



## **HB 774 - Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Good Cause Termination (Good Cause Eviction)**

Hearing before the House Economic Matters Committee,  
On February 26, 2025

**Position: FAVORABLE**

*Maryland Legal Aid (MLA) submits its written and oral testimony on HB 774 at the request of bill sponsor Delegate Jheanelle Wilkins.*

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. Under the Access to Counsel in Evictions law, MLA represented over 4,700 households in eviction proceedings in 2025. We urge the Committee's favorable report on HB 774 to end "no cause" evictions in Maryland.

Under state law, which preempts local legislative efforts, a landlord may non-renew a lease without providing any reason or having any justification to do so. This means that working people, families, elders, and people with disabilities face potential displacement, from 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 stable in their housing and rooted in their communities.

HB 774 is enabling legislation that gives clear legislating power to Maryland counties and to Baltimore City to establish "just cause" or "good cause" requirements for lease non-renewals and Tenant Holding Over eviction proceedings. This **enabling legislation** expressly grants authority to localities to decide when it is appropriate for rental agreements to be non-renewed. HB 774 sets a standard "good cause" policy and allows local legislatures to opt into that policy. Without HB 774, local efforts are stymied by state preemption. HB 774 gives localities clear authority on this issue, with guardrails set by the state.

### ***Good cause eviction stabilizes our clients and protects them from retaliation.***

In 2024, our client and her three children began renting an apartment in Essex, Maryland, under a 12-month term with an automatic renewal provision. The family experienced numerous issues with the unit, including a bird's nest infested with mites in her attic, multiple lizards in the home, electrical defects, and a defective HVAC system. While continuing to pay the rent, they made several requests to property management regarding these issues, in person, by phone, and by email. When management did not respond, our client took her concerns to management's parent company. Less than one month later, the parent company sent our client a Notice of Non-Renewal. The notice stated no reason for the non-renewal of her lease. Our client was only halfway through her lease term. Six months later, two days after the expiration of her lease, our client was sued in a Tenant Holding Over eviction action. In that court proceeding, the landlord had no burden to prove any reasons for ending the lease. Maryland Legal Aid argued that the landlord had retaliated against our client

after complaints about substandard conditions, in violation of Maryland’s retaliatory eviction law Real Property § 8-208.1. The judge ruled: “I might be able to find that [this] was retaliatory. I think I could find it’s a business decision. I think both are equally possible.” Our client lost the case and faced eviction because the state has yet to enact Good Cause Eviction. The family eventually relocated, leaving the county, their community, and their schools.

***HB 774 allows localities to opt into guardrails for lease non-renewal.***

“Good cause” eviction is the antidote to “no cause” evictions and the fundamental weakness of anti-retaliation law. It means that a landlord must have a justified reason, enumerated in statute, for choosing not to renew an expiring lease. Notably, HB 774 provides the list of “good causes” in section 8-402.3; that list would be mandatory for any jurisdiction that opts into the good cause policy. The list is identical to that of HB 477 as passed in the House in 2024. This list of grounds for lease non-renewal are similar to those that exist in both federal housing regulations and in laws enacted in other states.

HB 774 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.

***The bill exempts “Small Landlords” from Good Cause Eviction requirements.***

HB 774 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 on pages 6-7 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 by 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. (8-402.3(c)(1))



If the landlord is one or more natural persons, no single person may own more than 5 units.



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. (8-402.3(e)(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. (§ 8-402.3(e)(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)) on page 5, 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 14th year since 2008 that the General Assembly will have considered “just cause” or “good 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 good cause lease protection.

Residents in Maryland’s federally subsidized housing stock have had good cause eviction protection for decades. Project-based “Section 8” rental assistance requires property owners to have a good cause for non-renewal of a lease. There are nearly 137,000 of these subsidized rentals in Maryland. The federal Low Income

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Housing Tax Credit program also requires property owners to have a good cause to non-renew a lease. There are more than 78,000 of these rental units throughout the state. In total, Maryland's stock of good-cause-protected properties totals well over 200,000 units.

Neighboring cities Washington, D.C. (1985) and Philadelphia (2018) have adopted good cause eviction policies, as have New Hampshire (2015), California (2019), Oregon (2019), and Washington (2021). In 2024, Colorado and New York each enacted statewide good cause eviction bills. New Jersey adopted good 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.

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

A 2025 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.”**<sup>1</sup> “[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 per 100,000 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.<sup>2</sup>

New Jersey's statewide good 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.”<sup>3</sup>

Good 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

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<sup>1</sup> Edward Goetz et al., Letter submitted to Maryland Senate Judicial Proceedings Committee (Jan. 21, 2025).

<sup>2</sup> *Id.*

<sup>3</sup> 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>.

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the eviction crisis, passage of just cause eviction ordinances appears to be a relatively low-cost, effective policy solution.”<sup>4</sup>

Additionally, a recent analysis demonstrates that good cause protections “help the lowest socioeconomic status residents remain in gentrifying neighborhoods, where displacement pressures may be especially strong for vulnerable residents.”<sup>5</sup> 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.”<sup>6</sup>

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%.”<sup>7</sup> 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.”<sup>8</sup> This study showed significant decreased poverty in areas where the ordinances were enacted and found “no significant changes in... local House price growth.”<sup>9</sup>

Finally, a study of affordable housing production throughout the United States from 2014 through 2024 demonstrated that good cause eviction jurisdictions lead the country in developing affordable housing.<sup>10</sup> Eight of the top 20 markets in affordable housing production over the past 5 years require good cause protection: Seattle, New York City, St. Paul, Denver, Los Angeles, San Francisco/Bay Area, Portland, and Washington, D.C.

Opponents of good cause protections often suggest, without evidence, that “no cause” non-renewals and evictions are essential to development. Yet, decades of state preemption of good cause ordinances did not attract developers and spur production of affordable housing. Faced with conclusive data showing that good cause eviction has no negative impact on net housing development, opponents have pivoted to the argument that the combination of good cause eviction with other tenant protections, in particular rent stabilization,

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<sup>4</sup> 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>.

<sup>5</sup> 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](https://news.berkeley.edu/story_jump/how-housing-production-policies-impact-displacement).

<sup>6</sup> *Id.*

<sup>7</sup> 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)).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> Florin Petrut, “Record year for affordable housing construction — Seattle leads the nation,” RentCafe.com (Jan. 27, 2026), <https://www.rentcafe.com/blog/rental-market/market-snapshots/affordable-housing-construction>.

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would shatter potential production in Maryland. Seattle and New York City, one and two in the entire country in affordable housing production, feature the combination of good cause eviction and rent stabilization.

***Good cause protection balances the court process in eviction cases.***

Maryland’s existing protection against retaliatory lease terminations (Real Property § 8-208.1), while helpful, is rarely invoked successfully as a defense against evictions based on lease expiration. The law has numerous gaps that local good 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.

HB 774 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.

HB 774 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 House Bill 774. If you have any questions, please contact:

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## Renting without Good Cause Eviction Protection

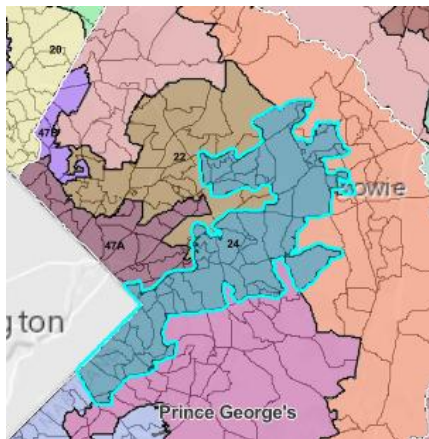
These Maryland Legal Aid clients each faced eviction in 2025. HB 774, which enables local “Good Cause Eviction” protection, would have kept them in their homes, communities, and schools.



### **Baltimore County, District 11A**

Our client was a 69-year-old who had lived with her partner in an Owings Mills apartment for over two decades. With Social Security Income, they were always current on the rent. Last year, after new management took over, they complained about conditions in the apartment and asked for repairs. The next day, they received a notice of non-renewal, effective upon lease expiration three months later. The notice offered no reason for the decision. Management later filed a Tenant Holding Over eviction action, in which a landlord needs to show only that sufficient notice was provided to the tenant. “No cause” eviction means that the landlord’s lack of justification for the non-renewal, and our client’s

many years in the home, didn’t matter. When she last spoke to Maryland Legal Aid, she was packing up her home and expressed fear that she was going to “be on the streets.”



