

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 843

(Delegate Hixson, *et al.*)

Environmental Matters

Residential Leases - Just Cause Evictions

This bill prohibits a landlord from evicting a tenant in the absence of just cause, as established in the bill, and using a lease that requires the tenant to carry renter's insurance naming the landlord as beneficiary. The eviction prohibition applies to a landlord renting four or more residential units.

Fiscal Summary

State Effect: Any increase in District Court caseloads can likely be handled with existing resources.

Local Effect: Although the bill may result in an increase in circuit court cases, the additional caseloads can likely be handled with existing resources.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Under the bill, just cause for eviction exists if:

- a tenant fails to pay rent in a timely manner;
- a tenant commits a substantial breach of the lease terms;
- a tenant refuses a landlord's written request to execute an extension or renewal of an expired lease for the same duration and on substantially similar terms;

- a tenant causes substantial damage to the unit or another area of the property and, upon receiving written notice, fails to make a satisfactory correction or pay reasonable repair costs;
- a tenant continues, after receiving notice to cease, to engage in disorderly conduct that disturbs the peace and quiet of other tenants;
- a tenant has engaged in illegal activity on the premises or on a public right-of-way abutting the premises;
- a tenant, without reasonable cause, refuses to grant the landlord access to the unit for the purpose of making repairs or improvements or inspecting the unit, or as otherwise authorized under the lease or applicable law;
- a tenant, without reasonable cause, refuses to provide the landlord with information needed by the landlord to satisfy the conditions of an affordable housing financing agreement;
- a landlord, in good faith, seeks to recover possession of the unit for the use of the landlord's spouse, child, parent, or grandparent;
- a landlord, in good faith, seeks to permanently remove the unit from the rental market; or
- a landlord, after having obtained all necessary permits, seeks to undertake substantial repairs or renovations that cannot be completed while the unit is occupied.

Any notice provided by a landlord in a just cause eviction must be sent by certified mail, return receipt requested.

The bill defines “evict” to mean any action to remove a tenant from a rental unit and terminate the tenancy against the tenant’s will, including refusing to renew the lease on substantially similar terms.

Current Law: Generally, a landlord may not bring or threaten to bring action for possession against a tenant, arbitrarily increase the rent or decrease services to which the tenant is entitled, or terminate a periodic tenancy for any of the following reasons:

- the tenant or the tenant’s agent has provided to the landlord or any public agency written or actual notice of a good faith complaint against the landlord about an alleged violation of the lease, violation of law, or condition on the leased premises that is a substantial threat to the health or safety of occupants;
- the tenant or agent has filed a lawsuit against the landlord;
- the tenant or agent has testified or participated in a lawsuit involving the landlord; or
- the tenant has participated in any tenants’ organization.

If a judgment in any proceeding is for the tenant because the landlord engaged in a retaliatory action, the court may enter judgment for damages not to exceed the equivalent of three-months rent, reasonable attorney fees, and court costs against the landlord. If the court finds that the tenant's assertion of a retaliatory eviction defense was in bad faith or without substantial justification, the court may enter judgment for damages not to exceed the equivalent of three-months rent, reasonable attorney fees, and court costs against the tenant. Relief under these provisions is not available if (1) the tenant is not current on the rent due and owing to the landlord at the time of the alleged retaliatory action unless the tenant withholds the rent for specified reasons and (2) a specified number of judgments have been entered against the tenant for failing to pay rent within a specified period, depending on the obligation to pay rent under the tenancy.

When a tenant fails to pay rent, the landlord is entitled to repossession of the premises through filing a written complaint with the District Court. The complaint must (1) describe in general terms the property sought to be repossessed; (2) list the name of each tenant; (3) state the amount of rent and any late fees due and unpaid, less the amount of any specified utility bills, fees, or security deposit paid by a tenant; and (4) request to repossess the premises and, if requested by the landlord, a judgment for the amount of rent due, costs, and any late fees, less the amount of any specified utility bills, fees, or security deposit paid by a tenant. The complaint also may contain other specified information. If the court finds in favor of the landlord, the court must order that possession of the premises be given to the landlord within four days after trial. If the judgment is in favor of the landlord and the tenant fails to pay the past-due rent and late fees within specified timeframes, the landlord may apply for a "warrant of restitution," which serves as the eviction order. The sheriff's offices in Baltimore City and the counties are responsible for evictions.

Background: According to the U.S. Census Bureau, 33.5% of housing in the State was renter-occupied in 2012. The median monthly rent was \$1,170.

Small Business Effect: The bill's provision prohibiting a lease that requires the tenant to carry renter's insurance naming the landlord as beneficiary may have a material negative impact on landlords that are small businesses to the extent that the landlords that previously had this provision in their leases incur costs that are otherwise not recoverable but for the renter's insurance.

Additional Information

Prior Introductions: HB 315 of 2013, a similar bill that also featured a rent stabilization component in addition to just cause evictions, received a hearing in the House Environmental Matters Committee where no further action was taken.

Cross File: None.

Information Source(s): Caroline, Howard, and Montgomery counties; Judiciary (Administrative Office of the Courts); Department of Legislative Services

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mc/kdm

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