****

Policy Statement on HB 462 and HB 459

Dear Legislator –

There are two well intentioned housing bills before the house this week that will do significant damage to tenants the bills are designed to help, to property rights and to the ability for parties to enter into contracts. We ask you to oppose both.

**HB 459**

This bill does three things:

* It requires a housing provider to give 45 days’ notice to a tenant with a 12-month lease or longer to terminate tenancy (right now law requires 15 days)
* It requires a housing provider to give 45 days’ notice to a tenant with a 12-month lease or longer to raise rent more than 10%
* It requires 30 days’ notice to a tenant on a month-to-month tenancy to raise rent more than 10%

Making housing providers give longer notices of rent increases and move-outs sounds innocuous, and is well intentioned, but this bill is not balanced. It extends from 15 to 45, the number of days’ notice owners must give tenants to move at lease end. However, it is not reciprocal – tenants can still give housing providers 15 days’ notice, not 45, to end a tenancy. **This is a fatal flaw**, and for that reason alone, its lack of reciprocity, we ask you to reject it. Additionally, there are also significant unintended consequence of this bill that hurt tenants, the group this bill is trying to protect.

If HB 459 passes, we predict that housing providers will stop signing 12 month or longer leases, because of the onerous notice provisions that would be required to end tenancy – 45 days instead of 15. Why sign a year lease and be subject to 45-day notice requirement, when you can sign a shorter lease and only give 15-day notice if the tenant is a problem?

Having a law that punishes owners for signing longer leases threatens neighborhood stability. If housing providers sign shorter leases, turnover will increase. This increase in transiency will be bad for Idaho communities and lead to less stable neighborhoods. Long term residents care more about the neighborhood, establish roots and are more connected to neighbors. Any public policy that increases turnover, because it punishes owners for long leases, is bad public policy.

Also, if it becomes harder to end a rental relationship, housing providers will be more selective and pickier on who they rent to. This would be bad for tenants with low income or imperfect backgrounds, like poor credit or criminal history.

We ask you to reject this bill because its bad for tenants and communities and will lead to shorter leases.

**HB 462**

This bill would be DISASTEROUS for rental housing. It would:

1. Cap late fees at 2 days pro-rated rent, with a max of $75 a month
2. Require a walk-through inspection of premises upon move-in and move-out
3. If the tenant refused to do a walkthrough at move-out, prohibit ANY deductions from security deposit
4. Require an itemized invoice of deductions to security deposits for any charges

1 – Late Fees: Most housing providers don’t want to collect late fees. They want rent paid on time so they can pay their expenses and support their family. Late fees are a disincentive to pay late. Fees should be based on % of the rent, not capped at $75. Courts are already the arbiter of reasonable late fees, and if they find late fees onerous, they can throw them out. If the legislature takes away private parties right to contract on late fees, if will take away the incentive for tenants to pay on time, leading to:

* More tenants paying late
* More housing providers filing evictions on chronic late payers earlier, since their late fees are capped
* Housing providers not being able to pay their expenses, like mortgages and property maintenance, and not being able to support their families

This bill, designed to help tenants, will ACTUALLY hurt tenants in the following ways:

* It will lead to housing providers setting tougher resident screening criteria because housing providers will now have more risk if tenants don’t pay on time
* It will be particularly damaging to low income and “hard to house” tenants (people with negative histories of any kind) because housing providers will no longer have reasonable late fees as protection, and will likely avoid renting to anyone with a history of late payments or other types of risk
* **It will increase evictions** because owners will no longer be able to collect late fees to cover their own late costs

2 - The walk-through language and itemization requirements are standard practice and well-intentioned. Professional housing providers commonly do move-in move-out inspections, use move-in move-out checklists, and take photos to document condition.

3 – The most damaging component of this bill is it creates a loophole where a tenant can get 100% of their deposit back, regardless of any money they owe or damages they caused. The bill says, in lines 16-18 that a move-out inspection/walk through “shall be required prior to assessing any fees or damages to the tenant and prior to taking any deductions from security deposits upon move-out and termination of the tenancy.” In other words, this bill ACTUALLY SAYS that if a walkthrough is not done, a property owner **MAY NOT** assess **ANY** fees or damages. This would be devastating to housing providers. We predict smart tenants will NEVER schedule a move-out inspection and, if a tenant challenges any charges deducted when an inspection was not done, that housing providers will be required by the courts to give 100% OF ALL SECURITY DEPOSITS BACK – rendering security deposits completely ineffective. This will lead (we predict) to housing providers being much more picky about who they rent to, since they will no longer be able to use a deposit to cover damages if the tenant is smart enough to refuse a move-out inspection. This is a fatal flaw and we believe courts will be required by the statute to force housing providers to return the entire deposit, if inspections do not occur, ending security deposits as a practice.

4 – It is common for housing providers to give an “accounting” or “disposition of charges” deducted from the deposit to the tenant after they move. This provision would be fine on its own, but if housing providers can’t assess ANY FEES OR DAMAGES, because of lines 16-18, then they can’t fulfill this requirement.

We strongly urge you to reject this well-intentioned legislation that (intentionally or not) creates a loophole for tenants to refuse to schedule move-out inspections. In that case, under the bill language in lines 16-18, housing providers **will not** be able to deduct **ANY** fees or charges, regardless of any damage done. We will gladly work with the bill sponsors to draft balanced language that better protects tenants, without the current fatal flaws and consequences.

For more info, contact: Paul Smith, Executive Director Doug Taylor, IAA Government Affairs Chair

Thank You! 208-423-8173 208-991-6915