

Source of Income Discrimination and the Housing Choice Voucher Program

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Working paper of mine (not published)

Introduction

Housing choice voucher (HCV) program:

- Largest low-income housing assistance program in US
- Landlord's generally ***not*** required to accept HCV's

Source of income (SOI) policies prohibit screening of HCV holders

Two Key Questions About SOI Policies

1. How do they affect ability of HCV recipients to secure housing?
2. How do they affect performance of local housing agencies?

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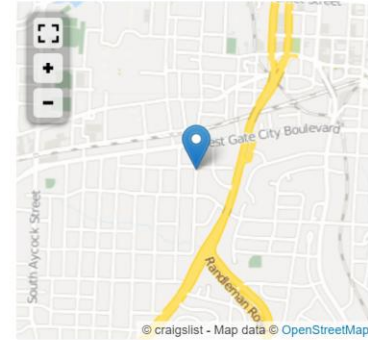
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\$925 / 3br - 986ft² - Available to View Now! 3 BED/1 BATH HOME! (Greensboro, NC)

image 1 of 16



815 Dillard St.

[\(google map\)](#)

3BR / 1Ba 986ft² available now

air conditioning

application fee details: \$50.00 18 and older,

NO SECTION 8 OR AGGRESSIVE BREEDS

cats are OK - purrr

dogs are OK - woof

house

w/d in unit

no smoking

off-street parking

**Source of income
discrimination in practice**

Super cute 3bed/1bath home in Glenwood! Laminate hardwood floors throughout living area and kitchen! Updated kitchen, appliances and cabinets! Spacious bedrooms! Close to everything...UNCG, 29/401, downtown, and coliseum. A must see!! Washer/Dryer Included. Gas Heat, Central Air.

Pets CBC No aggressive breeds.

No Section 8

[View Qualifications](#) at RENTrrc.com- RESIDENT BENEFIT PACKAGE- An additional \$27 Monthly

Fee will be assessed monthly. For detailed information visit:

<https://www.rentrrc.com/uploads/screeningcriteriaanddisclosure.pdf>

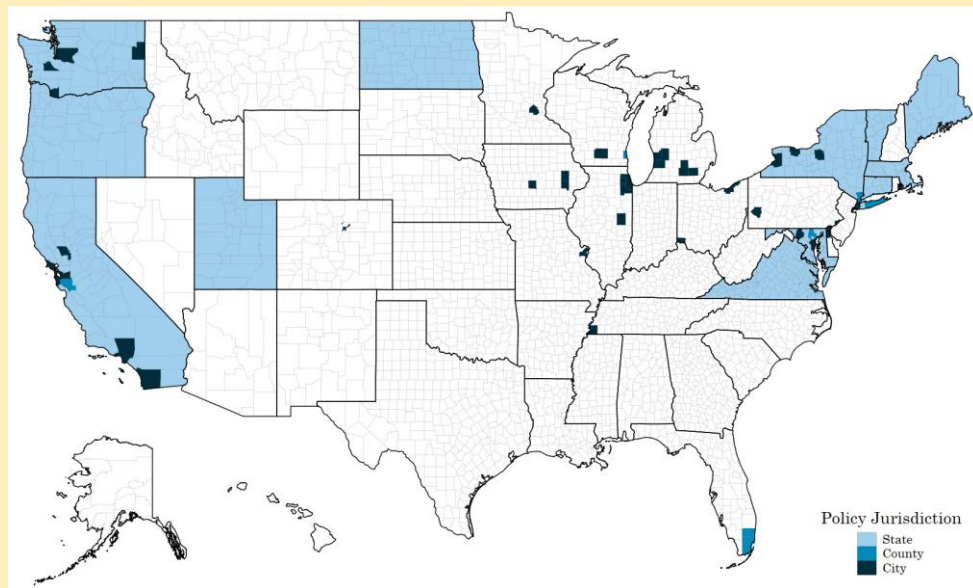
• do NOT contact me with unsolicited services or offers

Background – SOI Policies Across the US

20 states and over 100 counties + cities have some form of SOI policy

National political context:

- Congressional proposals to increase voucher funding
- Policy advocates highlight interaction effects with HCV-reform proposals



Background – Who Gets Vouchers?

Voucher program targets low-income households

- Majority of households below poverty line
- Housing agencies can give preference for certain types of applicants

Households with vouchers pay 30 percent of their income towards rent

- Housing agency covers remaining rent, up to threshold

Voucher program screens applicants – substance abuse & criminal history

Two Key Features of Voucher Program

Excess demand: Only around 25% of eligible households receive assistance

- Long waitlists in many areas

Limited uptake: many households that are awarded vouchers are unable to use them

- Failure rates between ~30-50%



*"A lot of people think once you have a voucher, that's it, you have some golden ticket. But it's not. **You have to compete with everyone else.**"*

Data

County-by-year data from Housing and Urban Development (HUD)

- **Key Explanatory Variable:** 0/1 variable for having an SOI policy
- **Control Variables:** County- and state-level demographic data

HUD data covers (1) HCV holders and (2) housing agencies

- **Primary Outcome Variable:** Wait times for voucher holders
- How long does it take to move into a voucher-subsidized apartment?

