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Chapter 4: Ethnic discrimination in private rental housing markets in Australia

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Introduction

Housing represents more than just a physical dwelling; it is central to our social, psychological and cultural security (Abramsson, Borgegård, & Fransson, 2002). Housing inequality, in terms of access to appropriate housing, to the locational amenities that come with housing, and the housing experience, is responsible for considerable social disadvantage across the world. For recently arrived international migrants, finding adequate, affordable housing has been demonstrated to be important for their adjustment, particularly during the initial settlement period (Murdie & Teixeira, 2003, p.8).

Differential access to housing has a range of deleterious effects, including on health and wellbeing (2005). This is in line with research that finds experiences of discrimination are linked to poor health, particularly mental health (Paradies, 2006; Pascoe & Smart Richman, 2009; Williams & Mohammed, 2009). In the United States, differential access to housing is strongly associated with residential segregation (Polikoff, 2006). Galster (1990) argued that housing discrimination and the neighbourhood segregation that results means that minority groups, including African and Hispanic Americans, are deprived of access to neighbourhoods with higher levels of services, esteem and quality of life. Housing discrimination reduces employment and educational opportunities and puts pressure on commuting. It is also associated with higher housing costs as segregated groups compete for a limited amount of housing and as minorities spend more energy and resources on their search for their housing preference (Gabriel & Rosenthal, 1996; Massey & Denton, 1993; Myers, 2004; Yinger, 1998).

In Australia, both anecdotal and survey reports suggest Australians from migrant and Indigenous backgrounds experience discrimination in the private rental housing market. Among these groups, as many as a quarter report that they have experienced discrimination on the basis of ethnicity when seeking accommodation (see Table 3 on page X). This chapter reflects on recent paired testing experiments of actual behavior by real estate agents in the Sydney metropolitan area. These experiments confirm the existence of uneven treatment across ethnicity. It was found that real estate agents provided greater levels of service, advice

and encouragement to Anglo-Australians, and less to Indian-Australians and those from a Muslim Middle-Eastern background. This lesser service would add to the costs of the housing search for these minorities, reproducing inequality across ethnicity and therefore constituting a form of racism. Increased regulation, and more testing to expose racism in private rental markets are two suggested remedies for this unnecessary burden experienced by ethnic minorities.

Literature Review: Housing Discrimination

Housing Discrimination in an International Context

Housing discrimination has been most extensively studied in the United States, where the Department of Housing and Urban Development (HUD) undertakes regular large-scale national research on the issue. The HUD studies use the paired testing method. In the housing context, paired (or audit) testing involves sending sets of trained actors or ‘testers’ (of varied ethnic backgrounds) to rental property inspections and recording their experiences during the rental inspection process. Testers are carefully selected to ensure that they ‘match’ on as many relevant characteristics as possible. Over a large number of ‘tests,’ discrimination is determined based on the relative treatment of each of the ethnic minority testers. HUD studies were conducted in 1977, 1989, 2000 and 2012 (Turner, Ross, Galster, & Yinger, 2002; Turner et al., 2012; Turner, Struyk, & Yinger, 1991; Wienk, Reid, Simonson, & Eggers, 1979). This method inspired a host of community organisations to run their own audits. Galster (1990) reviewed 71 of these in the US in 1980s. The HUD studies found significant levels of discrimination in the first two studies, with reductions in discrimination against African-Americans in the 2000 study and further reductions in 2012. In 2012, the study encompassed 28 metropolitan areas and involved some 8000 tests, examining discrimination experienced by black, Hispanic and Asian Americans. In the 2012 study black renters were told about 11.4 per cent fewer units and shown 4.2 per cent fewer units than matched White renters. The technique has been adapted for use in other countries, where it has generated evidence of discrimination encountered by immigrant ethnic minorities in Canada (cited in Dion, 2001), Sweden (Ahmed & Hammarstedt, 2008) and Spain (Bosch, Carnero, & Farre, 2009). Looking to Europe, a 2005 study of discrimination in housing across 15 member states of the European Union (EU) found that across the EU immigrants and ethnic minorities are “subject to persistent, extensive and varied forms of ethnic, racist and national discrimination” (Harrison, Law, & Phillips, 2005, p.59). As can be seen in Table 1, almost every state reports the presence of housing discrimination. Another key

theme of Table 1 is the paucity or weakness of the data in Europe. This information is based on data compiled from various sources, depending on the member state, and includes sources such as official reports of housing discrimination received by the government as well as experiences documented by non-government organisations.

