



House Bill 970 – Real Property – Residential Leases – Rent Increases

Position: Unfavorable

The Maryland REALTORS® oppose HB 970 which prohibits a housing provider from increasing rent if the housing provider fails to give the tenant notice of a rent increase.

The prohibition on rent increases in the bill is a severe penalty for a housing provider who did not provide notice. As drafted, the bill does not limit how long a rent increase is prohibited. It appears the prohibition on rent increases is permanent. Not all small landlord's noncompliance with the law is willful. Many times small landlords managing property for themselves are unaware of new law changes.

In the context of a single-family housing provider, a permanent rent increase prohibition has dire consequences. If a housing provider's tax assessment increases by 25% (the average of Maryland residential home assessment increases last year) it is likely the rent will not cover that tax increase along with other rising costs.

Unlike a principal homeowner, a rental property owner is not protected from assessment increases under the homestead tax exemption. A rental property owner faced with paying higher taxes and other rising costs would have difficult choices to make that could impact the tenant. If a housing provider couldn't cover the rent, the owner may not be able to continue to rent the property. If the owner could still cover the rent, it is likely the owner will not have the same amount of money to keep up with maintenance of the property.

For these reasons, the REALTORS® recommend an unfavorable report.

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