



Bill Title: Senate Bill 504, Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Just Cause Termination Provisions

Committee: Judicial Proceedings

Date: March 7, 2023

Position: Unfavorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose membership consists of owners and managers of more than 207,246 rental housing homes in more than 937 apartment communities. Our members house over 667,000 residents of the State of Maryland throughout the entire State of Maryland. MMHA membership also includes more than 216 associate members that supply goods and services to the multi-housing industry. More information is available at <https://www.mmhaonline.org/>

Senate Bill 504 is enabling legislation authorizing a county to enact provisions that prohibit a landlord from failing to renew a lease during the lease period or seeking to terminate a holdover tenancy without just cause. The local ordinance must require a landlord to provide written notice by first-class mail with a certificate of mailing to a tenant stating the just cause for the nonrenewal of a lease or the termination of a holdover tenancy. Just cause for nonrenewal includes seven specific areas, namely, a substantial breach of the lease after receiving notice to cure and the tenant fails to comply and disorderly conduct that the tenant fails to cease.

Senate Bill 504 provides tenants with a life tenancy in the property. The bill fundamentally changes a lease from a two-party contract - between the landlord and tenant - to a unilateral one. For the first time in Maryland history, this bill establishes a property ownership interest of the tenant in the unit. The concept of a tenant holding over becomes a nullity. This bill gives the tenant a stick out of the owner's proverbial "bundles of property rights" that was neither bargained nor paid for. This is unconstitutional under the State Constitution and legislative action that attempts to do so has been previously deemed as such in Muskin v. SDAT, 422 Md. 544,30 A.3d 962 (2011).

Additionally, the passage of this bill eliminates a property owner's obligation to protect its residents right to the quiet enjoyment of their residence since a landlord would be required to serve a nonrenewal notice on a resident at the end of the lease term. It would require an owner to "show cause" and obtain a court order to terminate a lease and remove an offending tenant from the property.

Senate Bill 504 forces housing providers to obtain enhanced documentation and public records in order to meet the just cause standard. Police and fire departments inconsistently



respond to Public Information Act (PIA) requests and delays in receiving data can take 60 days. Reports are heavily redacted, often denied due to ongoing investigation and can cost as much as \$25.00 for an initial report. As a result, public safety agencies will see an increase in costs and workload due to calls placed by property owners to memorialize the disorderly or criminal behavior and respond to greater demand for public records.

This process also pits neighbor against neighbor. Under Senate Bill 504, owners and managers would have to rely on crucial evidence to evict problem residents including resident testimony. Residents are unlikely to testify in opposition to harassing or even dangerous residents as this would place them in harm's way. As a result, these measures foster an adversarial relationship between rental property owners and their residents as they become frustrated with the inability of property owners to act on their complaints and remove problem residents. When issues arise, community residents are subjected to living on the property without relief while the investigative and judicial process to convict an individual of a crime takes time. The outcome is good residents move out.

Furthermore, enabling local jurisdictions to make their own rules regarding what is "just cause" to end tenancies takes away any uniformity of law. Where landlords have multiple rental properties in multiple jurisdictions leasing terms and policy applications will become a patchwork of ordinances making leasing and renting a nightmare for both landlords and tenants. Lastly, the imposition of "just cause" factors will further clog the courts with landlords seeking to repossess their property.

Finally, there is a fundamental unfairness to just cause eviction. Specifically, when a tenant chooses to give notice and vacate a rental property, there is no requirement to give just cause. Why then should a landlord be required to give a just cause?" This bill legislates an unconstitutional imbalance in the landlord-tenant relationship.

For the foregoing reasons, MMHA respectfully requests an unfavorable report on Senate Bill 504.

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