

Getting Past ‘No’: Housing Choice Voucher Holders’  
Experiences with Discrimination and Search Costs

**Draft**

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Abstract

The federal Section 8/Housing Choice Voucher Program subsidizes the market-rate rents of close to 2 million low-income households nationwide. In many urban areas, voucher-assisted households tend to be concentrated in subsets of higher-poverty, distressed urban neighborhoods. This project explores two factors commonly believed to contribute to these trends in the City of Seattle: landlord discrimination against voucher holders, and high search costs. Interviews and focus groups with 31 successful voucher participants suggest that housing searches can be arduous, and that both discrimination and search costs can be significant obstacles to finding housing. The combination of poor credit and inability to pay search costs can be particularly challenging for voucher holders to overcome. Despite local source of income protections in the City of Seattle, half of the study participants experienced or perceived landlord discrimination because of their voucher status. Voucher holders reported similar strategies to minimize search costs and find landlords willing to accept a voucher.

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## 1. Introduction

The goal of this project is to shed light on how Housing Choice Voucher (HCV) holders in Seattle approach and experience the housing search process. Of particular interest are two obstacles commonly believed to limit housing options for voucher program participants: landlord discrimination against voucher holders, and high search costs.

Housing Authority staff and housing advocates commonly point to landlord discrimination and search costs as barriers to successfully using a Housing Choice Voucher, and to finding housing in low-poverty neighborhoods. But little evidence exists documenting the extent of these problems in Seattle, or ways they may impact voucher holders' search strategies and outcomes. This project explores how successful voucher holders approach the housing search process and deal with these obstacles, in an effort to inform both legislative advocacy efforts as well as voucher mobility program design. This research is particularly timely in light of ongoing legislative efforts in Washington State to extend source of income anti-discrimination protections statewide, and to create a portable tenant screening report that renters can purchase for a one-time fee and use for multiple rental applications. The housing authority is also designing a neighborhood mobility program to ensure voucher holders are able to access a wide range of Seattle neighborhoods. This study is one of several survey and qualitative research efforts examining SHA voucher holders' housing preferences, search experiences and location outcomes, in an effort to inform mobility program design.

Three main questions are of interest. First, how common is source of income discrimination in Seattle? And second, do search costs in general and application fees in particular play a role in voucher holders' housing searches? And finally, how do voucher holders respond to these obstacles?

Thirty-one successful SHA voucher holders were interviewed individually or in focus groups during late 2009. The methodology is discussed in detail below. Findings suggest that both discrimination and high search costs continue to play a significant role in how voucher holders approach their housing searches. Despite local source of income protections in the City of Seattle, half of the focus group and interview participants experienced or perceived landlord discrimination because of their voucher status. Application fees and other search and moving costs, particularly when combined with poor credit or inability to pay a large deposit, were common challenges to finding voucher housing. Voucher holders did not report spending exorbitant sums on application fees, but rather avoided fees and framed searches around landlords willing to offer bargains. Findings suggest that portable screening reports may ease housing searches for some voucher holders, and that source of income protections should be coupled with enforcement and landlord outreach. But additional support is likely needed to help voucher holders experience a wide range of housing and neighborhood options.

This paper is organized as follows. The remainder of this section provides some background on the Seattle Housing Authority's HCV program and location outcomes for voucher-assisted households. In section 2, I briefly discuss the existing literature on source of income discrimination and the role of search costs in voucher outcomes.

Section 3 then describes the research methodology. Section 4 provides information from interviews and focus groups, and section 5 concludes.

### *Background*

The federal Section 8/Housing Choice Voucher Program serves close to 2 million low-income households nationwide. Voucher holders lived in approximately 85% of Metropolitan Statistical Area (MSA) neighborhoods in 2004, and on average experienced moderate poverty rates in the 20 percent range—which are well below threshold levels considered problematic (Devine et al., 2003; Galvez, forthcoming).<sup>1</sup> However, in many MSAs, voucher holders are unevenly distributed and tend to cluster into subsets of higher-poverty, relatively distressed central-city neighborhoods.

The Seattle Housing Authority (SHA) administers over 8,000 Section 8 vouchers in the Seattle/King County area, and is one of the largest voucher programs in the northwest. Voucher location patterns in Seattle are similar to those seen in MSAs nationally: SHA voucher holders tend to be widely but unevenly distributed across Seattle neighborhoods, and experience relatively distressed neighborhood conditions. Nearly every Seattle neighborhood (96% of all census tracts) had at least one SHA voucher resident in 2009, which is a significantly wider distribution than the norm MSAs nationally.<sup>2</sup> Despite the wide distribution, Seattle voucher holders tend to be unevenly distributed. Approximately 40% of all SHA voucher holders in Seattle lived in the same five neighborhoods in 2009. These neighborhoods are clustered in southeast Seattle areas historically considered to be the city's African American communities.

