HOUSE BILL 691

N1 3lr1188 CF SB 807

By: Delegate Stewart

Introduced and read first time: February 6, 2023 Assigned to: Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2023

CHAPTER	
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1 AN ACT concerning

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

5 FOR the purpose of establishing that a landlord that offers a dwelling for rent is deemed to 6 warrant the dwelling fit for human habitation; adding certain mold hazards to the 7 list of dangerous conditions and defects for which a tenant may obtain relief under the State's rent escrow statute; authorizing a single tenant or tenants' organization 8 9 serving as the lead petitioner for a group of tenants to seek remedies on behalf of a group of tenants for a landlord's failure to repair serious and dangerous defects on 10 11 the leased premises; authorizing a tenant, group of tenants, or tenants' organization 12 to bring a civil action for money damages if a landlord fails to repair certain defects 13 within a certain time period; requiring the award of reasonable attorney's fees to a tenant, group of tenants, or tenants' organization tenant, a tenant serving as the 14 lead petitioner for a group of tenants, or a group of tenants who prevails in a certain 15 action; establishing that certain local laws are preempted by the provisions of this 16 Act preempt certain provisions of this Act; and generally relating to remedies for a 17 18 landlord's failure to repair serious and dangerous defects.

19 BY repealing and reenacting, with amendments,

20 Article – Real Property

21 Section 8–211 and 8–211.1

22 Annotated Code of Maryland

23 (2015 Replacement Volume and 2022 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, 2 That the Laws of Maryland read as follows:

Article - Real Property

4 8–211.

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- 5 (a) **(1)** The purpose of this section is to provide 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 upon the property used in common of which the dwelling unit forms a part.
- 9 (2) The defects sought to be reached by this section are those which present 10 a substantial and serious threat of danger to the life, health, and safety of the occupants of 11 the dwelling unit, and not those which merely impair the aesthetic value of the premises, 12 or which are, in those locations governed by such codes, housing code violations of a 13 nondangerous nature.
- 14 **(3)** The intent of this section is not to provide a remedy for dangerous conditions in the community at large which exists apart from the leased premises or the property in common of which the leased premises forms a part.
- 17 (b) It is the public policy of [Maryland] THE STATE that meaningful sanctions be 18 imposed [upon those who] ON A LANDLORD THAT allow dangerous conditions and defects 19 to exist in leased premises, and that an effective mechanism be established for repairing 20 these conditions and halting their creation.
- 21 (c) (1) [This] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THIS section applies to ALL residential dwelling units leased for the purpose of human habitation within the State [of Maryland. This section does not apply to farm tenancies.
- 25 (d) This section applies to all applicable dwelling units] whether they are [(1) 26 publicly]:
- 27 (I) PUBLICLY or privately owned; or [(2) single]
- 28 (II) SINGLE or multiple units.
- 29 (2) THIS SECTION DOES NOT APPLY TO FARM TENANCIES.
- [(e)] (D) [This section provides a remedy and imposes an obligation upon landlords] A LANDLORD THAT OFFERS A RESIDENTIAL DWELLING UNIT FOR RENT, WHETHER BY WRITTEN OR ORAL LEASE OR AGREEMENT, SHALL BE DEEMED TO WARRANT THAT THE RESIDENTIAL DWELLING UNIT IS FIT FOR HUMAN HABITATION

