

Local Governments Should Have the Authority to Pass Protections for Renters

Position Statement Supporting House Bill 477

Given before the Senate Judicial Proceedings Committee

People should not be forced out of their homes through no fault of their own, but Maryland law currently allows landlords to evict tenants or not renew a lease without providing a basic reason. **The Maryland Center on Economic Policy supports House Bill 477 because we feel that housing is a basic human right and landlords should be allowed to unjustly elect to not renew a tenant lease.**

HB 477 is enabling legislation that would give authority to Maryland counties to establish “just cause” or “good cause” limitations on lease non-renewals. That means local policymakers would be able to determine the kind of “just cause” policy that their locality needs, whether by type of building, for certain populations, or under certain circumstances such as a state of emergency. The bill has been significantly amended in the House to define and expand the list of what constitutes a “good cause” and to exempt owners of five or fewer units.

We also urge you to support sponsor amendments that would close the corporate landlord loophole – allowing corporate landlords to claim that they are exempt small landlords when they are not (p. 3, line 31) – and better define “habitual failure to pay rent” by the number of rent judgments that the tenant has rather than the ambiguous statement in the current bill (p.5, line 5).

Maryland is currently a “no cause” state – that is, a landlord can decide not to renew a lease without any stated cause. This means that working families and their children face the constant threat of displacement, even when they follow all the rules. They are under constant pressure to stay quiet and accept declining conditions, arbitrary policies, and increasing rents just to stay in their communities and keep their children in their local school. Or, they can speak up – on their own or as a group – and face a likely “non-renewal” at the end of their lease and displacement from their community.

Without this enabling bill, counties are preempted from enacting legal protections for Maryland families who face increasingly unstable housing and fears of retaliation and displacement. Giving local policymakers this authority will align the state with best practices from around the country and seek to put limits on “no cause” decisions by landlords. Without HB 477, local efforts are stymied by legal concerns around preemption. Based on available research, Maryland is one of only six states in the country that preempts localities from enacting just cause eviction policies. Other states at least allow localities to pass their own just cause eviction laws.

Maryland has seen a spike in the number of no-cause, evictions known as “tenant holding over” evictions– a 117% increase in average tenant holding over complaint filings each month since 2020. This mirrors a national trend in which “[n]early half of U.S. renter households reported experiencing

significant pressure to move during the previous six months.”ⁱ In addition to increasing rents and fewer market options, Maryland families face the specter of non-renewal and displacement now more than ever.

"Just cause" addresses this uncertainty by providing that a landlord must disclose the reason for choosing not to renew. HB 477 provides a list of options for what "just cause," as adopted by a county, may include, such as substantial lease violations, illegal activities, removal of the property from the market, or personal use of the property by the owner. Requiring landlords to disclose the reason for a lease non-renewal helps ensure that no eviction takes place under a cover that can hide discriminatory intent. HB 477's list reflects the policies other U.S. jurisdictions that have enacted. To be clear, this is a list that localities are free to adopt or change to meet local housing needs.

- Since 2008, just cause eviction legislation has been introduced eight times – including multiple statewide bills, as well as bills specific to Prince George’s County and Montgomery County. During the COVID-19 state of emergency, Howard County unsuccessfully attempted to prohibit lease non-renewals while Baltimore City passed a short-term provision to require just cause for lease non-renewals until 6 months after the state of emergency’s end. These efforts demonstrate a sustained desire in Maryland localities for just cause policies.
- Other states and jurisdictions have longstanding just cause policies, including Washington, D.C. (since 1985), Philadelphia (since 2018), and New Jersey (since 1974). Evidence from other areas demonstrates that the policy has significant benefits for families and does not impede development. A 2019 Princeton/Eviction Lab study looking at four California localities found that "just cause eviction ordinances have a significant and noticeable effect on eviction and eviction filing rates. Given the budget limitations of many states and municipalities to fund other solutions to the eviction crisis, passage of just cause eviction ordinances appears to be a relatively low-cost, effective policy solutionⁱⁱ.

HB 477 recognizes that local governments want to assist renting families with stable housing so that they are able contribute long-term to the workforce and the local economy. Requiring that a landlord state a legitimate reason for an eviction through lease non-renewal eviction boosts the stability of families, neighborhoods, and communities. HB 477 ensures local governments can pass enforceable laws whereby no one is arbitrarily deprived of their housing. For these reasons, **the Maryland Center on Economic Policy respectfully requests the Judicial Proceedings Committee to make a favorable report on House Bill 477.**

Equity Impact Analysis: House Bill 477

Bill Summary

HB 477 is enabling legislation that would give clear legislating power to Maryland counties to establish “just cause” or “good cause” limitations on lease non-renewals. This bill expressly allows local policymakers to determine the kind of “just cause” policy their locality needs within the standards set out in the bill. The bill was significantly amended in the House to define and expand the list of what constitutes a “good cause” and to exempt owners of five or fewer units.

Background

When it comes to lease non-renewals, Maryland is currently a "no cause" state – that is, a landlord can decide to non-renew without any stated cause. This means that working people and their children face the constant threat of

displacement, even when they follow all the rules. They are under constant pressure to accept declining conditions and increasing rents just to stay in their communities.

HB 477 enables Maryland counties to pass local "just cause" laws that limit lease non-renewals. "Just cause" means that a landlord may choose not to renew an expiring lease only if there is an acceptable basis for that decision. HB 477 defines "just cause," including an inclusive but non-exhaustive list of acceptable bases – such as substantial lease violations, illegal activities, removal of the property from the market, or personal use of the property by the owner. HB 477's list reflects the policies other U.S. jurisdictions that have enacted just cause policy.

Equity Implications

Maryland has seen a spike in the number of no-cause, evictions known as "tenant holding over" evictions– a 117% increase in average Tenant Holding Over complaint filings each month since 2020. This mirrors a national trend in which "[n]early half of U.S. renter households reported experiencing significant pressure to move during the previous 6 months."ⁱⁱⁱ In addition to increasing rents and fewer market options, Maryland families face the specter of non-renewal and displacement now more than ever.

Since 2008, just cause eviction legislation has been introduced in eight times – including multiple statewide bills, as well as bills specific to Prince George's County and Montgomery County. During the COVID-19 state of emergency, Howard County unsuccessfully attempted to prohibit lease non-renewals while Baltimore City passed a short-term provision to require just cause for lease non-renewals until six months after the state of emergency's end. These efforts demonstrate a sustained desire in Maryland localities for just cause policies. People of color and single households are more likely to be renters in Maryland, thus any legislation that improves a renter's situation will benefit them.

Impact

House Bill 477 will likely **improve racial, gender, and economic equity** in Maryland.

ⁱ HUD Office of Policy Development and Research, "Pressure to Move and Forced Moves Among U.S. Renter Households: Findings From New Questions in the Household Pulse Survey" (Sept. 19, 2023) (based on June-Aug. 2023 data).

ⁱⁱ Princeton University Effects of Just Cause Eviction Ordinances on Eviction in Four California Cities. <https://jpia.princeton.edu/news/effect-just-cause-eviction-ordinances-eviction-four-california-cities>

ⁱⁱⁱ HUD Office of Policy Development and Research, "Pressure to Move and Forced Moves Among U.S. Renter Households: Findings From New Questions in the Household Pulse Survey" (Sept. 19, 2023) (based on June-Aug. 2023 data).