



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB 335 – Human Relations – Discrimination in Housing – Income-Based Housing Subsidies

Chair Smith, Vice Chair Waldstreicher, colleagues on Judicial Proceedings:

In 2020 this body passed Chair Smith’s bill, SB 530, the Housing Opportunities Made Equal, or HOME Act. The purpose of that legislation was to prohibit landlords from discriminating against individuals based upon their source of income.

Unfortunately, some landlords have figured out a way to circumvent the law by subjecting prospective tenants to excessive income requirements or deny tenants housing based on poor credit score or credit history that reflect periods of hardship *before* housing assistance was received.

SB 335 clarifies that landlords who use financial information in screening may not refuse to rent to a prospective tenant with an income-based housing subsidy on the basis of income, credit score, lack of credit history, or pre-subsidy adverse credit history, when the landlord could reasonably have known when the subsidy began.

While considering income and credit score on its surface may seem like a reasonable requirement, understanding the process and basic math reveal that it is not. 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 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.

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.

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.

Closing these loopholes will ensure that the Housing Choice Voucher program can serve its purpose in full capacity. Importantly, the bill *does not* eliminate tenant screening or impose unreasonable burdens on landlords. It preserves existing federal exceptions and explicitly allows income verification where required for income-restricted or subsidized units, ensuring flexibility where legally necessary. For these reasons, I respectfully request your favorable report on SB 335.