

5/17/2023

RE: LD 1490 An Act to Reduce Rental Housing Costs by Eliminating Additional Fees at or Prior to the Commencement of Tenancy.

Committee on Judiciary,

I'm opposed to LD 1490.

Once an applicant is ready to secure a unit, we collect a holding fee not to exceed one month's rent. This fee gets converted to the first month's rent once their lease begins. Before we implemented holding fees years ago, we had a lot of accepted applicants play games with us. They would tell us they were going to take the unit only to wait several days and tell us they found something else. We would waste hours doing background checks and references as well. In the meantime, we could not move forward with another applicant and sometimes we'd lose a whole month's rent because of this.

It's my understanding that it's important to call a holding fee, a fee, and not a deposit. If we charged a holding deposit, we would need to refund that money should the new tenant decide to no longer move forward with taking the home as it would fall under security deposit law and therefore be refundable. If we did not charge a holding fee, there would be nothing to hold the incoming tenant to the unit.

We have never had an applicant pay the holding fee and then lose that money. If applicants are ready to put money down, they always move forward with their lease. If for some reason we refused the application after they gave us any holding fee money, we fully refund that amount as well. Once the holding fee is converted to the first month's rent, we would be in compliance with this proposal as we really only charge the first month's rent and the security deposit. The holding fee does not generate any profit for our business. We just use it as a tool so that the applicant/incoming tenant has skin in the game.

Based on reading this proposal, it is unclear if a holding fee would be legal going forward if this passes. This would increase our vacancy cost and time vetting applicants. During a housing shortage increasing our vacancy rate, would be counterproductive.

I don't see the need for this red tape that prevents housing providers from determining the fee structure they need to stay in business. For example, what if a single-family home has a septic tank? Perhaps one would charge the fee to pump the septic tank each year at the start of the tenancy to ensure that it was paid. Perhaps the house has a pool or professionally manicured garden, so they have an annual maintenance charge to keep those great property features.

Although we don't charge move in fees for pets and instead charge a monthly fee for pets, some housing providers charge a one-time fee to allow pets into units. In some ways this makes sense because once the pet is allowed into the unit the damage is already done. The cleaning and damage to the unit will be increased with a pet and it may not be possible to rent to a non-pet owner in the future due to pet odors that linger. I believe housing providers should be able to

choose the fee structure that works for them and their residents to make housing pets make sense for both parties.

As you can see this bill creates a blanket ban that may work in some situations, but it will cause issues in other situations that I've outlined and in situations that we cannot foresee. We don't need more anti-rental housing legislation. Instead, we need legislation that will increase the number of housing units in our state. Vote NO!

Regards,

Justin Giroux

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