

COMMITTEE ON ECONOMIC AND COMMUNITY DEVELOPMENT

Bill 21-0021

Communications

Coates, Jennifer (City Council)

From: Middleton, Sharon (City Council)
Sent: Wednesday, February 3, 2021 12:04 PM
To: ben@benfrederick.com
Cc: Coates, Jennifer (City Council); Thompson, Nikki A. (City Council)
Subject: Re: City Council Bill 21-0021

Good afternoon:

Your testimony will be added to the bill file for committee review.

Regards,
Sharon Middleton

From: ben@benfrederick.com <ben@benfrederick.com>
Sent: Wednesday, February 3, 2021 11:51:12 AM
To: Middleton, Sharon (City Council) <Sharon.Middleton@baltimorecity.gov>
Subject: City Council Bill 21-0021

Dear Sharon,

I object to City Council Bill 21-0021.

According to a Federal HUD report in 2018, one-half of rental units are in small properties containing fewer than 5 units. Fewer than 40% of small property owners have positive cash flow, meaning most landlords providing affordable housing in Baltimore City are losing money each month. The report stated that, of the small property owners with affordable rents, only those without a mortgage are viable. Only 25% of mortgaged properties have a positive cash flow.

This is to state that the COVID-19 pandemic affects ALL of the stake holders in the affordable housing market in Baltimore City, including, of course, the residents, but let us not be mistaken that those who have invested their life savings to provide affordable housing in Baltimore City are also negatively affected.

I know of several property owners who have tenants who have not paid rent since May, now over ten months. I ask you to imagine the stress of trying to make mortgage payments when your income is down \$10,000 per year and you have no hope of holding the tenant accountable for rent payments, nor any hope of when the rent payment would resume?

Tenants can apply for rental assistance. Tenants affected by employment get an extra \$1,200 per month (\$14,400 per year) in unemployment benefits. Tenants received \$1,200 stimulus check (per person) last year, received an additional \$600 a few weeks ago and may get another check in the near future. Tenants who are taking advantage of the prohibition on evictions, late fees, and rent collection are collecting all of this extra money and not sharing the gains with the landlord.

Would you consider legislation that would create a program where landlords who have non-paying tenants can apply for, and receive, a waiver on the payment of property taxes and a waiver on the payment of water bills?

Regarding the specifics of City Council Bill 21-0021, please note the following:

- Because of the delays in getting court dates for Failure to Pay Rent cases, any delay in beginning these filings only extends the already lengthy amount of time a tenant is permitted to stay in housing without paying for it.
- It would require massive amounts of reprogramming our computer systems to implement a late charge system that requires daily application of a late fee up to a cap.



February 9, 2021

The Honorable Madam Chair Sharon Middleton
Baltimore City Council
Economic and Community Development

RE: City Council Bill 21-0021 – Late Fees for Past Due Rent
Position: OPPOSE

Dear Madam Chair Middleton, and esteemed Members of the Economic and Community Development Committee,

The Greater Baltimore Board of Realtors® (GBBR) is an association of Realtors®, brokers, and property managers advocating for property rights in the greater Baltimore area. On behalf of GBBR, we write in opposition to City Council bill 21-0021 – Late Fees for Past Due Rent. Although we understand Councilman Stokes's motivations and intentions for sponsoring this bill, our members believe there are many flaws in the legislation. For example, requiring only a 1% late fee, triggered on the 11th day from when a payment comes due, is not a satisfactory remedy. Also, it is impractical to force landlords to know the timing of when a public assistance check was mailed, and thus will be unable to calculate the commencement of the late fee.

While we sympathize with tenants struggling financially, I urge this committee to empathize with landlords. Many landlords are also struggling. There are already remedies in place to support tenants, such as a moratorium on evictions. Some tenants are failing to pay rent and due to the court system's delay, the landlords are unable to recoup any losses. Landlords are still obligated to pay for water, utilities, property taxes, and mortgages. If tenants do not pay their rent, it puts a burden on homeowners trying to sell their property. Investors will not purchase properties with outstanding rent payments.

As Baltimore City continues to reel from the pandemic, the real estate industry has contributed heavily to Baltimore City's tax revenue. It is not the time to bring forward this type of legislation, nor the industry to target.

In conclusion, we would like to work with this committee and Councilman Stokes in order to construct a strong piece of legislation that both benefits those in need while not curbing the real estate industry. Unfortunately, this bill fails to accomplish that goal.

Thank you for your time and we respectfully urge an unfavorable report on 21-0021.



