

HB 3237 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Prepared By: Claire Adamsick, LPRO Analyst

Meeting Dates: 3/14, 3/30

WHAT THE MEASURE DOES:

Allows local government to establish by local ordinance a maximum screening charge for residential tenant applicants. Exempts from provisions third party screening services which applicant may purchase to submit application materials to multiple landlords or owners for evaluation.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

- Local strategies to address housing insecurity
- Eugene City Council adoption of maximum screening charge
- Market-rate cost of third-party screening application
- Concerns landlords will raise rent to recoup costs lost to fixed screening charge
- Impact of price-fixing on free market models

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon residential landlord and tenant law describes the process for rental application, screening procedures, and related fees. Many landlords rely on privately owned tenant screening services, which are paid for by the prospective tenant as part of an application fee. Senate Bill 484 (2019) addressed costs for tenants by requiring a single application fee for rental of one of multiple units owned or managed by the same landlord within a 60-day period.

Certain states have passed legislation to reduce up-front costs for tenant applicants. California law currently caps application and tenant screening fees a \$30 plus an annual increase in the Consumer Price Index per application (in 2022, the maximum fee was \$59.67 per application). Washington State does not limit application fees to a set dollar amount, but limits landlords from charging more than out-of-pocket expenses for screening potential applicants. In 2022, the Eugene City Council adopted a \$10 cap on screening fees, but a Circuit Court decision overturned the ordinance on the basis of conflict with current Oregon law.

House Bill 3237 allows local governments to adopt a local ordinance establishing a maximum screening charge for applicants of residential tenancies within that local jurisdiction. The provisions of the measure do not apply to third party screening services that a tenant applicant may purchase in order to submit application materials to multiple landlords or owners for evaluation.