



Bill Title: Senate Bill 530, Housing Opportunities Made Equal Act

Committee: Judicial Proceedings

Date: February 4, 2020

Position: Favorable with Amendment

This testimony is offered on behalf of Maryland Multi-Housing Association (MMHA). We are a professional trade association established in 1996, whose members consists of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. Lastly, MMHA represents over 250 associate member companies who supply goods and services to the multi-housing industry.

Bill Summary:

Senate Bill 530 prohibits residential housing providers from discriminating against a person based on their source of income. Source of income includes any lawful occupation, government assistance including grants, loans, and rental assistance programs, gifts, inheritances, pensions, annuities, alimony, child support, or other benefit, and the sale or pledge of a property or interest in a property.

As rental housing providers, we staunchly support fair housing laws. However, we disagree with the bill's the provision that includes vouchers as a source of income. Including vouchers as a mandatory source of income protection forces residential housing providers to participate in the Housing Choice Voucher Program, a voluntary federal program, which presents significant challenges.

A housing provider's unwillingness to participate in the program has nothing to do with discrimination and everything to do with making a reasoned business decision. The following issues explain why a housing provider may not to accept vouchers:

Housing Choice Vouchers Process:

While the standard approval and screening process for a prospective resident generally occurs within a few days, processing a prospective Housing Choice Voucher recipient's application can take seven to nine weeks from application to approval and move-in. During that time, a housing provider must reserve the applicant's specific unit to hold off the market while the housing authority inspects the property, potentially reinspects the property, negotiates rent offers, and complete paperwork. These inspections required are commonly more restrictive than standard rental inspections. During the time an application is being processed, a housing provider is earning zero dollars from that unit which in a standard transaction would likely be occupied.



Program Requirements:

It's not the source of income that is the issue, it's the Housing Choice Voucher Program's requirements and restrictions that interfere with business practices. Housing providers who participate in the Housing Choice Voucher Program must enter into a **Housing Assistance Payment (HAP)** contract with HUD. The HAP contract includes requirements and restrictions that clearly differentiate from a conventional lease and substantially increases the administrative burden and financial risks for the housing provider. Examples of some of the contract's requirements include:

- The unit must be inspected independently of the normal market rate inspection.
- Upon termination of the contract between the PHA and the resident, the lease terminates.
- The PHA may terminate program assistance for the family for any grounds authorized. If the PHA terminates the program assistance to the family, the HAP contract terminates automatically.
- If the family moves from the unit, even without notice to the residential housing provider, the HAP contract terminates automatically.
- The PHA may terminate the HAP contract if the PHA determines the available program funding is not sufficient to support continued assistance.
- The PHA may terminate the HAP contract if it determines that the unit does not provide adequate space because of an increase in family size or composition.
- If the family breaks up, the PHA may terminate the HAP contract.

The PHA may **unilaterally** alter the contract terms, including pricing.

- The PHA determines rent reasonableness and must re-determine the reasonableness when required by HUD or at any time the PHA decides, regardless of what market forces may necessitate.
- The amount of the PHA housing assistance payment is subject to change during the HAP contract term.

Furthermore, the Furthermore, the **Tenancy Addendum** that must be included in every lease grants special rights to residents receiving rental assistance:

- PHA's failure to pay the housing assistance payment is not a violation of the lease and the owner may not terminate a tenancy for nonpayment of the PHA payment. (Page 1 paragraph 5 (d) of the Tenancy Addendum).
- At or before the beginning of a court action to evict the resident, the owner must give the resident a notice that specifies the grounds for termination and must give the PHA a copy at the same time.
- If the HAP contract terminates for any reason, the lease terminates automatically and the residential housing provider has no recourse.



- If the PHA terminates assistance for any grounds, the lease terminates automatically and the residential housing provider has no recourse
- Rent increases require prior approval by the PHA and are not guaranteed.

Amendment:

Allowing a housing provider to meet a 20 percent threshold for acceptance of Housing Choice Vouchers in a multi-family prevents the re-concentration of poverty by its very nature and mitigates some of the administrative burden and financial risk associated with the Housing Choice Voucher Program.

Additionally, many MMHA members provide discounts or incentives to certain occupations including teachers and emergency service workers. Many also partner with corporations and the armed services to help residents find housing. Since Senate Bill 530 prohibits discrimination based upon an individual's income from an "occupation," providing such an incentive to certain occupations and not others, could violate the law. If passed, property owners would no longer be able to offer such incentives.

The following amendment would provide for a 20% threshold and clarify that housing providers could still offer appropriate incentives:

On page 6, line 30, strike "OR"; On page 6, line 32, strike "." and substitute ";"; On page 6, following line 32, add "(3) REQUIRE LANDLORDS TO ACCEPT ANY MORE THAN 20% OF HOUSING CHOICE VOUCHERS ISSUED UNDER THE UNITED STATES HOUSING ACT OF 1937 IN A MULTI-FAMILY COMMUNITY WITH AT LEAST FOUR UNITS; OR" (4) PREVENT A LANDLORD FROM PROVIDING DISCOUNTS TO PUBLIC SERVICE OCCUPATIONS."

While MMHA fundamentally disagrees with requiring a private housing provider to participate in a voluntary federal program, we support the legislature's intent to deconcentrate poverty and promote fair housing. Adopting these amendments will alleviate the industry's concerns with the bill and enable us to support the legislation as amended.

For the foregoing reasons, MMHA respectfully requests a **favorable report with amendments on Senate Bill 530.**

Aaron J. Greenfield, MMHA Director of Government Affairs, 410.446.1992