



MARCH 30, 2022

# Marylanders Should be Protected From Eviction Actions By Unlicensed Landlords

## Position Statement Supporting Senate Bill 563

*Given before the House Judiciary Committee*

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 protect renters from unsafe housing conditions. Rental licensing typically supplements local agencies' complaint-based inspection programs. **The Maryland Center on Economic Policy supports Senate Bill 563, as it passed the Senate, because it puts the burden of proof on the landlords to show a valid rental license to a judge in any action to evict a tenant.**

SB 563 was amended to:

- Strike a requirement that landlord must show a rental license at time of filing
- Allow unlicensed landlords to proceed to a Tenant Holding Over or Breach of Lease trial if they notify the tenant and then demonstrate at trial that the tenant's act caused the landlord not to have a rental license
- Lower the evidentiary standard from "preponderance" to "satisfaction of the court"
- Allow landlords to submit an electronic record or provisional license in their burden of proof.
- Apply the bill's changes to eviction procedures under Baltimore City public local law

Without a law that expressly requires landlords to prove they are licensed, 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. SB 563 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.

SB 563 clarifies the laws around the standing to evict and gives tenants a legal defense in court and incentivizes landlords to ensure that they remain in compliance. For these reasons, **the Maryland Center on Economic Policy respectfully requests the Judicial Committee to make a favorable report on Senate Bill 563.**

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## Equity Impact Analysis: Senate Bill 563

### *Bill Summary*

SB 563 aims to disincentive landlords' from not complying 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. Under 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.

### *Background*

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.

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. SB 563 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.

### *Equity Implications*

As low-income and Black and Brown Marylanders are more likely to be renters, this comprehensive bill will have greater benefits for those groups, allowing them to have additional tenant protections outside of rent relief during this pandemic and beyond.

### *Impact*

Senate Bill 563 will likely **improve racial, gender, and economic equity** in Maryland.