HB1117.pdf Uploaded by: Alicia Pereschuk Position: FAV

Dear Members of the Judicial Proceedings Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County, in partnership with <u>Renter's United Maryland</u> and <u>CASA de Maryland</u>. I am a resident of **District 43. I am testifying in support of the Tenant Safety Act of 2024, HB1117**.

This bill enables tenants to take legal action and pursue remedy in court when landlords do not fix life-threatening conditions. It has been edited in the House and so is different than the version previously review. The current HB1117:



Showing Up for Racial Justice

- removed the provision adding mold as a condition rendering housing unfit for habitation
 - made some other substantive edits that satisfied the objections of the Maryland Judiciary

The bill would enable a group of tenants with the same landlord, facing issues in the same property, to join a single rent escrow action together, much as a similar law currently does in New York City¹. Under this law, tenants could make use of the rent escrow process without each having to create a separate filing, ensuring tenants who may be behind on rent are still able to demand remedies from their landlords to potentially life-threatening conditions. It would also provide for attorney's fees and damages in these group actions to allow groups of tenants to enlist the assistance of counsel in organizing a case.

At present in Maryland, a group of tenants experiencing the same substandard living conditions from the same landlord each have to file an action individually, and they frequently do not have the benefit of representation as it can be challenging to afford counsel. Even when tenants are able to file, as has been the case in Baltimore for decades, only 6% of cases in rent court result in reduced rent, according to a Baltimore Sun review of over 5,500 cases from 2010 to $2016^2 - a$ troublingly low rate. The bill also lists mold as a dangerous condition.

Maryland was ranked 32nd among the 50 states for severe housing problems in a recent analysis of US Housing & Urban Development data from 2016-2020³. Our state should be leading the nation at providing safe and affordable housing. Instead, we have too many properties bearing significant issues like severe cost burden or insufficient kitchen and plumbing facilities.

This legislation addresses two growing concerns among Marylanders: first, their need for safer housing conditions, and second, the need to lower the barrier of entry to courts to address poor housing conditions. Remarkably, this bill addresses both concerns *while increasing court efficiency*. Since conditions issues cases can be compiled across a particular property owned by a particular landlord into a single proceeding, the courts are saved the administrative burden of duplicative cases.

It is for these reasons that I am encouraging you to vote in support of HB1117, the Tenant Safety Act of 2024. Thank you for your time, service, and consideration.

Sincerely,

¹ <u>https://www.nysenate.gov/legislation/laws/RPP/230</u>

² https://data.baltimoresun.com/news/dismissed/

³ <u>https://www.americashealthrankings.org/explore/annual/measure/severe_housing_problems/state/MD</u>

Alicia Pereschuk 321 W 28th St Baltimore MD 21211 Showing Up for Racial Justice Baltimore

HB1117_FAV_Anna Levy _JPR_04-02-2024.pdf Uploaded by: Anna Levy

April 2 2024 Anna T. Levy Rockville, MD 20852



TESTIMONY ON HB1117 POSITION: FAVORABLE Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024)

TO: Chair Smith, Vice Chair Waldstreicher, and members of the Judicial Proceedings Committee

FROM: Anna T. Levy, on behalf of Jews United for Justice (JUFJ)

My name is Anna T. Levy and I am a resident of District 16 in North Bethesda. On behalf of Jews United for Justice (JUFJ), I am submitting this testimony in support of HB1117, the Tenant Safety Act. JUFJ organizes 6,000 Jews and allies from across the state in support of social, racial, and economic justice campaigns.

Jewish sacred texts recognize that people having safe, stable housing is key to a healthy society. Access to safe and stable housing has far-reaching economic, health, and social benefits for individuals, families, and communities, and is key to reducing racial inequities.

I feel very fortunate to live in housing that is safe and well-maintained. But, I am aware that too many Maryland renters live in unconscionably unsafe conditions, with inoperable plumbing, heating or air conditioning; leaks that cause life-threatening mold; and infestations of pests such as rodents and roaches. Most often these tenants are Black and brown families that include children and vulnerable adults who are most at risk for negative health effects – such as asthma – from exposure to these dangerous conditions. And although landlords are required to maintain safe properties, some are not willing to do the necessary repairs, putting tenants and communities at risk.

Current state law creates unnecessary barriers for renters who seek justice from landlords who refuse to make repairs. Currently, under Maryland state law, a tenant can escrow rent to file a case about unsafe conditions. However, many of those most affected lack the financial means to escrow rent, are therefore not able to pursue legal remedy, and likely wouldn't be able to afford legal counsel depending on the case even if they could successfully file one. They do not have the option of filing as a group, either, since groups of tenants facing the same substandard living conditions must file actions individually, and cannot file a collective rent escrow case.

The Tenant Safety Act would remedy these barriers by addressing two growing concerns of Maryland renters: (1) the need for safer housing conditions, and (2) the need to lower the barriers to courts to address poor housing conditions. The bill would also increase court efficiency by compiling conditions related to a property owned by a particular landlord into a single proceeding and provide for attorney's fees so that tenant groups can obtain counsel to manage their collective cases.

The Tenant Safety Act would empower tenants to jointly seek legal justice for substandard living conditions and hold their landlords accountable when there is no intention to remedy the situation. The Tenant Safety Act is good for the safety and well-being of Marylanders, providing them with the resources they need to live in a safe place.

As amended, this legislation has addressed concerns from opponents and would go a long way in giving renters much needed resources to address harmful living conditions. **On behalf of Jews United for Justice, I respectfully urge this committee to return a favorable report on HB1117, The Tenant Safety Act.**

HB1117_ArielleJuberg_Fav_4.1.24.pdf Uploaded by: Arielle Juberg

Dear Members of the Judicial Proceedings Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County, in partnership with Renter's United Maryland and CASA de Maryland. I am a resident of District 8. I am testifying in support of the Tenant Safety Act of 2024, HB1117.

As a former renter, I want my neighborhood to have safe and affordable housing. While renting, I had my share of problems, such as inadequate insulation and a rodent infestation, but many



Showing Up for Racial Justice

Marylanders are dealing with dangerous conditions. Maryland ranked 32nd among the 50 states for severe housing problems in a recent analysis of US Housing & Urban Development data from 2015-2019¹. Our state should be leading the nation in providing safe and affordable housing. Instead, we have too many properties bearing significant issues like severe cost burden or insufficient kitchen and plumbing facilities.

At present in Maryland, a group of tenants experiencing the same substandard living conditions from the same landlord each have to file an action individually, and they frequently do not have the benefit of representation, as it can be challenging to afford counsel. Even when tenants are able to file, as has been the case in Baltimore for decades, only 6% of cases in rent court result in reduced rent, according to a Baltimore Sun review of over 5,500 cases from 2010 to 2016² – a troublingly low rate. Please note that HB1117 was edited in the House, which satisfied the objections of the Maryland Judiciary, who originally opposed the bill.

This legislation addresses two growing concerns among Marylanders: first, their need for safer housing conditions, and second, the need to lower the barrier of entry to courts to address poor housing conditions. Remarkably, this bill addresses both concerns *while increasing court efficiency*. Since conditions issues cases can be compiled across a particular property owned by a particular landlord into a single proceeding, the courts are saved the administrative burden of duplicative cases.

It is for these reasons that I am encouraging you to vote in support of HB1117, the Tenant Safety Act of 2024. Thank you for your time, service, and consideration.

Sincerely,

Arielle Juberg 3411 Upton Road Baltimore, MD 21234 Showing Up for Racial Justice Baltimore

¹ <u>https://www.americashealthrankings.org/explore/annual/measure/severe_housing_problems/state/MD</u>

² <u>https://data.baltimoresun.com/news/dismissed/</u>

HB1117_Tenant_Safety_Act_of_2024_MLC_FAV.pdf Uploaded by: Cecilia Plante



TESTIMONY FOR HB1117

Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024)

Bill Sponsor: Delegate Stewart Committee: Judicial Proceedings Organization Submitting: Maryland Legislative Coalition Person Submitting: Aileen Alex, co-chair Position: FAVORABLE

I am submitting this testimony in favor of HB1117 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

Currently, the "rent escrow" process is inadequate in ensuring remedies for a landlord's failure to repair serious and dangerous defects that impact the health and safety of tenants. Tenants living in multi-unit complexes facing similar threats to health and safety should have the ability to join collectively as plaintiffs to hold their landlord accountable. Meaningful sanctions need to be imposed upon those who allow dangerous conditions and defects to exist in leased premises, along with an effective mechanism be established for repairing these conditions and halting their creation.

No one should be forced to live in a dangerous environment while paying for the privilege to do so. This bill provides a remedy for this issue by allowing a group of tenants, or tenant organization, or a single tenant to request injunctive relief or an action for money damages and attorney fees if the landlord refuses to make repairs or correct the problem in a reasonable period of time after being notified.

This legislation does not imply that any and all issues that a tenant has should be covered, only conditions and defects which constitute, or if not promptly corrected will constitute, a fire hazard or a serious and substantial threat to the life, health, or safety of occupants, to include mold. This is more than fair to the landlord and supports the many tenants in Maryland who deserve to live in a building that is not dangerous to their health or their person.

We support this bill and recommend a FAVORABLE report in committee.

HB1117 - Tenant Safety Act CLBell.pdf Uploaded by: Christina Nemphos

Dear Members of the Judicial Proceedings Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County, in partnership with <u>Renter's United Maryland</u> and <u>CASA de Maryland</u>. I am a resident of Maryland District 40 and live in the Medifield neighborhood of Baltimore. I am testifying in support of the Tenant Safety Act of 2024, HB1117.



Showing Up for Racial Justice

This bill enables tenants to take legal action and pursue remedy in court when landlords do not fix life-threatening conditions. Furthermore, the bill

would enable a group of tenants with the same landlord, facing issues in the same property, to join a single rent escrow action together, much as a similar law currently does in New York City¹. Under this law, tenants could make use of the rent escrow process without each having to create a separate filing, ensuring tenants who may be behind on rent are still able to demand remedies from their landlords to potentially life-threatening conditions. It would also provide for attorney's fees and damages in these group actions to allow groups of tenants to enlist the assistance of counsel in organizing a case. Important to note is that this bill has been amended by the House to exempt landlords who have less than six rental units, and creates a firm state definition of what good cause for lease non-renewal is, as opposed to letting each jurisdiction define what is good cause and what isn't.

At present in Maryland, a group of tenants experiencing the same substandard living conditions from the same landlord each have to file an action individually, and they frequently do not have the benefit of representation as it can be challenging to afford counsel. Even when tenants are able to file, as has been the case in Baltimore for decades, only 6% of cases in rent court result in reduced rent, according to a Baltimore Sun review of over 5,500 cases from 2010 to 2016² – a troublingly low rate.

Maryland was ranked 32nd among the 50 states for severe housing problems in a recent analysis of US Housing & Urban Development data from 2015-2019³. Our state should be leading the nation at providing safe and affordable housing. Instead, we have too many properties bearing significant issues like severe cost burden or insufficient kitchen and plumbing facilities.

This legislation addresses two growing concerns among Marylanders: first, their need for safer housing conditions, and second, the need to lower the barrier of entry to courts to address poor housing conditions. Remarkably, this bill addresses both concerns *while increasing court efficiency*. Since conditions issues cases can be compiled across a particular property owned by a particular landlord into a single proceeding, the courts are saved the administrative burden of duplicative cases.

This bill helps to level the playing field to ensure that all tenants are able to take action to protect their families against substandard or dangerous living conditions.

It is for these reasons that I am encouraging you to vote in support of HB1117, the Tenant Safety Act of 2024. Thank you for your time, service, and consideration.

Sincerely, Christina L Bell 1301 W 42nd Street Baltimore, Md 21211 Showing Up for Racial Justice Baltimore

¹ <u>https://www.nysenate.gov/legislation/laws/RPP/230</u>

² <u>https://data.baltimoresun.com/news/dismissed/</u>

³ https://www.americashealthrankings.org/explore/annual/measure/severe_housing_problems/state/MD

HB1117 - Tenant Safety Act - in the Senate.pdf Uploaded by: Daryl Yoder

Dear Members of the Judicial Proceedings Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County, in partnership with <u>Renter's United Maryland</u> and <u>CASA de Maryland</u>. I am a resident of District 44A and have been both a landlord and a renter in Baltimore County. I am testifying in support of the Tenant Safety Act of 2024, HB1117.



