

Representative Jared Hendrix
House District 10
Testimony for HB 1272

Chairman Warrey & members of the House Industry, Business & Labor Committee.

My name is Jared Hendrix, and I represent District 10 in Fargo in the State House. According to US Census data, approximately 65.7% of North Dakota residents own their homes, and 34.3% live in rental properties. District 10 is about 80% rental properties, including mostly apartments, which obviously makes us incredibly unique in our state. As we all know, the reasons to rent are varied, but include flexibility and ease of relocation, lower upfront costs, lack of maintenance costs, and location quality and access to amenities.

However, the overarching characteristic of most people who choose to rent is simply the fact that they are typically not in a financial position to buy a property. Housing is a basic need, just like food or water. Since it is a need, and home ownership may be temporarily unattainable for various reasons, people who rent are in a sense a captured audience. They can assess their rental options, but ultimately will have to choose somewhere to live.

Before, during and since my campaign, I have heard countless stories of tenants who believe they were taken advantage of and charged for exorbitant costs not actually due to their actions. While many landlords are individuals and families who may only have 1 or 2 properties for passive income, there are a few extremely large companies that operate hundreds or thousands of units. These entities have significant resources, relationships with contractors, and options for legal services far beyond their renters. In the event a tenant faces significant charges from purported property damages, in most cases they are powerless to defend themselves due to the prohibitive cost of litigation and the practical consequences of moving. At the same time, since renters obviously do not have the option of not living somewhere, often illegitimate damage costs are paid to simply maintain credit and the ability to lease another rental.

Of course, there are two sides to every coin. At the same time, many landlords face circumstances in which delinquent renters or others cause considerable damage, and in these circumstances the rights of the property owner must be respected. I have introduced HB 1272 for all the above reasons.

Current best practice for rental agreements includes some sort of inspection of the premises upon the start of the lease, and a similar inspection upon the termination of the lease. However, this practice is inconsistently practiced in North Dakota and not codified in state law. The intent of HB 1272 is to require both parties to meet, identify and itemize issues and damages which need to be addressed upon entry to the lease, and the same upon exit of the lease. HB 1272 does not require an onerous governmental inspector or regulator, but rather simply strengthens the contractual agreement between both parties, which is based upon current best practices in the rental market.

I do have a proposed amendment to eliminate the language referring to a reasonable estimate. While the intention was to provide the tenant with a ballpark estimate to anticipate whether costs would be covered by their security deposit, many landlords would not be able to make a reasonable contractor estimate on their own. The most important part of this legislation is not the specific cost of the damages, but rather the itemization of damages.

Thank you for your time and consideration on HB 1272.

Representative Jared Hendrix
State House - District 10 - Fargo