

Homeless Persons Rep Proj_FAV_HB 174_JPR.pdf

Uploaded by: Carolyn Johnson

Position: FAV



HOMELESS PERSONS REPRESENTATION PROJECT, INC.

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Support – HB0174 – Landlord and Tenant – Repossession for Failure to Pay Rent – Registration and License Information

Hearing of the Senate Judicial Proceedings Committee, March 31, 2022

The Homeless Persons Representation Project, Inc. (HPRP) is a non-profit civil legal aid organization that provides free legal representation to people who are homeless or at risk of homelessness on legal issues that will lead to an end to homelessness. HPRP regularly represents tenants in failure to pay rent cases and other landlord-tenant matters in Baltimore City and Montgomery County.

HB 0174 would ensure that District Court rent dockets throughout Maryland provide no safe harbor for landlords who operate in violation of local rental licensing ordinances. Similar legislation that passed in previous years were focused on specific localities: Baltimore City, Anne Arundel County, and Prince George’s County. HB0174 would cover all jurisdictions. We urge the Committee to issue a Favorable report on this bill.

HB 0174 would effectively bar unlicensed, law-breaking landlords from taking advantage of the court’s specialized, “summary” procedures for eviction. By blocking their use of a go-to debt collection process, this bill eliminates the financial incentive to ignore city or county public-safety mandates. HB 0174 is a much-needed measure to support localities in the enforcement of their rental licensing ordinances.

HB 0174 strengthens the barrier against rogue landlords’ use of ‘Rent Court’

Although the District Court requires self-reporting of rental license compliance on the Failure to Pay Rent form complaint, more is needed to stop unlicensed landlords’ routine use of the courts while they violate the law by leasing units without a valid rental license.

HB 0174 would require all landlords to demonstrate at the trial of a Failure to Pay Rent action, that the rental unit is licensed if required by local law. The landlord would only need a physical or electronic copy of the license to show to the judge at trial. The landlord may then proceed with the case and may win a judgment for possession.

Importantly, HB 0174 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 ministerially rule on licensing compliance – that is the judge’s duty.

Background on use of specialized court process by unlicensed landlords

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. Public Justice Center’s [2015 study *Justice Diverted*](#) 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. Examining the entire state in [a 2016 report](#), Maryland Legal Aid reported that, in over 21,000 eviction cases resulting in default judgments for repossession, the

landlord had failed to provide any rental licensing information on the court complaint despite not having an exemption from licensing.

Since then, the use of “summary” eviction procedures by rogue landlords has continued, as evident in recent appellate cases:

- *Pettiford v. Next Generation Trust Service*, 467 Md. 624 (2020), finding that tenants in unlicensed properties may raise a habitability defense to Failure to Pay Rent actions without the threat of immediate eviction.
- *Aleti v. Metropolitan Baltimore, LLC*, 251 Md. App. 482 (2021), finding that unlicensed landlords cannot charge legal fees to tenants for Failure to Pay Rent actions.
- *Velicky v. Copycat Building LLC*, 474 Md. 201 (2021), holding that unlicensed landlords, though blocked from Failure to Pay actions, may still use the Tenant Holding Over process to evict tenants.

Amid these court opinions, HB 0174 is necessary to make clear that landlords have the burden to show valid rental licensing in Failure to Pay eviction actions. In light of *Velicky*, too, the General Assembly should consider a holistic solution that bars unlawful landlords from any of the three specialized eviction procedures: Failure to Pay Rent, Tenant Holding Over, and Breach of Lease.

The Homeless Persons Representation Project is a member of the Renters United Maryland coalition and asks that the Committee **issue a report of FAVORABLE on HB 0174**. If you have any questions, please contact Carolyn Johnson at 410-685-6589 or cjohnson@hprplaw.org with any questions.

HB0174 - Senate - lead in summary rent bill.pdf

Uploaded by: Gwen DuBois

Position: FAV



**HB0174 – Landlord and Tenant – Repossession for Failure to Pay Rent –
Registration and License Information**

**Hearing before the Senate Judicial Proceedings Committee,
March 31, 2022**

Position: SUPPORT (FAV)

Chesapeake Physicians for Social Responsibility (CPSR) is a statewide evidence-based organization of over 940 physicians and other health professionals and supporters that addresses existential public health threats: nuclear weapons, the climate crisis, and the issues of pollution and toxic effects on health, as seen through the intersectional lens of environmental, racial and social justice.

HB0174 would effectively bar unlicensed, law-breaking landlords from taking advantage of the court's "summary" procedure of eviction for non-payment of rent ("Failure to Pay Rent"). Similar legislation, Senate Bill 563, passed unanimously in the Judicial Proceedings Committee and also passed in the Senate. SB0563 bill is inclusive of the measures of HB0174 – with one critical distinction: HB 174 additionally permits a tenant or the court itself to examine the validity of the property's lead inspection certification at trial. This accountability measure gives teeth to existing law (passed in 2004) that requires landlords to assert lead risk reduction compliance on the face of the Failure to Pay Rent complaint.

Lead exposure can be responsible for decreasing IQ, increased distractibility, impulsivity, short attention span, and inability to follow directions. CDC and HUD have reduced action levels to 5 micrograms per deciliter. Prenatal exposure to maternal blood levels below 5 mg/dl are associated with low birth weight in infants. Levels below 5 micrograms per deciliter in children, have been associated with reduction in IQ, attention deficit, and , and academic ability, and anti-social behaviors.

<https://publications.aap.org/pediatrics/article/138/1/e20161493/52600/Prevention-of-Childhood-Lead-Toxicity>. Each IQ point raises worker's productivity and the lifetime economic losses in the United States attributable to lead exposure have been estimated

to be between \$165-233 billion in the cohort of children < or equal to 6 years of age in 2006 who had blood levels 2 micrograms per deciliter or higher.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2717145/> This cohort has an estimated total loss of 13 million IQ points from lead poisoning. Since there is no blood lead level that is considered safe, when estimates include any measurable blood levels, the total IQ loss for that group of children <6 with any measurable lead, goes up to 23 million collective IQ points. <https://ehp.niehs.nih.gov/doi/10.1289/ehp.1104170#t1>

Primary prevention, which is removing the sources of lead before exposure occurs, is the most reliable and cost-effective way to protect our children according to a policy statement by the American Academy of Pediatrics. The authors reminded pediatricians that education on hand washing and dust control has no effect on reducing lead levels. The Academy goes on to urge pediatricians and parents to promulgate regulations to test children and housing both before and after abatement, and call for “local or state governments, in consultation with pediatricians, develop policies and regulations requiring the remediation of lead-contaminated housing and child care facilities, including the elimination of lead hazards during transfer of rental units or renovation or demolition of older housing.”

