MDCEP
MARYLAND CENTER ON ECONOMIC POLICY

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Marylanders Need Additional Protections Against Rental Scams

Position Statement Favorable for House Bill 1456

Given before the House Economic Matters Committee

House Bill 1456 would require commercial entities that publish or advertise residential property listings to verify that the person offering a property for rent is either the legal owner or the authorized agent of the owner. Where affordable housing is extremely rare and people are desperate to find housing, fraudulent scammers have taken advantage by breaking into vacant, empty, or renovated homes to post these properties online and defraud an unsuspecting renter into paying thousands of dollars to move. These scams often involve fake ads that mimic real properties, attractive below-market pricing, and stolen photographs that lure victims into sending deposits or personal information to bad actors. Nationwide data from the Federal Trade Commission shows that since 2020 nearly 65,000 rental scams have been reported, with about $65 million in losses. HB 1456 is a critical measure to ensure that we finally change the persistent underground rental fraud system that has victimized both Maryland tenants and landlords. **For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Economic Matters Committee issue a favorable report for HB 1456.**

Maryland renters have reported scenarios in which they were directed to put down security deposits or first-month rent via electronic means — such as Venmo, Zelle and CashApp — before ever seeing a property in person or even confirming that the “landlord” owns the property. These phantom listings frequently originate on widely used platforms, including social media and online marketplaces, and the scammers often disappear once the money is sent. In the 12 months ending June 2025, about half of people reporting a rental scam said the fake listing began on Facebook, and 16% cited Craigslist as the origin of the fraudulent ad.[i]

Property owners also suffer when their legitimate listings, renovated, or vacant properties are copied, manipulated, and reposted by bad actors. For property owners, it has been frustrating and costly when they find an unauthorized person in their home with a fake lease they unsuspectingly got from a scammer. HB 1456 would ensure these incidences es is remedied. Similar legislation in other states reflects a broader legislative movement recognizing the need for online platform verification to protect consumers.

Maryland is not breaking new ground by requiring verification. States already impose verification requirements in multiple contexts where fraud or public harm is a concern. Whether it be political advertising[ii] or age verification[iii],the courts have found state laws that require online verification to not be a violation of the First Amendment and that regulations on “commercial speech”, or advertisements in this case, are permissible because they advance a substantial government interest and are narrowly tailored.[iv]

Some online rental platforms already use verification technology. Airbnb requires hosts to confirm identity through government-issued identification or facial recognition.[v] Similarly, Zillow requires firsttime posters to verify their phone number. If a posting is flagged, Zillow uses a verification portal to confirm its legitimacy.[vi] In the meantime, the listing is temporarily removed until verification is completed.[vii] By comparison, places like Facebook Marketplace and Craigslist have no verification process and experience higher rates of fraudulent listings.[viii]

By requiring platforms to verify ownership or agency before publishing rental information, HB 1456 adds a level of due diligence that shifts the burden away from individual renters trying to differentiate between legitimate and fraudulent ads, as well as protecting property owners from unauthorized occupants. It also improves accountability for the platforms where these harmful listings appear. **For these reasons, the Maryland Center on Economic Policy respectfully urges a favorable report on House Bill 1456.**

Equity Impact Analysis: House Bill 1456

Bill summary

Across Maryland and the nation, the rapid growth of short-term rental platforms and informal housing listings has created new challenges for renters, property owners, and local governments. In some cases, online listings allow individuals to advertise housing units they do not legally control, resulting in renters unknowingly occupying properties without proper authorization. These situations can lead to disputes over occupancy status, eviction proceedings, and confusion about tenant protections. The bill seeks to address these issues by clarifying legal definitions related to unauthorized occupants and strengthening oversight of digital platforms that host housing listings. By improving accountability for listing platforms and establishing clearer standards for lawful occupancy, the legislation aims to protect both renters and property owners while promoting transparency in the housing market

Background

The rise of short-term rental marketplaces and peer-to-peer housing platforms over the past decade has significantly transformed how housing units are advertised and rented. While these platforms have created new economic opportunities for property owners, they have also introduced regulatory gaps that traditional landlord-tenant laws were not designed to address. Across the country, there have been growing reports of fraudulent listings, subleasing without authorization, and individuals occupying homes under misleading rental arrangements. These issues can create legal uncertainty and place both tenants and property owners in vulnerable situations, sometimes resulting in eviction filings or costly legal disputes.

