

## HB 315 Human Relations – Discrimination in Housing – Income-Based Housing Subsidies

My name is Michael Cerrito. I am a real estate Broker with 39 years of experience doing Real Estate Sales and Property Management in our small family firm that is in its 67<sup>th</sup> year and 3 generations deep in family.

Specifically, we manage single family rentals and a few small multi-family properties (2-3 units) We manage approximately 150 tenants at this time in 4 counties. Most of them are owned by individuals who are retired and moved away or are military and PCS'd out of the area or individuals who inherited a family home. Only a small handful of the owners we work for own more than one property

These owners are the private providers of rental housing stock that citizens and governments need. Private landlords have faced a gauntlet of stifling regulation over the past few years and that has caused several of my owners to decide to sell when a property comes vacant instead of re-renting. One less house available to rent!

With HB 315, If you are trying to put the final nail in the coffin of individual small mom and pop rentals, this bill should do the trick.

Screening tenants before they move into your \$350,000 to \$500,000 investment is a must. If you had to rent your home, would you be willing to take a tenant with a housing subsidy and not do any other background check?

So, you have this very large investment in real estate and you decide that renting it out instead of selling best suits your needs.

So, you advertise the property for rent.

Someone says they want the property and they have a voucher, the value of which covers the rent. You MUST accept them.

A credit score from an independent source, like a credit bureau or a screening service is one of the only **truly objective measures** Landlords have available to weigh one tenant against another. I believe that ensuring that someone can pay is not only a protection for the Landlord who does not want constant turnover or constant Landlord Tenant collection actions, but also a protection for the Tenant who needs to find housing they can stay in long term.

In the past, many Landlords were willing to work with people with lower credit scores by utilizing a higher security deposit, but Legislation has taken that flexibility away and made it harder for credit challenged renters to secure housing.

And if the tenant does not pay, well you can always take them to District Court/Landlord and Tenant court. Well, yes and no. Let me walk you through the process as it happens in Prince George's County.

Even though the tenant knew before you did that they were not going to pay the rent, you now must send them 10-day notice BEFORE you can file in L&T Court for recovery of the property.

Then after the-10 days, you must fill out the forms and file and pay fees that you will likely NEVER recover.

Then you get a court date (in Prince Georges the dates are 1.5 to 2 months out). So, by the time you get to court, if the tenant has not paid, they will likely owe you between 2 and 3 months rent. And court costs and attorney's fees add another \$600 to \$800 to the bill.

If you get a judgment, and there is a good chance that the tenants attorney "free to the tenant because Landlords foot the bill for this" will ask for a postponement and you may have to come back later.

Then you must wait to file for the eviction with the Sheriff. Then in 60 to 90 days the Sheriff will schedule the eviction and tell you to have a 25-person eviction crew and a tow truck and a locksmith.

At the end of the day, you could be out 4 to 6 months' rent before you get possession of your property and all you have for security is a deposit of 1 month's rent.

Considering the above scenario and the fact that you now want to take away the last bit of screening that an owner can use to "attempt" to protect their property, would you be willing to take this risk with your home?

The acceptance of Housing Vouchers was always designed to be voluntary when they were set up by HUD. The Legislature has made that not voluntary for several years now but even HUD recognizes that credit history/credit score are an acceptable screening method because their value is not limited to the ability to pay. Now you want to not only force acceptance of vouchers but also virtually eliminate any ability to attempt to screen for good tenants.

Is the State prepared to reimburse every private Landlord for their losses due to these policies that TAKE landlords rights and free will away. Yes, I think there is a good case for calling this a "Taking" and the Landlord should be able to recover losses that occurred due to this Taking!