The Dissimilarity Index is a common measure of concentration in the urban segregation literature, which captures the degree to which a minority group is evenly distributed across neighborhoods relative the majority population group.<sup>3</sup> Using the Dissimilarity Index to measure the extent of voucher holder concentration shows that approximately half of all voucher holders would need to move to new neighborhoods in order to achieve a perfectly even distribution. Table 1 summarizes the dissimilarity and neighborhood distributions for voucher holders in Seattle and nationally. Voucher holder concentration in Seattle is slightly higher than the national average for all MSAs in 2004.

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<sup>1</sup> Neighborhoods are approximated as census tracts.

<sup>2</sup> Own analysis of SHA voucher locations using SHA administrative data for 2009.

<sup>3</sup> The Dissimilarity Index captures how evenly two groups are distributed across neighborhoods within a jurisdiction. The Index is most often used to quantify segregation levels between black and white residents. Measured on a 0 to 1 scale, Dissimilarity Index values represent the share of the minority group's population that would need to re-locate in order to achieve a perfectly even distribution of compared to majority group members. A score of 1 represents perfect segregation, with 100% of the minority group required to relocate in order to achieve an even distribution; zero represents perfect integration. For our purposes, the Index measures the share of voucher holders that would need to move to new neighborhoods in order to achieve an even distribution compared to non-voucher households. See Massey and Denton (1988) for a detailed description of the Dissimilarity Index and other segregation measures.

Table 1: Voucher program concentration

	Dissimilarity	% tracts with voucher HHs
Seattle HCV HHs 2009	0.50	95.8
National avg for MSAs 2004	0.47	85.9
National avg for MSAs 2000	0.49	82.1

Seattle voucher holders also tend to experience lower neighborhood quality compared to other Seattle residents. Table 2 compares neighborhood characteristics for SHA voucher holders, voucher holders nationally, and other Seattle residents. In 2009, the typical SHA voucher holder lived in a tract with higher poverty rates, more non-white residents, lower average educational attainment and lower employment rates than other Seattle residents. Average neighborhood poverty rates for SHA voucher holders are far below the 40 percent range generally considered extreme and potentially harmful, and lower than those experienced by either the typical poor Seattle resident or the typical voucher holder in an urban area nationally. Nevertheless, a 2010 study of King County voucher locations found that over 75% of all voucher holders lived in neighborhoods that offered low access to opportunities for economic mobility. This was a larger share in low opportunity neighborhoods compared to place-based Low Income Public Housing unit locations in King County (Reece et al. 2010).

Table 2: Neighborhood characteristics for SHA voucher holders compared to other Seattle households and voucher holders nationally

	Poverty rate 2000	Pct Minority 2000	Female-headed HHs 2000	Some college	Pct. No HS or GED	Welfare receipt
SHA voucher HHs, 2009*	16.9%	52.1%	34.9%	61.6%	8.5%	12.2%
All Seattle HHs, 2000**	12.0%	28.8%	25.3%	74.9%	6.6%	6.7%
All Seattle Poor HHs, 2000	19.2%	39.6%	30.3%	68.5%	7.6%	10.4%
All Seattle Renters, 2000	14.5%	29.5%	28.2%	74.4%	7.2%	7.5%
All HCV HHs in MSAs 2004***	19.5%	51.8%	36.2%	44.5%	13.5%	13.5%

\*SHA voucher holder locations in 2009

\*\*2000 census data for all SEA households, renters and households at or below the poverty line

\*\*\*HUD HCV program microdata for 2004

Neighborhood characteristics are from Census 2000 SF3 data.

In response to these trends, housing advocates have focused their efforts on two issues commonly believed to constrain voucher holders' neighborhood options, and be particularly difficult to individual households to overcome: source of income discrimination against Section 8 voucher holders, and the tenant screening process used by landlords.

Source of income protections have been in place in Seattle and unincorporated portions of King County since 1989, but landlords in the remainder of King County and Washington State may legally turn away prospective tenants solely because of their voucher status. In 2008 and 2009, advocates sponsored legislation that would have

extended source of income protections statewide. If passed, Washington would have become the 13th state with source of income protections (PRRAC, 2010). The laws typically include voucher holders or public assistance recipients as a protected class under civil or human rights laws, which extends them the same protections applied to race, gender, family composition or disability status. The laws prohibit landlords from turning away voucher holders solely because of their voucher income, but do not require landlords to accept voucher holders as tenants. Rather, landlords are required to consider voucher holder applicants using the same screening criteria they would apply to other prospective tenants.

