

February 15, 2022

The Honorable Kumar P. Barve  
Environment & Transportation Committee  
House Office Building, Room 251,  
6 Bladen St., Annapolis, MD, 21401

**RE: HB 551 Real Property - Residential Leases - Rent Increase Restrictions**

Dear Chairman Barve:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **HB 551 Real Property - Residential Leases - Rent Increase Restrictions**. MBIA **Opposes** the Act in its current version.

This bill would prohibit landlords from increasing rent by more than 2% per year or 1% every 6 months. MBIA respectfully opposes this measure. The maximum rent increase that would be allowed under this measure would be a 4% increase in rent and only if there is a determination by the US department of Housing and Urban Development that the current rent is underpriced. And restricting it to 2% increases per year otherwise. This bill has many unintended consequences and would actually produce higher rents.

Landlords often keep rental prices static for long periods of time for tenants, or even for the entire period of occupancy opting for single large rate increases instead of compounding small increases. This bill would incentivize yearly rent hikes of 2% since a deferred rent increase is no longer available. It would only take 5 years at a 2% rate increase per year to exceed 10% hike which happens very infrequently. These compounding rate increases would cause higher rent prices in the long term. This bill is also bad for landlords who would be unable even to keep pace with inflation if it moves even slightly over the target rate of 2% set by the Fed, this means that their real returns from renters will lose value over time. This bill eventually produces higher rents for renters and lower returns for landlords helping nobody.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the House Environment & Transportation Committee