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ATTN:Members of the House Committee on General and Housing

Subject:Comments Regarding bills H.772

Dear Esteemed Chair and Members of the Committee,

I am writing to you today to express my perspective and provide commentary regarding H.772. I am the owner of Stone & Browning Property Management, a professional management company located in Central Vermont, and have been closely following the legislative process. My company manages, for other property owners, roughly 1,000 units around the state. Our company's core focus is to "positively impact our communities and people." The word people refers to residents, owners, team members, and community members. We do our best to align every decision we make around this core focus.

I watched the most recent testimony on February 6th, and would like to provide some perspective and clarification. Regarding the testimony given by Attorney Jean Murray, it's clear that she is passionate about keeping Vermonters housed and while this is admirable, some of her information was not accurate. It was stated that my company is discriminatory towards those that work with HUD vouchers by holding strict income requirements, which this demographic could never meet. My company works often with residents that participate in the voucher programs. We do require 3 times the rent to qualify applicants, however, if they come with a voucher, that voucher value is counted towards their income. Therefore, we only require the applicant to make 3 times their portion. For example, if the rent is \$1,000/month, and their voucher covers \$800/month with the tenant being responsible for \$200/month, we would only require the applicant to make \$600 per month. In recent months, we have actually lowered our income requirements, requiring a minimum of 2.5 times the rent to qualify. We recognize how the affordability issue is directly impacting our applicants and residents, and we are trying to do everything we can to accommodate them in the changing landscape, and ensure that safe, clean, well-managed housing is available to Vermonters. I fear that if some of the items in this bill pass, we would be forced to reevaluate our rental criteria, and increase the barrier to entry, rather than lower it as we have done so lately.

The affordability issue is real for Vermonters. It is naive to assume that rising costs are not attributing to rent increases. We have around 200 clients, and all of them are feeling the implications of property tax increases and other municipal costs, insurance increases, labor and material costs. To isolate just a couple of line items from FY22 compared to FY25:

Property insurance: Lowest 20% increase-Highest 78% increase

Taxes: Lowest increase 6%- Highest increase 32%

This is just to name a few. Rising costs on every line item are absolutely the single greatest factor behind rent increases. All of my clients are more interested in keeping residents housed and working with them to meet their financial needs, rather than dealing with the cost of turnover and vacancy. Happy residents equals happy owners. We always tell our clients that without the residents neither one of us has a business, so we make sure they are well taken care of above all else.

§ 4456a Residential Rental Applications: As a management company owner, I have a responsibility to my clients, as well as the other residents in the building, to place paying and safe residents. The credit check and background check is a crucial part of this process. I agree that applications should **not** be a profit center for owners/management companies. The reality is that rental fraud is becoming an increasing problem in our industry, and it's important that we have access to the tools to verify applicants' information, especially as AI becomes another variable that we must navigate. Because of this, I disagree with the applicant's ability to furnish their own credit/background check and override the property owner or agent's ability to pull their own reports. Again, one of my biggest motivators here is the protection of my current residents. They want to feel safe around their neighbors, and knowing we have done our due diligence gives them peace of mind. I agree that landlords/agents should not be able to profit from an "application fee." I would request that we have the ability to recoup the cost of pulling a credit/background check. I would recommend amending **§ 4456a(3)** to read:

"A landlord or a landlord's agent may charge a nominal fee to conduct a credit and background check of an applicant. This fee shall not exceed the actual cost incurred to conduct said checks."

I would recommend the following is struck from this section:

"unless the tenant or applicant provides a credit check as part of the application, in which case the landlord or landlord's agent shall not charge a fee."

§ 4461. SECURITY DEPOSITS- I agree with this. Two months for a deposit, or deposit and last month's rent, should be the maximum. I would never see a need to request more.