In 2009, new legislation was also introduced to reform the process that landlords use to screen and select tenants. In part, the legislation would require landlords to accept a portable screening report that prospective tenants could review for accuracy and use for multiple applications over a limited time period.<sup>4</sup> Advocates argue that portable screening reports would add transparency to the application process by giving tenants the opportunity to see what landlords review on screening reports, and correct or explain inaccuracies in their credit or rental histories while also reducing the overall cost of housing searches. Advocates contend that renters with poor credit or evictions in their rental histories may apply to multiple units before they find a landlord who will accept them, paying multiple application fees in the process. As a result, housing searches may be longer and more expensive for searchers with poor credit or prior evictions, and push them into high-poverty neighborhoods where they feel landlords will be more receptive. In the worst case scenarios, voucher holders may lose their vouchers if they cannot find housing within the 120 days provided by the housing authority, or if they simply run out of money for search or moving costs.

## **Section 2. Previous research**

Rental voucher programs have been in place since the early 70s, as a direct response to the concentrated poverty that accompanied place-based low-income public housing projects. Whereas place-based programs tie housing subsidies to a particular unit, vouchers tie subsidies to recipient households. In theory, voucher holders may use vouchers for any private market unit nationwide, so long as it meets rent and quality standards. In practice, a number of challenges may limit voucher holders' housing options. Over the past two decades, a rich body of literature has developed about the Section 8/HCV program, including research on how voucher holders search for housing and the many challenges they may face in the housing market.

The research commonly finds that voucher recipients find the housing search to be daunting, feel pressed for time, and have difficulty finding housing that meets both personal preferences and program requirements (Smith et al. 2001; Popkin and Cunningham 1999, 2000). These issues may be exacerbated in low-poverty neighborhoods or tight housing markets, where landlords have many alternatives to voucher tenants. As a result, voucher holders may rely on a "Section 8 submarket"

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<sup>4</sup> The legislation would create a portable screening report as well as require changes in the types of information included in screening reports.

consisting mainly of landlords who already rent to voucher households or have done so in the past (Briggs and Jacob, 2002; Kennedy and Finkel 1994).

Among the many challenges voucher recipients report, landlord refusal to accept vouchers and prohibitively high search costs were among the most pressing (Smith et al. 2001; Popkin and Cunningham 1999, 2000; Pashup et al., 2004; Lewis, 2000). Reluctance to accept vouchers may be rooted in negative perceptions of the housing authorities that administer voucher programs, or of voucher holders themselves. Landlords may assume housing authorities will be slow or bureaucratic, or prefer to avoid having to comply with federal Housing Quality Standards (HQS). Or, landlords may believe voucher holders will be bad or disruptive tenants. Discrimination against voucher holders may also mask racial discrimination. In many MSAs, voucher programs are disproportionately non-white compared to the overall population. Landlords in these MSAs may view voucher assistance as a proxy for race, and avoid all voucher holders in an effort to avoid nonwhite tenants (Galvez, forthcoming).

Whatever the root causes, landlord discrimination may artificially limit the housing and neighborhood options available to voucher holders. However, research quantifying the impact of discrimination on HCV location outcomes is scarce. Only one study directly tests the role of source on income protections on voucher outcomes, and provides some evidence that discrimination does limit voucher holders' success. Finkel and Buron's (2001) study of success rates for 2,500 voucher recipients at 48 housing authorities found that voucher holders in areas with source of income protections were significantly more likely to find housing with their vouchers.

In theory, discrimination and source of income protections could impact housing outcomes in several ways. Clearly discrimination may directly reduce housing and neighborhood options if landlords in low poverty neighborhoods refuse to accept voucher tenants. However, perceptions of discrimination in the housing market may also lead voucher holders to avoid neighborhoods, landlords, or types of housing they fear will be unwelcoming. Similarly, source of income anti-discrimination protections may lead landlords to review and accept applications from voucher holders they might otherwise dismiss without consideration. But protections may also change housing search behavior and encourage voucher holders to look for housing in neighborhoods they might otherwise avoid.

#### *The Role of Search Costs in Housing Outcomes*

Housing search and moving expenses may include transportation costs, application fees, rental deposits or moving supplies. Expenses are likely higher for voucher holders who apply to multiple units or search for longer periods of time before finding housing.

