



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of SB0677 - Human Relations – Discrimination in Housing –
Income–Based Housing Subsidies**

Mr. Chair, Mr. Vice Chair, and Members of the Senate Judicial Proceedings Committee:

SB0677 would bar landlords from refusing to rent to a prospective tenant who pays rent with the assistance of an income-based housing subsidy on the basis of the prospective tenant's income, credit score, lack of credit score, or adverse credit history.

Background

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. While considering income and credit score on its surface may seem like a reasonable requirement, further thought does not support the necessity of doing so.

Public Housing Authorities 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 and a legally allowable way to exclude voucher holders from housing.

Failure to acknowledge the unique guarantee of rent payment that rental assistance provides has real consequences for real people in this 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 the Baltimore Housing Mobility Program's 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.

HUD Guidance and Discriminatory Impact

The U.S. Department of Housing and Urban Development (HUD) has acknowledged the flaws in relying on credit history to predict successful tenancy in all situations, and further that there is

good reason to avoid credit history 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.”

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.

Additional 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 Baltimore Housing Mobility program participants is over four years, and more than 25% of participants have been in their current units for ten years or more.

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.”

Increasing access to stable housing fosters stronger communities and leads to improved outcomes for families that ultimately benefits 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.

Existing Law

Landlords are already barred from discriminating on the basis of the source of a prospective tenant's income. In other words, if a prospective tenant pays rent with the assistance of an income-based housing subsidy, a landlord may not refuse to rent to said prospective tenant solely on the basis of their status as a voucher holder. However, income and credit score requirements can be—and have been—used to screen out voucher holders by landlords.

Solution

SB0677 would:

- bar landlords from refusing to rent to a prospective tenant who pays rent with the assistance of an income-based housing subsidy on the basis of the prospective tenant's income, credit score, lack of credit score, or adverse credit history.
- make clear that landlords that receive funding from a governmental entity, a quasi-governmental entity, or a nonprofit organization that requires income qualification for tenants in income-restricted rental units may collect financial information from a prospective tenant if the collection of financial information is a condition of the funding.

Per the Fiscal Note, SB0677 would incur a cost of \$128,200 in FY26 which would increase over the years due to annualization and inflation. I look forward to further engagement with the Maryland Commission on Civil Rights (MCCR) to better understand their current capacity and to what extent additional resources are needed. Regardless of the level of additional support, I believe a relatively small investment is worth the protection it would provide to voucher holders despite our difficult fiscal environment.

For these reasons, I respectfully request a favorable report on SB0677.