

Robin Carter  
Chairperson, Board of Commissioners

Janet Abrahams  
President | Chief Executive Officer



February 20, 2024

**TO:** Members of the Judicial Proceedings Committee

**FROM:** Janet Abrahams, HABC President & CEO

A handwritten signature in black ink, appearing to be "J. Abrahams", is written over the "FROM:" line.

**RE:** Senate Bill 725 - Real Property - Residential Leases - Renter's Insurance Requirement

**POSITION:** Letter of Information

Members of the Environment and Transportation Committee, please be advised that the Housing Authority of Baltimore City (HABC) wishes to submit a Letter of Information on and request to exempt units leased through public housing authority programs from SB 725 - Real Property - Residential Leases - Renter's Insurance Requirement.

SB 725 establishes that every residential landlord in Baltimore City require a residential lease to include a requirement that a tenant hold a renter's insurance policy effective October 2024. This policy must cover the tenant's personal property kept at the unit, and the landlord must be listed as the beneficiary. If the tenant fails to comply, the landlord can acquire rental insurance on behalf of the tenant and may charge that tenant the premium amount until they get insurance.

HABC respectfully requests that residential leases for housing units owned and operated by public housing authorities be exempt from this legislation. HABC further requests that residential leases for units that are leased to Housing Choice Voucher Program (HCVP) participants also be exempt from this legislation.

HABC is the country's 5th largest public housing authority and Baltimore City's largest provider of affordable housing opportunities. HABC is federally funded and regulated by the U.S. Department of Housing and Urban Development (HUD). HABC serves over 42,000 of Baltimore City's low to extremely low-income individuals, consisting of some of the city's most vulnerable populations, including those at risk of homelessness, the elderly, persons with disabilities, veterans, and children through its Public Housing and Housing Choice Voucher programs. The public housing inventory currently consists of just under 7,000 units located at various developments and scattered sites throughout the city. Our Housing Choice Voucher Program currently serves 14,352 residences. The agency also provides affordable housing through its Rental Assistance Program (RAD), which includes nearly 4,000 additional units. Tenants of RAD buildings are selected from HABC's public housing waiting list.

Residents of HABC public housing pay rent based on their monthly income and certain expenses, like childcare. Generally, rent is about 30% of a resident's monthly adjusted income. The Housing Choice Voucher Program (HCVP) helps low-income families find housing in Baltimore City's private market. HUD requires that 75% of HCVP participants fall within the extremely low-income category, which is 30% or less of AMI. Over 95% of applicants on our current waiting list fall between 30% and 50% AMI.

HABC finds that this law needs to be revised to consider the very low-income residents we serve. As written, this bill would affect the calculations of utility allowances (UAs) provided to residents, as HUD does not consider renters insurance a covered utility cost. This means that residents struggling to afford rent would be

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responsible for an additional expense. Residents already in a lease with our voucher program must agree to the any changes in the amount of the rent to the owner at least sixty days before any such changes go into effect, and any such changes shall be subject to rent reasonableness requirements. The Maryland Insurance Administration estimates that the average renters' insurance policy costs between \$15-\$30 per month. This could create a financial hardship, particularly for tenants whose portion of rent is at zero dollars due to lack of income. Further, if HABC is required to obtain renter's insurance on behalf of a tenant, that insurance will be considered rent, for which a tenant's non-payment of the premium becomes an issue of breach of lease and grounds for eviction. In addition, HABC needs further clarification on if passed, will this require an addendum on all current leases, or if it will apply only to new leases or lease renewals.

Therefore, as stated above, HABC respectfully requests that residential leases for housing units owned and operated by public housing authorities be exempt from this legislation. HABC further requests that residential leases for units that are leased to Housing Choice Voucher Program (HCVP) participants also be exempt from this legislation.

Respectfully submitted:

Janet Abrahams, HABC President & CEO