Landlords often require tenant screening reports as part of rental applications, which provide detailed information about prospective tenants' credit, rental, and criminal histories. Tenants typically pay for the reports themselves, which landlords receive directly from third-party screening companies. Tenants may never see the reports that landlords receive or know what information they contain.

Some housing authorities help voucher holders pay for search and moving expenses, particularly for households displaced from public housing because of HOPE VI redevelopment or other mandatory relocations. But such assistance is not the norm, and voucher holders generally pay some or most of the costs themselves. The Seattle Housing Authority does not provide any help with search or moving expenses.

Research suggests that search costs in general and credit check fees in particular are a burden on voucher holders. In studies of voucher holders moving from public housing in Chicago, focus group participants did not have trouble finding housing available at voucher rent limits, but found credit checks, security deposits, transportation and moving costs to be prohibitively expensive (Popkin and Cunningham, 2000). In Seattle, a qualitative study commissioned by SHA in 2000 found that voucher holders commonly paid multiple credit check fees, generally \$30 each. The study found fees to be “a serious and costly” problem for voucher holders, but that landlords relied on credit checks as their primary tool to screen out unreliable tenants (Lewis, 2000).

Voucher holders with poor or no credit, or tenants unaware of errors on their screening reports may apply to multiple units before finding a landlord who will accept them or they become aware of errors in their screening reports. A small body of research examines the tenant screening process, and the problem of inaccurate reports that limit searchers’ ability to find housing. Specifically, the screening reports are often inaccurate or misleading (Kleysteuber, 2007; HousingLink, 2004). A study commissioned by the Minneapolis Housing Authority found that inaccuracies were common and persistent (HousingLink, 2004). The authors conclude that the standard use of screening reports has led to a class of renters that is unable to find housing in the mainstream rental market.

### **Section 3. Methodology**

A sample of 31 successful SHA voucher holders were interviewed in a series of six focus groups and three one-on-one interviews held during November and December of 2009. Focus groups contained between three and seven participants.

One focus group and the three interviews were with voucher holders who received a voucher for the first time between February and June 2009, and successfully found housing by November 2009. The remaining five focus groups were with voucher holders already living in voucher housing in 2009, and in the process of moving to new units with their voucher. In total, seven new voucher holders and 24 movers participated in the study. Interviews took place at the SHA’s Housing Choice Voucher program office.

The seven first-time movers were selected at random from a group of 250 voucher holders who were issued vouchers between February and June of 2009, and completed a survey about their housing and neighborhood preferences. The remaining 24 repeat movers were chosen at random by an SHA staff member from among English-speaking voucher holders scheduled to attend weekly mandatory information sessions at SHA for people requesting to move with their voucher. Each voucher holder was paid \$25 for participating in the study.

Table 3: SHA voucher holder and study sample characteristics

	Avg. Age	Pct. Female	Avg. HH Size	Pct. White	Pct. Black	Pct. Asian	Pct. Hispanic
Sample	45	61%	2.0	48%	42%	6%	13%
All SHA voucher HHs	48	70%	2.2	45%	43%	10%	3%

The sample was similar to the full SHA voucher population, but there were some differences.<sup>5</sup> The study sample was slightly younger, more likely to be white or Hispanic, and less likely to be Asian. Notably, only participants who spoke English were included in the sample. The SHA population includes a large number of recent Asian and African immigrants, from several language groups. Non-English speaking participants may have different preferences and experiences searching for housing than the native English speakers included in the sample. Finally, only current SHA voucher holders who successfully made at least one voucher move are included. According to SHA staff, approximately 60% of new voucher holders searching for housing in Seattle are able to find housing within the 120 days provided by the housing authority. The other 40% are unable to use their voucher or qualify for an extension, and lose the subsidy. The focus group and interview participants were exclusively successful searchers, and many had made several moves with their voucher. They may be more motivated or prepared than the typical SHA household receiving a voucher for the first time, and the repeat movers in particular may be more stable, have more resources available to them, and be more familiar with the housing market.

Ideally, unsuccessful and non-English speaking voucher holders would also be included in the sample. However, SHA stopped issuing new vouchers in July 2009, four months before the study period. A very limited sample of recent unsuccessful searchers was available by the time the interviews were conducted, and contact information for these households tended to be obsolete. Including non-English speaking voucher holders presented a different challenge. SHA voucher holders represent several language groups, presenting a problem for interpreter services. Also, recent immigrants or non-English speaking voucher holders may face unique challenges in the housing market and approach the housing search differently than English speakers. Future research should focus directly on unsuccessful searchers and voucher holders with limited English proficiency.

