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SB 100 - Real Property – Actions to Repossess – Proof of Rental Licensure

Hearing before the House Judiciary Committee on March 29, 2023

Position: SUPPORT (FAV)

Public Justice Center (PJC) is a nonprofit public interest law firm that assists over 800 renters each year. We stand with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing. **PJC seeks a favorable report on SB 100.**

SB 100 as amended is identical to amended HB 36, which recently passed this Committee and then the full House by a vote of 101-34. In localities that have a landlord licensing law, SB 100 would stop landlords who do not have a license from using streamlined court processes to evict tenants. Licensing laws protect public health and safety through periodic inspections. Like any other business, if a landlord wants to file suit in Maryland courts, they must be licensed in any jurisdiction that requires licensure.

Landlord representatives and representatives from Renters United Maryland negotiated a series of amendments to create exceptions in SB 100 for situations in which 1) the tenant caused the licensing failure, 2) the licensing agency erred in failing to issue the license, or 3) situations in which the landlord acted in good faith to obtain a license but has been unable to do so because of a problem with a unit unrelated to the eviction case. These amendments were the product of sustained negotiation and strike a balance between the interests of tenants and landlords. **We urge the Committee to pass amended SB 100 with no new amendments.**

Licensing laws in six (6) counties and other municipalities require landlords to pass a periodic a health and safety inspection. The vast majority of landlords comply with these laws. However, we have witnessed many clients or constituents whose predatory landlords refuse to make repairs, refuse to obtain a license, extract as much rent as possible, and when the tenant complains, move to evict them through one of Maryland's streamlined eviction processes. **When unlicensed landlords successfully use**

eviction court, it encourages all landlords to ignore licensing laws and increases the risk of tenants being subjected to health and safety hazards.

While current law stops illegally operating landlords from obtaining a judgment for eviction for failure to pay rent, the Court created a loophole in *Velicky v. CopyCat* by allowing illegally operating landlords to obtain an eviction in Tenant Holding Over cases. 476 Md. 435 (2021). On Jan. 17, 2023, the [Baltimore Banner reported](#) that **“Tenant Holding Over filings are now about three times higher than they were before the pandemic.”** Under current law, landlords in these cases may ignore basic health and safety laws and still use the taxpayer-funded court system to evict tenants.

Judge Shirley Watts understood this dynamic, and wrote in dissent in *Velicky*: “Allowing [the landlord] to evict [tenants] in a tenant holding over action under RP § 8-402 without a license essentially renders the licensing requirement of Baltimore City Code ... meaningless and defeats its purpose of ensuring that rental properties are fit to live in. As a result of the majority opinion, Copycat and other landlords will have very little incentive to get licenses, which would require bringing rental properties up to code.”

Public Justice Center is a member of the Renters United Maryland, a statewide coalition of renters, organizers, and advocates, and **we urge the Committee’s Favorable report on SB 100 with no further amendments.**