

Senate State, Veterans, & Military Affairs

HB21-1134 Report Tenant Rent Payment Info To Credit Agencies

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
<p>Elyse Howard For Habitat for Humanity Vail Valley</p>	<p>I am the Development Director for Habitat for Humanity Vail Valley. Habitat Vail Valley serves the Eagle River Valley portion of Eagle County. I support of House Bill 1134. Through our work in Eagle County over the past 26 years, we see first-hand the important role home ownership plays in creating stability for local families, for our workforce and for the community overall.</p> <p>In addition to building affordable for sale homes, Habitat is a mortgage lender. For each home we build, we qualify a home buyer and issue a zero-interest home loan. The home loan issued by Habitat for Humanity is a key piece of our program. It ensures affordability and is a mechanism to provide inclusive access to credit to families that do not have access to a traditional home loan.</p> <p>Home ownership is an opportunity for a family to build wealth and break the cycle of poverty from one generation to the next. In Colorado and across the Country there is a disparity in wealth and home ownership between white households and communities of color.</p> <p>Accessing and understanding credit is one of the largest barriers to home ownership we see in the approximately 100 families we work with each year through our application and financial counseling process. Most common in Eagle County are credit invisible families. Our underserved communities have a different understanding and relationship with credit. There is a strong sentiment that credit cards are bad. They are avoided. Many families feel most comfortable operating in a an all cash relm even relying on pre paid cell phones so as not to have to take on a long-term contract. These factors put our underserved population at a disadvantage when it comes to building positive credit. I support HB 1134 because it creates an opportunity for Coloradoans to establish positive credit. Established credit allows prospective homeowners access to home loans and positive credit opens access to lower interest rates and less variable loans. Lower rates allow people to afford more home – which is important especially in Colorado where we do not have enough affordable housing stock to meet demand.</p> <p>HB 1134 will remove barriers to home ownership for our unreserved communities. Colorado can increase minority homeownership rates and close the racial wealth gap by helping families build, and better understand the importance of credit.</p>



Meredith Roberts
Manager, Government Relations &
Public Affairs
Mountain & Pacific NorthWest
(303) 859-1343 (Cell)
Email: meredithr@zillowgroup.com

To: Members of the Senate State, Veterans, & Military Affairs Committee
Date: May 24, 2021
Subject: HB21-1134 - Report Tenant Rent Payment to Credit Reporting Agencies - SUPPORT

Chairperson Julie Gonzales, Vice Chair James Coleman, and members of the Committee, thank you for the opportunity to provide testimony on behalf of Zillow in support of HB21-1134 establishing a pilot program allowing renters to elect a disclosure of their rental payments to a credit reporting agency in order to establish a credit history. At Zillow we are committed to creating a workplace and community where everyone feels like they belong by promoting equity, justice, and fairness in our company, our communities and across our platform and operations. Zillow is actively investing in more resources and products to improve access to housing, and seeks to leverage our platform to help address existing inequalities.

Our Zillow Rentals platform aims to create a more inclusive rental environment through products that help landlords and property managers consider *all* qualified renters. After conducting research showing the significant difference in average number of applications required for different groups - 2.4 applications, on average for a white applicant, versus 3.8 for Black applicants and 7 for Latinx applicants - Zillow Rentals designed and integrated a universal application with a one time fee to ensure that the cost of applying to rentals was not resulting in a disproportionately higher expense for different individuals.

Zillow's research shows there is a direct correlation between credit history and homeownership rates.¹ Twenty-six million Americans do not have a credit record and around 12.5 million adults live in "credit insecure" counties, characterized by a high number of residents with poor or no credit history, as well as relatively limited structural access to formal credit products and services. Stronger credit means higher rates of homeownership. Yet, credit history (or the lack thereof) is the number one reason home mortgage applications are denied to Black applicants. Roughly one in 10 U.S. adults are considered "credit invisible," with no credit history. That share is disproportionately higher for Black and Latinx Americans.

Being credit invisible makes it nearly impossible to obtain a mortgage in today's credit-reliant system.² Simply put, expanding access to credit could shrink the homeownership race gap. Zillow has recently published research showing that of the \$3 trillion wealth gap that exists between white and Black households, almost 40% (\$1.18 trillion) can be directly attributed to homeownership rates and home values. Further, somewhat modest gains in Black homeownership and home values could help shrink that existing Black-white wealth gap by hundreds of billions of dollars over the next decade. By creating opportunities for Colorado adults to access and build their credit history, HB21-1134 has the potential to significantly open up homeownership to groups that have historically been kept away from it.

In closing, we urge the members of the Committee to support HB21-1134. Thank you for the opportunity to provide comments on this very important issue.

Meredith Roberts,
Manager, Government Relations and Public Affairs
Zillow Group

¹ "Expanding access to credit could shrink the homeownership race gap."
<https://www.zillow.com/research/credit-access-homeownership-29074/>

² "Housing gains could increase Black wealth more than half a trillion dollars by 2031."
<https://www.zillow.com/research/black-white-wealth-gap-housing-29353/>

[HB1134 – Report Tenant Rent Payment Information Credit Agencies](#)

Monday, May 24, 2021

Senate State, Veterans, & Military Affairs Committee

Kelly Brough, President and CEO, Denver Metro Chamber of Commerce

Thank you, Madame Chair and members of the committee, for the opportunity to provide this written testimony today. My name is Kelly Brough and I am the President and CEO of the Denver Metro Chamber of Commerce. I submit this testimony on behalf of the Chamber, our 3,000 members and their 400,000 employees, to express our support of House Bill 1134.

In 2019 we launched Prosper Colorado with the goal of making Colorado the best place to live and work, no matter your race, ethnicity or gender. We know that while our economy is among the strongest in the country, we have serious disparities. So this work is focused on understanding what's driving the disparities we see and identifying and breaking down the barriers to opportunity.

Housing and credit are two places we see disparities and barriers. Fewer than ½ of Black Coloradans and 54% of Hispanics or Latinx Coloradans own their homes, compared with nearly ¾ of white Coloradans. Nationally, lenders deny mortgages for Black applicants at a rate 80% higher than that of white applicants. People and communities of color have been disproportionately targeted for high-cost, predatory loans. These intrinsically risky financial products predictably lead to higher delinquency and default rates than non-predatory loans. Consequently, Black and Latinx Americans are more likely than their white counterparts to have damaged credit. And, according to the New York Federal Reserve, as many as 60 million Americans have a hard time qualifying for credit cards and other loans, making it more difficult for them to recover from financial setbacks. Previous studies analyzing access to credit have focused on the roughly 26.5 million adults in the United States who cannot qualify for conventional loans because they do not have credit reports or credit scores.

Being challenged to build credit has sweeping impacts on a person. It impacts their buying power and their ability access loans to do things like buy a house or start a business – two key strategies for building wealth in this country.

The pilot program in HB 1134 is a creative approach that aims to help Coloradans build credit and in doing so, ultimately build wealth. It can help them attain car ownership, making it easier to access work, school and health care. It can make it easier to buy a house, increasing stability for the entire family. It can aid in a critical step on the path to owning a business – securing a small business loan. Success in this regard can help alleviate the barriers that credit presents for so many Colorado families in so many ways.

We support the intent of this bill and believe it can set Colorado apart in a positive way.

Please join us in supporting HB 1134.