House Bill 151 – Real Property - Residential Leases - Notification of Rent Increases
Hearing in the Senate Judicial Proceedings Committee on March 28, 2023
Position: Favorable with Amendment (FWA)

Maryland Legal Aid (MLA) submits its written testimony at the invitation of the bill sponsor Delegate Melissa Wells.

MLA is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. Our 12 offices serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters.

Serving thousands of low-income renter households each year, MLA sees up close that sudden rent increases wreak havoc on the economic security of families, workers, elders, and people with disabilities. During the COVID-19 period, our clients in private, unsubsidized rentals increasingly reported rent hikes of 10% or greater. In fact, the median rent for a 2-bedroom apartment in the Baltimore-Columbia-Towson Metro Statistical rose over 15% to $1,678.00 between 2020 and 2022.[1] From September 2020 to 2021, Maryland ranked in the top-4 for highest year-over-year percentage-growth in rents.[2]

MLA supports HB0151 as a modest bill that intends to prevent sudden, destabilizing rent increases and to provide Maryland renters adequate time to prepare for increases in rent. As amended in the House, the bill requires, for any rent increase, that the landlord provide written notice to the tenant at well before the increase becomes effective.

- For year-to-year leases, that advance notice would at least 90 days.
- For month-to-month leases, the advance notice would be at least 60 days.

Electronic notice requires caution

HB0151 specifies that a notice of rent increase may be provided by e-mail, text message, or online portal, if elected by the tenant. MLA finds that our clients frequently do not receive e-mailed notices or receive them untimely. This is due to common factors, such as forgotten passwords, unavailability of devices or internet connectivity, lack of digital literacy, and visual disability. Notice by e-mail has merits, for instance, delivery-receipt and read-receipt options, but overall, it is sufficient only when integrated with other forms of delivery, such as mailing or posting. MLA did not support amendments in HB0151 that allow landlords to pick electronic

[1] RentData.org, Maryland Fair Market Rent for 2023, https://www.rentdata.org/states/maryland/2023.
[2] Natalie Campisi, "States With The Highest Rent Hikes. And How Renters Can Negotiate," Forbes, https://www.forbes.com/advisor/mortgages/states-with-highest-rent-hikes.

notice to the exclusion of mailing. However, the amendments included language that prohibit the landlord from compelling a tenant to accept electronic notices at the time of signing their lease. This is a necessary protection.

Reporting requirements to the General Assembly are misguided

HB0151 was also amended to require that any locality that enacts a rent increase restriction ("rent stabilization") to report "the number of new building permits issued by the local jurisdiction, by year, for multifamily dwellings intended to be used as rental properties… for the 2 years prior to enacting the local law and… since the enactment of the local law" (pg. 4, lines 9-26). Maryland Legal Aid did not support this amending language for two reasons. First, these provisions violate the one-subject rule for legislation. While HB0151 contemplates notices to tenants about a rent increase, the bill has nothing to do with local measures that restrict rent increases. The reporting requirement raises a new subject matter and belongs in a separate bill.

Secondly, the reporting requirement is too narrow to provide the General Assembly any useful analysis of the impact of rent stabilization measures on the amount of available rental housing. As amended, HB0151 focuses strictly on the reporting of new building permits for multi-family rental properties, to the exclusion of new use-and-occupancy permits or rental licenses for single-family and two-unit properties, which in some jurisdictions account for nearly half of all available rental housing. Additionally, data reported to the General Assembly under HB0151 would be limited to jurisdictions that enacted a rent stabilization measure, thereby providing no "control" or comparator data from the jurisdictions in which rent increases are not restricted.

- **Amendment**: The one-subject rule notwithstanding, HB0151 could be amended to expand the reporting requirements to include local jurisdictions in which rent increases, on average, surpassed the Consumer Price Index rate. The bill could also be amended to expand scope of data to include data on non-multi-family rental properties, such as use and occupancy permits and rental licenses.

HB0151 in the context of rampant unaffordability

As of January 2023, "[t]he national average rent-to-income (RTI) reached 30% for the first time" in over 20 years of tracking by Moody's Analytics.[3] Housing costs in excess of 30% of income is considered "cost burdened," and in Maryland, nearly half of all Maryland renter households were cost burdened by 2020.[4] Additionally, half of those households were "severely" burdened, paying more than 50% of income toward housing costs.[5] Montgomery, Prince George's, and Baltimore counties and Baltimore City accounted for almost

[3] Lu Chen and Mary Le, "Key Takeaways from the 4th Quarter Housing Affordability Update," Moody's Analytics (19 Jan. 2023), https://cre.moodysanalytics.com/insights/market-insights/q4-2022-housing-affordability-update.
[4] 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.
[5] *Id*.

70% of Maryland's severely cost-burdened households.[6] According to the National Low-Income Housing Coalition's latest *Out of Reach* report, a minimum-wage worker in Maryland would have to work 78 hours per week to afford a 1-bedroom unit at fair market rent.[7]

With pervasive housing cost burdens, any rent increase forces Maryland's renters into untenable trades offs between essential needs or otherwise into the position of having to leave their rental home because the ends don't meet. The challenge of moving in today's rental market burdens people of color disproportionately. As reported by National Public Radio, "a 2022 Zillow survey found that Black and Latinx renters were nearly twice as likely to report submitting five or more [rental] applications, and that people of color reported paying a higher median application fee than white renters."[8]

For these reasons, the notice requirements of HB0151 are helpful, though modest. Amendments set forth below would expand the benefit of the bill to more households and those with greatest need for it.

Maryland Legal Aid urges the Committee to issue a FAVORABLE WITH AMENDMENT report on House Bill 0151. If you have any questions, please contact Zafar Shah, Assistant Advocacy Director – Access to Counsel in Evictions, (410) 951-7672, zshah@mdlab.org.

[6] *Id*.
[7] National Low Income Housing Coalition, Out of Reach: Maryland, https://nlihc.org/oor/state/md (access on 3 Feb. 2023).
[8] Jennifer Ludden, "Rental application fees add up fast in a tight market. But limiting them is tough," National Public Radio (13 Jan. 2023), https://www.npr.org/2023/01/13/1148426491/rental-application-fees-housing-affordable-market-states-laws.