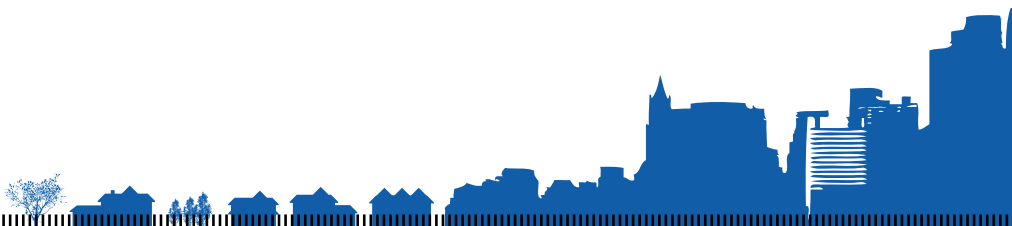


Frequently Asked Questions (FAQ)

Positive Rent Reporting and HUD-Assisted Housing



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What is positive rent reporting?

Positive rent reporting is the process of reporting a tenant's on-time rent payments to at least one of the three major consumer credit bureaus for inclusion in their consumer credit report.¹ Positive rent reporting is one strategy to establish credit history for a resident, and it can help build a resident's credit.

Can HUD-assisted owners participate in positive rent reporting programs?

Yes. HUD-assisted property owners – including PHAs, landlords that participate in the Housing Choice Voucher program, owners of rental properties with project-based rental assistance (PBRA), and owners of properties that received or are receiving other types of HUD assistance to support affordable units (e.g., Section 202 or 811) – may share positive rent payment data on HUD-assisted tenants with rent reporting agencies or credit bureaus, ***provided that: (1) those rent payment data are not collected by the owner to determine eligibility for—or level of benefit for—the HUD program; and (2) disclosure of those data does not violate any federal, state, or local privacy laws or contract terms between the owner and HUD or the owner and the assisted tenant.***

The federal Privacy Act of 1974 ("Privacy Act," 5 USC 522a) does not apply to circumstances in which private owners or PHAs share rent payment data with third parties, including credit bureaus or rent reporting companies, as the Privacy Act only applies to sharing of "records" (or data) collected for and maintained by federal agencies, such as HUD. However, Under Section 904 of the McKinney–Vento Homeless Assistance Act of 1987 ("McKinney-Vento Act," 42 USC 3544), PHAs and owners may not disclose any information (including name, address, and Social Security number) that is collected for the purpose of verifying income and eligibility for HUD programs in any way that is inconsistent with this purpose. If otherwise legally permitted, PHAs and owners may share positive rent payment data and a tenant's personally identifiable information required for reporting when these data are collected for the purpose of

¹ This FAQ discusses rent reporting services and programs in which only positive, on-time rental payments are shared with credit bureaus. However, not all rent reporting services and programs are "positive-only," and some use "full-file" reporting in which landlords share all payment history with credit bureaus, including negative information, such as missed payments. An important benefit of positive-only reporting is that it creates a low risk for negative impact on residents and their credit scores. Until further research is available on the benefits and risks of full-file reporting, HUD recommends that housing providers use positive-only rent reporting services.

participating in a positive rent reporting program or were collected for rent collection or other purposes unrelated to income verification and with the tenant's consent.² HUD recommends that PHAs and owners consult with an attorney to determine if disclosure of any personally identifiable information would violate federal, state, or local laws or contract terms.

What is HUD doing on positive rent reporting?

In October 2019, HUD published findings of a simulation of "full-file" rent reporting among public housing residents, which showed that reporting rent payments to credit agencies might help a substantial proportion of households to establish or slightly improve a credit score.³

In June 2022, HUD published an [Edge post](#) that presented interview findings on the implementation of California's Senate Bill [1157](#) (SB 1157), which requires private landlords with 15 or more subsidized housing units to offer their tenants the opportunity to have their rent payments reported to major credit bureaus. The findings include multiple facets of program set-up and designed and offered some recommendations for future programs like SB 1157.

