



HB 693 - Renters' Rights and Stabilization Act of 2024
Hearing before the House Environment and Transportation Committee, Feb. 20, 2024
Position: SUPPORT (FAV)

The Renters Alliance is the first and only regional nonprofit dedicated exclusively to renter outreach, education, organizing and advocacy. We are the leading co-founder of Renters United Maryland.

There is a significant need for each component of HB 693 that advances the housing security of Maryland renters including:

- **Reducing the maximum allowable security deposit to one month's rent.** Too often renters have to move on very short notice to escape from uninhabitable housing or to take advantage of a new job. There are numerous barriers to this move. Lowering the maximum allowable security deposit from two months' rent to one month's rent will help address the security deposit barrier to such a move and increase housing mobility for thousands of families.
- **Creating a new Office of Tenants' Rights and collecting better eviction data.** Additional education resources are needed in Maryland. Most renters who we assist would benefit from learning sooner about their rights and responsibilities. And the state can adjust its policies with better eviction data.
- **Standardizing when evictions are paused** for inclement weather or other emergencies.
- **Providing greater homeownership opportunities.** The right of first refusal, which has existed in Baltimore City for decades, would help increase access to homeownership. Technical and financial support will be needed for lower income households, but HB 693 lays the foundation.
- **Increasing the court filing surcharge to deter serial eviction filing.** Raising the eviction filing surcharge – *without passing it onto the tenant* – would further disincentivize serial filing. Maryland's uniquely high serial eviction filing rate means that prospective landlords will turn down the applications of families who may be desperate to move but have dozens of rent complaint filings on their rental history. When Attorney General Brian Frosh originally proposed similar legislation to raise the filing fee to reduce serial filing, he agreed with us that any pass through of costs to the tenants would constitute an unacceptable burden on already struggling tenants while eliminating the bill's purpose. We cannot support this legislation if any amendment eliminates this requirement.

Do not make tenants pay more for their own eviction! It is essential that the Committee maintains the

current language in the bill that stops the court and landlords from passing this increased surcharge onto tenants for the following reasons:

1. **Passing the fee onto tenants would more than double the total amount that tenants must pay to “pay and stay” and avoid eviction and homelessness.** To “pay and stay” from a rent court judgment, the tenant must pay court costs. If the bill is amended to allow a pass through of the increased fee, this means doubling the total amount a resident must pay to redeem (from \$60 to \$145; or \$80 to \$165 in Balt. City). *Some families will be unable to pay the fee – especially very low income, subsidized tenants whose rent is often only \$50/month – and will be evicted because of the increased fee.*
2. **“Judicial discretion” for passing on the fee is what happens now. Tenants normally lose because most cases end in default judgments for the landlord plus costs.** Over 90% of rent cases that are not dismissed end in a “default judgment” against the tenant. The Court checks a box on the form: “Judgment in favor of Landlord for possession of the premises and costs.” This is the current exercise of “discretion,” and the tenant almost always loses. When the case is dismissed, the landlord *still* assesses the costs against the tenant via their lease provisions – even if the case is dismissed. The landlord then allocates the next payment first to the additional fee, leaving the tenant behind on the rent for the next month – spiraling into greater debt. Even if eviction filings are reduced by 25% from this policy, that leaves appx. 300,000 eviction filings/year, the vast majority of which will include a \$85 increased fee that vulnerable households will have to pay to avoid eviction.
3. **Allowing a fee pass-through defeats a major purpose of the bill, which is to disincentivize serial eviction filing.** If the landlord can recover the increased surcharge, it will have little effect on landlord eviction filing rates.
4. **Tenants still have an incentive to pay the rent in a timely fashion because landlords can still assess a 5% late fee and court filing fee – just not this increased surcharge.**
5. **If a landlord truly wants to evict a tenant who is chronically late, then after three judgments the landlord can foreclose on the right to redeem (i.e., no “pay and stay”).** There is no need for the landlord to continue seeking judgments and passing on the increased surcharge.
6. **When fully funded, Access to Counsel in Evictions will assist annually tens of thousands of tenants who have a defense, but it does not solve Maryland’s significant affordability gap:** There are 193,819 extremely low-income (\$31,600/year for family of four) renter households in Maryland. 74% of those households are severely cost-burdened, i.e., paying more than 50% of their income in rent. These households are one paycheck or expense away from facing an eviction.
7. **Landlords can collect “future rent” right now – but they still file in rent court each month.** Landlords claim they must file a rent complaint each month because courts refuse to award

“future rent,” i.e., rent that comes due between filing and trial, but that is not true. Lawyers from 12 jurisdictions around the state have verified that courts routinely award landlords future rent.

Even an amendment that would allow landlords to pass through the fee to tenants only after the 3rd failure-to-pay-rent filing in a year would still fall disproportionately on the renters who are least able to pay the increased fee because they are often on the brink of eviction. In the experience of our organization, landlords file against the same tenant repeatedly within the year because the purpose of the eviction filing is not eviction *per se* but rather debt collection.¹ For example, if there is a dispute between the landlord and tenant over \$500 in rent or other fees, the tenant may pay the \$1,000 monthly rent timely, but the landlord may still file an eviction complaint for multiple successive months because there remains a \$500 back balance to which the landlord allocates first the tenant’s payment each month, charging a late fee in each of those months as well. Even with a prohibition on pass-through of this surcharge, tenants still have ample incentive to pay the rent timely to avoid late fees and the current court costs that landlord pass through pursuant to statute. This additional proposed surcharge should instead serve as an incentive for the landlord to attempt to work with the tenant, accept a payment plan, and connect the tenant to social services if needed, instead of skipping straight to an eviction filing each month.

The Renters Alliance **urges the Committee’s report of Favorable on HB 693.**

¹ “The execution of an eviction is a double-edged sword for landlords, who must balance the costs of unit turnover with those of allowing a tenant to remain in rent arrears. But this is not the case for filing. *Filing* costs a modest fee, and initiates a legal process that leverages the power of the state both symbolically and physically to encourage the tenant to pay her late rent. Moreover, the process of repeated (“serial”) filing for eviction and charging late fees, even on tenants who are expected to eventually pay their rent, is used by some landlords as an additional revenue source.” Drs. Philip ME Garboden and Eva Rosen, *Serial Filing: How Landlords Use the Threat of Eviction*, City and Community: A Journal of the Community and Urban Sociology Section of the American Sociological Association, Vol. 18, No. 2, June 2019, at 11-12 (emphasis original) (internal citations omitted).