

Submitter: Michelle Ray
On Behalf Of: WGP Property Management
Committee: House Committee On Housing and Homelessness
Measure, Appointment or Topic: HB2967

I am writing to express my strong opposition to the proposed house bill that would ban application fees for rental housing. While I understand the intent behind the bill—to reduce financial burdens on prospective tenants—the unintended consequences of such a ban could be highly detrimental to both landlords and tenants alike.

1. Application Fees Cover Essential Costs Application fees are not arbitrary charges; they serve a critical function in the tenant screening process. Property owners and managers use these fees to cover the costs of background checks, credit reports, and administrative expenses associated with processing rental applications. These checks help ensure that prospective tenants can meet their financial obligations and maintain a stable living environment for all residents. Without these fees, landlords would have to absorb these costs, making it financially unsustainable to conduct thorough screenings.
2. Increased Risk to Housing Providers: Eliminating application fees removes a key screening mechanism that helps property owners identify qualified tenants. This increases the risk of approving unqualified applicants, which could lead to higher eviction rates, more property damage, and increased financial strain on housing providers. The potential rise in unpaid rent and legal fees would ultimately lead to higher rental prices across the board, negatively affecting all tenants.
3. Potential for Abuse of the Rental Application Process: Without application fees, there is little to deter individuals from submitting multiple rental applications indiscriminately, even if they are not seriously considering a property. This could lead to an overwhelming number of applications for landlords to process, causing delays for qualified applicants who genuinely need housing. Furthermore, landlords may become more selective in offering applications, possibly leading to less transparency in the screening process.
4. Alternative Solutions for Affordability Concerns: If affordability is the primary concern, rather than banning application fees outright, a more balanced approach would be to regulate them by capping the amount landlords can charge. Many jurisdictions already implement reasonable limits to prevent excessive fees while still allowing landlords to cover necessary costs. Additionally, policies could be introduced to require landlords to provide a breakdown of application fee expenses, ensuring transparency and fairness.
5. Economic Impact on Small Landlords: For small property owners who manage only a few rental units, application fees are essential to offset the costs of screening applicants. Unlike large corporate landlords, small-scale landlords often lack the financial flexibility to absorb these costs without increasing rents. By banning

application fees, small landlords may be forced to pass these expenses onto existing tenants or withdraw from the rental market altogether, reducing housing availability.

Conclusion: While the goal of making housing more accessible is commendable, banning application fees is not the right solution. Instead, policies should focus on ensuring fair pricing and transparency without imposing undue financial burdens on property owners. I urge you to reconsider this bill and explore alternative solutions that balance the needs of both tenants and housing providers.

Thank you for your time and consideration. I would welcome the opportunity to discuss this issue further and provide additional insight from the perspective of rental housing professionals.