



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

SB0644 - Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Just Cause Termination Provisions

Hearing before the Senate Judicial Proceedings Committee,

Feb. 16, 2024

Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB0644 at the request of bill sponsor Senator Anthony Muse.

MLA is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. We serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters, most prominently those arising from housing insecurity. MLA upholds the right to housing, enshrined in the Universal Declaration of Human Rights, for which a principal tenet is security of tenure. SB0644 is a vital measure to ensure security for low- and middle-income renting households. MLA urges the Committee's favorable report on SB0644.

When it comes to lease non-renewals, Maryland is currently a "no cause" state – that is, a landlord may non-renew a lease without needing a reason to do so. This means that working people, families, and elders face potential displacement, year to year or even month to month, even when they follow all the rules. These "good tenants" are under constant pressure to accept declining conditions and increasing rents just to stay rooted in their communities.

SB0644 is enabling legislation that would give clear legislating power to Maryland counties and to Baltimore City to establish "just cause" or "good cause" requirements for lease non-renewals. This bill expressly grants authority to localities to decide when it is appropriate for rental agreements to be non-renewed. Under SB0644, local policymakers would determine the scope of "just cause" policy based on local needs, for instance by type of building, for certain populations, for specific lengths of time, or under certain circumstances such as a state of emergency. Without SB0644, local efforts are constrained by state preemption. SB0644 allows localities to act with clear authority on this issue.

SB0644 permits locally tailored just cause protections.

"Just cause" means that a landlord must have a justified reason, determined by statute, for choosing not to renew an expiring lease. Notably, SB0644 does not establish those justified reasons for lease termination. Instead, this bill authorizes local legislatures to define the scope and elements of "just cause" in their own local legislation.

The enumerated list of “just causes” in subsection (a)(3), on page 3 of the bill, is not mandatory. The list offers guidance and reflects the grounds for lease non-renewal that are typically found in other U.S. jurisdictions that have enacted just cause policy. SB0644 authorizes localities to adopt this list, modify it, or invent their own.

It is past time for Maryland to protect all residents from arbitrary non-renewals.

This bill marks the 11th time since 2008 that the General Assembly will have considered just cause eviction legislation, including bills specific to Prince George’s County and Montgomery County. During the COVID-19 state of emergency, Howard County unsuccessfully attempted to prohibit lease non-renewals while Baltimore City passed a short-term provision to require just cause for lease non-renewals until 6 months after the state of emergency’s end. These efforts demonstrate a sustained desire in Maryland localities for just cause protection.

For certain segments of Maryland’s rental market – mobile homes and federally subsidized housing – just cause eviction protection has aided residents for decades. Maryland enacted protections for mobile home park tenants in 1980, including the protection against non-renewals without cause.¹ There are an estimated 7,000 occupied mobile home rentals throughout the state.² Project-based “Section 8” rental assistance requires property owners to have a good cause for non-renewal of a lease. There are nearly 2,000 such properties in Maryland, accounting for over 137,000 rental units.³ The federal Low Income Housing Tax Credit program also requires property owners to have a good cause to non-renew a lease. There are more than 830 of these properties throughout the state, accounting for around 78,000 units.

In total, **Maryland’s stock of just-cause-protected properties numbers around 222,000 units**, equivalent to a rental market greater than that of any one of Baltimore City, Baltimore County, Prince George’s County, or Montgomery County.

