



Testimony in SUPPORT of HB1312
COVID-19 Eviction and Housing Relief Act of 2021
House Judiciary Committee / House Environment and Transportation Committee

Jonathan Riedel, On Behalf of CASA

February 17, 2021

Dear Chairman Clippinger, Chairman Barve, Members of the Judiciary Committee, and Members of the Environment and Transportation Committee:

CASA is pleased to provide strong support for HB1312, COVID-19 Eviction and Housing Relief Act of 2020. CASA is the largest immigrant advocacy and services organization in Maryland and the Mid-Atlantic Region, with a membership of over 100,000 Black and Latino immigrants and working families.

Immigrant families have been disproportionately impacted by the pandemic, leaving them at high risk of eviction and desperate need of housing relief.

CASA's strong support for HB1312 stems from the experiences of our members. Each year thousands of community members come through CASA's doors, seeking assistance with legal issues, access to benefits, academic and vocational instruction, and many other services. Hundreds seek assistance navigating landlord-tenant court, understanding their leases, negotiating payment plans with landlords, and fighting back against abusive practices of some landlords. As the effects of the pandemic have rippled into our members' communities, from physical illness to job loss to the absence of childcare, our members are struggling to keep their children fed and their families united. This bill provides a temporary, welcome solution to many of the problems our members face during this extraordinary moment in history.

In the most basic form of the landlord-tenant relationship, landlords need rental income to provide adequate housing and tenants *want* to pay that rent. During this pandemic, tenants have reached deep into their savings; they have borrowed money from family and friends when their credit lines were exhausted; they have acquired new jobs and sought out assistance from government entities and charitable organizations to make ends meet. They know that they have large debts, and they seek to pay them back slowly over time. They do not seek to abandon their properties and avoid their debts, which would make both landlords and tenants worse off in the long run. We believe that the best solution for both landlords and tenants is for everyone to work together to keep rent costs low, to keep families in their homes, and to make expensive eviction litigation a last resort.

Prohibiting rental increases and fees promotes stability for both landlords and tenants and provides immediate financial relief to tenants without government spending.

First, it prohibits rental increases and extra fees throughout the next year or so. In ordinary times, increases in rent and fees provide an incentive for landlords to keep up with inflation and housing markets, as well as promote responsible payment practices by tenants. In pandemic times, however, these increases have the perverse effect of encouraging landlords to evict tenants without judicial process. By increasing rents—the opposite direction of the current rental housing market, for which rental increases are often justified—and by tacking on fees, landlords can make it very difficult for tenants to keep up with their base rent. This forces tenants to leave their homes without ever having their day in court, even if they have valid defenses to nonpayment of rent. This bill closes that loophole.

To demonstrate the effectiveness of this provision, we can simply look to many counties that have passed similar temporary rent stabilization bills, where the programs have had remarkable success to keep tenants from being overburdened with ancillary fees. For instance, in Prince George's County, the prohibition of fees and rental increases has made it much easier for tenants to make payment plans with landlords because tenants know the exact amount of their debt going forward, and they don't have to worry about additional fees being added on later. The prohibition on these fees has also made a small but significant impact on tenants' pocketbooks. A typical rent increase fee might be \$100 and a late fee of \$75. \$175 a month may not seem like a lot, but over a two-year period, that is \$4,200 in a tenant's pocket. That is equivalent to restoring two or three months of income to one of our members, without the government having to spend a dime in direct cash payments.

Additionally, many programs intentionally or unintentionally exclude undocumented immigrants from direct cash payments. This exclusion of certain residents of our state and county has an adverse effect not just on these tenants, who have been most impacted by the pandemic, but also on good-faith landlords who legally rent to them. With fewer places to turn for assistance with rent, these immigrant communities plan to stay put and pay their rental debts back over time. They simply cannot do this if the rent keeps increasing and the additional fees keep piling up. Because these increases and fees do not reflect housing market realities during the pandemic, they have only the effect of causing taxpaying immigrant residents to be ejected at a major loss to both parties.

