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# Differential Treatment of Rental Home Seekers According to their Sociodemographic and Economic Status by Real Estate Agencies in Belgium<sup>1</sup>

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Katleen Van den Broeck and Kristof Heylen

Research Institute for Work and Society, HIVA-KU Leuven, Belgium

› **Abstract\_** *In this article we aim to discover whether anti-discrimination laws guarantee equal access to housing for all rental home seekers. We focus on private rental housing offered through real estate agencies as we assume that these are aware of the existence of anti-discrimination laws. Our investigation takes place in Belgium where frequent reporting on discrimination in access to housing led to a large investigation to learn more about how this discrimination takes place. The method used in this article consists of two approaches. In one part we approach the real estate agency from the supply-side through a fictional private landlord who wants to rent out his apartment, and who asks the real estate agency if they are willing to avoid some type of candidates. In the second part we approach the real estate agency from the demand-side, conducting situational tests by visiting vacant houses. Our results suggest that different home seekers are treated differently. Even where real estate agencies are aware that the practise is discriminatory, they are still willing to avoid renters with certain characteristics, either by not granting them a visit in the first instance or in more hidden ways later in the search process, whether before, during or after the actual visit.*

› **Keywords\_** *housing discrimination, private rented sector, real estate agencies, field tests*

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<sup>1</sup> The analysis was part of a bigger research on diversity in housing, funded by the Interfederal Centre for Equal Opportunities.

## Introduction

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Some rental home seekers face more obstacles than others in the process of finding a suitable place to live. The difficulties they face can be due to their perceived ability to pay rent or maintain the property. As knowing what a person's ability is to pay or maintain a house in advance is not straightforward, landlords will often use their own experience or prejudices about certain groups to estimate a rental candidate's ability to maintain the home, or their ability to pay the rent. On top of this statistical discrimination based on perceived average group characteristics (Choi *et al.*, 2005; Bosch *et al.*, 2010), some groups may be faced with straight out taste-based discrimination where some groups will not be selected based only on their ethnicity, sex, age, religion, family situation, sexual orientation, physical condition or other characteristics.

Discrimination based on ethnicity is the most widely researched. Where discrimination based on ethnicity is tested, its existence is confirmed (Choi *et al.*, 2005; Carpusor and Loges, 2006; Ahmed *et al.*, 2010; Bosch *et al.*, 2010; Baldini and Federici, 2011). Other grounds of discrimination that have been tested in the private rental market include sexual orientation (Ahmed *et al.*, 2008; Lauster and Easterbrook, 2011), handicap (Turner *et al.*, 2005; CERA, 2009), family situation (single parents) (Galster and Constantine, 1991; CERA, 2009; Lauster and Easterbrook, 2011) or type of income source (CERA, 2009). In most cases, the research confirms what has been hypothesized – that discrimination exists – with the exception of sexual orientation (in Sweden). While discrimination towards male homosexual couples exists (Ahmed and Hammarstedt, 2009), this has not found to be the case for lesbian couples (Ahmed *et al.*, 2008).

In Belgium, a country with a lot of ethnic and wealth segregation (see Schuermans *et al.*, 2015), ethnic discrimination in access to housing has been quantitatively detected (Van der Bracht and Van de Putte, 2013), while there is also a lot of qualitative evidence of discriminatory practices against financially vulnerable families (see Meeus and De Decker, 2014; Verstraete and De Decker, 2014). Even with anti-discrimination laws, reports of discrimination *via* the discrimination hotlines have continued and even increased. Discrimination in the housing sector (usually the private rental sector) constituted a large share of reports in cities, with the discrimination ground often relating to (lack of) wealth or ethnicity (Interfederal Centre for Equal Opportunities, 2014). In response to this, the Interfederal Centre for Equal Opportunities commissioned a study to find out the degree of discrimination and the different ways that discrimination manifests itself both in public and private housing (Interfederal Centre for Equal Opportunities, 2014). Different phases of the housing search process were studied, including the phase of advertising a vacant dwelling, the phase of first contact via phone or e-mail in response

to an advertisement, the phase of visiting the vacant dwelling, and the rental contract itself. In addition, the experience with discrimination of the renters and the discriminatory motives of private landlords and real estate agents were studied (see Loopmans *et al.*, 2014).

In the part of that research that is reported in this article, we have tried to detect the willingness of real estate agencies, and the strategies employed by them, to discriminate against rental candidates. In existing studies that focus on the contact phase there is usually no distinction made between private owners or real estate agencies. In the Spanish study by Bosch *et al.* (2010) it appears to be the case that real estate agencies discriminate less, but in Carpusor and Loges' (2006) study in LA County, where the same outcome was hypothesised, no difference was found in the degree of discrimination practised by private landlords and real estate agencies. We focus on real estate agencies for two reasons; first, they manage a large part of the supply of rental properties. In Flanders, management in the rental market is increasingly dominated by real estate agencies (Heylen, 2015a), while the opposite is the case in Wallonia. And secondly, we may expect there to be no (overt) discrimination in the highly regulated market segment of properties offered via real estate agencies (as opposed to private landlords); as these agents are professional intermediaries in the rental process and compulsory members of the Professional Institute of Real Estate Agents, they are bound by the code of conduct of their institute, which implies that they must not contravene antidiscrimination laws.

