



**Bill Title: HB 744, Landlord and Tenant - Residential Leases - Tenant Rights and Protections (Tenant Protection Act)**

**Committee: Environment and Transportation**

**Date: February 18, 2020**

**Position: Unfavorable**

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry.

I. RUBS: Under House Bill 744, a landlord is required to make a disclosure to prospective tenants if the landlord uses a ratio utility billing system. The rental agreement must contain a specific description of the ratio utility billing method used to allocate utility costs. For any existing tenancies, the landlord shall provide at least ninety days' notice to the tenant before the landlord begins allocating costs through a ratio utility billing system. This legislation requires a landlord to post in a conspicuous location in a common area of the multifamily building a written description of the methodology used to allocate the utility service charges to each tenant. Landlords must keep records of this methodology on file in the building and shall make such records available to tenants for inspection and copying upon request

MMHA has no objections to disclosure or providing a description of the ratio utility billing system (RUBs) method.

II. Security Deposit: House Bill 744 requires a landlord to return a security deposit within 30 days. The landlord must include in the security deposit notice "a written list of the charges against the security deposit claimed by the landlord and the actual costs." If deductions have been taken from the security deposit, the landlord is required to provide documents and receipts showing the actual charges that were incurred, including any material or labor costs. If the work has not yet been completed, the landlord should be required to deduct a good faith estimate as to the cost of the work.

Maryland's current Security Deposit law is a notification procedure designed to provide tenants with a list of actual damages beyond normal wear and tear so that they are notified of where, if at all, their security deposit was utilized to mitigate their damage to the landlord's unit. It is not now nor ever was designed to be an itemized invoicing and billing procedure. This bill's new requirement that landlords provide not only a statement of damages, but also "supporting documentation" that includes bills, invoices, and receipts that detail not only



what was done but who did the work, what materials and services were provided as well as the unit costs of each and number of units used will harm tenants and landlord alike by undermining the landlord's ability to properly and expeditiously return vacant units to market.

Landlords are in the business of renting apartments, and thus are incentivized to renovate vacant units as rapidly as possible. However, landlords must carefully and properly renovate vacant units so they are habitable and rentable. There are many unforeseen circumstances which may occur such as contractor and material order delays and uncovering additional damage requiring repairs once work has begun which can elongate the time that such repairs will take. Shortening the time in which a landlord must "turn" a unit flies in the face of this reality by forcing the landlord to try to "beat the clock" and hurry through his renovation process, thus potentially exposing future tenants to unforeseen problems in the units. The adage "haste makes waste" most assuredly applies to this bill's time frame.

III. Defects: Under House Bill 744, a tenant who has notified a landlord of serious defects and the landlord fails to make the necessary repairs after a reasonable time, the tenant is authorized to abandon the lease. "The bad faith claim or retention by a landlord or the landlord's successors in interest of the security or any portion thereof in violation of this section, or the bad faith demand of replacement security in violation of subdivision (j), may subject the landlord or the landlord's successors in interest to statutory damages of up to twice the amount of the security, in addition to actual damages. The court may award damages for bad faith whenever the facts warrant that award, regardless of whether the injured party has specifically requested relief. In an action under this section, the landlord or the landlord's successors in interest shall have the burden of proof as to the reasonableness of the amounts claimed or the authority pursuant to this section to demand additional security deposits.

This bill misguidedly rewrites Maryland's effective current rent escrow law, destroying the balance between tenants and landlords' interests and robbing the courts of the discretion to choose numerous remedies and apply them based upon the facts of each case. This bill also undermines the common law legal remedy of Constructive Eviction which is available to tenants living in unsafe conditions and permits them to immediately vacate an unsafe property and bring suit for damages against a recalcitrant landlord. These provisions are unnecessary and potentially harmful to what has been a working system that serves the needs of both landlords and tenants

IV. Stalking: In Maryland, tenants can legally terminate their lease early if they are victims of sexual assault or domestic violence. See MD Code, Real Prop. §§ 8-5A-02, 8-5A-03, 8-5A-04. This bill extends the protection to vulnerable adults and stalking victims and bars landlords from evicting tenants for calling the police after being assaulted on the premises.

As we read the provision, there is no Court determination regarding the stalking. The required proof that triggers the remedy is that of a non-judicial social worker, doctor or other health official not a judge. There should be something further required.



V. Tenant Organizations: Tenants organizations are permitted to use rooms and space for free.

The bill assumes that all landlords have space to provide to these organizations but such is not the case. Moreover, there are very good reasons why a landlord may not be in a position to allow this use on their properties- insurance coverage matters, fire safety regulations and accessibility issues to name just a few. This should remain the choice of the property owner who must maintain and pay for these areas.

For the foregoing reasons, MMHA respectfully requests an **unfavorable report on House Bill 744.**

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