Showing Up for Racial Justice

This bill enables tenants to take legal action and pursue remedy in court when landlords do not fix life-threatening conditions.

Furthermore, the bill would enable a group of tenants with the same landlord, facing issues in the same property, to join a single rent escrow action together, much as a similar law currently does in New York City¹. Under this law, tenants could make use of the rent escrow process without each having to create a separate filing, ensuring tenants who may be behind on rent are still able to demand remedies from their landlords to potentially life-threatening conditions. It would also provide for attorney's fees and damages in these group actions to allow groups of tenants to enlist the assistance of counsel in organizing a case.

At present in Maryland, a group of tenants experiencing the same substandard living conditions from the same landlord each have to file an action individually, and they frequently do not have the benefit of representation as it can be challenging to afford counsel. Even when tenants are able to file, as has been the case in Baltimore for decades, only 6% of cases in rent court result in reduced rent, according to a Baltimore Sun review of over 5,500 cases from 2010 to $2016^2 - a$ troublingly low rate. The bill also lists mold as a dangerous condition.

Maryland was ranked 32nd among the 50 states for severe housing problems in a recent analysis of US Housing & Urban Development data from 2016-2020³. Our state should be leading the nation at providing safe and affordable housing. Instead, we have too many properties bearing significant issues like severe cost burden or insufficient kitchen and plumbing facilities.

This legislation addresses two growing concerns among Marylanders: first, their need for safer housing conditions, and second, the need to lower the barrier of entry to courts to address poor housing conditions. Remarkably, this bill addresses both concerns *while increasing court efficiency*. Since conditions issues cases can be compiled across a particular property owned by a particular landlord into a single proceeding, the courts are saved the administrative burden of duplicative cases.

It is for these reasons that I am encouraging you to vote **in support of HB1117, the Tenant Safety Act of 2024**. Thank you for your time, service, and consideration.

Sincerely, Daryl Yoder 309 Glenmore Ave. Catonsville, MD 21228 Showing Up for Racial Justice Baltimore

¹ https://www.nysenate.gov/legislation/laws/RPP/230

² <u>https://data.baltimoresun.com/news/dismissed/</u>

³ https://www.americashealthrankings.org/explore/annual/measure/severe_housing_problems/state/MD_

HB1117_DavidFriedman_FAV.pdf Uploaded by: David Friedman

April 2, 2024 David M. Friedman Silver Spring, MD 20905

TESTIMONY ON HBIII7 - POSITION: FAVORABLE

Landlord and Tenant - Failure to Repair Serious And Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024)

TO: Chair Smith, Vice Chair Waldstreicher, and members of the Judicial Proceedings Committee

FROM: David M. Friedman

My name is David Friedman. I am a resident of District 14 in Colesville/ Cloverly. I am submitting this testimony in support of HBIII7, Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024).

I am an active member of Oseh Shalom, a Jewish Reconstructionist congregation located in Laurel, MD. Jewish tradition emphasizes that every person, regardless of race or income, should have a safe and stable home. As a long-time homeowner, I also appreciate the importance of housing stability and am concerned about the challenges that many renters face in Maryland's dynamic housing market. I am particularly concerned that current "rent escrow" law in Maryland is broken and does not hold landlords sufficiently accountable for failing to repair threats to life, health, or safety. In 2023, Maryland was on pace to see only 1,959 "rent escrow" complaints, yet there were over 66,500 severely or moderately inadequate rental housing units in our State.

The Tenant Safety Act (HBIII7) - crossfiled with SB496 by Senator Kelly- will make the "rent escrow" process more accessible to renters and especially groups of renters who want to hold their landlord accountable for severe conditions of disrepair that threaten life, health or safety. Negligent landlords who fail to make repairs will face significant penalties. HBIII7 will also level the playing field in regard to attorney's fees by allowing a tenant to recover fees and costs if they win the "rent escrow" case, a feature that landlords already get through their leases. Significantly, as amended in the House, this legislation now addresses concerns from opponents and would go a long distance toward providing Maryland's renters much needed resources to address harmful living conditions.

I respectfully urge the Senate Judicial Proceedings Committee to return a favorable report on HBIII7, Tenant Safety Act of 2024.

DRM HB 1117 Tenant Safety Act Testimony - FAV - JP Uploaded by: E.V. Yost



1500 Union Ave., Suite 2000, Baltimore, MD 21211 Phone: 410-727-6352 | Fax: 410-727-6389 www.DisabilityRightsMD.org

HB 1117 - Landlord and Tenant – Failure to Repair Serious and Dangerous Defects -

Tenant Remedies (Tenant Safety Act)

Hearing of the Senate Judicial Proceedings Committee, April 2, 2024

Position: SUPPORT (FAV)

Disability Rights Maryland (DRM) is the federally-appointed Protection & Advocacy agency¹ in Maryland mandated to advance the civil rights of people with disabilities. One of DRM's goals is to end the unnecessary segregation and institutionalization of Marylanders with disabilities. To achieve this goal, DRM's Housing Unit works to expand opportunities for Marylanders with disabilities to be part of their communities and to live in affordable and accessible housing.

DRM supports HB 1117, the Tenant Safety Act, because it would reduce barriers for disabled tenants living in dangerous conditions in accessing the rent escrow process and enforcing their rights as renters to safe, habitable homes. Persons with disabilities are disproportionately forced into substandard housing² because of lower-incomes and their exclusion from the labor market.³ Consequently, many of our clients reside in older housing with significant capital needs. By authorizing groups of tenants to file escrow jointly, this bill would uniquely impact renters with disabilities, decreasing barriers that often otherwise prevent them from enforcing their rights as renters on their own.

HB 1117 would help tenants hold landlords accountable for refusing to fix severe conditions of disrepair that threaten their life, health, or safety. This bill was significantly amended in the House to address concerns from the Maryland Judiciary and the landlord industry, including allowing the court to separate joined cases to avoid delay, removing mold, separating the warrant of habitability from the rent escrow section, and providing landlords with an opportunity to seek a postponement if requested. We urge you to move favorable!

First, allowing tenants with the same landlord and unaddressed conditions issues to "join" escrow cases filed by their neighbors would render the rent escrow process more physically accessible for renters with disabilities. Countless DRM callers have been unable to seek legal remedies for the uninhabitable conditions in which they are living due to the inaccessibility of

¹ For more information on Protection & Advocacy agencies, see NATIONAL DISABILITY RIGHTS NETWORK, <u>https://www.ndrn.org/</u> (last visited June 18, 2021).

² There is no jurisdiction in Maryland in which a person with a disability receiving SSI benefits can rent a one bedroom unit. TECHNICAL ASSISTANCE COLLABORATIVE, PRICED OUT: THE HOUSING CRISIS FOR PEOPLE WITH DISABILITIES (2021), <u>http://www.tacinc.org/knowledge-resources/priced-out-v2/</u>. Maximum SSI payments increased to \$794/month in 2021.

³ About 4.1 million people with disabilities nationwide pay more than half of their income on rent. CENTER ON BUDGET AND POLICY PRIORITIES, UNITED STATES FEDERAL RENTAL ASSISTANCE FACT SHEET (2021), https://www.cbpp.org/sites/default/files/atoms/files/12-10-19hous-factsheet-us.pdf.

filing and bringing an escrow claim based on the nature of their disabilities – whether mobility impairments, mental health, or intellectual or developmental disabilities that make being physically present in court difficult if not impossible for them. By permitting joinder when appropriate, HB 1117 would also incentivize landlords to make repairs for low-income renters who receive rental subsidies and pay only a minimal portion of rent, if any. Without the "hook" or incentive of losing market rate rent for multiple months of escrow proceedings, landlords are less motivated to make timely repairs and address conditions impacting the life, health, and safety of renters, particularly when the repairs required are significant and costly. When able to join complaints with neighbors who pay market-rate rent, low-income tenants who themselves pay reduced or no rent would benefit from the financial incentives the escrow proceess relies on.

Finally, by leveling the playing field and permitting the recovery of attorney's fees, HB 1117 would render the rent escrow process more accessible for tenants with disabilities who are low-income and unable to work, like many of DRM's clients, or for whom representing themselves in an escrow proceeding would pose an undue barrier. This change would incentivize attorneys to take on escrow cases of low-income tenants with strong cases, who otherwise might not be able to afford or access legal recourse.

Disability Rights Maryland is a member of the Renters United Maryland coalition and asks that the Committee **issue a report of FAVORABLE on HB 1117.** If you have any questions, please contact: E.V. Yost, evy@DisabilityRightsMD.org.

Cross-over HB1117 - Tenant Safety Act.pdf Uploaded by: Erica Palmisano

Dear Members of the Judicial Proceedings Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County, in partnership with <u>Renter's United Maryland</u> and <u>CASA de Maryland</u>. I am a resident of District 12 and I am a small private landlord. I am testifying in support of the Tenant Safety Act of 2024, HB1117.



This bill enables tenants to take legal action when landlords do not fix life-threatening conditions. Furthermore, it would enable a group of tenants with the same landlord, facing issues in the same property, to

Showing Up for Racial Justice

join a single rent escrow action together, much as a similar law currently does in New York City¹. Under this law, tenants could make use of the rent escrow process without each having to create a separate filing, ensuring tenants who may be behind on rent are still able to demand remedies from their landlords to potentially life-threatening conditions. It would also provide for attorney's fees and damages in these group actions to allow groups of tenants to enlist the assistance of counsel in organizing a case.

At present in Maryland, a group of tenants experiencing the same substandard living conditions from the same landlord each have to file an action individually. They frequently do not have the benefit of representation as affording counsel is difficult. Even when tenants are able to file, as has been the case in Baltimore for decades, only 6% of cases in rent court result in reduced rent, according to a Baltimore Sun review of over 5,500 cases from 2010 to 2016² – a troublingly low rate. This legislation addresses two growing concerns among Marylanders: first, their need for safer housing conditions, and second, the need to lower the barrier of entry to courts to address such conditions. Remarkably, this bill addresses both concerns *while increasing court efficiency*.

Maryland was ranked 32nd among the 50 states for severe housing problems in a recent analysis of US Housing & Urban Development data from 2016-2020³. Our state should be leading the nation at providing safe and affordable housing. Instead, we have too many properties bearing significant issues like severe cost burden or insufficient kitchen and plumbing facilities.

Right now, bad actors in the field of property management profit from their inattention or blatant disregard for the law and for tenant safety. Their competitive advantage arises from the legal and moral qualms of good-faith landlords and their tenants' functional powerlessness to hold them accountable. Removing this competitive advantage doesn't hurt but benefits landlords like me who operate legally and ethically.

This bill doesn't create an inspection burden. It addresses how tenants hold their landlords accountable. Fellow landlords may worry about nuisance suits, but I see a much likelier outcome: a more level field where we're not competing with landlords defying the law and where tenants know they can expect redress from landlords who don't respect their safety.

It is for these reasons that I am encouraging you to vote in support of HB1117, the Tenant Safety Act of 2024. Thank you for your time, service, and consideration.

Sincerely, Erica Palmisano 5580 Vantage Point Rd, Apt 5, Columbia, MD Showing Up for Racial Justice Baltimore

¹ <u>https://www.nysenate.gov/legislation/laws/RPP/230</u>

² https://data.baltimoresun.com/news/dismissed/

³ https://www.americashealthrankings.org/explore/annual/measure/severe_housing_problems/state/MD

MD Catholic Conference_HB 1117_FAV SENATE CROSS.pd Uploaded by: Garrett O'Day



April 2, 2024

HB 1117 Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024)

Senate Judicial Proceedings Committee

Position: FAVORABLE

The Maryland Catholic Conference offers this testimony in support of House Bill 1117. The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

House Bill 1117 requires landlords to warrant that their rental units are fit for human habitation. It obligates landlords to repair and eliminate conditions and defects which constitute a fire hazard or a serious and substantial threat to the life, health, or safety of occupants, including but not limited to dangerous mold. If a landlord refuses to remedy these situations, this legislation allows tenants to hold rent in escrow. they may do so individually or in a class of renters. Landlords who fail to make repairs will face significant financial penalties. This bill passed the house in 2023 and has been revised to address concerns raised in the senate.

House Bill 1117 is a very reasonable measure to ensure protection against inhabitable living conditions. Catholic teaching supports the right to private property but recognizes that communities and government have an obligation to ensure that housing needs of all or met, especially the poor and vulnerable members of our communities. Access to safe and affordable housing is a fundamental human right and this legislation represents a positive step toward achieving this goal.