In our research, we do not aim to measure the incidence of discrimination<sup>2</sup> or to investigate the discriminatory practices of private landlords or neighbourhood residents but rather to investigate if real estate agents, who are bound by their deontological code including non-discriminatory behaviour, are willing to act in a discriminatory manner when commissioned to do so by their clients, the property-owners, and, if so, to identify strategies they use to avoid selecting certain potential renters. We look into four groups of would-be renters that are typically exposed to discriminatory behaviour: rental candidates with Moroccan or Turkish origin;<sup>3</sup> disabled (blind or visually impaired) rental candidates; single mothers; and low-income rental candidates. In what follows, we will first discuss briefly the context of the private rental market in Belgium. After this, we present the research design, the results and a conclusion.

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<sup>2</sup> Measuring the incidence of discrimination was one of the other subjects in the study commissioned by the Interfederal centre for Equal Opportunities (see also Heylen and Van den Broeck, 2015).

<sup>3</sup> Moroccans and Turks are the largest immigrant groups in Belgium from outside the European Union. They constitute 7 percent and 3 percent of the foreign population respectively (Vanduynslager *et al.*, 2013).

## The Private Rental Market in Belgium

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In Belgium, as in many other countries, the right to decent housing is included in the Constitution.<sup>4</sup> It is not only considered one of the elementary necessities of life, but the link with poverty, health, educational outcomes and harmonious coexistence between different groups is acknowledged (Hubeau and Vermeir, 2013). Housing is a regional competence so each of the three regions (Flanders,<sup>5</sup> Wallonia<sup>6</sup> and Brussels<sup>7</sup>) has their own Housing Code, which protects the right to decent standard of living for all. Each Code has an explicit focus on providing housing to low income households or the households most in need (Flanders: Art. 4, §1 & §2, 1997; Wallonia: Art.2, 1998) or advocates equal treatment, explicitly incorporating the rules of the anti-discrimination law (Brussels: Title IX, Art. 176-183, 2013).

Equal access to housing should therefore be secured by anti-discrimination laws, which include the anti-racism laws (1981; 2007<sup>8</sup>) and the law on equality of men and women (2007). These laws prohibit discrimination on the following grounds: assumed race, nationality, skin colour, ethnicity, sex, age, sexual orientation, handicap, religion or philosophy, civil status, birth, resources, political or philosophical beliefs, language, current or future health status, handicap, physical or genetic characteristics and social background. So, not selecting a rental candidate purely on the basis of one of the protected criteria is illegal. This law offers victims of discrimination the opportunity to take judicial action in a civil court. The law forbids not only discriminatory behaviour itself but also the incitement of discriminatory behaviour.<sup>9</sup> There are exceptions to these criteria where there is objective justification for the exclusion.<sup>10</sup> The advice of the Privacy Commission (2009) has also put some restrictions on inquiries into solvency in order to protect the privacy of those seeking to rent. For example, demanding tax letters, recommendations

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<sup>4</sup> Art. 23 of the Belgian Constitution ([http://www.senate.be/doc/const\\_nl.html](http://www.senate.be/doc/const_nl.html)).

<sup>5</sup> Vlaamse Wooncode (1997) <http://codex.vlaanderen.be/Portals/Codex/documenten/1005498.html>.

<sup>6</sup> Code Wallon du Logement (1998): <http://wallex.wallonie.be/index.php?doc=6086>.

<sup>7</sup> Code Bruxellois du Logement (2013): [http://www.ejustice.just.fgov.be/cgi\\_loi/change\\_lg.pl?language=fr&la=F&cn=2003071748&table\\_name=loi](http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&cn=2003071748&table_name=loi).

<sup>8</sup> [http://www.diversiteit.be/sites/default/files/legacy\\_files/wetgeving\\_legislation/ADW\\_NL%20-%202031-01-2013.pdf](http://www.diversiteit.be/sites/default/files/legacy_files/wetgeving_legislation/ADW_NL%20-%202031-01-2013.pdf)

<sup>9</sup> [http://www.diversiteit.be/de-antiracismewet-van-30-juli-1981#Injonction de discriminer](http://www.diversiteit.be/de-antiracismewet-van-30-juli-1981#Injonction%20de%20discriminer).

<sup>10</sup> [http://www.diversiteit.be/de-antidiscriminatiewet-van-10-mei-2007#Objectieve rechtvaardiging](http://www.diversiteit.be/de-antidiscriminatiewet-van-10-mei-2007#Objectieve%20rechtvaardiging); see the Bilka-judgment (H.v.J., 13 mei 1986, Bilka, zaak 170/84, Jur., 1986, 1607) which gave rise to the terminology and rules of 'objective justification' in cases of (indirect) discrimination. Objective justification can occur when the goal is legitimate (for example, the timely receipt of monthly rent payments) and the means are appropriate and necessary (checking solvency situations).

from former landlords or certificates of good conduct and contacting former employers are considered actions that are not strictly necessary or that may violate the privacy law.<sup>11</sup>

In the real estate agent code, which is regulated by the Professional Institute of Real Estate Agents (of which membership is compulsory for agents), anti-discrimination laws are explicitly mentioned.<sup>12</sup> If real estate agents do not respect the rules of the code, they risk disciplinary procedures, which can take the form of a warning, a reproach, a suspension or a cancellation of their membership.

