

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 288

(Senator Elfreth, *et al.*)

Education, Health, and Environmental Affairs

Environment and Transportation

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City of Annapolis - Housing Authority - Prohibitions Against Exceptions to Local  
Laws

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This bill generally prohibits a State public body from making an exception for the Housing Authority of the City of Annapolis (HACA) to a law, a rule, a regulation, or an ordinance that operates in the City of Annapolis and relates to licensure or the inspection of real property. However, a State public body may, for HACA, (1) extend the time period, within an inspection cycle, for the reinspection of a unit that fails an initial inspection or (2) waive the fee or fine that is associated with the licensure or inspection of real property. The bill applies prospectively and may not be applied or interpreted to have any effect on or application to any exception that a State public body made for HACA before the bill's effective date.

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**Fiscal Summary**

**State Effect:** None. The bill only affects local government operations.

**Local Effect:** To the extent that the City of Annapolis waives fees or fines payable by HACA, HACA expenditures decrease and City of Annapolis revenues also decrease, but a reliable estimate is not feasible, as discussed below.

**Small Business Effect:** None.

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## Analysis

### **Current Law/Background:**

#### *The Fair Housing Act*

The Fair Housing Act prohibits housing discrimination due to race, sex, color, religion, national origin, marital status, familial status, sexual orientation, gender identity, or disability. Among other things, it is illegal under the Fair Housing Act to fail or delay the performance of maintenance or repairs in the sale and rental of housing. A person claiming to have been injured by a discriminatory housing practice may file a complaint with the Maryland Commission on Civil Rights or file a civil action in circuit court. If an administrative law judge (ALJ) finds that the respondent has engaged in a discriminatory housing practice, the ALJ may order appropriate relief, including actual damages and injunctive or other relief, and may assess a civil penalty against the respondent. A court may award actual or punitive damages, grant injunctive relief, and allow reasonable attorney's fees and costs.

#### *Housing Authority of the City of Annapolis*

HACA is an independent city agency founded in 1937 to provide affordable housing in Annapolis to families who lack the means to purchase or rent housing at market prices. The authority currently operates 790 rental housing units, housing approximately 2,400 individuals. Generally, HACA exercises public and essential government functions and is authorized to carry out its functions as they relate to housing authority properties.

In spring 2019, HACA sued a tenant over outstanding rent payments. The tenant filed a motion to dismiss with prejudice, arguing that HACA must, among other things, be licensed under both the City Code of Annapolis and State law in order to pursue tenant payment. HACA argued in response that local jurisdictions, under the Housing and Community Development Article, may exempt housing authorities, such as HACA, from local housing laws. As HACA is governed by federal law and its communities are inspected under federal Department of Housing and Urban Development guidelines, it argued that the City of Annapolis is authorized to allow HACA to lawfully operate rental units without a city license. The city also reasoned that additional inspections by the city would be duplicative and impose an unnecessary burden on the finances of HACA. In June 2019, the District Court of Anne Arundel County denied the defendant's motion to dismiss. In February 2020, the case was dismissed after the tenant fully paid the outstanding rent payments.

**Local Fiscal Effect:** The City of Annapolis advises that the city is transitioning to full inspections and licensing for public housing and, therefore, can implement the bill's

requirements with existing resources. The fiscal 2020 operating budget for the City of Annapolis included \$80,000 in grants to HACA to pay for inspection fees, and it is assumed that funding will be maintained in future years.

To the extent that the City of Annapolis waives fees charged to HACA associated with the licensure or inspection of a HACA public housing unit or fines levied against HACA for violations discovered during inspections, HACA expenditures decrease and City of Annapolis revenues also decrease. As it cannot be predicted if and how often the City of Annapolis will waive those fees and fines, a reliable estimate of the effect on HACA or the City of Annapolis is not feasible.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 544 (Anne Arundel County Delegation) - Environment and Transportation.

**Information Source(s):** City of Annapolis; Department of Housing and Community Development; Maryland Department of Labor; U.S. Department of Housing and Urban Development; Maryland Commission on Civil Rights; *The Baltimore Sun*; Department of Legislative Services

**Fiscal Note History:** First Reader - February 3, 2020  
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