February 5, 2026

Economic Matters Committee
Maryland House of Delegates
230 Taylor House Office Building
Annapolis, Maryland 21401

RE: Support for HB 315 – Human Relations – Discrimination in Housing – Income Based Housing Subsidies

Chair Valderrama, Vice Chair Charkoudian, and Members of the Committee:

My name is Dr. Stefanie DeLuca, the James Coleman Professor of Sociology and Social Policy at Johns Hopkins University and Principal Researcher at Harvard University's Opportunity Insights. For more than two decades, my research has focused on the residential decision-making of low-income families, the mechanisms that reproduce racial and economic segregation, and how policy can expand neighborhood opportunity. I am submitting this testimony in support of HB 315, legislation that addresses a major but often overlooked barrier to housing access: the use of credit checks in screening applicants who rely on income-based housing subsidies like Housing Choice Vouchers.

Research Suggests Credit Screening Creates Barriers for Assisted Tenants

My published work—including a recent National Academies of Science, Engineering, and Medicine report I co-authored—as well as other studies show that credit access contributes to longstanding racially stratified inequities in financial services and wealth-building opportunities (CFPB, 2015; Bakker et al., 2025; National Academies, 2025; Wherry et al., 2019). Over the last 10–15 years, landlords and property management companies have incorporated credit scores as a routine part of screening rental applicants (Frazier, 2021). Because explicit discrimination on the basis of race, source of income, and other protected characteristics is illegal, credit scores may serve as a proxy for exclusion, whether intentionally or not.

A recent paper I co-authored paper uses a new anonymized longitudinal dataset that combines credit bureau records with information from Decennial Censuses, Census surveys, and federal income tax returns for over 25 million individuals and shows the scope and persistence of racial gaps in credit access. We find that by age 25, Black adults, individuals raised in low-income families, and those from certain regions already have significantly lower credit scores than other groups. These gaps persist throughout adulthood and cannot be fully explained by differences in income or wealth but rather, our research suggests, are rooted in childhood environments and influenced by race and class segregation.

The focus of my comments will be on the preliminary results from new research involving low-income renters receiving housing vouchers and additional moving assistance in Seattle's Creating Moves to Opportunity (CMTO) experiment (Bergman et al., 2024; DeLuca et al., 2023; DeLuca and

Gannon, 2025). My research collaborators and I conducted in-depth interviews with 161 CMTO participants about their rental housing search experiences, and a consistent theme emerged around credit as a barrier in their housing search:

- **105 participants** (65% of all respondents) reported credit having an impact on their ability to secure housing.
- **73 participants** (70% of those who mentioned credit) reported experiencing a direct credit-related denial.
- Of the 90 voucher holders who participated in follow-up interviews, **nearly half** (49%) were denied at least one rental home due to their credit score; while **nearly two-thirds** (60%) indicated that they had limited their rental search due to anticipated credit-based rejection.

In addition to outright denials, some participants reported that other credit-related setbacks included longer searches to find a suitable home that quickly became costly, taxing an already stressful housing search (see also Reosti, 2021). One mother in our study applied to **19 different units**, paying application fees each time, only to be repeatedly rejected because of credit. This pattern was common: applicants were spending scarce resources to be rejected for reasons unrelated to whether rent would be paid, since all participants had housing vouchers to cover their rent.

Credit Checks Change Behavior and Hope

One of the most striking findings from our recent work is that credit scores influence more than whether a landlord accepts an applicant. They also shape where renters believe they are allowed to search (DeLuca and Gannon, 2025). Families frequently took themselves out of the running for homes in higher opportunity areas, *assuming* they would be rejected because of credit. When families anticipate credit-based rejection, they often settle for lower quality housing, avoid higher opportunity neighborhoods, and, in some cases, stop searching altogether, leading to voucher expiration. One participant we interviewed who accrued significant medical debt after her son's car accident and traumatic brain injury sums up her decision to settle for the only viable unit she could find, noting, "I have to find something, *anything* at this point."

Our research on CMTO found significant psychological burdens tied to credit screening. Families described demoralization, stress, and a sense of futility from facing denials based on past credit issues despite their housing assistance. As earlier research showed, many of these families had also experienced trauma, housing instability, and prior hostility in the housing search process, which intensified the stress of credit-based rejections and longer housing searches that they worried would result in an expired voucher before they could find a home. The result is that families, in their own words, feel they must "take what we can get," despite the intention of housing assistance to expand choice (DeLuca et al., 2023).