Table 1: Reported discrimination in housing across 15 EU member states

Country	Discrimination in housing
Belgium	Case-level evidence of discrimination in both the private and social housing sectors (Harrison, Law, & Phillips, 2005, p.18).
Denmark	Individuals experience direct discrimination, both in terms of access to housing and experiencing harassment once having secured housing (p.18).
Germany	Underdeveloped legislation, no national monitoring system that documents cases of discrimination. Evidence of unchecked discriminatory practices, such as quota systems to prevent non-German households from accessing housing (p.19)
Greece	Very limited state intervention in housing and very little information available about the housing situation of migrant/ethnic groups in Greece (p.20).
Spain	Discrimination “quite extensive and in some cases very overt” (p.20).
France	Evidence of direct, indirect and institutional discrimination (p.21). However, limited statistical data available.
Ireland	Systematic data unavailable. Available qualitative data suggests experiences of both direct and indirect discrimination, particularly in access to private rental market (p.21).
Italy	Discrimination in both public and private housing sectors (p.22).
Luxembourg	No information about systematic effects of discrimination because appropriate data not collected (p.22).
Netherlands	Authors of national report claim “there is little or no discrimination taking place in the Netherlands” (cited p.23) but Harrison et al. are sceptical of this claim.
Austria	‘Third country nationals’ experience discrimination and restricted access to parts of the private housing sector (the better quality accommodation) (p.23).
Portugal	Systematic data scarce, but evidence of discrimination against some groups, including Roma and people of African origins (p.24)
Finland	Qualitative evidence of discrimination against minorities in housing (p.24)
Sweden	Ombudsman complaints document racism in housing
United Kingdom	Social housing sector “subject to extensive guidance, performance measurement, and control, so that overt racist practices are now hard to find”. Regulation less well developed in private sector and not much

information available on discrimination (p.25).

Source: Compiled from (Harrison, et al., 2005)

Murdie and Teixeira (2003) reported that for some ethnic minorities in Toronto, Canada, factors such as source of income, family size, skin colour and family type can produce discriminatory barriers. Dion (2001) describes a “hierarchy of perceived discrimination” (p.533) in Toronto that operates according to the visibility of minority status.¹ Accordingly, when seeking housing in Toronto Somali Canadians perceived the most discrimination followed by Jamaican and then Polish Canadians. The difficulties of Somali Canadians points to how some minority groups are exposed to multiple axes of discrimination, which can be linked to skin colour, visa status, mode of arrivals (e.g. refugees), employment status, age, marital status etc. Applicants for mortgages whose financial credentials are marginal are especially exposed to this cumulative disadvantage (Hunter & Walker, 1996). Paired testing misses these intersectionality effects because it makes the non-ethnicity characteristics of the testers’ equivalent. Nonetheless, reports in Australia have observed that Indigenous Australians, Australians from non-white backgrounds and refugees will be particularly exposed to discrimination when seeking housing. The European findings in Table 1 also point to the difficulties of recent immigrants, non-citizens, and racialised minorities (e.g. Roma, people of African ancestry).

The international literature indicate that there is insufficient quality data on housing discrimination, that certain groups endure a higher burden of this discrimination, and that state regulation and intervention is crucial for challenging this form of racism. Our argument is that the collection of high quality data on the prevalence and impact of ethnic discrimination in housing is a forceful tool for anti-racism.

