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HB0273 Residential Leases – Late Payment Penalties - Calculation Environment and Transportation Committee Hearing January 28, 2025

Position: FAVORABLE

To the Honorable Members of the Environment and Transportation Committee:

Community Legal Services submits this testimony in support of HB0273. This legislation seeks to limit late fees for rent to 5% of the rent due, rather than 5% of the full rent amount owed. This legislation will help preserve housing stability for renters, particularly those with limited financial resources by prohibiting excessive penalties that can exacerbate financial hardship and destabilize housing security. It will provide critical relief to renters struggling under the weight of Maryland’s rising housing costs while ensuring landlords are still able to recoup some compensation for late payments on unpaid balances.

Community Legal Services (CLS) is a nonprofit organization that provides free legal services in a broad range of substantive areas to individuals and families who meet certain income-eligibility restrictions. Our organization is committed to the promotion of family and community stability and success through provision of quality legal representation for those who would not otherwise have equitable access to justice and due process.

When late fees for rent are calculated as 5% of the total rent owed, the amount of the late fee can quickly become disproportionate to the amount actually due. Capping late fees at 5% of the rent due rather than the 5% of the total amount of monthly rent ensures that penalties remain proportional and fair. It prevents late fees charged to a tenant who has paid most, but not all, of the rent due from becoming the reason the tenant cannot get current on their rent. This bill is particularly important for households with limited financial resources, where every dollar counts. Excessive late fees can force families to choose between paying rent or meeting basic needs such as food, healthcare, and childcare.

For the reasons noted above, **Community Legal Services urges this committee to submit a favorable report on HB0273.** Please feel free to reach out to Jessica Quincosa, Executive Director, and Lisa Sarro, Director of Litigation and Advocacy, with any questions at quincosa@clspgc.org and sarro@clspgc.org, respectively.