



STATE OF MAINE
GOVERNOR'S OFFICE OF POLICY INNOVATION AND THE FUTURE
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AUGUSTA, MAINE
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Testimony in Support of

LD 1107, Resolve to Establish a Pilot Project to Improve Access to Credit for Low-income Individuals

March 28, 2023

Senator Tipping, Representative Roeder, and honorable members of the Joint Standing Committee on Labor and Housing, my name is Greg Payne and I serve as the Senior Advisor on Housing Policy in the Governor's Office of Policy Innovation and the Future.

I offer this testimony in support of LD 1107, Resolve to Establish a Pilot Project to Improve Access to Credit for Low-income Individuals.

The Administration is committed to helping eliminate barriers to homeownership, and recognizes that many renter households seek to, and are well positioned to, make a sustainable shift to becoming homeowners. We also recognize that the long-term impact of homeownership can make an enormous difference for families for generations into the future.

With this in mind, we share Representative Zager's concerns that renters and homeowners are currently not treated similarly when they pay their housing costs on time each month, leaving renters at a disadvantage in the marketplace. While mortgage lenders report borrowers' payment history to the credit bureaus as a matter of course, thus driving up credit scores for homeowners who reliably pay their mortgage bill on time, renters rarely get the same benefit for their own timely rent payments. This disparate treatment is particularly problematic for those renters who have low credit scores or who have little to no credit history. Lower credit scores often translate to higher interest rates and declined credit opportunities for applicants.

LD 1107 would put Maine in a leadership role in addressing this issue, by joining the small number of jurisdictions actively seeking to establish a more even playing field for renters and homeowners. MaineHousing is well positioned to lead this pilot project by assisting hundreds of households with voluntary rent payment reporting to the credit bureaus, thus helping them build credit in ways that can positively impact their purchasing power and future economic opportunities.

We believe this initiative could have a significant impact and are grateful to Representative Zager for bringing it forward.

Thank you for your consideration and please do not hesitate to be in touch with any questions.