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To: Minnesota House Housing Finance and Policy Committee

Date: Thursday, March 3, 2022

Subject: Proponent Testimony in Support of HF 835

Chair Hausman, Vice Chair Howard, and members of the Housing Finance and Policy Committee, thank you for the opportunity to provide written comments in support of HF 835. This important legislation would help ensure that all Minnesota households have equal opportunity to access safe and affordable rental housing opportunities by expanding judicial discretion in eviction expungement proceedings and protecting Minnesotans from discrimination based on their source of income.

Zillow is a leader in the rental and real estate marketplace and a trusted source for data, inspiration, and knowledge among both renters and landlords. We have 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.

Zillow believes that everyone deserves a safe, affordable home, free of discrimination. As a result, we firmly believe in reducing barriers to housing and are committed to supporting legislation, such as HF 835, that seeks to expand housing access.

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 expand affordable housing opportunities. 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-St. Paul region alone as there are available housing vouchers.<sup>1</sup>

For eligible households, being awarded a housing voucher is unfortunately just the beginning. Finding a suitable rental unit 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.<sup>2</sup>

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.<sup>3</sup>

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

<sup>2</sup> [https://www.huduser.gov/portal/publications/pdf/sec8success\\_1.pdf](https://www.huduser.gov/portal/publications/pdf/sec8success_1.pdf)

<sup>3</sup> <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.<sup>4</sup>

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.<sup>5</sup> 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%).

Unfortunately, barriers to housing are not limited just to source of income discrimination. Research indicates that having an eviction record increases the likelihood of chronic housing instability and job loss, often “blacklisting” tenants from finding future housing even after their financial situation has stabilized.<sup>6</sup> Renter housing instability has been exacerbated by the pandemic and Zillow’s research indicates that about three million households remain at risk of eviction nationwide.<sup>7</sup>

This crisis is amplified among people of color, who are disproportionately more likely to be renters and have fallen behind on rent payments during the pandemic. In partnership with the National Fair Housing Alliance, Zillow surveyed 10,000 adults in 20 major metropolitan areas nationwide, and found that Black and Latino households were more likely to report job and/or income loss due to the pandemic and were subsequently more likely to report difficulty keeping up with rent payments.<sup>8</sup>

HF 385 provides important protections for Minnesotans using public assistance and helps expand housing access by expunging eviction records that are no longer relevant predictors of future tenancies. Specifically, it would achieve these objectives by:

- Prohibiting housing discrimination against a public assistance recipient.
- Providing new guidelines for when a court may consider discretionary expungement.
- Creating additional situations where a court must grant a mandatory expungement.
- Adding a notice requirement when evicting a tenant for nonpayment of rent that includes providing the amount due and information about how to access rental assistance.

As we advocate for these increased protections, 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 tenant protections in their local communities. We have also provided resources through our platforms to help tenants and landlords access rental assistance programs.

In closing, we would respectfully request that the members of the House Housing Finance and Policy Committee help ensure that all Minnesota households have equal opportunity to access safe and affordable rental housing opportunities by supporting HF 835. Thank you for the opportunity to provide comments on this very important issue.

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<sup>4</sup> [https://www.huduser.gov/publications/pdf/freeman\\_impactlaws\\_assistedhousingrcr06.pdf](https://www.huduser.gov/publications/pdf/freeman_impactlaws_assistedhousingrcr06.pdf)

<sup>5</sup> <https://www.zillow.com/research/housing-choice-vouchers-28719/>

<sup>6</sup> <https://www.pewtrusts.org/en/research-and-analysis/articles/2021/08/26/state-policymakers-are-working-to-change-how-courts-handle-eviction-cases>

<sup>7</sup> <https://www.zillow.com/research/supreme-court-evictions-sept-2021-30023/>

<sup>8</sup> <https://www.zillow.com/research/nfha-pandemic-impacts-2021-29905/>