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Budget and Taxation Committee
Education, Business and
Administration Subcommittee

Pensions Subcommittee
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Joint Committees

Audit and Evaluation Committee

Children, Youth, and Families

Ending Homelessness

Fair Practices and
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Joint Committee on Pensions

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Joanne C. Benson

SB0603: Real Property - Residential Leases - Fee in Lieu of Deposit

Good afternoon Chair Smith, Vice Chair Waldstreicher and members of The Judicial Proceedings Committee. I am here to present SB0603 Real Property - Residential Leases - Fee in Lieu of Deposit.

This legislation is for the purpose of helping stabilize the economic impact that occurs with tenants when trying to move into a new property with a landlord. A security deposit is a sum of money that a new tenant gives to their landlord or property management company in addition to their advance rent payments. As we all know, security deposits can be a sizable fee which can prevent potential tenants from renting housing. Today, tenants in Maryland must pay up to two months' rent for a security deposit, in addition to the first month's rent. On average, Maryland rent is approaching \$2,000 per month, renters may need approximately \$5,000 before moving into the establishment. Marylanders need a new policy that can help them get affordable access to housing, especially those without the financial means to afford hefty security deposits due to extreme living situations or financial strains.

This bill's purpose is to allow property owners the option to offer the tenant to pay a monthly fee that would waive the security deposit. The tenant would have the option to accept that monthly fee or pay the traditional security deposit. This alternative can help reduce barriers for renters who may have difficulty obtaining the funds for a traditional security deposit. This fee is particularly beneficial for low-income renters, young adults, and individuals who have experienced financial hardship. In addition, this legislation provides many tenant protection provisions, including disclosure of the costs of the fee. The security deposit, ensures that the fee is always optional for tenants, permits a tenant to opt-out during the lease by providing a security deposit, and offers the same inspection requirements required for security deposits and includes penalties for non-compliance. Additionally, tenants will be less likely to be behind on rent payments during their time at the residence due to the significant security deposit fees in place currently that can cost up to two months rents in addition to the first month's rent that a tenant must pay. This can set tenants back a total of three months on payments if they are in a difficult financial situation. This optional security deposit alternative is permitted in 46 states but not in Maryland, providing states with relief for their citizen's. In reality most people are living paycheck to paycheck and a large security deposit is not helpful to those who are in dire situations, simply looking for a place to live.

Thus, I respectfully urge the committee to issue a favorable report for SB0603.