

ShermerTestimony_SB560.pdf

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Position: FAV

Hello,

My name is Alyssa Shermer and I'm a University of Maryland alumni. I am just one of the many students negatively impacted by the actions of South Campus Commons and MEDCO.

On February 13th, 2020, I signed a year-long contract with South Campus Commons for the academic year 2020-2021. Just a month later on March 12th, the University of Maryland closed its campus and canceled classes because of the global health emergency, Covid-19. We, the students, hoped and assumed that we would be back on campus for our next fall semester. However, due to pandemic, on July 15th, 2020, the University of Maryland announced our classes would be online. On July 16th, I reached out to the leasing office at South Campus Commons to dissolve my lease. I was told that this wasn't an option for me. Unlike the students who stayed in the dorms, who were able to dissolve their contracts, my only option was to find a sublease to take over my lease. With 80% of classes being held online and a raging pandemic, I was unable to find a student willing to take over my lease.

On July 17th, I created a petition to urge the University and Medco to release its students. I was able to connect with over one hundred students who were facing the same problem as I was. We decided as a group to obtain a lawyer to help us, we hoped it would be resolved quickly but it was not. We banded together for months, protesting and begging for someone to help us. We reached out to everyone, local and state government officials, University of Maryland staff, and MEDCO officials. Government officials were either too busy or had no power to help us. University of Maryland declared that they had no affiliation with the MEDCO company and that it was not up to them if the students were released. Many students were under the impression that the South Campus Commons was a part of the University's campus as the buildings reside on university property.

We went on a rent strike at our lawyer's request. Months went by with more protesting both in-person and online. Finally, they agreed to let us out for the fall semester but not for the spring semester.

We heard nothing more for months and our phone calls and emails were ignored by University of Maryland and MEDCO. Eventually, the MEDCO lawyer told our lawyer that they would not come after us for the unpaid rent. The MEDCO lawyer said if they changed their minds, they would inform our lawyer. Now we are in limbo waiting to see if they truly let us out of our leases or if they will come after us within before the statute of limitations expires.

I hope that this bill will be passed to help future students in Maryland. No one should be forced to endure the financial stress of a housing lease for housing that cannot be used during a global health emergency. This bill will help students to be treated equally on campus in the event of another health emergency. I urge the State to pass this bill for the safety and wellbeing of its citizens.

Thank you,
Alyssa Shermer

news articles MEDCO SB 560 (1).pdf

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Position: FAV

College housing standoff continues, legislators pushing for a solution

Legislators push for solution between students and medco





By: [Mallory Sofastai](#)

Posted at 6:30 PM, Sep 16, 2020 and last updated 6:31 PM, Mar 17, 2021

BALTIMORE — The standoff between college students and a university housing provider has yet to be resolved.

For nearly two months, students have tried canceling their leases after schools moved to virtual learning, however, the Maryland Economic Development Corporation (MEDCO) hasn't let them off the hook.

Early Wednesday morning, a group of students and parents organized a caravan around the State House calling on the governor and legislators to intervene in the dispute.

“We're asking him for his help and his leadership to make MEDCO do right by all of the students at Towson,” said Brian Payne.

RELATED: [Students, parents calling on the governor to intervene in college housing dispute](#)

Payne's son is one of the thousands of students who entered into a lease at a MEDCO-owned property.

Towson, the University of Maryland, College Park, and other universities released students from housing obligations, however, it only applied to students living in residences owned by the universities.

Students like Payne's son and Simin Li, a UMD student with a lease at a MEDCO-owned property, have been told they'll still need to pay.

“I pay for my own tuition, I pay for my own housing, I've done so for four years and I cannot afford to pay \$900, almost \$1,000 per month for an empty room. And I don't want other students whose parents are paying

that much money to feel guilty into living in an unsafe housing situation,” said Li.

READ MORE: [Maryland college students protesting lease agreements](#)

The demonstration happened hours before a subcommittee hearing on public higher education operations for the fall semester.

In the hearing, the topic of MEDCO and students was briefly discussed.