The Conference appreciates your consideration and, for these reasons urges a favorable report on House Bill 1117.

HB 1117 - SUPP - JPR- Tenant Safety Act of 2024 -Uploaded by: Henry Bogdan



April 2, 2024

<u>Testimony on House Bill 1117</u> Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024) Senate Judicial Proceedings Committee

Position: Favorable

Maryland Nonprofits is a statewide association of more than 2000 nonprofit organizations and institutions across our State. The nonprofit community serves various needs of Maryland families suffering economic and social hardships. Bad housing conditions and housing instability is a major challenge for them, and threatens their families health and safety.

House Bill 1117, as passed by the House of Delegates, establishes a state-wide 'warranty of habitability' on residential leases and provides for its enforcement. The legislation:

- establishes that a landlord that offers a dwelling unit for rent is deemed to warrant the dwelling "fit for human habitation";
- establishes remedies if a landlord breaches the warranty of habitability; and
- establishes additional remedies if a landlord fails to repair serious and dangerous defects, as required under existing statute.

Remedies created by the bill include authorizing multiple tenants to join as plaintiffs in actions based on a breach of the warranty of habitability or the failure of a landlord to repair serious and dangerous defects.

Maryland's 96,000-unit housing shortage is limiting tenant mobility and contributing to the problem of unsafe living conditions. Aging housing stock across the state – nearly 60% of Maryland's homes were built prior to 1980 – means tenants often face issues such as inadequate heat and plumbing, and rodent infestation. These conditions can lead to injuries, reduced respiratory capacity, cardiovascular diseases, and infectious diseases such as tuberculosis and influenza. With a housing shortage, renters have less mobility and are less likely to be able to negotiate for better living conditions. Consequently, those with less bargaining power and fewer resources experience increased health risks.

We strongly urge you to give House Bill 1117 a favorable report.



HB1117 - Tenant Safety Act - in the Senate.pdf Uploaded by: Holly Powell

Dear Members of the Judicial Proceedings Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County, in partnership with <u>Renter's United</u> <u>Maryland</u> and <u>CASA de Maryland</u>. I am a resident of **District 46 and a** social worker in the western part of Baltimore City. Our families are frequently facing housing issues for a variety of issues. This act addresses one. I am testifying in support of the Tenant Safety Act of 2024, HB1117.



Showing Up for Racial Justice

This bill enables tenants to take legal action and pursue remedy in court when landlords do not fix life-threatening conditions. Furthermore, the bill

would enable a group of tenants with the same landlord, facing issues in the same property, to join a single rent escrow action together, much as a similar law currently does in New York City¹. Under this law, tenants could make use of the rent escrow process without each having to create a separate filing, ensuring tenants who may be behind on rent are still able to demand remedies from their landlords to potentially life-threatening conditions. It would also provide for attorney's fees and damages in these group actions to allow groups of tenants to enlist the assistance of counsel in organizing a case.

At present in Maryland, a group of tenants experiencing the same substandard living conditions from the same landlord each have to file an action individually, and they frequently do not have the benefit of representation as it can be challenging to afford counsel. Even when tenants are able to file, as has been the case in Baltimore for decades, only 6% of cases in rent court result in reduced rent, according to a Baltimore Sun review of over 5,500 cases from 2010 to 2016^2 – a troublingly low rate. The bill also lists mold as a dangerous condition.

Maryland was ranked 32nd among the 50 states for severe housing problems in a recent analysis of US Housing & Urban Development data from 2016-2020³. Our state should be leading the nation at providing safe and affordable housing. Instead, we have too many properties bearing significant issues like severe cost burden or insufficient kitchen and plumbing facilities.

This legislation addresses two growing concerns among Marylanders: first, their need for safer housing conditions, and second, the need to lower the barrier of entry to courts to address poor housing conditions. Remarkably, this bill addresses both concerns *while increasing court efficiency*. Since conditions issues cases can be compiled across a particular property owned by a particular landlord into a single proceeding, the courts are saved the administrative burden of duplicative cases.

It is for these reasons that I am encouraging you to vote in support of HB1117, the Tenant Safety Act of 2024. Thank you for your time, service, and consideration.

Sincerely, Holly Powell 2308 Cambridge Street Baltimore, Maryland 21224 Showing Up for Racial Justice Baltimore

¹ <u>https://www.nysenate.gov/legislation/laws/RPP/230</u>

² <u>https://data.baltimoresun.com/news/dismissed/</u>

³ <u>https://www.americashealthrankings.org/explore/annual/measure/severe_housing_problems/state/MD</u>

HB 1117_MD Center on Economic Policy_FAV.pdf Uploaded by: Kali Schumitz



Tenants Should Be Able To Hold Negligent Landlords Accountable

Position Statement Supporting House Bill 1117

Given before the Senate Judicial Proceedings Committee

All Marylanders deserve safe, healthy housing, and addressing the state's affordable housing challenges is critical to our state's future economic success. Unfortunately, low-income renters who have few options of where they can afford to live often face unsafe and unhealthy living conditions and unscrupulous landlords who refuse to make repairs. **The Maryland Center on Economic Policy supports House Bill 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.

HB 1117 was significantly amended in the House to address concerns from the Maryland Judiciary and the landlord industry, including allowing the court to separate joined cases to avoid delay, removing the issue of mold, separating the warrant of habitability from the rent escrow section, and providing landlords with an opportunity to seek a postponement if requested.

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. 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. ⁱ

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. 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.

As amended, the Tenant Safety Act will do four key 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. **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.

All Marylanders deserve a safe, stable, and affordable place to live. However, too often low- and moderate-income renters face challenges in getting landlords to make needed repairs to their homes. HB 1117 would address several obstacles tenants face when filing escrow while living in uninhabitable conditions. It would discourage landlord negligence and give tenants organizational power and proper avenues to seek remedies. For these reasons, **the Maryland Center on Economic Policy respectfully requests the Judicial Proceedings Committee to make a favorable report on House Bill 1117**.

Equity Impact Analysis: House Bill 1117

Bill Summary

HB 1117, the Tenant Safety Act, would help tenants hold landlords accountable for refusing to fix severe conditions of disrepair that threaten their life, health, or safety.

Background

HB 1117 seeks to support tenants facing dangerous conditions in accessing rent escrow. Currently, more tenants live in uninhabitable living conditions than file for rent escrow. The process of access rent escrow can be costly, time consuming, and intimidating as they must make time to file and appear before landlords and judges.

- Currently, it is difficult for a group of tenants to bring an action against a landlord together. Each tenant in the same building with the same landlord is generally required to file individual actions, with each tenant paying a filing fee, drafting a separate complaint and appearing in court. HB 1117 would explicitly provide a mechanism for tenants to raise related issues and conditions in a single, streamlined case in court, and provide tenants with better access to justice. a single tenant can file a rent escrow case about building and unit conditions that other tenants with the same landlord on the same property could join. This reflects current procedures in areas like New York City where tenants enjoy better protections.
- Tenants face a massive power imbalance when seeking necessary repairs from their landlords. In response to an individual escrow filing, landlords can refuse to act or refuse to extend a tenant's lease. Landlords can also easily harass individual tenants, file an eviction, or unilaterally lock the tenant out, despite it

Equity Implications

HB 1117 strengthens the remedies available to low-income tenants by allowing them to pursue damages for landlord negligence regarding repairs and living conditions. Black Marylanders are more likely to face unaffordable housing costs than their white neighbors.

Impact

HB 1117 will likely **improve racial**, health and economic equity in Maryland.

 $^{^{\}rm i} \ {\rm The \ Baltimore \ Sun \ } \underline{\rm https://www.baltimoresun.com/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-lose-landlords-win-in-baltimores-rent-court/2017/04/28/dismissed-tenants-2017/04/28/dismissed-tenants-win-baltimores-re$

HB 1117 - Written Testimony - SENATE - 4-2-24 .pdf Uploaded by: Katherine Davis



HB 1117 - Landlord and Tenant – Failure to Repair Serious and Dangerous Defects – Tenant Remedies (Tenant Safety Act) Hearing of the Senate Judicial Proceedings Committee, April 2, 2024 Position: SUPPORT (FAV)

The Pro Bono Resource Center of Maryland ("PBRC"), an independent 501(c)(3) non-profit organization, is the statewide coordinator, thought leader and clearinghouse for volunteer civil legal services in Maryland. As the designated pro bono arm of the Maryland State Bar Association, PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar. We respond to acute legal needs identified in areas across the state by piloting and operating innovative pro bono service projects targeting specific legal problems or populations.

In May 2017, with a grant from the Maryland Judiciary's Access to Justice Department, PBRC launched the **Tenant Volunteer Lawyer of the Day (TVLD) Program** in Baltimore City Rent Court to provide day-of-court legal representation to tenants who appear unrepresented for their proceedings. Since then, this continually expanding Program has allowed PBRC staff and volunteer attorneys to represent thousands of tenants in both Baltimore City and Baltimore County in multiple types of legal actions that could result in eviction. The overwhelming majority of our clients are tenants facing Failure to Pay Rent (FTPR) actions filed by their landlords.

PBRC supports HB 1117 because it will allow tenants to hold their landlords accountable when they fail to comply with the law regarding habitability and the provision of safe and healthy housing conditions. This bill was significantly amended in the House to address concerns from the Maryland Judiciary and the rental industry, including allowing the court to separate joined cases to avoid delay, removing mold, separating the warrant of habitability from the rent escrow section, and providing landlords with an opportunity to seek a postponement if requested. We urge a favorable report.

A significant barrier facing low-income tenants seeking to utilize rent escrow protections is the requirement that they deposit the entire amount of rent due under the lease into the escrow account. We find that tenants most in need of rent escrow are often those least able to do this. Better-resourced tenants will simply move rather than tolerate hazardous conditions in their rental unit or take the landlord to court. HB 1117 will ensure that fewer valid complaints are dismissed due to lack of funding by creating a rebuttable presumption that tenants must deposit an amount equal to 50% of the rent due to open and sustain an escrow action. At the end of the case, a judge will decide how to disburse the funds, potentially requiring the tenants to pay their full rent and thus allowing landlords the opportunity to be fully compensated if a case is not meritorious.

Furthermore, HB 1117 will support tenant organizing for better and safer housing conditions. As it stands, there are many more tenants suffering with uninhabitable living conditions than file for rent escrow. For many, the prospect of bringing an individual lawsuit raises insurmountable fear of retaliation and abuse by unscrupulous landlords. For others, the filing fee and time missed from work are infeasible on a lean budget. For others still, the intimidating prospect of facing off against landlords and judges chills their pursuit of a remedy. These factors help to explain the paltry numbers of rent escrow actions filed by individual renters each year.

At our Tenant Volunteer Lawyer of the Day courthouse clinics, PBRC staff frequently encounter tenants who are faced with serious hazards to the health, life, and safety of themselves and their children. Landlords are currently required by

case law to provide conditions that are "habitable," yet we often speak to tenants whose living conditions are hazardous. Commonly mentioned issues include mold, rodent and other pest infestation and lack of operable heat. We often serve multiple tenants at the same complex who speak of the same hazards. PBRC staff and volunteer attorneys counsel these clients regarding rent escrow, but clients often tell us they do not have the resources necessary to pursue rent escrow or that they fear retaliation by landlords. By providing groups of tenants with the opportunity to file together, HB 1117 will allow tenants to exert significantly more pressure on landlords as a group than they could as individuals. The legislation references the existing Maryland Rules on joinder to ensure that only those tenants with circumstances in common will be able to participate. This will facilitate rent escrow actions where multiple tenants have a common threat to life, health, or safety in premises owned by the same landlord, thus helping to eliminate some of these difficulties and promoting judicial economy.

HB 1117 also codifies the "warranty of habitability" that already exists in Maryland law by establishing that a tenant should not have to pay the full amount of back rent if the landlord has refused to make repairs. Finally, the attorney's fees provision increases the likelihood that tenants will be able to avail themselves of legal services, as they can enlist attorneys whose practices depend on the ability to recoup reasonable fees.