The sample is not intended to be statistically representative of all SHA voucher holders. Nevertheless, study participants' experiences provide insights into the types of challenges voucher holders face and suggest paths for further research and for policy.

#### **Section 4. Voucher Holders' Experience Searching for Housing**

Focus group and interview participants were asked a series of questions about their housing search strategies, experience with landlords or building managers, and resources for moves. Voucher holders making a new move were also asked to discuss their

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<sup>5</sup> Demographic data are from SHA for all voucher holders as of December 2008.

decision to move, and their experience with previous voucher moves. All of the study participants reported using a combination of methods to find available housing. These included the Internet, word of mouth from social networks or current landlords, scanning neighborhoods on foot or by car, and using a list of available housing provided weekly by the housing authority. Participants who did not have access to the Internet at home—which was the majority of the group—relied on services at their local library.

Together, the group searched for housing in a wide range of neighborhoods, in both north and south Seattle. A few of the repeat movers planned to move outside of Seattle to surrounding King County areas, and two hoped to move out of Washington State. Voucher holders receiving a voucher for the first time, however, were required to live in Seattle for one year before “porting” to a different housing authority’s jurisdiction.

#### *Experience With Source of Income Discrimination*

Half (16) of the interview and focus group participants encountered landlords who either directly refused to accept vouchers or who, in their opinion, indirectly avoided voucher tenants. In response to the question of how landlords responded to vouchers, one participant making her second move commented:

“They deny you if you say you have a voucher, even though they know it’s illegal. And you don’t have the time or energy to deal with it.”

Another noted,

“Landlords don’t like Section 8, and turn you away when you say you have a voucher. They think people with vouchers are lower class and write you off.”

Indirect forms of discrimination included landlords denying applications after discovering that the applicants had vouchers, or claiming that they could not comply with voucher program rules. For example, a first-time mover encountered a landlord who would only accept 6-month leases, as opposed to the 12-month leases generally required by the housing authority. In his view:

“They don’t give a straight-up ‘No,’ but they come up with workarounds.”

A voucher holder making a new move similarly felt that landlords claiming they can’t meet federal Housing Quality Standards (HQS) were simply avoiding section 8 tenants.

“They make up reasons to reject you so it don’t look like discrimination.”

Whether or not the landlords’ claims were genuine, the voucher holders clearly perceived them to be avoiding voucher tenants. A common theme related to this was the negative stereotypes that participants felt were associated with Section 8 voucher holders.

Several participants described being told by landlords that they avoided the HCV program because of bad experiences with voucher tenants. And several participants

noted that the “horror stories” might have merit, and make things harder for the good voucher tenants. One voucher holder about to make her second move commented:

“Landlords write you off because some have got burned in the past. Tenants who destroy units and make everyone look bad. ... There’s a stigma with the voucher and you have to prove your case to show you’re not like that.”

Another making his third voucher move noted of some voucher holders:

“They come into the program and have problems and lose their vouchers. But no screening process that could eliminate that. Who gets to decide who deserves a voucher?”

Voucher holders are provided information about their rights as part of the standard information sessions that SHA requires new and repeat movers to attend, and all of the study participants were aware that Seattle landlords are prohibited from discriminating against Section 8 recipients. Nevertheless, none of the focus group or interview participants pursued a formal complaint against landlords they felt had discriminated against them, or even considered filing a complaint.

#### *Search Costs, Application Fees and Credit Concerns*

Application fees, moving costs and poor credit history were consistently noted as important obstacles to voucher moves, even if actual dollar amounts spent on applications were relatively low. On average, the first-time movers spent \$45 on application fees, although two who took on particularly aggressive searches spent more than \$100 each. Several first-time and repeat movers spent nothing out of pocket on application fees, and either received help from social service providers or avoided application fees entirely. On average, participants spent \$60 on application fees—but nearly a third of the sample did not spend any money on fees despite having contacted landlords or viewed units. This is fairly consistent with information gathered earlier in 2009 from a sample of 66 SHA voucher holders who were approaching the 120-day expiration point for their vouchers. Money spent on fees ranged widely among that sample, but average costs were low.

It appears that study participants commonly held off on applying to units until they felt confident their applications would be accepted. As a result, application fees were secondary compared to the larger investment of time and energy finding landlords who would accept poor credit or who could not pay a large lump sum deposit. When asked about search costs, one participant stated:

“It’s not about the money, it’s finding a good landlord that will take you.”

For others, however, the process of repeated rejections could be costly. A repeat mover with poor credit noted:

“There should be a one-time payment, so you don’t have to keep paying [application fees].”

