



TESTIMONY

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HOUSE BILL 2385 AND SOURCE OF INCOME RULES FOR RENTALS

By David Stokes

Testimony before the Missouri House of Representatives
General Laws Committee

TO THE HONORABLE MEMBERS OF THIS COMMITTEE

My name is David Stokes, and I am director of municipal policy at the Show-Me Institute. The Show-Me Institute is a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state and local policy. The ideas presented are my own. Thank you for this opportunity to testify.

House Bill 2385 (HB 2385) prevents cities from requiring that landlords accept housing vouchers for rental property. Currently, at least four cities in Missouri have passed ordinances that would impose this requirement, with other cities considering them currently.¹ Municipalities mandate acceptance of vouchers by prohibiting “discrimination” against applicants based on their source-of-income (SOI) to pay the rent, i.e., vouchers.

The primary housing voucher program, commonly referred to as Section 8 housing, is a federal program. There is no federal requirement that landlords participate in it. The voluntary nature of the program is one of the reasons for its relative success. People are not forced to participate, yet many landlords do. The state has every reason and right to step in and prevent cities from abusing their authority and violating people’s property rights in this case. Just as Missouri has long prevented local governments from instituting rent-control,² this state prohibition on SOI laws is necessary and beneficial. Elected officials in Kansas City, St. Louis, and other Missouri municipalities should have just as much authority to require landlords to accept housing vouchers as they have to issue orders to soldiers at Fort Leonard Wood and Whiteman Air Force Base; which is none.

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There is no documented shortage of low-income housing in Missouri, including in St. Louis, which has passed this legislation, and Kansas City, which is considering it. In fact, St. Louis was ranked as the fourth-most affordable housing market in the country in one survey, and Kansas City ranked 13th.³ Another study ranked St. Louis as the third and Kansas City as the 11th-most-affordable metro area out of 94 major metros internationally.⁴ Finally, a very recent survey ranked Kansas City 27th out of the 100 largest metro areas in total affordability, where housing was an important part of the calculations.⁵ Any brief perusal of apartment or home rental listings in Kansas City or St. Louis will confirm those results, demonstrating that there are numerous Section 8 housing rental properties available in the area.

There are many examples of government social programs where participation is voluntary. Doctors are not forced to accept Medicaid payments, yet many do. Grocery stores are not required to accept food stamps, yet many, if not most, do. That is how the housing voucher program has worked for many years. Requiring a local mandate in municipalities will force landlords either to join the program against their will, sell their properties to larger landlords with the resources to handle the new burdens of compliance, or exert time and effort to creatively find other reasons to deny risky renters. All three of these options are bad.

Participation in social welfare or government relief programs should be voluntary to the largest extent possible. You are not required to accept unemployment funds when you are unemployed if you do not want to. You are not required to receive food stamps if you do not wish to. Such a mandate by various cities for landlords to accept vouchers would not increase housing opportunities in Missouri. There are numerous, legal ways for landlords to deny prospective tenants. Requiring landlords to claim alternative reasons for denial instead of a straightforward “I choose not to participate in the housing voucher program” would be a waste of everyone’s time, including that of the potential tenants.

The academic literature on the question of SOI requirements is very limited. Most states and cities do not have them. Currently, four cities in Missouri have SOI laws, and all of them have been passed relatively

recently. A 2017 review of the research clearly stated about the topic, “Given the paucity of studies surrounding SOI discrimination and antidiscrimination policies, it is unsurprising that there is a lot we do not know.”⁶ That paper later concluded with encouraging further research on the question, stating, “While literature on SOI discrimination is still in its infancy, it seems clear it is not a panacea for many of the problems faced by HCV [housing choice voucher] participants discussed in this article.”⁷

If Missouri cities and counties want to do something that might actually help lower-income people, they should rezone parts of their city or county, especially parts of them near transit stops, to allow for more multi-family housing units in those neighborhoods. Increasing the supply of housing of all types is the best way to further lower the cost of housing in many parts of Missouri, including Kansas City and St. Louis. Minneapolis dramatically reduced its zoning requirements in 2018 to allow more apartments and condominium developments. Since that time, median rental rates in Minneapolis have increased just one percent—the lowest in the nation—due to increased housing supply.⁸

Landlords and developers can meet this demand for housing if they are allowed to. Authoritarian mandates and wasteful subsidies are not required for them to do so. This legislature can let the free market continue to work for housing in Missouri. Thank you for this opportunity to submit these comments.

NOTES

1. The City of St. Louis, Clayton, Webster Groves, and Maplewood have these ordinances. Kansas City has also recently passed this law, but it may not yet be in force. It is possible other cities have it, too, and I am not aware of them.
2. RSMO 441.043.
3. <https://www.realestatewitch.com/house-price-to-income-ratio-2021>.
4. Cox, Wendell, “International Housing Affordability,” *Demographia*, 2023.
5. Medici, Andy, and Cagle, Ellen, “After inflation’s boom, here’s how Kansas City ranks for affordability,” *Kansas City Business Journal*, October 5, 2023.
6. Tighe, J. R., Hatch, M. E., & Mead, J., “Source of Income Discrimination and Fair Housing Policy.” *Journal of Planning Literature*, 2017, 32(1), pages 3–15.
7. *Ibid.*
8. Horowitz, Alan, and Canavan, Ryan, “More Flexible Zoning Helps Contain Rising Rents,” *Pew Charitable Trusts*, April 17, 2023.



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