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FROM	NAME & TITLE	Robert Cenname, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 20-0526-Baltimore City COVID-19 Renter Relief Act		

TO

DATE:

The Honorable President and
Members of the City Council
City Hall, Room 400

May 5, 2020

Position: Does Not Oppose

The Department of Finance is herein reporting on City Council Bill 20-0526, Baltimore City COVID-19 Renter Relief Act, the purpose of which is to prohibit rent increases and late fees during and after the COVID-19 emergency.

Background

The legislation prohibits landlords from notifying tenants of rental fee increases and assessing late fees during the COVID-19 pandemic and 90 days after the expiration of the Governor's emergency declaration. In addition, landlords are prohibited from enacting rental fee increases that were announced prior to the pandemic and must notify tenants the increase will not occur. This legislation will remain in effect through the 121st day after the Governor's emergency declaration is lifted and then repealed automatically.

Fiscal Impact

While the long-term impact of the COVID-19 pandemic on our local and national economies, as well as individuals and households, is still unknown, it is clear that there are immediate needs for many individuals and households currently struggling to make ends meet. However, there is a risk that this action could impact the General Fund if landlords are unable to pay property taxes. For Fiscal 2021, property assessments for a portion of the City's properties increased by an average of 8.2%. These increases go into effect on July 1, 2020 and require property owners to begin immediately paying a higher tax, if their assessment increased. Under this legislation, there is a risk that owners will not be able to pay their increased property taxes, which would negatively impact the General Fund.

In addition, while many residents are unemployed and struggling financially because of COVID-19, some are still employed and able to work during this time. Residents receiving unemployment insurance through the federal stimulus package, CARES Act, are receiving benefits that are supposed to make up nearly all of their lost income. A targeted freeze on rent for those that are unemployed during this time and meet other qualifications, such as being low-income or receiving other public benefits, would benefit those most impacted and may reduce the possible impact on the City's General Fund.

Conclusion

The Department of Finance supports efforts to limit the financial impacts of COVID-19 for Baltimore residents, but it is important to note that there is a risk to General Fund revenue from property taxes.

For the reasons stated above, the Department of Finance does not oppose City Council Bill 20-0526.

cc: Henry Raymond
Matthew Stegman
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