HB 315 Addresses This Barrier

Our preliminary findings suggest that credit screening and renters' responses to the use of credit scores as a tenant screening process may directly and indirectly affect where people live. This research suggests that credit screening for tenants with housing subsidies undermines the purpose of housing assistance, which is designed to offer stability and expand access to better neighborhoods. Moreover, because access to prime credit and wealth-building has been historically racially stratified, rigid credit cutoffs may function as a proxy for exclusion, reproducing patterns of segregation even absent overt intent. At the same time, research shows that where someone lives impacts their credit and repayment habits. Our work shows that children who spend more of their formative years in counties with higher repayment rates are significantly less likely to miss payments as adults, even at identical adult earnings (Bakker, 2025). In this way, assisting low-income families to make opportunity moves by reducing credit barriers may contribute to improved credit outcomes for the children in that family.

We have also conducted research with landlords in Maryland and other cities across the country. When landlords and property owners are informed about the benefits of vouchers—including regular monthly payments without the hassle of collection—and supported with administrative staff through housing mobility programs, they have been eager to accept housing voucher households, even in high-opportunity areas (Bergman et al., 2024; Cossyleon, Garboden and DeLuca, 2020; Garboden, et al. 2018). Landlords often conduct credit screening precisely to hedge against the risk of tenant non-payment, which is understandable, especially when landlords' properties are a source of their own income (Garboden, 2023). However, housing vouchers largely obviate the need for concern about payment.

HB 315 addresses this problem directly by ensuring that screening practices align with the realities of income-based housing subsidies and that credit does not serve as an unnecessary barrier for low-income families to access quality housing.

I respectfully urge a **Favorable** report.

Stefanie DeLuca, PhD
Professor of Sociology and Social Policy
Johns Hopkins University

References

Bakker, Trevor J., Stefanie DeLuca, Eric A. English, Jamie Fogel, and Nathaniel Hendren. 2025. "Credit Access in the United States." NBER Working Paper No. 34053.

Bergman, Peter, Raj Chetty, Stefanie DeLuca, Nathaniel Hendren, Lawrence F. Katz, and Christopher Palmer. 2024. "Creating Moves to Opportunity: Experimental Evidence on Neighborhood Choice." *American Economic Review* 114: 1281-1337.

CFPB (Consumer Finance Protection Bureau). 2015. *Data point: credit invisibles*. Rep., Off. Res., Consumer Finance Protection Bureau, Washington, D.C.

Cossyleon, Jennifer, Philip Garboden and Stefanie DeLuca. 2020. *Recruiting Opportunity Landlords: Lessons from Landlords in Maryland.* Poverty and Race Research Action Council/Mobility Works Report.

DeLuca, Stefanie., Lawrence F. Katz., and Sarah C. Oppenheimer, 2023. "'When Someone Cares About You, It's Priceless:' Reducing Administrative Burdens and Boosting Housing Search Confidence to Increase Opportunity Moves for Voucher Holders." *RSF Journal of the Social Sciences*, 9(5), 179–211.

DeLuca, Stefanie and Matthew Gannon. 2025. "Places That I Know Will Accept Me:" Credit Scoring and the Residential Sorting of Low-Income Renters. Paper presented at the Annual Meeting of the American Sociological Association, Chicago.

Frazier, Mya 2021. "When no landlord will rent to you, where do you go? How extended-stay hotels and motels became the last housing option for thousands of low-income Americans." *New York Times Magazine*, May 20. **https://www.nytimes.com/2021/05/20/magazine/extended-stay-hotels.html**

Garboden, Philip ME. 2023. "Amateur Real Estate Investing." *Journal of Urban Affairs*, 45(6), 1081-1100.

Garboden, Philip, Eva Rosen, Stefanie DeLuca and Kathryn Edin. 2018. "Taking Stock: What Drives Landlord Participation in the Housing Choice Voucher Program." *Housing Policy Debate* 28:979-1003.

National Academies of Sciences, Engineering and Medicine. 2025. *Economic and Social Mobility: New Directions for Data, Research, and Policy.* Consensus Report. Washington, DC: The National Academies Press.

Reosti, Anna. 2021. "The Costs of Seeking Shelter for Renters with Discrediting Background Records." City and Community, 20(3) 235-239.

Wherry F, Seefeldt K, Alvarez A. 2019. *Credit Where It's Due: Rethinking Financial Citizenship*. New York: Russell Sage Foundation.