



FROM YOUR DEPUTY ASSISTANT SECRETARY

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Requirements and Best Practices Regarding Denial of Admission in Multifamily Assistance Programs

In January, the White House released a [Blueprint for a Renter Bill of Rights](#), which articulated principles to increase fairness in the rental market, strengthen tenant protections, and encourage rental affordability. One of the principles focused on ensuring renters and rental applicants know their existing legal rights and protections afforded to them under various federal laws and regulations.

Across the housing market, landlords increasingly rely on [tenant screening reports](#) as part of their selection criteria, but research shows these reports [often include](#) inaccurate information, including inaccuracies in criminal and eviction records and credit history. If prospective renters are not given the opportunity to review and correct the information in these reports, then these renters may be repeatedly denied housing as a result of inaccurate information in their tenant screening reports. In addition, housing providers may miss opportunities to consider qualified applicants who would have made for quality tenants.

The goal of this outreach is to remind HUD multifamily assisted property owners of relevant legal requirements in their portfolios and share best practices around the use of tenant screening reports and the disclosure of the contents of those reports to tenants. For example, multifamily assisted property owners must provide written notice of denial under HUD rules, and any housing provider that uses reports to make adverse tenant decisions must provide adverse action notices under the Fair Credit Reporting Act (FCRA). The most efficient way to comply with both obligations is to include the FCRA notice in writing as part of the denial letter that multifamily assisted property owners are required to send to denied applicants.

Notice Obligations under HUD Rules

As a reminder, under HUD rules, multifamily owners must promptly notify applicants in writing of the denial of admission from Multifamily Housing rental assistance programs. [1] Owners' written rejection notices must include the following information: [2]

- The specific reason(s) for the rejection;
- The applicant's right to respond to the owner in writing or request a meeting within 14 days to dispute the rejection; and
- That persons with disabilities have the right to request reasonable accommodations to participate in the informal hearing process.

In addition, any meeting with the applicant to discuss the applicant's rejection must be conducted by a member of the owner's staff who was not involved in the initial decision to deny admission to the program.

The owner must advise the applicant in writing of the final eligibility decision within 5 business days of the owner response or meeting. [3]

Multifamily assisted property owners have additional regulations regarding the denial of admission based on criminal conviction records[4]; status as a victim of domestic violence, dating violence, sexual assault, or stalking;[5] civil rights and antidiscrimination laws;[6] and citizenship status.[7]

Notice Obligations under FCRA

Under FCRA, landlords or property managers are required to inform rental applicants played a role in them rejecting a rental applicant or taking another action unfavorable to the applicant. This requirement is known as the adverse action notice. Failure to provide the notice correctly may subject multifamily assisted property owners to legal liability under state and federal law. As Federal Trade Commission guidance explains, the adverse action notice must communicate the following information:

- the name, address, and phone number of the tenant screening company;
- that a consumer can receive a free copy of the report from the tenant screening company within 60 days;
- that a consumer has the right to dispute any information that is incorrect;
- that the tenant screening company did not make the decision to take the unfavorable action and cannot give specific reasons for it.

The Consumer Protection Financial Bureau and the Federal Trade Commission, two federal agencies, interpret and enforce this requirement of the Fair Credit Reporting Act. They have additional resources you can review [here](#).

Recommended Best Practice

When a multifamily assisted property owner denies an applicant for its assisted program, HUD strongly encourages you to:

- Provide written adverse action notices as part of your denial letter.
- Provide a copy of any tenant screening report you relied on when making an adverse action determination to an applicant. A written notice paired with a report copy allows multifamily assisted property owners to demonstrate they

have fulfilled their legal obligations under the Fair Credit Reporting Act, and also permits applicants to understand the basis for any denial, fully assert their rights with tenant screening companies, and more effectively correct their records.

[1] See 24 CFR Part 5, 24 CFR sections 891.410, 891.430, 891.610, 891.630, and 891.750, 891.770, 24 CFR 880.603, and HUD Handbook 4350.3 Ch. 4-9.

[2] Per Section 4-9.C.2 of handbook 4350.3.

[3] See Section 4-9.D of handbook 4350.3.

[4] See Section 4-7.C and 4-27.E of the HUD Occupancy Handbook.

[5] See 24 CFR § 5.2005(b).

[6] Relevant civil rights and antidiscrimination laws include the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973 (Section 504), the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990 (ADA), as well as the nondiscrimination and equal opportunity provisions of 24 CFR 5.105(a).

[7] See Section 4-31 of the HUD Occupancy Handbook.