A problem that might make part of the discrimination problem in the private rental sector worse – that is, statistically-based discrimination on ability to pay the rent – is the fact that the private rental sector in Belgium is to a large extent considered a residual sector to which those with weaker socio-economic profiles turn as they do not have access to other sectors (Hubeau and Vermeir, 2013; Winters and Heylen, 2013). Lower income groups in particular, but also the lower educated irrespective of their income, appear to experience difficulties in buying their own house (Heylen and Winters, 2008; Heylen, 2015b) and will need to find housing in the rental sector. Housing affordability among private renters has been decreasing in recent years.<sup>13</sup> Figures for 2009 suggested that this affordability problem is significantly higher in Brussels and Wallonia than in Flanders (Winters and Heylen, 2013).

Due to weaker socio-economic profiles and high (and increasing) rates of overburden in housing costs in the sector, renting to a candidate with a low ability to pay rent or to maintain the property is not without risk, from the private landlord's point of view. Recent Flemish research points out that about one fifth of private landlords have experienced a conflict with (at least) one of their tenants about timely rent payments and 8 percent have experienced conflict about the maintenance of the dwelling (Heylen, 2015a; b). Landlords will therefore thoroughly screen a potential tenant's ability to pay. However, in doing so, landlords might base their selection on certain characteristics of the potential tenant, which they assume can be linked to the ability to pay. These characteristics may be the income source, activity status, household type, or physical or other characteristics.

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<sup>11</sup> The Professional Institute of Real Estate Agents and the Interfederal Centre for Equal Opportunities have developed a questionnaire that respects the antidiscrimination and privacy laws, which landlords can use to collect information from rental candidates.

<sup>12</sup> Art 1, 7° and 8° (<http://www.biv.be/admin/userfiles/file/NL/Nieuw%20website/Juridische%20teksten/Reglement%20van%20plichtenleer.pdf>)

<sup>13</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/income\\_social\\_inclusion\\_living\\_conditions/data/main\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/main_tables); <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tessi164&plugin=1>. The housing cost burden is defined as the ratio of total housing costs (net of housing allowances) over total disposable household income (net of housing allowances).

Prior to the point of writing, discrimination as specifically practiced by real estate agencies towards renters with a certain socio-demographic or economic profile had not been investigated in Belgium. And with the role of real estate agencies as intermediary partners in the housing search increasing, especially in Flanders, their behaviour may have an impact on housing access for certain groups of rental home seekers. In our research we include four groups at risk of discrimination, either because their situation might –wrongly – signal a low ability to pay rent or maintain the property or because they evoke taste-based discrimination: persons with a different ethnic background; persons who are blind or vision impaired; single mothers with one child; and those on low incomes. We aim to discover whether real estate agents practice selection processes that can be discriminatory.

## Research Design

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To detect the incidence of discrimination in the housing (or labour or consumer) market, field experiments are commonly used. Until recently, only personal situation tests (including house visits or telephone contact) were used, where fictional candidate home seekers are matched and trained in order to display the same characteristics relating to the criteria that a landlord uses to select a candidate. Differences in treatment are linked to the characteristic being tested, which is supposed to be the only difference between the candidates (Heckman, 1998; Riach and Rich, 2002). Alternatively, the experiments can be based on correspondence tests where written applications are sent (e.g., in the labour market) or by e-mail (e.g., by contacting landlords/real estate agencies in response to the advertisement of a vacant home). By avoiding personal contact, it is easier to create exactly the same profile except for the tested characteristic.

Personal situation tests and, more recently, correspondence tests have been used in many countries to detect discrimination – e.g., in the US, Canada and European countries such as Sweden, Greece, Spain, Italy and the UK (Yinger, 1986 in Boston; Massey and Lundy, 2001 in Philadelphia; Turner *et al.*, 2002 and Choi, *et al.*, 2005 in metropolitan areas in the US; Carpusor and Loges, 2006 in Los Angeles County; CERA, 2009 in Toronto; Hanson and Hawley, 2011 in a number of cities in the US; Ahmed *et al.*, 2010 in Sweden; Bosch *et al.*, 2010 in Spain; Baldini and Federici, 2011 in Italy; Drydakakis, 2011 in Greece; Bengtsson *et al.*, 2012 in Stockholm).

Even though correspondence methods have advantages over personal situation tests, they are often restricted to the first phase of the search for a home, where a prospective renter seeks contact with the landlord or real estate agent in order to

get an appointment. If he gets an appointment, he will most often need to visit the dwelling in person. As such, discrimination can only be detected by means of personal situation tests in later stages of the search process.

We use a dual methodology to find out whether the behaviour of real estate agencies in Belgium is discriminatory towards certain groups or whether only legally permissible selection strategies are used. Real estate agencies are in fact an intermediary between a renter and a house-owner, making the relationship between them indirect. Real estate agencies will be approached both by those that want to rent their housing out to others (supply) and by those that seek to rent a housing unit (demand). We aim to investigate the selection strategies of real estate agents from both the supply and demand side. On the one hand, we approach the real estate agency from the supply side: a fictional home-owner contacts the agency and proposes renting out his property via that real estate agency on the condition that the agency is willing to avoid certain types of prospective renters. On the other hand, we implement situational tests, where a pair of trained testers calls the real estate agency in response to an advertisement about a vacant housing unit in order to arrange an appointment for a visit. If a visit is agreed for both testers, it will effectively take place.