Because of the encouraging findings of the simulation and other research (discussed below), HUD has allowed positive rental history to be included as an element of the Federal Housing Administration's (FHA) Technology Open to Approved Lenders (TOTAL) Scorecard since October 30, 2022, which is used to help underwrite FHA-insured mortgages and not reported to the consumer credit bureaus.⁴ [Recent analysis](#) by HUD's Office of Policy Development and Research (PD&R) found that, as of August 31, 2024, over 6,000 endorsements that otherwise would have required manual underwriting were accepted through TOTAL because of this policy change. On average, these borrowers were more likely to be first-time homebuyers, have less wealth, and be Black or female. Although the available time for performance observation is limited, those borrowers who benefited from the policy change, on average, have lower 60-day and 90-day delinquency rates.⁵

HUD is also studying the impact of positive rent reporting on credit scores of families living in public housing at five public housing authorities (PHAs) through the [Moving to Work \(MTW\)](#)

² This memo does not cover the issue of tenant consent for rent reporting or whether consent is provided through an opt-in or opt-out model, both of which are available from rent reporting agencies. HUD recommends that housing providers obtain tenant consent for rent reporting using either an opt-in or opt-out model.

³ See "Potential Impacts of Credit Reporting Public Housing Rental Payment Data" (HUD PD&R report, October 2019), available at <https://www.huduser.gov/portal/sites/default/files/pdf/Potential-Impacts-of-Credit-Reporting.pdf>.

⁴ Positive rental history is applied to a borrower's TOTAL when borrowers demonstrate on-time rent payments of at least \$300 per month for the previous 12 months.

⁵ See "Updated Analysis on Positive Rental History" (HUD PD&R Edge article, November 12, 2024), available at <https://www.huduser.gov/portal/pdredge/pdr-edge-trending-111224.html>.

[Asset Building Cohort](#).⁶ The MTW expansion, authorized by Congress in 2016, enabled HUD to select a cohort of new MTW expansion agencies to participate in studies of asset building and several agencies chose to do so by participating in the [rent reporting study](#). The study currently has more than 200 households enrolled. The final report is due in late 2027.

What does the research say about the benefits of positive rent reporting programs?

Research over the past decade indicates that positive-only rent reporting results in an increase in credit score for most renters, and renters with the lowest baseline credit scores before positive rent reporting experience the largest increases both in the immediate and over the long-term. Across various pilots and other studies, 70 to 80% of participants⁷ experienced increases in their credit scores, but the size of score increases varied depending on their baseline score tier. In all the studies reviewed, renters with prime scores (661-780) at baseline increased the least after enrolling in positive rent reporting and renters with subprime scores at baseline (300-600) increased their scores the most.⁸

It is important to note that score tiers are often the determining factor for loan approval and interest rates, not the credit score itself. Some research suggests that increases in credit scores due to positive rent reporting may not have a practical effect for most renters because the

⁶ HUD announced selection of PHAs for the MTW Expansion Asset Building Cohort in September of 2022. Of the 17 PHAs in the cohort, five chose to enroll public housing residents into a random assignment study of an opt-in rent reporting program. These five include the Housing Authority of the City of Bristol (CT023), Concord Housing and Redevelopment (NH005), Housing Authority of Lakeland (FL011), Springfield Housing Authority (IL004), and Twin Falls Housing Authority (ID001). One PHA, the Bangor Housing Authority (ME009), chose to implement an opt-out rent reporting program which is not part of the random assignment study. You can learn more about the cohort [here](#).

