

MEMORANDUM



Robin Carter, Chairperson, Board of Commissioners | Janet Abrahams, President | Chief Executive Officer

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Janet Abrahams, President and Chief Executive Officer

A handwritten signature in black ink, appearing to read "J. Abrahams".

Date: February 9, 2021

Re: City Council Bill 21-0022 Baltimore City Security Deposit Alternatives

The Housing Authority of Baltimore City (HABC) has received the referral for comment on City Council Bill 21-0022, an ordinance concerning Security Deposit Alternatives, and submits the following comments on those provisions that impact HABC and the residents that it serves.

The proposed legislation seeks to mitigate the onerous impact security deposits can have on renters by requiring landlords who assess a security deposit that is greater than 60% of the monthly rent to include language in the lease that provides renters two alternatives to making a lump-sum security deposit. The alternatives are: (1) allowing the renter to provide rental security from an approved carrier and in the amounts that cover the security deposit; or (2) paying the security deposit in three equal installments. The proposed legislation makes it clear that these options do not limit a landlord's ability to require certain qualifications on a residential tenant's application for a new residential lease.

HABC generally agrees with the intent of the proposed relief and already provides the protection sought by this legislation as discussed below.

HABC Information

HABC provides federally funded affordable housing programs and related services for Baltimore's low-income households. Through the Public Housing and Housing Choice Voucher (HCV) programs, HABC serves approximately 43,000 residents, including some of the City's most vulnerable populations such as the elderly, persons with disabilities, veterans, and families with children. HABC provides affordable housing through conventional public housing developments, scattered site public housing units and the HCV program. HABC-assisted residents live in every zip code in Baltimore City.

HABC Security Deposits

Public housing rent is capped at 30% of the household's adjusted gross income. The average monthly rent in HABC's low-income public housing is approximately \$250. HABC does have security deposit

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provisions for its low-income public housing developments which is capped at the lesser of two months' rent or \$50. No household pays more than \$50 as security deposit regardless of the amount of the household's monthly rent amount, even though under Maryland law, landlords may charge up to two months' rent for security deposit. Thus, for a household that has a zero rent, there would be no security deposit.

HABC Security Deposits - Installments

HABC allows households to pay their security deposits in installments. Due to the low security deposit amount, many tenants opt to pay the entire security deposit at once at move-in. Notwithstanding, installment payments of security deposits, capped at \$50, are available for any household regardless of the amount of rent.

Housing Choice Voucher (HCV) Program

Tenants who participate in the HCV program, where HABC makes Housing Assistance Payments (HAPs) directly to landlords on behalf of HCV participants, the lease provisions would have to be incorporated by the landlords for those tenants. As such, the landlords who participate in HCV program would be bound by any changes to the Baltimore City Code and this would not be an issue for HABC.

HABC would support applying these bill provisions to private landlords as it would benefit HCV program participants. Specifically, there are HCV program participants who back out of offers for leasing units through the program due to the inability to come up with the landlord's required security deposit. If landlords had to offer installments, or alternative security deposit programs under Baltimore City law, this would benefit HCV participants.

Residential Lease Requirements

HABC uses a lease that is based on language specified by the United States Department of Housing and Urban Development (HUD) for public housing leases. As such, local mandates for inclusion of lease provisions can be problematic for housing authorities, if they conflict with HUD's regulations. Local mandates that are not inconsistent with HUD regulations can be achieved by a separate lease addendum rather than creating a new lease altogether and transitioning existing tenants to the new lease. However, in this case, because HABC's security deposit policies already provide the safeguards contemplated by the proposed legislation, HABC would not need to revise its lease or create a lease addendum.

Exclusion of Federally Subsidized Rental Assistance

HABC believes that the protections afforded by HUD for renters in either public housing or HCVP provide safeguards that do not exist for market rentals, even at lower income levels. In particular, the lower and capped nature of the security deposits for HABC properties and the existing provisions for public housing households to pay their security deposits in installments meet the intent of this legislation.

HABC believes that federally subsidized rental assistance programs should be exempted from these provisions if they meet the intent by capping the maximum security deposit and allowing that deposit to be paid in installments. HABC recommends either specifically exempting HABC, the public housing authority authorized to provide these services in Baltimore City, or more generally exempting “programs that provide federally subsidized rental assistance.”

In conclusion, HABC will continue to use its federal funding to serve the residents of Baltimore by providing affordable housing opportunities to those with the lowest incomes.