

HOUSE BILL 551

N1

2lr1688

By: **Delegate Wells**

Introduced and read first time: January 31, 2022

Assigned to: Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 13, 2022

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Residential Leases – ~~Rent Increase Restrictions~~ Notification of**
3 **Rent Increases**

4 FOR the purpose of ~~prohibiting a landlord from increasing rent on a certain restricted~~
5 ~~rental unit by more than a certain percentage each year, subject to certain~~
6 ~~exceptions; providing additional restrictions on rent increases during and following~~
7 ~~a state of emergency; providing that rent restrictions for restricted rental units do~~
8 ~~not apply once rent is at least a certain amount each month; and generally relating~~
9 ~~to rent restrictions for residential leases~~ requiring a landlord to notify a tenant a
10 certain number of days before increasing the tenant's rent by more than a certain
11 percent; and generally relating to residential leases and rent increases.

12 ~~BY repealing and reenacting, without amendments,~~
13 ~~Article – Housing and Community Development~~
14 ~~Section 4–1801(a) and (e)~~
15 ~~Annotated Code of Maryland~~
16 ~~(2019 Replacement Volume and 2021 Supplement)~~

17 BY adding to
18 Article – Real Property
19 Section 8–209
20 Annotated Code of Maryland
21 (2015 Replacement Volume and 2021 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

~~Article – Housing and Community Development~~

~~4-1801.~~

(a) ~~In this subtitle the following words have the meanings indicated.~~

(e) ~~“Area median income” means the median household income for the area adjusted for household size as published and annually updated by the United States Department of Housing and Urban Development.~~

Article – Real Property

~~8-209.~~

~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.~~

~~(2) “LANDLORD” MEANS:~~

~~(I) AN OWNER OF RECORD, A LESSOR, A SUBLESSOR, OR ANY OTHER PERSON OR ENTITY ENTITLED TO RECEIVE RENT FOR THE USE OR OCCUPANCY OF A RESTRICTED RENTAL UNIT; OR~~

~~(H) AN AGENT, A REPRESENTATIVE, OR A SUCCESSOR OF A PERSON OR AN ENTITY LISTED IN ITEM (I) OF THIS PARAGRAPH.~~

~~(3) “RENT” MEANS ANY MONEY OR OTHER CONSIDERATION THAT A TENANT GIVES FOR THE RIGHT TO USE, POSSESS, AND OCCUPY A RESTRICTED RENTAL UNIT.~~

~~(4) “RESTRICTED RENTAL UNIT” MEANS ANY REAL PROPERTY:~~

~~(I) RENTED OR OFFERED FOR RESIDENTIAL USE OR OCCUPANCY, INCLUDING:~~

~~1. AN APARTMENT, A TOWNHOUSE, A HOUSE, OR A MOBILE HOME; OR~~

~~2. A BUILDING, A STRUCTURE, OR A ROOM LOCATED WITHIN A STRUCTURE FORMING A SINGLE HABITABLE UNIT WITH FACILITIES THAT ARE USED OR INTENDED TO BE USED FOR LIVING, SLEEPING, COOKING, AND EATING PURPOSES;~~

1 ~~(II) THAT WAS NEWLY CONSTRUCTED BEFORE 1990;~~

2 ~~(III) WHERE, AS OF JANUARY 1, 2022, RENT WAS NOT MORE~~
3 ~~THAN 15% ABOVE FAIR MARKET RENT AS DETERMINED BY THE U.S. DEPARTMENT~~
4 ~~OF HOUSING AND URBAN DEVELOPMENT; AND~~

5 ~~(IV) OCCUPIED BY A TENANT THAT EARNS LESS THAN OR EQUAL~~
6 ~~TO 50% OF AREA MEDIAN INCOME AS DEFINED IN § 4-1801 OF THE HOUSING AND~~
7 ~~COMMUNITY DEVELOPMENT ARTICLE.~~

8 ~~(5) "TENANT" MEANS:~~

9 ~~(I) A RENTER, A TENANT, A SUBTENANT, A LESSEE, OR A~~
10 ~~SUBLESSEE OF A RESTRICTED RENTAL UNIT;~~

11 ~~(II) A GROUP OF TENANTS, SUBTENANTS, LESSEES, OR~~
12 ~~SUBLESSEES OF A RESTRICTED RENTAL UNIT; OR~~

13 ~~(III) ANOTHER INDIVIDUAL ENTITLED TO THE USE OR~~
14 ~~OCCUPANCY OF THE RESTRICTED RENTAL UNIT.~~

15 ~~(B) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A LANDLORD MAY~~
16 ~~NOT INCREASE RENT ON A RESTRICTED RENTAL UNIT BY MORE THAN 2% EACH~~
17 ~~YEAR.~~

18 ~~(C) IF THE LEASE FOR A RESTRICTED RENTAL UNIT IS FOR A TERM OF 1~~
19 ~~MONTH AND RENEWED ON A MONTHLY BASIS BY THE TENANT, THE LANDLORD MAY~~
20 ~~NOT INCREASE RENT ON THE RESTRICTED RENTAL UNIT BY MORE THAN 1% EVERY~~
21 ~~6 MONTHS.~~

22 ~~(D) IF THE RENT FOR A RESTRICTED RENTAL UNIT UNDER SUBSECTION (B)~~
23 ~~OR (C) OF THIS SECTION IS BELOW FAIR MARKET RENT, THE LANDLORD MAY~~
24 ~~INCREASE RENT TO REACH FAIR MARKET RENT BY AN ADDITIONAL:~~

25 ~~(1) 4% IN THE FIRST YEAR THE RENT IS INCREASED UNDER THIS~~
26 ~~SUBSECTION; AND~~

27 ~~(2) 1% IN ANY SUBSEQUENT YEAR THE RENT IS INCREASED UNDER~~
28 ~~THIS SUBSECTION.~~

29 ~~(E) (1) DURING A STATE OF EMERGENCY AND FOR A 12-MONTH PERIOD~~
30 ~~AFTER THE END OF THE STATE OF EMERGENCY, A LANDLORD MAY NOT INCREASE~~
31 ~~RENT;~~

~~(I) BY MORE THAN 1% EACH YEAR FOR A RESTRICTED RENTAL UNIT DESCRIBED IN SUBSECTION (B) OF THIS SECTION; OR~~

~~(H) BY MORE THAN 0.5% EVERY 6 MONTHS FOR A RESTRICTED RENTAL UNIT DESCRIBED IN SUBSECTION (C) OF THIS SECTION.~~

~~(2) IF THE RENT FOR A RESTRICTED RENTAL UNIT UNDER SUBSECTIONS (B) AND (C) OF THIS SECTION IS BELOW FAIR MARKET RENT, THE LANDLORD MAY NOT INCREASE RENT TO REACH FAIR MARKET VALUE AND MAY ONLY INCREASE RENT IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION.~~

~~(F) THE RESTRICTIONS ON RENT INCREASES IN THIS SECTION DO NOT APPLY AFTER THE RENT OF A RESTRICTED RENTAL UNIT REACHES AT LEAST \$2,250 EACH MONTH.~~

(A) THIS SECTION APPLIES ONLY TO A RESIDENTIAL LEASE FOR A TERM OF AT LEAST 1 YEAR.

(B) A LANDLORD SHALL NOTIFY A TENANT IN WRITING OR THROUGH ELECTRONIC MAIL AT LEAST 90 DAYS BEFORE INCREASING THE TENANT'S RENT BY MORE THAN 4%.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.