



House Bill 881 – Landlord and Tenant – Residential Leases and Holdover Tenancies – Local Just Cause Termination Provisions

Position: Unfavorable

The Maryland REALTORS® opposes HB 881 which authorizes local governments to pass “just cause” eviction legislation.

REALTORS® often manage property for owners who lease their single-family property for many reasons. Sometimes it is because the owner is seeking to create additional income for their family by holding onto property they once lived in. Sometimes, they choose rental real estate as a separate investment vehicle where the rent helps pay the mortgage so that they will eventually have equity in the property at the end of the mortgage term. Sometimes, it is because the owner of the property was under water and instead of selling the property at a loss, they keep it until the market prices recover so they don't lose equity. Other times an owner may have a temporary but longer-term job relocation and they would like to hold onto the property and move back in when their temporary assignment is over.

Just cause eviction statutes seek to limit the ability of landlords to move on to a new tenant from an existing tenant that may not be working out. In the context of the properties managed by our members, most property owners are not in the business of renting property full-time. These owners may have many reasons why they may want to seek another tenant at the end of a lease term. The owner may want a tenant who signs a shorter or longer lease term than the current tenant is willing to agree to. The current tenant may be habitually late in paying rent, causing the owner to be late in making mortgage payments and affecting the owner's own credit. The tenant may simply want to make the property available to a person interested in renting to own the property.

Moreover, just cause eviction legislation can have unintended consequences. Some of our property managers have reported that their clients are willing to take a chance on some tenants who may not have established good credit yet or had a negative mark on their tenant history because the landlord knows that if it doesn't work out the landlord can find a new tenant at the end of a lease term. By restricting the ability of landlords to control who lives in their property, such legislation can result in landlords taking fewer chances.

Much of what is driving some of the difficulties that tenants are facing is the lack of affordable rental housing. The REALTORS® believe that seeking to increase the supply is a better solution than enabling just cause eviction laws. For that reason, the REALTORS® recommend an unfavorable report.

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