

MINUTES
HOUSE BUSINESS COMMITTEE

DATE: Tuesday, February 01, 2022

TIME: 1:30 P.M.

PLACE: Room EW41

MEMBERS: Chairman Dixon, Vice Chairman Furniss, Representatives Crane, Palmer, Barbieri, Armstrong, DeMordaunt, Clow, Andrus, Nichols, Adams, Bundy, Ferch, Galloway, Mitchell, Shepherd, Berch, Green

**ABSENT/
EXCUSED:** None

GUESTS: The sign-in sheet will be retained in the committee secretary's office; following the end of the session the sign-in sheet will be filed with the minutes in the Legislative Library.

Chairman Dixon called the meeting to order at 1:30 p.m.

H 442: **Rep. Palmer** introduced **H 442**. This legislation would amend existing code to clarify local governments may not control or regulate rent, fees, or deposits when leasing a private residential property. Currently, local governments are only prohibited from controlling rent. This legislation would add "fees and deposits" to the list of items local governments could not regulate or control.

Denise Carruzi, Boise City Ada County Homeless Coalition, **Linda Beebe**, Self, **Kendra Knighten**, Idaho Asset Building Network, **Marisa Keith**, **Lisa Sanchez**, **Alexa Roitman**, **Julie Hart**, and **Janelle Wintersteen** spoke in **opposition** to **H 442** because affordable housing is critical and the government should minimize barriers to achieving it. While property owners should have the right to set rent, housing fees are different and create a separate stream of income which allows the owner to charge per person. With current economic difficulties and the housing shortage, affordable housing is vital to support stable communities.

In response to questions, **Ms. Sanchez** said a lease renewal fee is simply a loophole that landlords use to charge renters additional fees. There are many complaints about the improper use of rental fees because the current system creates incentives for landlords to exploit people. With the City of Boise's current ordinances which place a cap on application fees, she has seen fewer complaints.

Michael Prentiss, Prentiss Properties, spoke in **opposition** to **H 442**. As a real estate investment company owner, he seeks to give people a nice place to live at a fair price. Landlords have opportunities to take advantage of renters and can make thousands of dollars on each unit by encouraging as many applications per unit as possible. This could be solved by making application fees refundable.

In response to questions about the average cost of background checks, **Mr. Prentiss** said background checks have cost around twenty-five dollars and he wasn't aware of any significant increase. Out-of-state companies are just using the process to make money.

Rep. Nichols and **Rep. Ferch** declared Rule 80.

Kathy Griesmeyer, Director of Government Affairs, City of Boise, testified in **opposition** to **H 442** and said there is a thirty dollar cap on application fees in Boise. Landlords can only accept applications based on availability of units. There have been no problems since these rules were enacted and this legislation is searching for a problem. Local authority should be able to regulate these ordinances.

In response to questions, **Ms. Griesmeyer** said there has been an increase in property taxes. With more people moving into the Boise area, it is a complex issue. The growing property taxes are frequently passed on to renters. Affordable housing is a major problem and this legislation would only exacerbate it.

Don May, Paul Smith, Idaho Apartment Association, and **Melissa Sharone**, Association for Property Managers, spoke **in support** of **H 442** saying the ordinances in Boise are an overreach of government authority. Landlords need to have this protection from renter abuses. The free market is able to regulate fee prices without government intervention.

In response to questions, **Mr. May** said he charges twenty-nine dollars, which is the same as Zillow. He does not charge for his time to go through the applications and background checks.

In response to questions, **Mr. Smith** said other states do have more regulations but laws have to be balanced. If the fees are capped, businesses will find creative ways to recoup charges. However, the state could set parameters to protect renters while still being fair for all.

Rep. Palmer closed by saying cities are using loopholes and this legislation would ensure that Idaho continues to be a business-friendly state.

MOTION: **Rep. Ferch** made a motion to send **H 442** with **DO PASS** recommendation.

During committee discussion, **Rep. Green** said she cannot support the motion because it is within the government's role to prevent predatory behaviors and protect residents.

SUBSTITUTE MOTION: **Rep. Berch** made a substitute motion to **HOLD H 442** in committee. **Motion failed by voice vote.**

ROLL CALL VOTE ON ORIGINAL MOTION: A roll call vote was requested. **Original motion carried by a vote of 14 AYE, 2 NAY, and 2 Absent/Excused. Voting in favor** of the motion: **Reps. Palmer, Barbieri, Armstrong, DeMordaunt, Clow, Andrus, Nichols, Adams, Bundy, Ferch, Galloway, Mitchell, Shepherd, and Dixon. Voting in opposition** to the motion: **Reps. Berch and Green. Reps. Crane and Furniss** were absent/excused. **Rep. Palmer** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:58 p.m.

Representative Dixon
Chair

Kelly Staskey
Secretary