<https://publications.aap.org/pediatrics/article/138/1/e20161493/52600/Prevention-of-Childhood-Lead-Toxicity>

We urge the Committee to issue a Favorable report on this bill.

HB0174 strengthens the barrier against rogue landlords’ use of ‘Rent Court’

Although the District Court requires self-reporting of lead risk reduction and rental license compliance on the Failure to Pay Rent form complaint, more is needed to stop unlicensed landlords’ routine use of the courts while they violate the law by leasing units without a valid rental license or lead inspection certificate.

- ***Rental licensing compliance***

HB0174 would require all landlords to demonstrate at the trial of a Failure to Pay Rent action that the rental unit is licensed if required by local law. To meet that burden, a landlord would need only a physical or electronic copy of the license to show to the judge at trial. By meeting that evidentiary burden, the landlord may proceed with the case and may win a judgment for possession. Where the landlord fails to meet this burden of proof, HB0174 instructs that a judge may not enter a judgment in favor of the landlord.

- ***Lead risk reduction compliance***

Importantly, HB0174 does *not* create an across-the-board requirement for landlords to show their valid lead inspection certificates or other lead risk reduction compliance records at trial. Instead, on page 6 at lines 1-2, by

changing “may not” to “may” in Real Property § 8-401(c)(2)(i), HB0174 would allow a tenant to present evidence that the landlord’s assertions of MDE registration and lead risk reduction compliance are incorrect. Those assertions are already required to be made in the Failure to Pay Rent complaint. Because of advancements made by the Maryland Department of the Environment’s new [Lead Rental Certification and Accreditation database](#), evidence of lead inspection certificates is now easily, freely available online.

For rental licensing, HB0174 (like SB0563) 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.

For lead risk reduction compliance, HB0174 merely allows the court or the tenant to raise or to try an issue related to the landlord’s assertion of compliance.

This bill does not require clerks to examine or rule on licensing and lead risk reduction compliance – that remains the judge’s duty.

Chesapeake Physicians for Social Responsibility (CPSR) is a member of the Renters United Maryland coalition and asks that the Committee **issue a report of FAVORABLE on HB0174**. If you have any questions, please contact:

Gwen L. DuBois MD, MPH

President, Chesapeake PSR

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HB 174 Testimony.pdf

Uploaded by: Harrison Mont

Position: FAV



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**STATEWIDE
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3/30/2022

The Honorable Senator William C. Smith, Jr.
2 East
Miller Senate Office Building
Annapolis, Maryland 21401

**RE: Maryland Legal Aid Written Testimony in Support of HB 174 –
Repossession for Failure to Pay Rent – Registration and License Information**

Dear Mr. Chairman and Members of Committee:

Thank you for the opportunity to testify in support of this critical bill. Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. MLA handles civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law (e.g., bankruptcy and debt collection), and criminal record expungements to remove child custody barriers, housing, a driver's license, and employment. Maryland Legal Aid supports HB 174 and asks that this committee give it a favorable report.

This letter serves as notice that Harrison Mont, Esq. will testify in support of HB 174 on behalf of Maryland Legal Aid at Delegate Mary Lehman's request. This bill ensures that landlords filing for eviction for failure to pay rent have the required rental license and comply with lead abatement laws. When bringing an eviction action, landlords must plead and demonstrate license and lead abatement information and, in court, must prove compliance to the judge. By ensuring landlords are compliant with the law when filing for eviction, HB 174 prevents unjust failure to pay rent evictions.

HB 174 codifies the tenant protections in the Court of Appeals opinion in *McDaniel v. Baranowski*.¹ In *McDaniel*, the court ruled that a non-compliant landlord, who has not complied with a jurisdiction's licensing laws, cannot prosecute a failure to pay rent action in a jurisdiction that requires landlords to comply with licensing procedures. The court requires those cases to be dismissed if the landlord cannot show it complied with the licensing laws of the jurisdiction. Additionally, a landlord cannot collect rent when it has not complied with the licensing requirement. Though this bill requires a landlord to plead and demonstrate when filing that they have a license, it does not empower the clerk to take any

¹ *McDaniel v. Baranowski*, 419 Md. 560 (2011)

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action. It may provide a landlord with the opportunity to comply with the law before the complaint is filed and a hearing is scheduled. Thus, it provides an opportunity to conserve judicial resources by educating a landlord about their responsibility under the law before a hearing is held.

For tenants, there are additional benefits. Over 147,000 families in Maryland are paying more than fifty percent of their monthly income for rent. Since many MLA clients already don't earn enough income to afford the rent due, taking a day off to attend a court hearing means they have one day less earnings and makes it even more difficult to pay rent that may be found due and owing. Because failing to appear at the hearing can result in an improper judgment against tenants, the stakes are often dependent on the difficult choice of whether to appear and lose income, or not appear so as not to miss work and lose more income, at the expense of a court making an improper finding of an amount due and owing.

Currently, unlicensed landlords are often successful in evicting in failure to pay rent actions because the tenant does not appear in court. This is evidenced by Maryland Legal Aid's 2016 study that looked at rent court to see whether it met basic due process standards.² The study of rent court practices looked at default judgments and found that in approximately 30% of the courts' default judgments in Maryland, there was legal error which resulted in incorrect outcomes or that court records were too unclear or too incomplete to ascertain whether those outcomes were correct. This study included a sampling of cases from across the state. This bill requires a landlord assert compliance prior to filing, preventing unlicensed landlords from getting a hearing for a failure to pay rent action. Thus, reducing the amount of legally unsupported judgments and protecting tenants from unjust eviction.

The purpose of the license and lead abatement requirements is to assure that tenants are living in safe and habitable properties. The landlord must have the property inspected to obtain a license and ensure compliance with lead paint regulations and building codes. In many cases where a landlord rents to tenants without a license, the property is entirely unsafe for human habitation. MLA advocates often represent tenants living in unlicensed properties covered in mold, unstable stairways, areas at risk of collapse, no fire escape, and other life-threatening dangers. The impact of non-compliance with lead abatement laws is

² https://www.mdlab.org/wp-content/uploads/MDLegalAid_RentCourtStudy_Release-Date-9-8-16.pdf

even more dire, often creating permanent adverse health issues for entire generations and their children.

Maryland Legal Aid's mission is the advancement of Human Rights and Justice for All. This mission encompasses the right to safe and habitable housing and the equal protection of the law as enshrined in Articles 14 and 26 of the International Covenant on Civil and Political Rights. Maryland's license and lead abatement requirements are essential in ensuring that the state protects its citizens' human right to safe and habitable housing. HB174 would strengthen Maryland's licensing and lead abatement measures and provide additional assurances that courts are aware of landlords' compliance before granting a failure to pay rent eviction.

