



Maryland Consumer Rights Coalition

Testimony to the Senate Judicial Proceedings Committee
SB 563: Real Property – Actions to Repossess – Judgment for Tenants and Proof of Rental Licensure
Position: Favorable

February 22, 2022

Senator 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 economic rights and financial 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.

We are writing today in support of SB 563.

SB 563 aims to disincentive landlords' non-compliance with local rental license laws. The bill accomplishes this by blocking unlicensed landlords from accessing the district courts' trio of specialized, fast-track procedures for eviction: Failure To Pay Rent, Tenant Holding Over, and Breach of Lease actions. With the passage of SB 563, if a landlord does not have a valid rental license (where applicable), they cannot use special court procedures for eviction. If they want to use any of those three procedures, they need to comply with local law and obtain the necessary rental license.

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 to ensure that dwelling units meet habitability standards and to protect renters from unsafe housing conditions. Rental license schemes typically supplement local agencies' complaint-based inspection programs.

Maryland has been plagued with a dearth of substandard rental properties, to the detriment of tenants and their families, and all taxpayers. These properties 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. However, since landlords



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know they have the upper hand in the relationship, and the licensing law is not consistently enforced, landlords can choose to evict rather than make repairs or respond to their tenant's requests.

SB 563 puts the burden of proof on landlords to show a valid rental license to a judge in any action to evict a residential tenant.

Without a law that expressly places the burden on landlord plaintiffs, illegally operating landlords easily go undetected in the courts' streamlined eviction procedures. When an unlicensed landlord uses the courts' eviction procedures, they profit from licensing non-compliance by using the threat of eviction to collect rent. Equally, they may use the court-approved threat of eviction to silence and to intimidate tenants who withhold rent or raise complaints about substandard conditions. When unlicensed landlords carry through with court-ordered evictions, they remove tenants who spoke up and replace them with new tenants unaware of the unlicensed operation.

This cycle of profit and evasion of local law is unwittingly aided and abetted by judges, clerks, and sheriffs. It hurts renters and undermines local agencies' efforts to eradicate unsafe housing. This bill ends the cycle and cleans up the courts by putting the onus on landlords to show a valid rental license where the local jurisdiction requires one.

For these reasons, MCRC supports SB 563 and asks for a favorable report.

Best,

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