

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1283 (Delegate Wells)
Environment and Transportation

Real Property – Residential Leases – Rent Restrictions

This bill establishes restrictions on rent increases for “restricted rental units.” Specifically, a landlord is generally prohibited from increasing rent on a restricted rental unit by more than 0.4% each year. If the lease agreement is on a month-to-month basis, the landlord may not increase rent more than 0.2% every six months. If the rent for a restricted rental unit is below fair market value, the landlord may increase the rent in the first year of this divergence by up to 3.0% if necessary to reach fair market value. The restrictions established in the bill are not applicable once the rent of a restricted rental unit reaches a minimum of \$2,250 per month.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State government operations or finances.

Local Effect: Potential decrease in local revenues to the extent counties own rental units that are subject to the requirements of the bill. Expenditures are not affected.

Small Business Effect: Meaningful.

Analysis

Bill Summary: A “restricted rental unit” means any real property:

- rented or offered for residential use or occupancy, including an apartment, townhouse, house, or mobile home or a building, structure, or room located within a structure forming a single habitable unit with facilities that are used or intended to be used for living, sleeping, cooking, and eating purposes;

- newly constructed before 1985;
- where, as of January 1, 2021, rent was less than \$2,250 each month; and
- occupied by a tenant that earns less than \$150,000 annually.

Current Law: There is no State rent stabilization law. However, generally, a landlord may not arbitrarily increase the rent or decrease services to which the tenant is entitled solely because:

- the tenant or the tenant's agent has filed a good faith written complaint with the landlord or with a public agency against the landlord, as specified;
- the tenant or agent has filed a lawsuit or lawsuits against the landlord or testified or participated in a lawsuit involving the landlord; or
- the tenant is a participant in any tenants' organization.

A tenant may raise a retaliatory action of a landlord (1) in defense to an action for possession or (2) as an affirmative claim for damages.

Small Business Effect: The restrictions on rental fee increases established in the bill may significantly decrease revenues for landlords. Because there is no current State rent stabilization law, as long as a rent increase does not constitute a retaliatory action, a landlord may increase a rental fee by any amount at the end of a lease. If the existing tenant is unable or unwilling to pay, the landlord can either reduce the new rental fee to keep the tenant or find a new tenant that is willing to pay the increased amount.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2021
md/jkb

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