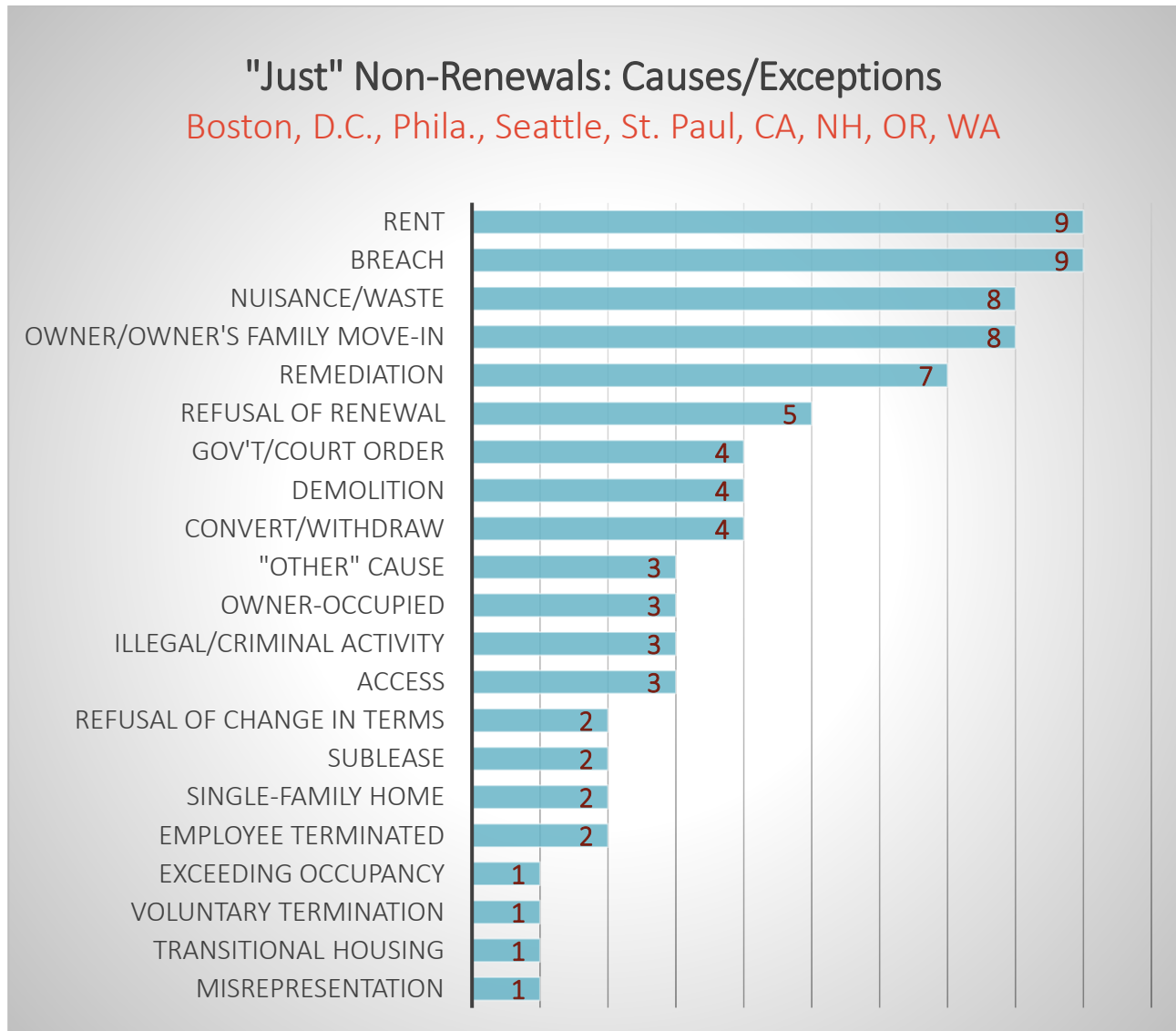
Neighboring cities Washington, D.C. (1985) and Philadelphia (2018) have adopted just cause eviction policies, as have New Hampshire (2015), California (2019), Oregon (2019), and Washington (2021). New Jersey adopted just cause requirements as part of worker protection legislation in 1974. In most

¹ Md. Code Ann., Real Prop. art. § 8A-1101 (Laws of Maryland, Ch. 843 (1980)).

² U.S. Census Bureau, American Community Survey 1-Year Estimates: Physical Housing Characteristics for Occupied Housing Units S2504 (2022).

³ National Housing Preservation Database, <https://preservationdatabase.org>.

