



JANUARY 18, 2022

# Landlords That Aren't Complying With the Law Should Not Be Able to Evict Tenants

## Position Statement Supporting House Bill 174

*Given before the House Environment and Transportation Committee*

HB 174 would effectively bar unlicensed, law-breaking landlords from taking advantage of the District Court's specialized "summary" procedures for eviction. By blocking landlords' use of a go-to debt collection process unless they are in compliance with state and local laws, this bill eliminates the financial incentive to ignore city or county public-safety mandates. HB 174 is a much-needed measure to support localities in the enforcement of their rental licensing ordinances. **The Maryland Center on Economic Policy supports House Bill 174, because we believe that landlords should not be able to file court actions against tenants while they are not in compliance with state and local regulations.**

Although the District Court requires self-reporting of rental license compliance on the Failure to Pay Rent form, stricter enforcement is needed to stop unlicensed landlords' routine use of the courts while they violate the law by leasing units without a valid rental license. Ensuring that this is included in the bill is essential, as a recent report showed that landlords routinely use the "rent court" process even as they are violating local and state laws by leasing units without having passed rental licensing inspections.<sup>i</sup>

A recent report revealed that, from an investigation of over 100 contested eviction actions in Baltimore City, over 70 percent of landlords had either omitted rental licensing information from the complaint or provided the court invalid information. Maryland Legal Aid reported that in over 21,000 eviction cases that led to judgements leading toward an eviction, the landlord had failed to provide any rental licensing information on the court complaint despite not having an exemption from licensing.<sup>ii</sup>

HB 174 would require all landlords to demonstrate that the rental unit is licensed if required by local law. To meet that requirement, a landlord would need only a physical or electronic copy of the license to show to the judge at trial. Where the landlord fails to meet this burden of proof, HB 174 leaves it to judges to decide the final disposition of the action.

Importantly, HB 174 clarifies that it is neither the court nor the tenant who should carry the burden of identifying unlicensed properties or initiating the inquiry as to licensing status. This bill does not require clerks to rule on licensing compliance – that is the judge's duty. Additionally, this bill clarifies that temporary or provisional rental licenses would not meet the requirements of the law.

**For these reasons, the Maryland Center on Economic Policy respectfully requests the House Environment and Transportation Committee to make a favorable report on House Bill 174**

**Commented [K1]:** Revisions to make it sound less like lawyers wrote it. 😊

---

## Equity Impact Analysis: House Bill 174

### *Bill Summary*

HB 174 would ensure that District Court rent dockets throughout Maryland provide no safe harbor for landlords who operate in violation of local rental licensing ordinances

### *Background*

The Court of Appeals decision *McDaniel v. Baranowski*, 419 Md. 560 (2011), established that judges may not award any relief in Failure to Pay Rent eviction cases where the landlord has failed to comply with local licensing requirements. Since that decision, the courts' Failure to Pay Rent form complaint has included fill-in lines that require landlords to declare their rental license compliance. Nonetheless, in the decade since *McDaniel*, the use of "summary" court procedures by unlicensed landlords remains steady. HB 174 is necessary to make clear that landlords have the burden to show valid rental licensing in Failure to Pay eviction actions.

### *Equity Implications*

This success rate for law-breaking landlords provides financial incentive to continue operating in violation of local and state laws meant to protect consumers and public safety. Looking at this phenomenon across the state, Maryland Legal Aid found in a 2016 report that in over 21,000 eviction cases that resulted in default judgments for repossession, the landlord failed to provide any rental licensing information on the court complaint despite not having an exemption from licensing. Evictions cause poverty, drive homelessness, job loss, deteriorating health, poor education outcomes, poor credit scores, loss of assets, and increase the risk of children being placed into foster care. At least 23% of homelessness is caused by eviction. Data already suggest that Black and Brown people are most likely to be renters in the state, so they are most likely to be victimized by unfair landlord practices.

### *Impact*

House Bill 174 would likely **improve economic equity in Maryland.**

---

<sup>i</sup> Public Justice Center, *Justice Diverted: How Renters Are Processed in the Baltimore City Rent Court* 24-25 (2015), [http://www.publicjustice.org/wp-content/uploads/2019/09/JUSTICE\\_DIVERTED\\_PJC\\_DEC15.pdf](http://www.publicjustice.org/wp-content/uploads/2019/09/JUSTICE_DIVERTED_PJC_DEC15.pdf)

<sup>ii</sup> Maryland Legal Aid, *Human Rights in Maryland's Rent Court: A Statistical Study* 24 (2016), [https://www.mdlab.org/wp-content/uploads/MDLegalAid\\_RentCourtStudy\\_Release-Date-9-8-16.pdf](https://www.mdlab.org/wp-content/uploads/MDLegalAid_RentCourtStudy_Release-Date-9-8-16.pdf)