NLIHC’s HoUSed Campaign for Long-Term Housing Solutions

December 5, 2022
Agenda

Welcome
• Sarah Saadian, NLIHC
• Risks of Rent Reporting
  • Chi Chi Wu, National Consumer Law Center
ERASE Report: Serving Native American Households Using ERA
• Neetu Nair, NLIHC

Field Updates
• Andreanecia Morris, HousingNOLA & HousingLOUISIANA
  • Julia Fowler, Pathways to Housing DC

Policy Updates
• Sarah Saadian, NLIHC
Welcome

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Risks of Rent Reporting

Chi Chi Wu
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National Consumer Law Center

- Legal resource center on consumer law issues focusing on low-income consumers
- Resource materials
  - Legal treatises, policy briefs, technical assistance
- Policy and advocacy
- Impact litigation
- Monthly call on credit reporting and tenant screening
Credit Invisibility

## Studies showing racial disparities in credit scoring

<table>
<thead>
<tr>
<th>Study</th>
<th>Conclusion</th>
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<tr>
<td>2016 Freddie Mac data as analyzed in Urban Institute report Explaining the Black-White Homeownership Gap</td>
<td>Over 50% of white households had FICO score above 700, compared with 20.6% of Black households</td>
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<td>2012 Consumer Financial Protection Bureau</td>
<td>Median FICO score for majority minority areas was 34 vs. 52 for low minority areas</td>
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<td>2010 Woodstock Institute</td>
<td>In zip codes over 80% African American, 54.2% had FICO score under 620. In mostly white zip codes, only 16.8% had scores under 620</td>
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<td>2007 Federal Reserve Board</td>
<td>Mean score for African Americans was 25.6 versus 54.0 for whites – about half; Hispanics had mean of 38.2</td>
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<td>2007 Federal Trade Commission</td>
<td>African Americans and Hispanics strongly over-represented in the lowest scoring categories</td>
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But wait, there’s more

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<th>Other studies</th>
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<td>2006 Brookings</td>
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<td>2004 Federal Reserve researchers</td>
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<td>2004 Harvard Joint Center for Housing Studies</td>
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<td>2004 Texas Department of Insurance</td>
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<td>1996 Freddie Mac study</td>
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Discussions of studies prior to 2016 and a complete list of citations is available in NCLC’s Policy Brief: *Past Imperfect: How Credit Scores and Other Analytics ‘Bake In’ and Perpetuate Past Discrimination*
Rent Reporting

- Intuitive appeal

- Current state of rent reporting
  - Estimates of anywhere from 2-3% to 10% of renters have payments reported
  - Rent arrears are reported by debt collectors

- Can increase score, varying studies show 10, 23 and 60 points
Rent Reporting: Perils as well as Promises

**Bottom Line:** Only support if it is OPT-IN and POSITIVE ONLY

- Can harm renters who struggle; cause homelessness
- Feeds more data in the credit bureau oligopoly
- Only goes so far

- Fannie Mae & Freddie Mac dual models

Resources: [Even the Catch-22s Come With Catch-22s: Potential Harms & Drawbacks of Rent Reporting](#) (October 24, 2022)

The Nightmare Scenario: Rent Reporting Causing Homelessness

From a pro bono attorney at a homeless shelter in Alabama:

“Of the 10 or so folks I’ve met with so far, at least 6 were living in the shelter solely because a rent-related credit reporting issue had shut them out of the housing market. These are folks with enough income to pay market, non-subsidized rent, but were nevertheless forced to move their families into a homeless shelter simply because their credit history disqualified them from renting. And, it’s not a credit score problem. Folks with decent credit scores were automatically disqualified because of a past rent delinquency (even a single 30-day late).”

Email from Ken Riemer to Chi Chi Wu, April 7, 2022.
ERASE Report: Serving Native American Households Using ERA

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Serving Native American Households using ERA:
Learning from High Spending Programs
December 05, 2022

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Study Sites

- **Montana**: Fort Belknap Housing Authority and Apsaalooke Nation (Crow) Tribal Housing Authority;
- **North Dakota**: Turtle Mountain Housing Authority;
- **Nebraska**: Northern Ponca Housing Authority;
- **South Dakota**: Sicangu Wicoti Awayankapi (SWA) Corporation, Oglala Lakota Housing Authority, and Cheyenne River Housing Authority.

