



Senate Bill 401– Landlord-Tenant – Nonrenewal of Lease - Notice

Position: Oppose

Maryland REALTORS® opposes SB 401 which seeks to increase the length of time for owners of rental property to notify their tenants that the lease will not be renewed.

REALTORS® often manage property for owners who lease their single-family property for many reasons. Sometimes it is because the owner is seeking to create additional income for their family by holding onto property they once lived in. Sometimes, they choose rental real estate as a separate investment vehicle where the rent helps pay the mortgage so that they will eventually have equity in the property at the end of the mortgage term. Sometimes, it is because the owner of the property was under water and instead of selling the property at a loss, they keep it until the market prices recover so they don't lose equity. Other times an owner may have a temporary but longer-term job relocation and they would like to hold onto the property and move back in when their temporary assignment is over.

In many of these cases, the single-family rental is not intended to be a permanent rental property. The current law sets out a standard that directs landlords to give tenants at least one month before the expiration of the lease when notifying the tenant that the property owner plans to end the tenancy and repossess the property. SB 401 would double that time for tenancies which have lasted for 2 years or less and increase to three months the notice time when a tenant has lived in the property more than 2 years.

While many landlords attempt to give tenants as much notice as possible, that is not always feasible. If a landlord is experiencing economic challenges themselves, selling the property may be the only option they have to avoid foreclosure. Owner's plans change for reasons outside of their control too.

The Maryland REALTORS® believes the current notice provisions provide a floor that helps property owners give tenants notice but also preserve flexibility for unplanned circumstances. Taking away flexibility ultimately disincentivizes owners from entering property into the rental market.

For these reasons, the Maryland REALTORS® recommends an unfavorable report.

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