- 1 AND THAT THE LANDLORD IS OBLIGATED to repair and eliminate conditions and defects 2 which constitute, or if not promptly corrected will constitute, a fire hazard or a serious and 3 substantial threat to the life, health, or safety of occupants, including, but not limited to]: 4 Lack of heat, light, electricity, or hot or cold running water, except (1) 5 where the tenant is responsible for the payment of the utilities and the lack thereof is the direct result of the tenant's failure to pay the charges; 6 7 (2) Lack of adequate sewage disposal facilities; 8 Infestation of rodents in two or more dwelling units; (3)The existence of any structural defect which presents a serious and 9 **(4)** 10 substantial threat to the physical safety of the occupants; ex 11 (5)The existence of any condition which presents a health or fire hazard to 12 the dwelling unit; OR 13 **(6)** THE EXISTENCE OF MOLD IN A DWELLING UNIT THAT PRESENTS A 14 SERIOUS AND SUBSTANTIAL THREAT TO THE HEALTH OF THE OCCUPANTS. 15 [(f)] **(E) (1)** This section does not [provide a remedy for the] APPLY TO A 16 landlord's failure to repair and eliminate minor defects or, in those locations governed by 17 such codes, housing code violations of a nondangerous nature. 18 **(2)** There is a rebuttable presumption that the following conditions, when 19 they do not present a serious and substantial threat to the life, health, and safety of the 20 occupants, are not covered by this section: 21Any defect which merely reduces the aesthetic value of the leased 22premises, such as the lack of fresh paint, rugs, carpets, paneling, or other decorative 23amenities: 24(2)(II) Small cracks in the walls, floors, or ceilings; 25(III) The absence of linoleum or tile upon the floors, provided that they are otherwise safe and structurally sound; or 2627 [(4)](IV) The absence of air conditioning. 28 In order to employ the remedies provided by this section, the [(g)] **(F) (1)** tenant, OR A GROUP OF TENANTS OR TENANTS' ORGANIZATION UNDER SUBSECTION 29(J) OF THIS SECTION, shall notify the landlord of the existence of the defects or conditions. 30
 - (2) Notice shall be given by [(1) a]:

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$1\\2$	(I) A written communication sent by certified mail listing the asserted conditions or defects [, or (2) actual];
3	(II) ACTUAL notice of the defects or conditions[,]; or [(3) a]
4 5 6	(III) A written violation, condemnation or other notice from an appropriate State, county, municipal, or local government agency stating the asserted conditions or defects.
7 8	[(h)] (G) (1) The landlord has a reasonable time after receipt of notice in which to make the repairs or correct the conditions.
9 10 11	(2) The length of time deemed to be reasonable is a question of fact for the court, taking into account the severity of the defects or conditions and the danger which they present to the occupants.
12 13	(3) There is a rebuttable presumption that a period in excess of 30 days from receipt of notice is unreasonable.
14 15	[(i)] (H) If the landlord refuses to make the repairs or correct the conditions, or if after a reasonable time the landlord has failed to do so, the tenant may [bring]:
16 17	(1) BRING an action of rent escrow to pay rent into court because of the asserted defects or conditions[, or the tenant may refuse];
18 19	(2) Bring an action for $\frac{\text{MONEY}}{\text{MONEY}}$ damages against the Landlord for Breach of the warranty of habitability; $\frac{\text{AND}}{\text{OR}}$
20 21 22	(3) REFUSE to pay rent and raise the existence of the asserted defects or conditions as an affirmative defense to an action for distress for rent or to any complaint proceeding brought by the landlord to recover rent or the possession of the leased premises.
23 24 25	(I) (1) In addition to an individual tenant, and subject to the notice requirements of subsection (f) of this section, the following parties may bring an action under subsection (h)(1) or (2) of this section:
26 27	(I) A TENANTS' ORGANIZATION ON BEHALF OF A GROUP OF TENANTS; AND
28 29	(II) A SINGLE TENANT AS A LEAD PETITIONER JOINED BY A GROUP OF TENANTS.

(2) FOR PURPOSES OF THIS SECTION, A GROUP OF TENANTS OR A

TENANTS' ORGANIZATION MAY BE INCORPORATED OR UNINCORPORATED.