Housing Discrimination in Australia

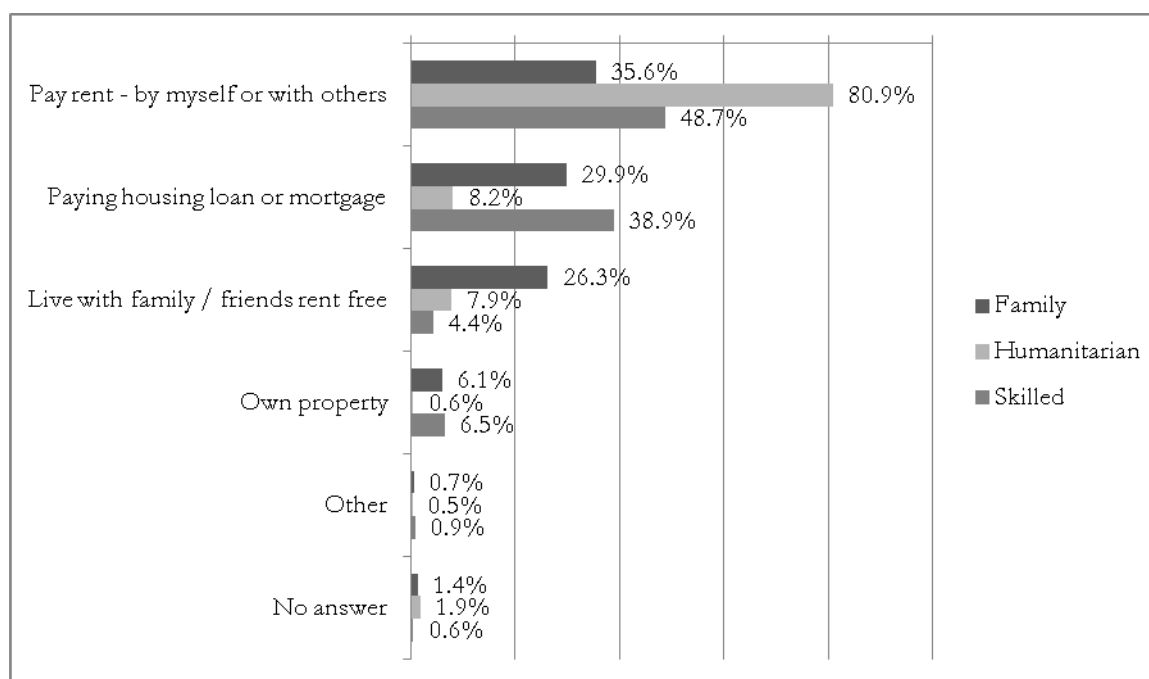
Discrimination in rental housing is a significant issue for both new migrants to Australia, members of established ethnic minority groups, and Indigenous Australians. Most new arrivals to Australia spend a substantial period of time in rental housing after arrival. Figure 1 shows the type of accommodation new migrants to Australia hold after their arrival,² a large

¹ Visibility is a term used to denote skin colour and other physical features as a identifier of ethnic minority status in Canada

² Participants in this study were surveyed at a point in time between their arrival and 60 months thereafter.

majority of humanitarian entrants to Australia in particular are reliant on rental housing (including both public and private sectors). A range of policy-relevant research has identified the difficulties some recent migrants experience in finding decent affordable housing (Dhanji, 2010; Ethnic Communities Council of Victoria, 2008; Foley & Beer, 2003). Aboriginal Australians have also been identified as suffering from unfair treatment when seeking housing.

Figure 1: Accommodation situation for new migrants to Australia by stream



Source: (Australian Survey Research Group, 2011, p.36)

The anecdotal evidence available in Australia strongly suggests that ethnic minority groups experience discrimination when seeking accommodation. A handful of official inquiries found that Australians complained of ethnic discrimination in their dealings with real estate agents and Department of Housing officers. The issue of housing discrimination has only received formal government attention in Western Australia and in Victoria (Equal Opportunity Commission of Western Australia, 2004, 2009; Human Rights and Equal Opportunity Commission, 1991; Victorian Equal Opportunity and Human Rights Commission, 2012). In 1999 the then national Race Discrimination Commissioner advocated improvement to “compliance with Commonwealth and State anti-discrimination legislation throughout the real estate industry” (Human Rights and Equal Opportunity Commission, 1999, p.21). Most official inquiries into the links between ethnic discrimination and

accommodation have focused on certain localities, and specifically public housing estates, and tensions between racist tenants and members of minority ethnic groups (Dufty, 2009; Equal Opportunity Commission of Western Australia, 2004; Human Rights and Equal Opportunity Commission, 1991, p.162-3, 337-343).

Historically, there has been some scholarly and policy interest in Australia in discrimination in public housing, particularly experiences of Aboriginal public housing tenants. Dufty (2009) found discussions of public housing in rural Australia to be highly racialised. Participants in Dufty's Griffith based study (in south-western NSW) referred to the 'unfair privileges' Indigenous Australians enjoyed, both in access to housing as well as to desirable alterations or types of housing stock. Indigenous public housing tenants were seen to violate expected behaviour in relation to their housing, particularly around housing maintenance. Contrary to these perceptions of privilege, at the turn of the twentieth century Beresford (2001) reported that Aboriginal Australians experienced discrimination in access to public housing and reported that racist attitudes of neighbours affected their experiences while living in government owned housing. Between 1996 and 2004, the West Australian Equal Opportunity Commission received more than 400 complaints alleging discrimination from Aboriginal public housing tenants against the Department of Housing and Works (DHW), also known as 'Homewest'. This led to the *Finding a Place Inquiry*, which examined direct or indirect "discriminatory treatment of Indigenous persons in Western Australia in the provision of accommodation and/or services, because of their race or characteristics of their race" (Equal Opportunity Commission of Western Australia, 2004, p.16). A number of recommendations relevant to housing discrimination were made, including:

- "All Homewest policies are to be reviewed to ensure that they do not directly or indirectly disadvantage Aboriginal tenants or prospective tenants in their content or their practice" (Recommendation 5, p.20).
- "Reference to any other irrelevant matters to be discontinued and ultimately deleted from the file. For example... racial background of neighbours and their preferences regarding the racial makeup of the tenants in nearby properties" (Recommendation 28, p.22).
- "... many submissions referred to the existence of racist attitudes in the private rental market and the effect this has on the capacity of Aboriginal prospective tenants to gain housing. The Inquiry recommends that DHW conduct training sessions to raise awareness of this" (Recommendation 52, p.24).