Delegate Ben Barnes, Education and Economic Development Subcommittee Chair, asked University of Maryland, College Park President Darryll Pines for an update on the situation.

“Unfortunately, these lease agreements are not made with the university so we’re not able to provide the maximum flexibility that we did in our residence halls,” Pines said.

“Well, we’re going to ask you to keep working on it. Look, I know I speak for, because I’ve talked with all of them personally, Chair Guzzone, Chair McIntosh, really all the members of the General Assembly; we’ve all reached out to Mr. Brinkley on this issue and we really need a resolution to this issue. The semester is up and rolling, so we’d hope to hear something very soon,” said Barnes.

MEDCO Executive Director Bob Brennan has said they can’t release students due to its obligations to bond holders, vendors, and other entities.

Delegate Lorig Charkoudian (D-Montgomery County) said the public-private partnership was meant to be a partnership, instead, students and families are unfairly shouldering the financial burden and risk.

“What we need to do is make sure these students are safe, make sure the families are made whole and then we really need to start asking questions about who are these private-public partnerships really benefiting? And right now, MEDCO has made it very clear it’s the bond holders who they’re looking out for,” said Charkoudian.

Parents and students at the different universities are now working together and with an attorney. They've sent MEDCO a letter stating why they believe the agreements to be invalid given the new circumstances on campus and they're waiting for a response.

After Long Dispute, Md. Universities Reach Agreements to Release Hundreds of Students From Leases

By Elizabeth Shwe
December 18, 2020

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During an August demonstration, a car was painted with a message from University of Maryland students trying to get out of their MEDCO apartment leases. Photo by Elizabeth Shwe.

Hundreds of students who have been stuck in housing leases at Maryland's public universities for the last four months may finally see a resolution within the next week.

The University of Maryland College Park is planning to sign an agreement with the Maryland Economic Development Corporation to release students from their leases “within the week,” Carlo Colella, the vice president for Administration and Finance at the university told state lawmakers Thursday. Officials are currently “sandpapering” the edges of the agreement, Colella said.

MEDCO is a quasi-governmental economic development agency that owns student housing at several University System of Maryland campuses. But as the COVID-19 pandemic upended many schools’ plans for on-campus learning, students who had signed up to live in MEDCO-owned properties found getting out of their leases was far more difficult than if they had been living in campus-owned dormitories.

The lack of flexibility in the midst of a pandemic infuriated some students and their families — and it has taken months to sort through the disputes.

Now, students who requested cancellation in the fall will get housing credits that they can use in the future, Colella said. If students made rent payments in the fall, those payments would also be applied to the future.

Seniors who requested cancellation in the fall but are able to come back in the spring will take the fall credit and apply it to the spring, Coella continued. They also have the option to sub-lease to another student or transfer their housing credit to another party.

“It is a sacrifice that everybody is participating in – MEDCO, the University and the families,” he said during a hearing of the House Appropriations Subcommittee on Education and Economic Development.

Towson University and MEDCO reached a similar agreement earlier this week.

In some cases, MEDCO will release students from their leases if they requested cancellation for both fall and spring, Benjamin Lowenthal, the vice president of

administration and finance of Towson University told delegates Thursday. But conditions vary on a case-by-case basis and by which building they were in.

Students who already made payments will be given credit for those payments to any future semester they choose to live in a MEDCO-owned building, Lowenthal continued.

“We thoroughly understand the university’s desire and need to put this together, Robert Brennon, the executive director of MEDCO, told state lawmakers. “We too have a lot of concerns with the safety.”

But no one expected it to take four months to resolve this issue, and some state lawmakers expressed impatience.

“Seeing is believing,” said Del. Ben Barnes (D-Prince George’s), the chair of the Education and Economic Development Subcommittee, whose district includes the University of Maryland campus.

“Families have been struggling to deal with this for a number of months,” Del. Jared Solomon (D–Montgomery), the vice chairman of the subcommittee, said in an interview with *Maryland Matters*. “So while it is very positive that they’re getting to an agreement, I wish it had been executed a bit earlier.”

Brennon said that families and students can expect to hear back from MEDCO “immediately” after agreements are finalized.