Encouraging payment plans and communication between landlords and tenants keep families in their homes and reduces the fiscal impact on government.

HB1312 makes it easier for landlords and tenants to cooperate. In normal times, eviction is the primary mechanism for landlords to force tenants to comply with their contractual obligations. In this unusual climate, where enormous numbers of tenants simply *cannot* comply, eviction does not deter nonpayment of rent; it only exacerbates the systemic problems. In the absence of direct cash assistance, eviction moratoria remedy that problem temporarily by allowing more time for tenants to pay their back-due rental obligations. For many months during this pandemic, there have been moratoria in place to prevent sheriffs from executing evictions for certain tenants.

This has already had the salutary effect of allowing tenants to gain more time to pay down their debts, arrange payment plans with their landlords, and keep their families in a stable location.

Prohibiting evictions without “Just Cause” eliminates the Cause-of-Action loophole and discourages unlawful discrimination.

HB1312 closes a loophole of landlords using the wrong cause of action to evict a tenant. The main way that landlords evict tenants who do not pay rent is through a court action called “Failure to Pay Rent.” This cause of action has many defenses for tenants: they can show proof of payment, assert defective housing conditions, or take advantage of a complete right of redemption. To oversimplify, existing eviction moratoria generally only protect tenants from being evicted for failure to pay rent. This means that landlords have increasingly turned to a second cause of action called “Holdover,” for which there are far fewer defenses for tenants. In a holdover case, a landlord can evict the tenant simply because their lease has expired; as long as the landlord provided proper notice, he or she needs no other justification to evict. In our experience, there is an increasing number of landlords who refuse to renew leases for tenants who are behind on their rent; they may be keeping a holdover cause of action in their back pocket to get around the prohibition on failure to pay rent cases.

This bill provides for “just cause,” which in essence prevents landlords from rigging the holdover cause of action to evict families for failure to pay rent. It also prevents landlords from circumventing local law on rent increase prohibitions, since a new tenant can be charged any market rate, whereas an existing tenant must be charged the same rate they previously had. Importantly, there are many just causes enumerated in the bill that assist small landlords who are also struggling. For instance, a property owner who seeks to provide an immediate family member with one of their rental homes still has the option to terminate the landlord-tenant relationship when a contract is up. Nor does this bill give blanket moratorium protection to tenants who have been intentionally uncooperative or severely disruptive. It simply seeks to prevent landlords from taking advantage of improper court procedures to evict tenants.

Providing notice of a tenant’s final days in their residences reduces untoward or illegal landlord behavior and provides a final opportunity to redeem the property.

Finally, we support the provision in HB1312 providing for an eviction notice to come from the Sheriff’s office giving more details about the exact date of ejection. Our members are frequently threatened with eviction but almost never understand exactly who the threat is from. A couple of examples are helpful here. Claudia called me frantically last month to explain that she was being evicted tomorrow, only for us to discover that what she received was nothing more than a letter threatening court action. Teresa is a woman whose landlord told her that she had two weeks to leave or else he was going to call the police to evict her; we had to tell her that he could not do so without a court order. Several members of a complex in Prince George’s County received notices on their door on bright red paper saying “you will be evicted on X date” if they did not pay their rent immediately, when in fact no court case had ever been filed against them.

This kind of egregious behavior is commonplace, and it leads to massive confusion in our communities as to when an actual ejection will take place. The actual date of eviction is

important because the tenant has the right to redeem their property by paying the full amount due prior to the actual date of eviction. Just one day can make the difference between housing stability, on one hand, and the humiliating experience of a tenant having all of their possessions thrown out on the nearest right-of-way, on the other hand. Our members deserve to know, from an official and trusted source, their final deadline to redeem their property and keep their family safe. As the official Sheriff's notice provided for in this bill gains currency, tenants will be able to tell the difference between a fake threat from unscrupulous landlords and a real one from an officer of the law.

