



## THE CT GROUP, LLC

SERVING OWNERS, RESIDENTS AND  
COMMUNITIES SINCE 1981

### SB 563

Real Property - Actions to Repossess - Judgment for Tenants and Proof of Rental Licensure

Committee: Judiciary  
Date: March 30, 2022  
Position: **Favorable with Amendments**

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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.

SB 563, 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. SB 563 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, project-based housing providers must be able to swiftly remove violent criminals from subsidized units.

- As written, there is only one exception in SB 563: it does not apply to an action to repossess for breach of lease under § 8-402.1(a)(1)(I)2B. This subsection applies when a landlord may issue a 14-day notice because the breach of the lease involves behavior by the tenant which demonstrates a clear and imminent danger of serious harm to other tenants, the landlord or the landlord's property.
- The HUD Model Lease for Subsidized programs does not allow a subsidized housing provider to ever issue a 14-day notice, as a tenant residing in a multifamily project-based unit is entitled to at least 30 days' notice regardless of the cause of termination, and therefore the exemption is insufficient in the context of federally-subsidized housing.

### 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 SB 563 would have on Maryland's federally-subsidized housing projects, and the ability of housing providers to address violent crime and preserve scarce subsidized units for eligible low-income Marylanders, I look forward to the Committee's consideration.

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