



Maryland Legislative Action Committee
The Legislative Voice of Maryland Community Association Homeowners

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February 19, 2024

Chair Marc Korman
Environmental and Transportation Committee
251 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

RE: HB0783 - Restrictions on Long Term Rentals - Prohibition Position: Oppose

Dear Chair Korman and Members of the Environment & Transportation:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI represents individuals and professionals who reside in or work with community associations (condominiums, homeowners’ associations, and cooperatives) throughout the State of Maryland.

The Community Associations Institute's Maryland Legislative Action Committee (CAI MD-LAC) has reviewed HB0783 cross-filed with SB0773. This legislation would unreasonably interfere with and impair existing private covenants found in most of the homeowners’ association covenants in the State of Maryland. We ask the legislators to keep in mind that these covenants are private contracts and as private contracts they are the vehicle by which many associations determine the characteristics of the land development and the land use in the community in which they live. This legislation weakens the ability of community associations to adopt and enforce leasing regulations that serve the health, welfare, and safety of its residents.

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- Many homeowners' association covenants prohibit transient occupancy, and this covenant is often used to prohibit short-term rentals.
- Many homeowners' association covenants require the lease of a lot to have a lease term of at least six months or 12 months, and this covenant is also used to address short-term rentals.

Many communities want to restrict rentals to: 1) preserve the owner-occupied status under federal government lending requirements (FHA requires a community to be at least 50% owner occupied and the VA requires at least 35% owner occupancy); 2) foster a community where residents will want to live long term, whether it be by ownership or by long-term rentals. If short-term rentals become the norm, and long-term rentals are prohibited, the inventory of long-term rentals will be reduced, demand will go up, and housing costs will increase. The leasing regulations found in most homeowners' association documents foster homeownership and stability in the community. This legislation will nullify the leasing covenants found in a very large number of homeowners association covenants in the State of Maryland.

CAI opposes governmental regulation that would intrude on a community association's board of director's autonomy to serve the best interests of the community. CAI also opposes regulations that would impair a community association's private contractual covenants and would further take away decision-making authority from a community's homeowners. This legislation will have significant adverse effects. Finally, the legislation could be unconstitutional if it impairs, or interferes with, the existing contracts or the enforcement of the private contractual covenants between a homeowners' association and its owners.

For these reasons, we oppose HB0783 in its entirety and ask the Committee for an unfavorable report.

We are available to answer any questions the Committee Members may have. Please feel free to contact Lisa Harris Jones, lobbyist for the MD-LAC, at 410-366-1500, or by e-mail at lisa.jones@mdlobbyist.com; Vicki Caine, Chair of the MD-LAC, 215-806-9143, or by e-mail at mdlacchair1@gmail.com; or, Cynthia Hitt Kent, MD-LAC member, 443-695-1982 or by email at ckent@hittkentlaw.com. Despite our opposition to this bill, we thank you for your efforts on behalf of community associations and your time in this matter.

Sincerely,

Cynthia Hitt Kent

Member, CAI MD-LAC

Vicki Caine

Chair, CAI MD-LAC