

# Marylanders Need Stronger Renter's Rights

## Position Statement Supporting House Bill 693

*Given before the House Environment and Transportation Committee*

HB 693 seeks to assist Maryland's most vulnerable renters by addressing housing instability and predatory rental practices. **The Maryland Center on Economic Policy supports House Bill 693 because it will empower Maryland's most vulnerable renters.**

There is a significant need for each component of HB 693 that advances the housing security of Maryland renters including:

- **Reducing the maximum allowable security deposit to one month's rent.** Too often renters have to move on very short notice to escape from uninhabitable housing or to take advantage of a new job. There are numerous barriers to this move. Lowering the maximum allowable security deposit from two months' rent to one month's rent will help address the security deposit barrier to such a move and increase housing mobility for thousands of families.
- **Creating a new Office of Tenants' Rights and collecting better eviction data.** Maryland renters need additional education resources to help them learn about their rights and responsibilities. And the state can better evaluate and adjust its policies with better eviction data.
- **Standardizing when evictions are paused** for inclement weather or other emergencies.
- **Providing greater homeownership opportunities.** The right of first refusal, which has existed in Baltimore City for decades, would help increase access to homeownership. Technical and financial support will be needed for lower income households, but HB 693 lays the foundation.
- **Increasing the court filing surcharge to deter serial eviction filing.** Raising the eviction filing surcharge – *without passing it onto the tenant* – would further disincentivize serial filing. Maryland's uniquely high serial eviction filing rate means that prospective landlords will turn down the applications of families who may be desperate to move but have dozens of rent complaint filings on their rental history. However, **it is essential that the committee maintains the current language in the bill that stops the court and landlords from passing this increased surcharge onto tenants** for the following reasons:
  - Passing the fee onto tenants would more than double the total amount that tenants must pay to "pay and stay" and avoid eviction and homelessness. To "pay and stay" from a rent court judgment, the tenant must pay court costs. If the bill is amended to allow a pass through of the increased fee, this means doubling the total amount a resident must pay to remain in their home (from \$60 to \$145; or \$80 to \$165 in Balt. City). Some families will be unable to pay the fee –

especially very low income, subsidized tenants whose rent is often only \$50/month – and will be evicted because of the increased fee.

- Allowing a fee pass-through defeats a major purpose of the bill, which is to disincentivize serial eviction filing. If the landlord can recover the increased surcharge, it will have little effect on landlord eviction filing rates. This additional proposed surcharge should instead serve as an incentive for the landlord to attempt to work with the tenant, accept a payment plan, and connect the tenant to social services if needed, instead of skipping straight to an eviction filing each month.
- Tenants still have an incentive to pay the rent in a timely fashion because landlords can still assess a 5% late fee and court filing fee – just not this increased surcharge.
- If a landlord truly wants to evict a tenant who is chronically late, then after three judgments the landlord can foreclose on the right to redeem (i.e., no “pay and stay”). There is no need for the landlord to continue seeking judgments and passing on the increased surcharge.
- When fully funded, Access to Counsel in Evictions will assist annually tens of thousands of tenants who have a defense, but it does not solve Maryland’s significant affordability gap: There are 193,819 extremely low-income renters, paying more than 50% of their income in rent. These households are one paycheck or expense away from facing an eviction.

While some of the bill’s proposals are new, the eviction surcharge portion of the bill is not. Maryland has the lowest eviction filing in the nation, with a national average of \$109. It is the low-cost filing fee that is the driving force behind the state having the highest in the country eviction filing rates. HB 693 will increase the eviction filing fee to bring the state in line with the national average, raise revenue for essential housing stability programs, and reduce the impact of eviction filings on Maryland families. This is crucial as the state’s eviction filing rate is more than 6x the national average and more than 2x the next highest state.

HB 693 is being introduced at a very important time in Maryland as housing prices are soaring due to inflation. However, even before the pandemic and the resulting rise in inflation, Maryland had an affordable housing problem. According to the Maryland Housing Needs Assessment, nearly one-third of all Maryland households are experiencing housing cost burdens.<sup>i</sup> Of these, 67% are homeowners while 33% are renters. Among renters, 48% of those households are cost burdened, and among low-income households, 76% are severely cost-burdened.

