

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 651

(Senators Muse and Lam)

Judicial Proceedings

Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Good Cause Termination (Good Cause Eviction)

This bill authorizes a county 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 provisions are applicable only 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 the State, 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. The bill also (1) requires the Office of Tenant and Landlord Affairs (OTLA) to develop and make certain disclosure/notice forms publicly available and (2) authorizes OTLA to adopt regulations to implement the bill's provisions.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations. The bill's requirements for OTLA can be handled with existing budgeted resources.

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

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Good Cause – Local Law or Ordinance

The bill authorizes counties to adopt 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. If a local jurisdiction adopts a local law or ordinance, the local law or ordinance must (1) only apply to landlords owning six or more residential rental units in the State, including those owned or controlled in whole or in part, directly or indirectly, or through one or more legal entities; (2) require landlords to enforce substantial lease breaches consistently among all tenants; and (3) prohibit landlords from asserting good cause based on a substantial breach unless enforced consistently.

An individual or entity has an interest in a residential rental unit if they have a direct or indirect ownership or membership interest in any entity that has a direct or indirect ownership or membership interest in the rental unit. Any residential rental unit in the State owned by an individual or entity with an ownership interest or membership interest in the landlord is considered a unit owned by the landlord, unless the interest is a noncontrolling interest in a publicly traded entity or similar investment vehicle.

The good cause provisions may not (1) apply to an owner-occupied residential rental unit; (2) require a landlord to demonstrate good cause if a tenant provides notice of intent not to renew the lease or continue the tenancy; or (3) conflict with general notice requirements for tenant holding over actions.

The following 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 10 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.

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.

Lease Disclosure Requirements for Landlords

In counties that enact local good cause laws or ordinances, leases, and lease renewals must include notice stating whether the landlord is subject to those provisions. A landlord stating not to be subject to local good cause provisions must provide the tenant with specified information on a form prescribed by OTLA, including the full legal names and business names of entities with ownership or membership interest in the residential rental unit, the number and addresses of residential rental units owned by these entities, and any other information required by OTLA. If a landlord becomes subject to a good cause law or ordinance, the landlord must subsequently provide timely written notice to any applicable tenants (including any tenants holding over).

Additional Notice Requirements

Before or at the same time as other notices required if a landlord intends to terminate a tenancy, a landlord must use the form developed by OTLA to provide written notice by first-class, certified mail to a tenant stating (1) the good cause for nonrenewal or termination or (2) that the landlord is not subject to local good cause requirements.

Tenant Holding Over Actions – Complaint Requirements

A complaint in a tenant holding over action, in addition to any existing requirements, must state (1) the good cause for nonrenewal or termination or (2) that the landlord is not subject to local good cause requirements. Landlords must plead sufficient facts in the complaint to prove the statement by a preponderance of the evidence. If claiming exemption from good cause requirements, landlords must include a current disclosure form, along with an affidavit certifying the form's accuracy, as specified. Failure to submit the form and affidavit subjects the landlord to local good cause requirements for that action.

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 (tenant holding over).

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.

Small Business Effect: Landlords in jurisdictions that enact local laws or ordinances as authorized by the bill are 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 477 and SB 644 of 2024; HB 684 and SB 504 of 2023; and HB 881 of 2022.

Designated Cross File: HB 709 (Delegate Wilkins, *et al.*) - Environment and Transportation.

Information Source(s): Baltimore, Charles, and Garrett counties; Maryland Association of Counties; Maryland Municipal League; Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Department of Legislative Services

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