



Quality Housing • Ethics • Professionalism



March 4, 2022

The Honorable Sharon Quirk-Silva  
California State Assembly  
1021 O Street, Suite 4210  
Sacramento, CA 95814

**RE: AB 2527 (Quirk-Silva) – Credit Reports: Dwelling Units – OPPOSE**

Dear Assembly Member Quirk Silva:

On behalf of the California Apartment Association, I write to express our **strong opposition** to AB 2527, your bill that would prohibit a rental property owner from using a consumer credit report for the leasing of a dwelling unit or requiring a tenant-applicant or tenant to answer a question about the contents of a consumer credit report or the information contained therein for a purpose related to the leasing of a dwelling unit.

AB 2527 will severely harm rental housing providers, especially mom and pop landlords, if passed and signed into law. There is no other product or service provider who is prohibited from qualifying an individual by utilizing a credit report. Having an established credit history is vital to accessing many consumer services and obtaining loans. Home loans, automobile loans, bank loans, utility service, cell phone service, and credit cards providers all use credit reports when they qualify individuals.

Analyzing a credit report is not about determining whether a person is high-income or low-income. It demonstrates how an individual has managed debt in the past. It demonstrates the level of risk the individual poses to a borrower or to a rental property owner. If an individual has a history of making on-time payments and managing debt responsibly, they will likely have good credit.

A rental property owner must count on the rent money to pay their own mortgage, insurance, taxes, maintenance, and the like, and many small property owners count on the rental payments as part of their retirement income. You put these owners at risk with AB 2527. With the COVID-19 pandemic, it has been an extremely challenging past couple of years, and AB 2527 will serve as the final “straw” for many owners to remove their rental units from the market.

A rental property owner who “blindly” hands a housing unit to a tenant without a credit report review often finds themselves evicting that tenant for failure to pay the rent, and that process takes months. Furthermore, current law “masks” most evictions, so property owners don’t have access to eviction history. A credit report is the primary tool a rental property owner has to make the most objective determination about the ability of a potential tenant to pay the rent.

It is incorrect to assume that lower-income tenants won’t qualify if their credit report is accessed. Often, it’s the higher-income tenants who have a mountain of debt. We are witnessing this as high-income tenants have elected not to pay the rent during the pandemic, and our state law has made it easy for them to do so. The rental industry’s challenges have typically not been with lower-income

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tenants; these tenants are working with landlords to pay the rent or applying for rent relief through the State of California.

California's Senator Steven Bradford (35<sup>th</sup> Senate District) took a more pragmatic approach when he introduced, and the Governor signed, AB 1157 in 2020. That law requires landlords of assisted housing developments to offer tenants the option of having their on-time rental payments reported to at least one of the major credit reporting agencies as a way to build their credit rating. At the same time, there are many extremely beneficial services that help individuals build a positive credit report and rating: Experian Boost, UltraFICO, Chime, Credit Repair are such examples.

The California Apartment Association is the largest statewide rental housing trade association in the country, representing over 50,000 single family and multi-family apartment owners and property managers who are responsible for over 2 million affordable and market rental units throughout the State of California. For all the reasons list above, CAA strongly oppose AB 2527. Thank you for hearing our concerns.

Sincerely,

**CALIFORNIA APARTMENT ASSOCIATION**



By  
Debra Carlton, Executive Vice President  
State Public Affairs & Compliance