



## Kathleen Moore on the Housing Choice Voucher Program and Rental Market Discrimination

April 2018 podcast episode transcript

Featuring Kathleen Moore, National Poverty Fellow in residence at the Office of Planning, Research & Evaluation, Administration for Children and Families

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Chancellor Hello, you're listening to the Poverty Research and Policy Podcast from the Institute for Research on Poverty at the University of Wisconsin–Madison. I'm Dave Chancellor. This is our April 2018 episode and we're going to be hearing from Kathleen Moore about the Housing Choice Voucher Program and a study she conducted about how landlords respond to inquiries from potential renters who hold housing vouchers. Moore is a National Poverty Fellows Program postdoc in residence at the Office of Planning, Research & Evaluation at the Administration for Children and Families and I talked to her when she visited IRP in February this year. So, when we first started talking, I asked her to tell us about the basics of the Housing Choice Voucher Program and what we should know about it.

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Moore Commonly it's recognized more as the Section 8 program and that's the name it used to have. It targets very low income households. So, on average a voucher household maybe makes about \$14,000 dollars a year. About 80% of voucher households are headed by women and on average they have about two to three people in them. A majority of voucher households are headed by a person of color. A lot of people wait a very long time to get their voucher for the first time. It can be years and years on a waitlist. Maybe you've seen in your own community, often press will come out when waitlists are going to open. Once you get to the voucher, that could have been a very long time and you can think about how that might raise the stakes for you to use that voucher. The voucher is a very valuable benefit for families. In most cases the voucher itself is structured as a partial rent subsidy and how that works is households pay 30 percent of their income.

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Chancellor To put it another way, as a voucher holder's income rises or falls, the portion that the voucher pays adjusts to compensate for that.

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Moore If you think about that in the context of employment instability, that is a nice feature of the program that can really help families stabilize and weather volatile employment arrangements. If the tenant's part is changing, then also the part that the voucher pays also changes, so it rises and falls in response to that income and the voucher picks up the remainder of the rent so that the landlord gets rent in two pieces—one piece from the tenant, that 30 percent of their income and then one piece directly from the public housing authority itself. And, on average, in 2017 that housing authority portion was about \$818. So if you think about \$800 a month over the course of the year, that's a lot of assistance, right? Especially in the context of the value of other welfare safety net programs. So, getting leased up is the only way that you can start receiving that benefit or that you can keep that benefit for households.

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Chancellor For Dr. Moore's study, she wanted to better understand the experiences that voucher households have when they're trying to find housing. So, to do this, she mimicked the part of the search process where someone looking for housing—looking to get leased up—reaches out to a landlord about a unit they see advertised online.

Moore I did this by contacting 6,000 landlords in 14 different cities and I would vary how I would talk to the landlords. Sometimes I would say I had a voucher and sometimes I would not say I had a voucher. By doing that many, many, many times across all these cities, over time we get some sense of how voucher holders are being treated in these interactions. And, overall, it's not a good story for voucher holders. They are less likely to get any type of response from landlords, compared to their unsubsidized peers. And, if they do get a response, the majority of the time it's going to be a negative response. What does this mean? This means that to use the voucher, to get that benefit from the voucher is very difficult, right? You're going to get a lot of no's and a lot of rejections in your search. So, it is realistic that a voucher holder needs a lot of time to search. This is tricky for housing authorities. If you think about the people that have to administer this program and the Housing Choice Voucher program is a federal program that is administered at the local level by over 2,000 public housing authorities. And housing authorities are sometimes attached to municipalities, sometimes they're attached to counties, and even sometimes states. So, they're all over throughout the country. And they have two competing goals when you think about administering the voucher program. They want to give people enough time to search but they also want to make sure that the subsidy is being used, that people are being housed. And these two things can run up against each other, especially given that voucher holders face so much discrimination.

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Chancellor In these emails that Moore sent to landlords, she used 30 different personas and, besides varying whether the identity she was emailing as held a voucher or not, Moore also varied the race of the prospective tenant.

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Moore Sometimes the email sender would present as black, present as LatinX, or present as white. This was done through picking names that are likely recognized or thought of as being a white name or a name that is thought of as being a black name. And, if there was no racial discrimination, we would expect that, at the end, all these different names that were used, they would get similar sorts of landlord response behavior, right? We would expect that across all these categories, sometimes people would get negative responses and sometimes people would get positive responses and sometimes people would get no response and we would assume that they get these at similar rates. Looking across racial categories, there would be no difference. That would be the case if there wasn't discrimination happening, right? For this project, for this experiment, there was systematically was an advantage for the emails that were sent from white-sounding names. About 4 percentage points more likely to get a positive response. So that is not surprising given prior work. What is surprising is it's a little less—the size of that effect is a little less than prior work, so the magnitude of that effect is less. Like other rental market work, there's still racial discrimination present. There was not an additional penalty for having the voucher and being a person of color at least at this stage in the rental market process, this stage in the search process.

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Chancellor As she mentioned, Moore used rental listings from 14 different cities across the country in her study. In selecting the different cities, she chose ones that had a large enough number of voucher holders, but then selected cities that had variation in other areas like the tightness of the rental market and whether the communities had special protections for voucher holders. And I asked her to talk more about what these protections are.

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Moore At the federal level we had a set of fair housing protections and they've been in place for several decades and they make it illegal to refuse to rent on particular bases. So, a really, really common or well-known is the refusal to rent based on race, religion, national origin, and others. And one thing that is not included in the set is source of income. So source of income here means what you are presenting in the screening process as the sources of money or support that you are bringing up as evidence that you can afford this unit, so the income screening. If you think about a voucher household—remember we talked about, they're very low income so they're bringing their income to the table which in most cases can't afford that unit that they're interested in because if they could afford that unit, they would be ineligible for program in all likelihood. If you are a landlord in some areas of the country, you are allowed to not consider that voucher as a source of income. And in the case of the voucher household, if you ignore the voucher, they're not going to be able to afford the unit in most cases. So, Source of Income antidiscrimination laws are trying to help voucher holders in that screening process.

