



FEBRUARY 15, 2021

Reasonable Rent Limits Are Critical Component of Addressing Affordable Housing Needs

Position Statement Supporting House Bill 551

Given before the House Environment and Transportation Committee

January 2022 rents in Maryland are up 9 percent year-over-year, and amid scarce affordable rental housing, renters are fortunate to find a home that they can afford.ⁱ 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. For these reasons, **the Maryland Center on Economic Policy supports House Bill 551.**

Rent restrictions under HB 551 target a specific class of properties with these ~~three~~ 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
- The tenant earns 5 percent of the area median income or less

~~Because of these limitations. Tailored in this way,~~ HB 551 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, HB 551 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).

HB 551 is needed because affordable rentals are and will remain hard to secure. As summarized in the Maryland 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. Among cost-burdened renter households, half are "severely" burdened, paying more than 50% of income toward housing costs.ⁱⁱ Montgomery, Prince George's, and Baltimore counties and Baltimore City account for almost 70% of Maryland's severely cost-burdened households.

HB 551 ~~effectively stops~~would help stop 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 ~~six~~6 months after a specific protected activity, or only if the tenant stays current on their rent. 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. HB 551 would prevent this kind of weaponized rent increase.

For these reasons, the Maryland Center on Economic Policy respectfully requests the House Environmental and Transportation Committee make a favorable report on House Bill 551.

Equity Impact Analysis: House Bill 551

Bill Summary

Rent restrictions under HB 551 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
- The tenant earns 5 percent of the area median income or less

Background

January 2022 rents in Maryland are up 9 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" (eviction record) on their rental histories. HB 551 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.

Equity Implications

HB 551 is needed because affordable rentals are and will remain hard to secure. As summarized in the Maryland 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. Among cost-burdened renter households, half are "severely" burdened, paying more than 50% of income toward housing costs. Montgomery, Prince George's, and Baltimore counties and Baltimore City account for almost 70% of Maryland's severely cost-burdened households. ~~Minorities~~ People of color and single women with children are more likely to tend to be renters in Maryland and would benefit the most from ~~most affected by~~ this bill.

Impact

House Bill 551 will likely **improve racial, gender, and economic equity** in Maryland.

ⁱ Rent.com (2022) January 2022 Rent Report <https://www.rent.com/research/average-rent-price-report/>

ⁱⁱ Maryland Housing Needs Assessment & 10 Year Strategic Plan <https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf>