



The Takeaway

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Can Anti-discrimination Laws in the Private Market Help Deconcentrate Poverty in Public Housing?

**The spillover effects of source of income
anti-discrimination laws on public housing**

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Source of income anti-discrimination laws have the potential to improve the success rates of the housing choice voucher program by making landlord discrimination against voucher holders illegal. This may change the type of households that apply for, successfully utilize, and ultimately remain in the voucher program. The demographics of households in public housing operated within the same local public housing authority are likely affected by such change. This study finds that anti-discrimination laws targeted at low-income renters in the private market have spillover effects on public housing by diverting its poorest households to private rental units, alleviating concentrations of poverty in public housing.



WHAT'S THE TAKEAWAY?

Source of income anti-discrimination laws improve the success rates of housing voucher utilization.

Source of Income laws have spillover effects on public housing, reducing the share of extremely low-income residents in public housing.

Different housing assistance programs within the same jurisdiction serve overlapping pools of eligible households, where changes in the beneficiaries for one program affect those of the other.

ANTI-DISCRIMINATION LAWS PROTECT HOUSING VOUCHER HOLDERS IN THE PRIVATE MARKET

One of the most pronounced trends in the United States’ federal housing assistance programs is the shift away from project-based public housing programs to tenant-based programs, such as the housing choice voucher (HCV) program. Public housing is government-owned and managed but has faced criticism for concentrating poverty in and around its projects, placing residents in neighborhoods of limited opportunities. The HCV program, in contrast, allows voucher holders to rent private housing at a subsidized rate in potentially better, low-poverty neighborhoods outside the limited options of where public housing projects are located.

Despite the advantages of being able to find rental units in better neighborhoods, voucher holders may not be able to successfully lease up in the private rental market due to multiple barriers. One significant barrier is landlord discrimination. Racial minorities and families from extremely low-income backgrounds may be more vulnerable to such discrimination and have a harder time finding rental units before the voucher expires.¹ A descriptive study, for example, finds that racial minorities are more likely to fail to lease up using vouchers than their White counterparts (48% vs. 28%).²

To overcome landlord discrimination and improve the utilization of vouchers, fair housing groups have pushed for the passage of source of income (SOI) anti-discrimination laws that make it illegal to deny tenants based on sources of rent payment, which includes housing vouchers. Previous evidence suggests SOI laws improve voucher utilization rates overall, as well

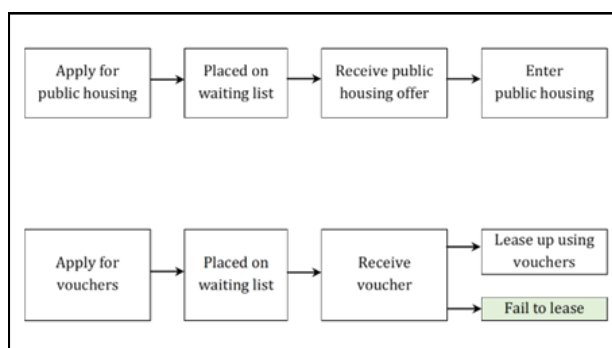
as the locational outcomes, enabling voucher holders to successfully lease up in less impoverished neighborhoods.^{3,4}

POSSIBLE SPILLOVER EFFECTS ON PUBLIC HOUSING

While the impact of SOI laws on voucher utilization is well studied, their impact on other housing assistance programs administered within the same jurisdiction is underexplored. Public housing is often administered by the same local public housing authority (PHA), which likely serves a pool of overlapping households that are eligible for both housing assistance programs. Eligible families can apply for and stay on the waiting lists for both programs at the same time.

Figure 1 shows the pathways through which households eligible for public housing and HCV programs would apply for and receive assistance. Eligibility is often determined by the adjusted household income levels and are identical across both programs within a given jurisdiction. The main difference between the two programs is that getting off the waiting list does not guarantee housing for vouchers, unlike public housing, as households may fail to lease up using vouchers due to reasons such as landlord discrimination.

