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Environment and Transportation Committee
Maryland House of Delegates
250 Taylor House Office Building
Annapolis, Maryland 21401

RE: Baltimore Regional Housing Partnership Support for HB 896 – Human Relations – Discrimination in Housing – Income–Based Housing Subsidies

Dear Chair Korman, Vice Chair Boyce and Honorable Committee Members:

The Baltimore Regional Housing Partnership (BRHP) submits this testimony in strong support of House Bill 896, which seeks to protect recipients of housing assistance from exclusionary rental screening practices. This bill is a necessary step to ensure that Maryland's source-of-income discrimination law, the HOME Act, fulfills its purpose of preventing unjust barriers for low-income families seeking what all Marylanders want and deserve: quality housing.

BRHP is a non-profit organization that expands housing choices for low-income families who have historically been excluded from housing in well-resourced neighborhoods by helping them access and transition successfully to safe, healthy, and economically vibrant communities. As the Regional Administrator for the Baltimore Housing Mobility Program, BRHP currently provides over 4,300 low-income families rental assistance in the form of Housing Choice Vouchers coupled with counseling support for families as they move from areas of concentrated poverty to areas of opportunity in Baltimore City and the five surrounding counties.

Housing Assistance Provides Rent Reliability

The widespread use of credit scores in tenant screening—employed by an estimated 90% of rental providers—poses an undue barrier for housing assistance recipients because it ignores the financial security of the housing subsidy and excludes qualified tenants based on factors unrelated to their ability to pay rent. Taking a sample selection of 250 of our participants, we found an average credit score of 587 – a score that restricts access to many traditional rental options – but for these assisted families, this score provides no relevance to the landlord's likelihood of receiving their monthly rent.

Public Housing Authorities and other housing assistance administrators already conduct comprehensive income verification and affordability assessments for housing assistance recipients. Recipients of housing subsidies are required to contribute no more than 30-40% of their income toward rent, ensuring that their housing costs remain manageable. Because of this oversight and the fact that the rental assistance ensures the rent is covered even in the event of income fluctuations, additional income and credit screening by landlords is redundant and serves only to create an unnecessary barrier to housing and a legally allowable way to exclude low-income renters from housing.

The U.S. Department of Housing and Urban Development (HUD) has acknowledged the flaws in relying on credit history to predict successful tenancy, and further that there is good reason to avoid credit score screening for tenants in specific situations. From HUD Guidance on Screening of Applicants for Rental Housing, "Limiting the use of credit scores when more relevant financial information is available may be a less discriminatory alternative to using credit scores in all instances." The guidance further emphasizes specifically that, "A government agency or other entity guaranteeing a significant portion of an applicant's income should make it significantly more likely that the applicant's rent will be paid on time notwithstanding any negative credit history."

Failure to acknowledge the unique guarantee of payment that rental assistance provides has real consequences for participants in our program – a single mother who finds herself struggling with her credit after her divorce but who prides herself on having never missed a rent payment in 20 years, a family whose child lives with a chronic condition falls behind on medical bills but prioritizes housing stability for their family's health. While these families were eventually able to find housing, with the help and support of our housing counseling team, their struggles to find housing for which they qualified extended their housing search and the time spent couch surfing and living in other destabilizing housing situations.

Disproportionate Racial and Economic Impact

As referenced in the HUD guidance above, the use of credit scores in tenant screening has a disproportionate negative impact on Black, Latino, and low-income renters, reinforcing systemic racial and economic disparities. According to analysis from the Urban Institute, the difference in median credit scores between predominantly white and nonwhite areas is nearly 80 points. In their analysis of Baltimore specifically, they found a median credit score of 671 in predominantly white areas and 576 in nonwhite areas.

Credit invisibility also disproportionately affects marginalized communities, with the Consumer Financial Protection Bureau estimating that 15% of Black and Hispanic adults are credit invisible compared to just 9% of white adults, and further that people in low-income neighborhoods are twice as likely to be credit invisible as those in more prosperous neighborhoods. These marginalized groups are also largely the families served by our program. The credit scores for these families further fail to reflect their history of on-time rental payments, as rental housing operators rarely report this information to credit bureaus. By allowing landlords to rely on credit scores, current practices reinforce these systemic disparities and limit housing opportunities for historically marginalized communities.

The HUD tenant screening guidance further acknowledges the lack of documented correlation between credit scores and rental success, stating: "HUD is unaware of any studies showing that credit reports and scores accurately predict a successful tenancy. Many households prioritize paying the rent over other debts during times of financial hardship, yet their choice to do so is generally not considered in their favor in the credit history analysis."

Economic and Social Benefits

Beyond addressing a discriminatory impact, restricting the use of credit scores in rental decisions for assisted families has broader economic and social benefits. Housing assistance guarantees that a portion, if not all, of the rent is paid on time, significantly reducing landlords' financial risk. Tenants are required to pay their portion of the rent or risk losing their assistance on top of their home. As a result of the predictability of these payments, tenants receiving housing assistance are often more stable and longer-term tenants than their unsubsidized counterparts, reducing turnover costs. The average time in a unit for our participants is over 4 years, and more than a quarter of our program participants have been in their current units for 10 years or more.

Maryland's ongoing housing supply crisis underscores the need for policies that ensure all residents have equal access to rental opportunities. Eliminating the unnecessary barrier of credit score screening for housing assistance recipients is a practical and effective way to address this challenge. Eliminating a practice that results in the disproportionate exclusion of housing assistance recipients from housing opportunities aligns with Maryland's mandate to affirmatively further fair housing, which is defined in the code as "to take meaningful actions, in addition to actions aimed at combating discrimination, to: (1) overcome patterns of segregation and (2) foster inclusive communities free from barriers that restrict access to housing and opportunity based on protected characteristics."

Additionally, increasing access to stable housing fosters stronger communities and leads to improved outcomes for families that ultimately benefit the entire state. Families with young children moving from high-poverty areas to resource-rich communities have been demonstrated to especially benefit – with children having higher incomes and being less likely to themselves live in high-poverty areas as adults, disrupting cycles of intergenerational poverty and investing in the economy of opportunity our state needs.

The use of credit scores as a screening tool for tenants with housing assistance is both unnecessary and results in the discriminatory exclusion of these individuals from quality housing for which they otherwise qualify. HB 896 aligns with best practices adopted in other states like Colorado and California, and neighboring Washington, DC, and ensures that Maryland upholds the intent of the HOME Act by opening housing opportunities for low-income families receiving housing assistance.

For these reasons, the Baltimore Regional Housing Partnership respectfully urges the committee to pass HB 896 and remove this unjust barrier to stable housing for the families we serve and other low-income families throughout Maryland. Thank you for your time and consideration.

Sincerely,

Adria Crutchfield
Executive Director