Among the focus group sample it appeared that poor credit in particular could require longer searches, with participants approaching multiple landlords. One participant moving for the second time with his two sons summed up the role of credit on housing searches:

“The credit checks determine where you live. Even if they accept Section 8, the nicer, newer places won’t accept you and you end up settling just because you have to. It’s only the less than average places that will take you.”

Another noted:

“Using bad credit to judge you is a bad system. Rental history is more important. Some people will take fast money [if you can pay a big deposit] no matter what. But rental history should be more important than credit.”

A common sentiment was deep frustration with what participants felt was an illogical reliance on credit history as opposed to rental history, in spite of the fact that the Section 8 payments are “a guaranteed check” each month. Several voucher holders noted that the combination of good rental history and bad credit history suggests they paid their rent first, before dealing with other debt.

“If you never been evicted and you pay your rent on time, credit shouldn’t matter. My rent is always paid on time.”

“Credit has nothing to do with it if I pay my rent.... What credit issues? I pay rent and that’s all they need to know.”

“I have some credit issues from some medical problems that I had when I was unemployed for a while. I lost my job and my health care but I still had to go to the doctor. But my rental history is good because I always pay my rent.”

Poor credit and search costs were often discussed together, and dealt with simultaneously during housing searches. Deposit fees, outstanding utilities bills and the cost of renting a truck to move were all mentioned as challenging obstacles.<sup>6</sup> Most participants were able to enlist friends or family to help with actual moves, but several new voucher holders needed to rent a truck and two moved their belongings by bus because they did not have access to a car and couldn’t afford to rent one. Deposit fees, however, were by far the most pressing concern, requiring voucher holders to find landlords willing to accept deposit payments over time, or reduced payments.

One participant making her second voucher move was leaving a unit she felt was poorly maintained and in an unsafe neighborhood. She explained that:

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<sup>6</sup> Voucher holders requesting a new move must pay all outstanding utilities bills before SHA will approve their move.

“I moved into my place because the deposit was affordable. If I had more [for the deposit] I would have paid it and gone somewhere else. The landlord took partial payments, and I was having a complicated pregnancy.... The roof was the most important thing.”

A first-time mover similarly noted of the neighborhood she moved into with her voucher:

“My neighborhood is not known as safe but I don’t scare easily and have never seen any crime or drugs out in the open. And the building manager was willing to work with me.”

### *Search Experience*

Several common themes related to the housing search process emerged during the interviews and focus groups. Notably, even though participants commonly expressed frustration and stress when discussing their housing searches, nearly all were confident that voucher housing was available if they looked for it, and fairly resilient in the face of challenges.

“You can always find someone willing to take it. They might not have heard of the program and you have to explain it to them, but they’re willing.”

“There’s housing everywhere.”

A related sentiment was that the voucher was an opportunity not to be wasted.

“You’d be an idiot to let it get away from you.”

“You have to get your ass out of the chair and make it happen.”

“Nerves kind of sets in because you get denied and you get nervous that you won’t be able to use it [the voucher]. You kind of get nervous. But it kind of makes you know you have to get started again. You get motivated.”

Seattle’s relatively weak housing market at the time of their searches may have added to their confidence, and possibly to their success. Several participants noted that the market seemed easier to navigate and had more housing available compared to past moves, and “move in specials” with fixed application and deposit fees were common.

### *Neighborhood Preferences*

Neighborhood preferences were not the main focus of the interviews, but participants commonly discussed basic neighborhood concerns. The majority wanted to live in safe neighborhoods, close to transportation or shopping. Several remained very close to their last housing unit, in part because they liked the neighborhood and in part because the move was convenient. However, for the majority, neighborhood preferences were broad and less pressing than finding an affordable unit that met basic needs.

A notable exception was a group of repeat movers, all women living in high crime southeast Seattle areas, who desperately wanted to live in better quality housing and neighborhoods. Two had recently experienced crime or violence near their homes.

“You get to a point where you think ‘I’m tired of this. I hate this place. I deserve better.’”

“It’s depressing. You don’t want to go home, and you get tired of living like that.”

“You wouldn’t even know I have kids unless you see us coming and going from the house. My kids can’t play outside.”

Some of these women clearly rejected certain southeast neighborhoods known to be high-crime areas.

“No white Center, no Delridge; no Rainier Valley, Skyway – no anywhere South. [Because] it’s high crime, high drug activity, high strung, high everything .... Even Columbia City. That’s the beginning of the end right there.”

“As a single mom, I wouldn’t attempt to walk anywhere by myself [in Rainier Valley] at night.”

