



Maryland Consumer Rights Coalition

**Testimony to the Senate Judicial Proceedings Committee
HB050: Tenant Protection Act
Position: Favorable**

March 23, 2021

The Honorable William Smith Jr., Chair
Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Judicial Proceedings Committee

Honorable Chair Smith and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland. In 2019, the Fair Housing Action Center of Maryland became a program of MCRC.

HB050 is a large bill that addresses some of the serious issues facing tenants across our state, two of which we are focusing on today: utility bill overcharges, and improper security deposit deductions. We chose to base our favorable testimony using these two issue areas, as they come up often when tenants contact our organization for assistance with a landlord-tenant matter.

Utility Bills and a Tenant's Right to Information

Landlords are allowed to bill tenants directly for utility costs, though the system used by most apartment complexes and small multi-family buildings is generally not transparent and can be confusing to tenants. Giving prospective tenants the right to see and understand how utilities are billed, and what those average monthly costs are before the prospective tenant signs a lease, is an important step towards allowing tenants to make a decision based on potential affordability. Also, allowing tenants the right to see actual utility bills and how those bills are calculated for individual units would ensure a fair and equitable billing system, removing the ability of landlords to overcharge for utilities.



The Fair Housing Action Center of Maryland received complaints in 2019 and 2020 from tenants who claimed they were being overcharged by the property management company for gas and electric, and water service. Despite several requests to view the actual bills, both tenants were told the amounts were correct and the management companies demanded payment. In the 2019 instance, after weeks of emails and phone calls to BGE, it was determined the charges were in fact not correct, and the issue was not resolved until someone from the Maryland Department of Housing and Community Development stepped in. The property management company had to refund the tenant more than \$300 in overpayments, due to the management company's confusing and opaque billing system. In the 2020 instance, it was found quickly that the management company was charging one tenant the entire balance of the water bill, despite the property containing three separate apartments. Had these tenants been given the benefit of transparency on the part of the property management companies from the beginning, this issue could have quickly resolved itself, or not occurred at all.

Security Deposit Retention and Return

Many landlords and management companies are adding a clause to leases that require the tenant to have the rental unit "professionally cleaned", along with the carpets -- something that is not the tenant's responsibility under current state law. Tenants are required to leave rental units "broom clean" and should only be charged for professional cleaning or repairs when there is actual damage to the property. As a result of these questionable lease clauses, tenants are losing hundreds of dollars or more, from their security deposits. For a low- or moderate-income household, the loss of their security deposit can be a devastating blow to finding new housing.

A large number of the inquiries we receive from tenants have to do with security deposits, and many of those are questions about what to do when the landlord retains part of the security deposit for "damages" but doesn't produce evidence of actual work done. In one complaint, a tenant detailed the action taken against her when a management company tried to get her to pay for the complete replacement of the flooring in her apartment, at a cost of \$10,000 beyond her security deposit. They claimed she damaged the floors, despite the fact that she had clear timestamped photos showing the floors were in good condition when she moved out, and then sent her account to a collection agency that was not licensed to do business in Maryland.

HB050 will require landlords to provide not only a statement saying work was done to correct damages to the property, but to also produce receipts, invoices and the name and contact information of the company that provided the work. This will allow tenants additional legal



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recourse when their security deposits are wrongfully withheld by unscrupulous landlords who are illegally making upgrades at the tenants' expense, or performing required maintenance that was deferred and should have been corrected -- again, illegally, at the tenants' expense.

For all these reasons, we support HB050 and urge a favorable report.

Best,

Carol Ott
Tenant Advocacy Director
Fair Housing Action Center of Maryland