

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 480

(Senator Ramirez, *et al.*)

Judicial Proceedings

Commission on Rental Housing Stabilization

This bill establishes the Commission on Rental Housing Stabilization. The Department of Housing and Community Development (DHCD) must provide staff for the commission. By December 31, 2015, the commission must report its findings and recommendations to the Governor and the General Assembly.

The bill takes effect June 1, 2015, and terminates June 30, 2016.

Fiscal Summary

State Effect: Any expense reimbursements for commission members and staffing costs for DHCD are assumed to be minimal and absorbable within existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Governor must designate the chair of the commission. A member of the task force may not receive compensation but is entitled to reimbursement for standard travel expenses.

The commission must investigate strategies for stabilizing rental housing conditions in the State, including the possible need for (1) the establishment of a Maryland Rental Housing Authority as specified; (2) the establishment of an Office of the Tenant Advocate; (3) a separate system of regional housing boards for adjudicates of disputes; or (4) a statewide

mechanism for limiting excessive rental increases. The bill also requires the commission to evaluate the experiences of different groups of tenants in Maryland and the experiences of other states and jurisdictions regarding rental housing stabilization. If the commission determines that it would be desirable to implement any of the strategies investigated, the commission must make specific recommendations regarding the implementation of those strategies, including a timeframe for implementation, and potential sources of funding.

Current Law/Background: According to the U.S. Census Bureau, 33.5% of housing in the State was renter-occupied in 2013, the most recent year for which data is available. The median monthly rent was \$1,210. In fiscal 2013, there were 641,940 landlord/tenant cases filed in District Court.

One of the primary sources of instability in the rental market in the State is price inflation. There is no State law requiring stabilization of rental rates. However, this was not always the case. In 1974, Chapter 741 generally prohibited a landlord from increasing a rental fee by more than 5%. Chapter 741 expired July 1, 1975.

Local jurisdictions in Maryland have authority to regulate rental rates through stabilization provisions. For example, landlords in Takoma Park may generally only increase rent by a percentage equal to the current year's increase in the Consumer Price Index-All Urban Consumers (CPI-U) in the Baltimore-Washington metropolitan area. Additionally, while Montgomery County has no local prohibition, the county issues an annual voluntary rent guideline, which is the increase in the rental component of the CPI for the previous year for the Baltimore-Washington metropolitan area. The voluntary guideline in 2015 is 2.3%.

In the District of Columbia, a landlord is typically allowed to increase rent each year based on the change in CPI-W. Generally, the maximum amount a landlord can increase rent is the CPI-W percentage plus two percentage points, but not more than 10% higher than the previous rent charged. Landlords of tenants who are elderly or disabled may increase rent by the CPI-W percentage, subject to a maximum of 5% higher than the previous rent charged.

Additional Information

Prior Introductions: None.

Cross File: HB 420 (Delegate M. Washington, *et al.*) - Environment and Transportation.

Information Source(s): Department of Housing and Community Development, U.S. Census Bureau, Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2015
min/kdm

Analysis by: Nathan W. McCurdy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510