- 1 (3) A TENANT SERVING AS THE LEAD PETITIONER AND JOINED BY ONE
- 2 OR MORE TENANTS MAY BRING AN ACTION UNDER SUBSECTION (H)(1) OF THIS
- 3 SECTION.
- 4 (2) AN ACTION UNDER THIS SUBSECTION SHALL BE LIMITED TO
- 5 DWELLING UNITS IN A SINGLE BUILDING OR MULTIPLE BUILDINGS IN A SINGLE
- 6 COMPLEX OR DEVELOPMENT THAT IS OWNED OR OPERATED BY THE SAME
- 7 LANDLORD.
- 8 (4) (3) A PETITION FILED BY A TENANTS' ORGANIZATION OR A
- 9 SINGLE-TENANT AS LEAD PETITIONER SHALL:
- 10 (I) ALLEGE THAT A THREAT TO LIFE, HEALTH, OR SAFETY
- 11 EXISTS OR EXISTED IN A SUBSTANTIALLY SIMILAR OR RELATED MANNER IN MORE
- 12 THAN ONE DWELLING UNIT;
- 13 (II) DESCRIBE EACH DWELLING UNIT THAT IS THE SUBJECT OF
- 14 THE ACTION;
- 15 (III) INCLUDE THE NAME OF EACH TENANT ON WHOSE BEHALF
- 16 THE ACTION IS MAINTAINED OR WHO HAS JOINED IN THE ACTION; AND
- 17 (IV) DESCRIBE THE FACTS ON WHICH THE CLAIM IS BASED.
- 18 (5) (4) (I) AFTER A PETITION IS FILED UNDER PARAGRAPH (1)
- 19 OF THIS SUBSECTION, A TENANT OTHER THAN A TENANT IDENTIFIED IN THE
- 20 PETITION MAY JOIN THE ACTION BY FILING A REQUEST WITH THE COURT WITHIN 30
- 21 DAYS OF THE COURT ESTABLISHING RENT ESCROW IN THE ACTION.
- 22 (II) A REQUEST FILED UNDER SUBPARAGRAPH (I) OF THIS
- 23 PARAGRAPH SHALL DESCRIBE THE TENANT'S SPECIFIC UNIT AND, STATE THE FACTS
- 24 ON WHICH THE TENANT IS BASING A CLAIM, AND STATE WHETHER THE TENANT
- 25 REQUESTS TO PAY INTO THE COURT THE AMOUNT OF RENT REQUIRED BY THE LEASE
- 26 OR, IF MODIFIED UNDER SUBSECTION (M) OF THIS SECTION, THE MODIFIED
- 27 AMOUNT.
- 28 (5) (I) THE COURT SHALL ESTABLISH SEPARATE ESCROW
- 29 ACCOUNTS FOR EACH TENANT WHO JOINS THE ACTION.
- 30 (II) ANY FUNDS PAID BY A TENANT TO THE COURT SHALL BE
- 31 <u>CREDITED TO THE TENANT'S INDIVIDUAL ESCROW ACCOUNT.</u>
- 32 (III) A TENANT WHO JOINS A RENT ESCROW ACTION INITIATED
- 33 UNDER THIS SUBSECTION AND WHO DOES NOT PAY RENT INTO THE COURT MAY NOT

