



SB0651 - Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Good Cause Termination (Good Cause Eviction)

Hearing before the Senate Judicial Proceedings Committee,
February 18, 2025

Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB0651 at the request of bill Senator Clarence Lam.

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. SB0651 is a vital measure to ensure security for low- and middle-income renting Households. MLA urges the Committee's favorable report on SB0651.

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 any justification to do so. This means that working people, families, and elders face potential displacement, year to year or month to month, even when they follow all the rules. These "good" tenants are under constant pressure to accept declining conditions and unfair treatment just to stay rooted in their communities.

SB0651 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 is enabling legislation**, expressly granting authority to localities to decide when it is appropriate for rental agreements to be non-renewed. SB0651 sets a standard "good cause" policy and allows local legislatures to opt into that policy. Without SB0651, local efforts are constrained by state preemption. SB0651 gives localities clear authority on this issue, with guardrails set by the state.

MLA supports Good Cause Eviction because of clients like Beverly Grossman.

Beverly Grossman loves her home. She loves her neighborhood, not far from Towson University. The 85-year-old lives on a limited income and feels lucky to have a manageable monthly rent. But after four years at her apartment, Ms. Grossman sensed that the property manager had an issue with her. Though never in violation of her lease and never missing a rent payment, Ms. Grossman was on the property manager's "shitlist." In April 2024, Ms. Grossman decided to contact the management company to communicate the issues she was experiencing with their on-site employee. A few weeks later, the property manager notified her that her lease would not be renewed, citing "undesirable and improper conduct." When pressed, the property manager revealed that the non-renewal was payback for her call to the corporate office.

Facing lease expiration in September 2024, Ms. Grossman sought legal representation from MLA. Luckily for Ms. Grossman, her building is a Low Income Housing Tax Credit property. Federal regulations require the owner to have good cause to pursue a lease termination. Payback for tenant complaints is not a good cause, per regulations. Nonetheless, management filed a “Tenant Holding Over” eviction case against Ms. Grossman. Ultimately, in November 2024, the district court dismissed the landlord’s claim.

Ms. Grossman describes feeling “completely spent” by having to fight to keep her apartment and stay in her community. “This experience killed me spiritually and took the wind right out of my sails,” she told us recently. In fact, she had experienced cardiac symptoms and underwent two EKG tests during this time of instability. The diagnosis from her medical providers: undue stress.

According to Ms. Grossman, the only way she survived the situation was because of “Maryland Legal Aid and Jesus.” Legally, however, she survived because of the good cause eviction protection that exists in the federal regulations applicable to her property – which she had not even known about. SB0651 would enable Maryland counties to establish similar protections in local law.

SB0651 sets guardrails on local good cause protection.

“Good cause” means that a landlord must have a justified reason, determined by statute, for choosing not to renew an expiring lease. Notably, SB0651 sets for the list of “good causes” in section 8-402.3, on pages 5-6 of the bill, and that list would be mandatory for any jurisdiction that opts into the good cause policy. The list is identical to that of HB0477 as passed in the House in 2024. These grounds for lease non-renewal are found in both federal housing regulations and in state and municipal just cause laws.

SB0651 authorizes localities to adopt this list and does not allow them to establish alternative lists. The bill establishes the following grounds for lease non-renewal:

1. Tenant committed a substantial breach of the lease or repeated minor violations of the lease;
2. Tenant habitually failed to pay rent when due;
3. Tenant caused substantial damage to the property;
4. Tenant engaged in disorderly conduct;
5. Tenant engaged in illegal activity on or around the premises;
6. Tenant refused to provide access to the property for inspection or repairs;
7. Tenant refused to accept the offer of a new lease agreement;
8. Landlord seeks to use the property for a personal or familial use;
9. Landlord seeks to make substantial repairs/renovations;
10. Landlord seeks to remove the property from the rental market for a year or more.

Small Landlords Are Exempted from Good Cause Eviction

SB0651 also establishes that the good cause policy, if enacted locally, may not apply to owner-occupied rental units, nor to properties owned by small landlords. The small landlord exemption is tailored to reduce loopholes that might be exploited by disguised corporate landlords.

To meet the small landlord exemption under subsection (c), on pages 7-8 of the bill, a property owner may not own more than 5 residential rental units in the state. Ownership of rental units encompasses owning or controlling units *in whole or in part, directly or indirectly, or through other legal entities*. This formulation of the exemption excludes property owners that may appear in name to own 5 or fewer units but have additional holdings under different names or through entity structures.



Small landlord = 5 or fewer units across the state. (Subsection (c)(1))



If the landlord is one or more natural persons, no single person may own more than 5 units. (Subsection (d)(1))



If the landlord is an entity, then no natural person or entity with a direct or indirect ownership/membership interest in the landlord may own more than 5 units. (Subsection (d)(1))

However, a person's non-controlling interests in investment assets like stocks, mutual funds, and real estate investment trusts do not count toward rental ownership in the bill. (Subsection (d)(2).)

When a landlord invokes the small landlord exemption, either as a requirement of a lease execution or renewal (section 8-208(c)(3)(iii) at pages 2-3) or as part of a Tenant Holding Over complaint (section 8-402(e)(3)(iii)(1-3)), the bill requires the landlord to disclose information about its holdings:

- The legal name of each individual or entity with a direct/indirect ownership or membership interest in the rental unit;
- The number of rental units held by each of the named individuals or entities; and
- The addresses of the rental units.