Chancellor Moore says her study shows that searching for housing with a housing voucher is hard and that landlords seem to be less willing to accept vouchers at this stage of the search process. And one of her takeaways is that Source of Income Antidiscrimination laws can provide useful protections to voucher holders.

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Moore I think SOI laws are important. They also send a signal that communities think these subsidies are important and stabilizing low income families is important. To me, that is a big implication of the research and it also leaves me very curious about the enforcement of these laws. We don't know a lot about how enforcement varies from law to law. And that would be interesting to investigate because if we have a strict law enacted but we don't have good enforcement of that law, what does that mean? So, questions like that are outstanding.

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Chancellor Moore says that one of the underlying assumptions of the Housing Choice Voucher Program is that private landlords will want to participate—and she says that may not actually be the case, and one of the reasons for this is that landlords may object to the extra work they have to put in for a voucher household compared a tenant who is unsubsidized.

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Moore With an unsubsidized tenant, they contact you, you contact them, back and forth. They might come see the unit, they fill out an application, do a background check or whatever tenant screening procedures you have in place. And then you make a decision, lease gets signed, money crosses palms—your unit's leased. All those things that happen with an unsubsidized tenant happen with a voucher household.

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Chancellor Moore says that there are two main additional steps that have to be taken to get leased up as a voucher household, and these are federal rules, though local housing authorities have some discretion in how they're exercised—but the first of these is that an inspection has to take place.

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Moore First of all, we want to make sure that people are living in good quality units. There's a lot of research that unsafe housing can lead to bad outcomes for families, for children's development. You could think of just the example of having traces of lead in a house and how that could impact children. We want people to be in safe housing and we want to pay for safe housing. But then also another thing about the inspection is that we want to make sure that units have certain components, right? We want people to be in safe housing and we want to pay for safe housing. But then also another thing about the inspection is that we want to make sure that units have certain components, right? We want to make sure that folks have a functioning kitchen that they have autonomy over. We want them to have enough bedroom space given the composition of the household, things like that. So, a lot of things are going on in the inspection. If you think about that from an administrative perspective, it means that either a housing authority employee or someone that the housing authority has contracted with needs to schedule a time with that landlord to access the unit, to conduct that safety inspection. And then there needs to be time for the results of that inspection, if there are findings, like if there things that need to be attended to, there needs to be time for the landlord to either make those changes or, at that point, they could opt out of this process if there are findings. This can be a back and forth with the landlord and the housing authority, there can be a bit of negotiation. And all of these things take time.

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Chancellor Besides the inspection, housing authorities also check to see if the rent the landlord is asking is in line with similar units in the same building or the surrounding neighborhood.

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Moore That is so we don't have voucher holders paying more for housing than unsubsidized households. There's some research that shows that even though there are market comparability checks, that still, on average, voucher households pay more for their housing than unsubsidized folks, but still there is for each unit, the housing authority tries to make sure that it's in line with rent. And sometimes, they will come back to the landlord and ask them to reduce the rent based on their findings. Again, think about that as a landlord—there's this person, from the public housing authority telling me to lower

- Moore, continued my rent. I don't want to do that. All of these things are happening that are just not at play for unsubsidized households for an average renter.
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- Chancellor And Moore says that in interviews from qualitative studies, landlords often express frustration with these procedures or with the tenants themselves.
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- Moore We hear a lot about these procedures and about how slow they are and about how annoying or burdensome they are. That's definitely a piece that comes out of the qualitative work. Some landlords view voucher households as troublesome tenants. That they don't comply with the lease terms, that they make late payments can sometimes be a story that landlords tell. Sometimes—this is from experience with a voucher household—but sometimes it's because they've heard that voucher households are like this. Another thing that comes out of qualitative work is that some landlords object to participating in government programs. That's another sentiment that is out there.
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- Chancellor Still, Moore's research points to the importance of lowering transaction costs for landlords who are working with voucher households.
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- Moore I've talked to a couple of PHAs about this research and when I say preleasing approvals just need to happen as fast as they possibly can, I get a little pushback, and often they say 'we've improved our time to inspection so much and I absolutely believe them, and I believe that PHAs have done a lot of work to make those inspections and rent reasonableness processes go as fast as possible. And that's great, but the setup is a little unfair because the true comparison is not their past performance but the true comparison is the landlord thinking of the unsubsidized household where there is no inspection time, there is no rent reasonableness time. And it's zero. So anything housing authorities can do to tighten up that preapproval process will only benefit households.
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- Chancellor More broadly, Moore says there may be opportunities to think about options at the local housing authority level to help households get leased up.
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- Moore This project, these findings really suggest that voucher households need all the help they can get and we talked about SOI laws as a way to help them. But also search assistance could be very helpful. I think in the past, the frame around search assistance has been more about mobility counseling and thinking about educating, making households aware of neighborhoods of opportunity which is a good thing to do, absolutely. But I think also, making sure that we focus on search assistance as the frame so that every activity connects directly to an activity that moves them further to occupying a unit. We know that there are a variety of housing authorities and some of them have the resources to launch mobility counseling or search assistance programs, but many don't have a lot of extra funding to play with, they don't necessarily have service and staff for searching households. And so, I think we need to really think about what are small things that could be implemented across all public housing authorities that would really benefit households to getting to successful lease ups, getting to the neighborhoods and units they want.
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- Chancellor Thanks to Kathleen Moore for talking about this work with us.

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