### ***Supply-side approach***

In this part, we investigate how real estate agencies react to the question of a fictional homeowner who considers renting out his apartment via the agency and who asks whether certain groups of rental home seekers can be avoided. In particular, we focus on two groups, namely 'foreigners' and 'unemployed people'. 600 real estate agents, located across Belgium, were contacted in June 2013. These were randomly picked from real estate agents available on the Internet (members of the Professional Institute of Real Estate Agents). 300 of them were asked if they would be willing to avoid 'foreigners', while the other half were asked if it was possible to avoid 'unemployed' persons.

In the scenario, the caller first asked about the conditions and procedures of the real estate agency, the cost and the services. After an explanation by the real estate agent, the following question used to detect a willingness or otherwise to avoid certain groups of prospective renters:

'Ok, that sounds fine. But I have an additional question. Some of my friends have had rather bad experiences with renting their apartments to foreigners/unemployed people. Therefore I wondered whether it would be possible to avoid foreigners/unemployed people?'

With respect to income, it is worth noting in order to minimise risk, landlords are allowed to select candidates on the basis of income level but not on the basis of the nature of income (such as unemployment benefits). In our test case, the fictitious homeowner does not specify anything further with respect to the rental cost of the dwelling he offers. Hence, if a real estate agency immediately agrees to his request, without knowing the type and price of the dwelling, we can conclude a willingness to withhold some candidates on the basis of income alone or ethnicity alone, both of which are protected discrimination grounds in Belgium.

The results of this part of the study will give an indication of the willingness of real estate agents to agree to the request of a potential customer with respect to discrimination. Moreover, it will give insights into how real estate agents suggest doing so. We compare these intentions with the experience of mystery clients via the demand-side approach.

### *Demand-side approach*

As mentioned above, we base the experiment on situational tests. By doing so, we do not aim for this study to be representative of the whole of Belgium; nor do we aim to calculate the incidence of discrimination by real estate agencies. The approach is more qualitative in nature. We perform 124 paired tests spread across Belgium in order to identify selection strategies applied by real estate agencies, which may affect certain groups of prospective renters differently. A similar set-up was used by the High Authority of the Fight against Discrimination and for Equality to test discrimination in access to privately rented dwellings in two regions in France: Ile de France and Provence-Alpes-Côte d'Azur (HALDE, 2006).

We defined four experimental groups (with around 30 paired tests for each group) that potentially could face differential treatment: (1) prospective renters whose background (Moroccan or Turkish) is signalled by their name but who master Dutch or French perfectly; (2) blind prospective renters; (3) single mothers with a one-year old child; and (4) rental home seekers characterised by low income. This could either be an unemployed person or a person employed in a poorly paid sector (more specifically, in a call centre).

Testers were matched in pairs in order to have the same gender and age but so that they differed with respect to one of the four characteristics. The control person bore a typically Belgian name and was earning the median income. Testers were trained in other socio-economic characteristics so as to be able to give the same answers when questioned by the real estate agent. In the case of the blind rental home seekers, the testers acted as a friend accompanying the blind person. The latter was usually recruited from the testers' network or via organisations for blind or visually impaired persons.



Vacant houses or apartments rented out by real estate agents were found on the two largest real estate websites in Belgium.<sup>14</sup> The search area was concentrated in the regions that the testers came from so as not to invoke questions about reasons for moving out of a region (which could be revealed by their accent).

After finding a vacant home on the Internet, the normal procedure would be to contact the agency and arrange a visit. The home is then shown and if the candidate is still interested, he will be put on a list that will be presented to the homeowner. It is the homeowner who will make the final choice. The rental candidate may then have to provide the real estate agency with some information in order for the real estate agent to compose a rental file.

In the first step of the investigation, the testers contacted the real estate agent by phone to book a visit. In half of the cases the control persons rang first and in the other half the experimental testers rang first. The visit only took place if both testers could agree a time to visit the residence that was for rent on the same day. Otherwise the candidate that did get an appointment cancelled it politely as soon as possible. The tests were performed in June 2013.

## Results

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In this part we discuss the results of both approaches separately. We make a comparison of the results of each side in a separate paragraph.

### *Supply-side approach*

In Table 1 we show the results of the supply-side approach. We find that the willingness of real estate agencies to avoid certain groups of rental home seekers at the request of the fictional property-owner is quite high: 42 percent of the agencies contacted answered directly that they were willing to do so in the case of foreigners. For unemployed rental candidates, there is an even higher willingness of 61 percent. Only one in seven (14 percent) real estate agencies answered that they are not willing to avoid foreigners. But this percentage was only half as high where it concerned unemployed people: only one in fourteen real estate agents were not willing to avoid unemployed people just because they were unemployed. There are also quite a lot of real estate agencies that refer to their procedures; it is not they themselves who will deny these groups a visit but the owner will make his choice from a list of candidates (34 percent in case of foreigners and 24 percent in case of unemployed persons). If we combine both 'no' and 'no, it is the owner's choice'

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<sup>14</sup> Immoweb ([www.immoweb.be](http://www.immoweb.be)) or Vlan ([www.vlan.be](http://www.vlan.be)).

we find that nearly half of the real estate agencies are not willing to discriminate against foreigners directly (48 percent). With respect to unemployed rental home seekers they are not willing to do so in less than one third of the cases (31.6 percent).

