

# Making Justice Real: MMI Pledge to End Rental Housing Inequity

OUR PLEDGE TO END THE USE OF PREJUDICIAL AND BIASED  
INSTRUMENTS IN THE RENTAL HOUSING MARKET  
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MMI is part of a small, but growing Economic Underground Railroad (E-UGRR) movement – one that includes efforts to reform the rental housing market. Together, we stand in solidarity with victims of credit score and background check discrimination and exploitation.

*Specifically, we and others are calling for **the end of the use of instruments like credit scores and background checks** when determining who is eligible for all core products and services, including employment, housing, utilities (including cell phones/internet), basic bank accounts, and legally mandated insurances.*

**Context:** Credit scores, a financial instrument invented by for profit companies, and that has landed them on the Fortune 500, are beholden to their shareholders, not the public – just like Google, Amazon and Wal-Mart.

We're becoming increasingly aware of how background checks, which all manner of studies have shown, discriminated racially: African Americans are commonly charged with a felony, whereas Caucasians are charged with misdemeanors – for the same crime, in similar circumstances. As a result, the former will be required on every application, be required to check the box that indicates they've been convicted of a felony for the rest of their lives. Yet, we still use them to determine if someone qualifies for something as basic as a place to live.

Then, there's credit scores, which are even worse. Not only are they share background checks; inherent biases, the information itself, which doesn't come from government sources, but rather, from other for profit companies, is less than credible. Any company, with no proof, can add a negative entry to one's credit report (or, if they value your business, forego doing so), and since there are no penalties for submitting erroneous information, companies have no incentive to get it right.

The instrument is also widely used as proxy for discrimination. The City of Seattle, in one of many such studies, found that more than half of all of tested properties showed evidence of extensive housing discrimination based on racial identity and disability status. The Office used paired testers with identical rental profiles in every respect except racial identity or disability. They found nearly 70% of property managers penalized African American candidates by quoting them higher rents and charging them for credit reports, while doing neither for Caucasian applicants, and 36% discriminated against candidates with disabilities.

And that's before you get to the adverse impact of the fees associated with running these reports. A 2020 Zillow study found that ethnic minority applicants are disproportionately charged such fees, even when researchers controlled for age, income and other factors. In many rental markets, ethnic minority applicants submit, on average, must submit three times as many applications, and pay accompanying fees, as Euro American applicants, in order to successfully land an apartment. At \$35 - \$75 per application, fees alone can exceed \$1,000. This is particularly problematic for lower income applicants.

**Call to Action:** Together, we can do better than this, which is why our organizations are among a growing movement of people fortunate enough to be on the plus side of this kind of inequity, and who are advocating for better policies. At MMI, we're supporting this effort in three ways:

- Institutionally, setting up a Supplemental Housing Deposit Assistance (SHDA) Fund, designed to provide a 1:1 match of up to \$4,000 to help lower income housing rental customers to secure housing with cash, as well as launching a Rainy Day Rent fund – a generous 3:1 matching savings program that contributes 75 cents for every 25 cents housing rental customers contribute. And, we’re working with a socially conscious banking institution to offer irrevocable, no overdraft fee accounts to everyone.
- Operationally, working with our tech partner to build a suite of services that make the rental housing process easier for property owners and fairer for rental customers; including identity verification before one can post or reply to a listing, a deposit and advanced payment escrow service that protects both property owners and rental customers, an Airbnb-style reference and review system, and the chance to qualify for badges that identify “Pay to Stay” listings and other equitable practices. And,
- Individually, committing – both as property owners and rental housing customers, to become Housing Equity Advocates and Allies.

We’re calling on property owners/agents who are passionate about justice, to become Housing Equity Advocates; pledging to eliminate discrimination and embedded bias from their company’s housing rental processes. Six specific actions property owner/agents can take are:

1. Move to a “Pay to Stay” model, similar to what hotels, vacation rentals and Airbnb bookings use, and which have all but eliminated discrimination from the process. Two months’ advanced payment, a card on file authorized for future payments, and an appropriate security deposit should be sufficient to mitigate risk.
2. Given the racial bias inherent in background checks, property owners who need additional vetting should consider references (which should always be provided if requested). References have been shown to be a far better indicator of the kind of resident a person will be, whether they’ll pay on time, and how they’ll treat the property.
3. Put in the effort to change how we see participants in the rental housing transaction, moving from tenants and landlords (holdovers from post-slavery days) to customers and providers, or patrons and proprietors. Remember that renting housing is not unlike renting a car or booking a wedding venue.
4. If you’re in a situation that legally requires you to run such checks, then set a policy where your company covers the fees, rather than charging them to your potential customers, and use them only to rule out those you’re legally required to exclude.
5. Reduce standard leases to 3 – 6 months, before reverting to month-to-month status. This will reduce the likelihood of someone needing to break the lease and, for you, will smooth transitions.
6. If you’re adopting more equitable practices, change the wording of your listings to reflect this.

Likewise, we’re calling on housing rental customers, especially those with high credit scores, clean background checks, and ample financial resources, to become Housing Equity Allies; standing in solidarity with those being discriminated against, by offering alternatives – everything from providing extensive references, to paying larger deposits or making advance payments – all in lieu of credit and background checks.

**Conclusion:** Together, we can create systems that are fair to everyone, ones that protect both property owners and rental customers, and that, above all, infuse greater human regard into the process. For more information, or to be added to our forthcoming Advocates and Allies mailing list, contact us [here](#).

Information about the authors can be found at:  
[www.marymooreinstitute.org/about-us.html](http://www.marymooreinstitute.org/about-us.html)