CDIA

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The Honorable Julie Fahey
Committee on Housing
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

Re: CDIA Opposition to HB 2427, concerning uniform rental screening

Dear Chairman Fahey:

I write on behalf of the Consumer Data Industry Association (CDIA) to express our opposition to House Bill HB 2427, an act which directs the state's Housing and Community Services Department (HCSD) to establish and maintain a uniform rental application system. In addition it requires landlords to accept uniform rental applications submitted with a uniform tenant screening report.

The Consumer Data Industry Association (CDIA) is the voice of the consumer reporting industry, representing consumer reporting agencies including the nationwide credit bureaus, regional and specialized credit bureaus, background check companies, and others. Founded in 1906, CDIA promotes the responsible use of consumer data to help consumers achieve their financial goals, and to help businesses, governments and volunteer organizations avoid fraud and manage risk. Through data and analytics, CDIA members empower economic opportunity, helping ensure fair and safe transactions for consumers, facilitating competition and expanding consumers' access to financial and other products suited to their unique needs.

1. Application systems already meet and exceed the proposed system functionality

Several application systems already exist in the rental housing market that provide all of the functionality described in the bill. Robust rental application systems currently meet the need of consumers and housing providers for timely online rental housing, application, qualification, and leasing using accurate background information.

This bill would weight a proposed new rental application system in its favor – providing blanket liability protection for HCSD for inaccurate application information – protection that is as yet unavailable to established system and screening providers. Sec. 3 (4)

2. Uniform tenant screening report lacks established economic, safety protections

The bill proposes to let the HCSD establish screening report requirements that landlords must carry. But no minimum specifications for the components of these new reports are proposed.

Landlords and property managers need current, accurate information to keep their building and tenants safe. Limiting access to accurate but adverse information risks the safety of building and tenants. By taking away information that helps a landlord's ability to predict a timely payment or assess criminal activity could be quite dangerous to the economic viability and safety of the building, its occupants, and the surrounding community.

In short, HB 2417 would take away from landlords the longstanding ability to determine safeguards in background screening for the property they own and operate. But nothing in the bill reduces a landlord's exposure to premises security litigation alleging insufficient background verification, nor their exposure to added economic risk due to incomplete background screening under a new HCSD program. Should the bill be enacted, landlords would continue to bear the economic and safety risks, now with reduced control.

The economic exposures that landlords face in their delivery of rental housing are real and material. Applicant fraud is just one example of a growing economic risk to housing providers. As online rental showing and application has increased in popularity, rental applicant fraud has become an increasing concern. Since the beginning of the Covid-19 pandemic, the percentage of fraud triggers detected through one leading rental housing fraud solution, ResidentID, increased nearly 30%. Fraud triggers (applicant statuses with failed authentication and or identified as high risk) reached a high of 15.2% of rental applicants in August of 2020.[1]

3. *Applicant responsibility for accuracy is unaddressed*

The bill's proposed process shifts some of the legal responsibility and liability to the applicant for the accuracy of the consumer report and other application information maintained about them in the proposed HCSD uniform application system. Under the bill, prospective tenants must "certify" that all information about them in their uniform rental application is accurate, and they will have ready access to update any of their application information in the system. Sec. 3(2)(c),(e).

The consequences of a tenant's failure to make an accurate and complete certification about its application and report are unaddressed by the bill. For example, the bill creates new avenues for fraud or misrepresentation by enabling consumers to provide paper copies of their report and application. Sec. 4 (4) Landlords should have clear authority to reject an incomplete, dated, misleading, or apparently fraudulent application and report and replace it with a substitute application and report they can rely on.

Conclusion

Existing rental application systems provide both substantial consumer convenience and

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[1] Rise in Fraud Indicators Hits the Rental Industry During the Pandemic," https://newsroom.transunion.com/a-rise-in-fraud-indicators-hits-the-rental-industry-during-the-pandemic/.

landlord reliability to support continued rental housing availability. Further, applicant screening procedures that replace housing provider control and Fair Credit Reporting Act protections, with thin safeguards against applicant risk, only serve to increase economic and safety risks to rental housing and its owners. CDIA stands ready to work together with interested parties to address the bill's concerns in a more secure manner.

For these reasons above, we respectfully oppose HB 2427. Thank you for your consideration of our comments. I would be happy to answer any further questions the Committee might have.

Sincerely,

Sarah M. Ohs
Director of Government Relations