

Bret Hopkins

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Subject: Unfavorable Report Requested Writing in Opposition for HB0693 and SB0481 Renters' Rights and Stabilization Act of 2024

Please accept my unfavorable report writing in opposition of the associated bills; SB0481 and HB0693 Renters' Rights and Stabilization Act of 2024.

Free and fair markets are the only solution to increasing housing supply and stabilizing rental rates. Every time the Governments inject themselves into the free market, no matter what it is, the cost to the consumer increases for the product or service. American businesses must operate to realize a profit. No person works for, lends to, or invests in an unprofitable business. If unprofitable business exists today, they will not for long. When businesses fail, which they do all the time in America, they go out of business and the next savvy entrepreneur steps in to fill the market demand where the last business failed. This a truism like gravity.

Specific unfavorable report comments follow.

SB0481: Page 3 line 1 under Section 7-301 paragraph (C) (2) (i) 1. Increasing Summary Ejectment fees from \$8 to \$93.

HB0693: Page 3 line 4 under Section 7-301 paragraph (C) (2) (i) 1. Increasing Summary Ejectment fees from \$8 to \$93.

Increasing court costs, other expenses, and regulations on property owners, landlords, and operators will eventually translate into lower housing supply, higher rents, more delinquency, more evictions, more civil collection actions, more liens, and more destroyed personal credit and more wage garnishments.

Why? Unintended consequences. Landlords will delay timely filing every month to waiting to file every other or every 3rd month. This will delay getting the resident financial support from various government and non-profit resources which usually require court paperwork to provide housing support funding. The delay will virtually guarantee no support due to the resident ledger balance being too high to save resulting in an eviction. Then the landlord will seek civil financial damages in court which will be awarded, file liens, report delinquency, and eventually issue a wage garnishment to the former resident's employer. These will financially destroy the person for many years as they begin the long dig out.

SB0481: Page 12 line 22 under Section 8-203 paragraph (b) (1) Limiting the maximum Security Deposit charge to 1 month's equivalent rent

HB0693: Page 12 line 25 under Section 8-203 paragraph (b) (1) Limiting the maximum Security Deposit charge to 1 month's equivalent rent

- FHA/HUD loans DO currently restrict Security Deposits charged to residents to one month's rent (can be lower, but no more than one month's equivalent rent)
 - I currently have two communities with FHA/HUD loans and one month's rent equivalent Security Deposit is a testable item during the annual financial audit.
- Communities that are limited to only one month's rent do have:
 - Higher delinquency, higher evictions, higher bad debt write offs, and higher civil suits and liens post-Move Out/Eviction
 - Because the resident thinks they have less to lose with the landlord, they typically Move Out owing much more money which eventually turns into more destroyed credit with higher liens, wage garnishment withholding until debts are paid off, etc.

- Higher Move In qualification standards to minimize the risk of resident default and higher landlord financial losses.
- Higher apartment home damages at Move Out. Again, because the resident thinks they have less to lose as the resident does not believe the landlord will pursue financial damages in civil court and post a lien and seek wage garnishment. Until they get served....
- Reduced property values due to higher landlord exposure to evictions, delinquency, bad debt write offs, apartment damages, etc.
- Some communities make use of surety bonds plus security deposit charges. The surety bond is NOT refundable and is a financial tool that is used by the landlord to increase landlord coverage for delinquency and damages. Hence, the resident can pay a non-refundable bond plus one month's equivalent rent as a security deposit. This can cost the resident more than 1.5 month's rent since the ½ month is non-refundable as a surety bond.
- Additionally, the lower security deposits are discriminatory to lower income renters since their monthly rent is much lower than higher wage earners resulting in security deposits applied toward damages etc. at move out may not cover the charges; hence, civil court action, destroyed credit, wage garnishments, etc. The higher deposits paid by the higher wage earner living in a much more expensive monthly rental home would cover the same damage costs etc. resulting in no civil court actions, destroyed credit, and wage garnishments.

Money, sweat, and tears are expended where they are treated best. The risk/return question must be in balance. If money is treated poorly by increasing costs or regulations on businesses, the scarce resource of money will not be used to invest in existing homes or develop and bring to market new homes. By increasing costs and regulatory burdens on property owners and property operators will ultimately harm the local economies, business, jobs, and housing supply. It is inevitable like the pull of gravity.

Sincerely,

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