June 17, 2020

The Honorable Lawrence J. Hogan, Jr.
100 State Circle
Annapolis, MD 21401

Dear Governor Hogan,

The COVID-19 pandemic has left many Marylanders out of work and unable to meet their financial obligations, which has put them at great risk of losing their housing. As the eighth most expensive state for housing in the nation, many Marylanders were already struggling with our high housing costs, and this pandemic has only exacerbated the problem. Lower income households were already struggling with unmanageable housing costs, and we fear that a housing crisis is imminent if the state does not step in to provide immediate assistance in the form of an emergency/short term rental assistance program to these struggling households. As of June 12, 2020 eighteen states + the District of Columbia have already created statewide rental assistance programs, including our neighbors in Delaware, Pennsylvania, Ohio, and New Jersey. Virginia is in the process of developing a program now.

Maryland needs a statewide emergency rental assistance program that would help defend both tenants and property owners against further financial difficulties. The eviction moratorium has allowed families to stay in safe and stable housing through this crisis, and the property owners that we collectively represent have worked very hard to assist those tenants who are struggling by waiving fees, creating payment plans and directing them to local assistance providers, but the bottom line is that the rent will still be due. Those who have not paid their rent will be subject to eviction proceedings when the eviction moratoriums expire and the courts being hearing failure to pay rent cases in late August. Property owners will have no other choice but to pursue evictions, as they cannot meet their own financial obligations and maintain their properties if the income isn't there. We have been polling our members about rent collection during the pandemic. Below is a summary of our findings:

The Apartment and Office Building Association of Metropolitan Washington (AOBA) is the local affiliate of the National Apartment Association; AOBA members own or manage over 133,000 rental units across Montgomery and Prince George's Counties. Data from a sample size of AOBA owner/manager member companies indicates rent delinquency rates between 20-25% in their Maryland portfolios. Across one member's Prince George's County portfolio of 11,000 units, the uncollected rent balance for on May 31, 2020 was $1,811,361 compared to the uncollected rent balance of $316,001 on May 31, 2019. This is consistent with members that report ever-increasing outstanding debt balances. One member notes, that across 10,153 units at 29 properties in Montgomery and Prince George's Counties, the amount of rent owed for April increased to $187,095 from $113,663.88 in March 2020. This number ballooned again from $187, 095 in April to $465,198 owed for May rent and nearly quadrupled to $1, 843,304 as of June 11, 2020. Thus far, this company has lost $2,609,260 in rent payments since March 2020. Another company with only 1,200 units in the two counties reports an April outstanding rent balance of $48,574, nearly doubling to $93,661 in May and tripling to $287,988 for rents owed in June. Further, there are extreme differences in rent collection based on property type. Of the 1,200 units the company operates, the outstanding rent rate at its two market-rate affordable properties is upwards of 32 percent. Our data shows that the housing providers AOBA represents are experiencing staggering losses of rent income, reinforcing the need for a statewide rental assistance program.

The Maryland Affordable Housing Coalition (MAHC) represents low income housing tax credit (LIHTC) developers and their business partners. MAHC recently surveyed property management members about their collections for the month of April and May for over 300 LIHTC-financed properties representing over 24,000 apartment units that do not also have other federal housing subsidies attached to them. The average delinquency rate for these properties was 15.2% for April and increased to 22% in May for family properties. The average delinquency for senior properties was 6% in both April and May. The total outstanding delinquent rent for all properties totals $1.5 Million for each month. Without additional resources to help these tenants, these numbers will continue to grow.

The Maryland Multi-Housing Association (MMHA) is a professional trade association established in 1996, whose members consists of owners and managers of more than 213,000 rental housing homes in over 993 apartment communities. Our members house over 564,000 residents of the State of Maryland. MMHA members know through first-hand experience that

Covid-19 is not just compromising public health, it is threatening the financial viability of individuals and businesses. Like countless others, residential housing providers have been devastated by the COVID-19 pandemic. MMHA conducted a survey of its membership in March, April, May, and June to assess rent delinquencies. The survey showed that rent delinquency in April 2019 was 11.47%. In March 2020 it was 11.72% and in April 2020 delinquencies soared 78% to 20.95%. May's survey demonstrated that the industry experienced a 21.9% delinquency rate by mid-month; thankfully that number declined to 13.74% by the end of May. The early information from June is very troubling, with delinquency jumping to 31.68%. In particular, Class B properties are reporting 30.40% and Class C properties are reporting 37.73%. As we confront a nearly over 200% increase in rent delinquencies, our expenses have not been mitigated.

The mission of the Community Development Network of Maryland (CDN) is to promote, strengthen, and advocate for the community development sector throughout Maryland's urban, suburban, and rural communities. CDN is the voice for Maryland's community development sector and serves nearly 200 member organizations, focusing on small affordable housing developers, community development, counseling agencies, and community-based nonprofits located in throughout the state. In a sample survey of members who operate 2800 units across the state, CDN found that for the month of April, there was an average of 7% delinquencies in senior properties and 28% for family units. In May there was an average of 10% delinquencies in senior properties and 24% for family buildings.

It is imperative that the State provide some emergency housing assistance to Maryland households who have been financially impacted by COVID before a housing crisis is created and before the court system is bogged down in eviction proceedings. National data shows the average delinquency rate is around 20% for all renter households. The National Low Income Housing Coalition reports that it would take an estimated $100 Billion, and $2.5 Billion just in Maryland, to fully meet the emergency rental assistance needs of low income residents. The state should deploy some of the remaining Coronavirus Relief Funds and the most recent $16 Million allocation of CDBG-CV funds to create a statewide emergency rental assistance program to serve all areas of the State. These funds can be used to supplement the funds being administered on the local level in a number of the metro DC and Baltimore areas.

We commend you for your leadership during this health crisis and urge you to act quickly to ensure that Maryland families can rebound and recover financially. A statewide rental assistance program would allow vulnerable families throughout Maryland stay housed and remove the burden of mounting debt that they cannot recover from, and also help property owners to provide critical services to their residents, meet their financial obligations and maintain their properties.

We hope that the State of Maryland will work quickly to address the housing needs of all Maryland citizens impacted by COVID-19.

Sincerely,

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cc: Kenneth Holt, Secretary, Maryland Department of Housing and Community Development