Contributing to the inflated housing cost is the fact that Maryland is experiencing a housing shortage of 96,000 units and this number is expected to grow. The latest Out of Reach report from the National Low Income Housing Coalition lists Maryland as the ninth least affordable state for renters.<sup>ii</sup> To afford a modest two-bedroom apartment in the state, a family must earn \$28.93 an hour or \$60,183 annually. A minimum wage worker in Maryland would have to work 78 hours per week year-round. When families struggle to pay rent, they face greater risks of instability, eviction, and even homelessness, which research links to food insecurity, poor health, lower cognitive scores and academic achievement, and more frequent foster care placement among children. Seniors and the disabled, on fixed incomes, cannot live safely without affordable housing and supportive services.

Unaffordable and unstable housing perpetuates racial, economic and health disparities in our state. If we want to close disparities between white, black and brown Marylanders, we must begin with housing. We cannot write a prescription for housing but that is what many in our state need to stabilize their health. HB 693 is a step in the right direction because affordable housing and non-predatory housing practices is a foundation for all

Marylanders. For these reasons, **the Maryland Center on Economic Policy respectfully requests the House Environment and Transportation Committee to make a favorable report on House Bill 693.**

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## **Equity Impact Analysis: House Bill 693**

### *Bill Summary*

HB 693 creates an Office of Tenant Rights in the Department of Housing and Community Development responsible for providing renters with information about their rights under law and creating a tenant's bill of rights; attempts to lower evictions by increasing the eviction filing fee and preventing it from being passed on to renters; mandating the reduction of security deposits from two months' rent to one month; gives renters the right to purchase their home if it's being sold; prioritizes families with children under 5 years old and pregnant women in the state's new rental voucher program. HB 693 seeks to assist Maryland's most vulnerable renters by addressing housing instability and predatory rental practices.

### *Background*

Maryland is experiencing a shortage of 96,000 housing units and that figure will only grow without an intentional plan to address root causes. Over the last 10 years, Maryland has significantly underproduced housing which has added to this shortage at an average rate of 5,600 units per year. As a state and nation, we are still living with the lingering effects of the 2008 financial and housing crisis. Pandemic-era inflation and the associated rise in interest rates have only worsened this problem - making new housing construction even more expensive.

This supply shortage is having direct impacts on Marylanders' pocketbooks as the pathway to homeownership is becoming increasingly out of reach. Between October 2021 and October 2023, the household income needed to afford the median-priced Maryland home has doubled, jumping by a staggering 56%, from \$85,000 to \$132,000. And this impact is not specific to potential buyers as more than 52% of Maryland renters are cost-burdened, spending 30% or more of their wages on housing-related costs. A quarter of renters are spending 50% or more on housing-related costs. HB 693 is a step in the right direction to assist Marylanders with unaffordable housing costs and housing instability.

### *Equity Implications*

When families struggle to pay rent, they face greater risks of instability, eviction, and even homelessness, which research links to food insecurity, poor health, lower cognitive scores and academic achievement, and more frequent foster care placement among children. Seniors and the disabled on fixed incomes cannot live safely without affordable housing and supportive services.

Unaffordable and unstable housing perpetuates racial and economic and health disparities in our state. If we want to close disparities between white and black and brown Marylanders, we must begin with housing. We cannot write a prescription for housing but that is what many in our state need to stabilize their health. We must also ensure that renters are not being subjected to unfair and predatory rental practices. Because Black and Brown people are more likely to be renters, they often feel the brunt of both the good and bad rental policies such as repeated eviction filings, increase security deposits and sub-standard housing living conditions.

### *Impact*

HB 693 will likely **improve racial, health and economic equity** in Maryland.

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- <sup>i</sup> Maryland 10 Year Housing Assessment <https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf>
- <sup>ii</sup> National Low Income Housing Coalition <https://nlihc.org/oor/state/md>