



House Bill 52 – Real Property – Alterations in Actions for Repossession and Establishment of Eviction Diversion Program

Position: Oppose

The Maryland REALTORS® opposes HB 52 which seeks to mandate an eviction diversion program for certain counties. The Maryland REALTORS® believe the new CARES Act funding which provides over \$400 million for rental assistance combined with state and local funding is the best means to avert evictions.

REALTORS® often manage property for owners who lease single-family properties. Sometimes the owner is seeking to create additional income for their family by holding onto property they once lived in. Sometimes, they choose rental real estate as an investment rather than income. The owner doesn't make any monthly profit on the rent but will benefit from the equity in the property at the end of the mortgage term. Sometimes, an owner of the property is a reluctant landlord. The owner is faced with circumstances that require him/her to rent the property rather than sell it. This can occur because of looming foreclosures, job relocation, or loss of income.

In most of these cases, the single-family rental is not intended to be a permanent rental property. For that reason, the owner wants to maintain some flexibility if the owner is going to exercise their right to sell the property. The Maryland REALTORS® is concerned that HB 52 will delay evictions in some counties and further erode an owner's flexibility. While the REALTORS® recognize the terrible situations many tenants have experienced during the pandemic, small mom and pop owners have faced challenges too.

HB 52 will add delay to the current court process for eviction by requiring an up-front 10-day process that a landlord must enter into with the tenant. Only after completing that process, will the landlord be able to file for nonpayment of rent. The bill further extends the time that the court may consider these cases, including directing that a court mediated process take place before the court hearing. If the parties have completed these new requirements and the landlord is still able to file for eviction, the legislation permits a court to stay the execution of a warrant of restitution if the a tenant can show a threat to life or safety or a charitable or governmental entity can prevent the tenant's homelessness. The bill doesn't specify what that means.

With more smaller landlords now considering the sale of single-family rental properties due to the strong sales market and the uncertainty of the rental market, Maryland REALTORS® believes HB 52 will further disincentivize owners from continuing the rental of these properties. We recommend an unfavorable report.

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