

April 26, 2023

To The Distinguished Members of the Housing Committee

From Daniel J. Bernier, representing the

Central Maine Apartment Owners Association working in conjunction with the Rental Housing Alliance of Southern Maine, the Greater Bangor Area Owners' and Managers' Association, the Capital Area Housing Association, and Lewiston Auburn Landlord Association.

*Re: LD 1710 An Act to Establish the Maine Rental Assistance and Guarantee Program and Amend the Laws Regarding Tenants and the Municipal General Assistance Program*

I am submitting this testimony in opposition to this legislation.

**This legislation in section three would require landlords to sign a contract with a Government Agency.** Apartment owners would be required to sign contracts with Housing and the terms of those contracts are **dictated** in part by the Federal Department of Housing and Urban Development; they are adhesion contracts that cannot be negotiated. Currently an Apartment Owner can accept the terms of the contract or decline the contract there is no negotiating the terms. Under this legislation, an apartment owner will no longer have the right to decline that contract no matter what the terms are. **Are we going to go down the road requiring private citizens to sign contracts with government entities or face the Maine Human Rights Commission?** Are Apartment Owners going to be the only business targeted for this or are there other Maine businesses that the legislature is going to start requiring to sign contracts with government entities? These contracts often require apartment owners to change the leases, let housing decide what is reasonable rent, tell apartment owners they cannot evict if Housing fails to pay the rent, and require landlords to make changes to the structure. **This does not require equal treatment for tenants on housing but requires special treatment.**

Section four of the bill is going to require landlords to ensure that at least ten (10%) percent of units available for rental housing qualify as affordable housing if they own more than ten (10) units. **Thus, rent will not be based on the landlords cost of operation but on the tenant's ability to pay.** This is a huge discouragement to investment which will just further make the housing crisis worse. The way to solve the housing crises is to build more housing. The way to get more housing built is to encourage investment. LD 1710 will

discourage investment in housing. We need to focus our efforts on increasing the supply of housing.

Section five would say a landlord could not report to any agency that a tenant is not paying "unaffordable rent". That section defines affordable rent as not being more than 30% of the household's monthly income being used for rent and utilities. Is affordable based on their income at the time they sign the lease or is it based upon a later date when they stop paying rent? Do we need tenants to start reporting their income to landlords monthly to make this determination? I suspect that the tenants will not be happy if landlords now start requiring them to report their income monthly so the landlord can determine if the rent is affordable. That is a lot of paperwork and if the tenant does not comply does the landlord have to evict them for failure to report their income? If the tenant is paying some of the utilities bills like the electric bill does the tenant also have to disclose their monthly electric bills to the landlord for this calculation? Can they be evicted if they do not?

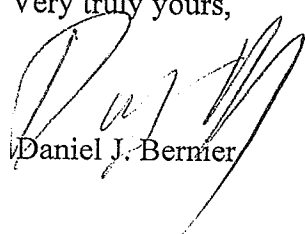
Section eighteen of the bill would apply the Fair Debt Collection Practices Act to any entity that is attempting to collect a debt for unpaid rent that is "unaffordable". I would take this to mean that if a landlord was giving a seven (7) day notice to a tenant for failing to pay rent then that puts them under the Fair Debt Collection Practices Act. Before you give that notice you will have to make a calculation of whether the rent was affordable. What if the tenant does not give you the information you need to make the calculation? I would note by applying the Fair Debt Collection Practices Act to debt originator, landlords are very much being singled out over other Maine businesses. The Fair Debt Collection Practices Act was designed to cover businesses that make it their business model to collect debts that were originated by other people. This is using the Fair Debt Collection Practices Act in a very different way than was originally designed. So here again landlords would have to start asking tenants to provide them their monthly income statements as well as what their monthly utility bills so that the landlord could make a calculation.

Rent is a contractual obligation. Tenants agree to a certain amount of rent when they move into the premises, if the tenant did not like the rent, they should not have signed the original contract with the landlord or they should move out. **If the calculation is done only at the time of renting. Landlords would be smart to just not rent to people with lower incomes making the housing crises worse. If the calculation needs to be updated during the tenancy, this will place an impossible burden on landlords.**

We are in a housing crisis. The Maine Legislature needs to stop the onslaught against people who provide housing, that is apartment owners. The legislature needs to start working with people who provide housing, not against them.

Thank you for your time and I would be happy to answer any questions.

Very truly yours,

  
Daniel J. Bernier