1	RAISE THE RENT ESCROW ACTION AS A DEFENSE UNDER SUBSECTION	(H))(3	<u>}) (</u>	<u>)F T</u>	'HIS

- 2 SECTION.
- 3 (IV) THE FAILURE OF A TENANT PARTICIPATING IN A GROUP
- 4 ACTION FOR RENT ESCROW UNDER THIS SUBSECTION TO PAY INTO THE TENANT'S
- 5 INDIVIDUAL ESCROW ACCOUNT MAY NOT LIMIT THE RIGHTS OR REMEDIES
- 6 AVAILABLE TO ANY OTHER TENANT PARTICIPATING UNDER THE SAME GROUP
- 7 ACTION UNDER THIS SECTION.
- 8 (6) (I) PRIOR TO THE ENTRY OF A JUDGMENT UNDER THIS
- 9 SUBSECTION, ANY TENANT JOINED IN THE ACTION MAY REQUEST TO LEAVE THE
- 10 ACTION AND MAY PURSUE ANY REMEDY INDIVIDUALLY WITHOUT PREJUDICE.
- 11 (II) IF THE LEAD PETITIONER IN AN ACTION ESTABLISHED
- 12 UNDER THIS SUBSECTION REQUESTS TO LEAVE THE ACTION PRIOR TO ENTRY OF A
- 13 JUDGMENT UNDER THIS SUBSECTION, THE COURT MAY APPOINT ANOTHER TENANT
- 14 WHO HAS JOINED THE ACTION TO SERVE AS THE LEAD PETITIONER.
- 15 (III) THE COURT MAY REMOVE THE LEAD PETITIONER IN AN
- 16 ACTION ESTABLISHED UNDER THIS SUBSECTION AND APPOINT ANOTHER TENANT
- 17 WHO HAS JOINED THE ACTION TO SERVE IN THIS ROLE IF:
- 18 1. The lead petitioner fails to fund the rent
- 19 ESCROW ACCOUNT ESTABLISHED FOR THE LEAD PETITIONER; OR
- 20 The court otherwise determines it is in the
- 21 INTEREST OF JUSTICE TO REMOVE THE LEAD PETITIONER.
- 22 (7) IF RENT ESCROW IS ESTABLISHED IN AN ACTION FILED UNDER
- 23 PARAGRAPH (1) OF THIS SUBSECTION, THE PETITIONER'S LANDLORD SHALL ALLOW
- 24 THE PETITIONER TO POST A NOTICE NOTIFY TENANTS AT THE PROPERTY IN A
- 25 MANNER DETERMINED BY THE COURT WITH INFORMATION ABOUT THE ACTION AND
- 26 A TENANT'S ABILITY TO JOIN THE ACTION.
- 27 (8) FOLLOWING THE ENTRY OF JUDGMENT IN THE PETITIONER'S
- 28 ACTION, NO TENANT JOINED IN A PETITION UNDER THIS SUBSECTION MAY INITIATE
- 29 A SEPARATE ACTION TO SEEK THE SAME REMEDY CONCERNING THE SAME THREATS
- 30 TO LIFE, HEALTH, OR SAFETY.
- 31 (9) NOTHING IN THIS SECTION MAY BE CONSTRUED TO AUTHORIZE:
- 32 <u>(I) THE LEAD PETITIONER TO REPRESENT THE INTERESTS OF</u>
- 33 ANY OTHER TENANT THAT MAY JOIN AN ACTION UNDER THIS SUBSECTION; OR

- 1 (II) THE LEAD PETITIONER TO ENGAGE IN THE PRACTICE OF
 2 LAW, UNLESS THE LEAD PETITIONER IS AUTHORIZED TO DO SO UNDER § 10–206 OF
 3 THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE. A GROUP OF TENANTS
 4 OR A TENANTS' ORGANIZATION THAT PREVAILS IN AN ACTION UNDER PARAGRAPH
 5 (1) OF THIS SUBSECTION IS ENTITLED TO REASONABLE ATTORNEY'S FEES, ACTUAL
 6 DAMAGES, AND ANY OTHER REMEDIES AVAILABLE UNDER THIS SECTION.
- 7 (j) (1) Whether the issue of rent escrow OR WARRANTY OF HABITABILITY is
 8 raised affirmatively or defensively, the tenant, TENANTS, OR TENANTS' ORGANIZATION
 9 THE FOLLOWING PARTIES may request one or more of the forms of relief set forth in this
 10 section:
- 11 (I) A TENANT ACTING AS THE SOLE PETITIONER, WHETHER
 12 THE ISSUE OF RENT ESCROW OR WARRANTY OF HABITABILITY IS RAISED
 13 AFFIRMATIVELY OR DEFENSIVELY; AND
- 14 (II) A TENANT ACTING AS THE LEAD PETITIONER IN AN ACTION
 15 UNDER SUBSECTION (I) OF THIS SECTION THAT RAISES THE ISSUE OF RENT ESCROW
 16 AFFIRMATIVELY.
- 17 (2) In addition to any other relief sought, if within 90 days after the court
 18 finds that the conditions complained of by the tenant, GROUP OF TENANTS, OR TENANTS'
 19 ORGANIZATION OR LEAD PETITIONER exist AND the landlord has not made the repairs
 20 or corrected the conditions complained of, the tenant may file {a};
- 23 (H) AN ACTION FOR MONEY DAMAGES AGAINST THE LANDLORD
 24 AND ANY OTHER PARTY THAT HAS CONTROL OVER THE ELEMENTS AFFECTED BY THE
 25 ASSERTED DEFECTS OR CONDITIONS, SUCH AS A PROPERTY MANAGEMENT
 26 COMPANY.
- 27 (3) IF A COURT ORDERS ANY RELIEF UNDER THIS SECTION, A TENANT,
 28 GROUP OF TENANTS, OR TENANTS' ORGANIZATION IS ENTITLED TO REASONABLE
 29 ATTORNEY'S FEES, EXPENSES, AND COSTS A COURT MAY AWARD REASONABLE
 30 ATTORNEY'S FEES, EXPENSES, AND COSTS TO A TENANT, LEAD PETITIONER, OR
 31 GROUP OF TENANTS IF A COURT ORDERS ANY RELIEF TO THOSE PARTIES UNDER
 32 THIS SECTION.
 - (k) (1) Relief under this section is conditioned [upon:

