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## Source of Income Discrimination

### Michigan Need

- Over 63,000 individuals experienced literal homelessness in Michigan in 2017<sup>1</sup>
- 66% of those successfully exiting homelessness go into rental units, with only 2% going into home ownership
- Many of the 1,128,343 renter households in Michigan<sup>2</sup> face barriers to securing safe, affordable housing, such as their source of income, poor credit and rental history, limited income, criminal history, and more
- Housing Choice Vouchers (HCV - also commonly referred to as Section 8) are the federal government's largest rental housing assistance program and provide much needed financial support for those struggling to afford housing
  - HCVs allow an eligible individual or family to rent a qualified unit of their choosing while paying 30% (or maximum of 40%) of their monthly adjusted gross income in rent and utilities
  - HCVs are administered by Michigan's Public Housing Authorities (PHAs)
  - Often families are on waiting lists for months or years. Once approved, the voucher holder has 60 days (or more if granted an extension by the PHA) to lease up a unit<sup>3</sup>
  - The Michigan State Housing Development Authority (MSHDA) administers the majority of these for the state (28,000 HCVs<sup>4</sup>), but an estimated 55,100 households<sup>5</sup> receive HCVs to subsidize their rent
  - Only 1 in 4 individuals who are eligible for rental assistance programming actually receive assistance due to lack of resources<sup>6</sup>

### Source of Income Discrimination

- The national Fair Housing Act provides protections for 7 protected classes – Race, Color, Religion, Sex, Handicap, Familial Status, and National Origin. Source of income is not protected under this act<sup>7</sup>
- Michigan's Elliott-Larsen Civil Rights Act also does not provide protections for source of income<sup>8</sup>

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<sup>1</sup> Michigan Campaign to End Homelessness (2018), *Ending Homelessness In Michigan: 2017 Annual Report* (2018). Retrieved from: [https://www.michigan.gov/documents/mcteh/2017-Annual-Report-WEB\\_634753\\_7.pdf](https://www.michigan.gov/documents/mcteh/2017-Annual-Report-WEB_634753_7.pdf)

<sup>2</sup> United States Census Bureau (2017). American Community Survey: poverty. Retrieved from: [https://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)

<sup>3</sup> HUD. *Housing Choice Voucher Fact Sheet*. Retrieved from: [https://www.hud.gov/topics/housing\\_choice\\_voucher\\_program\\_section\\_8](https://www.hud.gov/topics/housing_choice_voucher_program_section_8)

<sup>4</sup> Michigan State Housing Development Authority. Housing Choice Voucher Program. Retrieved from: [https://www.michigan.gov/mshda/0,4641,7-141-5555\\_41607---,00.html](https://www.michigan.gov/mshda/0,4641,7-141-5555_41607---,00.html)

<sup>5</sup> Center on Budget and Policy Priorities (2019). *Michigan Federal Rental Assistance Fact Sheets*. Retrieved from <https://www.cbpp.org/research/housing/federal-rental-assistance-fact-sheets#MI>

<sup>6</sup> National Low Income Housing Coalition (2018). *Out of Reach: The High Cost of Housing*. Retrieved from: [https://nlihc.org/sites/default/files/oor/OOR\\_2018.pdf](https://nlihc.org/sites/default/files/oor/OOR_2018.pdf)

<sup>7</sup> HUD. *Housing Discrimination Under the Fair Housing Act*. Retrieved from: [https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp/fair\\_housing\\_act\\_overview](https://www.hud.gov/program_offices/fair_housing_equal_opp/fair_housing_act_overview)

<sup>8</sup> Michigan.gov (1976). *Elliott-Larsen Civil Rights Act*. Retrieved from: [https://www.michigan.gov/documents/act\\_453\\_elliott\\_larsen\\_8772\\_7.pdf](https://www.michigan.gov/documents/act_453_elliott_larsen_8772_7.pdf)

- Nationally, only one in three voucher holders are protected by non-discrimination laws<sup>9</sup>
- At least seven Michigan communities have local source of income discrimination (Lansing, East Lansing, Grand Rapids, Jackson, Kentwood, Wyoming, Ann Arbor)
- Recent studies regarding landlord behavior and actions towards HCV holders strongly indicate that discrimination is happening at an alarming level
  - A 2018 HUD study found denial rates in 5 urban areas that ranged from 15% (Washington DC) to 78% (Forth Worth, TX)<sup>10</sup>
  - In surveying Michigan homelessness service providers in 2018, MCAH learned that 44% of all respondents reported that landlords in their community will not rent to HCV holders
  - The demand for affordable rental units increased in past 5 years; on average agencies need an additional 49 units to meet current demand for their clients exiting homelessness<sup>11</sup>
- In addition to limiting the stock of affordable rental units to HCV holders, source of income discrimination can limit a low-income renters' mobility and ability to live in the community of their choosing, resulting in maintaining or furthering segregation in our communities
  - In the 2018 HUD study, landlord denial rate of HCV holders for low-poverty areas was higher – ranging from 10-25% higher with the exception of one urban test site – than for HCV holders in high-poverty areas<sup>12</sup>
  - The Center on Budget and Policy Priorities report that only 14% of HCV holders with children live in low-poverty neighborhoods<sup>13</sup>

## Source of Income Protections

- 11 states plus DC have passed protections based on source of income that include HCVs
- Source of income protections are connected with increased acceptance of HCVs
  - In communities where there are source of income protections, the percentage of landlord rejections dropped: communities without protections saw 77% of voucher applicants rejected vs only 35% in communities with protections<sup>14</sup>
- Source of income is usually defined broadly, and in MI we hope to see it include any legal form of income, including the following: housing assistance, public assistance, emergency rental assistance, veterans benefits, social security, supplemental security income or other retirement programs, and other programs administered by any federal, state, local, or nonprofit entity
- These protections do not prevent a landlord to use other legal screening criteria to select a tenant – they can still look at the renter's history and calculate whether their income threshold is met as long as all legal forms of income are included in that calculation

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<sup>9</sup> Center on Budget and Policy Priorities (2018). *Prohibiting Discrimination Against Renters Using Housing Vouchers Improves Results*. Retrieved from: <https://www.cbpp.org/research/housing/prohibiting-discrimination-against-renters-using-housing-vouchers-improves-results>.

<sup>10</sup> HUD (2018). *A Pilot Study of Landlord Acceptance of Housing Choice Vouchers*. Retrieved from: <https://www.huduser.gov/portal/sites/default/files/pdf/ExecSumm-Landlord-Acceptance-of-Housing-Choice-Vouchers.pdf>

<sup>11</sup> Michigan Coalition Against Homelessness (2018) *Affordable Housing Survey*.

<sup>12</sup> HUD (2018).

<sup>13</sup> Center on Budget and Policy Priorities (2018).

<sup>14</sup> Center on Budget and Policy Priorities (2018).