§ 4467 (a). This seems reasonable. If a further concession needs to be made, I have seen other states implement a grace period for rent payments. In its current version, if rent is due on the first, and payment hasn't been received by the 2nd, property owners would be able to issue a 7 day notice on the second day. I have seen states that allow for a 7 day notice, only after a 5 day grace period has been observed. I see this as a responsible amendment. This is actually my company's practice right now. We allow all of our residents to observe a 5 day grace period before we consider rent late. If the 7 day notice is implemented, I believe you would see greater flexibility with property owners as well. Currently, we are being encouraged to follow the COVID rule of providing a 30 day notice of non payment. Because this notice is so long, owners are issuing them as soon as possible to "start the clock" rather than spending time working with their residents on payment arrangements. With a 7 day notice, I believe that you would see owners trying to establish open communication, and agree upon payment arrangements or other accommodations, more often and well into the months before issuing any sort of non-payment.

§ 4467 (b)(1)(B)(i)- I would recommend we define the number of instances and tie it to the 7 day notice. I'd suggest equal or greater than two 7 day notices being issued in a rolling 12 month period.

§ 4467 (b)(3)(c)- While there is a lot to unpack here, I wanted to voice an opinion. First off, I hear people refer to this "no-cause" notice, as a "no-cause eviction." I want to remind everyone that the "no cause" notice is just a notice as it stands. It only evolves to an eviction if the resident has not vacated by the date of the notice, and the property owner chooses to pursue this process. In all of my years as a property manager, I have never met an owner that issued a no cause, just because they wanted to. It has always come as a last ditch effort after:

- Payment plans have been agreed upon and not upheld, and non-payment notices have failed due to last minute payments being made.
- Cleanliness issues have been identified, follow-up inspections conducted, and the issues don't resolve.
- Conversations around noise complaints have been had, warnings issued, and the issues still persist.
- In extreme cases, where a person is hostile and dangerous. For example, I once had a resident threaten to put a bullet in the head of one of my maintenance staff. There is no negotiation here, this resident needed to move on.
- And so many more scenarios.

My point is, there are far too many scenarios that occur in this industry to capture them all in a "just-cause" process. I have never met a property owner that has issued a "no-cause" because they feel like it. It's almost always because of irreconcilable differences that come up, or substantial renovations that are needed.

On the flip side, residents in Vermont can break their lease at any time. While property owners have the right to hold them to the financial obligations under the lease, if the resident refuses to pay once they have vacated, property owners are not likely to pursue legal action because of the cost associated with this. They are far more likely to just accept the resident has moved out and re-rent the unit.

§ 4468b. MAXIMUM INCREASE IN RENT- The reality of property ownership is it is an equity rich business but cash poor. The minimal cash flow produced by owning rental properties in Vermont is not adequate enough to cover capital expenditures (roofs, boilers, siding, electrical system replacements). To fund these types of items, most property owners either refinance or pull from their personal accounts. Please remember that properties owned in a LLC are handled under commercial financing, which adjust every 3-7 years, known as a fixed rate period. Some of our clients purchased properties when rates were 3%, and today are in a much different financial position now that their fixed rate periods have approached, and are now at 7%+ rates. This variable combined with the rising property taxes, insurances, repairs, materials, and utilities, make it crucial for property owners to be able to adjust rents accordingly without limitations. This also does not account for the cost of evictions. If this section makes the cut, you will disincentivize property owners from investing and improving our housing stock.

As a property manager, my company acts as the middle person between resident and property owner. In my experience, the majority of property owners want to provide the best service they can, and are very prideful and hard working people. It has also been my experience that the majority of residents want to be great residents, and enjoy having a great place to live where they are cared for. I firmly believe that if the eviction regulations were shorter, and more streamlined, property owners would be willing to take more chances on folks and you would see more people housed. I know many owners that have kept units empty simply because they could not risk another eviction due to the financial impact it has. I firmly believe that all of my clients want to provide quality, safe, and affordable housing to residents. I know for a fact that my team at Stone & Browning is passionate about this, and it's why we wake up and work so hard day in and day out. I would love to be a part of the conversations, and be a sounding board for ideas or questions. Please feel free to reach out to me should you have any follow up questions.

Best,



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