

# ITL: HB 1371 – Prohibiting application fees for residential rental agreements

**Position:** Opposition (ITL)

**Bill Summary:** This bill (1) prohibits residential rental application fees, and (2) restricts what identification a landlord may require/accept for screening by prohibiting the requirement of a Social Security number as part of the application.

## Key Points

1. **This bill consists of two minimally related parts:** fee ban and an identification mandate. These should be evaluated separately because they address different issues and create different harms.
2. **Banning application fees does not eliminate screening costs; it shifts and increases them.** Screening costs will be re-imputed into rent and other charges, and the removal of applicant self-selection will predictably increase the number of low-probability applications—raising aggregate transaction costs in the market.
3. **New Hampshire already enacted a targeted application-fee framework effective January 1, 2025:** clear written disclosures up front and refunding any amount beyond documented screening costs and reasonable administrative costs when the unit is not rented to that applicant. HB 1371 is an unnecessary and destabilizing overcorrection.
4. **The Social Security number prohibition jeopardizes reliable screening and pushes landlords toward stricter front-end filtering.** If landlords cannot require the identifiers their screening systems are built around, the predictable response is tighter approval standards and more “pre-screen” rejections before incurring third-party screening costs.
5. **The bill is drafted into the wrong statutory location.** It amends RSA 356-C, which is a chapter focused on conversion of rental units—not general landlord-tenant screening and application practices—creating interpretive and enforcement friction even before you reach the policy merits.

## Full Testimony

Mr. Chair, members of the Committee—

My name is Christopher Freeman. I am a housing provider in Keene, Walpole, and Lebanon, New Hampshire. I’m also a founding advisory board member of the Monadnock Housing Collaborative. All views expressed today are my own.

I'm here to urge the committee to find **HB 1371 Inexpedient to Legislate**.

This bill has two halves that are not meaningfully related:

1. It **prohibits residential rental application fees**.
2. It **restricts permissible identification practices**

I'll start by addressing fees.

A properly designed leasing process is a funnel. At the top of the funnel, you have hundreds of low-intent inquiries. These are the folks messaging you on FB Marketplace to ask "Is this still available" right before they ghost you on the response.

As you move through prequalification, tours, and then the application, there's a natural convergence of intent and an escalation of mutual commitment.

In many pipelines, the application fee is the first point at which any valuable consideration enters the picture. It functions both as cost recovery for third-party screening and processing, and as a form of self-selection that discourages frivolous applications.

If the state prohibits application fees, the cost side does not go away. It simply shifts to landlords, who will predictably shift it back into the market through other mechanisms. This will also change landlord behavior: if screening costs cannot be recovered, landlords have every incentive to find disqualifiers *before* ordering reports. That means stricter front-end screening, more early rejections, and fewer borderline applicants receiving a full review. This is bad for tenants.

More importantly, because the applicant no longer bears any marginal cost to apply, we should expect the total number of applications to rise — especially the number of low-probability applications. This drives up total costs borne by the market. When costs are ambient in a jurisdictionally bound market, they don't vanish; they become imputed into prices.

Crucially, New Hampshire already addressed rental application fees. Under current law, landlords must disclose fees and screening requirements in writing up front and must refund any amounts above cost for rejected or withdrawn applications.

Whatever one thinks of this policy, it directly addresses "fee profiteering" concerns without banning the mechanism entirely. HB 1371 is an overcorrection that will increase system costs and, ultimately, rents.

**Second: the Social Security number prohibition jeopardizes screening integrity and creates perverse incentives**

Regarding use of SSN in the application process – Screening is one of the most important consumer-protection functions that housing providers perform, but this bill strips landlords of a key piece of information needed for high confidence credit and background matching. This inherently increases the risk of approving individuals who may pose a risk to the landlord’s other tenants or the community more broadly.

**Third: Ambiguity about whether provision of SSN can be collected after approval**

In addition to ordering screening reports, landlords have several valid business purposes for which a tenant’s SSN would be required. This includes federal tax filing obligation such as IRS form 1099-INT if a tenant security deposit accrues sufficient interest within a given tax year, or form 1099-C in situations involving the cancellation of debt. It also includes credit reporting, both within voluntary rent reporting regimes and involuntary reporting of rental defaults.

Does this bill allow us to require an SSN *after* the application has been approved?

If no, that’s a problem for our business purposes. If yes, this bill still creates more paperwork and introduces potential data security concerns. If I cannot collect sensitive identifiers through a secure, encrypted application workflow, the practical workaround would end up being emailed copies of tenant W9s.

**Fourth: this bill is placed in the wrong statutory location**

HB 1371 inserts these rules into RSA 356-C—“Protection of Tenants in Conversion of Rental Units.”

Whatever the committee’s intent, general application-fee and screening rules belong in the core landlord-tenant framework, not in a conversion-of-units chapter. Even if the committee liked the policy concept, this drafting choice alone is a strong reason to reject the bill as introduced.

**Conclusion**

In conclusion, I want to acknowledge the moral impulse behind trying to take cost out of apartment hunting. But the way to address those concerns is not to ban fees categorically and degrade the screening system that protects tenants and communities.

New Hampshire already enacted a fee framework that targets abuse while preserving a functional leasing pipeline. HB 1371 replaces that with a blunt prohibition and an identification rule that will predictably lead to higher market costs and stricter screening behavior.

For these reasons, I respectfully urge the committee to find **HB 1371 Inexpedient to Legislate.**

Thank you for your time, and I'm happy to answer any questions.

Respectfully submitted,

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