

SUBMITTED TESTIMONY OF THE REAL ESTATE BOARD OF NEW YORK TO THE CITY COUNCIL COMMITTEE ON CIVIL AND HUMAN RIGHTS ON AMENDMENTS TO THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK; INTRO NO. 85 – TENANT/LANDLORD PROCEEDINGS AND INTRO NO. 1603 – USE OF CREDIT SCORES

September 26, 2019

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate. REBNY supports the anti-discrimination intent of the amendments to the New York City administrative code in relation to the use of tenant screening bureaus and the use of certain credit information in rental housing applications. However, there are concerns surrounding implementation and potential unintended consequences.

Source of income discrimination has been illegal in New York City since 2008. Banning this discrimination is an important objective of the bills and one that is supported by REBNY. REBNY offers Fair Housing compliance classes to brokers to comply, and is building resources such as The Toolbox for a Successful Real Estate Agent, that will further the goal of ensuring that agents have the necessary resources to adhere to Fair Housing Laws. REBNY supports the Mayor's guidelines in the Marketing Handbook of Policies and Procedures for Resident Selection and Occupancy and concurs that credit history should not be the sole criteria used for rental application approval. However, in the absence of other metrics, credit history can demonstrate a tenant's financial ability to pay rent. The Council should consider what standards remain available to owners and the benefit they provide to both owners and tenants in the absence of more equitable and standardized measures of financial health.

As stated in the committee report on the proposed bills, personal debt and financial history, some of the components of credit scores, are seen as the primary indicator of financial stability. While there are valid concerns regarding the flaws of these scores, including systemic racial injustices and 'credit invisibility' that should be solved for, the ability of owners to utilize credit checks and prior rental history helps them find tenants who can provide reliable streams of income to their buildings. The income produced from rents are vital to maintain New York City's high level of building quality and accommodate rising taxes, construction costs and other expenses, as well as compliance with evolving sustainability requirements. Low eviction rates is a goal everyone supports, and credit checks and tenant screenings can help to mitigate the likelihood of evictions by indicating a tenant's ability to pay rent. Similarly, for tenants with low credit scores, credit checks can serve as a helpful pause to determine if a guarantor or co-signer is necessary or if other assistance is warranted so that a tenant is not placed in an untenable or rent burdened situation in the first place.

We recommend that the Council work with the Mayor's Office and HPD to resolve the inconsistencies between the proposed bill and the Mayor's guidelines outlined in the Marketing Handbook of Policies and Procedures for Resident Selection and Occupancy. These guidelines recognize the insights that credit reports can provide and allow owners flexibility in utilizing credit criteria to determine financial stability when selecting a tenants housing application. It is clear that the intention of the bills is to ensure that tenants are able to obtain housing, however more details regarding implementation should be provided before this action is approved.

Thank you for your consideration on these points.

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