Landlords are required to provide "habitable" conditions, meaning that the premises must be free from health and safety hazards. This minimal and common-sense standard is met by all but the most negligent of landlords. Landlords who are unwilling or unable to provide safe housing must be held accountable, but current law provides several logistical barriers for tenants seeking to do so. **HB 1117 provides an important means for the most vulnerable tenants to seek the protection of the courts from the most negligent of landlords.**

For the above reasons,

PBRC, a member of Renters United Maryland coalition, urges a FAVORABLE report on HB 1117. Please contact Katie Davis, Director of PBRC's Courtroom Advocacy Project, with any questions. <u>kdavis@probonomd.org</u> • 443-703-3049

HB 1117_Crossover_Consumer Protection Division_Sup Uploaded by: Kira Wilpone-Welborn

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April 1, 2024

To: The Honorable William C. Smith, Jr. Chair, Judicial Proceedings Committee

From: Kira Wilpone-Welborn, Assistant Attorney General Consumer Protection Division

Re: House Bill 1117 – Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024) (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General (the "Division") supports House Bill 1117, the Tenant Safety Act, sponsored by Delegate Vaughn Stewart. Landlord-tenant complaints are consistently among the top complaints received from consumers by the Division. A significant number of the landlord-tenant complaints the Division receives each year involve complaints about the conditions in rental housing. Frequently, the Division is able to resolve the complaint by having landlords agree to address the conditions or reimburse a tenant for any repair costs paid by the tenant. If, however, the Division is unable to achieve an amicable resolution to a complaint, it may refer the tenant to code enforcement and will recommend that a tenant seek an individual judicial remedy, such as filing a rent escrow action, regardless of whether the complaint involves an individual or a systemic health and safety issue. Presently, the rent escrow provisions of the Real Property Article are intended to provide only individual tenants with a means of incentivizing landlords to repair dangerous defects in their individual unit. As a result, similarly situated tenants in the same building with unaddressed health and safety violations are required to each petition the court to order their landlord to make repairs, creating a patchwork of repaired units and units that continue to have unaddressed serious health and safety violations. House Bill 1117 seeks to remedy the present deficiencies in Real Property Article § 8-211 by modifying the statute in four primary ways.

First, House Bill 1117 seeks to codify the cause of action of breach of the warranty of habitability. The current rent escrow framework does not explicitly make clear that tenants should be able to recover for damages that accrue before an escrow action is filed but after a landlord has notice of a dangerous defect. House Bill 1117's codification of the warranty of habitability would (1) permit a tenant to combine a breach of warranty action that can provide relief for past harms with a rent escrow action that can help address continuing injuries, and (2) make it clear that the breach of warranty action does not require the tenant to make rental payments into the court.

Second, House Bill 1117 would reduce the amount a tenant must pay into a court ordered escrow account to 50% of the monthly rent. Tenants facing unsafe or uninhabitable housing conditions often must expend additional financial resources to remediate the effects of unrepaired conditions, obtain alternative housing arrangements, or save for future moves. As a result, the current requirement that tenants pay the entire rental payment into escrow can be a barrier for tenants to access the courts and obtain safe and habitable housing. House Bill 1117's reduced escrow amount balances the need to hold rent in escrow pending the disposition of the matter, and a tenant's need to have access to the courts and habitable housing.

Third, House Bill 1117 would permit similarly situated tenants to bring a rent escrow action against their landlord for similar claims of unaddressed health and safety violations through Maryland's joinder rules, while allowing courts to order separate trials to avoid delay or prejudice. The current rent escrow framework requires each individual tenant in a building to file an action against their landlord despite having the same or similar complaints of unaddressed health and safety violations. When each tenant is required to file their own rent escrow action to seek a judicial order of repair, a variety of outcomes can result. Some tenants may elect to forego the rent escrow process due to time and financial constraints, leaving their unit subject to continued unsafe and unhealthy conditions. Other tenants may file complaints in District Court, but the actions themselves could result in a variety of dispositions. As such, the current rent escrow system can result in a patchwork of unaddressed health and safety conditions at the same building or complex. House Bill 1117's expansion of § 8-211 to similarly situated tenants through joinder would allow tenants to pool their resources to address systemic health and safety violations, thus reducing the burden on the judiciary and leading to uniform remediation of violations and consistent relief for similar tenants.

Finally, House Bill 1117 would permit prevailing petitioners reasonable attorneys' fees, expenses, and costs. Presently, tenants filing rent escrow actions often file *pro se* or rely on legal service agencies to assist with these cases. Permitting tenants to seek attorneys' fees and costs when prevailing in complaints for unrepaired health and safety violations may attract more attorneys to provide tenants with much-needed representation in rent escrow actions because their fees and costs can be reimbursed.

Accordingly, the Division requests that the Judicial Proceedings Committee give House Bill 1117 a favorable report.

cc: The Honorable Vaughn Stewart Members, Judicial Proceedings Committee

HB 1117_MAP_FAV.pdf Uploaded by: Mark Huffman Position: FAV



Member Agencies:

211 Maryland Anne Arundel County Food Bank Baltimore Jewish Council Behavioral Health System Baltimore Bridges to Housing Stability CASH Campaign of Maryland **Energy Advocates** Episcopal Diocese of Maryland Family League of Baltimore Fuel Fund of Maryland Job Opportunities Task Force Laurel Advocacy & Referral Services, Inc. League of Women Voters of Maryland Loyola University Maryland Maryland Center on Economic Policy Maryland Community Action Partnership Maryland Family Network Maryland Food Bank Maryland Hunger Solutions Paul's Place St. Vincent de Paul of Baltimore Welfare Advocates

Marylanders Against Poverty

Kali Schumitz, Co-Chair P: 410-412- 9105 ext 701 E: <u>kschumitz@mdeconomy.org</u>

Mark Huffman, Co-Chair P: (301) 776-0442 x1033 E: <u>MHuffman@laureladvocacy.org</u>

TESTIMONY IN SUPPORT OF HB 1117

Tenant Safety Act of 2024

Judicial Proceedings April 2, 2024

Submitted by Mark Huffman, Co-Chair

Marylanders Against Poverty (MAP) strongly supports HB 1117, which reforms the rent escrow process to make it easier for tenants to work together to hold their landlords accountable for severe conditions of disrepair that threaten life, health, or safety.

Rent escrow is where tenants pay their rent into a court-controlled fund, rather than to a landlord. This makes it possible for tenants to legally withhold rent when landlords fail to make appropriate and needed repairs to the building. Current rent escrow law is broken and does not hold landlords accountable for failing to repair threats to life, health, and safety. This affects not only renting families but entire communities that have to deal with neglected and blighted properties.

The Tenant Safety Act will make it easier for tenants with the same issues and landlord to join in a single rent escrow case. If a landlord refuses to make repairs, then a tenant will normally pay a reduced rent (by 50% in most cases) into escrow until repairs are made. This will help tenants, who do not have the full amount the landlord claims is due, to still hold the landlord accountable. At the end of the case, the Court still decides how much is due to each party.

For claims of past-due rent, this bill would clarify that tenants should not have to pay the full amount of rent if the landlord refused to fix major defects. It would also hold landlords accountable for serious mold hazards.

This bill will level the playing field by allowing a tenant to recover attorney's fees and costs – if they win. Landlords already have this ability through their leases. This will encourage more attorneys to take on tenants' cases.

MAP appreciates your consideration and urges the committee to issue a favorable report for HB 1117.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

HB 1117 Tenant Safety Act in Senate PJC FAV.pdf Uploaded by: Matt Hill

Position: FAV



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

Hearing of the Senate Judicial Proceedings Committee, April 2, 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. This bill was significantly amended in the House to address concerns from the Maryland Judiciary and the landlord industry, including allowing the court to separate joined cases to avoid delay, removing mold from the bill, separating the warrant of habitability from the rent escrow section, and providing landlords with an opportunity to seek a postponement if requested. The Maryland Judiciary has withdrawn their opposition.

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 normally have attorneys; tenants rarely do. 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. 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 in getting any relief or requiring the landlords to make repairs.

Tenants are not wrong in these assessments. A <u>2016 investigative report by the Baltimore Sun</u> <u>found that the rent escrow system is broken:</u> 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 3 things to make rent escrow work:

- 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. Many states like Michigan, Minnesota, Colorado, New York, Massachusetts, and New Mexico have similar provisions that lower the barriers to rent escrow for tenants after they have shown that their landlords have been notified of the need for urgent repairs but refused to make them. 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 MD law.
- 3. 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.

Frequently Asked Questions on Attorney's Fees

1) Why does the Tenant Safety Act include attorney fee-shifting to a prevailing tenant? Landlords often have an attorney already in habitability cases, while tenants do not. Landlords also have a standard lease provision requiring the tenant to pay the landlord's fees when the landlord is enforcing the lease. HB 1117's fee-shifting provision helps level the playing field for tenants by encouraging more attorneys to take meritorious cases. The Maryland Access to Justice Commission has endorsed fee-shifting statutes to prevailing plaintiffs as a critical component of addressing the imbalance of power in court actions especially for "individuals"

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, <u>https://mdcourts.gov/district/about#stats</u>.

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

with small claims an opportunity to enforce those claims, even when the returns might be too small for them to engage an attorney on a contingency or hourly fee basis." (<u>https://www.mdcourts.gov/sites/default/files/import/mdatjc/pdfs/interimreport111009.pdf</u> p.25). Maryland has over 45 statutes that provide for attorney's fees to prevailing plaintiffs. These include laws pertaining to:

- 1. Wages and hours of employment;
- 2. Wage payment and collection;
- 3. Worker's compensation;
- 4. Consumer protection;
- 5. Discrimination and civil rights;
- 6. Email fraud;
- 7. Whistleblowers;
- 8. Tenant protections including illegal eviction claims, unenforceable lease provisions, security deposit claims, and anti-retaliation.

2) Why not fee-shifting for the prevailing party, instead of just tenants?

The above-referenced 50+ statutes all provide for fee shifting if the protected worker/consumer/tenant/whistleblower prevails – *not* the prevailing party. The intent of fee-shifting is to help level the imbalance of power so that consumer/tenants can enforce remedial legislation. Creating a fee-shifting provision in favor of landlords would only reinforce the imbalance of power and dissuade working families from enforcing housing laws that protect life, health, and safety.

3) How are attorney's fees calculated in this context?

The Court uses a multi-factor test pursuant to Rules 3-741 and 2-703(f)(3) to ensure that any fee award is reasonable and geared toward the results obtained in the case. This ensures that attorneys focus on taking meritorious cases. These factors are:

- (A) the time and labor required;
- (B) the novelty and difficulty of the questions;
- (C) the skill required to perform the legal service properly;
- (D) whether acceptance of the case precluded other employment by the attorney;
- (E) the customary fee for similar legal services;
- (F) whether the fee is fixed or contingent;
- (G) any time limitations imposed by the client or the circumstances;
- (H) the amount involved and the results obtained;
- (I) the experience, reputation, and ability of the attorneys;
- (J) the undesirability of the case;
- (K) the nature and length of the professional relationship with the client; and
- (L) awards in similar cases.

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.**

HB1117 favorable testimony - Google Docs.pdf Uploaded by: Michael English

Position: FAV

HB 1117 - Landlord and Tenant – Failure to Repair Serious and Dangerous

Defects - Tenant Remedies (Tenant Safety Act)

Hearing of the Senate Judicial Proceedings Committee, April 2, 2024

Position: SUPPORT (FAV)

My name is Michael English, and I strongly support House Bill 1117, the Tenant Safety Act, because it would support tenants facing dangerous conditions in accessing rent escrow.

I'll be honest with you, before an earlier version of this bill came up last year, I had no idea what rent escrow was, and even now my knowledge is somewhat limited, with the gaps filled in by my more well versed advocates I've come to work with. Still, that shows just how important this law is. If housing advocates aren't familiar with the legalities of collective rent escrow and lawsuits, then what are the chances a group of tenants are? What chance do they have of navigating a complex process that is set up to divide and conquer them? This reform will make it much easier for them to seek collective justice.

As it stands, there are many more tenants suffering with uninhabitable living conditions than file for rent escrow. For many, the prospect of bringing an individual lawsuit raises insurmountable fear of retaliation and abuse by unscrupulous landlords. For others, the filing fee and time missed from work are infeasible on a lean budget. For others still, the intimidating prospect of facing off against landlords and judges chills their pursuit of a remedy.

By allowing tenants to join their interests together, this bill would have an enormous impact on tenants' ability to organize quickly and efficiently to compel landlords to make potentially life-saving repairs. HB1117 would enable a single tenant to file a rent escrow case about building and unit conditions that other tenants with the same landlord on the same property could join. Moreover, the bill ensures landlord accountability by enabling tenants to seek damages and attorney's fees from negligent landlords who refuse to make necessary repairs to uninhabitable

conditions.

