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DATE: January 28, 2025
BILL NO.: House Bill 273
TITLE: Residential Leases - Late Payment Penalties - Calculation
COMMITTEE: House Environment and Transportation Committee

Letter of Support

Description of Bill:

Under current law, landlords can charge a fee of no more than 5% of the monthly lease amount if a tenant pays their rent late. House Bill 273 would restrict that late fee to only apply to the unpaid portion of the rent.

Background and Analysis:

The percentage of cost-burdened renters – those who spend more than 30% of their income on housing – in Maryland was 53.3% in 2023, according to Census data. Maryland is facing a housing crisis, and it is directly affecting the affordability of housing. The deficit of housing units inflates the price of rent throughout the state, with the Baltimore-Washington area already being one of the most in demand areas to reside in the country. In a state where rent commonly exceeds \$2,000, the additional expenses of a late fee in excess of \$100 can prove harmful to our already overburdened citizens who rent. Charging a late fee based on the portion of unpaid rent remaining, rather than the total amount due, decreases the load on Maryland renters. Moreover, from the perspective of landlords, it provides an economic incentive for renters to pay as much as they can before the due date, to decrease their late fee as much as possible.

DHCD Position

As we begin to correct the course on housing affordability, it is imperative that we put protections in place for those struggling to find or maintain housing. HB 273 provides additional relief for renters, without heavily impacting the housing providers in order to ensure our goal that all Marylanders have safe and affordable housing. For these reasons, The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on HB 273.