As it became clear that COVID-19 would pervade through the new school year, students from UMD and Towson University [tried to cancel their year-long leases](#) during the summer so that they could attend classes virtually from home.

When Towson University suddenly shifted to virtual learning for the rest of the fall semester in late August after a spike in coronavirus cases, students living in residential

halls were sent home and fully reimbursed. However, MEDCO-owned living facilities remained open and expected students to continue to pay.

MEDCO is a state corporation that promotes economic development in the state through bonds and projects, which includes student housing projects. Several universities in the state established public private partnerships (P3's) with MEDCO to build on-campus housing for students. As a result, the school does not own the buildings and thus does not have control over rent payments; MEDCO does.

MEDCO currently owns two apartments buildings at UMD College Park and three at Towson University.

While UMD College Park students living in residential halls were given the option to either live on campus and accept the new risks related to COVID-19 or cancel their housing agreement without financial penalty, the only choices that students living in public-private apartments had was to stay in the lease or to re-lease their room to another student.

University officials consistently claimed that they had no responsibility over housing agreements that students signed with MEDCO. Meanwhile, MEDCO leaders said they were unable to release all students from their leases due to their obligations to bond holders and vendors.

This led students and parents from both universities to organize and seek help from state lawmakers and even representatives in Congress.

Four months too long

U.S. Rep. Anthony G. Brown (D-Md.) [wrote a letter](#) to the House Appropriations Committee Tuesday, asking leaders to include language in the next COVID-19 stimulus bill that would allow state agencies to use a state fiscal relief fund to aid students by releasing them from housing leases with MEDCO.

“Students and their families should not be penalized for seeking in-person instruction on college campuses nor can they control the dangerous new surge of infections, hospitalizations and deaths from the COVID-19 pandemic that has forced colleges and universities to move to online classes in order to protect their health,” Brown said in an email to *Maryland Matters*.

“As we work to provide the relief this country desperately needs, we cannot overlook their needs. This issue isn’t going away, and I’ll continue to fight for a fair resolution for students, their families and these businesses.”

The COVID-19 relief package slowly working its way through Congress currently does not include direct federal aid to state and local governments.

Maryland House Speaker Adrienne A. Jones (D-Baltimore County) [sent a letter](#) in early December to MEDCO, Secretary David R. Brinkley of the Department of Budget and Management and university leaders to resolve the issue as soon as possible.

“My understanding this summer was that we were moving forward with providing some state financial relief and some university financial relief from each of the impacted universities to help alleviate a portion of the burden on these families. However, we have not heard any further information this fall,” Jones wrote.

In early November, a representative from Gov. Lawrence J. Hogan Jr. (R)’s office [told](#) a Towson University parent that “the Administration nor the universities had authority over private contracts and agreements.”

However, some state lawmakers think Hogan could have used a part of the state’s emergency funding to aid students stuck in leases.

“Frankly, the governor could have certainly stepped up,” Solomon said. “He had emergency funding and money from the CARES Act that could have been used in a way to offset this earlier on.”

Parents and students remain cautiously optimistic about the recent agreements between the universities and MEDCO.

“This is great first step, but there are a lot more talks that need to occur,” said Scott Depuy, the father of a Towson student who has been a vocal critic of the state’s arrangement with MEDCO.

Parents and students have not been provided with any specific details of what the agreement entails, according to Depuy. Furthermore, some families may not be satisfied with housing credit for future leases with MEDCO and may want full refunds, he said.

Leonard L. Lucchi, the attorney representing around a hundred students at UMD College park and 40 students at Towson University, said he is “very pleased that agreements have been reached at Towson and are imminent at UMD.” He praised the state leaders who helped make these agreements possible.

Going forward, however, it is important to set some “guardrails” for quasi-governmental agencies such as MEDCO, Lucchi said. It took four months and pressure from multiple state leaders for the universities and MEDCO to finally reach an agreement, which was more time and effort than most had anticipated.

