

Landlords Should Be Required to Uphold Housing Standards Before Evicting Tenants

Position Statement Supporting House Bill 523 with Amendments

Given before the Judiciary Committee

House Bill 523 ensures that District Court rent dockets provide no safe harbor for landlords who fail to comply with the local rental licensing laws and the registration requirements of the Maryland Reduction of Lead Risk in Housing law. This bill, as amended and passed in the House, would require landlords to demonstrate that their rental units are licensed, where licensing laws apply, both at the time of filing an eviction action for Failure to Pay Rent and at the time of trial. **The Maryland Center on Economic Policy supports House Bill 523 with amendments because due to drafting oversights, the bill language inadvertently excludes municipal (as opposed to county) rental licenses. It also falls short of requiring any demonstration of a valid lead inspection certificate.**

To effectively bar law-breaking rental operators from the court's eviction process, HB 523 should include technical amendments that (1) capture both county *and* municipal rental licenses and (2) expressly require that landlords demonstrate their valid lead inspection certificates at trial.

- Amendment 1
 - Ensures that the municipal rental licensing is covered by this bill. The current language references county license requirements (page 3, line 33). However, there are municipalities such as Annapolis and College Park that have enacted rental license ordinances apart from their respective counties' laws.
- Amendment 2
 - Ensures that the landlord's burden of proof as to lead risk compliance includes both the MDE registration and the lead inspection certificate. This is accomplished by changing the reference to "all registration requirements under Title 6, Subtitle 8, Part III of the Environment Article" (page 4, lines 1-3). Part III, as referenced, requires annual registration, without inspection for compliance with the applicable lead risk standard. Part IV of that section of the code specifies the lead inspection requirements and the certificate process for affected properties. Further below in the bill, in the section describing the landlord's burden at trial, the reference to "subsection (b)(2)(i)1" (regarding rental licenses) must be changed to "subsection (b)(2)(i)" so that the burden is inclusive of both the valid rental license and valid lead inspection certificate.
- Amendment 3
 - Is a conforming amendment to ensure that the changes to the Real Property article are incorporated into Baltimore City public local law.

Given that HB 523 was heavily amended to adopt provisions from two other House bills (HB 524, HB 49), it is likely that important language was incidentally left out. HB 523 initially was intended to require evidence of compliance with any applicable rental license law, as well as evidence of a valid lead inspection certificate. Ensuring that this is included in the bill is essential as a recent report showed that landlords routinely use the “Rent Court” process even as they are violating local and state laws by leasing units without having passed inspections and obtained valid rental licenses or lead inspection certificates.¹

HB 523, with further amendment, will stop rogue landlords from taking advantage of Rent Court and collecting rent illegally under threat of eviction. **For these reasons, the Maryland Center on Economic Policy respectfully requests the Judicial Proceedings Committee to make a favorable report with recommended amendments on House Bill 523.**

Equity Impact Analysis: House Bill 523

Bill Summary

This bill, as amended and passed in the House, would require landlords to demonstrate that their rental units are licensed, where licensing laws apply, both at the time of filing an eviction action for Failure to Pay Rent and at the time of trial

Background

HB 523 ensures that District Court rent dockets provide no safe harbor for landlords who fail to comply with the local rental licensing laws and the registration requirements of the Maryland Reduction of Lead Risk in Housing law.

As amended and passed by the House, HB 523 would create the following changes to the existing summary ejection procedure:

- At time of filing “Failure to Pay Rent” complaint: The Landlord would present a copy of their rental license and MDE Registration.
- At trial: The Landlord would present only the rental license.
- In neither the filing nor the trial stages would landlords have to present a valid Inspection Certificate (MDE Form 330) to show the property’s current lead risk reduction compliance.

To effectively bar law-breaking rental operators from the court’s eviction process, HB 523 should include technical amendments that (1) capture both county *and* municipal rental licenses and (2) expressly require that landlords demonstrate their valid lead inspection certificates at trial.

Equity Implications

This success rate for law-breaking landlords provides financial incentive to continue operating in violation of local and state laws meant to protect consumers and public safety. Looking at this phenomenon across the state, Maryland Legal Aid found in a 2016 report that in over 21,000 eviction cases that resulted in default judgments for repossession, the landlord failed to provide any rental licensing information on the court complaint despite not

having an exemption from licensing.ⁱⁱ Evictions cause poverty, drive homelessness, job loss, deteriorating health, poor education outcomes, poor credit scores, loss of assets, and increase the risk of children being placed into foster care. At least 23% of homelessness is caused by eviction.

Impact

House Bill 523 would likely **improve racial and economic equity in Maryland.**

ⁱ Public Justice Center, *Justice Diverted: How Renters Are Processed in the Baltimore City Rent Court 24-25* (2015), http://www.publicjustice.org/wp-content/uploads/2019/09/JUSTICE_DIVERTED_PJC_DEC15.pdf

ⁱⁱ Maryland Legal Aid, *Human Rights in Maryland's Rent Court: A Statistical Study 24* (2016), https://www.mdlab.org/wp-content/uploads/MDLegalAid_RentCourtStudy_Release-Date-9-8-16.pdf