Thank you for considering this written testimony. For the reasons stated above, MLA urges a favorable report on HB174.

/S/

Harrison Mont
Staff Attorney
Maryland Legal Aid
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Tel: 410-951-7748

Crossover HB174_MCRC_FAV.pdf

Uploaded by: Isadora Stern

Position: FAV



Maryland Consumer Rights Coalition

Testimony to the Senate Judicial Proceedings Committee
HB174: Landlord and Tenant - Repossession for Failure to Pay Rent - Registration and License Information
Position: Favorable

March 31, 2022

The Honorable Will Smith, Chair
Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Judicial Proceedings Committee

Honorable Chair Smith and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland. In 2019, the Fair Housing Action Center of Maryland became a program of MCRC.

HB174 is a bill that addresses the number of substandard rental properties in our state, and the predatory landlords who profit.

Substandard Housing

For more than 50 years, Baltimore City has been plagued with a dearth of substandard rental properties, to the detriment of tenants and their families, and also City taxpayers. These properties contribute to the low overall quality of life in Baltimore, and illustrate the deep power imbalance in the relationship between tenants and landlords. In no other relationship would a seller, or in this case, a lessor be allowed to bring a product to market with such low standards of care. Since landlords know they have the upper hand in the relationship, and the licensing law is not consistently enforced, there's no incentive to make repairs in a timely manner, or at all.

The Fair Housing Action Center of Maryland received 231 complaints in 2020 from Baltimore City tenants, 34% of which were related to substandard housing or denial of essential services



(no heat, water, electricity, etc.) Also of the 231 complaints we received, 40% of those properties were unlicensed. It's also important to note that the majority of these unlicensed properties, or properties that should be considered uninhabitable, are occupied by Black women with children -- continuing Baltimore's racist history of slum housing. It's long past the time for our legislature to put a stop to this shameful history.

No doubt you will hear from "Mom and Pop" landlords who claim they don't have the money to make repairs or hire an inspector at their own expense. The only appropriate response to this claim is twofold: Owning and operating rental property is a business, period. As such, a business owner has a duty of care, and a responsibility to follow the law. If the business owner cannot follow these two basic rules, they should not be allowed to profit from their cruel and intentional negligence. Also, the mythical "Mom and Pop" landlords are not in the majority when we're discussing substandard rental housing. Many of these properties are owned by an LLC, a trust, or other corporate/company structure -- one individual in Baltimore City controls hundreds of properties under individual LLCs and trusts -- hardly fitting the image of the "small property owner" we hear so much about and are expected to somehow pity, as their tenants live in squalor. Also, many of these properties are managed by "professional" property management companies who will no doubt be upset about having to follow the law, and large out of state real estate investment trusts (REITs) that will of course also be upset by being told they have to respect the laws and ordinances enacted by our City Council.

You have a wonderful opportunity right now -- the opportunity to send a clear and strong message to the predatory landlords that profit from our state's substandard and dangerous housing. You have the opportunity to also send a message to thousands of tenants -- tell them they matter, they are important, and their families are your number one priority.

For all these reasons, we support HB174 and urge a favorable report.

Best,

Carol Ott
Tenant Advocacy Director
Fair Housing Action Center of Maryland

HB 174 - Written Testimony - SENATE cross-over.pdf

Uploaded by: Katie Davis

Position: FAV



**HB 174: Landlord and Tenant - Repossession for Failure to Pay Rent – Registration and License Information
HEARING BEFORE THE JUDICIAL PROCEEDINGS COMMITTEE ON MARCH 31 AT 1:00 PM
POSITION: SUPPORT**

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide coordinator, thought leader and clearinghouse for volunteer civil legal services in Maryland. As the designated pro bono arm of the Maryland State Bar Association, PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar. We respond to acute legal needs identified in areas across the state by piloting and operating innovative pro bono service projects targeting specific legal problems or populations.

In May 2017, with a grant from the Maryland Judiciary’s Access to Justice Department, PBRC launched the **Tenant Volunteer Lawyer of the Day Program (TVLD Program)** in Baltimore City Rent Court to provide day-of-court legal representation to tenants who appear unrepresented. In September 2021, the TVLD program received additional funding to expand its services to Baltimore County. Tenants appearing in Rent Court often contend with difficult and unsafe living conditions, are nearly always unrepresented, and are often unaware of the judicial process, their rights as renters, or valid defenses they could raise in the face of eviction proceedings.

Rental licensing is a fixture of local efforts to ensure safe, healthy housing throughout Maryland. By making licenses for rental operations contingent on routine housing inspections, Maryland jurisdictions have a proactive means of protecting renters from unsafe housing conditions. In Baltimore City in the two years prior to the pandemic, PBRC identified a licensing or registration issue in over 700 cases and almost half of PBRC’s Failure to Pay Rent cases were dismissed for lack of valid licensure or registration. **PBRC supports HB 174 because it will disincentive landlords’ non-compliance with local rental license laws by blocking unlicensed landlords from evicting tenants through a Failure to Pay Rent action.** Without a law that expressly places the burden on landlord plaintiffs, illegally operating landlords easily go undetected in the courts’ streamlined eviction procedures, sometimes evicting tenants who complain about unsafe conditions and replacing them with those who are unaware of the licensing requirements.

HB 174 will increase court efficiency and protect tenants by requiring landlords who are taking advantage of the court’s “summary” eviction procedure to demonstrate affirmative compliance with licensure and registration requirements at the time of filing and at trial. It clarifies that neither the court nor the tenant should carry the burden of identifying unlicensed properties or initiating the inquiry as to licensing status. Not only does this protect tenants’ right to a safe and habitable home, but it will also reduce the burden of these cases on the judiciary.

Eviction laws and protections are only as good as their enforcement. Requiring landlords to demonstrate compliance with licensure and registration before obtaining an eviction through a Failure to Pay Rent action is the right step to take to help protect Maryland tenants. **PBRC supports HB 174 because it will ensure that Maryland tenants are protected from unsafe conditions consistent with the intent of existing legislation.**

For the above reasons,
PBRC urges a FAVORABLE report on HB 174.

Please contact Katie Davis, Director of PBRC’s Courtroom Advocacy Project, with any questions.

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HB 174_crossover_Consumer Protection Division_fav_

Uploaded by: Kira Wilpone-Welborn

Position: FAV

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March 31, 2022

To: The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee

From: Kira Wilpone-Welborn, Assistant Attorney General
Consumer Protection Division

Re: House Bill 174 – Landlord and Tenant - Repossession for Failure to Pay Rent -
Registration and License Information (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) supports House Bill 174 sponsored by Delegate Mary A. Lehman, which ensures that a landlord complies with legal requirements for renting a residential property before the landlord can evict a tenant through a summary ejection action for failing to pay rent.

