

SENATE No. 697

The Commonwealth of Massachusetts

PRESENTED BY:

James B. Eldridge

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to credit building.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Peter V. Kocot</i>	<i>1st Hampshire</i>
<i>Cory Atkins</i>	<i>14th Middlesex</i>
<i>Carolyn C. Dykema</i>	<i>8th Middlesex</i>
<i>Barbara L'Italien</i>	<i>Second Essex and Middlesex</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>

SENATE No. 697

By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 697) of James B. Eldridge, Peter V. Kocot, Cory Atkins, Carolyn C. Dykema and other members of the General Court for legislation relative to credit building. Housing.

The Commonwealth of Massachusetts

**In the One Hundred and Eighty-Ninth General Court
(2015-2016)**

An Act relative to credit building.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 23B of the General Laws, as appearing in the 2012 Official
2 Edition, is hereby amended by inserting after Section 30 the following new section:-

3 SECTION 31. (a) The commonwealth finds that a good credit score can save a person
4 tens of thousands of dollars in interest and fees over the course of a lifetime and it can make the
5 difference in access to safe housing, employment and asset building opportunities, such as small
6 business and home ownership. Credit reports and credit scores that do not recognize on-time
7 rental payments as creditworthy behavior present an incomplete and negatively-skewed
8 assessment of the credit risk many renters pose, particularly low- and very low- income residents
9 living in local public housing and striving to successfully join the financial mainstream. A pilot
10 program in the commonwealth could assist local housing authorities and affordable housing
11 providers to support residents through the inclusion of on-time rent payments as valid trade lines

12 on traditional consumer credit reports: providing them with the chance to build credit without
13 taking on additional debt or incurring the burden of an additional monthly expense.

14 (b) The office of housing and economic development shall develop and establish a pilot
15 program for eligible local housing authorities, affordable housing property management
16 companies and community development corporations to implement a credit-building program
17 that uses rental payments as a mechanism for credit-building.

18 Possible pilot activities include, but are not limited to:

19 (i) Begin to furnish rental payment data on behalf of residents at a selected development
20 or developments.

21 (ii) Identify opportunities to engage residents to educate them about rent reporting as a
22 credit building tool and to enroll them in the program. Protections under the Privacy Act of 1974
23 may require program participants to secure residents' written consent to report data to the credit
24 bureaus.

25 (iii) Identify providers that can offer individualized credit coaching and educational
26 support to residents whose rent is being reported.

27 (iv) Design credit score and credit report outcome tracking tools, policies and procedures
28 for participating residents.

29 (v) Assess the impact of rent reporting on participating residents' credit outcomes,
30 including changes in credit score and establishing a credit history or credit score and other
31 measures of residents' financial capability, including but not limited to on-time rent payment
32 rates, debt levels and access to affordable credit.

33 (vi) Include Credit Builders Alliance and similar nonprofit intermediary resources that
34 provide credit and financial education services to low income communities in order to provide
35 technical assistance in the implementation of this program if program participants desire
36 consulting services.

37 (c) Eligible organizations will participate in a three year pilot program, which will record
38 and report tenants timely rent payments to one of the participating credit bureaus, Experian or
39 TransUnion. The participating organizations shall receive technical assistance to implement the
40 rent reporting software and track data throughout the pilot duration subject to appropriation.

41 (d) Participating organizations will provide training and support to their staff and
42 residential tenants regarding the pilot. Organization staff will conduct educational briefings for
43 tenants to learn about the program and the benefits of participation. In addition, organizations
44 will provide ongoing financial education and coaching.

45 (e) Throughout the pilot program, the following data points shall be collected and made
46 available on an online portal accessible to organization staff and tenants:

47 (a) rates of on-time rent payment of tenants

48 (b) credit scores of tenants

49 (c) credit score point fluctuations

50 (d) tenant attendance at trainings, coaching and briefings

51 (e) tenant dropout/enrollment rate in program

52 At the conclusion of the pilot, data points collected above shall be evaluated and a report
53 of the data shall be submitted to the senate and house of representatives.

54 (f) The department shall establish an advisory committee to consist of the secretary of the
55 executive office housing and economic development or their designee, undersecretary of the
56 department of housing and community development or their designee, three representatives from
57 community development centers, three representatives from public housing tenant organizations,
58 a member selected by the joint committee on economic development, a member selected by the
59 joint committee on housing and a member selected by the joint committee on financial services.
60 The advisory committee shall provide assistance and track the implementation of the pilot. The
61 advisory committee shall also study the report referenced in (e) and recommend expansion of the
62 pilot to other eligible organizations.