Under current practice, Sheriff's offices always notify the landlord of a scheduled eviction, but never the tenant. In our experience, many landlords often notify the tenant of the eviction date anyway as a courtesy, to avoid the expense and hassle of actually carrying out the eviction, which costs a landlord several thousand dollars and in many cases causes great heartache to both sides. This bill cuts out the middleman and requires the Sheriff's office to simply tell the tenant when they plan to carry out the last act.

The experience of CASA members demonstrates that these programs can be successful.

To these points, I'd like to offer the story of one of our members, Franklin M., who lost his job in construction at the very beginning of the pandemic, in March. He, his wife, and their three daughters struggled to make ends meet, using all of their savings on food and essentials. During the period between state and federal eviction moratoria, Franklin was called to court to face eviction for a \$12,000 debt. He finally got a well-paying job in November 2020 and wanted to pay down this enormous debt before he was evicted. In normal times, there would be nothing we could do; the court case would happen within a month and eviction shortly afterward.

Because of court closures (which act as existing de facto moratoria), CASA was able to intervene to save this family from the worst. We arranged to get him more than \$4,000 of financial assistance from his local government, then arranged a payment plan with his landlord that extended over the next year and a half that involved the landlord getting every penny of base rent if he did not increase rent or tack on extra fees. If it were not for this temporary court closure, the landlord could have evicted this family for cause without a second thought. What this bill does is formalize the moratorium on evictions, allowing people like Franklin to remain in their homes, while his landlord collects what he is due and avoids having to evict, a very expensive process.

I'd like to offer another example: Maria E. Over the pandemic, Maria lost income and struggled to put food on the table. She received three cases for failure to pay rent against her in 2020. Meanwhile, her landlord refused to make any repairs in the unit, repairs that were desperately needed because of holes in the walls, leaky pipes, pests (rats and roaches), and electrical hazards. County inspectors were not able to come out and make inspections, and Maria could not afford the total amount of her back-due rent in order to take advantage of rent escrow proceedings. After the last moratorium was imposed for failure to pay rent cases, her landlord finally sent her notice that he was terminating her tenancy at the end of her lease. If successful, this would allow him to evict Maria despite having completely ignored his obligation to provide safe and sanitary housing, make the necessary repairs to re-let the unit, hike the rent, and still come after Maria for the rent she owed. By contrast, this bill would prevent such measures by requiring landlords to

have a “just cause”—a good reason—for kicking Maria out. With no opportunity to take advantage of this loophole, the landlord must listen to the tenant’s concerns and hold up his end of the bargain to make the apartment a safe place to live. In the end, he will still recover the amounts he is owed, with half the discord and none of the litigation.

This bill essentially makes Franklin and Maria’s experiences replicable. It offers a temporary moratorium against evictions for affected tenants. Landlords and tenants can negotiate reasonable payment plans instead of fighting in court. Landlords can not evict tenants for no good reason. And people like Franklin and Maria can understand their rights, assert proper defenses, and stay in their homes.

The stories of Franklin and Maria are not unique, nor do they impact all tenants in the same way. Immigrants are especially affected by this pandemic, both in terms of public health and financial effects. They are also less likely to be able to receive legal services to help them assert their rights, whether because of funding restrictions from existing legal services organizations, language barriers, or general awareness of tenants’ rights. As a result, these incredibly strong but vulnerable populations need the legislature to work on their behalf beforehand to protect their interests. It is not enough to receive a free legal consultation about the defenses they may assert in court; rather, it is essential to discourage landlords and tenants from needing to appear in court at all, to eliminate the financial dispute in the first place. This bill does just that, by providing tenants with more options to pay back debts and to stay in their homes while they do it.

For all of these reasons, CASA urges a favorable report from the committee on HB1312.

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