ERA1 Spending among TDHEs

**Figure 1:**
Percent of ERA1 Allocation Spent by TDHEs by Quarter

- Q2, 2021: 10%
- Q3, 2021: 20%
- Q4, 2021: 23%
- Q1, 2022: 34%
- Q2, 2022: 51%

Source: NLIHC tabulation of U.S. Department of the Treasury Monthly Compliance Reports January 2021 - June 2022

**Figure 2:**
Percent of Initial Allocation Spent, TDHEs and State Grantee

- For Belknap State of Montana: 116%
- Tunica Band of Mississippi: 25%
- Ten Bears, State of North Dakota: 11%
- Hopi Tribe, State of Nevada: 125%
- SWA Corporation, Oklahoma: 17%
- Apsaalooke Nation (Crow) Tribal Housing Authority: 116%
- Yurok Tribe, State of Oregon: 71%
- State of South Dakota: 7%

Source: UNAHA survey data, January, 2021-October, 2022, and NLIHC Emergency Rental Assistance Spending Tracker

Note: Data unavailable for Apsaalooke Nation (Crow) Tribal Housing Authority
1. TDHEs took advantage of ERA resources and guidance to serve all households on native lands and tribal members outside of native lands.

2. TDHEs used ERA to temporarily address overcrowding.

3. TDHEs fostered external partnerships.

4. TDHEs used Treasury ERA flexibilities and best practices to improve accessibility, reduce administrative burden, and promote spending.
Findings

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Challenges and Future Programs

Administrators highlighted the need for:

1. Adequate federal guidance early in the implementation process.
2. A higher administrative cap to build up infrastructure and capacity.
3. Longer spending timeline.
4. Streamlined reporting requirements.
5. Sustained funding for emergency rental assistance in the longer term.
Read the report here: http://bit.ly/3VAtlMM

For questions regarding this research, email nnair@nlihc.org.
Field Updates

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Field Updates

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Policy Updates & Next Steps

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Congress is negotiating a final FY23 spending bill, and key decisions are being made now about how much funding should go to housing and homelessness programs.

There’s a lot at stake!

• The Senate bill provides $3 billion in less funding than the House bill!

• While the House bill would expand rental assistance to 140,000 more households, the Senate bill would expand assistance to fewer than 5,000 households.
Sign onto a National Letter to Support Higher Funding!
Reform and Expand the Low Income Housing Tax Credit

LIHTC is the primary source of financing for the construction and preservation of affordable housing. While it is an important resource, LIHTC, on its own, rarely builds or preserves homes affordable to households with the lowest incomes, those with the greatest and clearest needs. Moreover, LIHTC tenants and applicants have few protections to ensure they are treated fairly.

Any expansion of LIHTC in a tax extenders package must be paired with key reforms to ensure that the program better serves people experiencing or at risk of homelessness.
Deeper Income Targeting

Congress must include in any tax extenders package:

• **A 50% basis boost** for housing developments where at least 20% of units set aside for households with extremely low incomes, as proposed in the Build Back Better Act.

• **An 8% set-aside** of tax credits to help offset the costs to build these homes, as proposed in the Build Back Better Act.
In any tax extenders package, Congress should:

- Designate rural and tribal communities as “Difficult To Develop Areas (DDAs),” as proposed in the Build Back Better Act. This would make housing developments in rural and tribal communities automatically eligible for a 30% basis boost.
Take Action

Engage your members of Congress using:

- **Advocacy Toolkit**
- **Factsheet**: Urgently Needed LIHTC Reforms
- **Factsheet**: Why LIHTC Expansion Must Serve Households with the Greatest Needs
- **Budget chart** and **analysis**
- **State Housing Profiles**
Resources

NLIHC’s HoUSed Campaign (nlihc.org/housed): Campaign Updates