Landlord-tenant complaints are consistently among the top complaints received each year by the Division. A 2016 summer study that included landlords, tenant advocates, Maryland’s courts, government officials, and others highlighted existing issues arising in rent court actions, including the subject matter of this bill. In several jurisdictions throughout Maryland, a landlord is required to be licensed before renting a property. However, there is no requirement under current law that the landlord provide documentary evidence to the court demonstrating compliance with this requirement before using the courts to evict a tenant. It is well-settled that a business, which is required to be licensed, may not use the courts to enforce a contract if they are not so licensed. *See, e.g., Harry Berenter, Inc. v. Berman*, 258 Md. 290 (1970). House Bill 174 is consistent with this principle.

Although the District Court complaint forms require landlords to certify they maintain applicable rental licenses, the Division has encountered landlords who have allowed their rental licenses to lapse but continue to file eviction actions against their tenants. Placing the burden on tenants to combat an erroneous certification at an expedited hearing without discovery is unfair to unsophisticated, and often unrepresented tenants. Instead, landlords who are already required to be in possession of documentation and evidence of their licensure are in the best position to prove their compliance with applicable rental licensing requirements. By requiring that a landlord

The Honorable William C. Smith, Jr.
House Bill 174
March 31, 2022
Page Two

provide evidence to the court of compliance with this licensing requirement, House Bill 174 would ensure that a landlord who has not met these prerequisites for renting an apartment cannot use the courts as a tool for collection and eviction. House Bill 174 is a reasonable measure that will help ensure that a landlord who wishes to use the courts to evict a tenant was authorized to rent that unit to the tenant in the first place.

The Division requests that the Judicial Proceedings Committee give House Bill 174 a favorable report.

cc: The Honorable Mary A. Lehman
Members, Judicial Proceedings Committee

HB 0174 ACDS Testimony in Support for Senate Judic

Uploaded by: Lisa Sarro

Position: FAV



House Bill 0174

Landlord and Tenant - Repossession for Failure to Pay Rent - Registration and License Information

HEARING BEFORE THE SENATE JUDICIAL PROCEEDINGS COMMITTEE ON MARCH 31, 2022

Position: Favorable

House Bill 0174, would codify current Maryland case law regarding the requirement for rental licensing in the context of Failure to Pay Rent cases and clarify the proof required of a landlord's compliance with Maryland's lead laws.

Arundel Community Development Services, Inc. (ACDS) serves as Anne Arundel County's nonprofit housing and community development agency, helping Anne Arundel County residents and communities thrive through the provision of safe and affordable housing opportunities, programs to prevent and end homelessness, and community development initiatives. In fulfilling this role, ACDS administers grants to nonprofit partners, directly develops and implements programming, and advises the County on housing and community development policy initiatives.

Background.

If a local jurisdiction requires that a residential rental property have a rental license, then that property must in fact be licensed in order for a landlord to make use of the summary ejection (Failure to Pay Rent) court process. This requirement is a result of a 2011 Court of Appeals decision called *McDaniel v. Baranowski*. (419 Md. 560, 19 A.3d 927). In that case, the Court held that if a landlord lacks a rental license for a property that is required by law to be licensed, then that landlord does not have "claimant status" for bringing a Failure to Pay Rent action in court. In other words, **if a landlord lacks a license when one is required by local law, the landlord does not have standing to file a summary ejection Failure to Pay Rent case.**

Immediately after the Court of Appeals decided *McDaniel*, **the Court's standard form Complaint for Failure to Pay Rent was modified** to include a section in the Complaint where **the landlord must indicate whether the property is required to be licensed, and if so, the landlord must provide a rental license number as a required element of the Complaint.** However, *courts have grappled with exactly what proof of licensing is required, and when.* By adding just a few paragraphs to the existing Failure to

Pay Rent statute, this bill clears up any confusion and provides clear standards related to required proof related to rental licensing and longstanding requirements related to lead law compliance.

The Bill.

The additions to the Failure to Pay Rent statute contemplated in HB 0174 would result in two specific clarifications/codifications of current case law:

1. **Proof of Rental License and Compliance with Lead Laws is Required Upon Filing:** The Court's current Failure to Pay Rent Complaint form requires the landlord to provide a yes or no answer, under penalty of perjury, to the question "Is the Landlord currently licensed/registered?" Under this bill, in addition to answering the question, **if the landlord indicates in the body of the complaint that they do have a license and they are in compliance with the State's lead laws, then they simply have to add a copy of the rental license and documentation that they are in compliance with lead laws to the complaint.**

Currently, if a landlord files a lawsuit without actually having a rental license or lead registration (if required), the case proceeds to a hearing by the Court, at which point cases are frequently dismissed or postponed because the landlord lacks standing to sue. This bill would eliminate those cases from getting to the hearing stage until they are actually eligible for hearing, thus freeing up the Court's time for cases that are actually ready to go. ***This does not create a new requirement for licensing of properties that are not already required to be licensed pursuant to local law nor additional actions related to lead laws - if applies only if a property is already required by local law to have a residential rental license or is a property affected by Maryland's lead laws.***

2. **Burden of Proof at Trial:** Finally, HB 0174 codifies case law that **the landlord has the burden of proving that the rental property is licensed in accordance with all applicable local rental property licensing laws and is in compliance with Maryland's lead laws.** Again, this is not a change to existing case law, but rather codification of current case law. As the plaintiff, the landlord already has the burden of proving all elements of his or her case. This bill simply clarifies the level of proof required to maintain the case.

The minor adjustments to the FTPR statute contained in this bill would provide clear direction to court clerks, courts, tenants and landlords regarding the interpretation and implementation of current case law, and would result in better use of the Court's time and consistency in the evaluation and hearing of Failure to Pay Rent cases going forward.

For the reasons noted above, we urge a FAVORABLE report on HB 0174.

HB174 FTPR LEHMAN TESTIMONY IN SENATE.pdf

Uploaded by: Mary Lehman

Position: FAV

DELEGATE MARY A. LEHMAN
Legislative District 21
Prince George's and
Anne Arundel Counties

Environment and Transportation
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THE MARYLAND HOUSE OF DELEGATES
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HB 174 -- REPOSSESSION FOR FAILURE TO PAY RENT

SUPPORT

GOOD AFTERNOON CHAIR SMITH, VICE CHAIR WALDSTREICHER, AND ESTEEMED COMMITTEE MEMBERS. I AM ASKING YOUR FAVORABLE REPORT FOR HB 174, A BILL THAT REQUIRES A LANDLORD TO DEMONSTRATE THAT HE OR SHE IS IN COMPLIANCE WITH LOCAL RENTAL LICENSING LAWS IN ORDER TO PROCEED WITH A MOTION TO EVICT.