“I don’t care about being close to work – I just want to be away from Rainier Beach. This time, I’m looking at night. I’m looking at the school boundaries. This time I have high standards.... look at the unit during the day and then come back at night.”

However, none of the women had housing in hand, and only one had clear neighborhood goals at the point she received a new voucher. It was unclear whether searches would be targeted to low crime areas or if the main concern was simply leaving their current housing situations. The woman quoted above who wanted to leave Rainier Beach did not know where she wanted to move at the point she was given a new voucher, and was considering moving closer to her sister who lived two blocks away but still within Rainier Beach.

#### *Common Search Strategies*

Some common strategies emerged that voucher holders adopted to avoid landlords likely to deny their applications, and to find landlords willing to negotiate deals.

#### Full Disclosure

In general, landlord discrimination was discussed as a frustrating side effect of having a voucher, as opposed to as a problem placing participants at risk of losing their vouchers. The most commonly noted search approach was to immediately disclose the voucher, as well as credit problems, in an effort to avoid spending time or application fees on units whose owners would end up denying them.

Several participants noted that SHA advised them to hold back the fact that they had a voucher, in order to avoid outright discrimination and build a relationship with a potential landlord. But it appears that the opposite approach may have been more successful for this sample.

“Landlords will work with you if you talk to them up front.”

“They [Section 8] say not to talk about the voucher, but I mention it right away.”

For one participant, disclosing her voucher late in the process seemed to backfire.

“I found one unit that I loved and borrowed the money to apply, but then they told me the landlord changed his mind about taking the voucher.”

She cancelled the credit fee check, and persuaded her bank to waive the cancellation fee so she could use it towards another application.

#### Finding a Good Landlord:

A repeat mover noted simply:

“You have to find landlords that will work with you.”

Participants frequently discussed the need to find “good” landlords who would not only accept vouchers but also “work with you” to negotiate an affordable lease agreement. For some study participants with poor credit or who could not pay a deposit in full, finding a landlord that would make concessions was among their primary considerations. For others, it also meant avoiding or weeding out landlords likely to deny voucher holders or tenants with bad credit. Several voucher holders who knew they had credit problems targeted landlords they felt were unlikely to do credit searches. For example:

“I look for owners of houses, who usually don’t do credit checks. They look more at your rent history than whether you pay your medical bills or your credit.”

“They don’t need to know about my credit. If they want to know I don’t want to deal with them.”

Several participants were able to find landlords willing to make seemingly generous concessions, such as waiving deposit or application fees, accepting deposits over time, or holding units for extended periods of time. Nearly all study participants noted some sort of concession, deal or help from landlords or building managers. A first-time mover:

“My landlady took care of all the paperwork, and gave four months to pay full deposit and first/last month rent. And she deducted the application fees from the deposit.”

One repeat-mover's landlord agreed to accept a \$500 deposit in ten \$50 monthly payments. Another first-time mover's landlord gave him four months to pay the deposit, and deducted the application fee from his first month's rent.

Holding units for extended periods of time was also common. Five repeat movers said their landlords held units for two months during SHA's inspection and approval process, while a sixth said her landlord held a unit for nearly six months while she was homeless and waiting to receive her voucher. Several participants noted that landlords or building managers also helped them fill out paperwork or applications.

### Intense First Searches

A third common strategy, particularly for first-time movers, was to take on intense searches. Two of the new movers stated that they looked at 20 or more units each before they found the units they eventually moved into, and spent more than \$100 each on applications in the process. In total, the seven first-time movers included in the sample reported looking at 67 units.

One participant described her process to find a studio apartment:

“You just keep on looking and it becomes a routine. You talk to other people who have vouchers and you take it one day at a time and know there's something out there. I never expect something to be easy. If it is then it's too good to be true. Other people on Section 8 told me you have to do a lot of looking and you have to do a lot of research, and that's what I did.”

Another noted:

“I was always looking, sitting in front of the computer with a notepad. I have friends who had a voucher, and got ideas from some people already on the program.”

Repeat movers looked at fewer units, and commonly reported finding housing more passively, through friends or current landlords. But several noted that they started to think about moving well in advance of their actual move—up to a year or more—by talking to neighbors, landlords and friends until an opportunity became available, and arranging for help with moves. A repeat mover's landlord owned multiple properties, and he found new housing through her:

“I knew right away when I moved into the current place that I wanted to move. There are shootings and there was a murder upstairs. I told the landlord to keep an eye out for a new place and she found one a few months ago.”