State lawmakers could push out legislation next session to ensure that students and families have a specific recourse if a similar situation occurs again, instead of carrying the burden of finding a solution in a situation that is completely out of their hands, such as the COVID-19 pandemic, Lucchi said.

eshwe@marylandmatters.org

(Disclosure: Leonard Lucchi is a member of the Maryland Matters Board of Directors.)

SB 560 MCRC Testimony 2022 (2).pdf

Uploaded by: Marceline White

Position: FAV

Testimony to the Senate Budget & Taxation Committee

SB 560: MEDCO-Student Housing Requirements-Leases and Health or Safety Emergencies

Position: Favorable

February 23, 2022

The Honorable Senator Guy Guzzone, Chair
Senate Budget & Taxation Committee
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

cc: Members, Budget & Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances economic rights and financial 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.

We are here today in strong support of SB 560. SB 560 increases transparency for students and their parents or guardians about MEDCO housing and creates critical parity for students in MEDCO housing with students in housing owned by the University of Maryland system (UMS). SB 560 ensures that students in MEDCO and university-owned housing will have the same lease-release protocols in case of a health or safety emergency.

SB 560 responds to MEDCO's failure in 2020 to provide reasonable lease releases to college students living in their properties as universities shut down in response to the COVID-19 pandemic.

Students were told to vacate their dorms and university apartments in response to the pandemic as universities shifted to online learning and students in residential halls were reimbursed or received no financial penalties. Students in MEDCO properties which are quasi-university housing could not cancel their leases and were told they must continue to pay their rent each month for an apartment that they no longer lived in or sub-lease the properties. The MEDCO housing is campus housing similar to other university housing except that it is owned by MEDCO not the university but was marketed as campus housing.

While the matter was ultimately resolved, it took more than four months and multiple points of pressure to get any relief from MEDCO. In the interim, in the midst of a pandemic when many families were struggling with employment and health costs, MEDCO required families to shoulder the costs for the apartments for months without a resolution.

SB 560 creates common sense guardrails for students and their families going forward should universities need to quickly transition to online learning for health or safety reasons. SB 560 provides clear notice to renters that MEDCO is the landlord of this campus housing property and also requires that MEDCO follow the same protocols as students at other campus housing owned by the university.

For all of these reasons, we support SB 560 and ask for a favorable report.

Best,

Marceline White
Executive Director

SB0560.pdf

Uploaded by: Scott Depuy

Position: FAV

SB0560: Maryland Economic Development Corporation – Student Housing Requirements – Leases and Health or Safety Emergencies

Senate Hearing - 2/23/2022 at 1 p.m.

Synopsis: Requiring residential leases between the Maryland Economic Development Corporation and certain students living in student housing owned by the Corporation to be presented in a certain manner and include a certain notice; requiring the Corporation to give certain notice and abide by certain protocols regarding University System of Maryland students living in student housing owned by the Corporation if the University closes the institution or center the student attends due to a health or safety emergency; and applying the Act prospectively.

Written testimony by: Scott Depuy of Arnold, MD (scott.depuy@gmail.com; 240-447-6750)

My daughter is a junior at Towson University. She lived in an on-campus MEDCO dorm as a freshman and would have kept the same room as a sophomore if it weren't for COVID.

I'm testifying in favor of SB0560; specifically, all three of its important provisions:

1. Transparency
2. Closure of the MEDCO dorms when the university cancels in-person instruction due to a health or safety emergency
3. Lease release provisions mirroring the university

Listening to House testimony from two weeks ago, everyone seems to be in favor of the transparency provisions. However, I contend that transparency alone doesn't go far enough.

Parents and students have a common understanding of the terms "on-campus housing" and "off-campus housing". Most people don't understand the complexities of P3s and no amount of fine print or bold type will accurately convey their financial risks. MEDCO and USM market this as "on-campus

housing”, but then want it to be “off-campus” when it comes to placing the interests of bondholders before students. Being able to market this as “on-campus housing” should come with the responsibility of closing the dorms and releasing students from their leases when campus is closed for in-person instruction.