Western European countries, including France and Germany, just cause eviction protection is a standard feature of privately owned rental housing.⁴



⁴ Nathalie Wharton and Lucy Craddock, "A comparison of security of tenure in Queensland and in Western Europe." *Monash University Law Review*, vol. 37, no. 2 (2011) (In Western European countries, "[t]ermination of contract is only possible where the landlord has a 'legitimate' reason for ending the tenancy. Terminating a contract outside of these legitimate circumstances is considered unconscionable. A typical example of prohibited unconscionable conduct can be found in Switzerland's legislation on tenancies. Although Swiss law is one of the least protective of tenants in Western Europe, [it] provides that, regarding cancellation of termination, in general: 1. Notice to leave can be cancelled when it is contrary to good faith principles [and] 2. grounds for the notice to leave must be given if the other party asks for them.").

Just cause protections help – not hurt – community-economic development.

New Jersey’s statewide just cause policy demonstrates, over 50 years, that the benefit of just cause outweighs hypothetical impediments on development. “According to data from the Eviction Lab, New Jersey cities such as Trenton, Paterson, Jersey City, and West New York have among the lowest eviction rates in the country. Meanwhile, construction is absolutely exploding.”⁵ Although industry-backed opponents of just cause protections suggest that the policy hampers development in broad terms, no available, impartial social science research supports their conclusions.

Just cause eviction policies have shown positive impact on the stability of housing and community for low-income renters. Looking at four localities in California, a [2019 Princeton/Eviction Lab](#) study found that “just cause eviction ordinances have a statistically significant negative effect on eviction and eviction filing rates” and concluded that “[g]iven the budget limitations of many states and municipalities to fund other solutions to the eviction crisis, passage of just cause eviction ordinances appears to be a relatively low-cost, effective policy solution.”⁶

Additionally, a recent analysis demonstrates that just cause policies “help the lowest socioeconomic status residents remain in gentrifying neighborhoods, where displacement pressures may be especially strong for vulnerable residents.”⁷ Assessing nine “hot-market areas,” researchers from Berkeley’s Urban Displacement Project, the Changing Cities Research Lab at Stanford University, and the Federal Reserve Bank of San Francisco concluded that while just cause laws do not encourage new low-income residents to move into a jurisdiction, “[r]enters make fewer downward moves from neighborhoods where more units are covered by just cause protections—suggesting people are able to make planned moves.”⁸

A 2020 study on the effect of just cause protection on entrepreneurial activities found that just cause eviction ordinances in five California cities “increase[d] the number of new, small businesses by

⁵ Henry Grabar, “New York Needs to Learn a Housing Lesson From ... New Jersey?” Slate.com, Feb. 8, 2022, <https://slate.com/business/2022/02/new-york-good-cause-eviction-new-jersey-housing.html>.

⁶ Julietta Cuellar et al., “The Effect of Just Cause Eviction Ordinances on Eviction in Four California Cities,” *Journal of Public and International Affairs* 31 (2020): 99-125, available at <https://jpia.princeton.edu/news/effect-just-cause-eviction-ordinances-eviction-four-california-cities>.

⁷ Karen Chapple et al., “Housing Market Interventions and Residential Mobility in the San Francisco Bay Area,” Federal Reserve Bank of San Francisco, March 15, 2022, https://news.berkeley.edu/story_jump/how-housing-production-policies-impact-displacement.

⁸ *Id.*

6.9%.”⁹ The researchers proposed that just cause policy “significantly enhances renters’ welfare by allowing them to take on risky, but potentially successful, entrepreneurial endeavors. Thus, local renter protection policies have a surprising benefit of promoting job creation and economic growth by encouraging more entrepreneurial activities.”¹⁰ This study showed significant decreased poverty in areas where the ordinances were enacted and found “no significant changes in... local house price growth.”¹¹

Industry-backed opponents of just cause protections often suggest, without evidence, that “no cause” non-renewals and evictions are essential to development. Yet, as one of 6 states that currently preempt just cause ordinances, Maryland lands in the bottom 10 nationally in terms of shortage of affordable and available rental units per 100 extremely low-income renter households.¹² Maryland boasts a shortage of 146,085 units for extremely low-income households, according to a 2023 national survey.¹³ Just cause protections had nothing to do with this failure of development.