THIS BILL REPEALS AND REENACTS, WITH AMENDMENTS, SECTIONS OF THE ANNOTATED CODE OF MARYLAND AND PUBLIC LOCAL LAWS OF BALTIMORE CITY AND IS APPLICABLE STATEWIDE. UNLIKE A SIMILAR BILL THIS COMMITTEE RECENTLY APPROVED, HB 174 APPLIES ONLY TO EVICTION CASES INVOLVING FAILURE TO PAY RENT. IT DOES NOT ADDRESS TENANTS HOLDING OVER OR BREACH OF LEASE CASES.

THE BILL DOES FOUR THINGS:

1. IT SAYS A LANDLORD WHO FILES AN EVICTION CASE BASED ON A TENANT'S FAILURE TO PAY RENT CANNOT DO SO WITHOUT DEMONSTRATING THAT THE PROPERTY IS IN COMPLIANCE WITH THE COUNTY OR MUNICIPAL LICENSING REQUIREMENTS OF THE JURISDICTION WHERE THE PROPERTY IS LOCATED.
2. SECOND, THE BILL ESTABLISHES THAT DURING THE TRIAL, THE LANDLORD HAS THE BURDEN OF PROVING, TO THE SATISFACTION OF THE COURT, THAT THE RENTAL PROPERTY IS LICENSED IN COMPLIANCE WITH, OR EXEMPT FROM, ANY APPLICABLE RENTAL PROPERTY REQUIREMENTS.
3. THIRD, IT ALLOWS THE LANDLORD TO PRESENT ELECTRONIC COPIES OF THE LICENSE TO SATISFY THE BURDEN OF PROOF.
4. FINALLY, IT PREVENTS THE COURT FROM ENTERING A JUDGMENT IN FAVOR OF A LANDLORD WHO FAILS TO DEMONSTRATE THAT THE LICENSING REQUIREMENTS HAVE BEEN MET.

WHY THIS BILL IS NEEDED: RESIDENTIAL RENTAL PROPERTY LICENSES PROVIDE A LEVEL OF ASSURANCE THAT A PROPERTY IS BOTH SAFE AND HABITABLE. THE SIX LARGEST COUNTIES IN MARYLAND HAVE RESIDENTIAL RENTAL LICENSE LAWS AS DO ABOUT 20 MUNICIPALITIES INCLUDING SOME SUCH AS CUMBERLAND THAT ARE LOCATED WITHIN COUNTIES THAT DO NOT REQUIRE LICENSES.

AMENDMENTS: AS ORIGINALLY DRAFTED, THE BILL DID NOT ALLOW TEMPORARY OR PROVISIONAL LICENSES TO BE USED AS PROOF OF A LICENSE. HOWEVER, AFTER RESEARCHING THIS ISSUE EXTENSIVELY, MY OFFICE LEARNED THAT ONLY PRINCE GEORGE'S COUNTY ISSUES PROVISIONAL LICENSES. THOSE WERE CREATED AS A RESPONSE TO A STAFFING SHORTAGE IN THE LICENSING OFFICE AND ARE ONLY GOOD FOR 90 DAYS OR WHENEVER THE UNIT IS EXPECTED, WHICHEVER COMES SOONER.

ANOTHER CHANGE AMENDED THE STANDARD FOR LANDLORDS TO SHOW PROOF OF A VALID LICENSE FROM A "PREPONDERANCE OF THE EVIDENCE" TO THE SATISFACTION OF A JUDGE.

THE OVERALL PREMISE OF THE BILL IS SIMPLE BUT POWERFUL: LANDLORDS WHO FAIL TO COMPLY WITH LOCAL RENTAL LICENSING REQUIREMENTS ON THE FRONT END CANNOT EVICT TENANTS WHO THEY HAVE NO LEGAL RIGHT TO BE RENTING TO IN THE FIRST PLACE. THE BILL ALSO PROVIDES FOR A REMEDY TO THOSE LANDLORDS: GO TO THE JURISDICTION WHERE THE PROPERTY IS LOCATED AND OBTAIN A RENTAL LICENSE. THEN AND ONLY THEN CAN THE LANDLORD MOVE FORWARD WITH AN EVICTION CASE.

I URGE A FAVORABLE REPORT.

###

HB174_FAV_Molly Amster, JUFJ.pdf

Uploaded by: Molly Amster

Position: FAV

March 31, 2022

Molly Amster
Baltimore, MD 21218



THINK JEWISHLY. ACT LOCALLY.

TESTIMONY ON HBI 74 - POSITION: FAVORABLE

Landlord and Tenant - Repossession for Failure to Pay Rent - Registration and License Information

TO: Chair Smith, Vice Chair Waldstreicher, and members of the Judicial Proceedings Committee
FROM: Molly Amster, on behalf of Jews United for Justice

My name is Molly Amster. I am a resident of District 43 and am the Maryland Policy Director and Baltimore Director for Jews United for Justice (JUFJ). I am submitting this testimony on behalf of JUFJ in support of HBI 74, Landlord and Tenant - Repossession for Failure to Pay Rent - Registration and License Information. JUFJ organizes 6,000 Jews and allies from across Maryland in support of local social, racial, and economic justice campaigns.

Since the beginning of Jewish history, when the Torah reports that Adam and Eve were expelled from their home in the Garden of Eden, the human need for housing has been central to Jewish thought. Jewish sacred texts recognize that having safe, stable housing is key to a healthy society, and we know that it is key to reducing racial inequities. These texts have taken on even more urgency in the past two years: all people should be able to live in safe homes, especially during a pandemic.

HBI 74 would ensure that rent dockets throughout Maryland provide no safe harbor for landlords who operate in violation of local rental licensing ordinances. Similar legislation that passed in this Committee and the House as recently as 2021, were focused on specific localities: Baltimore City, Anne Arundel County, and Prince George's County. This bill would cover all jurisdictions.

This legislation would effectively bar unlicensed, law-breaking landlords from taking advantage of the court's specialized, "summary" procedures for eviction. By blocking their use of a taxpayer-funded debt collection process, this bill eliminates the financial incentive to ignore city or county public-safety mandates. HBI 74 is a much-needed measure to support localities in the enforcement of their rental licensing ordinances, which were put in place to ensure safe housing for their renting residents.

On behalf of Jews United for Justice, I respectfully urge this committee to return a favorable report on HBI 74.

