

SENATE No. 718

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:

James B. Eldridge

DISTRICT/ADDRESS:

Middlesex and Worcester

SENATE No. 718

By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 718) of James B. Eldridge for legislation relative to credit building. Housing.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

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 2014 Official
2 Edition, is hereby amended by inserting after Section 30 the following new section:-

3 Section 31. (a) The office of housing and economic development shall develop and
4 establish a pilot program for eligible organizations, including local housing authorities,
5 affordable housing property management companies and community development corporations,
6 to implement a credit-building program that uses rental payments as a mechanism for credit-
7 building. Program initiatives may include, but are not limited to, the following:

8 (1) furnish rental payment data on behalf of residents at a selected development or
9 developments;

10 (2) identify opportunities to engage residents to educate them about rent reporting as a
11 credit building tool and to enroll them in the program. Protections under the Privacy Act of 1974

12 may require program participants to secure residents' written consent to report data to the credit
13 bureaus;

14 (3) offer individualized credit coaching and educational support to residents whose rent is
15 being reported, or identify third-party providers that can provide such services if an eligible
16 organization is not able to do so;

17 (4) design credit score and credit report outcome tracking tools, policies and procedures
18 for participating residents;

19 (5) assess the impact of rent reporting on participating residents' credit outcomes,
20 including changes in credit score and establishing a credit history or credit score and other
21 measures of residents' financial capability, including but not limited to on-time rent payment
22 rates, debt levels and access to affordable credit; and

23 (6) include Credit Builders Alliance and similar nonprofit intermediary resources that
24 provide credit and financial education services to low income communities in order to provide
25 technical assistance in the implementation of this program if program participants desire
26 consulting services.

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

32 (c) Eligible organizations or an identified third-party will provide training and support to
33 the eligible organization's staff and residential tenants regarding the pilot. Organization staff will
34 conduct educational briefings for tenants to learn about the program and the benefits of
35 participation. In addition, organizations will provide ongoing financial education and coaching.

36 (d) The program shall collect the following data points and publish them on an online
37 portal that is accessible to organization staff and tenants:

- 38 (1) rates of on-time rent payment of tenants;
- 39 (2) credit scores of tenants;
- 40 (3) credit score point fluctuations;
- 41 (4) tenant attendance at trainings, coaching and briefings; and
- 42 (5) tenant dropout/enrollment rate in program.

43 At the conclusion of the pilot program, data points shall be evaluated and a report of the
44 data shall be submitted to the clerk of the senate and house of representatives.

45 (e) The department shall establish an advisory committee with the following members:
46 the secretary of the executive office housing and economic development or a designee; the
47 undersecretary of the department of housing and community development or a designee; 6
48 representatives appointed by the governor, 3 of whom shall be representatives from a community
49 development center, and 3 of whom shall be representatives from a public housing tenant
50 organization; 1 member selected by the joint committee on economic development; 1 member
51 selected by the joint committee on housing; and 1 member selected by the joint committee on
52 financial services. The advisory committee shall provide assistance and track the implementation

53 of the pilot program; provided, further, that the advisory committee shall study the report
54 referenced in subsection (d) and recommend expansion of the pilot to other eligible
55 organizations.