**Table 1: Willingness to Avoid Certain Types of Rental Home Seekers**

Is it possible to avoid [...]? (percentages)	Foreigners N=300	Unemployed people N=300
Yes	42.3	61.3
No	14.0	7.3
No, it is the owner's choice (list)	34.0	24.3
This needs to be discussed with management	1.0	0
We do not discuss this over the phone	2.7	1.7
The question is ignored	1.7	0.3
The common procedures are explained (e.g., payslips, consulting the former letter,...)	1.0	2.7
The procedure is explained including preselection by the real estate agent based on solvency	0.7	1.3
Other	2.7	1.0

### Willingness to avoid foreigners

In addition to their answer to the question posed by the interviewer, which was categorised as in Table 1 above by the interviewer, the real estate agents often elaborated on their answer. They added to it, for example, by saying:

‘We cannot put this in writing’

‘Officially it is not allowed but unofficially...’

‘It is difficult to answer this question over the phone’

By their reaction on the phone (see above quotes), it is clear that real estate agencies realise that differential treatment of rental home seekers on the basis of ethnicity, nationality or colour is illegal. It is compulsory for all real estate agencies operating in Belgium to be a member of the Professional Institute of Real Estate Agents (Beroepsinstituut van Vastgoedmakelaars) and to abide by its professional code, which states that all members must act according to the anti-discrimination laws.<sup>15</sup> Nevertheless, some agencies seem willing to co-operate with their clients in perpetrating discrimination, perhaps fearing that the clients will use the services of another, more willing competitor.

<sup>15</sup> [http://www.biv.be/NV\\_3\\_C.php?lingua=NL](http://www.biv.be/NV_3_C.php?lingua=NL).

There are agencies that are willing to refuse a visit from the first contact by phone or e-mail, as the following quotes indicate:

‘From the first phone call we take into account the requests of the owners’

‘We recognise foreigners by their name in the e-mail or by their accent on the phone’

Even if a visit is agreed, the visit can still be pro forma, as, for example, the following suggests:

‘We are required to allow everyone a visit; otherwise we can be prosecuted for discrimination’

The real estate agency then uses false pretences to exclude someone or to put him or her on stand-by. The real estate agencies indicated the existence of ‘shortcuts’ – for example, not putting certain people on the list of candidates the owner can choose from or falsely informing the candidate that there was either a better candidate or someone from the owner’s family who wanted to rent the property. A candidate can also be put on stand-by by telling him or her that someone else already has an option on the property.

Discouragement strategies were also identified, such as asking candidates to come into the real estate office and demanding additional documentation such as a document on family composition – for which one has to go to the town hall – or a certificate of good conduct,<sup>16</sup> or making the rental conditions stricter – for example, by requiring a higher rental deposit<sup>17</sup> or a higher number of months of payslips.

But there are also those who do mention the fact that the request is discriminatory and prosecutable:

‘We are not allowed to discriminate’

‘We only check their solvency’

‘We are not allowed to refuse foreigners because they can file a complaint’

They then point out that it is the homeowner who makes the final choice. There are also real estate agencies that answer straight from the start that they are not allowed or are not willing to discriminate on the basis of ethnicity and that their most important selection criterion is solvency, as is legally allowed.

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<sup>16</sup> The Commission for Privacy Protection judges this to be an illegal demand since a certificate of good conduct is a judicial document, the processing of which is not allowed by private landlords (Recommendation 01/2009-CBPL).

<sup>17</sup> Officially the rent deposit amounts to two months of rent.

### **Willingness to avoid unemployed renters**

With respect to the group of unemployed potential renters, the reactions of the real estate agencies showed a higher willingness to discriminate directly from the first contact based on the nature of income, and rental home seekers who are entitled to social assistance (paid by the Public Centre for Social Welfare) or to disability benefits (paid by their health insurance) are especially easily excluded:

‘We do not rent to persons with a subsistence income or disability benefits’

‘Our renters have to have a steady job’

This selection occurs only on the basis of the nature of income and falls therefore under the discrimination law.

Some real estate agencies are found to be unwilling even to grant a visit to this group of rental home seekers. Where a visit does take place, discouragement strategies are used; the prospective renter has to be able to show payslips (=have a job), sometimes for up to 6 months; or the employment contract or tax bills may be requested. The real estate agents may even call the rental candidate’s employer to ask for more information about the candidate – e.g., to find out if it is likely that this candidate will be dismissed in the near future. Or real estate agents may mention during the visit that the unemployed person’s candidacy is doubtful and the owner prefers someone who works.

Some real estate agencies present certain risk-reducing solutions to the homeowner. To give the owner an option to get out of the rental contract if there are problems, these agencies mention the possibility of starting with a shorter-term rental contract instead of the typical long-term one. Furthermore, they present the possibility of demanding a guarantor who signs the rental contract together with the actual renter. But there are also agencies that defend the unemployed rental home seekers, for example by saying that they are more timely payers than some of the employed renters, and mention the fact that this is discrimination.

