



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**STATEWIDE
ADVOCACY SUPPORT UNIT**

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The Honorable Kumar P. Barve
Environment & Transportation Committee
Room 251, House Office Building
Annapolis, Maryland 21401

**RE: Maryland Legal Aid's Testimony in Support of House Bill 551 – Real
Property – Residential Leases – Rent Increase Restrictions**

Dear Chair Barve and Members of the Committee:

Thank you for the opportunity to testify in support of HB 551. Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the state's low-income and vulnerable residents. MLA's 12 offices serve residents in each of Maryland's 24 jurisdictions. MLA handles various civil legal matters, including family law, housing, public benefits, consumer law (e.g., bankruptcy and debt collection), and criminal record expungements to remove barriers to obtaining child custody, housing, a driver's license, and employment. Maryland Legal Aid supports HB 551 and asks that the committee give it a favorable report.

This letter serves as notice that Kelly Mullen Donoho, Esq., will testify in support of House Bill 551 on behalf of MLA at Delegate Melissa Wells' request. First, this bill precludes a landlord from raising a tenant's rent on a restricted rental unit by more than 2% each year for a yearly lease or by more than 1% every six months for a month-to-month lease. For landlords with restricted rental units below fair market rent, this bill allows them to increase rent by an additional 4% in the first year and then 1% any following year to reach fair market rent. However, during a state of emergency and for twelve months after the end of the state of emergency, a landlord may not increase rent for a restricted unit by more than 1% each year for a yearly lease or by more than 0.5% for a month-to-month lease. This restriction applies even if the restricted unit rent is below fair market rent. This bill defines "restricted unit" as a unit that: (1) was built before 1990; (2) has a current rent that is no more than 15% above fair market rent; and (3) is occupied by a tenant earning equal to or less than 50% the Area Median Income (AMI). Lastly, this bill provides that the rent increase restrictions for restricted rental units do not apply once the rent reaches at least \$2,250 each month.

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Currently, there is no statewide rent stabilizing law in Maryland. However, access to affordable housing is a significant issue for Maryland. According to the Maryland Housing Needs Assessment & 10-Year Strategic Plan conducted by the National Center for Smart Growth, Maryland has a statewide affordable housing shortage of 85,000 units for extremely low-income renters (renters earning below 30% AMI) and a 42,000 shortage of affordable units for low-income renters (renters earning below 50% AMI).¹ The study estimates that Maryland will add 97,200 low-income and extremely low-income households between 2020 and 2030.² The protection of affordable housing for low-income renters benefits everyone due to the mass societal harms that result from excessive homelessness. Therefore, preserving our current affordable rental units is paramount, or the shortage will worsen.

Current programs to make affordable housing available to all who are eligible, like the Housing Choice Voucher Program, cannot meet the significant need. There are not enough vouchers available to eligible tenants, and those tenants cannot always utilize vouchers. HB 551 may help to make the voucher program more effective by ensuring there are properties whose rent levels fit with the program requirements. Additionally, other programs aimed at increasing affordable housing, such as the Low Income Housing Tax Credit program, have expired in recent years for some properties. New owners often significantly raise rents that push out the old low-income tenants when affordable housing programs expire.

For example, in Kent County in 2021, an MLA client was paying \$550 a month in rent. But when the property obtained a new owner, the new owner demanded \$750 a month in rent, resulting in a 36% increase in rent. MLA clients cannot afford this rent increase and struggle to find new affordable housing. The fair market rent for Kent County for a one-bedroom room in 2021 was \$766.³ Under this bill, as the unit was below fair market rent, the new owner could still raise the rent by 4% in the first year and then 1% any subsequent year until it reached fair market rent. However, it would have protected the client from major and sudden rent hikes while also allowing landlords to increase rent to fair market rent gradually and more manageable.

As a result, this bill will prevent current affordable housing from becoming unaffordable soon and help combat Maryland's affordable housing shortage. ⁴This bill will directly impact many MLA clients and help remove obstacles for people seeking to better themselves, their families, and the community. Thank you for considering this written testimony. **Maryland Legal Aid urges a favorable report on House Bill 551.**

/S/ Kelly Mullen Donoho

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¹ The National Center for Smart Growth and Enterprise Community Partners, Inc., Maryland Housing Needs Assessment & 10-Year Strategic Plan, 1-75, 1, 9, 11 (Dec 2020) available at <file:///C:/Users/kmullendonoho/OneDrive%20%20Legal%20Aid%20Bureau,%20Inc/Downloads/Report.pdf>.

² *Id.*

³ United States Department of Housing and Urban Development, FY 2022 Fair Market Rent Documentation System, available at https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2022_code/2022summary.odn.