- “In view of the frequency with which Aboriginal people report race based discrimination in accessing the private housing rental market, the DHW to cease the practice of requiring that Aboriginal prospective tenants make multiple attempts to access the private rental market before the DHW will list these tenants for priority housing” (Recommendation 53, p.24).

Recommendation 53 is particularly pertinent for this chapter. Prior to the *Finding a Place* Inquiry, individuals wishing to access public housing in Western Australia needed to demonstrate they had attempted, and failed, to access housing in the private rental market. This requirement was abolished after the inquiry, because “it was humiliating for [Aboriginal people] to face often blatant discrimination from agents or owners” (p.24).

“The very real fear of rejection leads many homeless Indigenous clients to not even try for private rental...” Agency Submission 17 (Equal Opportunity Commission of Western Australia, 2009, p.63)

Six years on from *Finding a Place*, the Equal Opportunity Commission of Western Australia reported on progress in five areas of reform: staffing; communication and consultation with Aboriginal people, review of the Department of Housing’s policies and practices, provision of housing and maintenance services and appeals mechanisms (Equal Opportunity Commission of Western Australia, 2011).

The *Finding a Place* inquiry in Western Australia led to an inquiry into discrimination in the private rental housing market, *Accommodating Everyone* (Equal Opportunity Commission of Western Australia, 2009). Although the Inquiry stated that “very few formal complaints of race discrimination in the private housing rental market [had] been received by the EOC or other similar jurisdictions in Australia” (p.5), it found “substantial evidence of racial discrimination in the private housing rental market” (p.6). The Inquiry found that discrimination commonly took the form of an agent telling a prospective renter that a property was available during an initial contact over the phone, but when the individual arrived in person they were told the property was no longer available. The Victorian Immigrant and Refugee Women’s Coalition (2009, p.6) reported that Lily, a 31 year old international student from Taiwan, had a similar experience.

“I went to a house inspection. I didn’t know the street and rang the real estate office to say I was going to be late. When I arrived, the woman said, “I don’t know what you’re talking about.” I was already there. She never looked at me, just on her computer

screen. I don't think people care about me. I'm like air because I can't speak English properly."

Experiences of discrimination can lead to negative experiences once in private rental housing, as those who have experienced discrimination are forced to take on properties in poor condition, requiring significant maintenance.

"Many CaLD and Aboriginal tenants are reluctant to pursue their right to have urgent maintenance issues attended to. They will accept poor living conditions in order to secure some form of accommodation (Agency Submission 9 p.4)" (Equal Opportunity Commission of Western Australia, 2009, p.70).

The Inquiry found a strong reluctance amongst Aboriginal and Culturally and Linguistically Diverse (CaLD) individuals to make formal complaints about discrimination in rental housing or to seek statutory forms of remedy, such as those available for residential tenancy matters through the Magistrates Courts.

The *Accommodating Everyone* inquiry identified international students as another group at risk of housing discrimination in Australia, as the submission below demonstrates.

"This agency believes that international students are treated less fairly than tenants of non-CaLD backgrounds. In particular, international students regularly approach the agency in regard to bond issues. These clients often state that owners/agents cause delays in bond arrangement because they are aware that the student is leaving the country and will have trouble pursuing their claim from their home country once they leave Australia... Additionally, international students who intend to return to Australia to work or live can be unwilling to challenge contentious bond disposals for fear of a prejudicial tenant database listing (Agency Submission 9 p.6)" (Equal Opportunity Commission of Western Australia, 2009, p.75).

In the wake of the controversies over attacks on international students in 2009, there was a series of stakeholder consultations and fora that included student representatives. International students from non-English speaking backgrounds identified discrimination in the seeking of rental housing as a key issue, though it has received little media attention and little policy response (see Australian Human Rights Commission & New Zealand Human Rights Commission, 2009). Delegates to the 2009 Australasian Race Relations Roundtable were told of exploitative and discriminatory treatment of international students in the rental market, reported by both student representatives and by the state-level Human Rights Commissions (see Victorian Equal Opportunity and Human Rights Commission, 2008).

