

The Honorable Kris Valderrama, Chair
House Economic Matters Committee
Room 250, Taylor House Office Building
Annapolis, Maryland 21401

Dear Chair Valderrama,

The NAACP Legal Defense Fund (LDF) submits this testimony in support of SB 335 while respectfully requesting a narrow clarifying amendment regarding the bill's income verification provisions. Unfortunately, SB 335 was amended to include an open-ended and confusing allowance for rental housing providers to verify subsidized tenants have sufficient income to cover the costs of utilities. We ask that the Committee to amend the bill to ensure that the newly amended provisions related to utilities are clear, workable, and aligned with existing housing market practices.

Founded by Thurgood Marshall in 1940, LDF is the nation's oldest racial justice law organization. I am here today to testify in support of Maryland SB 335, which would eliminate unnecessary income and credit exclusions for recipients of vouchers and other housing assistance. Despite Maryland's source of income protections, landlords often exclude prospective tenants based on their income or credit history even if the rent will be paid by a housing assistance program. These policies disproportionately exclude low-income Black Marylanders, who make up more than [70%](#) of those using housing assistance in Maryland. SB 335 would ensure Black households and other low-income renters are not unfairly barred from housing. LDF urges this committee give the bill a favorable report.

In 2020, the Maryland General Assembly passed the HOME Act, which bars landlords from discriminating against renters who receive vouchers or other forms of rental assistance. Unfortunately, housing voucher holders still face significant barriers gaining access to affordable housing. The rate of successful lease ups with vouchers in Maryland [fell](#) from 2018 to 2022—despite passage of HOME Act.

Blanket minimum credit and income thresholds function as a de facto barrier against housing voucher holders, undermining source of income protections contrary to the intent of the HOME Act. This is especially true for Black voucher holders. Some Black consumers have no or lower credit scores due to historical inequities that have reduced wealth and limited economic opportunity. Roughly [one-third](#) of Black borrowers do not have credit scores because they disproportionately lack access to bank branches and other credit resources. According to a [2022 study](#), Black consumers have a median credit score 100 points less than white consumers' median credit scores, which can lead to unfair bias in accepting an applicant's lease application. Furthermore, relying on credit can be unreasonable because credit history does not accurately reflect whether someone will be a good tenant because they don't include timely rental payments. Credit access also plagues jurisdictions in Maryland like Baltimore. Baltimore City [residents](#) have the lowest average credit score of the 100 most populous jurisdictions surveyed by

a Harvard University-based research team. This shows that relying on credit thresholds can be detrimental not only to Black families but other low-income families in the Baltimore region.

Additionally, landlords often rely on inaccurate credit history information, leading them to deny low-income families' rental applications through no fault of their own. A 2017 study [conducted](#) by the National Fair Housing Alliance found that **four out of five** credit reports contained errors and 54% of analyzed credit reports had inaccurate personal information. The Consumer Financial Protection Bureau [CFPB](#) received approximately 26,700 complaints related to tenant screening from January 2019 through September 2022, more than half of which were related to incorrect information appearing in a prospective renter's report.

Adoption of SB 335 would eliminate income and credit exclusions for voucher holders while increasing their access to safe and affordable housing. As stated by others testifying, income and credit scores have little bearing on a tenant's ability to pay rent when they have a housing subsidy. Relying on income and credit history ignores the financial security of the housing subsidy and disproportionately excludes Black families. We ask that the Committee to amend the bill to ensure that the newly amended provisions related to utilities are clear, workable, and aligned with existing housing market practices.

If you have any questions, please contact David Wheaton, Assistant Policy Counsel, at dwhheaton@naacpldf.org or Demetria L. McCain, Director of Policy, at dmccain@naacpldf.org.