



**Bill No:** SB 504 – Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Just Cause Termination Provisions

**Committee:** Judicial Proceedings

**Date:** 3/7/2023

**Position:** Unfavorable

The Apartment and Office Building Association of Metropolitan Washington (AOBA) represents members that own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George’s counties.

As drafted, this bill enables local jurisdictions to enact “just cause” provisions that prohibit a housing provider from deciding not to renew a lease or terminate a holdover tenancy without one of seven specific reasons. In practice, “just cause” laws require housing providers to house and renew a tenant’s lease indefinitely unless the provider can prove the existence of one of these “just causes” for non-renewal in Court. AOBA opposes this bill for the following reasons:

- **It will be more challenging to remove nuisance tenants** – This bill would make it significantly more difficult to remove a nuisance tenant by requiring a housing provider to prove in Court one of seven listed reasons considered “just cause” for not renewing a lease. Good residents expect their respective housing providers to provide them the quiet enjoyment of their premises – not to be dragged into Court to testify against a problematic neighbor. Neighboring residents will not testify in most cases for fear of retribution from the problem tenant. However, if the housing provider cannot document and prove the offending behavior, it prevents the nuisance resident from being removed indefinitely, and the good tenants will suffer, then leave.
- **Alters the two-party contract between the housing provider and resident**— SB 504 nullifies the contractual agreement by allowing a resident to end their lease at any time and forcing a housing provider to lease their unit to a resident unless the resident violates any of the just cause provisions outlined in the bill. This bill will foster an adversarial relationship between housing providers and residents as providers must evidence to successfully evict problematic residents.
- **Litigation will increase** – Under this bill, all lease violations must be documented as if the issue will go to Court. Ultimately, housing providers would be forced to create files for every problem tenant with the expectation that the case may be headed to Court to prove that “just cause” existed for not renewing a lease. This inherently raises the cost of owning and managing rental property. Rental property owners desire to keep tenants and only choose to

remove them when necessary. Turnover is expensive and hurts housing providers in terms of lost rent, advertising, and the cost of preparing the apartment for leasing to a new resident. There is no economic incentive for housing providers to enter a judgment against a resident except as a last resort when the lease has been breached, specifically in cases dealing with failure to pay rent or threatening the safety of others in the community.

This bill: (1) is unfair to property owners;(2) negates the lease agreement between a housing provider and resident; and (3) will make apartment communities less safe.

**For these reasons, AOBA urges an unfavorable report on SB 504.**

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