NCLC National Consumer Law Center
Fighting Together for Economic Justice

An Act Relative to the Use of Credit Reporting in Housing
H1429/S894, the Fair Chance in Housing Act
Senator Lesser, Representative Malia

Why We Need the Fair Chance in Housing Act (FCHA) to Keep Credit Reports Out of Housing Decisions Now

1. **Credit Reports Will Be Negatively Impacted by the COVID Crisis**: As of December 2020, 19% of Bay Staters had a debt in collections—rising to 35% in communities of color. The economic fallout from the pandemic will likely result in a tsunami of debt collections that will disproportionately impact low-income families and communities of color, straining finances and harming credit reports. No one in the Commonwealth should be denied housing simply because their credit report shows the financial hardship they suffered during the pandemic.
2. **Credit Reports Don't Predict Current Ability to Pay:** Credit reports tell a story about *past* ability to pay in specific instances, not *current* ability to pay rent—and **rent is a high-priority bill that families will pay before all others**. Current ability to pay is shown by paystubs, tax returns, W-2s, and bank statements, which landlords would still be free to request.
3. **Credit Reports Are Riddled with Errors**: Even if credit reports *did* predict current ability to pay rent (which they don't) employers shouldn't be allowed to rely on them because, as found in a Federal Trade Commission study, 20% of consumers had verified errors in their reports with 5% having a error so serious that it would cause them to be denied credit or pay more for credit. In 2020, complaints about credit reporting to the Consumer Financial Protection Bureau (CFPB) more than doubled from 2019, to almost 320,000. The majority of those complaints had to do with "incorrect information on your report."
4. **Credit Reports Perpetuate Historic Racial Inequities and Injustices**: The economic consequences of the nation's long history of racial discrimination—including in housing (redlining), employment, and debt collection—are the foundation of the data in credit reports. As a result, credit scores are often lower in communities of color—in Boston, 91 points lower in non-white areas than in white areas. Using credit data for rental housing amplifies these inequities and perpetuates them as applicants are denied housing and employment because their forebears were denied housing and employment explicitly based on race.

What the FCHA Does

The bill says that, barring a federal or state requirement that mandates otherwise, a landlord may not:

1. Use a consumer report in connection with or as a criterion for a tenant screening purpose;
2. Request or procure a consumer report for tenant screening purposes; or
3. Require an applicant or tenant to answer a question about the contents of a consumer report or the information contained in it regarding credit worthiness, credit standing, or credit capacity.

Building on Previous MA Reforms

Massachusetts has led the way in this area by being one of three states (CA, HI, MA) banning the use of credit scores in auto insurance decisions or pricing. This act will continue our state's progress by preventing landlords from using credit reports in housing decisions.

Please Support the Common Sense Protections for MA Families in the FCHA!

Restricting the use of credit reports in housing decisions will reduce barriers to housing for the low-income and people of color most impacted by the COVID crisis and help build a strong and equitable economic recovery for all Bay Staters.

Questions? Email: Chi Chi Wu (cwu@nclc.org) & Ariel Nelson (anelson@nclc.org)