HB1117 facilitates tenants in demanding necessary housing improvements that would benefit all Marylanders, renters and homeowners alike. The bill allows a single tenant or a group of tenants, incorporated or unincorporated, living on the same premises with the same landlord, to seek repairs, damages for unaddressed repairs, and attorney's fees. In individual habitability actions, tenants face a massive power imbalance when seeking necessary repairs from their landlords. In response to an individual escrow filing, landlords can, and do, refuse to act or refuse to extend a tenant's lease. Landlords can

also easily harass individual tenants, file an eviction, or unilaterally lock the tenant out, despite the fact that it is illegal to do so. In providing a collective option for seeking repairs through the courts and the added remedy of damages and attorney's fees, HB1117 reduces the likelihood of intimidation of individual tenants and ensures that those living in truly threatening housing conditions will have a fair shot at compelling negligent landlords to act in the interest of life, health and safety.

HB1117 also gives tenants more power to compel repairs by ensuring that tenants and courts can hold negligent landlords accountable As it stands, the only remedies available to tenants that file rent escrow for repairs are rent abatement, distribution of escrow funds or an injunction 90 days after a court finding that the conditions complained of by the tenant exist. These remedies alone, however, have proven unavailing with numerous negligent landlords.

There are also limited legal services available to support low-income tenants pursuing rent escrow, which means that tenants often must file on their own or forgo filing altogether. HB1117 strengthens the remedies available to tenants and ensures that tenants can hold landlords responsible for negligence and delay in a way that fully accounts for the harm they suffer. First, by providing groups of tenants with the opportunity to file together, tenants will be able to hold landlords accountable for the repairs they are already legally required to make. Second, by permitting tenants to pursue damages against a landlord who fails to make repairs, landlords and their agents will be required to account for the actual harm caused by their refusals and failures to make necessary repairs – a remedy that is much more persuasive than lost rental income alone. Finally, the attorney's fees provision increases the likelihood that tenants will be able to avail themselves of legal services, as they will be able to enlist attorneys whose practices depend upon the ability to recoup reasonable fees.

HB1117 also codifies the already-existing implied warranty of habitability and clarifies tenants' right to enforce it. Landlords are currently required to ensure their properties are suitable for human habitation, but negligent landlords often freely collect rent without being held to this basic, common-sense standard. HB1117 provides an important tool to hold these negligent landlords accountable.

Further, HB1117 promotes judicial economy by allowing tenants to address building or complex-wide conditions issues in a single case

HB1117 also has the added benefit of allowing for resolution of tenants' conditions issues with the same landlord and increasing access to justice overall. Currently, it is difficult for a group of tenants to bring an action against a landlord together. Indeed, practitioners report that it is functionally impossible to bring an escrow case on behalf of a group of tenants because existing class action requirements are not designed with escrow in mind. Instead, tenants on the same premises with the same landlord are generally required to file individual actions, with each tenant paying a filing

fee, drafting a separate complaint and appearing in court. This process is particularly onerous for older and disabled renters, for whom it may be difficult travel to the courthouse on multiple occasions, and low-income renters, for whom taking three separate days off of work to go to court could risk their livelihoods. In addition, this process requires judges to hear building or complex-wide conditions issues piecemeal and prevents them from assessing and addressing important safety issues in a single determination. HB1117 would explicitly provide a mechanism for tenants to raise related issues and conditions in a single, streamlined case in court, and provide tenants with better access to justice – a change that simply makes more sense.

Thank you

Michael English

Downtown Silver Spring

HB1117 - Tenant Safety Act - in the Senate.pdf Uploaded by: Rebecca Shillenn

Position: FAV

Dear Members of the Judicial Proceedings Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County, in partnership with <u>Renter's United Maryland</u> and <u>CASA de Maryland</u>. I am a resident of **District 45. I am testifying in support of the Tenant Safety Act of 2024, HB1117**.

This bill enables tenants to take legal action and pursue remedy in court when landlords do not fix life-threatening conditions.



Showing Up for Racial Justice

Furthermore, the bill would enable a group of tenants with the same landlord, facing issues in the same property, to join a single rent escrow action

landlord, facing issues in the same property, to join a single rent escrow action together, much as a similar law currently does in New York City¹. Under this law, tenants could make use of the rent escrow process without each having to create a separate filing, ensuring tenants who may be behind on rent are still able to demand remedies from their landlords to potentially life-threatening conditions. It would also provide for attorney's fees and damages in these group actions to allow groups of tenants to enlist the assistance of counsel in organizing a case.

At present in Maryland, a group of tenants experiencing the same substandard living conditions from the same landlord each have to file an action individually, and they frequently do not have the benefit of representation as it can be challenging to afford counsel. Even when tenants are able to file, as has been the case in Baltimore for decades, only 6% of cases in rent court result in reduced rent, according to a Baltimore Sun review of over 5,500 cases from 2010 to $2016^2 - a$ troublingly low rate. The bill also lists mold as a dangerous condition.

Maryland was ranked 32nd among the 50 states for severe housing problems in a recent analysis of US Housing & Urban Development data from 2016-2020³. Our state should be leading the nation at providing safe and affordable housing. Instead, we have too many properties bearing significant issues like severe cost burden or insufficient kitchen and plumbing facilities.

This legislation addresses two growing concerns among Marylanders: first, their need for safer housing conditions, and second, the need to lower the barrier of entry to courts to address poor housing conditions. Remarkably, this bill addresses both concerns *while increasing court efficiency*. Since conditions issues cases can be compiled across a particular property owned by a particular landlord into a single proceeding, the courts are saved the administrative burden of duplicative cases.

It is for these reasons that I am encouraging you to vote **in support of HB1117, the Tenant Safety Act of 2024**. Thank you for your time, service, and consideration.

Sincerely, **Rebecca Shillenn** 5401 Elsrode Avenue Baltimore MD 21214 Showing Up for Racial Justice Baltimore

¹ <u>https://www.nysenate.gov/legislation/laws/RPP/230</u>

² <u>https://data.baltimoresun.com/news/dismissed/</u>

³ <u>https://www.americashealthrankings.org/explore/annual/measure/severe_housing_problems/state/MD</u>

Testimony in support of crossover bill HB1117.pdf Uploaded by: Richard KAP Kaplowitz

Position: FAV

CROSSOVER BILL HB1117_RichardKaplowitz_FAV

4/2/2024

Richard Keith Kaplowitz Frederick, MD 21703

TESTIMONY ON CROSSOVER BILL HB#/1117 – FAVORABLE

Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024)

TO: Chair Smith, Vice Chair Waldstreicher, and members of the Judicial Proceedings Committee

FROM: Richard Keith Kaplowitz

My name is Richard K. Kaplowitz. I am a resident of District 3. I am submitting this testimony in support of CROSSOVER BILL HB#1117, Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024)

This bill promotes the safety, health, and welfare of any tenant. It has four specific benefits that accrue to a tenant.

- 1. Residential dwelling units must be warranted as fit for human habitation.
- 2. The existence of mold is declared as a danger and the tenant may obtain relief from that.
- 3. Courts may order certain relief in a civil action over a breach of warranty of habitability.
- 4. Said order may include actual damages, abatement of rent, and lease termination.

In the midst of a critical housing shortage we must make the moral and ethical choice to ensure that the housing stock that exists is safe for habitation. Protections against immoral and unethical conduct by landlords must be part of how Maryland manages to fix these problems.

As reported in the Maryland 2022 Healthy Housing Fact Sheet "Hazardous conditions found in unsafe housing can lead to lead poisoning, asthma and other respiratory illnesses, cancer, and unintentional injuries or death, resulting in poor school attendance and performance for children, missed workdays for parents, and the loss of loved ones for all. These hazards and their health impacts disproportionately affect communities of color and low-income communities, making the need for healthy housing a significant environmental and racial justice issue. The COVID-19 pandemic has revealed, urgently, our need for safer, healthier, and affordable housing: The increased time spent at home and challenges to healthy housing service delivery have not only affected health negatively but also displayed—in sharp contrast—the longstanding crisis of inequitable access to quality housing and healthcare. In addition, climate change and the associated increase in both incidence and severity of extreme weather events are expanding the scope of policies contributing to healthy housing." ¹

This bill can start to remediate these problems and provide remedies for affected tenants.

I respectfully urge this committee to return a favorable report and pass CROSSOVER BILL HB1117.

¹ <u>https://nchh.org/resource-library/fact-sheet_state-healthy-housing_md.pdf</u>

04.01 (Crossover) - HB 1117 - Landlord and Tenant Uploaded by: Tonaeya Moore

Position: FAV



HB 1117 - Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024) Judicial Proceedings Committee April 2, 2024 SUPPORT

Chair Smith, Vice-Chair Waldstreicher, and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 1117. This bill will help tenants hold landlords accountable for refusing to fix severe conditions of disrepair that threaten their life, health, or safety.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.

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. <u>A 2016 investigative report by the Baltimore Sun found that the</u> <u>rent escrow system is broken</u>: 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. 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.

Creating Assets, Savings and Hope



- 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.

<u>The CASH Campaign of Maryland is a member of the Renters United Maryland coalition and asks that the</u> <u>Committee issue a report of FAVORABLE on HB 1117.</u>

Creating Assets, Savings and Hope

In Support of the Tenant Safety Act - Enclave Tena Uploaded by: Tonia Chestnut

Position: FAV

Bill Title: HB1117 Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024

Position: SUPPORT (FAV)

To: Judicial Proceedings Committee

From: Tonia Chestnut, External Affairs Chair, on behalf of Enclave Tenant Association (ETA)

My name is Tonia Chestnut and I am the External Affairs Chair of the Enclave Tenant Association (ETA). I am writing on behalf of the ETA and am submitting this **testimony in support of HB1117 Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024).** The Enclave Tenant Association represents thousands of renters in the Enclave apartments in Silver Spring, MD. Our association formed due to continuous negligence, compromising tenant safety and living conditions that people who live in the Enclave endure every day because of Hampshire Properties and Rose Valley Management. ETA has sent demand letters, emails, placed phone calls and even rallied against the Enclave management and now we are pushing our support behind "Good Cause."

The residents in our Enclave family deal with worsening conditions in our building every day. Multiple families have been dealing with the unhoused sleeping outside their doors, in laundry rooms, in stairwells, and in the garages. This has been a continuous issue due to the lack of security. We have one unarmed security guard for all three buildings, totaling 1119 units. All the buildings have doors which do not lock, garage doors that are left open, and security cameras that are not being monitored or do not work themselves. This makes the Enclave an easy target for the unhoused to come in out of the cold with their friends, weapons, and animals terrifying the residents who are paying to live here. Many units in the Enclave are also affected by mold due to all the water damage which has occurred, and maintenance has not properly remediated the areas. In many units maintenance will only suction up the water and make sure it is dry; replacing wood areas or drywall is not always included in their process. This has caused many tenants to have illnesses; some to argue with management to shorten their lease so they can move out of the Enclave; and it also claimed the life of a child. A huge safety hazard for the Enclave are the elevators not working properly. Each building has four elevators transporting the Enclave residents to and from their apartments; all four elevators are hardly ever working at the same time. If it rains it is a guarantee that an elevator is going to go down or get stuck. Depending on the amount of rain, the water will even flow into the elevator itself which will leave it inoperable.

There are a litany of other issues that we face building wide including not having proper air conditioning during the summer months and not having proper heating during the winter months. Currently we have a building without an operable fire alarm system, which has been down for about four weeks. Security dispatch does not also pick up the phone when you call for a situation; fire extinguishers are missing throughout the buildings; the management office does

not pick up the phone in the office; and I can keep on going but I am going to choose to stop here.

Our property management has been negligent and has refused to answer our multiple requests for maintenance and upkeep. As a result, our buildings are blighted and do not offer decent living standards. We don't have the money to pay for lawyer fees to fight the management company/owners to make sure residents are living in proper conditions, we need your assistance to pass bills that will help us. HB1117 would allow tenants facing the same issues in the same building to join a single rent escrow case. This would give our association and tenants across the state the ability to hold landlords and property managers accountable for their negligence and improve living conditions for Maryland renters. For this reason, the Enclave Tenant Association urges a favorable report on HB1117.