Ari M. Plaut, Esq.
On Behalf of GBBR

February 9, 2021



Joe Magar
Baltimore, MD 21211

TESTIMONY IN SUPPORT WITH AMENDMENTS OF COUNCIL BILL 21-0021
Late Fees for Past Due Rent

TO: Chair Middleton & members of the Economic and Community Development Committee
FROM: Joe Magar, on behalf of Jews United for Justice (JUFJ)

My name is Joe Magar. I live in Baltimore's 14th District and am providing testimony on behalf Jews United for Justice in support of SB21-0021, the Late Fees for Past Due Rent bill with amendments proposed by Council President Mosby. Jews United for Justice (JUFJ) organizes more than 1,600 people in the City to support local social, racial, and economic justice issues.

Before the pandemic, 57% of renting households in Baltimore City were considered housing cost burdened, which is to say that they spend more than a 30% of their income on housing. For one third of all renters in Baltimore, housing costs exceed 50% of their income. After nearly a year of battling this pandemic, these figures are surely worse.

The 30% threshold is not an ideal measure of affordability, but similar benchmarks of between a quarter and a third of income have been enshrined as common wisdom for a long time. In the Second Century, Rabbi Yitzhak, argued that it would be unwise for someone to devote more than a third of their assets to land. Throughout the 19th and 20th century, no more than a week's wages was considered affordable rent. This was reflected in the Housing and Urban Development Act, setting a rent cap for public housing at 25% of income, that is, until 1981 when it was changed to 30%.

I do not doubt that there are more accurate and equitable ways to measure affordability, but the information we do have is very clear on one thing — Baltimore is living in gross violation of affordability norms that have been established for hundreds, if not thousands, of years. We don't look back with admiration at times when the needs of so many are left unmet. We condemn practices like debtors' jail and indentured servitude for systematically penalizing poverty under the false pretense of agency for all parties involved and that bad outcomes are the result of bad decisions.

At a time when so many are trapped between a plague and losing their homes, we need to readdress how hundreds of thousands of Baltimoreans are being penalized every month for existing in a housing market that we know is unaffordable, and that we regularly describe as being in crisis. Leaving these policies unaddressed would be a moral failure and enabling this continued penalization of vulnerability will only serve to worsen this crisis. We must make it easier for those struggling to survive, not harder.

Recently, City Council has proven that it is willing to take bold steps to protect renters by passing legislation establishing a right to counsel in Baltimore's rent courts. I hope you continue to show commitment to this issue and on behalf of JUFJ, respectfully urge this committee to pass the Late Fees for Past Due Rent bill with amendments proposed by Council President Nick Mosby. We do not support a version of this bill without the proposed amendments by Council President Nick Mosby.



Baltimore City Council Bill 21-0021 – Late Fees for Past Due Rent

Hearing before the Economic and Community Development Committee

Position: SUPPORT WITH AMENDMENTS

Baltimore Renters United participants Public Justice Center, Jews United for Justice, Communities United, Bolton House Residents Association, United Workers, Beyond the Boundaries, Right to Housing Alliance, Green & Healthy Homes Initiative, and the Homeless Persons Representation Project strongly support the Late Fees for Past Due Rent bill with amendments proposed by Council President Nick Mosby.

With the Council President’s amendments, this legislation will 1) require landlords to provide for a 10-day grace period for rent payments before imposing a late fee, and 2) if a tenant receives a monthly government benefit such as SSI or SSDI, require the landlord to offer the tenant a 10-day grace period starting from the date the benefit is paid or mailed.

According to the City’s latest [Consolidated Plan](#), approximately 32,000 very-low income renter households in Baltimore City are paying more than 50% of their monthly income toward rent. A typical family of four in this category may earn \$2,200 per month, pay \$1,300 in rent and have only \$900 left to cover food, utilities, transportation, clothes, and other necessities. The math does not work. An unexpected medical bill, car repair, or loss of hours due to COVID-19 and this house of cards comes crashing down.

Currently there is no required grace period for rent payments. State law caps late fees at 5% of monthly rent. Many, but not all, landlords provide a 5-day grace period. A 5% late fee on top of the \$1,300 rent payment is an additional \$65 that most Baltimore City residents do

not have – in addition to the \$30 in court costs and “agent fees” that landlords charge on the 6th of the month on top of the 5% late fee.

This bill with the Council President’s amendments would require a minimum 10-day grace period so that residents who are already living on the edge of economic disaster have a little more of a buffer.

Additionally, our organizations often have members/clients/constituents whose SSI, SSDI or other monthly benefit checks arrive after the 5th of the month. These are usually fixed-income seniors and persons with disabilities who may then need to choose between paying a recurring, additional 5% late fee or paying for their food or medication. This bill with the Council President’s amendments would provide disabled persons and limited income seniors with a clear way to request that the late fee not be applied to their account until 10 days after their benefit is normally issued or mailed.

This bill as amended provides common sense relief to families who need it most and further helps balance the scales of the landlord-tenant relationship.