During House testimony, MEDCO’s Executive Director stated the closure provision wasn’t necessary because the State already has this power. The fact that the State didn’t exercise that power in the fall and winter of 2020 is evidence of why this bill’s closure provision is necessary. Across Towson University and the University of Maryland College Park, approximately 998 students sought relief from their lease obligations. These are MEDCO’s own statistics provided to Chair Guzzone and Chair McIntosh. This amounts to 46% of Towson leaseholders. Dozens of lawmakers and the Governor were involved for months. The Comptroller publicly scolded MEDCO’s then Executive Director. It was a global pandemic the likes of which hasn’t been seen in a hundred years. If all this wasn’t emergency enough to act at the time, nothing short of this bill’s provisions will be satisfactory to protect Maryland students and families.

Maryland law needs to ensure that its students and families are never again used as pawns in negotiations between its public and quasi-public institutions.

SB0560 - Simin Li MEDCO Testimony.pdf

Uploaded by: Simin Li

Position: FAV

Dear Respected Legislators,

My name is Simin Li and I'm a University of Maryland, College Park alumni. I was a tenant of South Campus Commons (SCC) and suffered from the inconsistent, disrespectful, and distressing responses from SCC, Capstone, MEDCO, and the University of Maryland.

This scarring experience began when I signed my lease for the 2020-2021 academic school year in February 2020. With the extreme student housing deficit and convoluted leasing process at UMD, most students are eager to sign these leases despite it being 6 months before the lease starts in August. However, a month later, UMD announced that the campus would be closed. Capstone actively encouraged students to stay home on March 25th, 2020. At that time, I still planned to go back to campus. But as the pandemic worsened, and UMD announced on July 15th, 2020 that all my classes would be online, I knew I did not want to be on campus.

On June 30th, UMD rightfully gave students the option to cancel their 2020-2021 leases with an addendum that included new COVID-19 Rules and Regulations. Yet, South Campus Commons and Courtyards (MEDCO owned public-private student housing) did not provide the same option, despite using nearly identical Rules and Regulations updates as an "addendum", and informing us that *"Residents should acknowledge the contagious nature of COVID-19 and voluntarily assume the risk that they may be exposed to or infected by COVID-19 on campus and that such exposure or infection may result in serious illness and/or death."*

I was distraught. I was now tied to a useless lease worth over \$11,000, meaning I would have to move back home to live in an extremely high-stress environment. As someone who worked year-round with multiple jobs and internships to pay for tuition and housing, this weighed heavily on me. This was on top of dealing with a global pandemic.

But, I found hope when I saw a viral social media post about a fellow SCC tenant who got out of their lease because their parent, who was a lawyer, knew that this was not legally sound, and complained to the leasing office. I immediately emailed the leasing office. However, I faced a slap in the face when the leasing office denied that any student was let out of their lease. They flippantly said you can only get out of a lease by releasing, which was laughable given the pandemic.

Desperate to get out of this lease, over one hundred students and I banded together to find a lawyer to help us. We endured patronizing, contradictory, and accusatory emails from UMD staff, MEDCO officials, and Capstone, who all shamed us for trying to avoid dire financial distress in the middle of a pandemic. We were terrified and confused. But we utilized all our skill-sets to organize protests, got local, state, and national coverage, and finally reached our state representatives. This was all on top of school, work, and life.

I fervently urge legislators to pass this bill. Untangling the bureaucratic ties between schools, state-sponsored orgs, and national leasing offices, with the threat of crushing debt, is not the responsibility of students. MD student housing has long been unfair, nearing predatory, protected by policies that students are too overwhelmed to fight. For us, MEDCO knew the gravity of the pandemic when they handed us that "addendum". Despite our activism, many students still stuck with their leases and stayed in the building, out of fear of retaliation. We need this bill as it will help create a more transparent process that will benefit the wellbeing of all who care about students and the state.

Sincerely,
Simin Li (with UMDTenants)

SB0560 Testimony_MEDCO_Sadowski.pdf

Uploaded by: Tom Sadowski

Position: FWA



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TESTIMONY OF

**J. Thomas Sadowski, Executive Director
Maryland Economic Development Corporation
Senate Bill 560**

***Maryland Economic Development Corporation - Student Housing Requirements -
Leases and Health or Safety Emergencies***

BEFORE

**Senate Budget and Taxation Committee
February 23, 2022
1:00 pm**

The Maryland Economic Development Corporation (MEDCO) supports SB 560 with required amendment as detailed below.