In addition to those coming to Australia as international students, humanitarian entrants experience a range of difficulties finding accommodation once they arrive in Australia (Australian Survey Research Group, 2011). As can be seen in Table 2 below, according to one survey just over three per cent reported discrimination, with a further two per cent indicating they faced a difficult real estate agent. However, it is likely that these figures underestimate the rate of discrimination. As we will show, discriminatory treatment in the private rental markets can take subtle, difficult to perceive, forms. Similarly, some of the reasons identified in Table 2 could be considered a form of discrimination, or may be linked to it, for example, lack of rental history/referees, poor English, and large family size.

Table 2: What makes it hard to find accommodation (Humanitarian entrants only)

Primary reason	Number	Percentage
Too expensive to rent/buy home	700	36.6%
Hard to find appropriate accommodation	400	20.9%
Difficult to find a place due to lack of employment or low income	254	13.3%
Difficult application process inc. lack rental history/referees and ID points	161	8.4%
Poor English / not able to communicate	161	8.4%
Large family size	88	4.6%
Experience discrimination	61	3.2%
Competition	48	2.5%
Lack of knowledge, technology, transport, friends, support in how to apply, where to go	41	2.1%
Difficult real estate agent	39	2.0%
TOTAL	1914	

Source: (Australian Survey Research Group, 2011, p.41)

Using data from the second Longitudinal Survey of Immigrants to Australia of 1999/2000³ Forrest et al. (2012) found differences in the types of housing refugee migrants secured according to country of origin. The study found that eighteen months after migration, home ownership was higher for Bosnians, Croats and Serbs. West Asians and East Africans were more likely to be accommodated in private rental housing, while staying with family

³ Survey only includes offshore refugee immigrants, who made up 75% of those admitted under the Refugee and Humanitarian Program in 1999. The total sample of refugee immigrants who participated in both waves was 2649.

members was more common amongst Sudanese arrivals. In Forrest et al.'s (2012) analysis, reports of discrimination were higher than those found by the Australian Survey Research Group (2011). One third of refugees reported some intolerance towards them in seeking housing, while eight per cent experienced 'a lot' of intolerance. Real estate agents were again mentioned as a barrier to finding appropriate accommodation, with 13 per cent of refugees mentioning this problem (Forrest, et al., 2012).

The Challenging Racism Project undertook a series of surveys between 2001 and 2008 on Australians' racial attitudes and experiences of racism. The survey suggested that experiences of racism are elevated amongst those who speak a language other than English at home or in their community, with just over 10 per cent reporting they 'sometimes', 'often' or 'very often' experience racism when renting/buying a house. Reports of racism are common amongst Indigenous Australians, for whom 18 per cent 'sometimes', 'often' or 'very often' encounter racism in the housing market. Indian and Sri Lankan born respondents reported similarly high rates of racism (17%) in this sphere, as did Muslim Middle Eastern Australians (20%), suggesting that these groups are targets of differential treatment in housing.

[Insert Table 3 about here]

The willingness of the real estate industry to address the issue of ethnic discrimination in private rental housing is as yet unclear. Engagement with the *Accommodating Everyone* inquiry by the real estate industry in WA was minimal. No submissions from real estate industry representatives were received, in spite of their attendance at information briefing sessions and a concerted effort of the Commission to engage the Real Estate Institute of Western Australia. A study of real estate agencies and the role risk plays in the rental decision-making process provides some insight into potential drivers of housing discrimination (Short, Seelig, Warren, Susilawati, & Thompson, 2008). In Short et al.'s study two aspects of risk were pertinent: financial risk and risk of litigation. Rental applications are assessed using a range of formal, informal and intuitive assessments of risk. The primary focus of Short et al.'s (2008) study was "the moment of allocation", or "the events and interactions entailed in the acceptance or rejection of tenancy applications" (p.4). Real estate agents give primary importance to the 'ability to pay' and the 'ability to care' for the property, and construct these criterion as "objective, fair and reasonable" (p.34).

Short et al. (2008) identified a four stage process of assessing the likelihood that a prospective tenant will be able to pay and care for a rental property:

1. 'Sorting out' – prospective tenants assessed according to income and prior records/presence on residential tenancy databases. If the rent is over one third of a prospective tenant's income they are classified as 'high risk'.
2. 'Ranking' – applicants that pass previous assessment are ranked from most desirable to least desirable on the 'ability to pay' and 'ability to care' criterion.
3. 'Discriminating' – discrimination is characterised by Short et al. as an implicit process, with real estate agents being fully aware that they must comply with legislation when they select and recommend prospective tenants.
4. 'Handing over' – the owner is given the responsibility for making a final decision about tenancy. This is characterised as a risk avoidance strategy. Short et al. noted that both owners and agents feel no social responsibility to offer housing to applicants that have historically been disadvantaged in housing markets.

