



**HB0551 - Real Property - Residential Leases - Rent Increase Restrictions**  
**Hearing before the House Environment and Transportation Committee,**  
**Feb. 15, 2022**

**Position: SUPPORT (FAV)**

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Chesapeake Physicians for Social Responsibility CPSR is statewide evidenced-based, organization of 940 physicians, other health professionals and supporters, that addresses the existential public health threats: nuclear weapons, the climate crisis and the issues of pollution and toxics' effect on health as seen through the intersectional lens of environmental, social and racial justice. As an organization founded by physicians, we understand that prevention is far superior to treatment in reducing costs; death, illness, injury, and suffering. Preventing evictions will save lives especially during this pandemic. In the short run, keeping a lid on rent increases for the renters who are least able to afford housing increases is especially important during this pandemic.

This bill addresses the significant shortage **of affordable housing in the state** <sup>1</sup> . Maryland currently lacks approximately 85,000 rental units for its lowest income households earning 30 percent of area median income. In addition, there aren't enough rental units for those earning under 50 percent of area median income either. We need to preserve affordable housing but in the near term we need to also develop more affordable housing for all Marylanders.

With the pandemic, estimates are that homeless people who become sick with COVID-19 are twice as likely to be hospitalized, two to four times as likely to require critical care, and two to three times as likely to die than the general population.<sup>2</sup> One study found that policies that reduce evictions and utility shut offs were effective in reducing Covid 19 infections and deaths.<sup>3</sup> During this endless pandemic, we all benefit when

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<sup>1</sup> <https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf>

<sup>2</sup> [https://works.bepress.com/dennis\\_culhane/237/](https://works.bepress.com/dennis_culhane/237/)

<sup>3</sup> [https://www.nber.org/system/files/working\\_papers/w28394/w28394.pdf](https://www.nber.org/system/files/working_papers/w28394/w28394.pdf)

people remain housed. In the midst of this pandemic, it is imperative that we maintain affordable housing for city residents at or below 50% of area median income.

**January 2022 rents in Maryland are [up 9.6 percent year-over-year](#)**, and amid scarce affordable rental housing, renters are fortunate to find a home that they can afford. With uncontrolled rent increases, a household's employment, schooling, access to healthcare, or familial and community connections become disrupted. Unpaid rent leads to serial eviction actions, triggering the long-term damage of the "Scarlet E" on their rental histories.

HB0551 helps bring stability to renters' lives. **By capping rent increases in covered properties at 2% annually (in most instances), HB0551 provides a targeted, practicable tool to maintain affordable rents in existing affordable housing stock.** This bill also helps protect renters from retaliatory or punitive rent increases.

Rent restrictions under HB0551 target **a specific class of properties** with these 3 characteristics:

- The property was newly constructed **before 1990**;
- The unit has a rent below \$2,250 per month and not more than 15 percent above the fair market rate as determined by the U.S. Department of Housing and Urban Development; and
- The tenant earns 50 percent of the area median income or less.

Tailored in this way, HB0551 focuses on "Class C" properties that are most likely to be affordable to low-to-moderate-income households and is unlikely to inhibit new development.

For qualifying properties, **HB0551 limits rent increases to 2% each year**, or 1% every six months in the case of a month-to-month rental agreement.

- **For units where the rent is below fair market**, landlords may increase rent by an **additional 4%** in the first year and an additional 1% each following year until the rent reaches the fair market rate.
- During a state of emergency, rent increases for qualifying properties may not exceed 1% each year, or 0.5% every six months (for month-to-month tenancies).

***HB0551 is needed because affordable rentals are and will remain hard to secure***

As summarized in the [2020 Maryland Housing Needs Assessment](#), nearly half of all Maryland renter households (335,000 out of 716,000) are "cost burdened," meaning

they pay more than 30% of income on housing.<sup>4</sup> Among cost-burdened renter households, half are “severely” burdened, paying more than 50% of income toward housing costs.<sup>5</sup> Montgomery, Prince George’s, and Baltimore counties and Baltimore City account for almost 70% of Maryland’s severely cost-burdened households.<sup>6</sup>

### ***HB0551 effectively stops punitive rent increases***

Not all rent increases are routine. Too often, tenants are hit with steep rent increases following their attempts to invoke rights under lease or law. While certain existing statutes provide protection against retaliatory rent increases, these are limited – applying only for 6 months after a specific protected activity, or only if the tenant stays current on their rent.<sup>7</sup> When a renter must decide, for instance, whether to demand mold remediation or HVAC repair, they must weigh the high probability that they will receive a notice of rent increase meant to compel their move-out. HB0551 would prevent this kind of weaponized rent increase.

Chesapeake Physicians for Social Responsibility is a member of the Renters United Maryland, a statewide coalition of renters, organizers, and advocates, and **we urge the Committee’s report of Favorable on HB0551.**

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<sup>4</sup> National Center for Smart Growth and Enterprise Community Partners, Inc., *2020 Maryland Housing Needs Assessment & 10-Year Strategic Plan 23* (Dec. 2020), <https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf>.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> See Md. Code, Real Prop. art. § 8-208.1; Baltimore County Code § 35-4-201(k); Public Local Law of Baltimore City § 9-9(k).