HB 1117 FAV Del Stewart.pdf Uploaded by: Vaughn Stewart Position: FAV

VAUGHN STEWART Legislative District 19 Montgomery County

Environment and Transportation Committee Subcommittees Environment Land Use and Ethics



The Maryland House of Delegates 6 Bladen Street, Room 220 Annapolis, Maryland 21401 410-841-3528 · 301-858-3528 800-492-7122 *Ext.* 3528 Vaughn.Stewart@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES Annapolis, Maryland 21401

Testimony in Support of HB 1117 Tenant Safety Act of 2024 Testimony by Delegate Vaughn Stewart April 2, 2024 • Senate Judicial Proceedings Committee

What the Bill Does:

The Tenant Safety Act of 2024 seeks to buttress Marylanders' right to live in habitable housing. A much more expansive version of this bill passed the House last year but did not receive a vote in the Senate's Judicial Proceedings Committee. This year's bill is a product of many conversations over the interim, and is an attempt to forge consensus on this issue.

First, the bill codifies the status quo in two ways. The implied warranty of habitability is enshrined in law for the first time, turning the implied into the explicit. The bill also clarifies that tenants suing under the rent escrow law can join together under existing joinder rules, while allowing the court to order separate trials in order to prevent delay or prejudice.

Second, the bill resets the baseline expectations in a rent escrow case by creating rebuttal presumptions. A rebuttal presumption is exactly that: a default rule that can be overcome by evidence from either party. The bill establishes that the presumption in rent escrow cases is that tenants pay 50% of their prospective rent into escrow until the case is decided. The 50% number is halfway between what the tenant is arguing-that their apartment is so unlivable that they should not be expected to pay anything-and what the landlord is arguing-that the tenant should pay their full rent as they promised in their lease agreement.

Finally, the bill allows tenants to recover attorney's fees if they win. Landlords are already able to recover their litigation costs under both judicial rules and through their leases.

Why the Bill is Important:

The Tenant Safety Act seeks to promote health and safety in our neighbors' homes. We know there are at least 65,000 unhealthy housing units in Maryland. That means that hundreds of thousands of our constituents and neighbors are living with rodents, roaches, sewage, and mold, and without heat and air conditioning. But very few Marylanders ever enforce their right to a safe home. There are less than 2000 rent escrow cases filed every tear, and only 6% of them result in reduced rent.¹

¹ <u>Dismissed: Tenants lose, landlords win in Baltimore's Rent Court.</u> The Baltimore Sun.

Codifying certain implied provisions - such as the warranty of habitability or mold as a serious threat to health and safety - does not expand the law, but provides tenants with more effective tools and resources to demand safe and habitable housing from their landlords. Clarifying the processes by which a group of tenants can join together in order to collectively bring a rent escrow action against their landlord does the same. Many tenants are not aware of the existing joinder processes, and as a result, may choose to live in unsafe conditions rather than trust the court system. This especially affects the most vulnerable tenants, such as those of low-income who are predominantly people of color.

The rebuttable presumptions established by the bill also help to ensure that the process is fair. In the case of the third presumption, for example, if a tenant believes they should not be required to pay any rent into escrow due to deplorable conditions on the property, they must provide proof of these claims and show that the landlord has egregiously failed in their duty to remedy the defects. On the other hand, if a landlord believes the tenant should pay 100% of the rent, they too must show that this is a more appropriate agreement for the particular circumstances of the case. Setting a presumption in the middle, at 50% of the rent, ensures that the burden of proof in more extreme circumstances falls fairly on both parties.

Why the Committee Should Vote Favorably:

The bill underwent significant changes from last year's version in response to feedback from both landlord advocates and the Maryland Judiciary. After further conversations, we collaborated to make additional changes via sponsor amendments. These amendments include:

- **The removal of mold-related provisions from the bill.** This came at the request of both the landlord advocates and the Judiciary, as there is currently a mold standards study taking place.
- A technical tweak to the bill by **separating the warranty of habitability section from the rent escrow section**, at the request of the Judiciary.
- An amendment to allow judges to postpone proceedings--in order to allow parties to prepare their arguments and gather evidence--when tenants raise habitability claims, at the request of the Maryland Multi-Housing Association.
- A clarification of existing law which allows judges, when joining parties together with the same claims, to "order separate trials or make other orders to prevent delay or prejudice."

The Judiciary is in support of the version of the bill in front of you today, which received a bipartisan vote in the House of Delegates.

Marylanders already have a right to live in safe and healthy housing free from egregious defects. But the right is illusory because the path to enforce it—the rent escrow process—is flawed. The Tenant Safety Act of 2024 makes it easier for tenants to hold the worst slumlords in the state accountable for their legal and moral violations. As such, it represents a step towards making safe and healthy housing fair and available to all. For this reason, **I urge a favorable report.**

Health Care for the Homeless - 2024 HB 1117 FAV -

Uploaded by: Vicky Stewart Position: FAV



HEALTH CARE FOR THE HOMELESS TESTIMONY IN SUPPORT OF HB 1117 – Landlord and Tenant - Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act)

Senate Judicial Proceedings Committee March 2, 2024

Health Care for the Homeless supports HB 1117, which will markedly improve unsafe and uninhabitable living conditions faced by tenants. This bill would enable a single tenant to file a rent escrow case about building and unit conditions on behalf of multiple tenants or a tenants' association. Moreover, the bill holds landlords accountable for serious conditions of disrepair that threaten the lives, health and safety of multiple occupants with the same landlord.

Health Care for the Homeless serves many clients, both individuals and families experience homelessness or housing insecurity, who are forced to live in unsafe and unhealthy housing conditions. Frequently, our clients live in dangerous conditions because they have no other housing options. It often takes landlords a long time to resolve these conditions, if at all. Maintenance issues are rampant in public housing, in particular. Our supportive housing team works closely with property managers to address issues facing clients in their housing situation. In many instances, it has taken multiple staff from our supportive housing team to follow up with property managers to ensure actions were taken to remediate the dangerous conditions in our client's home.

Many of these hazardous living conditions are particularly harmful to children. As our supportive housing providers and case managers can attest, children living in hazardous conditions experiences effects well beyond just the home, including missed school days, frequent or long ED visits, impacts on their physical activity and social activities, etc.

Under current state law, groups of tenants facing the same substandard living conditions with no intention from the landlord to remedy the situation are not able to file a collective rent escrow case or a class action case about conditions. Instead, they each individually have to file the action and are often filing with representation. This system is entirely inefficient and also does not yield the necessary results in order to protect the health and safety of tenants. This legislation addresses two growing concerns of Maryland renters: (1) their need for safer housing conditions, and (2) the need to lower the barrier of entry to courts to address poor housing conditions. This bill ensures landlord accountability by enabling tenants to seek damages and attorney's fees from negligent landlords who refuse to make necessary repairs to uninhabitable conditions.

We know that mortality among those experiencing homelessness has escalated over the last 5-10 years. Individuals and families experiencing homelessness should never be forced to live in unsafe conditions. There is no amount of health care that can substitute stable and healthy housing.

For the health and safety of the clients we serve and for all Marylanders, Health Care for the Homeless urges a favorable report on HB 1117.

Health Care for the Homeless is Maryland's leading provider of integrated health services and supportive housing for individuals and families experiencing homelessness. We deliver medical care, mental health services, state-certified addiction treatment, dental care, social services, housing support services, and housing for over 11,000 Marylanders annually at sites in Baltimore City and Baltimore County. Our Vision: Everyone is healthy and has a safe home in a just and respectful community. Our Mission: We work to end homelessness through racially equitable health care, housing and advocacy in partnership with those of us who have experienced it. For more information, visit www.hchmd.org.

Health Care for the Homeless is a member of Renters United Maryland (RUM), which is a coalition of independent non-profit, legal services, and community-based organizations. RUM's vision is a Maryland in which renters live in safe and affordable housing and have security of tenure. As a member of RUM, Health Care for the Homeless asks for a favorable report on this legislation. See Renters United Maryland's Housing Justice plan for the 2024 legislative session here: <u>https://rentersunitedmaryland.org/</u>.

HB1117 - Maryland Legal Aid - in Senate - FAV.pdf Uploaded by: Zafar Shah

Position: FAV





HB1117 - Landlord and Tenant – Failure to Repair Serious and Dangerous Defects -Tenant Remedies (Tenant Safety Act)

Hearing before the Senate Judicial Proceedings Committee on April 2, 2024

Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on HB1117 at the request of bill sponsor Delegate Vaughn Stewart.

MLA is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. We serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters, including housing cases involving substandard conditions. MLA urges the Committee's favorable report on HB1117, which would strengthen private remedies against hazardous housing conditions and allows groups of tenants to file legal actions together.

HB1117, as amended, creates 4 long-needed reforms that enable renters to hold accountable negligent landlords who refuse to make necessary repairs to dangerous housing conditions:

- 1. Enabling multiple tenants to join as plaintiffs in a single Rent Escrow action for repair of hazardous conditions that affect multiple units or commons areas of a building or complex.
- 2. Lowering the financial hurdle to initiating a Rent Escrow claim by setting a rebuttable presumption that prospective rent should be abated by 50 percent.
- 3. Codifying the Implied Warranty of Habitability ("IWH"), which is typically ignored in Maryland courts, and extending the multi-plaintiff approach to this remedy for actual damages.
- 4. Setting forth a "fee shifting" provision in the Rent Escrow and IWH causes of action, whereby prevailing tenants could win awards of attorney's fees and costs, thereby attracting private counsel to these cases.

House amendments struck out the "mold hazard" provisions of HB1117.





MLSC

HB1117 would significantly improve tenants' ability to act collectively, quickly, and efficiently to compel potentially life-saving repairs. These reforms bring balance to Maryland's nearly 50-year-old rent escrow law.

"Rent Escrow" today is not accomplishing its legislated purpose.

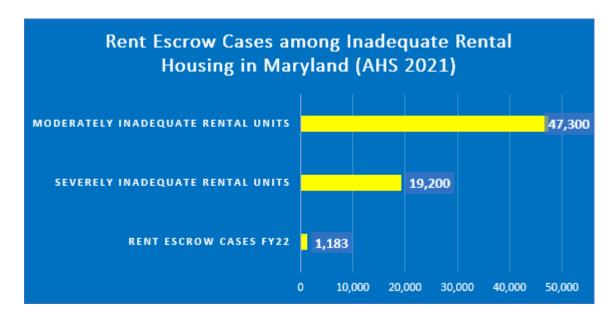
In 1975 the General Assembly enacted the Rent Escrow law, proclaiming that "[I]t is the public policy of Maryland that *meaningful sanctions* be imposed upon those who allow dangerous conditions and defects to exist in leased premises, and that *an effective mechanism* be established for repairing these conditions and halting their creation." Md. Code Ann., Real Prop. § 8-211(b) (emphasis added).

The Maryland Judiciary's statistics on rent escrow filings also demonstrate the low utilization of rent escrow.



Source: District Court of Maryland, https://www.mdcourts.gov/district/about#stats

A ten-year average of 1,654 rent escrow cases per year means that renters, individually, file these cases only rarely. This underutilization is not due to a lack of substandard conditions. Over 66,000 renter households in Maryland reported <u>"severely" and "moderately" inadequate defects</u> in



the 2021 American Housing Survey.¹ There were 56 times more substandard rental units than rent escrow cases filed that year:

Sources: U.S. Census Bureau, American Housing Survey for the United States: 2021, Table Creator (Select area: Maryland, Select a table: Housing Quality); Maryland Judiciary, About the District Court: Statistics, https://mdcourts.gov/district/about#stats.

Why, then, are so few rent escrow actions filed? In MLA's experience with our clients, the financial barriers to using the court process are high, and even where our clients can get through the initial hurdles, the impact of their cases is low. In practice, rent escrow cases minimize financial compensation to renters.

A ubiquitous court practice is to order a tenant to pay all rent allegedly owing at the time they raise their rent escrow claim, even though that allegation is in dispute. Effectively, the tenant must pay a deposit to be heard about the dispute, unlike any other civil consumer litigation. By taking this approach, courts ignore the tenant's contractual right, i.e., the implied warranty of habitability (IWH), to set off the lowered value of the rental property in its substandard condition against the full rent. Additionally, this approach ignores the tenant's right under the Rent Escrow statute to an abatement, or reduction, of the rent that must be paid into escrow.