The bill requires disclosure of this information on a form published by the Office of Tenant and Landlord Affairs. Crucially, if a landlord fails to make the small landlord disclosures as required, they are *not* exempted from the local good cause eviction law.

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

This bill marks the 13th year 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, Baltimore City passed a short-term provision to require just cause for lease non-renewals

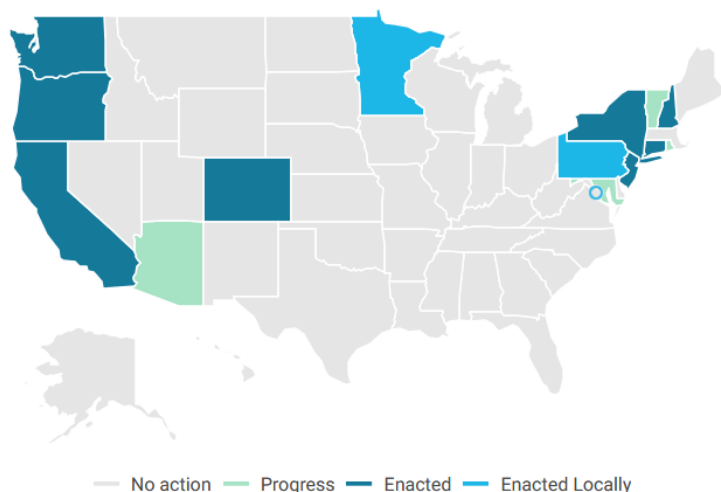
until 6 months after the state of emergency's end. These efforts demonstrate a sustained desire in Maryland localities for just cause protection.

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. There are an estimated 7,000 occupied mobile home rentals throughout the state. 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. 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.

Good Cause Eviction

Mapping the US jurisdictions that have enacted or made progress on good cause eviction



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). Last year, Colorado and New York each passed a statewide just cause eviction bills. New Jersey adopted just cause requirements as part of worker protection legislation in 1974. In 1980, Connecticut enacted just cause requirements for renters over age 61 and renters with disabilities who live in buildings of five or more units.

In many European Union countries, including France and Germany, just cause eviction protection is a standard requirement of privately owned rental housing.¹

¹ "Which European Union nations have laws that require landlords to have a stated reason or 'good cause' to terminate an expiring residential rental agreement?" prompt, ChatGPT-4-turbo, Open AI, <https://chatgpt.com> (Feb. 14, 2025).

Good cause eviction protections do not hurt community-economic development.

A new data analysis by the Loyola University Maryland's Economics Department Chair Jeremy Schwartz and researchers at the University of Minnesota Center for Urban and Regional Affairs evaluated building permit data in states that recently enacted good cause eviction laws – California (2019), Oregon (2019), and New Hampshire (2015). **Their analysis found “no evidence that the introduction of Good Cause Eviction Protections in California, Oregon, and New Hampshire resulted in a decline of new construction.”**²

“[P]ermits did not decline in California and Oregon counties relative to the changes occurring in surrounding states. In fact, the data show an increase in permits by 41 per100,000 residents after the legislation passed relative to the comparison counties, though this result was not statistically significant.” While permitting decreased in New Hampshire following the 2015 enactment of good cause eviction, “the rate of change in New Hampshire was not statistically different from the change in surrounding states,” namely Maine, Massachusetts, and Vermont, which do not have good cause eviction laws.³

New Jersey's statewide just cause policy demonstrates, over a 50-year period, 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.”⁴

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.”⁵

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.”⁶ 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

² Edward Goetz et al., Letter submitted to Maryland Senate Judicial Proceedings Committee (Jan. 21, 2025).

³ *Id.*

⁴ Henry Graber, “New York Needs to Learn a Housing Lesson From ... New Jersey? Starting—but not stopping—with eviction laws.” *Slate* (Feb. 8, 2022), <https://slate.com/business/2022/02/new-york-good-cause-eviction-new-jersey-housing.html>.

⁵ 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>.

⁶ 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.

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.”⁷

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 6.9%.”⁸ 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.”⁹ This study showed significant decreased poverty in areas where the ordinances were enacted and found “no significant changes in... local Senate price growth.”¹⁰

Industry-backed opponents of just cause protections often suggest, without evidence, that “no cause” non-renewals and evictions are essential to development. Yet, decades of state preemption of just cause ordinances did not attract developers and spur production of affordable housing. Maryland lands in the bottom 10 nationally in terms of shortage of affordable and available rental units per 100 extremely low-income renter Households.¹¹ Maryland boasts a shortage of 138,118 units for low-income Households, according to a 2024 study.¹²

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. Landlords filed 409 THO cases per month on average in 2024, totaling 4,908 cases for the year. 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 monthly total of THO filings has exceeded the pre-Covid-19 average for 40 straight months. From August 2020, when district courts reopened after the initial Covid-19 shutdown, to October 2023, the monthly filing average reached a sustained 100% increase over the pre-pandemic level. Over the past 12 months of available data, we also see that the average of monthly THO filings is over 60% higher than the pre-pandemic

⁷ *Id.*

⁸ 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)).

⁹ *Id.*

¹⁰ *Id.*

¹¹ 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).

¹² National Low Income Housing Coalition, *The GAP: Maryland*, <https://nlihc.org/gap/state/md>.

level. In other words, eviction cases based on lease non-renewals spiked during the public health emergency, and 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 as a defense to THO evictions. 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 having the benefit of discovery or time to subpoena records or witnesses.

SB0651 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.

SB0651 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 good cause as a precondition for an eviction can boost 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 651. If you have any questions, please contact:

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