HB 174 – Landlord and Tenant - Repossession for Fa

Uploaded by: Robin McKinney

Position: FAV



HB 174 – Landlord and Tenant – Repossession for Failure to Pay Rent – Registration and License Information
Senate Judicial Proceedings Committee
March 31, 2022
SUPPORT

Chair Smith, Vice-Chair, and members of the committee, thank you for the opportunity to provide testimony in support of House Bill 174. This bill would ensure that District Court rent dockets throughout Maryland provide no safe harbor for landlords who operate in violation of local rental licensing ordinances. Similar legislation that passed in this Committee and crossed over to the Senate as recently as 2021, were focused on specific localities: Baltimore City, Anne Arundel County, and Prince George’s County. HB 174 would cover all jurisdictions.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program ‘VITA’, offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH’s tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

HB 174 would effectively bar unlicensed, law-breaking landlords from taking advantage of the court’s specialized, “summary” procedures for eviction. By blocking their use of a go-to debt collection process, 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.

HB 174 strengthens the barrier against rogue landlords’ use of ‘Rent Court’

Although the District Court requires self-reporting of rental license compliance on the Failure to Pay Rent form complaint, more is needed to stop unlicensed landlords’ routine use of the courts while they violate the law by leasing units without a valid rental license.

HB 174 would require all landlords to demonstrate, by preponderance of evidence at the trial of a Failure to Pay Rent action, that the rental unit is licensed if required by local law. To meet that burden, a landlord would need only a physical or electronic copy of the license to show to the judge at trial. By meeting that evidentiary burden, the landlord may proceed with case and may win a judgment for possession. 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 ministerially rule on licensing compliance – that is the judge’s duty. Additionally, this bill clarifies that temporary or provisional rental licenses would not satisfy the landlord’s burden.

Background on use of specialized court process by unlicensed landlords

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

Creating Assets, Savings and Hope



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. Public Justice Center’s [2015 study Justice Diverted](#) 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. Examining the entire state in [a 2016 report](#), Maryland Legal Aid reported that, in over 21,000 eviction cases resulting in default judgments for repossession, the landlord had failed to provide any rental licensing information on the court complaint despite not having an exemption from licensing.

Since then, the use of “summary” eviction procedures by rogue landlords has continued, as evident in recent appellate cases:

- *Pettiford v. Next Generation Trust Service*, 467 Md. 624 (2020), finding that tenants in unlicensed properties may raise a habitability defense to Failure to Pay Rent actions without the threat of immediate eviction.
- *Aleti v. Metropolitan Baltimore, LLC*, 251 Md.App. 482 (2021), finding that unlicensed landlords cannot charge legal fees to tenants for Failure to Pay Rent actions.
- *Velicky v. Copycat Building LLC*, 474 Md. 201 (2021), holding that unlicensed landlords, though blocked from Failure to Pay actions, may still use the Tenant Holding Over process to evict tenants.

Amid these court opinions, HB 174 is necessary to make clear that landlords have the burden to show valid rental licensing in Failure to Pay eviction actions. In light of *Velicky*, too, the General Assembly should consider a holistic solution that bars unlawful landlords from any of the three specialized eviction procedures: Failure to Pay Rent, Tenant Holding Over, and Breach of Lease.

The CASH Campaign of Maryland is a member of the Renters United Maryland coalition and asks that the Committee issue a favorable report on HB 174.

Creating Assets, Savings and Hope

GHHI Written Testimony - HB174 - Senate JPR Commit

Uploaded by: Wesley Stewart

Position: FAV



Green & Healthy Homes Initiative®

2714 Hudson Street
Baltimore, MD 21224-4716

P: 410-534-6447

F: 410-534-6475

www.ghhi.org

March 30, 2022

William C. Smith, Jr., Chair
Senate Judicial Proceedings Committee
2 East
Miller Senate Office Building
Annapolis, Maryland 21401

Re: **HB174 - LANDLORD AND TENANT - REPOSSESSION FOR FAILURE TO PAY RENT - REGISTRATION AND LICENSE INFORMATION - FAVORABLE**

Dear Chairman Smith and Members of the Committee:

The Green & Healthy Homes Initiative (GHHI) writes in support of HB174. GHHI has a long-standing history of advocating for families and children on the important issue of lead poisoning prevention. We provide multiple direct prevention services in Maryland including tenant's rights assistance, legal representation to tenants in rent court for the repair of lead hazards, and compliance assistance for rental property owners.

In 2004, HB1245 – The Clean Hands Bill was passed to require that rental property owners who were collecting rent through the Failure to Pay Rent Complaint process in District Court had to demonstrate that they were in compliance with Maryland's rental registration and lead inspection certification requirements. The law was passed to improve compliance rates of affected rental properties following a University of Maryland Law School report that analyzed 1,000 pre-1950, occupied rental properties that were the subject of current Failure to Pay Rent Complaints in Baltimore City District Court and found that **77%** were not in compliance with the state's Maryland Reduction of Lead Risk in Housing Law. That law has been effective in helping improve compliance rates, but there are deficiencies in the current law related to rent court that need to be corrected through HB174.

Problem That Needs to be Addressed

In order to improve the law's effectiveness at increasing registration and lead inspection certification compliance rates of affected properties with the Maryland Reduction of Lead Risk in Housing Law and to insure that rental property owners are proactive and obtain a certificate prior to a tenant's occupancy, we need to strengthen the District Court's role in helping to make sure that rental property owners who use the state funded and sanctioned Failure to Pay Rent court process are legally renting their properties. During GHHI's years of legal representation of tenants in District Court in Baltimore City and across the state, it is not uncommon to represent tenants who reside in affected properties and are facing District Court eviction proceedings but:

- The affected property lacks a valid lead inspection certificate and/or is not annually registered.
- The Failure to Pay Rent Complaint has been filed without a lead inspection certificate number listed or the number provided is an invalid, expired or a fraudulent certificate number and there is no recourse for tenants to raise the issue at trial as the current law is written.
- The property is not licensed with the local jurisdiction.
- The District Court judge is unsure whether they can and should dismiss Complaints where the Inspection Certification line on the Complaint is blank.
- The District Court judge states that they cannot hear evidence on the property's lack of registration or inspection certification compliance due to the current language in Real Property Article Section 8-401.

Solution the Bill Provides

HB174 fixes the problems described by:

1. Giving District Court judges the ability to review evidence on the registration and inspection compliance of the rental property and in meeting the requirements of Real Property Article 8-401.
2. Providing clear direction to District Court judges that they have the authority to dismiss Failure to Pay Rent Complaints where landlords cannot show compliance and/or after the case has been postponed.
3. Requiring that owners provide proof of compliance and licensure documentation to the Court.

