



SB0462 - Landlord and Tenant - Residential Leases and Holdover Tenancies - Local Good Cause Termination (Good Cause Eviction)

Hearing before the Senate Judicial Proceedings Committee,
February 12, 2025

Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB0462 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. 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 SB0462 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 nor having 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 stable in their housing and rooted in their communities.

SB0462 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 bill is enabling legislation**, expressly granting authority to localities to decide when it is appropriate for rental agreements to be non-renewed. SB0462 sets a standard "good cause" policy and allows local legislatures to opt into that policy. Without SB0462, local efforts are constrained by state preemption. SB0462 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 as to the reasons for ending the lease. Maryland Legal Aid argued that the landlord had retaliated against our

client after complained 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. The family eventually relocated, leaving the county, their community, and their schools.

SB0462 provides guardrails on lease non-renewal that localities may opt into.

“Good cause eviction” is the antidote to “no cause” evictions and the fundamental weakness in 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, SB0462 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 HB0477 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.

SB0462 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.

SB0462 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 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

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 passed 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 recent 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.”**¹ “[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.²

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.”³

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

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

² *Id.*

³ 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>.

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

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

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

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.¹⁰ 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,

⁴ 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>.

⁵ 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.

⁶ *Id.*

⁷ 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)).

⁸ *Id.*

⁹ *Id.*

¹⁰ 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>.

would shatter potential production in Maryland. Seattle and New York City, one and two in the entire country in affordable housing production, each have enacted 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.

SB0462 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.

SB0462 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 462. If you have any questions, please contact:

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