The risk factors associated with Aboriginality and other ethnic minorities were said to be family size, cultural practices and housekeeping. However, agents and owners could also invoke the financial vulnerability of these groups to justify their exclusion. This reinforces the American findings on the cumulative effects associated with an intersectionality of issues around financial capacities and cultural characteristics. A final observation from Short et al. (2008) is that the "tension between lawful and unlawful discrimination is palpable in the talk of property managers; the bottom line of business profitability is also evident" (p.36). This suggests that while agents may attempt to avoid visible or *direct* discriminatory practices, *indirect* discrimination nonetheless occurs. Again, this links to recent American data that affirms the rising importance of subtle discrimination, and the demise of the blatant forms of racist 'door slamming' in the 1960s and 1970s (Turner, et al., 2012, p.68).

This brief review reveals a relative lack of specific research on housing discrimination in Australia. Reported experiences of discrimination have often been mentioned in studies of the housing search. Also, the broader housing experiences of several ethnic or racial minority groups have been studied. However, there has been little methodologically rigorous investigation of ethnic discrimination in Australia.

Paired Testing for Housing Discrimination in Australia

The Equal Opportunity Commission of Western Australia (2009) concluded their inquiry by stating that while there is lots of evidence to suggest race discrimination exists in access to private rental housing, there has been “very little systematic research investigation of the issue” (p.39). They explicitly stated that paired testing in the Australian context would be helpful to test perceptions of discrimination. Paired testing involves matched pairs of ‘testers’ attending rental property inspections and observing their relative treatment during the process. As Yinger et al (2000) argue, perceptions of discriminatory treatment are an unreliable basis for conclusions about the extent of discrimination, because individuals cannot compare their own experiences to those of others. Complaint-based estimates of the problem are thus unlikely to accurately reflect actual experiences. This chapter describes the first large-scale application of paired testing to the rental housing market in Australia. The paired testing method has been used to study discrimination in two other spheres in recent Australian research. Booth, Leigh and Varganova (2011) examined discrimination in Australian employment by sending sets of matched CVs to employers in response to advertised job vacancies and found ‘ethnic penalties’ for job applicants with Italian, Chinese, Middle Eastern and Indigenous sounding names. Applicants with ‘ethnic’ sounding names had to apply for more jobs than those with Anglo-Saxon sounding names to get the same number of interviews. However, a similar approach would not work in the Sydney rental housing markets, given the competition for rental housing, and the prevailing practice of applying for housing after an inspection. Real estate agents are unlikely to respond to email inquiries. The second example involved an examination of treatment on public buses in Queensland, Australia (Mujcic & Frijters, 2013). Research assistants of varied ethnic appearance told bus drivers that their travel pass was faulty and requested a free ride on the bus. White and Asian (mainly Chinese) research assistants were granted a free ride on 72 per cent and 73 per cent of occasions respectively. Indian and black research assistants fare less well, with Indian research assistants allowed to catch the bus 51 per cent of the time and black research assistants only 36 per cent of the time.

This study took place across the Sydney metropolitan area between August and November 2013. We recruited 29 ‘testers’ or Research Assistants (RAs), as we will refer to them here, of Anglo, Muslim Middle Eastern and Indian appearance. Research Assistants were allocated two rental properties each week and were required to inspect, or attempt to inspect, each property they were allocated and record details of their experience during the rental

inspection process. RAs were organised into pairs (Anglo-Indian; Anglo-Muslim Middle Eastern). In order to create the pairs, RAs were matched on as many relevant characteristics as possible, including, for example, age, gender, level of extroversion and education level. Each member of the pair was allocated the same rental properties, to allow a direct comparison of treatment to be made. Rental properties were selected from a widely used real estate database, using a stratified random sample of properties available in major regions of the metropolitan area. When RAs were allocated a rental property, they were also allocated equivalent occupations and family characteristics appropriate for the allocated property. For example, for a studio apartment in the Sydney CBD, RAs may have been asked to role play as a single professional (with varied but equivalent status occupations) looking for a studio or one bedroom apartment in central Sydney.

The testing process had two stages: firstly, testers were allocated an advertised rental property and called the agency to set up an inspection. During this call they communicated their ethnically identifiable name (Anglo, Muslim Middle Eastern or Indian) to the agent. The second stage involved the testers attending the rental property inspection in person, either at an individual appointment or an advertised open house. Each stage was scripted to approximate equivalent behaviour by each tester. Testers independently recorded their experience on a detailed questionnaire as soon as possible after each stage of the process.