34 (1) Giving ON GIVING proper notice, and where appropriate, the 35 opportunity to correct, as described by subsection [(h)] (G) of this section.

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1 (2) [Payment] RELIEF BY ESCROW OF RENT UNDER SUBSECTION (M)
2 OR (N) OF THIS SECTION IS CONDITIONED ON PAYMENT by the tenant, into court, OR
3 LEAD PETITIONER of the amount of rent required by the lease INTO THE COURT, unless
4 this amount is modified by the court as provided in subsection (m) of this section.

(3) RELIEF BASED ON BREACH OF THE WARRANTY OF HABITABILITY MAY NOT BE CONDITIONED ON PAYMENT BY THE TENANT OF RENT INTO THE COURT.

- [(3)] **(4)** In the case of tenancies measured by a period of one month or more, the court having not entered against the tenant 3 prior judgments of possession for rent due and unpaid in the 12—month period immediately prior to the initiation of the action by the tenant or by the landlord.
- [(4)] (5) In the case of periodic tenancies measured by the weekly payment of rent, the court having not entered against the tenant more than 5 judgments of possession for rent due and unpaid in the 12-month period immediately prior to the initiation of the action by the tenant or by the landlord, or, if the tenant has lived on the premises [six] 6 months or less, the court having not entered against the tenant 3 judgments of possession for rent due and unpaid.
- 17 (l) It is a sufficient defense to the allegations of the tenant that the tenant, the 18 tenant's family, agent, employees, or assignees or social guests have caused the asserted 19 defects or conditions, or that the landlord or the landlord's agents were denied reasonable 20 and appropriate entry for the purpose of correcting or repairing the asserted conditions or 21 defects.
- 22 (m) The court shall make appropriate findings of fact and make any order that the 23 justice of the case may require, including any one or a combination of the following:
- Order the termination of the lease and return of the leased premises to the landlord, subject to the tenant's right of redemption;
- 26 (2) Order that the action for rent escrow be dismissed;
- Order that the amount of rent required by the lease, whether paid into court or to the landlord, be abated and reduced in an amount determined by the court to be fair and equitable to represent the existence of the conditions or defects found by the court to exist; or
- 31 (4) Order the landlord to make the repairs or correct the conditions complained of by the tenant, THE LEAD PETITIONER, OR THE GROUP OF TENANTS and found by the court to exist.
 - (n) After rent escrow has been established, the court:

