

Assembly Bill 2203

Housing Subsidy Credit Reporting Act

Assemblywoman Luz Rivas

SUMMARY

Despite California's efforts to reduce rental assistance barriers to affordable housing, individuals are still finding it difficult to secure housing. Access to subsidized affordable housing must be expanded to address our state's growing housing and homelessness crisis. Unfortunately, rental applicants with housing subsidies are being rejected based on poor credit history—even though the government directly pays for all or most of the rent.

AB 2203 increases access to affordable housing by prohibiting housing providers from requiring credit checks for rental applicants with publicly funded housing subsidies.

BACKGROUND

Government housing subsidies, such as Section 8 Housing Choice Vouchers, provide low-income households with the opportunity to rent an apartment at an affordable rate. Without access to these subsidies, too many people end up living in overcrowded housing, or become unhoused. A significant percentage of Californians are unable to use housing subsidies to secure a rental unit. One 2019 study showed that landlords in Los Angeles denied applicants with Housing Choice Vouchers 76% of the time.

A recent Sacramento Bee article chronicled, Timell Brown, who was unhoused for 10 years before receiving a Housing Choice Voucher. Over the course of 5 months, Brown applied to over 30 apartments that requires a \$40 applicant fee each time. She is still homeless. According to Sacramento Housing and Redevelopment Agency, approximately 1,250 Housing Choice Voucher Holders in Sacramento do not have housing.

Housing authorities are responsible for distributing Housing Choice Vouchers. Unfortunately, research indicates too many people lose their housing subsidies because they are unable to find an affordable housing option that accepts their voucher. For example, the failure rate of these subsidies are about 22% for the Orange County Housing and Garden Grove Housing Authorities, 33% for the Anaheim Housing Authority, 27% for the City of Los Angeles, 33% for the Anaheim Housing Authority, 39% for the Los Angeles County Housing Authority, 64% for the Santa Ana Housing Authority, 66% for Pasadena and Santa Monica, and about 90% for Culver City. When an applicant loses the subsidy, it is passed on to the next person in line waiting for a subsidy.

To ensure that people can use housing subsidies to secure safe, permanent, and subsidized housing, SB 329 authored by former Senator Holly Mitchell (*Chaptered by Secretary of*

State, Chapter 600, Statutes of 2019) prohibited housing providers from refusing to rent to someone because they use a housing subsidy to afford their rent.

However, current state law does not prohibit a housing provider from conducting a credit check on an applicant using a housing subsidy, nor does law prohibit rejecting an applicant based on the results of their credit check. Credit histories have little or no bearing on a subsidized applicant's ability to pay their rent, since the government pays most or all of an applicant's rent directly to the housing provider. In fact, as the Corporation for Supportive Housing notes, that from a public policy standpoint and out of a desire to house individual who qualify for rental assistance, poor credit should actually "screen in applicants."

PROBLEM

SB 329 took significant strides in increasing an individual's right to housing. Unfortunately, the data is showing a significant denial rate of housing voucher applicants. Assessing a rental applicant's eligibility through credit checks can easily result in an application denial, as people with housing subsidies often have low credit scores, poor credit, or no credit history, despite the low financial risk they pose due to receiving publicly funded rental assistance.

Moreover, housing providers typically require applicants to pay a fee to cover the cost of a credit check. The fee, which can be as high as \$50 can present a significant barrier for applicants using housing subsidies.

SOLUTION

AB 2203 will expand access to affordable housing options by prohibiting housing providers from requiring credit checks for applicants with publicly funded housing subsidies. The bill would empower unhoused and housing insecure people to obtain permanent affordable housing without unfair screening criteria. This legislation would also remove a significant obstacle to California's efforts to end the state's burgeoning affordable housing and homelessness crisis.

CONTACT

Judy Yee | Legislative Director
Judy.Yee@asm.ca.gov | 916-319-2039

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