

HB19-1106, or the "Rental Application Fairness Act", sets standards and conditions for landlords to use during the application process when renting their properties. It aims to make the application process more fair and transparent for tenants and applicants.

If HB19-1106 is passed, the cost charged for an application would have to be the amount it costs to process it for the landlord. Additionally, the cost would be capped at \$10.00 per application.

days for lease violations (Balint, 2018). HB19-1106 aims to protect the rights of renters and improve the state's reputation as a renter-friendly state.

Colorado is also a state experiencing rapid growth and an increasing demand for housing. A study done on lower-middle income housing reported this growth, "In 2000, Denver had a population of 554,636. The city has added nearly 128,000 new residents since then (in 2015), growing 23 percent." (Elliot, 2017). The same study compared this to the growth in housing, which lagged behind population growth at 17% between the same time period (Elliot, 2017).

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D.C, 70% of the units in submarkets are owned by one firm (Cronin, 1983). Owning a large share of the supply allows landlords to pursue their interests and make profits above the optimal level, creating an efficient market.

Similarly, in Santa Barbara, Linson found that over 50% of the rental housing was controlled by 60 owners (Linson, 1978). Research has shown that many rental markets operate with few suppliers, allowing for each landlord to control a considerable share of the market. Having such a small amount of suppliers may also allow for the landlords to collude to increase their market power and operate more monopolistically (Cronin, 1983). The contraction of the amount of landlords leads to a market where renters are disadvantaged.

It is important that the government addresses this market failure because this is a situation where competition will not drive housing prices to the optimal price. Because landlords have the ability to manipulate the market to suit their interests, the government should step in to defend the rights of renters to help them in their disadvantaged position.

Further, this bill would also address housing discrimination practices landlords can use by mandating that the landlord charges the same price for all applicants. The bill gives applicants legal recourse for situations when landlords treat them unfairly.

Allowing for discrimination is not an economically efficient outcome. For example, a discriminatory landlord may lease their property to a less-than-efficient tenant solely because of their internalized thoughts on people of certain groups.

Sommervoll notes in his article on housing discrimination that, “Discrimination, however, is likely in any market where agent type influences the profitability or utility derived from a transaction” (Sommervoll, 2012). Because landlords perceive different people as better or worse tenants, they are likely to discriminate in their application practices to make sure they lease to the tenant they think would be best. In the housing application process specifically, “ethnicity, gender, presence of children, and sole parent status are all commonly perceived to be correlated with contract default and can be readily detected” (Sommervoll, 2012).

The Rental Fairness Application Act decreases the potential for discriminatory actions in the application process by leveling the playing field and mandating that all applicants pay the same price. Further, requiring landlords to respond to failed applications and explain why they did not choose them for the property mitigates the chance that landlords are able to use discriminatory practices to fill their properties.

HB19-1106 would give more rights to the renters in Colorado. It also adds regulations to a market in which landlords have an excess of market power. It would address problems of discrimination by ensuring that all applicants are treated equally in the application process, therefore achieving a more efficient outcome in the market for rental housing in Colorado. Due to all of these things, I support the passage of The Rental Fairness Application Act.

