



HB0551 - Real Property - Residential Leases - Rent Increase Restrictions
House Environment and Transportation Committee,
Feb. 15, 2022
Position: SUPPORT (FAV)

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000**

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.

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.

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.

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

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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.¹ Among cost-burdened renter households, half are “severely” burdened, paying more than 50% of income toward housing costs.² Montgomery, Prince George’s, and Baltimore counties and Baltimore City account for almost 70% of Maryland’s severely cost-burdened households.³

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.⁴ 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.

CASH Campaign of Maryland 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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