

Does Race Matter in the Search for Housing? Search Strategies, Locations, and Experiences

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Studies of the forces that create and perpetuate residential segregation typically focus on three main factors: economics, preferences, and discrimination. The first utilizes census data, the second, individual survey data about hypothetical neighborhoods, and the third, audit studies testing whether white and black subjects are treated the same or differently by real estate agents and landlords. Seldom, however, do studies focus on the actual search procedures and experiences of individuals—and those studies that do, focus almost exclusively on homeowners (rather than renters). But one of the arenas in which economics, preferences, and discrimination play themselves out is in the decisions and experiences of individuals who are looking for housing. In this paper, I take the first step toward answering the complex set of questions that allow one to consider how these individual level decisions, experiences, and behaviors, in the aggregate, contribute to the perpetuation or attenuation of racial residential segregation. Specifically, in this paper, I investigate four inter-related research questions: (1) Are there racial/ethnic differences in how people search for housing? (2) Do the locations in which people search for housing vary by race/ethnicity? (3) Do African American and Latino experiences with, and perceptions of, discrimination shape how and where they search? and (4) Are homeowners and renters different or the same in these processes?

This analysis uses data from parallel face-to-face, computer assisted personal interviews (CAPI) conducted with residents aged 21 and older living in households in Chicago (n=783) and Detroit (n=734). The survey used a multi-stage area probability sampling strategy designed to over-sample African Americans (in Chicago and Detroit) and Latinos (in Chicago), as well as residents of racially mixed neighborhoods. Relevant to the topic of this paper, the surveys included a lengthy battery of questions about housing search experiences, including where respondents have searched for housing, and questions about respondent experiences with and perceptions of discrimination in general and in the housing arena in particular.

Research Question #1

The key dependent variables for this analysis are various housing search experiences and strategies. Due to respondent memory limitations, detailed housing search questions were asked only of respondents who had moved in the past 10 years. This subset of respondents was asked about several features of their most recent search, including how long it took, what resources were used (real estate agents, newspaper ads, friends and family, internet, community or church organizations, apartment locator services, open houses, etc.), how many different homes were inspected, how many

homes the respondent applied for or made offers on, how difficult the search was (and if it was rated as difficult, the reasons why), how they found their real estate agent, the race/gender of the real estate agent (if they used one; if they did not use one, they were asked why they did not use a real estate agent), whether they had a car to use while searching, how they used the internet (if they did), and whether they felt they had ever been taken advantage of during the process. For Research Question 1, I will test whether there are racial differences across this range of housing search dimensions.

For example, I will test the hypothesis that African Americans are less likely to use real estate agents than whites. This hypothesis builds on findings from the mid-1990s showing contradictory conclusions about whether this racial difference exists (Farley 1993; Newburger 1995). In this paper, I will both provide a broader and more nuanced examination of possible racial differences (among other things, including a broader range of control variables), as well as more recent data. In addition, for the first time, we have information about strategies used by a large sample of Latinos and so can assess the degree to which their strategies are similar or different from African Americans and whites.

Given the interest in understanding the use of real estate agents (or the lack thereof), it is noteworthy that for the subgroup of individuals who searched for a home to purchase but did not use a real estate agent, the survey asked respondents to explain, in their own words, the reasons why they did not use a real estate agent. This paper will include an analysis of the responses to this open-ended follow-up question, and thus provide evidence about the various speculations others have offered about why there are racial differences in the use of this formal search strategy. More generally, Farley (1993) suggested that African Americans may be more likely than whites to use informal housing search methods; this paper will test that hypothesis.

I will also test hypotheses related to the assertion by Courant (1977) and others that blacks' housing search "costs" (as measured by time, effort, number of hassles, etc.) are greater than whites, using the measures of the length of time of the search, number of housing units examined, and the general difficulty respondents experienced in searching. In addition, with the Latino data in Chicago, we can assess the degree to which Latinos' housing search experiences are the same or different from African American and white residents of Chicago.

Research Question #2

In this section of the analysis, I focus specifically on the locations where whites, blacks, and Latinos search for housing—that is, which communities are the targets of housing searches and do these depend on the race/ethnicity of the respondent? Memory limitations and respondent burden make it difficult to measure this in metropolitan areas as large as Chicago and Detroit. To overcome this, we presented respondents with a map that identified a large number (33 in Detroit; 41 in Chicago) of both suburban and central city communities. Respondents were asked to examine the map and identify (by

marking an X directly on the map) those communities in which they had searched for housing in the past 10 years. Respondents were able to accomplish this quite quickly—certainly more quickly than asking about each individual community/neighborhood. That most respondents were comfortable with this task is indicated by the fact that interviewer observation records show that in Detroit, just 9% of respondents needed any assistance at all reading and navigating the maps. Although all possible communities were not identified on the map, it did include communities that varied in their social class, racial history, racial composition, and other characteristics, including distance from the central city, so as to shed light on the geographic range in which respondents have searched as well as the social class and racial characteristics of those communities.

Research Question #3

In this section of the analysis, I turn attention specifically to Latinos and African Americans, to test hypotheses about whether experiences with racial/ethnic discrimination in housing and other arenas shape housing search strategies. The key independent variables will be constructed from two series of questions. The first taps the extent to which respondents attribute the fact that blacks and whites do not live in the same areas in Chicago/Detroit to things such as real estate agents not showing or selling to blacks/Latinos, landlords not renting to blacks/Latinos, and banks/lenders will not loan money to blacks/Latinos. The second series of questions asks respondents whether they have personally experienced any of the following because of their race or ethnicity: denied housing by a landlord/real estate agent; been shown homes only in certain neighborhoods; lived in a neighborhood where neighbors made life difficult for them; and been unfairly treated when applying for a mortgage loan. Finally, there are three questions asking respondents if they had been unfairly denied a promotion at work, been stopped by the police, or ever had experienced discrimination on the basis of their race/ethnicity.

These questions will be used as key independent variables to test a series of hypotheses. For example, after controlling for social and economic characteristics, are African Americans or Latinos who have experienced racial discrimination more likely to search for housing by drawing on family and friends as opposed to a real estate agent than their counterparts who report little personal experience with discrimination? Or, will African American and Latinos who report experiencing high levels of discrimination be less likely to search for housing in areas that are predominantly white?

Research Question #4

This final set of analyses simply asks whether the models and conclusions of each of the first three research questions differ depending on whether the individual was looking to rent or to buy. Rarely are renters the subject of studies of housing search. However, given the racial differences in homeownership, to fully understand housing dynamics that shape residential segregation it is important to understand the dynamics for both groups of people.

General Analysis Strategy

This analysis will use multi-variate regression models (logistic or linear, depending on the structure of the dependent variable) to create a portrait of housing search strategies and whether they vary for whites, African Americans, and Latinos. Then, separate models will be run for African Americans and Latinos to examine the degree to which experiences with discrimination shape the housing search strategies and locations searched. In all cases, a series of basic demographic, social and economic characteristics will be included as control variables (e.g., income, assets, debts, age, education, presence of children in the household, gender, tenure, number of years in the metropolitan area and others). All analyses will use appropriate statistical techniques to adjust the standard errors so as to account for the clustering used in the complex sample design.