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February 7, 2025

TO: The Honorable Ben Barnes, Chair

Appropriations Committee

FROM: Louise Flavahan, Director of Policy

Office of Equity, Policy, and Engagement, Office of the Attorney General

RE: House Bill 103 – Access to Counsel in Evictions – Task Force Termination and

Special Fund (FAVORABLE)

The Office of the Attorney General supports House Bill 103 ("HB 103") – Access to Counsel in Evictions – Task Force Termination and Special Fund, sponsored by Delegate Rosenberg. HB 103 provides a permanent and ongoing funding source for the groundbreaking Access to Counsel in Evictions program in Maryland, established by the Access to Counsel in Evictions Law in 2021, and terminates the Access to Counsel in Evictions Task Force on January 31, 2026.

Background

In 2021, the Maryland General Assembly passed House Bill 18, establishing the Access to Counsel in Evictions Law ("ACE Law"), which made the Maryland General Assembly the second state legislature in the country to provide statewide access to counsel in eviction proceedings for income-eligible tenants.

This nation-leading law was designed to correct the historical disadvantage that, particularly low-income, tenants face in eviction proceedings. In the years prior to the law's passage, the majority of tenants lacked legal counsel and representation, while the majority of landlords had such counsel and representation. This imbalance served no one well; our justice system works best when both parties have access to counsel.

The ACE Law not only sought to make eviction proceedings more fair and efficient, but also more equitable, as data has long shown that the burden of evictions in America are disproportionately borne by Black women and single mothers. Additionally, research from Princeton University's Eviction Lab shows that "every year, 2.9 million children under age 18 are threatened with eviction and 1.5 million are evicted. These children represent four in every ten people who are threatened with eviction annually."² The downstream impacts of eviction are widespread and include employment instability, worsening physical and mental health, increased suicide rates, increased homelessness, and, for children, severely disrupted education.³

The groundbreaking ACE Law, and the Access to Counsel in Evictions Program ("ACE Program") it established, sought to prevent such outcomes in Maryland keep more Marylanders in their homes.

The ACE Law also created the Access to Counsel in Evictions Task Force ("Task Force"), which is staffed by the Maryland Office of the Attorney General and was established to:

- study potential funding sources;
- make recommendations to improve the implementation of the access to counsel program, including necessary policy and statutory changes; and
- evaluate the provision of services provided as a result of the program.

To date, the Task Force has produced four reports, with its most recent report being submitted to the Governor and General Assembly on January 1, 2025.

The ACE Law also established the Access to Counsel in Evictions Special Fund, which is designed to fund the ACE Program and is administered by the Maryland Legal Services Corporation ("MLSC"). Thus far, the General Assembly has provided base-level funding through FY 2027. Specifically, the General Assembly and Governor allocated approximately \$11.8 million for FY 2023 and the General Assembly allocated \$14 million per year from the State's Abandoned Property Fund for FY 2024 through FY 2027. Currently, the ACE Fund is supplied with funds from multiple sources, consisting primarily of the monies outlined above, additional funds that MLSC has obtained from other State and federal grants, and funds from the Maryland Office of the Attorney General's Consumer Protection Division.

At this time, there is no funding committed by the State after FY 2027.

https://collaborate.princeton.edu/en/publications/racial-and-gender-disparities-among-evicted-americans

¹ See: <u>https://evictionlab.org/who-is-evicted-in-america/</u> and https://www.pnas.org/doi/epdf/10.1073/pnas.2305860120 and

² See: https://evictionlab.org/who-is-evicted-in-america/

³ See: https://www.networkforphl.org/wp-content/uploads/2021/04/Fact-Sheet-Public-Health-Implications-of-Housing-Instability-Eviction-and-Homelessness.pdf and https://www.healthaffairs.org/content/briefs/eviction-andhealth-vicious-cycle-exacerbated-pandemic

Outcomes to Date

As shared in the Task Force's 2025 Report,⁴ in 2024 the ACE Program was expanded to every jurisdiction in the State as part of the phased-implementation plan created and overseen by MLSC. MLSC reported to the Task Force in the fall of 2024 that they have built the ACE Program with an eye towards its long-term sustainability.

ACE attorneys closed 9,169 cases in FY 2024. When taken in totality, and including the members of each individual household, over 21,000 Marylanders benefitted from the ACE Program – including 9,100 children. And, according to Stout, Risius, and Ross – the entity tasked with evaluating the ACE Program, the ACE Program has provided over \$46 million in fiscal impacts and economic benefits in FY 2024 alone, which amounts to a \$3 return for every \$1 invested by the State.

Furthermore, according to Stout's analysis, approximately 87% of clients indicated that they wanted to stay in their home, and, of this group, approximately 88% of them were able to do so at the closure of their case, which is a remarkable success rate for the ACE Program.

These figures represent a tremendous success for the ACE Program, the State, and Maryland residents. However, to continue building on these successes and ensure its longevity, the ACE Program needs a permanent and ongoing funding source.

Support for Permanent Funding

For the foregoing reasons, the Office of the Attorney General strongly supports making permanent the \$14,000,000 contribution from the State's Abandoned Property Fund to the Access to Counsel in Evictions Special Fund for administration of the ACE Program by MLSC as outlined in HB 103.

Securing these funds not only ensures the ongoing success of the ACE Program but fulfills a key objective of the Task Force as outlined in the ACE Law.

Support for Terminating the Task Force

Furthermore, with (1) these funds secured, (2) the ACE Program on solid footing with a track record of success and (3) a strong network of diverse, engaged, and supportive ACE Program stakeholders, the Office of the Attorney General also strongly supports terminating the Task Force on January 31, 2026, as outlined in HB 103.

As explained above, a key objective and top priority of the Task Force was to identify and secure a permanent funding source for the ACE Program. With the passage of HB 103, that objective would be fulfilled.

⁴ See: https://www.marylandattorneygeneral.gov/A2C_Docs/2025_ACE_TF_Report.pdf

Furthermore, the ACE Program's target date for full implementation is October 1, 2025, as outlined in the ACE Law. By January 31, 2026, the Task Force will have produced five annual reports, including a final report after full implementation, thus having laid a strong foundation for continued success of the ACE Program.

As explained in the 2025 Task Force report, both the Task Force and the Office of the Attorney General feel that, thereafter, the need for an ongoing, formalized body that produces an annual report to the Governor and the General Assembly ceases. This is further underscored by the fact that many key stakeholders and leaders in the Access to Counsel community, including MLSC, DHCD, and the Judiciary, produce ongoing regular and annual reports about evictions in Maryland and the ACE Program.

Finally, with the passage of the Renters Rights and Stabilization Act of 2024 and the creation of the Office of Landlord and Tenant Affairs, we feel that the amount of resources and support available for Marylanders facing eviction proceedings is greater than it has ever been and are confident that the success of the ACE Program no longer relies on the Task Force's existence.

For these reasons, the Office of the Attorney General urges the Budget and Taxation Committee to issue a favorable report on HB 103.

cc: Committee Members