Bill No: **HB 36 — Real Property – Actions to Repossess – Proof of Rental Licensure**

Committee: **Judiciary**

Date: **1/19/2023**

Position: **Favorable with Amendments**

The Apartment and Office Building Association of Metropolitan Washington (AOBA) represents members that own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's Counties.

House Bill 36 would require a housing provider to demonstrate that properties are licensed in accordance with applicable local laws at the time of filing a failure to pay rent, breach of lease, or tenant holdover case. The bill does not apply to an action where the housing provider displays that the actions of the resident cause the licensing authority to suspend, revoke or refuse to grant or renew the license. At trial, the housing provider must demonstrate to the satisfaction of the court that the property listed in the written complaint is licensed. Electronic proof of licensure is acceptable for housing providers to submit during filing.

AOBA understands the intent of the legislation and offers amendments to clarify provisions in the bill. During the time of filling, the bill mandates that a housing provider demonstrate if the property is licensed or exempt in the local jurisdiction twice during the court process. First, at the time of filing a written complaint and the second time at trial. AOBA supports amendments to only require housing providers to demonstrate compliance at the time of trial and submits amendments to **strike Page 4, lines 21-29**.

Jurisdictions, including Montgomery and Prince George's Counties, operate with rental licensing systems which provide one license for all units in a multifamily dwelling property. If one license has 50 units and one unit is in violation, the housing provider cannot file or pursue a statutory judgment against a resident under the requirements of this bill. AOBA supports language that creates flexibility for housing providers operating

in local jurisdictions with a rigid rental licensing program that only utilizes one license for multiple units.

On page 5, after line 4, insert:

"(3) IN JURISDICTIONS WHERE MULTIPLE RENTAL UNITS ARE LICENSED UNDER ONE LICENSE, ONLY THE UNIT OR UNITS THAT ARE DENIED, SUSPENDED OR REVOKED UNDER THE REQUIREMENTS ESTABLISHED IN THE LOCAL JURISDICTION SHALL BE DEEMED UNLICENSED FOR THE PURPOSES OF THIS SECTION.

The bill also creates concerns for AOBA members, specifically, the license lapsing due to actions of local jurisdictions with its own rental licensing laws. In the A*ssanah-Carroll v. Law Offices of Edward J. Maher PC,* the court ruled that housing providers, who fail to possess a valid license at the time of a resident's occupancy, cannot utilize courts to collect unpaid rent during the period the property was unlicensed. This ruling creates concerns as jurisdictions with their own rental licensing laws may unintentionally prevent housing providers from taking action to collect on rent. AOBA offers amendment to clarify the issue of a housing providers' license lapsing as a result of the actions of a local government.

On page 4, in line 12, after "TENANT" insert "OR THE COUNTY, MUNICIPALITY OR ANY OTHER JURISDICTION".

For these reasons, **AOBA respectfully urges a favorable report with amendments to HB 36**. For further information, please contact Ryan Washington, AOBA Manager of Government Affairs, at 202-770-7713 or rwashington@aoba-metro.org.