



**Written Testimony of Dr. Skylar Olsen
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U.S. House Committee on Financial Services

**Hearing on “The Fair Housing Act: Reviewing Efforts
to Eliminate Discrimination and Promote Opportunity
in Housing”**

Tuesday, April 2, 2019

Introduction

Chairwoman Waters, Ranking Member McHenry and distinguished Members of the Committee, it is an honor to appear before you today to help inform this important discussion. My name is Dr. Skylar Olsen. I am the Director of Economic Research at Zillow, which is part of Zillow Group.

Zillow Group is dedicated to empowering consumers with data, inspiration and knowledge around the place they call home. Our company was founded with the mission to improve transparency in the housing market, and that remains a key driver of all we do. We are proud that our data and research helps consumers, industry professionals, policymakers, nonprofits and others make more informed decisions.

Zillow Group operates economic research teams at [Zillow](#), [Trulia](#), [StreetEasy](#) and [HotPads](#) which leverage available data to produce timely and relevant economic research. In addition to evaluating the health of the market and predicting changes in housing costs, our research teams examine broader issues of national interest, including the impact of declining housing affordability and understanding the relationship between rents and homelessness. Zillow makes much of our aggregated data freely available and downloadable,¹ providing academic and government agencies our public record dataset² to support their own research. We see our role as using our data to help ground important conversations with facts.

In recent years, Zillow Group has published a growing body of research addressing existing disparities in the housing market. Our work demonstrates that housing inequities persist nationwide. These findings are reflected in government-reported data, the amenities available to different communities and in consumers' experiences in their search for housing.

Homeownership and Mortgage Credit

Homeownership is a key tool for building wealth, and more than half the overall wealth held by American households is represented by their primary residence. But access to homeownership is not shared equally. The divide between black and white Americans has proven stubbornly persistent since the early 1900s.³ In 1900, the gap between the black and white homeownership rate was 27.6 percentage points. Today, it is 30.3 percentage points.

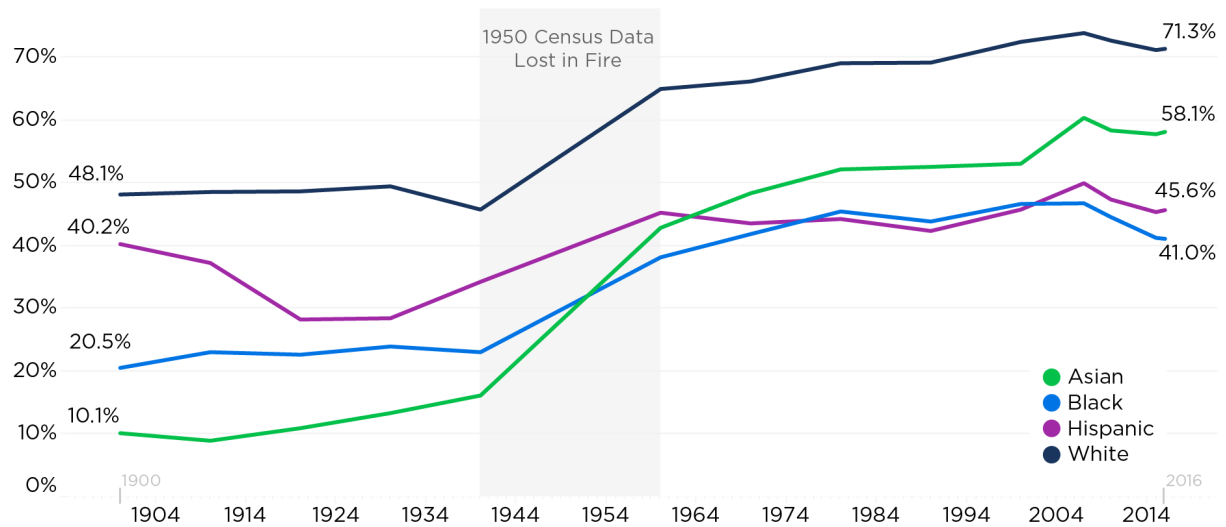
¹ [Zillow Group, "Data," Zillow Research, \(2019\)](#)

² [Zillow Group, "Zillow's Assessor and Rental Estate Database \(ZTRAX\)," Zillow Research, \(2019\)](#)

³ [Skylar Olsen, "Black and White Homeownership Rate Gap Has Widened Since 1900," Zillow Research, \(April 10, 2018\)](#)

The Gap Between Black and White Homeownership Rates Has Widened Since 1900

Homeownership rate by race



Source: Urban Institute analysis of U.S. Census Bureau, Decennial Census and American Community Survey, 1990-2015, made available by IPUMS-USA, University of Minnesota, www.ipum.org.

Additionally, data from the federal Home Mortgage Disclosure Act shows that black borrowers are denied for conventional home loans 2.5 times more often than white borrowers.⁴ Moreover, this data shows that even though black and Hispanic communities represent a sizable and growing portion of the population, they represent a comparatively tiny share of all mortgage loan applications.

