



HB17-1310: Residential Landlord Application Screening Fee

Sponsored by Rep. Dominique Jackson, Rep. Chris Kennedy, and Sen. Stephen Fenberg

THE PROBLEM

For many of Colorado's most economically disadvantaged residents, one of the most difficult challenges in attaining housing often occurs at the onset of their search— when they must find pay the non-refundable application fees often required just to submit a rental application.

Landlords collect rental application fees to recoup costs they incur to assess whether to rent to an applicant. These expenses can include credit checks, criminal record inquiries, and administrative fees for the time and effort required to conduct screening. While it is understandable for property owners to expect reimbursement for these out-of-pocket expenses, in practice, many problems arise due to the absence of any policies to ensure that fees are reasonable and do not impose an undue financial burden on applicants. Under existing state law, there are no limits on what landlords can charge as a rental application fee, and there are no safeguards to assure the fee is not simply a profit center for the landlord. Furthermore, in some cases, fees have been collected despite there being no available units for rent at the time—a practice that is ethically dubious, but currently permissible under Colorado state law.

The unregulated collection of rental application fees has been a significant factor in exacerbating Colorado's affordable housing crisis. In a recent survey of Colorado residents conducted by 9to5 Colorado, more than half of all respondents stated that application fees posed a barrier to housing. Respondents also reported fees as high as \$145 per person, an amount significantly higher than the cost for screening applicants. For low-income families who are struggling to find housing, the relatively high cost of these non-refundable fees can quickly exhaust limited financial resources, which are also needed for a security deposit and the first month's rent. In this respect, application fees are a direct factor that contributes to higher rates of homelessness. Furthermore, the prevalence of triple-digit application fees also suggests that for some landlords they are an ongoing source of revenue.

THE SOLUTION

To address these concerns, more than a dozen states have enacted policies that set reasonable terms for the collection and retention of rental application fees. If we are serious about improving the affordable housing climate in Colorado, it is vital that we pursue similar, commonsense approaches that would preserve a landlord's ability to collect reasonable reimbursement, while also ensuring that fees are not excessive.

HB17-1310: limits the fee a landlord may charge a prospective tenant the landlord's actual costs for a personal reference check, consumer credit report, or tenant screening report. It also requires the landlord to provide an itemized receipt of actual expenses incurred and return any unused portion of the fee.

Support for HB17-1310

9to5 Colorado

AARP of Colorado

Bell Policy Center

Center for Work Education and Employment

Colorado Center on Law and Policy

Colorado Coalition Against Domestic Violence

Colorado Coalition for the Homeless

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