



Maryland Consumer Rights Coalition

Testimony to the Senate Judicial Proceedings Committee
HB523: Baltimore City - Repossession for Failure to Pay Rent - Registration and License Information
Position: Favorable with Amendment

March 30, 2021

The Honorable William Smith Jr., Chair
Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Judicial Proceedings Committee

Chair Smith and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland. In 2019, the Fair Housing Action Center of Maryland became a program of MCRC.

HB523 is a bill that addresses one of Baltimore City's most troubling issues -- the number of substandard rental properties in our city, and the predatory landlords who profit. 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.

However, 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.

For more than 50 years, Baltimore City has been plagued with a dearth of substandard rental



properties, to the detriment of tenants and their families, and also City taxpayers. These properties contribute to the low overall quality of life in Baltimore, and illustrate the deep power imbalance in the relationship between tenants and landlords. In no other relationship would a seller, or in this case, a lessor be allowed to bring a product to market with such low standards of care. Since landlords know they have the upper hand in the relationship, and the licensing law is not consistently enforced, there's no incentive to make repairs in a timely manner, or at all.

The Fair Housing Action Center of Maryland received 231 complaints in 2020 from Baltimore City tenants, 34% of which were related to substandard housing or denial of essential services (no heat, water, electricity, etc.) Also of the 231 complaints we received, 40% of those properties were unlicensed. It's also important to note that the majority of these unlicensed properties, or properties that should be considered uninhabitable, are occupied by Black women with children -- continuing Baltimore's racist history of slum housing. It's long past the time for our legislature to put a stop to this shameful history.

No doubt you will hear from "Mom and Pop" landlords who claim they don't have the money to make repairs or hire an inspector at their own expense. The only appropriate response to this claim is twofold: Owning and operating rental property is a business, period. As such, a business owner has a duty of care, and a responsibility to follow the law. If the business owner cannot follow these two basic rules, they should not be allowed to profit from their cruel and intentional negligence. Also, the mythical "Mom and Pop" landlords are not in the majority when we're discussing substandard rental housing. Many of these properties are owned by an LLC, a trust, or other corporate/company structure -- one individual in Baltimore City controls hundreds of properties under individual LLCs and trusts -- hardly fitting the image of the "small property owner" we hear so much about and are expected to somehow pity, as their tenants live in squalor. Also, many of these properties are managed by "professional" property management companies who will no doubt be upset about having to follow the law, and large out of state real estate investment trusts (REITs) that will of course also be upset by being told they have to respect the laws and ordinances enacted by our City Council.

You have a wonderful opportunity right now -- the opportunity to send a clear and strong message to the predatory landlords that profit from our city's substandard and dangerous housing. You have the opportunity to also send a message to our city's thousands of tenants -- tell them they matter, they're important, and their families are your number one priority.

HB 523, with further amendment, will stop rogue landlords from taking advantage of Rent Court



and collecting rent illegally under threat of eviction.

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.

With these amendments, HB 523 will ensure the strongest disincentive against illegal rental operations.

For all these reasons, we support HB523 and urge a favorable report with additional amendments.

Best,

Carol Ott
Tenant Advocacy Director
Fair Housing Action Center of Maryland