⁷ See, e.g., “Credit for Renting: The Impact of Positive Rent Reporting on Subsidized Housing Residents” (Experian Rent Bureau Report, 2014), available at https://assetfunders.org/wp-content/uploads/CreditRenting_2014_Partner.pdf (finding that 75% of participants experienced an increase in credit score, with the majority experiencing an increase of 11 points or more); “The Power of Rent Reporting Pilot” (Credit Builders Alliance and Citi Foundation report, 2015), available at <https://www.creditbuildersalliance.org/wp-content/uploads/2019/06/CBA-Power-of-Rent-Reporting-Pilot-White-Paper.pdf> (finding that 79% of participants experienced an increase in credit score, with an average increase of 23 points); “Rent Reporting by the GSEs Promised Greater Credit Access. We Need More Transparency to Know Whether It Succeeded” (Urban Institute blog post, June 13, 2024), available at <https://www.urban.org/urban-wire/rent-reporting-gses-promised-greater-credit-access-we-need-more-transparency-know> (reporting that, in most recent Freddie Mac pilot, 70% of participating renters experienced a credit score improvement).

⁸ See, e.g., “Including On-Time Rental Payment History in Credit Scoring Could Help Narrow the Black-White Homeownership Gap” (Urban Institute blog post, November 29, 2022), available at <https://www.urban.org/urban-wire/including-time-rental-payment-history-credit-scoring-could-help-narrow-black-white>; “TransUnion Analysis Finds Reporting of Rental Payments Could Benefit Renters in Just One Month” (TransUnion press release, June 19, 2024), available at <https://newsroom.transunion.com/transunion-analysis-finds-reporting-of-rental-payments-could-benefit-renters-in-just-one-month/>.

score increases will not be large enough to move them into a lower-risk/higher-score tier.⁹ However, research has consistently shown that for renters who are “unscorable,” meaning their credit history is too thin to receive a credit score, positive rent reporting not only results in scoreable credit files, but also typically results in moving renters to prime (661-850) or nonprime (601-660) score tiers.¹⁰

Research suggests that rent reporting may also provide benefits to housing providers in the form of more frequent on-time rent payments. One pilot found that residents who were enrolled in rent reporting in combination with financial coaching decreased their late payment rates by 26% to 50%.¹¹ In a TransUnion renter survey, 73% of respondents said they would be inclined to pay their rent on time if their payments were reported.¹² More research is needed, but early evidence suggests that rent reporting may incentivize renters to make timely rent payments.

What resources exist to learn more about rent reporting?

In addition to HUD’s MTW pilot mentioned above, [Fannie Mae](#) and [Freddie Mac](#) are currently running positive rent reporting pilots for their multifamily borrowers and offer resources on their websites, including providers that offer positive rent reporting services at the property level and directly to renters. [Credit Builders Alliance](#), a national nonprofit, operates the [Rent Reporting Center](#) that offers information and resources to housing providers and renters on rent reporting processes.

⁹ See “Even the Catch 22s Come with Catch 22s: Potential Harms and Drawbacks of Rent Reporting (National Consumer Law Center report, October 2022), available at https://www.nclc.org/wp-content/uploads/2022/10/IB_Catch_22_Rent.pdf.

¹⁰ See, e.g., “Credit for Renting: The Impact of Positive Rent Reporting on Subsidized Housing Residents” (Experian Rent Bureau Report, 2014), available at https://assetfunders.org/wp-content/uploads/CreditRenting_2014_Partner.pdf; “Alternative Data Such as Rent Payment Reporting Bridges the Gap for Unscorable Consumers and Increases Financial Inclusion Opportunities” (TransUnion press release, July 15, 2021), available at <https://www.globenewswire.com/news-release/2021/07/15/2263501/0/en/Alternative-Data-Such-as-Rent-Payment-Reporting-Bridges-the-Gap-for-Unscorable-Consumers-and-Increases-Financial-Inclusion-Opportunities.html>.

¹¹ See “The Power of Rent Reporting Pilot” (Credit Builders Alliance and Citi Foundation report, 2015), available at <https://www.creditbuildersalliance.org/wp-content/uploads/2019/06/CBA-Power-of-Rent-Reporting-Pilot-White-Paper.pdf>.

¹² See “Rent Reporting Will Motivate Seven in 10 Renters to Make More On-Time Payments” (TransUnion press release, June 26, 2019, available at <https://newsroom.transunion.com/rent-reporting-will-motivate-seven-in-10-renters-to-make-more-on-time-payments/>).

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