In 2015, a *Justice Diverted* report by The Public Justice Center and Maryland Legal Aid Bureau captured the struggles of many tenants in rent court, which found nearly 60% of Baltimore renters who appeared in these cases could have raised legal defenses based on defects in their home that were a threat to life, health, or safety, but only 8% succeeded. Due to these studies and other identified issues, a 2016 Rent Court Summer Study Group of various stakeholders was convened to take a deeper look into the issues. GHHI participated in this Workgroup which was an expansion of the monthly Baltimore City Work Group focused on similar issues. HB174 addresses some of the concerns raised by represented groups at the prior Summer Study Group, which focused on codifying actual practice and improving the court's ability to verify registration and/or inspection certification compliance.

Note: While it has been argued in opposition that allowing evidence to be presented in court on compliance will cause substantial delays in the daily rent court docket, it has not been the actual experience or practice that compliance determinations require a lengthy process for the judge to resolve nor has it delayed the courts in any measurable way.

GHHI Written Testimony - House Bill 174
March 30, 2022
Page Three

We support HB174 to continue to improve compliance rates and produce lead safer rental housing for tenants. The Maryland Reduction of Lead Risk in Housing Law has helped produce a 99% decline in childhood lead poisoning, but there remain numerous non-compliant properties that contain serious lead hazards. Further, various research studies have shown that non-compliant landlords who failed to meet Maryland's registration and lead risk reduction measures and certification inspection were still able to prevail in District Court Failure to Pay Rent Complaint hearings. Rental property owners who are not responsible in maintaining proper MDE registration and valid lead inspection certificates for their affected properties should not be allowed to use our courts.

HB174 provides needed reforms and strengthens the rent court process so that it is fair to all parties and does not require that tenants, who are typically pro se, have legal representation in District Court in order to expect that their rental home will be treated and inspected to meet Maryland's lead law requirements. We ask you for a Favorable Report on HB174.

Respectfully Yours,

A handwritten signature in black ink, appearing to read 'Ruth Ann Norton', with a long horizontal flourish extending to the right.

Ruth Ann Norton
President and CEO

HB0174 - Senate - FAV - Public Justice Center.pdf

Uploaded by: Zafar Shah

Position: FAV



Zafar Shah
Attorney
Public Justice Center
201 North Charles Street, Suite 1200
Baltimore, Maryland 21201
410-625-9409, ext. 237
shahz@publicjustice.org

HB0174 – Landlord and Tenant – Repossession for Failure to Pay Rent – Registration and License Information

**Hearing before the Senate Judicial Proceedings Committee,
March 31, 2022**

Position: SUPPORT (FAV)

Public Justice Center (PJC) is a nonprofit public interest law firm that serves over 600 renters each year. We stand with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing. PJC seeks the Committee’s Favorable report on HB0174.

HB0174 would effectively bar unlicensed, law-breaking landlords from taking advantage of the court’s “summary” procedure of eviction for non-payment of rent (“Failure to Pay Rent”). Similar legislation, Senate Bill 563, passed unanimously in the Judicial Proceedings Committee and also passed third reader in the Senate. SB0563 bill is inclusive of the measures of HB0174 – with one critical distinction: HB 174 additionally permits a tenant or the court itself to examine the validity of the property’s lead inspection certification at trial. This accountability measure gives teeth to existing law (passed in 2004) that requires landlords to assert lead risk reduction compliance on the face of the Failure to Pay Rent complaint. Public Justice Center’s [2015 study *Justice Diverted*](#) 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 on the complaint or provided the court invalid information – and nearly 80% of landlords failed to provide valid lead compliance information.¹

We urge the Committee to issue a Favorable report on this bill.

HB0174 strengthens the barrier against rogue landlords’ use of ‘Rent Court’

¹ 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

Although the District Court requires self-reporting of lead risk reduction and rental license compliance on the Failure to Pay Rent form complaint, more is needed to stop unlicensed landlords' routine use of the courts while they violate the law by leasing units without a valid rental license or lead inspection certificate.

- **Rental licensing compliance**

HB0174 would require all landlords to demonstrate at the trial of a Failure to Pay Rent action that the rental unit is licensed if required by local law. To meet that burden, a landlord would need only a physical or electronic copy of the license to show to the judge at trial. By meeting that evidentiary burden, the landlord may proceed with the case and may win a judgment for possession. Where the landlord fails to meet this burden of proof, HB0174 instructs that a judge may not enter a judgment in favor of the landlord.

- **Lead risk reduction compliance**

Importantly, HB0174 does *not* create an across-the-board requirement for landlords to show their valid lead inspection certificates or other lead risk reduction compliance records at trial. Instead, on page 6 at lines 1-2, by changing "may not" to "may" in Real Property § 8-401(c)(2)(i), HB0174 would allow a tenant to present evidence that the landlord's assertions of MDE registration and lead risk reduction compliance are incorrect. Those assertions are already required to be made in the Failure to Pay Rent complaint. Because of advancements made by the Maryland Department of the Environment's new [Lead Rental Certification and Accreditation database](#), evidence of lead inspection certificates is now easily, freely available online.

For rental licensing, HB0174 (like SB0563) 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.

For lead risk reduction compliance, HB0174 merely allows the court or the tenant to raise or to try an issue related to the landlord's assertion of compliance.

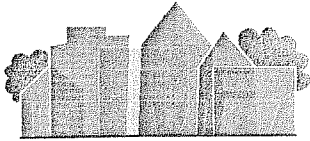
This bill does not require clerks to examine or rule on licensing and lead risk reduction compliance – that remains the judge's duty.

Public Justice Center is a member of the Renters United Maryland coalition and asks that the Committee **issue a FAVORABLE report on HB0174**. If you have any questions, please contact Zafar Shah, shahz@publicjustice.org, (410) 625-9409 Ext. 237.

HB 174 - Favorable with Amendments.pdf

Uploaded by: Tasha Etienne

Position: FWA



THE CT GROUP, LLC

SERVING OWNERS, RESIDENTS AND
COMMUNITIES SINCE 1981

HB 174

Landlord and Tenant – Repossession for Failure to Pay Rent – Registration and License Information

Committee: Judicial Proceedings
Date: March 31, 2022
Position: **Favorable with Amendments**

This testimony is offered on behalf of The CT Group by Regional Property Manager, Tasha Etienne. The CT Group provides asset and property management services for owners of affordable/moderate income rental housing.

HB 174, as currently written, will significantly deplete the already scarce number of available subsidized units for low-income Marylanders, and prevents subsidized housing providers from addressing violent crime at housing projects. HB 174 must be amended to exempt rental dwellings that are part of federal and state affordable/low-income housing subsidy or financing programs.

