

67th Legislative Assembly, Senate Industry, Business, and Labor Committee
Public Hearing on House Bill 1442
March 17, 2021

My name is Kelly Gorz and I am the Associate Director of High Plains Fair Housing Center, a private nonprofit with the mission to strengthen communities and ensure equal access to housing across North Dakota. On behalf of High Plains Fair Housing Center and myself, I would like to thank Chairman Klein and the Senate Industry, Business, and Labor Committee for the opportunity to speak today in support of HB1442.

We urge you to issue a “Do Pass” for HB1442, relating to capping late rent fees in the state of North Dakota. High Plains Fair Housing Center is a nonprofit that works to end housing discrimination based on federal and state protections. This is an issue that we hear often on our intake line for ND renters. Current ND law does not have a limit on the amount of a late rent fee that can be imposed upon a renter. While we do understand the need for late fees, we have found a great deal of discrepancy in the amount of late fees that are assessed throughout the state. An audit of leases within the High Plains Fair Housing Center database showed a great deal of discrepancies in the amount of the late fee per landlord. Late fees started as little as \$10 and went all the way up to a late fee of \$100 + \$100 per week thereafter. We understand that the bill was amended to cap late fees at 10% of the monthly rent, however, we would prefer the 8% as originally written.

To give you an idea of what renting looks like in the state of North Dakota, I will provide some information from the North Dakota Housing Finance Agency. According to their most recent “Current State of Housing in North Dakota”, nearly 40% of renters are cost-burdened in housing, meaning that more than 30% of their income is going to their rent payment. This number is in stark contrast to the state’s homeowners who have an active mortgage, who are only 17.5% cost burdened. The largest segment of the renting population works in the Accommodations and Food Services industry, so many earn minimum wage. The current Fair Market Rent as published by HUD is \$841 for a two-bedroom apartment. In order to afford this level of rent *and* utilities, without paying more than 30 percent of income on housing, a household must earn \$2,804 a month or \$33,647 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates to an hourly wage of \$16.18 per hour, over double current minimum wage. Many renters are living month to month because of this high cost burden. Large and accumulating late fees can set them back for months, lead to eviction, or lead to large bills that may stay with them for a long time.

We feel that passing HB1442 will be a good step forward in protecting ND renters from high late fees that are nearly impossible to actually pay. Additionally, it is crucial to do all that is possible to keep North Dakotans housed as we continue on through the COVID-19 pandemic. While the current CDC moratorium has eviction protection for renters that has been extended through March, there is no language within that moratorium that enumerates what happens to past due balances. We are concerned that we will see extremely high balances due for ND renters who have been protected throughout the COVID-19 pandemic and we urge you to do all within your power to prevent mass evictions when protections expire.

We understand that it is vital that rent payments are made, as landlords are contractually obligated to receive payment, and we want to be abundantly clear that we do not feel late fees themselves are inherently wrong. However, we are asking that the amount of late fees have a ceiling so renters are more able to pay them and stay housed. We urge you to pass HB1442 as a way to both protect renters while still holding them accountable for their contractual obligation. Thank you for your time.