RAs attended a half-day training session before fieldwork commenced. Key elements of the training included:

1. A discussion of the importance of objectivity: RAs were asked not to *interpret* behaviour or treatment but, so far as is possible, to objectively report or describe their experiences.
2. Role playing with scripts: RAs worked with their matched pair in order to ensure that their behaviour/use of the script felt natural to them, but was equivalent within the group.
3. Sample surveys: A set of surveys were developed for RAs to complete at each stage of the process (allocation of property; phone call; inspection; contact before/after inspection). Training involved detailed explanation of these materials and practice using sample properties.

Paired testing provides data that are more reliable than survey reports of retrospective experiences. The paired testing method is more reliable because of the training RAs

undertake about observation and the timing of observations, being recorded immediately after each stage of the process. By this method “observations avoid contamination by possible memory lapses, biases, and confabulations by being detailed and recorded shortly after the discrimination has occurred” (Dion, 2001, p.527).

Overview of Findings

Five composite variables were created in order to look broadly at how RAs of different ethnic appearances were treated during the rental inspection process. The composites summarised a variety of related response items from the surveys; thus, the composite “provision of information” summarised responses to 19 different questions about different types of information the agent might have provided. By analysing composite variables as well as individual questions, we were able to identify broader patterns of interaction where differential treatment might have occurred. Composite questions also offer a more meaningful picture of the entire rental interaction, which occurred over three stages.

Agent Flexibility

Agent flexibility included two items: the offer of an individual appointment (over the phone) and the offer of alternative inspection times (outside the advertised time). These items were scored ‘1’ if the offer was made and ‘0’ if the offer was not made. The composite variable was created by adding scores on these two items together to give a score out of 2. Thus higher scores indicate greater agent flexibility. Table 4 compares level of agent flexibility for Anglo RAs compared with Indian RAs, and Anglo RAs compared to Muslim Middle Eastern RAs. Offers for personal inspections and alternative booking times dramatically impact the length and depth of the housing search. This process can have a substantial personal and opportunity costs for renters. Unfairly exacerbating the process for members of minority groups places an unnecessary ethnic penalty upon them.

Table 4: Agent flexibility

	Anglo RAs	Indian RAs	Anglo RAs	MME RAs
Agent flexibility	0.41 ^{**}	0.26 ^{**}	0.46	0.43
Number of cases	228		90	

^{**} Significant at $\alpha=.01$ level

There were no significant differences in agent flexibility for Anglo and Muslim Middle Eastern pairs. However, Anglo RAs scored significantly higher than Indian RAs on the flexibility variable, suggesting Anglo RAs were offered more flexibility in attending inspections than Indian RAs in this initial, telephone based phase. This was a moderate effect ($\eta^2=0.075$).

Provision of Information

Information provided to RAs by real estate agents either over the phone and at the inspection itself was compiled in this composite variable. This variable included a total of 18 items, each of which was scored ‘1’ if an RA was provided with that piece of information and ‘0’ if they were not. Hence higher scores indicate provision of more information. The variable includes items such as being told about alternative properties available (over the phone), being given information about the application process (over the phone or at the inspection), being told about features/details of the property (over the phone) and comments on aspects of the neighbourhood during the inspection, such as the availability of schools or public transport. This is another set of items that are critical to the housing search. Information provision to all groups was relatively low – on average RAs reported being provided with between two and three of the 18 possible pieces of information we gathered data on. However, provision of information was nonetheless uneven among the groups. As Table 5 indicates, Indian and Muslim Middle Eastern RAs were provided with significantly less information than their matched Anglo RAs. These were small effects ($\eta^2=0.045$ (Indian-Anglo comparison); $\eta^2=0.031$ (Muslim Middle Eastern-Anglo comparison)).

Table 5: Provision of information

	Anglo RAs	Indian RAs	Anglo RAs	MME RAs
Provision of information	3.02 ^{**}	2.56 ^{**}	2.85 [*]	2.48 [*]
Number of cases	362		147	

^{**} Significant at $\alpha=.01$ level; ^{*} Significant at $\alpha=.05$ level

Interactions with Agents

The extent to which the RAs were given opportunities to interact with the real estate agent managing a rental property is captured in this composite variable. A total of nine items were included; for each item ‘1’ indicates that a form of contact was made/requested and ‘0’ indicates it was not. The types of items included were: did the agent request your contact

details over the phone, did the agent inquire about your housing needs during the inspection, did the agent greet you on arrival or farewell you on departure from the inspection, and did the agent initiate a conversation with you during the inspection. Table 6 shows that for both the Anglo-Indian and the Anglo-Muslim Middle Eastern pairs, Anglo RAs had more extensive interactions with agents. There was a stronger effect when comparing Muslim Middle Eastern and Anglo pairs ($\eta^2=0.061$) than Indian Anglo pairs ($\eta^2=0.016$).