Methods

Research Design: Difference-in-differences (DiD) and event studies

- Gives us average treatment effect of SOI policies
- Compare outcomes in counties with SOI laws to those without

$$y_{ct} = \alpha_0 + \alpha_1 SOI_{ct} + \alpha_2 X_{ct} + \gamma_c + \tau_t + u_t$$

Estimated using imputation to avoid concerns about OLS for DiD

Methods

For voucher recipients, SOI policies result in:

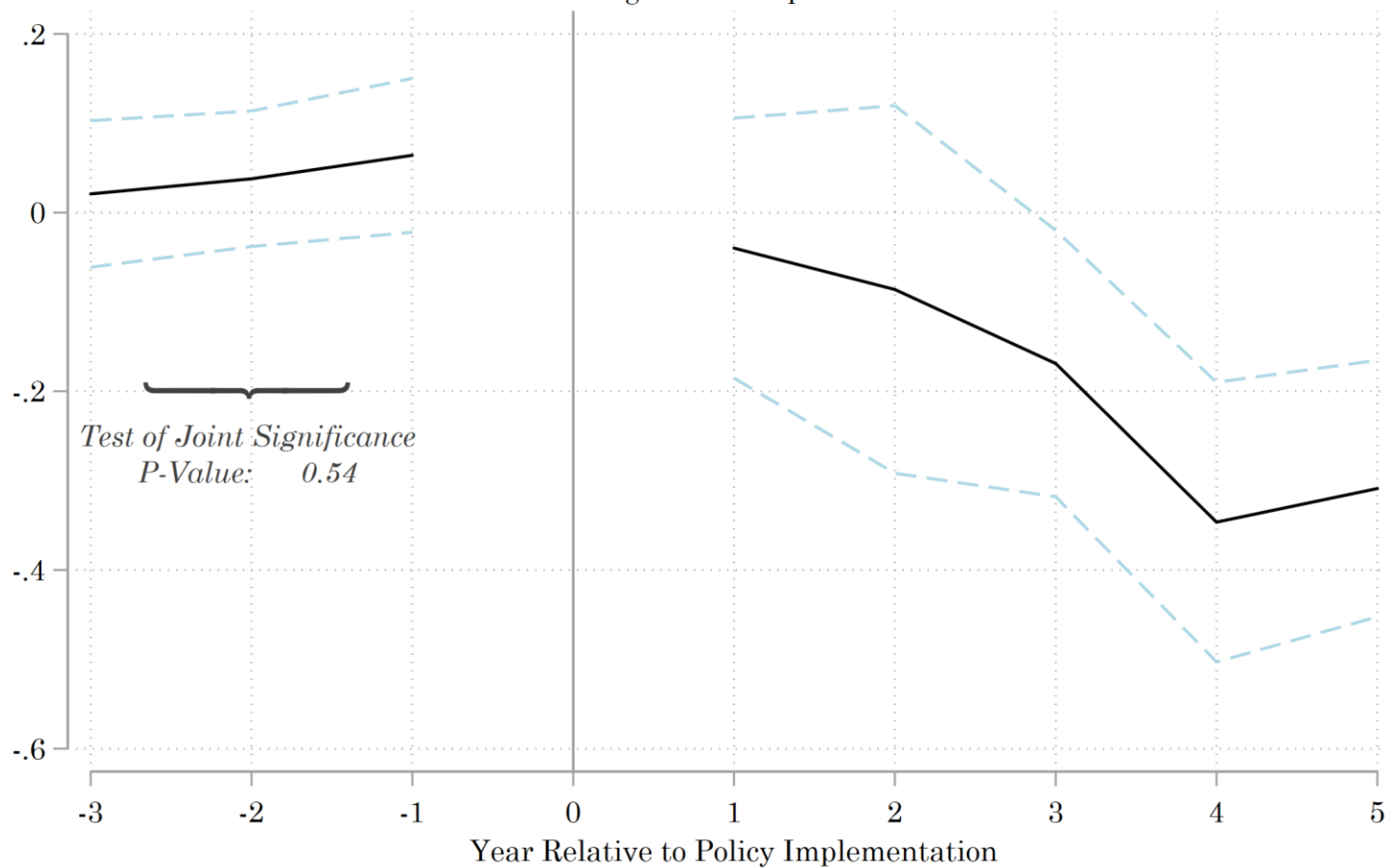
- 14 pct. reduction in wait times prior to finding housing ($p < 0.05$)
- Avg. wait time = 14 months, implies a decline of 2 months

Given long average wait times, this is a (very) large reduction

Other outcomes like neighborhood characteristics, etc. do not change

Event Study of Effect of SOI Polices on Log(Months Waiting for Housing)

Estimates using Robust Imputation Estimator



Main Results Continued

For housing agencies, increase in voucher utilization rates

- Utilization rate = fraction of vouchers attached to a lease
- Effect limited to lower-utilization rate agencies

Estimated increase in utilization rates of ~1.5 percent

- Compared to average (pre-treatment) utilization of 96 percent
- With high pre-treatment average, this is an economically significant intervention relative to other policy options

Conclusion

HCV is a key low-income housing assistance program...

- But returns to the HCV program limited by landlord discrimination
- How do SOI policies impact HCV recipients and housing agencies?

This study finds SOI policies:

1. Decrease in wait times prior to move-in for HCV holders
2. Increases in utilization rates for some housing agencies