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HB 1117 - Landlord and Tenant – Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act)

Hearing of the House Environment & Transportation Committee, Feb. 27, 2024

Position: SUPPORT (FAV)

Public Justice Center (PJC) is a nonprofit public interest law firm that assists over 800 renters and their families each year. As part of Renters United Maryland, we stand with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing. We support HB 1117, the Tenant Safety Act, to help tenants hold landlords accountable for refusing to fix severe conditions of disrepair that threaten their life, health, or safety.

We have represented tenants in countless rent escrow proceedings over the last 20 years, and too often we have seen that the system is broken: Some bad actors know that they can refuse to make repairs and get away with it. The Court lets cases drag on for months with no repairs because a bad actor landlord does not have a sufficient financial incentive to make costly repairs. The Court rarely abates or reduces the rent. Landlords never have to pay attorney's fees. Tenants cannot join together with their neighbors to reinforce each other's case. Often tenants don't make it past the first hearing because the Court requires them to pay every cent of back-rent the landlord claims is due to even have their case heard. **In no other type of case in the country is a debtor required to put into escrow every cent the creditor claims is due to even have their defense to those amounts heard.**

This was not the intent of the rent escrow law, but because of the structural imbalance of power at court, this is how it plays out. In Maryland today there are many more renting families suffering with uninhabitable living conditions than the number who file a court complaint seeking "rent escrow" – where the rent is placed into escrow with the court until repairs are made. Some tenants do not file a rent escrow complaint by themselves out of fear of landlord retaliation or because they have no legal counsel to guide them through the process. Some do not have all of the rent that the landlord claims is past-due. Others have no confidence that the court will provide them any relief or require the landlords to make repairs.

Tenants are not wrong in these assessments. A [2016 investigative report by the Baltimore Sun found that the rent escrow system is broken](#): Even when renting families do overcome the initial obstacles to filing for rent escrow, **the Court reduces the rent and provides immediate relief to renters in only 6% of cases.**

As a result, Maryland is on pace to see only 1,959 "rent escrow" complaints filed by tenants

against landlords in 2023, yet there are over 66,500 severely or moderately inadequate rental housing units in Maryland.¹ Over 15% of Maryland residents live with “Severe Housing Problems” defined as having one or more of the following problems: lack of complete kitchen facilities, lack of plumbing facilities, overcrowding or severely cost-burdened occupants.² **Many landlords are not being held accountable for repairing major conditions of disrepair that impact not only renting families but entire communities that suffer from the resulting blight.**

The Tenant Safety Act will do 5 things to make rent escrow work and hold landlords accountable:

1. **Join Similar Rent Escrow Cases Together.** Make it easier for tenants with the same repair issues and same landlord to join in a single rent escrow case under the Court’s existing rules on “joinder.” There is strength in numbers when neighbors can work together to hold their landlord accountable.
2. **Reset Expectations.** If a landlord refuses to make repairs, then normally a tenant should pay into escrow a reduced rent (by 50% in most cases) going forward until repairs are made. This will help tenants who do not have the full amount that the landlord claims is past-due to still hold the landlord accountable. This will also incentivize landlords to quickly make repairs to avoid losing rent. At the end of the case, the Court will decide how much is due to each party.
3. **Warranty of Habitability.** For claims of past-due rent, clarify that tenants should *not* have to pay the *full* amount of rent if the landlord refused to make repairs by codifying the “warranty of habitability” that already exists in Maryland law.
4. **Mold.** Clarify that when a tenant can show that mold is a severe threat to life, health, or safety, the tenant should be able to file for rent escrow.
5. **Level the Playing Field with Attorney’s Fees.** Allow a tenant to recover attorney’s fees and costs if they win the case. Most landlords already have a lease provision for attorney’s fees if they win. With this addition to rent escrow law, more attorneys will take rent escrow cases for tenants and help level the playing field.

Public Justice Center is a member of the Renters United Maryland coalition and asks that the Committee **issue a report of FAVORABLE on HB 1117.**

¹ U.S. Census Bureau, American Housing Survey for the United States: 2021, Table Creator (Select area: Maryland, Select a table: Housing Quality); Judiciary statistics, <https://mdcourts.gov/district/about#stats>.

² https://www.americashealthrankings.org/explore/measures/severe_housing_problems/MD