Table 6: Interactions with agents

	Anglo RAs	Indian RAs	Anglo RAs	MME RAs
Interactions with agents	3.51*	3.29*	3.59**	3.11**
Number of cases	379		157	

** Significant at $\alpha=.01$ level; * Significant at $\alpha=.05$ level

Requirements for Renting

Requirements for renting included eight items, five of which related to the terms of occupancy of the tenancy (e.g. restricted number of occupants, pets allowed), the rental bond requested, points of ID needed to apply for the property and whether or not there was a fee to apply. Again, each of these items was scored ‘1’ if the tenant was told that this restriction/fee applied or ‘0’ if there was no restriction/fee or it was not mentioned. Rental bond required was scored ‘1’ if the RA was asked to pay more than the equivalent of four weeks rent, ‘0’ for four weeks rent, and ‘-1’ for less than four weeks/no bond. As can be seen in Table 7 RAs were rarely told about restrictive terms of occupancy and there were no statistically significant differences in the requirements for renting for either of the matched groups. This likely reflects the very high demand, and busy, Sydney private rental market.

Table 7: Requirements for renting

	Anglo RAs	Indian RAs	Anglo RAs	MME RAs
Requirements for renting	0.30	0.34	0.36	0.45
Number of cases	287		118	

Encouragement to Rent

There were 18 items included in the variable encouragement to rent, and they included the availability of a 12-month lease, inclusions in price (e.g. gas, water, pay TV), positive

comments about the neighbourhood and negative comments about the neighbourhood (reverse scored). These questions, and the composite, measure the more subtle manifestations of housing discrimination. While there were no differences in the encouragement given to Anglo and Indian RA pairs, there was a significant difference in the encouragement given to Anglo RAs compared to their matched Muslim Middle Eastern RAs. This was a moderate effect (eta-squared=0.062).

Table 8: Encouragement to rent

	Anglo RAs	Indian RAs	Anglo RAs	MME RAs
Encouragement to rent	1.20	1.16	1.39**	1.08**
Number of cases	366		152	

** Significant at $\alpha=.01$ level

Conclusion

These results suggest that Anglo, Indian, and Muslim Middle Eastern renters in Sydney do experience differential treatment that would be consistent with ethnic discrimination. A limitation of this study (and of other studies using a similar methodology in Australia) is that the interactions reported ended before the point of submitting a rental application. The experiences studied here relate to the earlier stages of the rental process, where subtle differences in treatment (for instance, in the provision of information about documents to bring to an inspection) may nevertheless have significant impacts, resulting in some prospective renters being able to submit an application earlier than others, thus having the chance to be offered the dwelling before others and having shorter rental searches. For most of the interactions on which testers reported, it would have been almost impossible for an individual renter to determine whether other prospective tenants were receiving different sorts or amounts of information. In the focus groups conducted to debrief the RAs and receive their feedback, several RAs expressed surprise at the differences between their experiences and those of teammates. This suggests that the paired testing method of investigating differential treatment offers a robust evidence base, more so than surveys of individuals' experience or a reliance on complaints received.

A closer look at the results offers some insights into where, when, and how differential treatment may occur. For those elements of the rental process that are regulated in Australia, such as the amount of security bond required, we did not detect any significant differences.

Differences were more likely to be related to informal interaction and the quantity of information provided, which are not regulated (and would be very difficult, if not impossible, to regulate). We have not addressed the policy implications of these findings in this chapter, but our findings suggest that education and awareness campaigns may be the most useful way to address the subtle discrimination that exists in the formal rental market. Also, paired testing research has been shown to have a dramatic influence on real estate agent practice in the United States. The HUD surveys have been stimulus for reducing racism within housing allocation processes, and that has been associated with a further professionalisation of that industry (Turner, et al., 2012, p.xxiii). State endorsed and targeted paired testing has meritorious effects: “if housing providers know that testing is ongoing, they are more likely to comply with the law”. In the US context, paired testing is used as enforcement testing, where unfair treatment can be basis for legal action. The US case suggests that in Australia ongoing monitoring using paired testing methods could reduce the differential treatment observed here.

Our study findings should also be considered within the broader context of the entire Sydney rental market. The sample of properties we chose was drawn from what we might describe as the ‘formal’ rental market: they were chosen from one of the most widely used internet advertising sites and thus excluded a range of properties advertised very locally or by word of mouth. While our study did not investigate differences between formal and informal segments of the market, we might expect properties in the ‘informal’ rental market to be of different quality, to include more managed by owners directly, and possibly to include more opportunities to evade regulations. The experiences of people of different ethnicities in other segments of the rental market may thus be quite different to those we summarise here.

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