

Chair Barta, Vice Chair Boehm, and members of the Committee:

On behalf of the ACLU of North Dakota, I submit testimony in support of Senate Bill 2235 relating to priority of payments under a rental agreement.

According to the U.S. Census Bureau, approximately 35% of North Dakota's households are renter-occupied and approximately 40% of renter households are cost-burdened, meaning they spend at least 30% of their income on housing expenses. Rental housing plays a significant role in North Dakota's housing landscape, as does the reality that renters face weighty financial challenges across the state leading to housing instability and many living on the brink of eviction and contributing to ongoing issues of homelessness.

For those facing these financial challenges, exorbitant fees are a constant barrier in supportive housing and homeless prevention. A housing service provider in Cass County recently recounted to the ACLU a common situation involving a tenant who had fallen behind on rent after being laid off from a minimum-wage job. For two months, the tenant struggled to catch up. After regaining employment, the tenant was able to scrape together enough to pay his rent in full as well as the \$50 still owed to the landlord from the previous month. A week later, he received a three-day eviction notice for non-payment. The tenant was confused and logged into the property management's website portal to view the status of his ledger. The tenant's payments had been applied to late fees and not to his rent. These fees had kept accumulating, despite the fact that the tenant had paid in full and on time that month. Luckily, the tenant was able to apply and be approved for emergency eviction prevention funds. Without this assistance he would have lost his home, likely been forced to access emergency shelter and other emergency services. And with an eviction on his record, he would have added a barrier to finding future housing.

This tenant was not interested in a handout. He had worked hard to catch up on his rent. And uniquely, this tenant even went the extra mile and worked to repay every cent of aid back to the agency that helped him. Again, the tenant was not interested in charity or government backed assistance. He simply wanted a fair chance and for a system when one tough month wouldn't spiral into financial instability and even homelessness.

For the 40% of North Dakota households which are cost burdened in rent, SB 2235 would be a small but pivotal change to provide a fighting chance, on their own, towards housing and financial stability. It would also provide more flexible consumer choices for payment during financial challenges and increase the chances of avoiding accessing costly emergency services and assistance (which are heavily subsidized by state and federal funding). Additionally, SB 2235 would reduce cost for courts by easing the need for eviction proceedings, decrease landlords' need for costly legal representation, and lessen the ever-growing costs related to turning over vacant properties for new renters.

The ACLU stands with North Dakotans for whom the law can provide increase opportunities for self-sufficiency and safe affordable housing. We urge a "do pass" recommendation on SB 2235.

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