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REPRESENTING SENATE DISTRICT 05

SB 1335 – Discrimination: housing: credit history of persons receiving housing subsidies.

SUMMARY

Currently, the California Fair Employment and Housing Act protects individuals from discrimination when seeking housing. However, poor credit – an unreliable measure of tenant suitability – continues to be a major obstacle to securing stable shelter. SB 1335 would prohibit property owners from using credit history as a measure of suitability for individuals seeking housing when using section 8/housing choice vouchers to help pay their rent.

BACKGROUND

Nationally, section 8 housing vouchers assist nearly two million Americans find stable shelter. Populations served include those categorized as extremely low income (15-30% of Area Median Income), up to 50% of the Area Median Income.

To access housing vouchers, a family must apply for the subsidy, and if accepted, wait approximately four to five years before receiving their voucher. When a Californian receives a housing voucher, they have approximately 60 days to find a home. After 60 days, access to that voucher is lost, and extensions are rarely granted. This leaves families in a cycle of waiting on long lists for another chance at stable housing.

Researchers have found that one major and consistent obstacle to obtaining housing are credit scores. Without good credit, a family is at high risk of never finding housing within the allotted timeframe. However, using credit to determine if a family would be dependable tenants is an unreliable measurement. Credit scores can be sensitive algorithms that may be damaged due to outstanding medical bills, catastrophic personal circumstances, or simply bills going unpaid because of poverty. However, credit does not tell a property owner why credit scores are low. In fact, qualitative research has highlighted that many families have low credit scores because they put primacy of their resources towards paying rent instead of other bills.

Though these families have a history of being dependable tenants, their credit scores indicate an erroneous story.

Furthermore, credit scores become moot indicators of payment reliability in the voucher program. In this program, the government absorbs the risk of lost payment since the voucher program guarantees payment. SB 1335 will increase home placement for voucher holders by prohibiting property owners from using credit history to deny tenancy.

THIS BILL

The California Fair Employment and Housing Act protects families from housing discrimination based on characteristics including race, national origin, citizenship, sexual orientation, veteran status, or source of income. This bill will add the discrimination of credit history for voucher holders as prohibited under the California Fair Employment and Housing Act.

SUPPORT

FOR MORE INFORMATION

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