- 1 (1) Shall, after a hearing, if so ordered by the court or one is requested by 2 the landlord, order that the money in the escrow account be disbursed to the landlord after 3 the necessary repairs have been made;
 - (2) May, after an appropriate hearing, order that some or all money in the escrow account be paid to the landlord or the landlord's agent, the tenant or the tenant's agent, or any other appropriate person or agency for the purpose of making the necessary repairs of the dangerous conditions or defects;
 - (3) May, after a hearing if one is requested by the landlord, appoint a special administrator who shall cause the repairs to be made, and who shall apply to the court to pay for them out of the money in the escrow account;
- 11 (4) May, after an appropriate hearing, order that some or all money in the 12 escrow account be disbursed to pay any mortgage or deed of trust on the property in order 13 to stay a foreclosure;
- 14 (5)May, after a hearing, if one is requested by the tenant **OR THE LEAD** 15 **PETITIONER**, order, if no repairs are made or if no good faith effort to repair is made within 16 [six] 6 months of the initial decision to place money in the escrow account, that the money in the escrow account be disbursed to the tenant, THE LEAD PETITIONER, OR MEMBERS 17 OF THE GROUP OF TENANTS IN AN ACTION UNDER SUBSECTION (I) OF THIS SECTION 18 19 OTHER THAN THE LEAD PETITIONER THAT HAVE PAID INTO ESCROW. Such an order 20 will not discharge the right on the part of the ANY tenant to pay rent into court and an 21appeal will stay the forfeiture; or
 - (6) May, after an appropriate hearing, order that the money in the escrow account be disbursed to the landlord if the tenant, THE LEAD PETITIONER, OR ANY MEMBER OF THE GROUP OF TENANTS IN AN ACTION UNDER SUBSECTION (I) OF THIS SECTION OTHER THAN THE LEAD PETITIONER does not regularly pay, into that account, the rent owed.
- 27 Except as provided in § 8–211.1(e) of this subtitle, in the event any county or 28Baltimore City is subject to a public local law or has enacted an ordinance or ordinances 29 comparable in subject matter to this section, commonly referred to as a "Rent Escrow Law", 30 any such ordinance or ordinances shall supersede the provisions of this section THIS 31 EXCEPT AS PROVIDED IN § 8-211.1(E) OF THIS SUBTITLE, THIS SECTION SHALL 32SUPERSEDE ANY LOCAL LAW OR ORDINANCE COMPARABLE IN SUBJECT MATTER TO 33 THIS SECTION EXCEPT TO THE EXTENT THAT THE LOCAL LAW OR ORDINANCE $\stackrel{\mathbf{LS}}{=}$ 34 **MORE STRINGENT OR PROVIDES MORE PROTECTION OR BROADER APPLICABILITY** 35 THAN THIS SECTION.
- 36 8-211.1.

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37 (a) Notwithstanding any provision of law or any agreement, whether written or 38 oral, if a landlord fails to comply with the applicable risk reduction standard under § 6–815

1	or § 6-819 of the Environment Article, the tenant may deposit the tenant's rent in an escrow
2	account with the clerk of the District Court for the district in which the premises are
3	located.
4	(b) The right of a tenant to deposit rent in an escrow account does not preclude
5	the tenant from pursuing any other right or remedy available to the tenant at law or equity
6	and is in addition to them.
7	(e) Money deposited in an escrow account shall be released under the following
8	terms and conditions:
9	(1) To the lessor upon compliance by the lessor with the applicable risk
10	reduction standard; or
11	(2) To the lessee or any other person who has complied with the applicable
12	risk reduction standard on presentation of a bill for the reasonable costs of complying with
13	the applicable risk reduction standard.
14	(d) A lessee may not be evicted, the tenancy may not be terminated, and the ren
15	may not be raised for a lessee who elects to seek the remedies under this section. It shall
16	be presumed that any attempt to evict the lessee, to terminate the tenancy, or to raise the
17	rent, except for nonpayment of rent, within two months after compliance with the
18	applicable risk reduction standard is in retaliation for the lessee's proceeding under this
19	section and shall be void.
20	(e) [This] EXCEPT AS PROVIDED IN § 8-211(0) OF THIS SUBTITLE, THIS
21	section shall preempt any public local law or ordinance concerning the deposit of rent into
22	an escrow account based upon the existence of paint containing lead pigment on surfaces
23	in or on a rental dwelling unit in the State and disposition of that rent.
24	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25	October 1, 2023.
	Approved:
	Governor.
	Charles of the House of Delegates
	Speaker of the House of Delegates.

President of the Senate.