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## **Innovative Rent Reporting Program Helps to Establish Creditworthiness for Latinos and Immigrants Left Behind by the ‘System’**

**by Laura Furst, Senior Program Manager, NALCAB**

According to a [2016 Consumer Financial Protection Bureau \(CFPB\) report](#), almost twice as many Hispanic and Black consumers are credit invisible (without a credit history) than non-Hispanic White consumers. Latino and new immigrant communities face a number of barriers to building credit such as: being unbanked or underbanked, unfamiliarity with the US financial system, apprehension in sharing personal information, and concerns about accumulating debt as a means to build credit. These challenges underscore the ongoing need to expand credit building opportunities for communities that have been intentionally excluded from accessing credit and building wealth.

Starting in 2012, the major credit bureaus began accepting rental payment data from housing providers as an accepted measure of creditworthiness – allowing a tenant to build a positive credit history simply by paying their monthly rent on time.

### **The Project**

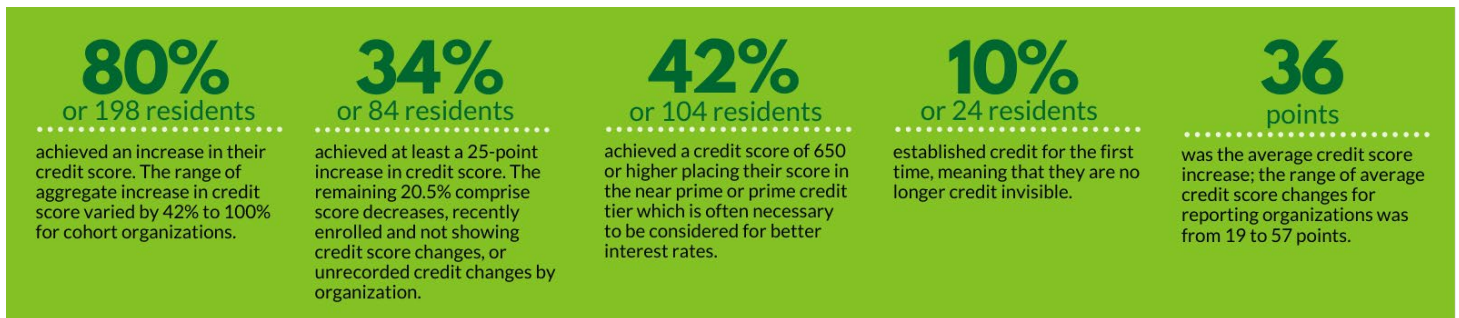
To understand how rent reporting - paired with supportive financial capability services - could help low- and moderate-income (LMI) Latino and immigrant renters strengthen their financial health, NALCAB provided funding and technical assistance to eight Latino-serving affordable rental housing communities to implement this strategy in Austin (TX), Boston (MA), Chicago (IL), Hillsboro (OR), Houston (TX), Kansas City (MO), and Los Angeles (CA). The program was based on a [pilot](#) by the Credit Builders Alliance (CBA), who provided technical assistance for rent reporting integration for this project.

### **The Results**

From 2017-2020, 328 tenants have enrolled in rent reporting, and results show that rent reporting has the potential to be a powerful credit building tool for Latino and immigrant communities. As of June 2020, the credit scores of participating tenants had increased an average of 36 points. At least 104 residents achieved a credit score of 650 or higher - which placed their credit profile in a near prime credit tier. More than 10% of tenants established credit for the first time, meaning they are no longer credit invisible.

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## Rent Reporting Results



The project model is based on the principle that the value of rent reporting is enhanced when tenants also develop financial knowledge and skills. A key component of implementation was providing financial coaching or workshops. 86% of residents enrolled in rent reporting participated in one-on-one financial coaching and/or group financial classes that covered a variety of financial health topics in addition to credit building.

Based on these findings, NALCAB believes that rent reporting + financial coaching can be an especially powerful tool in advancing economic mobility and opportunities for Latinos and immigrants. To learn more about this data tracking and impact stories from this innovative project check out NALCAB's report: "[Expanding Credit Building Opportunities for Latino and Immigrant Renters](#)" which shares lessons on assessing organizational and resident readiness, technical integration, collaborating with property management, engaging residents, tracking financial health outcomes, and adjusting rent reporting programming under the COVID-19 pandemic.

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### About [NALCAB](#)

NALCAB - National Association for Latino Community Asset Builders - is the hub of a national Network of more than 120 mission-driven organizations in 40 states, DC and Puerto Rico that serve ethnically diverse Latino communities across the US. Members of the NALCAB Network invest in their communities by building affordable housing, addressing gentrification, supporting small business growth, and providing financial counseling on issues such as credit building and home ownership. Our mission is to strengthen the economy by advancing economic mobility in Latino communities. The NALCAB Network serves hundreds of thousands of low- and moderate-income people, the vast majority of whom are immigrants or the children of immigrants.