

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 477

(Delegate Wilkins, *et al.*)

Environment and Transportation

Judicial Proceedings

Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Good Cause Termination Provisions

This bill authorizes a county (including Baltimore City) to enact local laws or ordinances that prohibit a landlord from failing to renew a lease during the lease period or seeking to terminate a holdover tenancy without good cause, as specified. The bill's restrictions only apply when a landlord, in a county that has enacted a local law or ordinance under the bill, owns six or more residential rental units in that county, including any residential rental units that the landlord owns or controls through one or more legal entities. The bill's provisions do not apply to an owner-occupied rental unit.

Fiscal Summary

State Effect: General fund expenditures for the Office of the Attorney General (OAG) may increase depending on the extent to which local jurisdictions enact local laws or ordinances as authorized by the bill, as discussed below. Revenues are not directly affected.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The following specified grounds must constitute good cause in a local law or ordinance adopted under the bill's provisions:

- a tenant committing a substantial breach of the lease or causing substantial damage to the leased premises or another area of the property and, after receiving notice to

- cure or correct the breach or pay the reasonable cost of repairing the damage, the tenant fails to comply within 14 days;
- a tenant engaging in routine disorderly conduct that disturbs the peace and quiet of other tenants;
- a tenant engaging in illegal activity on the leased premises, another area of the property, or a public right-of-way abutting the leased premises;
- a tenant, without reasonable cause, refusing to grant the landlord access to the leased premises for the purpose of making repairs or improvements or inspecting the leased premises, or as otherwise authorized under the residential lease or applicable law;
- a holdover tenant failing to accept a landlord's offer of a new lease agreement for a term of at least one month but no longer than the term of the lease agreement effective immediately before the holdover tenancy within one month after the landlord makes the offer or a greater period of time as otherwise established by law;
- a tenant repeatedly committing minor violations of the lease that (1) disrupt the livability of the leased premises; (2) interfere with the management of the property; or (3) have an adverse financial impact on the property;
- a tenant habitually failing to pay rent when due, if the tenant has been notified by the landlord in writing that the rent is more than ten days late at least four times in a 12-month period;
- a landlord, in good faith, seeking to recover possession of the leased premises for use by the landlord or the landlord's family, as specified;
- a landlord, after having obtained all necessary permits, seeking to undertake substantial repairs or renovations that cannot be completed while the leased premises are occupied; and
- a landlord, in good faith, seeking to remove the leased premises for at least one year from the rental market.

A county may not adopt additional or alternative grounds for good cause by local law or ordinance. Enacted local laws or ordinances may not require a landlord to demonstrate good cause if a tenant provides notice to the landlord that expresses the tenant's intent not to renew the lease or continue with the holdover tenancy.

A local law or ordinance must require that:

- a landlord enforce substantial breaches of a lease consistently among all tenants;
- a landlord provide written notice by first-class mail with a certificate of mailing to a tenant stating the good cause for the nonrenewal of a lease or the termination of a holdover tenancy;
- a tenant holding over complaint include a statement of the good cause for the nonrenewal of a lease or the termination of a holdover tenancy; and

- a landlord that files a tenant holding over complaint plead specific facts demonstrating good cause for the nonrenewal of a lease or the termination of a holdover tenancy.

A local law or ordinance must prohibit a landlord from asserting good cause based on a substantial breach of a lease unless the landlord enforces substantial breaches of a lease consistently among all tenants.

A landlord in a county that has adopted a local law or ordinance under the bill may seek relief in a tenant holding over action only after declining to enter into a new lease or continue a holdover tenancy in accordance with the provisions of the local law or ordinance. Otherwise, the bill may not be interpreted to alter the rights of a landlord that seeks relief under Title 8, Subtitle 4 of the Real Property Article. A local law or ordinance may not conflict with general notice requirements under statutory provisions regarding tenant holding over actions.

Current Law:

Repossession at End of a Lease Term or under a Tenancy at Will

Generally, a landlord must provide notice of the intent to terminate a tenancy and repossess the property within timeframes established in statute; the timeframes and specific requirements of the notice depend, in part, on the term of the lease, the type of tenancy, and whether the lease is a written one. For example, if the parties have a written lease for a stated term in excess of one week or a tenancy from month to month, written notice is generally required 60 days before the expiration of the tenancy. In the case of tenancies from year to year (including tobacco farm tenancies but excluding all other farm tenancies), written notice is generally required 90 days before the expiration of the current year of the tenancy. After required notice is provided, if the tenant or person in actual possession refuses to comply, the landlord may file a complaint in the District Court under procedures specified in statute.

Repossession for Breach of Lease

Generally, when a lease allows a landlord to repossess a property because a tenant breaches the lease, the landlord may file a complaint in the District Court of the county where the property is located if specified requirements are met. Once the tenant breaches the lease, the landlord is generally required to give the tenant 30 days' written notice that the tenant is in violation of the lease and the landlord wants to repossess the premises. However, the landlord is required to give only 14 days' written notice of a violation of the lease and that the landlord wants to repossess the premises if the violation involves dangerous behavior by a tenant or another person on the property with the tenant's consent. The behavior must

demonstrate a clear and imminent danger of the tenant or person doing serious harm to himself/herself, other tenants, the landlord, the landlord's property or representatives, or any other person on the property. Once the notice period expires, the landlord may file the complaint if the tenant or person in actual possession refuses to comply.

State Fiscal Effect: The bill authorizes local governments to establish “good cause” ordinances that prohibit/limit certain actions by landlords. OAG advises that the bill's authority likely results in an overall increase in activity related to landlord/tenant matters and anticipates the need for additional staff to review complaints and take potential enforcement actions. Specifically, OAG advises that the bill likely generates a volume of complaints that supports the need for at least one mediation supervisor and a part-time assistant Attorney General, with associated expenditures of at least \$150,000 on an annual basis.

However, the Department of Legislative Services advises that the extent of resources potentially needed by OAG is dependent on the extent to which local jurisdictions enact laws or ordinances as *authorized* by the bill. While generally acknowledging that additional staff may be needed within OAG if local jurisdictions enact local laws/ordinances and a significant volume of complaints is received as a result, without experience under the bill, the need for additional resources is unclear. To the extent that additional staffing resources are required, OAG may request them through the annual budget process.

Small Business Effect: Landlords in jurisdictions that enact local laws or ordinances as authorized by the bill will be prohibited from taking specified actions regarding their property unless good cause can be demonstrated.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 684 and SB 504 of 2023 and HB 881 of 2022.

Designated Cross File: SB 644 (Senator Muse, *et al.*) - Judicial Proceedings.

Information Source(s): Anne Arundel, Baltimore, Frederick, and Montgomery counties; Maryland Association of Counties; Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Legislative Services

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Analysis by: Donavan A. Ham

Direct Inquiries to:
(410) 946-5510
(301) 970-5510