### ***Demand-side approach***

We discuss the results according to the ground for discrimination and combine them in an overview table (Table 2 at the end of this section). The results discussed always involve cases where there was differential treatment compared to the control group. So, if for both the experimental and control tester alike the visit was cancelled, we do not mention it. The findings are based only on these cases where the experimental and control tester were treated differently.

### **Ethnicity (Moroccan/Turkish rental home seekers)**

In the case of ethnicity, we found that there was already some discrimination from the start (4 out of 31 cases), where the experimental tester was not granted a visit while the control tester was. Obviously, the denial of the visit occurred not directly but under false pretences by telling the rental home seeker that the owner was looking for an older renter (while this was not the case for the control tester who was of the same age as the experimental tester) or needed some documentation first (again, this was not the case for the control tester). The documentation requested concerned a copy of the identity card of the caller and the three last payslips. In the last case, a visit was originally arranged but cancelled later under the false pretences that the property was already rented out (but not for the control tester who had a visit at a later time).

The use of discouraging strategies was also reported. For example, if a visit was agreed, the experimental group was asked in advance to bring some documents to the visit. After the visit, experimental testers were asked to pass by the office of the real estate agent (with some documents). The conditions of the visit itself seemed to differ between experimental and control group. For the available pairs, punctuality seemed slightly more respected for the control testers, and the visit lasted a couple of minutes more on average for the control testers. Furthermore, real estate agents often use information documents that the candidate renters need to fill out (this can contain a lot of detailed questions) if they want to apply as candidate renters. It seemed that the control testers mentioned having received this document more often, which may suggest a larger interest in this group. Also the attitude of the agent sometimes differed in showing low enthusiasm towards the experimental tester or mentioning a low probability of being selected by the owner, as following quotes from the mystery clients suggest (this type of answer was not mentioned by the control group on equal income):

‘The real estate agent was rude on the phone. He was impolite and asked if I could bring payslips and that I definitely had to be on time’

‘He made me understand that I did not have a big chance of being chosen because my income was too tight’

### **Single mothers**

In the case of the single mothers, the control group was, exceptionally, not of the same sex. The control tester is a single male (same age and income) without children. So in this case we have to bear in mind that any possible discriminatory behaviour may be due to several causes: (1) being female or (2) having a young child or (3) being female and having a young child together. (1), (2) and (3) together can also make the candidate appear at a higher risk of non-payment because although she has the same income as the control tester, there is an additional person to support.

We did not find any immediate discrimination on the phone. And none of the agreed visits were cancelled before effectively taking place. This was also the case in a very similar study in France on discrimination based on ethnicity and single parenthood (HALDE, 2006); whereas the Maghreb and Sub-Saharan African candidate already experienced discrimination in the telephone phase, this was not the case for the single parents. The latter had the same visit ratio (compared to the total amount of vacancies contacted) as the reference person. Other formal conditions of the visit, such as punctuality, duration and number of other visitors, do not appear to differ between the single mothers and the control group.

What does appear to occur is that the single mother candidates are more often put on stand-by or selected as a second-best choice. The real estate agent mentions, for example, that an option was put on the property just before the visit or that candidates who can move soonest will get preferential treatment.

‘The real estate agent told me at arrival that it had been too late to inform me but that there was now an option on the place. This afternoon the other candidate would confirm. If he did not take it, the real estate agent would contact me’

If a single mother is linked to a higher risk of non-payment, risk-reducing solutions are offered – for example, having a guarantor. What also occurs is the demand of a ‘reservation deposit’. The candidate is asked to deposit a certain amount, which will be returned if she is not selected or deducted from the first month of rent if she is.

‘The agent gave me a piece of paper with all the things I had to bring along to constitute my file. He asked 100 euro to reserve the dwelling, or if I did not get it, he would return them to me. If it was ok, the amount would be deducted from the first rent’

### **Blind candidates**

In the case of blind situational tests, 3 out of 29 stopped at the first phone contact because of discriminatory behaviour towards the experimental tester. In some cases the real estate agent objects directly to the fact of accepting a blind renter, stating that he or she is required to have a guarantor or suggesting looking for another vacant property because, according to him, the one in question is not suitable for blind persons. If the blind candidate managed to get an appointment, it was cancelled in 3 out of the 26 remaining cases (while not cancelled for the control tester).

Once the appointment took place, there did not seem to be any differential treatment during the appointment with respect to the formal conditions of the visit or the attitude of the real estate agent. With respect to the demand for more documentation or information we did not see a consistent pattern.

Discouragement strategies seem to be used for this group, too, as the blind or vision-impaired candidates are sometimes presented with additional costs, as in the following quote:

‘When the visit was finished we went back to the office, where we met the usual agent who was normally doing the visits for this apartment. He talked about additional costs and electric equipment in the kitchen...[...]. The costs in the ad only mentioned electricity and heating’

Also, risk-reducing solutions may be presented if the blind candidate is considered a higher risk, even though he has the same income and profession as the control tester. Real estate agents may ask for a guarantor.

