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To: Minnesota House Judiciary Finance and Civil Law Committee

Date: Tuesday, 4/6/2021

Subject: HF 1030 - Supporting Source of Income Discrimination Protections to Help Reduce Housing Barriers and Increase Housing Opportunities for All

Chairperson Becker-Finn and members of the House Judiciary Finance and Civil Law Committee, thank you for the opportunity to provide testimony on behalf of Zillow in support of HF 1030, which would help ensure that all Minnesota households have equal opportunity to access safe and affordable rental housing opportunities.

Zillow believes that everyone deserves a safe, affordable home, free of discrimination. Zillow has pursued a range of fair housing initiatives to help promote a more equitable housing market, including product features, economic research, consumer and housing provider education and advocating for housing policies that help reduce housing barriers and increase housing opportunities.

As part of these efforts, Zillow supports source of income discrimination protections as an important tool to help reduce housing barriers, increase housing equity and increase affordable housing opportunities. We acknowledge that housing voucher programs can be improved to reduce administrative inefficiencies and are willing to partner with landlords, property managers, fair housing advocates and public housing authorities to help make those improvements, but we also believe that no household should ever be turned away from obtaining rental housing just because of the source of their income.

Currently, more than five million Americans who are people with disabilities, elderly or are a member of a very low-income household rely on assistance from the Housing Choice Voucher program in order to obtain equal access to safe and affordable housing. Housing choice vouchers and other forms of rental assistance are crucial forms of assistance for these vulnerable households.

Due to funding limitations, only one out of every four households who are eligible currently receive assistance under the program. According to Zillow's research, there are as many as four times as many severely cost-burdened renter households (spending more than 50% of household income on housing) in the Minneapolis region alone as there are available housing vouchers.¹

For eligible households, being awarded a housing voucher is unfortunately just the beginning. Finding a suitable rental unit can be challenging for anyone, but it is particularly challenging for the traditionally disadvantaged households who receive housing vouchers. Studies estimate that roughly 30% of the households that receive housing vouchers are ultimately not successful in locating a rental unit that will accept the housing voucher.²

Since voucher recipients are not protected under the federal Fair Housing Act, federal law does not prevent landlords from unilaterally rejecting all rental applications from housing voucher recipients. Currently, just 49.3% of rental listings in the United States are located in jurisdictions that protect tenants against source of income discrimination. Studies have found that the share of landlords who refused to accept housing vouchers for available rental units that were eligible for vouchers ranged from 15% to 78% in large cities across the country.³

¹ <https://www.zillow.com/research/housing-choice-vouchers-28719/>

² https://www.huduser.gov/portal/publications/pdf/sec8success_1.pdf

³ <https://www.urban.org/research/publication/pilot-study-landlord-acceptance-housing-choice-vouchers>

The original goal of the Housing Choice Voucher program was to help give eligible households the opportunity to access safe and affordable housing in neighborhoods with lower concentrations of poverty and higher levels of opportunity. Studies show that jurisdictions with source of income discrimination protections are found to have significantly lower rates of landlord voucher refusals.⁴ Studies also show that eligible households in jurisdictions with source of income discrimination protections were more likely to move to neighborhoods with lower poverty rates and higher opportunity levels.⁵

In addition, Zillow research shows that since 2015 housing voucher values have largely kept pace (if not exceeded) the growth of market rate rents in many Minnesota counties.⁶ For example, in Hennepin County, voucher values have grown by 21.9% since 2015 while market rate rents have grown by 19.4% over the same time period. The same can also be said for Anoka (21.9% voucher value growth compared to 20.2% market rate rent growth), Carver (21.9% compared to 20.4%), Dakota (21.9% compared to 19.4%), Ramsey (21.9% compared to 21.4%), Scott (21.9% compared to 19.8%) and Washington counties (21.9% compared to 20.8%).

As we advocate for stronger source of income discrimination protections for tenants, we are also proactively doing our part to use our rentals products to empower and educate renters about local and state source of income discrimination protections. On nearly all rental listings across all jurisdictions, Zillow has proactively built and included a Local Legal Protections feature to help educate renters about source of income discrimination protections in their local communities.

In closing, we would respectfully request that the members of the House Judiciary Finance and Civil Law Committee help ensure that all Minnesota households have equal opportunity to access safe and affordable rental housing opportunities by supporting HF 1030. Thank you for the opportunity to provide comments on this very important issue.

⁴ https://www.huduser.gov/publications/pdf/freeman_impactlaws_assistedhousingrcr06.pdf

⁵ <https://journals.sagepub.com/doi/pdf/10.1177/0885412216670603>

⁶ <https://www.zillow.com/research/housing-choice-vouchers-28719/>