MEDCO's owns and operates certain student housing projects in Maryland, which have been built at request of the University System of Maryland (USM) and their member institutions, in order to address the critical need for student housing that was not being provided by third-party private sector investors and student housing developers. The deals are structured so that USM ground leases real property on the university campus to MEDCO. MEDCO works closely with the university and a selected developer to construct high-quality housing tailored to the university's specific needs for their student population. MEDCO issues student housing revenue bonds to finance the costs of construction, furnishing, and equipping of each project, establishing certain reserve funds, and other costs related to the transactions. The bonds are sold to investors through an underwriter selected by MEDCO and USM. Such bonds are generally secured by and repaid from the operational revenues of the project. Revenues are also used for to perform capital improvements at the projects and to pay various operating and maintenance fees.

MEDCO supports Economic Development Section 10-131 with clarifying changes.

MEDCO fully supports the creation of more consistent and transparent language for inclusion in its USM-affiliated student housing residential leases, license agreements, and/or housing contracts. Already, MEDCO has proactively implemented much of the language proposed in Section 10-131 for the 2022-2023 leasing year.

Regarding the clarifying changes, MEDCO respectfully requests language be added to define a term, such as “occupancy agreements,” to provide comprehensive coverage to references of MEDCO’s leases, license agreements, and housing contracts. In connection with the addition of the defined term, certain changes would also need to flow through Section 10-131. MEDCO has drafted specific language clarifications and can provide at the appropriate time.

It is important to note that MEDCO has always provided, and continues to provide, services that the typical for-profit third-party owner does not. MEDCO collaborates with the universities on rental rates, leasing/licensing agreements, student life plans, and judiciary actions. Furthermore, MEDCO communicates with the universities regularly to discuss projects and address students’ ongoing needs.

MEDCO does not support Section 10-132 and recommends its omission in the legislation proposed.

Section 10-132 of SB 560 will have a significant negative impact on MEDCO, its ability to operate its USM student housing projects, and to pay operating expenses and debt obligations. MEDCO has always worked collaboratively with the State and USM while maintaining independence, which has allowed MEDCO to serve as an invaluable resource for both the State and USM over the past two decades. By providing and managing needed student housing, MEDCO has allowed USM and its universities to (1) focus resources on the University-owned housing, (2) expand high quality housing and related resources for their students, (3) help the USM manage its debt capacity, (4) enable USM to use its’ financial resources on other strategic facilities and other non-housing projects, and most importantly, (5) help the USM provide a world-class education experience that is both accessible and affordable.

MEDCO does not receive appropriations from the State, USM, universities, or any other government entity; MEDCO’s student housing projects are therefore funded solely from the revenues generated from the operation of the projects. If Section 10-132 of SB 560 is approved, the MEDCO student housing projects’ performance and ability to collect revenues will hinder MEDCO’s ability to meet the debt service obligations to bondholders and pay ground rent to the institutions. This, in turn, may trigger credit rating downgrades on MEDCO bonds, and could injure MEDCO’s financial reputation in the market.

Furthermore, Section 10-132 would have a negative impact on USM’s credit rating, giving USM a level of control over MEDCO’s student housing projects that it has historically opted to avoid, so the projects are not considered as a USM debt obligation by rating agencies.

As a body politic and instrumentality of the State of Maryland, the governance and legal authority over MEDCO is limited to the State. MEDCO works collaboratively with USM, as evidenced at the start of the pandemic in March 2020 when MEDCO closed its housing facilities at USM’s request. However, USM does not and should not have legal authority over MEDCO’s student housing projects for the reasons previously stated.

In summary, MEDCO is supportive of the first section of SB 560 with clarifying changes and recommends the Senate Budget and Taxation Committee favorable report, contingent on the removal of Section 10-132 of the proposed bill.