Figure 1: Application Processes for Public Housing and HCV Programs



Source: Han (2024)

SOI laws have the potential to increase the success rates of voucher holders, particularly those at a greater disadvantage in the private market (e.g., extremely poor households or racial minorities), and thus reduce their likelihood of remaining on the waiting list for (or continuing to live in) public housing. On the contrary, SOI laws may also attract new, potentially better-off applicants who are just below the eligibility threshold for the HCV program by making vouchers more likely to be accepted in higher-income neighborhoods and thus more appealing; this may bring more competitive households into the HCV program, crowd disadvantaged households into public housing, and increase the concentration of poverty in the projects. Yet, the interaction between these programs in the context of passing SOI laws remains unclear, and is explored in a newly published study described in this brief.⁵

LINKING NATIONWIDE PHA-LEVEL PUBLIC HOUSING DATA TO SOI LAWS

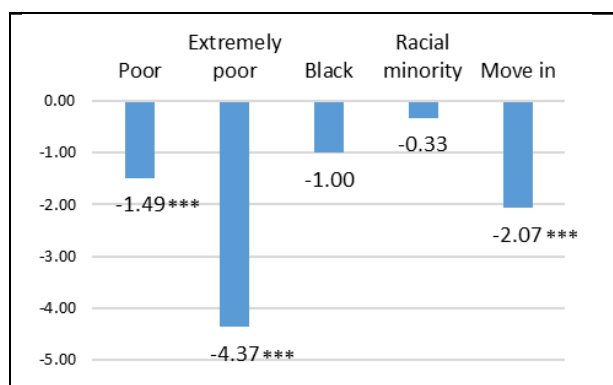
This study uses annual PHA and program-level data from the United States Department of Housing and Urban Development's Picture of Subsidized Households and SOI law information from the Poverty and Race Research Action Council database. The sample includes 4,020 observations of 402 PHAs that continuously operated public housing programs between 2009 and 2018. PHAs affected by SOI laws are identified based on whether their service areas overlap with or are nested within the jurisdiction and states that pass SOI laws. This study uses a difference-in-differences approach to examine the impact of SOI laws on the composition of public housing households (e.g., shares of households that are poor, extremely poor, Black, racial minorities, and have newly

moved into public housing) by comparing changes over time in areas that enacted SOI laws with those that did not. Additionally, an event study approach is used to examine whether the effects of SOI laws increase or decrease over time.

ANTI-DISCRIMINATION LAWS DECONCENTRATE POVERTY IN PUBLIC HOUSING

The shares of poor and extremely poor households in public housing decrease after the enactment of SOI laws. Event study results show that the effects on poor and extremely poor households grow over time, decreasing their shares by up to 1.49 and 4.37 percentage points after five years (as shown in Figure 2). These estimates represent a 1.66 and 6.55 percent reduction from the mean share of poor and extremely poor households of 90.02 and 66.75 percent. The paper does not find any meaningful changes in the racial composition. The share of households that newly enter public housing reduces by 2.07 percentage points, while the shares of poor and extremely poor households in the HCV program increase with SOI laws. These results altogether suggest that the reduction of disadvantaged households in public housing is due to more of these households being able to successfully lease up using vouchers

Figure 2: Changes in % Households 5+ Years Post-SOI Law Adoption



Source: Han (2024)

and not having to resort to public housing.

POLICY IMPLICATIONS

A vast array of studies highlight that poverty-stricken neighborhoods, with particular concerns around concentrated poverty in public housing, create living and learning environments that have detrimental effects on residents and their children.^{6,7} Anti-discrimination laws that aim to protect private renters may not only help voucher holders live in better neighborhoods but also potentially improve the neighborhoods of public housing projects by alleviating concentrations of poverty. With the federal government shifting away from public housing toward other programs, state and local jurisdictions may use SOI laws as an effective tool to facilitate a harmless transition from public housing programs to voucher programs. Policymakers should further apply this lesson to consider how different housing assistance programs may interact with each other, as shifts in one program are likely to have spillover effects on other existing programs and their beneficiaries.

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Notes:

¹ Reina, V. J. & Winter, B. (2019). Safety net? The use of vouchers when a place-based rental subsidy ends, *Urban Studies*, 56, pp. 2092–2111.

² President's Commission on Housing. (1982). Report of the president's commission on housing. Washington, DC: U.S. Government Printing Office.

³ Finkel, M. & Buron, L. (2001). Study on Section 8 voucher success rates: Quantitative study of success rates in metropolitan areas, Vol. 1. Washington, DC: U.S. Department of Housing and Urban Development.

⁴ Freeman, L. & Li, Y. (2014). Do source of income anti-discrimination laws facilitate access to less disadvantaged neighborhoods? *Housing Studies*, 29, pp. 88–107.

⁵ Han, J. (2024). The spillover effects of source of income anti-discrimination laws on public housing. *Housing Studies*, 39 (12), 3217-3244.

⁶ Chetty, R., Hendren, N., & Katz, L. F. (2016). The effects of exposure to better neighborhoods on children: New evidence from the Moving to Opportunity experiment. *American Economic Review*, 106(4), 855–902.

⁷ Chyn, E. (2018). Moved to opportunity: The long-run effects of public housing demolition on children. *American Economic Review*, 108(10), 3028–3056.

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