Please note that we are opposed to the bill in its original form because it alters the rights of landlords and tenants in ways that are unrelated to the purpose of providing for a 10-day grace period, and we greatly appreciate the Council President’s amendments.

Thank you for the opportunity to testify.

C. Matthew Hill

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On behalf of:
Public Justice Center
Jews United for Justice
Communities United
Bolton House Residents Association
United Workers
Beyond the Boundaries
Right to Housing Alliance
Homeless Persons Representation Project
Green & Healthy Homes Initiative

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.



TO: Baltimore City Economic and Community Development Committee

FROM: Maryland Multi-Housing Association

SUBJECT: Ordinance 21-0021 Late Fees for Past Due Rent

DATE: February 9, 2021

POSITION: Unfavorable

This testimony is offered on behalf of Maryland Multi-Housing Association (MMHA). We are a professional trade association established in 1996, whose members consists of owners and managers of more than 210,000 rental housing homes in over 870 apartment communities. Our members house over 556,000 residents of the State of Maryland and we have 250 associate member companies who supply goods and services to the multi-housing industry. Lastly, MMHA members manage 271 apartment communities with over 48,400 units in Baltimore City.

Baltimore City Ordinance 21-0021 – Late Fees for Past Due Rent requires a lease to have a 10-day grace period; prohibits a landlord from charging a late fee greater than one percent of the total monthly rental payment per day for each day the rent is due, not to exceed a total of five percent of the monthly rental payment; prohibits a landlord from charging a late fee under certain conditions for tenants who receive public assistance; prohibits a landlord from demanding the payment of any fees or other charges, except rent, court filing fees, and court-awarded costs as a condition precedent to allowing the tenant to exercise their right to redeem until after the tenant has had three judgements for possession in favor of the landlord for rent due in 12 months prior to when the tenant exercised the tenant’s right to redeem the leased dwelling unit; and requires a landlord to provide a tenant with a written statement of charges actually incurred if a tenant requests it in writing.

Since the beginning of the pandemic, MMHA’s members have worked with residents to voluntarily create payment plans, shared rental assistance resources, and waived late fees and rent increases in jurisdictions that do not prohibit them. Late fees have been prohibited for Baltimore residents since March 5, 2020. Due to the passage of Council Bill 20-0526, the Baltimore City COVID-19 Renter Relief Act bill that passed last year, the prohibition on late fees will remain in effect until 90 days after the end of the Governor’s emergency order.

In addition to being unnecessary at this time, Ordinance 21-0021 conflicts with existing state law. MMHA opposes the legislation for the following reasons:

- Maryland Real Property Article Section 8-208 clearly and without confusion states how late charges can be assessed within the terms of the lease. As delineated within the statute, leases are based upon specified periods – months or weeks - and late payment of the rent applies to that period of time for which it is late. Section 8-208 (3)(i) “Provides for a penalty for the late payment of rent in excess of 5% of the amount of rent due for



the rental period for which the payment was delinquent; or (ii) In the case of leases under which the rent is paid in weekly rental installments, provides for a late penalty of more than \$3 per week or a total of no more than \$12 per month.” By utilizing a daily rate calculation, the bill conflates periodic tenancies with similar calculations utilized for hotels or motels and subsequently destroys the concept of a periodic monthly or weekly payment term. This seriously diminishes the underpinnings of the lease contract, which Section 8-208 specifies is not acceptable

- Section 8-208 (f) states “No provision of this section shall be deemed to be a bar to the applicability of supplementary rights afforded by any public local law enacted by the General Assembly or any ordinance or local law enacted by any municipality or political subdivision of this State; provided, however, that no such law can diminish or limit any right or remedy granted under the provisions of this section.” The bill’s provisions for tenants receiving public assistance that may be “lost in the mail” are unworkable. As drafted, the bill leaves the landlord at a disadvantage as they are unable to verify that the payment was actually sent, since there is no mechanism for testing the proof that the Bill provides for. Having a standard of “satisfactory proof” is of little assistance to either landlords or tenants if it is not clear who is responsible for making that decision. Additionally, SNAP and food stamp benefits are distributed on a range of days depending on a person’s last name, adding complexities to this already unclear process.
- Section (IV) of the bill is duplicative of State Law and Section (V) is confusing as it is not clear which aspect of the State Real Property Article the bill is referring to. All landlords are already required to keep rent ledgers that consist of incurred costs and completed payments. Further, requiring the landlord to supply a Summary Ejectment filing when these cases are a matter of public record is duplicative.

The bill is duplicative of state law, unworkable for the industry, and destroys the underlying concept of monthly and weekly payment terms. For these reasons, the Maryland Multi-Housing Association requests an unfavorable report on this legislation.

For more information, please contact Jessie Keller 443.955.0734