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OFFICE OF THE COMPTROLLER

City Hall – Room 204
100 Holliday St Baltimore, MD 21202

January 17, 2023

The Honorable Luke Clippinger, Chairman
Judiciary Committee
Maryland House of Delegates
101 House Office Building
Annapolis MD 21401

Dear Chairman Clippinger:

I am writing in support of **House Bill 36, “Real Property—Actions to Repossess—Judgment for Tenants and Proof of Licensure.”** HB 36 would require a landlord who files an action for repossession of residential property in the District Court to demonstrate that the property is licensed as required under applicable local laws or ordinances before the landlord can obtain a judgment for failure to pay rent, tenant holding over, or breach of lease. Baltimore City, which I represent, has such licensing requirements codified in Subtitle 4 of Article 13, Housing and Urban Renewal, of the City Code.

HB 36 is identical to SB 563, which passed the House (90-45) and Senate (47-0) in 2022 but was vetoed by Governor Hogan. By the time you hear this bill, Governor-elect Moore will have been inaugurated. I am hopeful that he will finally sign this bill into law.

Before my election to the Office of Baltimore City Comptroller, I served for thirteen years on the Baltimore City Council. In 2018 I introduced Council Bill 18-0185, which significantly broadened and strengthened the existing rental licensing laws by extending licensing requirements to non-owner-occupied, one and two-unit rental dwellings. The bill had eleven co-sponsors including our current Mayor, Brandon Scott, and was enacted into law in April 2018 as Ordinance 18-130. I developed this legislation in collaboration with not only the City’s Housing department, but also many of the advocates who are testifying before you on HB 36, including the Public Justice Center. Council Bill 180-0185 was the most significant update to Baltimore City’s rental licensing law in fifty years, and it effectively applied inspection and safety requirements to all private rental housing.

The aim of our local legislation was to extend licensing, inspection, and safety requirements to what was then one of the least-regulated sectors of the rental property market. A guiding principle underlying this major expansion of rental licensing is that affordable, safe, and well-maintained housing is a human right. As a former community development professional, I was and am well aware of the terrible conditions that some landlords, particularly absentee landlords shielded by anonymous LLCs, allow their properties to deteriorate into. It is essential that all landlords be held to the basic standards of maintenance and safety that the City’s licensing law mandates. Similarly, landlords should be required to have a valid license before pursuing expedited actions of eviction against renters. I can say without hesitation that this was our clear legislative intent—if landlords did not follow the law by inspecting and

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licensing their properties, they should not have the government's assistance in taking action against their tenants.

As a lifelong advocate for fair and affordable housing, I was deeply concerned by the Court of Appeals' ruling in *Velicky v. Copy Cat Building* last December. I realize that the provisions of state law allowing the use of summary eviction proceedings in the District Court have evolved over many years and reflect the wisdom and consensus of the General Assembly, and that *Velicky* only applied to an action under Maryland's "tenant holding over" statute. The Court's holding, however, stretched the current law beyond any reasonable interpretation and created a loophole through which unlicensed landlords can retake their property within a matter of days of filing with the District Court, simply because they are asserting a right of possession and not claiming any money from their tenant.

This ruling is a judicially-crafted slap in the face to local jurisdictions with rental licensing laws, as well as to renters who deserve safe and habitable housing, and to landlords who follow the law and keep their property inspected and registered. To paraphrase Judge Watts' dissent, allowing an unlicensed landlord to repossess property under the tenant holding over statute means there will be little incentive for landlords to obtain licenses and comply with housing code requirements. The precedent *Velicky* creates is even worse. Since the Court of Appeals has fashioned a way around local licensing requirements in one class of expedited eviction actions, it is only a matter of time before unlicensed landlords seeking to evict tenants for failure to pay rent and breach of lease start pushing such cases through the judicial system. That is why HB 36 is vitally necessary. It codifies what should be common sense; if a local jurisdiction has a rental licensing ordinance, a landlord must comply with it before using expedited procedures to evict a tenant.

Simply put, effective and enforceable rental licensing laws are the right thing to do, as a matter of public policy and of simple equity and justice. The change in state law proposed in HB 36 offers a simple solution to restore the balance between landlords' property rights and the duty of local governments to protect our constituents from exploitation.

For all these reasons, I respectfully request the committee to give HB 36 a favorable report. If you have any questions, please feel free to contact me at 410-396-4577 or via email at comptroller@baltimorecity.gov.

Sincerely,



Bill Henry
Baltimore City Comptroller

CC: Delegate Stephanie Smith, Chair, Baltimore City House Delegation
Ms. Nina Themelis, Mayor's Office of Government Relations