‘As a disabled person, he needs a guarantor,’ was the explanation’

### **Low income**

With regard to the low-income group, out of the 31 paired tests that were planned, only 27 continued to the phase of the visit. Four were not allowed to visit the property because of the source or level of their income (the former is discrimination, the latter is regarded as selection). It is clear that some property-owners demanded that their renters have a job because they put forward the condition of being able to show pay slips. One of the experimental testers reported the following:

‘The agent asked on the phone what the source of my income was. Then he answered that he is working for owners who do not want to rent out their property to persons who cannot show pay slips’

So here we find direct discrimination based on the source of income. In the other test cases, the agent never expressed directly that the owners did not want to rent to people with a non-Belgian background or a handicap but the discrimination took place in a more indirect form by cancelling the visit under false pretences or by making the visit pro forma while the candidate does not really have a chance of ending up on the list that will be presented to the owner.

In relation to punctuality and the duration of the visit, we do not find any differences between experimental and control group testers. However, with respect to the number of other rental home seekers present at the visit, the results suggest it occurs more often that there are more other rental candidates present at the visit in the case of unemployed rental home seekers. It is worth noting that in these cases, it is not that the agency always organises group visits – we are reporting only *differences* between the experimental and control group. So in this case, the experimental testers were more often shown around with more other people present while this was not the case for the control testers. It could be a

strategy whereby candidates who are less likely to be selected are allowed to visit the property together with other visitors so it requires less time from the real estate agent.

The real estate agents also seemed to ask more questions related to family composition to the experimental testers in order to make an evaluation of the risk they pose. With respect to the documentation required, there were remarkable differences between the control testers and the low-income testers; for example, where the control testers were required to show only one month's pay slip, the experimental testers with the low-income job were required to show more months. Additionally, the experimental group testers were required to add to their file recommendations from former landlords. However, The Privacy Commission (2009) judged that this practice is unnecessary for the selection process and that the absence of these documents may not be used to justify the refusal to engage in a rental contract.

During the visit, the real estate agent sometimes points out – whether implicitly by his attitude or explicitly – that rental home seekers of a certain source or level of income have less probability of being selected. The following quotes indicate some ways in which this would occur (again, the control groups did not report anything similar):

'He said it was a pity I didn't have a good profession because otherwise he would be able to rent out the property immediately' (unemployed tester)

'The agent said there were other candidates, and he asked whether I had a job and whether I would be able to pay the rent. When he heard I was unemployed, he was far less friendly from then onwards' (unemployed tester)

'The atmosphere during the visit was cold and there was no way this could lead someone to believe he could rent the studio' (call centre employee)

We also found that estate agent sometimes required payment of a deposit fee (as with the single mother, where financial considerations also could play a role) and that certain documents be provided at the office of the real estate agent, which can have a discouraging effect:

'He needed €100 as a deposit fee, which will be deducted from the first rent if the candidate is selected or returned in case he is not selected. In case the candidate is selected but is not interested in the property anymore, the €100 is lost' (call centre employee)

These findings show similarities with an Australian investigation into practices used by real estate agencies to evaluate the risk posed by rental candidates (Short *et al.*, 2008). Having a low income was identified here as the most important factor in the



considerations of real estate agencies for granting rental homes. Real estate agents mentioned that both formal as well as informal strategies were used to calculate both the financial and the maintenance risk of the rental candidates. The researchers identified the following factors that were used as indicators of a low ability to pay or maintain the property: unemployment, big families, single parenthood, physical inability or 'presentation'. As these authors also remark, rental home seekers with low income may actually be confronted with a more competitive housing market due to a lower number of advertisements within the segment of low-rent homes. A more competitive market where demand for housing is high and supply is low may lead to more opportunities for discrimination. Baert *et al.* (2013) effectively show that the tightness of the market is an important factor in determining the degree of discrimination that takes place. They find for the labour market in Belgium that discrimination is non-existent where demand for labour is high and supply is low, while there is quite a degree of discrimination in the opposite case.

### ***Demand-side and supply-side information combined***

Tables 2 and Table 3 summarise the selection practices or de-selection strategies that fictional rental home seekers were confronted with.

**Table 2: Overview (De)selection Strategies – Demand-side Approach (Rental Home Seekers)**

Strategies	Moroccan/ Turkish candidates	Single mothers	Blind candidates	Low-income candidates
Visit refusal from first contact-direct by tested characteristic				x
Visit refusal from first contact-indirect	x		x	
Visit cancelled	x		x	
Use false pretences	x			
Put on stand-by/use as second-best option		x		
Discouragement	x		x	x
Formal conditions of the visit	x			x
Attitude of real estate agent	x			x
Need to provide more 'proof' of ability to pay				x
Offer risk-reducing solutions		x	x	
Reservation fee/deposit		x		x

**Table 3: Overview (De)selection Strategies – Supply-side Approach (Home-owners)**

Strategies	Foreigners	Unemployed persons
Visit refusal from first contact	x	x
Use false pretences	x	
Put on stand-by	x	
Discouragement	x	x
Offer risk-reducing solutions		x
Defending/Mentioning discrimination	x	x

Both the results from the supply- and the demand-side approach confirm the existence of discriminatory behaviour by real estate agencies. The strategies used to treat some rental candidates differently include a direct refusal to arrange a visit on the basis of a certain characteristic (source of income, disability) and an indirect refusal under false pretences, where no reason is given for the refusal of the visit.