While disparities in income today explain some of these trends, it is well established that historical discrimination also plays a role. Recently, Zillow examined more than 20 years of home value appreciation data in formerly redlined areas and found that areas formerly deemed “best” for lenders are now worth 2.3 times those previously marked as “hazardous” for lending. And, of the 151 areas we evaluated, we found only a single instance in which homes in formerly redlined areas are now worth more than those in areas once rated “best.” These historic redlining practices did more than restrict communities’ access to mortgage credit. Homeowners in neighborhoods labeled “hazardous” were also put on a growth trajectory that fell far short of those labeled “best.”⁵ These trends likely had lasting implications for the wealth people of color could pass down to future generations.

These kinds of intergenerational wealth transfers remain extremely important. Today, 30 percent of home buyers rely on gifts, and 26 percent rely on loans from family members to help fund their down payment on a home, according to the Zillow Group Consumer Housing Trends Report, an annual survey of consumer sentiment. For first-time home

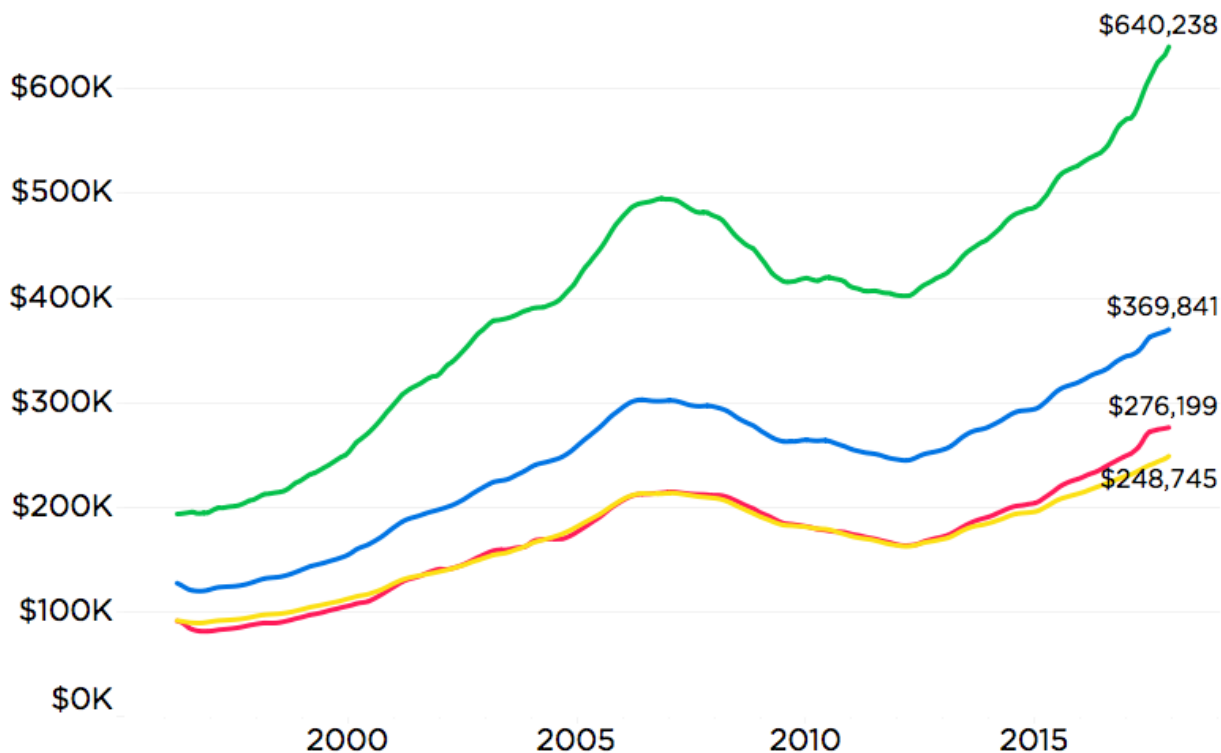
⁴ [Sarah Mikhitarian, “Black Mortgage Applicants Denied at More Than Twice the Rate of Whites,” Zillow Research, \(April 19, 2018\)](#)

⁵ [Sarah Mikhitarian, “Home Values Remain Low in Vast Majority of Formerly Redlined Neighborhoods,” \(April 25, 2018\)](#)

buyers, the share relying on their community for down payment assistance jumps to over half. Greater wealth eases the path to homeownership, and the relationship becomes self-reinforcing: Homeowners have greater access to financial wealth that, in turn, makes it easier to remain homeowners and ultimately pass on that wealth.

