



**Testimony to the House Environment & Transportation Committee
HB 564 – Real Property – Residential Leases – Renter’s Insurance
Requirement
Position: FAVORABLE WITH AMENDMENTS
February 16, 2024**

HB 564 would require renters to obtain a renter’s insurance policy to protect their personal belongings. It would also require a property owner to obtain a policy on behalf of that renter if they failed to provide evidence of such policy to the landlord. While we agree that obtaining a renter’s insurance policy is a good idea and will protect a tenant’s personal belongings in case of loss or damage, it should not be mandated by the State. Furthermore, in affordable housing properties where the rents that can be charged are set by federal agencies (such as HUD), the mandatory renter’s insurance payment would have to be treated like a utility allowance and the cost of the policy would be deducted from the max rent the tenant can pay, leaving the property owner with less rent to cover their operating costs and debt service payments to their lenders. Due to federal regulations, the property owners would not be allowed to recuperate the cost of the insurance policy from the tenant or add it to their rent, so the property owner would have to bear the cost of the policy. Federally financed and subsidized affordable housing properties are already extremely sensitive to unanticipated operating expense increases, such as those incurred in recent years due to skyrocketing insurance rates, increased utility costs, staff costs, etc. so adding another cost to operate these properties would create an unfair financial burden on these property owners.

Our members would be the most financially burdened by the requirements set forth in the bill, so we respectfully request that federally financed and subsidized properties be exempt from the portion of the bill that would require owners to obtain renter’s insurance policies on behalf of their tenants.

MAHC is the leading organization for the affordable rental housing industry in Maryland and represents over 185 member organizations, including nonprofit and for-profit developers, State and local housing authorities, property management companies, financial institutions, community development organizations, contractors, tax credit investors, consultants and individuals.

Respectfully submitted on February 16 2024 by Miranda Darden-Willems, Executive Director, on behalf of the MAHC Board of Directors.



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