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Water Affordability - Informational Hearing  
Taxation, Finance and Economic Development Committee, Baltimore City Council  
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### **Water Affordability Measures Are Necessary to Stabilize Rental Housing**

Baltimore City renters account for nearly 53 percent of the city's occupied housing and therefore make up more than half of the city's residential water consumers. They have a median annual income under \$29,000. Nearly 60 percent of these consumers are housing cost burdened – meaning, they pay more than 30 percent of their income for monthly rent and housing costs, including water and sewer service.<sup>1</sup> More critically, **one third of city renters spend 50% or more of their income on housing costs.**<sup>2</sup> These figures merely reflect the readily known: Baltimore renters struggle to make ends meet each month. They cannot afford an increase in the cost of survival. Rising water rates and new infrastructure and account administration fees will not only put renters' access to water in jeopardy, they will destabilize their already precarious housing.

#### *“Water eviction”*

Renting families are usually one misfortune or one unexpected bill away from ending up in the city's Rent Court, where nearly 13,000 eviction cases are filed each month. Baltimore has averaged nearly 7,000 actual evictions each year since 2012, and the district court recently reported that we will exceed that number in 2016. One in 17 renter households are evicted in the city each year.

What do water rates have to do with eviction? Many landlords simply add water and sewer charges into the “balance” or “net rent” claimed in their Rent Court complaint. In a review of nearly 200 eviction cases in the city's Rent Court, Public Justice Center found that at least 22 percent were based on amounts other than the periodic monthly rent.<sup>3</sup> Since the vast majority of tenants do not contest these law suits, landlords win rubber-stamped judgments for possession.

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<sup>1</sup> Philip M.E. Garboden, *The Double Crisis: A Statistical Report on Rental Housing Costs and Affordability in Baltimore City, 2000-2013*, The Abell Report, Vol. 29 No. 1, p. 2 (May 2016), available at <http://abell.org/sites/default/files/files/cd-doublecrisis516.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> Public Justice Center, *Justice Diverted: How Renters Are Processed in Baltimore City Rent Court*, p. 37 (Dec. 2015), available at <http://www.justicediverted.org>.

**These “water eviction” judgments are a crucial debt collection tool for landlords – if the renter does not incur water shut-off because of the water bill delinquency, then they will certainly face eviction.** It is not uncommon that renters in this predicament to pay off the judgment in order to remain in the property and find weeks later that the landlord did not actually credit the payment toward the water bill. Even after surviving the eviction order, the renter still faces water shut-off.

### **Renters Need Direct Control of Customer Accounts**

“Water eviction” happens even when renters have cause to dispute the water bill. This problem is rooted in the fact that renters cannot directly access billing information, meter history, or DPW’s dispute resolution process. Their access must pass through the account holder, their landlord. For instance, when a renter seeks billing and meter records, DPW typically requires the renter to prove their tenant status by producing, in person, a copy of a lease. Yet, many landlords in Baltimore City are not legally required to use written leases, and others who do use them often deliberately deny the renter’s request for a copy. DPW’s “informal conference” process is also implemented as a bilateral negotiation between DPW and the property owner; if a renter wishes to seek a bill adjustment, she must have the written permission of the landlord in order to initiate or participate in any dispute resolution. **These policies incorrectly assume aligned interests between landlord and tenant. Even the new billing system, which touts the accessibility of water meter data by smartphone, assumes that landlords will provide account access.** For all the changes introduced by DPW, the department glossed over the most important one: providing renters their own customer accounts.

#### *Billing disputes*

Tenant accounts are especially needed given the prevalence of billing disputes among renters in the low-rent housing market. Old, deteriorating housing stock typifies this segment of the market, and in order to secure an affordable rent, low-income renters rapidly move into properties despite substandard conditions. In a survey of nearly 300 renters who appeared at the city Rent Court to contest an eviction case, plumbing leaks ranked third among reported housing defects.<sup>44</sup> Excessive water usage that results from plumbing defects is de rigueur among PJC’s housing clients. Yet, they are often locked out of DPW’s procedures for billing disputes, and even where they can access those procedures with the landlord’s permission, renters find that DPW requires weeks, even months, to resolve an excessive bill. In the meantime, those **renters face a rapid court process in which the landlord can obtain an eviction order in under 14 days. If the landlord can choose between DPW’s process or the Rent Court’s, the landlord will choose Rent Court nearly every time. The threat of eviction puts money in the landlord’s pocket; an informal conference does not.** Moreover, to defend against a water eviction, renters need to demonstrate to the court that they have a live dispute with DPW; most will not be able to make that showing precisely because the landlord has an adversarial interest in blocking the renter from DPW’s dispute process.

#### *Account transparency*

Public Justice Center also sees regularly that our clients do not receive actual billing statements from DPW until there is already a delinquency in the account or a shut-off notice. Instead, by e-

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<sup>44</sup> *Id.*, p. 14, Table 2.

mail or text message or court notice, renters are given a number by the landlord and told to pay it. PJC clients often find that the landlord has passed onto them the water charges from a previous tenancy. They also have little to no idea what a customary consumption measurement for their unit would be and cannot, on their own, determine whether they are being asked to pay an excessive charge. Similarly, when facing the landlord's eviction case, where trial is held usually within 10 days after the case is filed, renters often cannot obtain records from DPW about the account in order to defend themselves. This lack of transparency in water billing is not only frustrating for renters, it is inherently unfair and directly tied to DPW's policy – unchanged by the new billing system – of putting the landlord in control of the customer account.

### **Get DPW Out of the Eviction Business**

There are already too many evictions in Baltimore City. Among cities studied by the 2013 American Housing Survey, Baltimore ranked second to Detroit in the rate of renter households facing threat of eviction for failure to pay rent. These evictions disrupt family life, educational attainment, employment, health, and the renter's prospect of securing a better home. City Council has the power to end "water evictions" completely by legislating a water affordability scheme that includes tenant-controlled customer accounts.

Just as with BGE, Comcast, and other utility providers, customer accounts controlled by renters would (1) provide transparency in billing and usage; (2) enable renters to freely participate in resolving billing disputes with the actual utility, rather than the landlord; and (3) preclude landlords from claim water and sewer charges as rent in eviction cases. Just as importantly, with customer accounts that attach to the renter rather than the property owner, water rates could be proportional to the renter's income and achieve true affordability.

If you have any questions, please contact Zafar Shah, [shahz@publicjustice.org](mailto:shahz@publicjustice.org), (410) 625-9409 Ext. 237.