Rent abatement is rarely granted, even though the Rent Escrow statute provides this relief unless the landlord shows cause to deny it. In our experience, judges rarely determine whether cause is shown to deny abatement. Instead, they ignore the issue or set it aside until a final proceeding –

¹ U.S. Census Bureau, American Housing Survey for the United States: 2021, Appendix A-13, https://www2.census.gov/programs-surveys/ahs/2021/2021%20AHS%20Definitions.pdf.

which our clients may not end up having. Failure to pay the ordered amount of rent into the court's escrow account typically leads to automatic dismissal of the case without a hearing.

In a 2017 study of over 5,000 rent escrow cases, the Baltimore Sun found that although housing inspectors reported threats to life, health and safety in 1,427 cases, judges established an escrow account in just 702 [49%] of them."² "Judges reduced or waived rent in just 344 cases, or 6 percent of all complaints" and "awarded damages to tenants in fewer than 20 cases – less than one half of 1 percent of all cases."³

Empirically, the Rent Escrow law has fallen short of a "meaningful sanction" that provides an "effective mechanism" to combat substandard housing. HB1117 proposes 5 reforms that can steer this court process back to its intended purpose.

Add a multi-plaintiff mechanism to the Rent Escrow process

This year's version of the Tenant Safety Act strikes the "lead petition" mechanism that marked prior bills. Rather than use a single petitioner to initiate a group action, HB1117 adds express language into the Rent Escrow law that would allow multiple tenants, under existing civil rules of joinder, to initiate one action for rent escrow. The multi-plaintiff filing creates efficiency and ensures consistent legal outcomes for tenants facing similar problems in their building. More importantly, by filing together, renters may reduce the likelihood of retaliation against any one litigant.

By expressly incorporating the joinder rule,⁴ HB1117 would ensure that district courts allow multiple households to assert together that similar dangerous defects affect multiple units or common areas in a multi-family property. In a multi-plaintiff version of Rent Escrow, the state's policy would continue to condition relief on each plaintiff's payment of rent into a court account. The bill leaves to judges' sound discretion how the court should proceed with taking testimony for multiple tenants about multiple units throughout the proceedings.

² Doug Donovan and Jean Marbella, "Dismissed: Tenants lose, landlords win in Baltimore's rent court," The Baltimore Sun (2017) (attached).

³ Id.

⁴ Under Maryland Rule 3-212, joinder allows that "[a]ll persons may join in one action as plaintiffs if they assert a right to relief jointly, severally, or in the alternative in respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences, and if any question of law or fact common to all these persons will arise in the action.... A plaintiff or defendant need not be interested in obtaining or defending against all relief demanded. Judgment may be given for one or more of the plaintiffs according to their respective rights to relief and against one or more defendants according to their respective liabilities."

Recalibrate the rent abatement and order of payment into escrow

The Tenant Safety Act brings focus to the rent abatement, setting a rebuttable presumption that rent should be reduced by 50% at the time an escrow account is established. In other words, where a court has already established that substandard conditions exist that warrant establishing an escrow account and order of repairs, the court would reduce by half the amount of rent due under the lease. In that hearing, however, the landlord may overcome this presumption and argue for a different percentage of abatement or no abatement at all. For instance, if the landlord believes rent should not be abated by 50% because the tenant had not provided sufficient notice of defects, had failed to provide timely access to the property, then the landlord would raise these fact issues to rebut the presumption.

MLA believes, based on practice in courts throughout the state, that the presumptive 50% abatement is necessary as an instruction to judges to consider abatement timely and deliberatively. This is a correction on the broken, ineffective state of the law. Additionally, this provision of the Tenant Safety Act lowers the financial barrier to invoking the Rent Escrow process, with the

A Failed Rent Escrow in District 43A

Our client Ms. Elliot had a severe flood in her finished basement, which damaged the walls and caused around \$1,300 in damage to her personal property. The unit also had plumbing issues that caused raw sewage to enter the property. After the landlord did not fix the plumbing or clean the sewage, Ms. Elliot paid \$1,700 out of pocket for a plumber. During that month, Ms. Elliot' children were sick, presumably from the lack of sanitation, and her family had to spend several nights in a hotel, at their own expense. Instead of compensating Ms. Elliot and remediating the property, the landlord sued her in a "Failure to Pay Rent" eviction case in December. MLA raised a defense under the Rent Escrow law.

At the initial Rent Escrow hearing, the court refused to reduce back rent, to abate prospective rent, or to consider Ms. Elliot's out-of-pocket costs. Instead, the judge ordered her to pay \$5,800 to establish the escrow (three months of back rent, plus rent for the current month). The court said Ms. Elliot could argue for abatement at a future hearing at the case's end. However, when she was unable to pay that high amount into her escrow, the court dismissed her case and entered a judgment to evict her based on the back rent and fees.

Consequently, the court did not order repairs or ensure that Ms. Elliot's home was safe to live in. The court's eviction order forces Ms. Elliot to pay the full market rate of a home in substandard condition, else be evicted. Her outof-pocket payments during this ordeal are just sunk costs that she could not afford and will never recoup.

likely effect of increasing the number of Rent Escrow cases that move forward to an order of repairs and the court's monitoring the completing of repairs.

The bill also clarifies that payments of rent into escrow are limited to prospective rent. Under the Tenant Safety Act, "back rent" owed at the time that a tenant raises their Rent Escrow claim

should be adjudicated within the framework of the Warranty of Habitability. Payment of "back rent" would no longer be a precondition to the tenant's Rent Escrow case, which would move forward based on the tenant's paying current and future rent into court.

Codify a cause of action for violation of the Warranty of Habitability

HB1117 expressly states that a warranty of habitability is implied in all rental agreements and additionally provides both affirmative and defensive claims for violation of the warranty. Although "[t]he concept of an implied warranty of habitability is no stranger to the common law,"⁵ Maryland district courts invariably deny tenants' claims based on violation of the warranty in part because judges interpret the rent escrow statute as overriding the warranty. For instance, when a tenant raises dangerous defects as a set-off defense to non-payment of rent, the bench may respond, "If you are asserting that there are poor conditions, you must file an escrow case." This ubiquitous confusion of two distinct legal claims – one for compensation based on past defects, the other for injunctive relief (repairs, rent abatement) based on continuing defects – requires the clarification offered by this bill.

Permit awards of attorney's fees and costs to prevailing tenants

The fee-shifting provision in HB1117 would increase the accessibility and effectiveness of the Rent Escrow process. Opponents of the bill have objected to this language that allows a court to award attorneys' fees to the prevailing tenants. This Committee is well-aware that fee-shifting provisions depart from the "American Rule" on attorney's fees, i.e., that each party is responsible for paying their own attorneys' fees, regardless of the outcome of the case. Fee-shifting breaks with the rule to promote utilization and enforcement of remedial laws. Civil rights, consumer protection, and environmental laws are examples. Another example is Maryland's retaliatory eviction statute (Real Prop. § 8-208.1) whereby a court may award attorneys' fees to the tenant who prevails in showing that their landlord retaliated by attempting an eviction. HB1117 proposes the same measure for Rent Escrow and the Warranty of Habitability.

Absent a fee-shifting mechanism, few attorneys in the private bar represent tenants in rent escrow cases. Their potential clients, who typically earn low incomes, are unlikely to be able to afford to pay attorney fees. Nor can these renters obtain free legal representation for affirmative rent escrow cases under the Access to Counsel in Evictions law. Under the recent enactment, the Access to Counsel law did not include affirmative rent escrow actions except where the renter has

⁵ Jack Spring, Inc. v. Little, 50 III. 2d 351, 360 (1972).

been constructively evicted (meaning, they have already temporarily or permanently vacated the rental unit).

Maryland Legal Aid frequently raises Rent Escrow claims on behalf of our income-eligible clients, but we do not have the resources to meet all requests for assistance. The availability of an attorneys' fee award would increase the likelihood that low-income renters are able to obtain legal representation, which in turn boosts the likelihood that they utilize the laws that the General Assembly intended for their protection.

Notably, Maryland civil rules already provide a mechanism, by motion for sanctions, by which landlords may win an award of attorneys' fees if the court finds the rent escrow action was frivolous or brought in bad faith.

For all the foregoing reasons, **Maryland Legal Aid urges the Committee's favorable report on HB1117**. If you have any questions, please contact:

Zafar S. Shah Assistant Advocacy Director – Tenants' Right to Counsel Project zshah@mdlab.org | (443) 202-4478

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HB1117 - Tenant Safety Act FAV written (1).pdf Uploaded by: Zoe Gallagher

Position: FAV



Testimony to the Senate Judicial Proceedings Committee HB01117 - Landlord and Tenant – Failure to Repair Serious and Dangerous Defects - Tenant Remedies (Tenant Safety Act) Position: Favorable

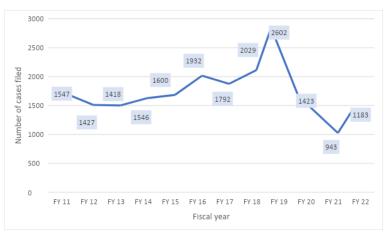
4/1/2024 The Honorable Senator Smith, Chair Judicial Proceedings Committee 2 East Miller Office Building Annapolis, MD 21401

CC: Members of the Judicial Proceedings Committee

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

I am writing to urge your favorable report on HB1117 because it would support tenants facing dangerous conditions in accessing rent escrow.

As it stands, there are many more tenants suffering with uninhabitable living conditions than file for rent escrow. For many, the prospect of bringing an individual lawsuit raises insurmountable fear of retaliation and abuse by unscrupulous landlords. The intimidating prospect of facing off against landlords and judges chills their pursuit of a remedy. These factors help to explain the paltry numbers of rent escrow actions filed by individual renters each year.



Data Source: Maryland Judiciary, https://mdcourts.gov/district/about#stats

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HB01117 addresses such obstacles by introducing a group filing procedure to the rent escrow law (Real Property § 8-211). By allowing tenants to join their interests together, this bill would have an enormous impact on tenants' ability to organize quickly and efficiently to compel landlords to make potentially life-saving repairs. HB01117 would enable a single tenant to file a rent escrow case about building and unit conditions that other tenants with the same landlord facing similar conditions on the same property could join. Moreover, the bill ensures landlord accountability by enabling tenants to seek damages and attorney's fees from negligent landlords who refuse to make necessary repairs to uninhabitable conditions.

HB01117 mirrors an existing procedure in New York City called the "group HP process," which routinely supports tenants in addressing harmful building conditions quickly and collectively in a summary process. Our organization supports the Tenant Safety Act because we believe Maryland renters deserve the same opportunity to build power for better housing.

HB01117 supports tenant organizing for repairs to conditions that threaten life, health and safety

HB01117 facilitates tenants in demanding necessary housing improvements that would benefit all Marylanders, renters and homeowners alike. The bill allows a group of tenants living on the same premises with the same landlord to ask the Court to order the landlord to make repairs to serious threats to life, health or safety.

In individual habitability actions, tenants face a massive power imbalance when seeking necessary repairs from their landlords. In response to an individual escrow filing, landlords can, and do, refuse to act or refuse to extend a tenant's lease. Landlords can also easily harass individual tenants, file an eviction, or unilaterally lock the tenant out, despite the fact that it is illegal to do so. In providing a group option for seeking repairs through the courts, HB01117 reduces the likelihood of intimidation of individual tenants and ensures that those living in truly threatening housing conditions will have a fair shot at compelling negligent landlords to act in the interest of life, health and safety.

HB01117 gives tenants more power to compel repairs by ensuring that tenants and courts can hold negligent landlords accountable

As it stands, the only remedies available to tenants that file rent escrow for repairs are rent abatement, distribution of escrow funds or an injunction 90 days after a court finding that the conditions complained of by the tenant exist. These remedies alone, however, have proven unavailing with numerous negligent landlords. There are also limited legal services available to support low-income tenants pursuing rent escrow, which means that tenants often must file on their own or forgo filing altogether.

HB01117 strengthens the remedies available to tenants and ensures that tenants can hold landlords responsible for negligence and delay in a way that fully accounts for the harm they suffer. First, by providing groups of tenants with the opportunity to file together, tenants will be able to hold landlords accountable for the repairs they are already legally required to make. Second, the bill also codifies the already-existing implied warranty of habitability and clarifies an individual tenant's right to enforce it. Landlords are currently required to ensure their properties are suitable for human habitation, but



negligent landlords often freely collect rent without being held to this basic, common-sense standard. HB01117 provides an important tool to hold these negligent landlords accountable. Finally, the attorney's fees provision increases the likelihood that tenants will be able to avail themselves of legal services, as they will be able to enlist attorneys whose practices depend upon the ability to recoup reasonable fees. Landlords are usually represented by attorneys in these matters, so this provision helps level the playing field.

