SB 335 (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 67th 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 SB 335 (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, with what in reality comes down to little or no screening if you take away credit scoring models.

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.

At the House hearing, favorable speakers for HB 315 spoke of "college students in their parents basements running screening services" which is a wild misrepresentation. Most rental screening services are subsidiaries of one of the 3 major credit bureaus.

OF SPECIFIC IMPORTANCE "Rental Specific Screening Service" like RentSpree and CoreLogic MyRental are WAY more than just the old providers of FICO scores. They are designed SPECIFICALLY for rental and part of what is considered in their "SCORE" model is L&T information that has not been expunged or shielded.

Telling Landlords' that they can't use these types of Rental Scoring models is going to make the screening process extremely UNOBJECTIVE and puts the decision back in the eyes of the landlord to try to interpret all the information.

These rental scoring models maintain OBJECTIVITY.

Also at the House hearing, favorable speakers on HB 315 spoke of Studies (none of which were identified or verified) claiming that credit scoring is not predictive of anything other than paying rent which is alleged to be a non-issue if the tenant is subsidized. Well not all tenants are 100% subsidized. In fact, most have to contribute a portion of their income which they are responsible for separate from the subsidized portion. There are several industry studies (Hemlane's 2025 Insights on Tenant Credit Scores Every Landlord Should Know) that say Rental Scores go way beyond predicting payment ability only.

However, they were not considering specific RENTAL SCREENING SERVICES THAT PROVIDE A RENTAL SCORE as I mentioned above. They are only thinking of FICO scores which are only a small part of the RENTAL SCORING models.

Example of what RentSpree puts into their "score" formula

Credit report - Review a ResidentScore® and credit history, including payments, trade lines, inquiries, collections, and more.

Background check - Rest easy and reduce risk of criminal activities with a complete picture of your applicant.

Eviction history - Access any eviction-related proceedings with resources from over 25 million records across the United States.

Income verification - Choose a tenant you can trust with bank-verified proof of income and employment.

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

And there are those who will say, "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!