



### **Senate Bill 335**

## **Landlord and Tenant—Residential Housing—Rental Application and Tenant Screening**

Hearing before Senate Judiciary Committee,

On February 10, 2026

### **Position: FAVORABLE**

*Maryland Legal Aid submits its written testimony in support of Senate Bill 335 at the request of bill sponsor Senator Sara Love.*

Maryland Legal Aid is a nonprofit law firm that provides free civil legal services to low-income and vulnerable Marylanders. Our offices serve residents in all 24 jurisdictions, and housing is our largest area of practice. Each year, Maryland Legal Aid represents thousands of tenants across the State in matters involving housing instability, eviction, and the challenges of finding new housing opportunities in Maryland’s constrained rental market. These challenges may implicate unlawful discrimination against Section 8 voucher recipients. We support SB 335, which closes a loophole in the existing prohibition against source-of-income discrimination.

In 2020, Maryland enacted the Housing Opportunities Made Equal Act, adding source-of-income discrimination to the state’s fair housing law. In the short time since then, screening based on income multipliers and credit scores has become the “legal” way for landlords to continue discriminatory rejection of voucher holders when they apply for rental housing. Maryland Legal Aid’s clients are unfortunately well-versed in this discrimination. They typically have only 60 days to place a Section 8 voucher with a private landlord. After urgently completing lease applications and paying fees they cannot afford, they learn that they were rejected. If any basis is stated, it is often one of these reasons:

- 1) Their income failed to meet a certain amount, such as 3 times the monthly rent – even though such income levels would make the renter ineligible for the housing voucher; or
- 2) Their credit score is too low, reflecting that the renter had past financial challenges – which the housing voucher prospectively mitigates.

SB 335 expressly prohibits lease denials based on a voucher-holding applicant’s income, credit score, or adverse credit history from before the date that the applicant obtained the voucher. This bill closes the loophole.

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**Voucher holders are income tested continuously by the public housing authority, eliminating any need for prospective landlords to subject applicants to income multipliers and credit score screening.**

Section 8 vouchers, under Housing Choice Voucher Program (HCVP), undergo extensive income screening before they ever apply for a rental unit. The HCVP requires a public housing authority to verify all sources of income through third-party verification. This applies to employment records, benefit statements, tax returns, unemployment compensation, and more sources. Housing authorities conduct this verification of income through the Enterprise Income Verification (EIV) system. EIV provides housing authorities with automated third-party verification of income sources and even accesses information from Department of Health and Human Services' National Directory of New Hires. This level of income verification far exceeds private landlord screening, which typically involves a one-time review of pay stubs. Furthermore, income is projected for 12 months prospectively, not merely assessed at a single point in time.

Additionally, voucher holders are subjected to ongoing income testing while they are part of the voucher program. The EIV system continually verifies the renter's income sources every quarter, and once per year the renter submits documentation for an annual income recertification.

**A voucher factors in current income and major household expenses *and* can be increased based on future fluctuations in income.**

Typically, the housing authority calculates the tenant's subsidized rent to equal 30 percent of the tenant's adjusted monthly household income. By using *adjusted* income, the voucher amount already factors in significant household expenses – medical and pharmaceutical expenses, childcare, and other foreseeable, though fluctuating, costs. This creates an adjusted income calculation that reflects the renter's actual ability to pay. Additionally, the housing authority calculates the tenant's voucher subsidy as a total of rent plus a utility allowance.

#### Example Calculation of Voucher Subsidy

For a family of 3, needing 2-bedroom unit:

- Gross annual income: \$30,000
- Adjusted income: \$28,000 (after deductions)
- Fair Market Rent for 2-BR: \$1,857
- Housing Authority Rent Standard (2-BR): \$2,042.70

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Calculation:

- Tenant's Rent Payment = 30% of adjusted monthly income =  $\$28,000 \div 12 \times 0.30 = \$700$
- Voucher Subsidy =  $\$2,042.70 - \$700 = \$1,342.70$

The family will pay \$700 per month to a landlord while the voucher can cover up to \$1,342.70 per month for the remainder of rent and utilities.

If the family's household income decreases or their deductible expenses rise, the housing authority conducts an interim recertification of income. This leads to an increase in the amount covered by the voucher subsidy. In other words, the voucher program is designed to offset prospective dips in income or jumps in major expenses.

**A Section 8 voucher holder provides more prospective certainty to a landlord than a typical applicant.**

Through rigorous, continuous income verification, as well as subsidy calculations that factor in prospective income and expenses, the Housing Choice Voucher Program provides a more rigorous, predictive assessment of an applicant's ability to pay than typical private market screening. The argument that voucher holders need to be further income-screened ignores the fact that rigorous screening has already occurred. The argument that credit scores are needed to provide a prediction of future ability to pay ignores the prospective factors built into the voucher amount. These arguments belie the desire among "housing providers" to skirt Maryland's ban on source-of-income discrimination and to continue unlawful discrimination.

For these reasons, Maryland Legal Aid urges the Committee to report **favorably** on SB 335.

If you have any questions, please contact:

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