Home Values in Redlined Neighborhoods Remain Low

Median home values for areas the government designated **best**, **still desirable**, **definitely declining** and **hazardous** for mortgage lending



Source: Zillow median home values and data from Mapping Inequality (<https://dsl.richmond.edu/panorama/redlining>)

Local Amenities

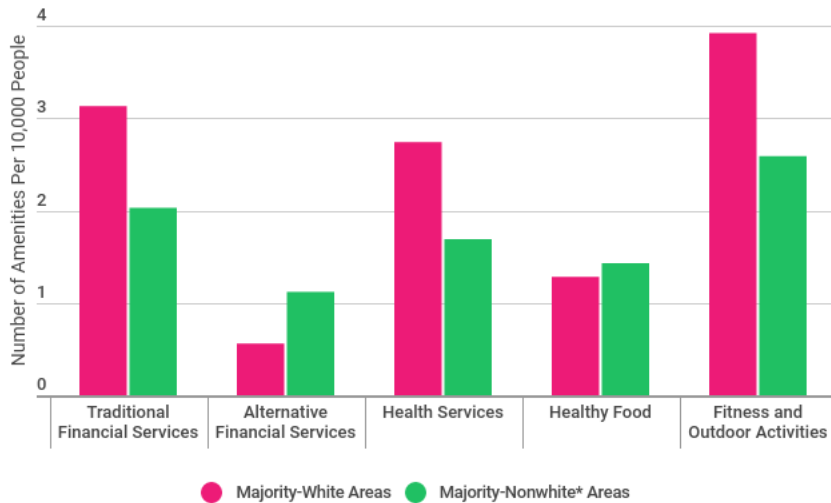
Disparities are also visible in the amenities present in local communities. A recent analysis by Trulia, with input from the National Fair Housing Alliance and the Kirwan Institute for the Study of Race and Ethnicity at Ohio State University, found that in four major metro areas — Atlanta, Detroit, Houston and Oakland, Calif. — local establishments and amenities including banks, health institutions and recreational facilities are less prevalent in communities of color than white communities.⁶

In particular, on a per-person basis, predominantly non-white census tracts had 35.1 percent fewer traditional banking establishments, 38.4 percent fewer healthcare service establishments, and 33.9 percent fewer active or healthy lifestyle amenities, including

⁶ Cheryl Young and Felipe Chacón, “50 Years After the Fair Housing Act- Inequality Lingers.” Trulia Research, (April 19, 2018)

parks, playgrounds and recreation centers, compared to tracts that were predominantly white. At the same time, predominantly non-white census tracts had twice as many alternative banking establishments, including payday and installment lenders — which offer expensive, lower-quality credit.

Majority-White Areas Have More Amenities



Note: Health Services are reported on a per 100,000 person basis.

* Nonwhite areas are defined as areas where more than 50% of the population is made up of any combination of people of color, including Hispanics of any race.

Source: Yelp and U.S. Census 2016 5-Year American Community Survey



Housing Search Frustrations

Asian, black or Hispanic home shoppers encounter more frustrations in their home search. According to the Zillow Group Consumer Housing Trends Report, home buyers of color were less likely than white buyers to say they were satisfied with all aspects of their home-buying experience.⁷ Forty-three percent of white buyers reported full satisfaction, compared with 27 percent of black, 24 percent of Hispanic and 23 percent of Asian respondents. Additionally, roughly one in five black buyers (21 percent) said finding the right agent or broker for them was difficult or very difficult, compared to just one in twenty white buyers (6 percent).

The survey also found it takes more time for black and Hispanic home shoppers' rental applications or offers to be accepted. On average, Hispanic renters submit 5.5 rental applications and black and Asian renters submit 3.6 applications before finding a home, compared with 2.5 for white applicants. Similarly, black and Hispanic home buyers make an average of 2.6 and 2.4 offers on homes, respectively, before buying, compared to 1.7 for white and 1.4 for Asian buyers.

⁷ [Zillow Research, "Zillow Group Consumer Housing Trends Report 2018", \(September 27, 2018\)](#)

Perception of Discrimination

Finally, Zillow Group found that the perception of housing discrimination is strong among U.S. adults. In a large survey conducted last fall, 27 percent of respondents said they believe they have been treated differently in their search for housing because of their status in a protected group.⁸ Applied to the U.S. population, this would mean that about 68 million American adults believe they have experienced housing discrimination. Among all survey participants, race (10 percent) was the most common protected class that respondents felt caused them to be treated differently during their search for housing, followed by skin color (8 percent), gender (7 percent) and disability status (5 percent).

In the same survey, more than a quarter of black respondents believed they had been treated differently because of race, and nearly a third said they considered discrimination to be a barrier to owning a home.

Conclusion

Zillow Group believes that all Americans deserve to find a home free from discrimination. Yet, these data points help illustrate the breadth of inequities and frustrations that many Americans experience in their home search and their communities. We appreciate the opportunity to share this research with the Committee and hope it will help inform the Committee's discussions on these important issues.

⁸ [Zillow Research, "What Modern-Day Housing Discrimination Looks Like: A Conversation With the National Fair Housing Alliance", \(February 4, 2019\)](#)