



**Bill No:** HB 499 -- Rental Housing Restitution Fund - Establishment

**Committee:** Environment & Transportation

**Date:** 2/2/2021

**Position:** Favorable with Amendments

The Apartment and Office Building Association of Metropolitan Washington (AOBA) represents members that own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's Counties.

This bill creates the Rental Housing Restitution Fund to provide rental assistance and legal assistance to individuals facing a potential residential property eviction. The Attorney General will administer the fund which consists of all funds, excluding funds received by the aggrieved party and the costs of the action the Attorney General is entitled to recover, received by the division of consumer protection in the Office of the Attorney General from any settlement or agreement with or judgment against a party relating to an investigation or enforcement of the Maryland Consumer Protection act for an unfair, abusive, or deceptive trade practice for rental residential property and interest earnings of the fund.

AOBA supports the creation of a restitution fund that will support rental housing assistance, but believes the bill is overly broad in attempting to provide both rental assistance and legal assistance, both entirely funded by the rental housing industry. This session there are numerous proposals focused exclusively on providing legal assistance to residents facing eviction. Thus, AOBA suggests this bill focus exclusively on providing rental assistance.

Additionally, the Department of Housing and Community Development (DHCD) is already the agency responsible for, and with expertise, providing rental assistance to Marylanders. As such, AOBA supports the fund being managed by the Department rather than the Attorney General's office being charged with administration of the Fund. In addition to DHCD's experience, another benefit of moving the fund's governance to the Department is creating separate oversight of the fund. As introduced, the Attorney General's office is solely responsible for both oversight and generating revenue for the Fund. Settlement funds should go to DHCD for distribution and administration.

Further, AOBA supports an amendment to alter the funding of the Restitution Fund. The Consumer Protection Division of the Attorney General's Office can suggest informal

mediation between housing providers and residents when complaints are brought. These matters are often smaller in scope, handled swiftly and do not involve large monetary amounts. When housing providers mediate complaints, AOBA believes the proceeds should be excluded from the Fund. AOBA also seeks to ensure that housing providers are not required to pay into the fund merely for investigations into complaints, but only after a housing provider has been found in violation of the Consumer Protection Act, and that they are entitled to exhaust all their administrative remedies.

**Amendments to HB 499:**

1. On page 2, in lines 22-23, strike “AND LEGAL ASSISTANCE”; On page 3, line 9-10, strike “AND LEGAL ASSISTANCE”
2. On page 2, line 25, strike “THE ATTORNEY GENERAL” and replace with “THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.” Following page 2, line 21, add subsection 7-322(k), stating “THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT MAY ADOPT REASONABLE REGULATIONS FOR THE ADMINISTRATION OF THE FUND.”
3. On page 3, line 1 after the words “EXCLUDING FUNDS” insert “RESULTING FROM COMPLAINTS RESOLVED THROUGH THE DIVISION’S INFORMAL MEDIATION PROCESS AND FUNDS”
4. On page 3, in line 4, after the word “FROM” strike through and including “PROPERTY” on line 7; On page 3, in line 4, after the word “FROM” insert “: (a) A SETTLEMENT BY CONSENT BETWEEN THE DIVISION AND A PARTY RELATING TO ENFORCEMENT OF THE MARYLAND CONSUMER PROTECTION ACT FOR AN UNFAIR, ABUSIVE, OR DECEPTIVE TRADE PRACTICE FOR RENTAL RESIDENTIAL PROPERTY; OR (b) A FINAL AGENCY ORDER AGAINST SUCH A PARTY AFTER ALL OF THAT PARTY’S ADMINISTRATIVE REMEDIES HAVE BEEN EXHAUSTED AND ANY PETITION FOR JUDICIAL REVIEW OR FURTHER APPELLATE PROCEEDINGS HAVE CONCLUDED.”
5. On page 3, line 5, strike “INVESTIGATION”.

**For these reasons AOBA requests a favorable with amendment report on HB 499.**

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