

Robin Carter
Chairperson, Board of Commissioners
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President | Chief Executive Officer



February 16, 2022

TO: Members of the House Judiciary Committee
FROM: Housing Authority of Baltimore City
RE: House Bill 298
Landlord and Tenant - Eviction Actions - Filing Surcharge and Prohibited Lease Provisions

POSITION: OPPOSE

Chair Luke Clippinger, Vice-Chair David Moon and Members of the Committee, please be advised that the Housing Authority of Baltimore City and the thirteen (13) other public housing authorities in Maryland, as listed below, oppose House Bill 298. We respectfully request an unfavorable report on this bill or an amendment exempting all housing authorities from the surcharge.

The Housing Authority of Baltimore City (HABC) is a federally funded public housing authority mandated by federal law to provide safe, federally subsidized housing to low-income residents of Baltimore City. HABC owns and manages about 7,000 rental units in Baltimore City.

In 2019 before the current health emergency, HABC filed over 10,000 summary ejectment cases in rent court and evicted residents who did not pay their rent pursuant to federal regulations. Federal law provides that residents pay 30% of their income. Accordingly, HABC has a number of residents who pay \$100.00 or less per month in rent. Prior to filing in rent court, HABC, like other housing authorities, sends a notice informing residents who have not paid their rent that a case would be filed in court. In 2019, federal regulations required housing authorities to send a 14-day notice to residents in such case, which gave those residents an additional 14 days to pay their rent prior to a court filing. Unfortunately, some residents repeatedly do not pay their rent until after the failure to pay rent case is filed in court, resulting in multiple rent court filings against the same households during the year. The cost of filing fees cannot be recouped if the resident pays before trial.

HABC has been encouraging residents who have overdue rent balances to apply for Emergency Rental Assistance Program funds and has entered into many repayment agreements with residents for payment of their back rent. It has always been the goal to use litigation as a last resort to address rent arrears. Despite efforts to collect back rent outside of court, HABC still has many residents who owe significant rent arrears that extend past two years.

Adding a surcharge to file a summary ejectment case in rent court would place a harsh financial burden on HABC. The proposed surcharge of up to \$73.00 on 10,000 rent cases, for instance, would add another \$730,000 to file those cases. In addition to rent court cases, HABC also files breach of lease actions due to lease violations that include criminal activity. The surcharge would be a crushing burden on HABC and would severely impact HABC's ability to serve the residents of Baltimore City.

HABC and other housing authorities in Maryland would be adversely affected if HB 298 were to pass because this surcharge would have to be paid from each housing authorities' allocation of federal operating funds. The federal operating funds are granted to housing authorities by the U.S. Department of Housing

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and Urban Development to operate the public housing program for low-income residents. Essentially, taxpayer money would be used to pay the surcharge.

Requiring HABC and other Maryland public housing authorities to spend a substantial amount of their operating budget on the surcharge would greatly diminish the ability of HABC and other Maryland housing authorities to provide public housing and services to lower income residents of Baltimore City. Any additional surcharge, whether it would be \$73.00 or \$10.00, would have a financial impact on HABC's abilities to provide the current level of services to low-income residents.

Unlike private landlords, HABC cannot raise rents to generate additional funds to offset the impact of the surcharge. Further, HABC is mandated by federal regulations to ensure that residents comply with their leases, which require HABC to file in court due to violations of a resident's lease when alternative measures are not possible. Additionally, unlike a private landlord, HABC cannot choose to not renew a lease at the end of its term for residents who repeatedly pay late or fail to pay. The leases for public housing residents automatically renew unless terminated through a court action.

As previously stated, all Maryland public housing authorities ("PHAs") are subject to the same federal regulations and requirements. There are thirty (30) PHAs in Maryland, which provide housing assistance for low-income households in the various jurisdictions. The Maryland PHAs listed below are also indicating their opposition to this bill for the reasons set forth herein.

House Bill 298 would adversely impact all Maryland PHAs by forcing the use of federal operating funds to pay the surcharge fee and reducing the amount of money available to provide housing services to low-income residents of Maryland.

HABC respectfully requests an amendment to this bill to exempt all PHAs from this surcharge.

If such an amendment is not made, HABC respectfully requests an **unfavorable** report on House Bill 298.

HABC is authorized to state that the following thirteen (13) Maryland PHAs join HABC in opposition to this Bill:

- **Crisfield Housing Authority;**
- **Elkton Housing Authority;**
- **Glenarden Housing Authority;**
- **Hagerstown Housing Authority;**
- **Housing Authority of The City of Annapolis;**
- **Housing Authority of The City of College Park;**
- **Housing Authority Prince George's County;**
- **Housing Authority of Washington County**
- **Housing Commission of Anne Arundel County;**
- **Housing Commission of Talbot County;**
- **Housing Opportunities Commission of Montgomery County;**
- **Howard County Housing Commission; and**
- **Wicomico County Housing Authority.**