens of studies in individual cities in the 1980s came to the same conclusion. Despite the Fair Housing Act, discrimination in housing shows no signs of