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On Behalf Of:

Committee: House Committee On Housing and Homelessness

Measure, Appointment or Topic: HB2967

This is an extreme hardship on owners and property managers. It is quite expensive and time consuming to run all the background checks and verifications for new potential tenants in fees and labor. As it is, the application fees don't really cover the actual costs. This is the first line of a tenant qualifying: they only apply if they are serious about renting that home because it costs them to apply. If tenants are NOT required to pay an application fee, they will likely apply for many different places unnecessarily, whether they qualify or not, with no regard to the time and expense it costs the owner or manager to process their applications. The application fee is a minimal amount, usually around \$30 per applicant, at least in our area. If that same applicant chooses to apply to 5 different homes, instead of just ONE they are serious about, that will cost upwards of \$400-500 in out-of-pocket expenses to approve ONE tenant. This is completely unfair to the owners. You know the property managers will pass along the new increased costs to the owners.

Here are some negative effects that I foresee. 1. Owners and managers will increase the minimums of income and impose stricter approval requirements. 2. Managers will pass on these application costs to the owners. 3. The increased workload on Property Management will likely cause them to increase the monthly fees they charge to owners. They have to recover the new increased expenses somehow. (Increased because more applications will likely have to be processed, and no app fees charged) 4. Owners may not do the background checks needed due to the high costs and get bad tenants and then there could be increased evictions, legal fees, etc.

It's as if the State thinks that all property owners are very wealthy people. We own two rentals, work full time, and are still living paycheck to paycheck just like everyone else. I want good tenants that will take care of my property, and I need to be able to take the steps (background checks, employment verifications, rental history checked, etc.). I am already not getting rent for a vacant home and now you want me to fork out more money, to get a new tenant in place, with no compensation for the background fees and time it takes to process.

Banks charge loan origination fees to cover the underwriting costs... SAME thing. It's work that must be performed to get good renters.

I believe the costs of HB 2967 passing are high and could have a lot of bad unforeseen effects immediately and in the future.