### **Prince George’s County, District 24**

Our client was a 65-year-old parent of an adopted teen who used her Section 8 voucher to move into an apartment complex in 2024. Last fall, while her nephew was visiting, management towed his car. Upset, the nephew carelessly pushed open the door to the leasing office, causing the glass to crack. Despite our client’s efforts to use her renters’ insurance to pay for the damage, management gave her notice to quit and initiated a Breach of Lease eviction case, in which the landlord’s burden of proof is to show that the damaged door warranted an eviction. Unable to meet that burden, the landlord dismissed their action – and then filed a Tenant Holding Over action, with its much lower

burden. They would have nothing to prove except that our client’s lease expired and a notice to vacate was given. The pending eviction has not only destabilized our client’s housing, it has also put her federal housing subsidy in jeopardy of termination.



## No Such Thing as a Right to Renewal?

5 laws already require contract renewal absent “good cause” to terminate.

Maryland is a “no cause” eviction state, meaning, landlords do not need a reason to evict after lease expiration. HB 774 authorizes localities to enact “Good Cause” protections from arbitrary or retaliatory non-renewal. Some say there’s nothing like it in existing law. Here are 5 examples of good cause protections that already exist in Maryland.

### 1. Health Insurance

Under federal law (42 U.S.C. § 300gg-2 and § 300gg-42): “If a health insurance issuer offers health insurance coverage in the individual or group market, the issuer must renew or continue in force such coverage at the option of the plan sponsor or the individual, as applicable.”

Insurers may non-renew only for:

- Nonpayment of premiums
- Fraud or misrepresentation
- Violation of participation or contribution requirements
- Termination of all coverage in the market
- Movement outside the service area
- Membership cessation (for association plans)

### 2. Property/Casualty Insurance

Maryland Insurance Article § 27-601 *et seq.* restricts nonrenewal of property and casualty insurance policies, including auto insurance. Insurers must provide written notice, may non-renew only for specified reasons, and must articulate a “clear and specific” reason and “include a brief statement of the basis for the action.” § 27-613(c). The insured then has 30 days to exercise a “right of protest” by filing a complaint with the Maryland Insurance Administration, which stays the effectiveness of the nonrenewal. If the protest is dismissed, the insured then has 30 days to request a hearing and is entitled to 10 days’ notice of the hearing date. See *also* COMAR § 31.08.03.05.

### 3. Auto Dealer Franchise Laws

Under Maryland Transportation Article § 15-209, if an auto manufacturer, factory branch, or distributor wishes to non-renew a dealer’s franchise agreement, they must have good cause, such as the dealer’s failure to comply substantially with the reasonable requirements of the franchise. The

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manufacturer, factory branch, or dealer must send at least 90 days' written notice stating the specific grounds for the action. After notice, the dealer may request a hearing with the MVA in which the manufacturer, distributor, or factory branch must show that the dealer failed to comply substantially with the reasonable requirements of the franchise. The request for hearing stays the effectiveness of the nonrenewal, and the stay continues if the dealer appeals an adverse decision to the circuit court. Additionally, the Federal Automobile Dealers Day in Court Act of 1956 (15 U.S.C. § 1221 *et seq.*) allows dealers a cause of action against manufacturers for failure to act in good faith in connection with nonrenewal of the franchise agreement.

#### **4. Beer Franchise Law**

Maryland Alcoholic Beverages and Cannabis Article § 5-107 requires a franchisor that refuses to renew a beer franchise agreement to provide either a 45-day or 180-day written notice stating “all the reasons for the intended... nonrenewal.” If a deficiency is stated as the reason in the notice, the franchisor must provide the franchisee 180 days to cure the deficiency.

#### **5. Gasoline Station Franchise Law**

The federal Petroleum Marketing Practices Act (15 U.S.C. § 2801 *et seq.*) prohibits refiners from failing to renew gasoline station franchises without written notice stating an enumerated cause, such as “failure by the franchisee to comply with any provision of the franchise, which provision is both reasonable and of material significance to the franchise relationship.” *Id.* at § 2802(b)(2).

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