Equity Implications

Housing instability and eviction risks disproportionately affect Black and Brown households, as well as low-income renters across Maryland. When housing arrangements occur through informal or unauthorized listings, renters with fewer resources may be especially vulnerable to exploitation, misinformation, or sudden displacement. Communities that already face barriers to stable housing—such as discrimination in the rental market, credit screening barriers, and limited affordable housing supply—may experience additional harm when housing transactions occur outside clear legal protections. Strengthening accountability for listing platforms and clarifying occupancy rules can help prevent renters from unknowingly entering precarious housing arrangements. Ensuring transparency and enforcement in rental listings is therefore an important equity issue, as it helps protect vulnerable renters from fraudulent practices while promoting fair and stable access to housing.

Impact

House Bill 1456 will likely **improve racial, health and economic equity** in Maryland.

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i *Id.*

ii *In Washington State v. META Platforms, Inc.,* 33 Wash. App. 2d 138, 560 P.3d 217 (2024) (imposing a $25 million penalty for Meta's failure to comply with state political advertising disclosure requirements from 2018–2021; holding the law constitutional), review pending.

iii *Free Speech Coalition, Inc. v. Paxton*, 606 U.S. 461, 145 S. Ct. 2291 (2025).

iv *United States v. O' Brien*, 391 U.S. 367 (1968); *Central Hudson Gas & Electric Corp. v. Public Service, 447 U.S. 557 (1980).*

v *Verifying Your Identity on Airbnb*, Airbnb Help Center: Verifying your identity on Airbnb, https://www.airbnb.com/help/article/1237? (last visited Feb. 3, 2026).

vi *Zillow Rental Manager Account Verification*, Zillow: Listing a Property, https://zillow.zendesk.com/hc/en-us/articles/40388811116179-Zillow-Rental-Manager-Account-Verification (last visited Feb. 3, 2026).

vii *Creating a Listing*, Zillow: Listing a Property, https://zillow.zendesk.com/hc/en-us/articles/32915356424595-Creating-a-Listing? (last visited Feb. 3, 2026); *What is a Verified Source listing?*, Zillow: Renter FAQs, https://zillow.zendesk.com/hc/en-us/articles/216368218-What-is-a-Verified-Source-listing#:~:text=Verified%20Source%20indicates%20the%20listing,the%20most%20common%20red%20flags (last visited Feb. 3, 2026).

viii Powell & Co. Property Management LTD, *Which is better? Rental Agency or Facebook Market Place*, https://powellandco.nz/which-is-better-rental-agency-or-facebook-market-place#:~:text=Some%20risks%20associated%20with%20using%20Facebook%20Marketplace,arranged%20through%20Facebook%20Marketplace%20poses%20safety%20risks (last visited Feb. 3, 2026); Better Business Bureau, *Is That Rental Listing Real? BBB Study*, https://www.bbb.org/all/scamstudies/is_that_rental_listing_real_scam/is_that_rental_listing_real_full_study#:~:text=Though%20newspaper%20classified%20ads%20have,he%20had%20no%20more%20problems. (last visited Feb. 3, 2026); Lethub, *Spotting and Preventing Lockbox Rental Scams*, https://www.lethub.co/blog/lockbox-rental-scams#:~:text=FAQs%20Which%20sites%20are%20known%20for%20most,anyone%20can%20post%20listings%20without%20much%20verification (last visited Feb. 3, 2026).