Just cause policy balances the court process in eviction cases.

Although Maryland lacks data directly about the incidence of lease non-renewals, judicial data about “Tenant Holding Over” (THO) eviction cases provide some useful insights. There were an estimated 5,360 THO cases filed throughout the state in 2023.¹⁴ In a THO case, the tenant is alleged to have stayed over the expired term of the lease. These court cases do not require the landlord to provide a reason for their decision not to renew the lease. For most tenants who lack just cause protection, there is no defense to THO proceedings absent a procedural defect or a showing of retaliation.

The average total of monthly THO filings since August 2020 (527), when district courts reopened after the initial Covid-19 shutdown, reflects a 113% increase over the monthly average in the 8 months prior

⁹ Steven Xiao and Serena Xiao, “Renter Protection and Entrepreneurship,” SSRN Electronic Journal. 10.2139/ssrn.3574364 (2020) (examining the impact of just cause eviction ordinances in Glendale (2002), Oakland (2002), San Diego (2003), East Palo Alto (2010), and Santa Monica (2010)).

¹⁰ *Id.*

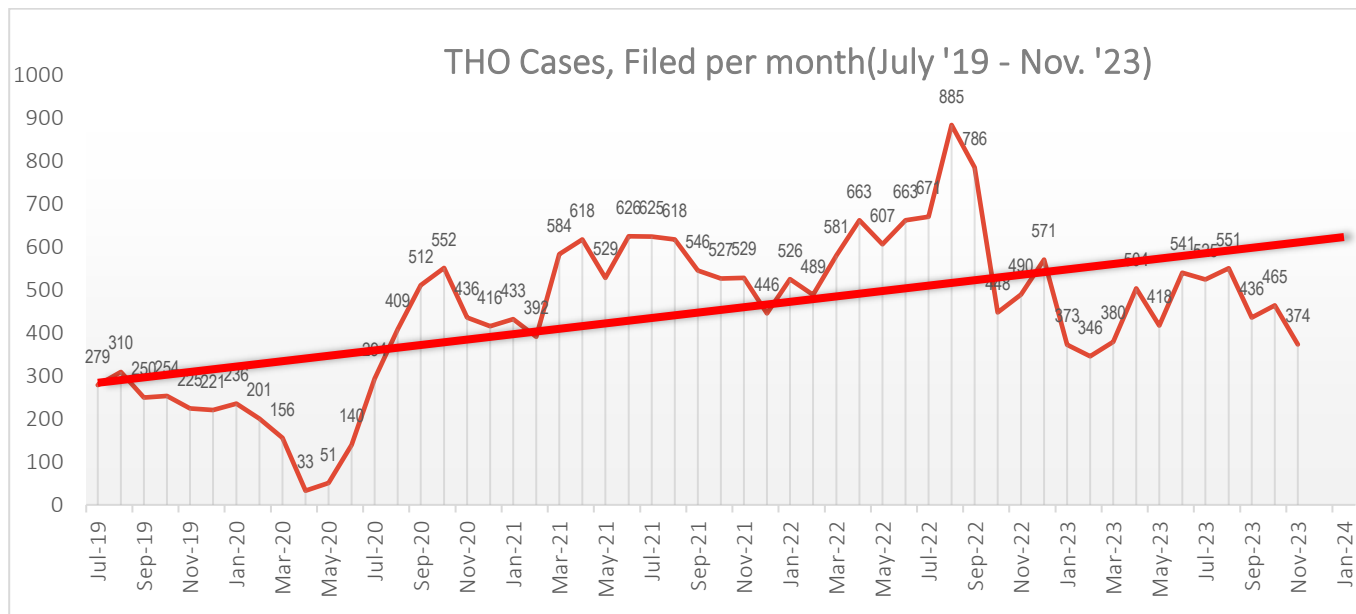
¹¹ *Id.*

¹² National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Homes* 17, Fig. 10 (March 2023), available at https://nlihc.org/sites/default/files/gap/Gap-Report_2023.pdf; see also National Center for Smart Growth and Enterprise Community Partners, Inc., *2020 Maryland Housing Needs Assessment and 10-Year Strategic Plan* 9 (2020), available at <https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf> (citing a shortage of 85,000 rental units for extremely low-income households).

