



FOCUS E-newsletter
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The Power of Rent Reporting
Prepared by Credit Builders Alliance

One in 10 Americans is considered "credit-invisible," and another 19 million have credit records that are deemed "unscorable."¹ The increased use of credit reports and scores for underwriting and other business decisions makes access to credit-building opportunities critical to economic mobility.

By reporting affordable housing residents' rent payments to the credit bureaus, landlords and credit unions that process payments for them can offer individuals with no, thin or poor credit an often rare and valuable opportunity to build credit histories. Credit-building opportunities such as rent reporting enable renters to gain access to mainstream financial products, decreasing their reliance on predatory lenders and other expensive financial services. As a result, they can improve their access to affordable financial products and services and even future employment and housing opportunities. All benefits that make good financial sense for everyone.

With generous support from the Citi Foundation and in collaboration with Experian RentBureau and eight pioneering affordable housing providers, Credit Builders Alliance's multi-year [Power of Rent Reporting pilot](#) tested and catalyzed rent reporting as a credit-building opportunity for low-income renters. The pilot concluded that positive rent reporting offers a significant credit-building opportunity to residents living in affordable housing. Of the pilot participants:

- 100 percent who initially had no credit score became scorable at either the high nonprime or prime level.
- 79 percent of participants experienced a credit score increase by an average of 23 points.

Through this work, CBA engaged deeply with Urban Upbound, a long-time CBA member based in Queens, New York, whose mission is to provide residents of public housing neighborhoods the tools and resources needed to achieve economic mobility and self-sufficiency and to break cycles of poverty. In 2010, Urban Upbound mobilized residents to launch a credit union, Urban Upbound Federal Credit Union, the first to open in Queens in 30 years. Today, the credit union provides capital, credit-building loans and other asset-building services to its members, comprised largely of public housing residents.

Urban Upbound is also the first and only credit union to become a certified data furnisher to Experian RentBureau for the purpose of reporting its members' rental payments. In partnership with the New York City Housing Authority, the credit union processes rent payments for thousands of NYCHA residents. Recognizing rent reporting as a valuable addition to its credit building services, Urban Upbound worked with CBA and Experian RentBureau to become a certified rental data furnisher in 2014. The partners are currently working out the details of this new service and expect to start reporting soon.

¹ "Data Point: Credit Invisibles," U.S. Consumer Finance Protection Bureau, May 2015, http://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf.

According to Dave Miller, Chief Financial Officer at Urban Upbound, “Rent reporting gives public housing residents living in the largest housing development in the country, Queensbridge Houses -- located across from our offices, a powerful incentive to make their rent payments on time and a positive difference in their financial lives. CBA provides the necessary support to help make an impact with the residents we serve.”

Like homeowners, renters may damage their credit by failing to make timely housing payments. Unlike homeowners, however, renters’ on-time rent payments typically go unreported on credit reports². Credit scores and reports that do not recognize on-time rental payments as creditworthy behavior present an incomplete and negatively skewed assessment of the credit risk many renters pose. But, as this article describes, progress is being made.

Credit Builders Alliance is a non-profit organization established to build the capacity of its national network of nonprofit members that help low- and moderate- income households build credit and other financial assets. CBA’s “Power of Rent Reporting Pilot,” funded by the Citi Foundation, was designed to support and test a new credit-building program meant to catalyze the power of rent reporting as a viable option for low-income affordable housing residents to build positive credit histories and financial capability.

² “TransUnion Survey Finds Small and Large Property Managers Value Different Factors for Evaluating Residents,” Market Watch, June 26, 2015, <http://www.marketwatch.com/story/transunion-survey-finds-small-and-large-property-managers-value-different-factors-for-evaluating-residents-2015-06-26>.