Others similarly found housing by letting neighbors and landlords know they hoped to move, and waiting for a unit to materialize. Four of the repeat movers found housing on their same block, either through word of mouth or by walking by a new vacancy sign.

## **Section 5. Discussion and conclusions**

The goals of this project were to explore whether source of income discrimination persists in the Seattle housing market despite source of income protections, and how both discrimination and multiple application fees and other search costs may impact SHA voucher holders' housing searches. The voucher holders included in the study frequently encountered landlords who refused to accept Section 8 vouchers and clearly struggled with search and moving costs, including application fees. Participants expressed frustration at these obstacles, but were able to find landlords willing to make seemingly generous concessions. Findings provide some insights for both legislative advocacy and SHA's future mobility program efforts, and also raise several questions that merit further research.

First, the fact that landlord discrimination was noted so frequently in a city with source of income protections already in place suggests that the ordinance alone is not enough to eliminate discrimination. Participants were aware that discrimination was illegal in Seattle, but were not inclined to pursue complaints and opted instead to simply continue their housing searches and find landlords who would accept a voucher. A state anti-discrimination law may be more effective than local ordinances, which can be confusing to both voucher holders and landlords. But a stronger, more transparent enforcement mechanism is most likely needed in order for the law to be effective. SHA and other regional housing authorities can also do more to recruit and educate landlords about the program, address negative stereotypes, and help voucher holders deal with discrimination.

In addition, further research, such as matched-pair testing is needed to examine whether discrimination is more common in low-poverty neighborhoods, and whether source of income discrimination is linked to racial discrimination. Participants did not bring up racial discrimination, and downplayed the role of race in housing searches when asked directly. But few of the non-white focus group participants targeted traditionally white neighborhoods where racial discrimination may be more likely to occur. Further research should focus on how source of income protections may interact with race, or the racial composition of neighborhoods.

Second, the primary concerns voiced by practitioners advocating for reforms to the current tenant screening process are the cost and transparency of the application process. Any additional cost may present a challenge to very low-income movers, and it appears that application fees do in fact pose a problem for some voucher holders. But application fees are embedded in larger issues of poor credit and/or an inability to pay deposits or move costs generally. Among the study sample, some did pay multiple application fees during their search, but most kept application costs low by avoiding fees, holding off on applications until they felt confident landlords would accept them, and searching for bargains. Repeat movers were less likely to engage in aggressive searches, and instead found housing through passive searches and applying to few if any units.

In the end, application fees do not appear to be the primary barrier to housing searches. But the total dollar amount spent on applications may not adequately capture the full

economic cost to either the participant or the housing authority of onerous searches due in part to poor credit or financial constraints. As a result, portable screening reports may be a useful tool, and may encourage voucher holders to approach a wider pool of landlords. But speeding searches and expanding housing options may require a combination of financial assistance, help negotiating with landlords, and/or help preparing for the search process.

Third, the study sample represented a group that was seemingly highly motivated and resilient, and capable of navigating the housing search process. The obvious question this raises is whether it is reasonable to expect the full voucher holder population to be similarly motivated. It also seems likely that voucher holders who are less prepared to take on aggressive searches and negotiate with landlords may spend more time and money on searches, and be less successful. SHA's success rate hovers around 60 percent, meaning that approximately four out of ten voucher holders fail to find housing within 120 days and lose their vouchers as a result. Households with language barriers, fewer financial or information resources, or who are unfamiliar with the private rental market may struggle to find housing or negotiate with landlords. SHA, along with social service providers, can do more to help voucher holders prepare for the search process before they have a voucher, or earlier in the search process.

Finally, this study is an exploratory effort to understand how voucher holders respond to common challenges in the housing market, and to identify paths for further research. Findings raise several questions that are central to mobility program and advocacy efforts, and merit further investigation. Specifically, how does discrimination or search costs—and particularly the strategies voucher holders use to work around them—impact location outcomes? It appears that in order to be successful, voucher holders may target landlords willing to overlook financial problems or make financial concessions. However, relying on landlords willing to accept vouchers and negotiate favorable leases may result in a narrowed pool of housing and neighborhood options, or require voucher holders to compromise on neighborhood preferences. Neighborhood preferences and outcomes were not the focus of this study, but participants universally discussed wanting to live in “good” neighborhoods. Nevertheless, several participants appeared to compromise on preferences because they needed financial concessions from landlords. Further research is needed that focuses specifically on these search decisions and location outcomes. For example, “shadowing” voucher holders from the point they receive their vouchers to the point they find housing in order to better understand the tradeoffs and decisions that households must make when searching for housing.

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