Unlike the other groups, single mothers do not seem to be treated differently in the first phase of arranging a visit. In their article on discrimination during the phase of first contact with private owners, Heylen and Van den Broeck (2015) find that single mothers who approach the landlord by telephone are discriminated against in 5.5 percent of cases. In our qualitative testing, it was the group of blind testers that was faced with the strongest reluctance to arrange a visit (that is not cancelled afterwards) when making contact with the real estate agent. But Moroccan/Turkish candidates and low-income candidates also face this problem.

Apart from not arranging a visit, we find that visits can be agreed in the first instance but cancelled afterwards (under false pretences). This occurs for Moroccan/Turkish candidates and blind persons. While the immediate refusal of certain groups at first contact is also mentioned to the fictional home-owners, the strategy of cancelling visits after they were agreed is not mentioned. The use of false pretences is mainly used to avoid rental candidates with a non-Belgian background.

Also, discouragement strategies can be used during the visit so that the candidates themselves will decide not to apply for the vacant property, discouraged either by the attitude of the real estate agent or by his request for more documents for the rental file. All groups but the single mothers seem to have experienced this kind of behaviour and it is referred to by the real estate agencies in informing potential clients of how they avoid certain groups of rental home seekers.

Even though single mothers seem to be the group facing the fewest of all possible differential treatment strategies of the real estate agents, they can still be put on standby only to be selected if no other, better candidate comes along. From the

demand-side approach, we do not see this strategy used for the other tested groups but it is mentioned by real estate agents as a way of avoiding foreigners. For some groups that may pose a risk to the landlord, the real estate agent may suggest some risk-reducing solutions to enhance the chance of their being selected – mostly the co-signing of the rental contract by a guarantor. From the demand-side we found that single mothers and blind candidates were offered this possibility. From the supply-side approach we also found it was used as a suggestion to reduce the risk of letting the property to a low-income renter. Another strategy that may be used to avoid potentially risky candidates is to demand a reservation fee. The group that needs to provide most (or excessive) proof of their ability to pay is the group of low-income rental home seekers.

Overall, the low-income group seems to be treated the least favourably; they may be directly refused a visit on the first telephone contact based solely on their source of income, but during the visit they also face the most difficult conditions, where all strategies identified in this study for avoiding certain groups of prospective renters seem to be used.

## Conclusion

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Investigating discrimination in a context where anti-discrimination laws exist and are assumed to be known, our results suggest that the incidence of discrimination as measured by field experiment studies using situational tests or e-mail correspondence methods in the contact phase of the search for a rental home is most likely an underestimation of the true incidence of discrimination in the search for a rental home. We find, namely, that there are more opportunities for discrimination after the first contact phase or that discrimination is hidden.

Even though real estate agencies are bound by a code of conduct, which includes having to act according to the anti-discrimination laws and which, if not respected, could result in a disciplinary sanction that can take the form of a warning, a reproach, a suspension or a cancellation of membership, we did find a willingness to discriminate and we identified a number of discriminatory strategies that real estate agencies use in dealing with certain groups of rental home seekers. Real estate agents do know the rules – the anti-discrimination laws – but they do not always abide by them; they use what they call ‘shortcuts’. It may be that the risk of being caught or punished for not abiding by one of the rules in their professional code – namely, respecting the anti-discrimination laws – is too low. This is something that can be further investigated in looking at how these rules can be better enforced.

Besides the refusal to grant some groups a visit (directly or indirectly) at the first telephone contact, there are many ways used to avoid potential renters with specific profiles after the first phase of contact. So it is important to look beyond this first phase of contact, which is the topic of most of the literature on (quantitative) housing discrimination. Although some are, many of the tactics used to avoid certain groups are not overtly visible or measurable; tactics may be used to discourage potential tenants or to encourage them to deselect themselves from the process.

Even though all groups tested appear to be subject to differential treatment by real estate agencies, some groups face more different conditions than others or they face different treatment in different phases of the search. The groups facing most problems were the candidates with a foreign background and low-income rental home seekers. They face difficulties at all stages of the search process. Due to the exclusionary strategies, some groups may find it harder to find a home, may need to spend much more time in finding one and may need to spend a period of time in homelessness (including staying with friends and relatives). Or they may find themselves in a situation of limited housing options only within the segments of lowest housing quality. They may also end up in more insecure housing situations due to shorter contracts. As such, these exclusionary practices may result in a situation of homelessness for persons with certain characteristics.

Even though we would expect real estate agencies to respect the antidiscrimination laws, they still appear willing to use discriminatory selection practices that go beyond the mere objective screening of candidates in order to select the candidate who appears best able to pay and maintain the rental property.

These exclusionary practices are hindering the enforcement of the right to housing for all, and research is needed into ways that they can be ended. Definitely, sensitization of real estate agencies will not be sufficient, as many of them already know the existing laws. More could be done to make them act in a more uniform way with respect to their selection processes, via both the supply and demand sides. This could include, for example, putting in place agreements on zero willingness to discriminate or another example, using the same formal form to be presented to all interested candidates for information-gathering.

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