¹³ National Low Income Housing Coalition, *2023 Maryland Housing Profile*, available at https://nlihc.org/sites/default/files/SHP_MD.pdf.

¹⁴ See District Court of Maryland, *About: Statistics*, <https://mdcourts.gov/district/about#stats>.

to the Covid-19 shutdown (247).¹⁵ In other words, eviction cases based on lease non-renewals spiked during the public health emergency and the post-emergency period of steep rent increases. The numbers have not come back down.



Maryland’s existing protection against retaliatory lease terminations (Real Property § 8-208.1), while helpful, is rarely invoked successfully. The law has numerous gaps that local just cause protections would fill:

- The retaliatory eviction statute applies only to “periodic tenancies,” such as month-to-month or automatically renewing leases. Consequently, tenants in 12-month leases have no protection from retaliatory eviction.
- The retaliatory eviction statute protects a limited list of protected activities, and that protection ends 6 months after the tenant’s protected activity occurred.
- The renter has the burden of proving the landlord’s retaliatory motive – without landlord having to state a reason for the termination and in a court process that does not allow discovery or time to subpoena records or witnesses.

SB0644 allows localities to establish broader protection against retaliation by requiring landlords to state a statutorily permitted reason for non-renewal and to prove that reason in court.

¹⁵ *Id.*

Just cause policy stabilizes our clients.

Mobile park tenant: Ms. J

In August 2022, MLA client “Ms. J” received a 60-day notice to vacate her rental unit. Ms. J had complained repeatedly to the landlord that a neighbor was harassing her. The neighbor had falsely accused Ms. J of selling drugs and gone to other lengths to intimidate her. After several months of Ms. J’s complaints to management, an attorney for the owner issued the non-renewal notice. MLA contacted opposing counsel, who conveyed that the owner had no stated reason for wanting to evict our client.

However, there was one issue that the owner’s attorney had not accounted for: this was a mobile home park, and Maryland law requires a mobile home park owner to satisfy at least one of four enumerated causes for eviction.¹⁶ When the owner realized they lacked a statutory cause to evict Ms. J, the parties negotiated a new lease. Absent the for-cause requirement in the applicable eviction law, Ms. J certainly would have been evicted from the home simply for complaining about harassment.

Subsidized housing tenant: Ms. E

At the end of September 2023, “Ms. E” received a notice that property management would not renew her lease. She had 60 days to remove all personal belongings and turn in the keys. The landlord did not give a reason for this turn of events. It did not seem to Ms. E that the landlord cared how this non-renewal would impact her job or how her son, who has a disability, would handle switching schools mid-year. According to rumors around the building, the property was being sold, and everyone would have to leave. When Ms. E contacted Maryland Legal Aid, we advised her that Maryland law allows no-fault evictions, but also that we suspected this particular property might need to meet additional requirements based on its federal subsidies. Ms. E stayed put while her attorneys were in touch with city officials to track down records that showed the good-cause requirement for lease non-renewal. Just before the 60 days were up, the city held a meeting at the building, announcing that no one should leave.

SB0644 ensures local legislatures can pass enforceable laws whereby no one is arbitrarily deprived of their housing. This enabling legislation recognizes that local legislatures desire to stabilize rental housing so that residents can contribute to the workforce and the local economy. Requiring just cause

¹⁶ Md. Code Ann., Real Prop. art. § 8A-1101.

as a precondition for an eviction can be a tailored policy that boosts the stability of the housing market by stabilizing families, neighborhoods, and communities.

Maryland Legal Aid urges the Committee to issue a FAVORABLE report on Senate Bill 644. If you have any questions, please contact: Zafar S. Shah, Assistant Director of Advocacy – Tenants’ Right to Counsel Project, at zshah@mdlal.org or (410) 951-7672.