In project-based housing, subsidized rental units are located in multifamily projects owned by private landlords who have entered contracts with HUD and are occupied by eligible low-income tenants. In this program, the unit (rather than the tenant) is subsidized, and tenants are entitled to remain in the unit so long as they remain eligible and in compliance with HUD program requirements. Housing providers are required to regain possession of subsidized units occupied by tenants who become ineligible or noncompliant while residing in a subsidized unit. Multi-family project-based housing providers utilize HUD's Model Lease for Subsidized Programs which contains certain lease provisions mandated by federal housing law and HUD's regulations. There are similar requirements associated with the Low Income Housing Tax Credit (LIHTC) program.

Most multifamily properties contain hundreds of units that are typically consolidated into a single rental license. In Baltimore City, an open Code Violation Notice prevents a landlord from being able to renew its rental license at expiration (see Baltimore City Code, Art. 13, §5-6 (6)). As a result, a single Code Violation Notice applicable to one unit can impede a housing provider from obtaining a rental license for its entire project containing hundreds of units. Notably, in these subsidized units, there are independent inspection requirements that confirm quality housing regardless of the inspections associated with local licensing requirements that ensure subsidized units are decent, safe and sanitary.

Addressing Violent Crime

- Recently, multifamily project owners Statewide have observed a significant uptick in violent crime occurring at housing project including murders, assaults and widespread

drug-related criminal activity. As housing projects are often occupied by the most vulnerable segments of our society including single mothers and children, elderly and disabled residents, these housing providers must be able to swiftly remove violent criminals from subsidized units.

- As written, there is no exception in HB 174 that allows a subsidized housing provider to initiate an repossession action when behavior by a tenant demonstrates a clear and imminent danger of serious harm to other tenants, the landlord or the landlord's property.

Preserving Scarce Subsidized Units for Eligible Low-Income Marylanders

- HUD and the LIHTC program establish income limits to ensure that federal rental assistance is provided only to low-income families. If a tenant's income exceeds the limit, they are no longer eligible to reside in the subsidized unit.
- In addition, annual income is used to determine a family's eligibility for assistance. Subsidized housing providers confirm a tenant's ongoing eligibility by completing an annual recertification with each tenant where the tenant must submit information regarding their household composition and income.
- Tenants who fail or refuse to complete the annual recertification process, or who knowingly provide incorrect information, are no longer eligible to reside in subsidized housing and the housing provider must initiate a possessory action immediately to reclaim the subsidized unit.
- There must be an expedient way for housing providers to regain possession of these subsidized units when a tenant is not compliance with program eligibility requirements. If a housing provider is unable to repossess a unit from a non-compliant tenant, it means that the provider is out of compliance and may lose its contract to offer affordable/low-income housing and the provider is also unable to offer the subsidy to the next eligible applicant on the waiting list, thereby significantly reducing the stock of subsidized housing in Maryland.

Given the considerable impact HB 174 would have on Maryland's federally-subsidized housing projects, and the ability of housing providers to address violent crime and preserve scare subsidized units for eligible low-income Marylanders, I look forward to the Committee's consideration.

Tasha Etienne
Regional Property Manager
The CT Group
(202) 255-8809

Kathleen Byrne email - rental licensing.pdf

Uploaded by: Aaron Greenfield

Position: INFO

Kathy K. Howard

From: Byrne, Kathleen (DHCD) <kathleen.byrne@baltimorecity.gov>
Sent: Monday, March 14, 2022 5:41 PM
To: Kathy K. Howard
Cc: Hessler, Jason (DHCD)
Subject: RE: Need help Verifying a statement

Kathy,

See responses below in red. All of the scenarios you identified below a landlord should be prepared to present to the Court in any action filed where the status of their rental license is at issue. We are working on a new licensing system that hopefully will be more user friendly on both ends, but even in the new system a rental license will not issue if the property has an outstanding notice of violation.

Katy Byrne

Kathleen E. Byrne
Assistant Commissioner for Litigation and SIU
Baltimore City Dept. of Housing & Community Development
Code Enforcement - Legal Section
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BALTIMORE CITY
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

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From: Kathy K. Howard <khoward@regionalmgmt.com>
Sent: Monday, March 14, 2022 5:28 PM
To: Byrne, Kathleen (DHCD) <kathleen.byrne@baltimorecity.gov>
Subject: Need help Verifying a statement
Importance: High

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I am correct that

1. That if a tenant has caused an issue that is a code violation that that does not immunize the landlord from being unlicensed because of a code violation – Yes – any open notice of violation will prevent a rental license from being issued.
2. If one unit in a multi-Family building has an unresolved code compliance issue that the entire building is deemed unlicensed – Yes – because the license is issued for the entire block/lot no matter the number of units in the multi-family building, a violation in one unit of a 20 unit apartment building will hold up the issuance of the license for the entire property.
3. That even if the landlord is attempting to regain possession of the property from a tenant causing a code compliance problem the unit and the building are not in compliance until the tenant is gone or cooperates with the LL to ameliorate the matter. Yes – until the notice is abated, i.e. an inspector verifies the violation is gone, the notice will remain outstanding and on the property.

MMHA - 2022 - HB 174 - rental license - JPR - fina

Uploaded by: Aaron Greenfield

Position: INFO



Bill Title: House Bill 174, Landlord and Tenant – Repossession for Failure to Pay Rent – Registration and License Information

Committee: Judicial Proceedings Committee

Date: March 31, 2022

Position: Information

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

MMHA worked with the Sponsor and appreciate her engagement. We do **not** currently oppose the amended version of House Bill 174 that passed out of the Maryland House of Delegates. However, additional issues were raised during a recent hearing in the House Judiciary Committee on Senate Bill 563, a similar piece of legislation, that necessitate our comment.

Concerning federally subsidized housing, we would defer to those property owners and managers requesting an exemption from Senate Bill 563 and House Bill 174. MMHA would not want to see affordable, federally subsidized housing taken off the market as a result of House Bill 174. Further, MMHA is aware of the discussion during the hearing Senate Bill 563 in the House Judiciary Committee in connection with residential rental platforms that contain multiple units on one license, as is the case in Baltimore City and we feel compelled to provide information to the committee on this subject. **Please see the attached email correspondence between Kathy Howard from Regional Management, Inc. and Kathleen Byrne, Assistant Commissioner for Litigation and SIU in the Baltimore City Department of Housing and Community Development.** For example, under this bill and as applied in Baltimore City, if one license has 50 units and one unit is in violation, that housing provider would be prohibited from repossessing for failure to pay rent any other unit that is in compliance.

Aaron J. Greenfield, MMHA Director of Government Affairs, 410.446.1992