HB01117 promotes judicial economy by allowing tenants to address building or complex-wide conditions issues in a single case

HB01117 also has the added benefit of allowing for resolution of tenants' conditions issues with the same landlord and increasing access to justice overall.

Currently, it is difficult for a group of tenants to bring an action against a landlord together. It is functionally impossible to bring an escrow case on behalf of a group of tenants because class actions are not permitted in District Court while rent escrow cases are within the exclusive jurisdiction of District Court. While joinder of tenants may be possible in some cases, it is not common in the current practice of the District Court. Instead, tenants on the same premises with the same landlord are generally required to file individual actions, with each tenant paying a filing fee and drafting a separate complaint. HB01117 would explicitly provide a mechanism for tenants to raise related issues and conditions in a single, streamlined case in court, and provide tenants with better access to justice – a change that simply makes more sense.

Economic Action Maryland is a member of the Renters United Maryland coalition and asks that the Committee issue a report of FAVORABLE on HB01117.

Sincerely, Zoe Gallagher, Policy Associate

MMHA - 2024 - HB 1117 - Tenant Safety Act - JPR(2) Uploaded by: Aaron Greenfield

Position: UNF



Bill Title:House Bill 1117, Landlord and Tenant - Failure to Repair Serious and
Dangerous Defects - Tenant Remedies (Tenant Safety Act of 2024)

Committee: Judicial Proceedings Committee

Date: April 2, 2024

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/

House Bill 1117 establishes that a landlord who offers a residential dwelling unit for rent is deemed to warrant the dwelling fit for human habitation. House Bill 1117 purports to follow the Maryland Rules on Joinder in order to allow multiple tenants to "join" as Plaintiffs in a rent escrow or breach of warranty of habitability claim. The court may order a tenant with remedies relating to the breach of warranty of habitability, including actual damages, abatement of rent, and lease termination. MMHA opposes this bill because it seeks to dismantle Maryland's long standing rent escrow procedure which balances the rights of tenants to live in housing free of serious and substantial defects with the responsibilities of landlords to supply such housing.

I. Rent Escrow

<u>Maryland Real Property Code, Rent Escrow Code Section 8-211</u>: This Legislature passed Maryland's Rent Escrow statute for the specific purpose of "providing tenants with a mechanism for encouraging the repair of serious and dangerous defects which exist within or as part of any residential dwelling unit or on property used in common of which the dwelling unit is a part".

The statute has very specific requirements. For example:

- applies only to "serious and substantial defects and conditions" defined by the statute
- requires a tenant to provide notice of the defect to the landlord
- requires a tenant to escrow their rent while repairs are being made
- allows the landlord to have a "reasonable time" to address defects
- and most importantly, allows the Court to determine appropriate remedies based upon the situation. These include rent abatement and credits, entering injunctions allowing 3rd parties to make needed repairs and even termination of the lease.



• This legislature intended that the rent escrow statute would incentivize housing providers to swiftly cure a defect in rented property and provide tenants a simple and timely remedy to keep their rented homes safe, as well as giving them the choice to raise the issue either affirmatively or defensively. While the Bill retains the tenant's ability to pay rent into escrow while the defect issue is resolved; it now inexplicably broadens the current statute to allow a Tenant to include "any other defense" regardless of whether it has anything to do with property defects. Furthermore the creation of an entirely new multiple plaintiff cause of action under the rent escrow statute is not only complicated, it will destroy the rapid response mechanism devised by this legislature to assure that defective conditions in rental property are timely repaired and tenants are protected.

II. Concerns with House Bill 1117

• <u>Maryland Rules on Joinder</u>: This bill allows multiple tenants to join as plaintiffs in a rent escrow action (page 4, lines 26-27) or breach of the warrant of habitability (page 8, lines 23-25) in accordance with the Maryland Rules on Joinder. Joinder of plaintiffs in an action under RP § 8-211 would likely subvert the purpose of the joinder rules by increasing complexity, time, and expense of highly individualized proceedings. Joinder in an action under RP § 8-211 would fall under the purview of Rule 3-212. Under that rule, all persons may join in one action as plaintiff if: (1) they assert a right to relief jointly, severally, or in the alternative in respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences, and (2) if any question of law or fact common to all these persons will arise in the action. The purpose of Maryland Rules on the joinder of parties is "to simplify and expedite proceedings and to avoid the useless publication, expense, and possible uncertainty of more than one trial." <u>Allen Whalen v.</u> <u>Crimberg Co.</u>, 229 Md. 585 (1962).

The typical rent escrow case involves the need to address a particularized problem or problems in a <u>specific tenant's rental unit</u>. Even in multifamily buildings, a tenant's repair issues are generally unique to their living situation and are easily identifiable through tenant complaints and inspections by the landlord or Code Officials. Housing providers must repair and eliminate conditions that are a serious threat to the life, health, or safety of occupants. If a housing provider fails to repair serious or dangerous problems in a rental unit, a resident has the right to pay rent into an escrow account established at the local District Court.

In many cases, a rent escrow action can result in multiple hearings tracking the progress of repairs performed related to a specific issue in a tenant's rental unit. The Court will hold the rent until a Judge hears the case and decides what, **<u>if any</u>**, rent should be returned to the tenant or to the housing provider which under <u>Williams v</u>. Authority of <u>Baltimore City</u>, 361 Md. 143 (2000) "[is] *emphasis added*... limited to the difference between the amount of rent paid or owed and the reasonable rental value of the dwelling in its deteriorated condition commencing from the time that the landlord acquired actual



knowledge of the breach [of warranty]". The Court also has the power to terminate the lease, issue an injunction to have repairs made by someone other than the housing provider, appoint a special administrator to assure that repairs are made and to use escrowed funds to avoid foreclosure on the property if the housing provider fails to pay the mortgage.

For the vast majority of escrow cases, there will be no commonality between any questions of law or fact. An escrow account would still be required for each individual plaintiff, a finding of fact would still be required on the specific conditions alleged in each unit, and an order of relief would still be required based on the specific situation and reasonable rental value of each unit. Even if common questions of fact or law exist between plaintiffs, the highly individualized relief required by the statute would likely subvert the purpose of joinder by prolonging proceedings and increasing the amount of trial and hearing dates until all issues are addressed and/or corrected for each plaintiff.

• <u>Rebuttable Presumptions</u>: HB 1117 initiates a new and heretofore unprecedented "rebuttable presumption" that essentially upends the long-held balance of this statute. By establishing that in a rent escrow action, there is a rebuttable presumption that a tenant is entitled to adjudication of a request for rent abatement, abatement of <u>prospective rent</u> and may not be required to pay into escrow more than 50% of the amount of rent required by the lease.

What if the rent escrow matter is frivolous? What if the rent escrow action is a delay tactic by the tenant to pay rent? MMHA believes that the tenant(s) should be held accountable for such actions and that the housing provider in such circumstances should be entitled to reasonable attorneys' fees and costs related to the litigation.

• <u>Tenant Recovery</u>: If the tenant prevails in their escrow case the bill permits the court to order types of relief never contemplated by the rent escrow Statute including relocation in a rent escrow action or breach of the warrant of habitability. If the balance of the Rent Escrow statute is to be preserved where a tenant(s) claim is frivolous, the prevailing party, not only the tenant, should be entitled to reasonable attorney's fees and costs related to the case.

For these reasons, we respectfully request an unfavorable report on House Bill 1117.

For additional information, please contact Aaron J. Greenfield, 410.446.1992

HB 1117-- AOBA--UNF.pdf Uploaded by: Brian Anleu

Position: UNF



Bill No: HB 1117-- Landlord and Tenant—Failure to Repair Serious and Dangerous Defects—Tenant Remedies (Tenant Safety Act of 2024)

Committee: Judicial Proceedings

Date: April 2, 2024

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.

House Bill 1117 establishes that rental housing providers shall warrant the units fit for human habitation and are obligated to repair and eliminate conditions and defects that constitute health and safety concerns. HB 1117 authorizes multiple residents to join in an action seeking remedies on behalf of a group of residents if a housing provider fails to repair serious and dangerous defects on the property. The bill creates a rebuttable presumption where (1) a resident is entitled to an adjudication of a rent abatement upon request and that abatement may apply to prospective rent; and (2) a resident may not be required to pay into rent escrow more than 50% of the amount required by the lease. Furthermore, a party may request the court adjustment to the amount a resident is required to pay into escrow at any time and the court may grant a postponement upon request for the purpose of evidence gathering during failure to pay rent proceedings.

AOBA opposes this legislation as it will create an entirely new process for rent escrow pertaining to remediating any severe defects. This bill expands a resident's ability to withhold rent for reasons unrelated to property defects, which could potentially put a significant financial burden on landlords. Additionally, creating an entirely new multiple-plaintiff cause of action under the rent escrow statute is complicated and threatens the swift procedure for resolving defects that the legislature originally put in place.

As drafted, a group of residents can join together for breach of warranty of habitability if they encounter similar defects in their building and allow residents to ask a judge to abate the rent at the beginning of a proceeding with the presumption that an abatement is warranted. This bill creates a collective action that conceptually fails to be a valuable model for rent escrow proceedings. Residents use rent escrow to get the courts to force a housing provider to perform necessary repairs in the dwelling unit. The joinder action will prolong the process for remedies and delay repairs as there are specific rules within the statute that the housing provider and resident must follow to ensure the Court determines the facts and appropriate remedies for each case. Moreover, the bill lowers the monetary requirement for rent escrow, where the resident may only be required to pay up to 50% into the escrow account. AOBA members fear this bill will lead to more frivolous lawsuits by residents making allegations and negatively impacting the State's existing housing stock as the cost of renting increases as a result of more litigations occurring with the passage of this bill.

AOBA members believe the existing rent escrow statute provides potent remedies to protect tenants. The typical rent escrow case involves addressing a particular problem or problems in a specific resident's rental unit. Even in multifamily buildings, residents' repair issues are generally unique to their living situation and easily identifiable through resident complaints and inspections by the housing provider or Code Officials. This is all contingent on the enforcement agency actively making inspections and imposing the appropriate sanctions on the housing provider for any code violations. Additionally, enforcement agencies have the authority to revoke rental licenses in egregious instances, specifically if it endangers a resident's health and safety. This bill seeks to shift the responsibility of the local government to enforce housing codes to the Courts, potentially undermining the existing system.

For these reasons, AOBA urges an unfavorable report on HB 1117. For further information, contact Ryan Washington, AOBA Government Affairs Manager, at <u>rwashington@aoba-metro.org</u> or call 202-770-7713.

HB 1117X_ realtors_unf.pdf Uploaded by: William Castelli

Position: UNF



House Bill 1117 – Landlord and Tenant – Failure to Repair Serious and Dangerous Defects – Tenant Remedies (Tenant Safety Act of 2024)

Position: Unfavorable

Maryland REALTORS® appreciates changes to HB 1117 but remains opposed to the legislation.

The purpose of the current rent escrow law is to provide tenants with a tool to force housing providers to repair serious and dangerous defects rather than simply making a landlord pay damages that do nothing to improve living conditions in the dwelling unit. If the landlord fails to make a repair within the statutory time limit, the landlord may not collect the escrowed rent or the tenant has a defense to a suit brought against them for nonpayment of rent.

The REALTORS[®] are concerned with new section 8-212 which defines a warrant of habitability that parallels the rights of a tenant under 8-211 (the rent escrow law). While section 8-211 provides statutory remedies like nonpayment of rent and abatement of rent for serious defects, 8-212 would provide the same remedies for a breach of the warrant of habitability but also adds monetary damages. Importantly, the bill allows a suit for damages when a landlord fails to correct the unsafe condition regardless of whether it is willful action on the part of the landlord who fails to correct it or not. While there may be more reason to allow damages when a landlord is willfully or intentionally failing to correct conditions, there are times when a landlord may not have the money to make needed repairs, or the repairs cannot be completed within a "reasonable time" as required by the bill. As an example, it would not be right for a landlord to have to defend against a suit for damages when a disaster like a burst pipe, or tree crashing against a property makes it impossible to correct the condition within a "reasonable time."

For these reasons, the REALTORS[®] remain opposed to the bill.

For more information contact lisa.mays@mdrealtor.org or christa.mcgee@mdrealtor.org

