



House Bill 31 – Courts – Surcharges and Payment to Rental Assistance Programs

Position: Support with Amendments

Maryland REALTORS® supports HB 31 with amendments offered by the Maryland Multi-Housing Association to limit the fee and permit landlords to recover the fee.

REALTORS® often manage property for owners who lease their single-family property for many reasons. Sometimes it is because the owner is seeking to create additional income for their family by holding onto property they once lived in. Sometimes, they choose rental real estate as a separate investment vehicle where the rent helps pay the mortgage so that they will eventually have equity in the property at the end of the mortgage term. Sometimes, it is because the owner of the property was under water and instead of selling the property at a loss, they keep it until the market prices recover so they don't lose equity. Other times an owner may have a temporary but longer-term job relocation and they would like to hold onto the property and move back in when their temporary assignment is over.

The COVID-19 pandemic has caused significant economic challenges for tenants and landlords alike. While much attention has appropriately been focused on tenants, it is also true that the impact on some small landlords has been equally tough. While many landlords work hard to provide safe housing and work with their tenants who are experiencing financial challenges, some smaller landlords have little flexibility. When a nonpaying tenant exists, the landlord may not be able to pay the mortgage or other costs associated with maintenance on a property.

Some of our property managers report to us that their smaller owners are opting out of renting their properties due to the uncertainty of collecting rent combined with a strong sales market that will allow them to recoup some of the equity in their property. The REALTORS® believe the only solution that adequately solves both the tenant and landlord's problems are rental assistance programs that keep tenants in housing and allow landlords to meet their financial obligations. But the funding for these programs must be sustainable given the other charges that landlords must also pay in some counties.

With the proposed amendments for HB 31, the REALTORS® recommend a favorable report.

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