



**BALTIMORE CITY COUNCIL
COMMITTEE ON ECONOMIC AND COMMUNITY
DEVELOPMENT**

Mission Statement

On behalf of the Citizens of Baltimore City, the Committee on Economic and Community Development (ECD) is responsible for supporting strong thriving communities ECD will review proposed zoning and land use changes, tackle issues related to economic development, oversee housing policy, and promote equitable economic opportunity for all Baltimore residents.

The Honorable Sharon Green Middleton

PUBLIC HEARING

February 9, 2021

2:15 PM

Virtual Webex Meeting

City Council Bill #21-0022

Security Deposit Alternatives

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Committee: Economic and Community Development

Bill 21-0022

Security Deposit Alternatives

Purpose:

For the purpose of requiring certain lease provisions to create alternatives besides the traditional security deposit for residential leases under certain circumstances; defining certain terms; and prohibiting this subsection from limiting a landlord's ability to require certain qualifications on a residential tenant's application for a new residential lease.

Effective: 30th day after enactment

Background

The State of Maryland regulates certain aspects of landlord and tenant residential lease agreements. Landlords who offer 5 or more dwelling units for rent in the State may not do so without a lease. Bill 21-0022 only applies to landlords who own or control 10 or more rental units in the City. The Baltimore City Code, Article 13 - Housing and Urban Renewal, Subtitle 7 has provisions for residential lease requirements. If approved, Bill 21-0022 proposes changes to traditional security deposits for residential leases under certain circumstances.

According to Bill 21-0022, security deposits are defined as money or other forms of security given by a tenant to a landlord on behalf of a residential lease. Security deposits include deposits for damages, advance rent and pets. Security deposits do not include certain non-refundable fees or other considerations.

If the security deposit is more than 60% of the monthly rent for a unit, landlords would be required to include, in the lease agreement, options in lieu of the required security deposit. The options are as follows:

Option 1: Rental security insurance from an approved insurance provider that is licensed by the Maryland Insurance Administration. Rental security insurance must satisfy the following:

- The insurance, provider, policy, and coverage amount submitted must be approved by the landlord as an acceptable option.
- Insurance coverage would be effective upon payment of the first premium.
- Coverage would remain effective for the entire lease term.
- The insurance must permit payment of premiums on a monthly basis unless the tenant selects a different payment schedule.
- Coverage per claim is no less than the amount the landlord requires for the security deposit.
- Tenants who choose Option 1 may not be required to provide additional security or insurance coverage per claim in an amount greater than the amount required for security deposits.

Option 2: Payment of the security deposit over a series of no less than 3 equal monthly installment payments, as well as other criteria. T

- Installment payments will be due on the same day as the monthly rent
- Installment may be paid with the monthly rent payment in a single transaction, absent separate agreement by the landlord tenant.

Bill 21-0022 does not alter a landlord's remedies to recover damages from a tenant arising from a breach of a lease or any other relevant provision of law.

Additional Information

Fiscal Note: Not Available

Information Source(s): Bill 21-0022; Annotated Code of Maryland, Title 8 – Landlord and Tenant, Subtitle 2 – Residential Leases, Section 8-208

Analysis by: Jennifer L. Coates
Analysis Date: February 3, 2021

Direct Inquiries to: (410) 396-1260

**CITY OF BALTIMORE
COUNCIL BILL 21-0022
(First Reader)**

Introduced by: Councilmember Middleton, President Mosby, Councilmembers Stokes, Ramos,
Cohen

Introduced and read first time: January 13, 2021

Assigned to: Economic and Community Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Housing and Community
Development, Housing Authority of Baltimore City, Department of Real Estate

A BILL ENTITLED

1 AN ORDINANCE concerning

2 style="text-align:center">**Security Deposit Alternatives**

3 FOR the purpose of requiring certain lease provisions to create alternatives besides the traditional
4 security deposit for residential leases under certain circumstances; defining certain terms; and
5 prohibiting this subsection from limiting a landlord’s ability to require certain qualifications
6 on a residential tenant’s application for a new residential lease.

7 BY adding

8 Article 13 - Housing and Urban Renewal
9 Section 7-3(d)
10 Baltimore City Code
11 (Edition 2000)

12 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the
13 Laws of Baltimore City read as follows:

14 style="text-align:center">**Baltimore City Code**

15 style="text-align:center">**Article 13. Housing and Urban Renewal**

16 style="text-align:center">**Subtitle 7. Residential Lease Requirements**

17 **§ 7-3. Information required.**

18

19 (D) *SECURITY DEPOSIT ALTERNATIVES.*

20 (1) *“SECURITY DEPOSIT” DEFINED.*

21 (i) *IN GENERAL.*

22 “SECURITY DEPOSIT” MEANS MONEY OR ANY OTHER FORM OF SECURITY GIVEN BY
23 A TENANT TO A LANDLORD TO BE HELD BY A LANDLORD ON BEHALF OF THE
24 TENANT BY VIRTUE OF A RESIDENTIAL LEASE AND SHALL INCLUDE:

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

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1 (A) DAMAGE DEPOSITS;

2 (B) ADVANCE RENT DEPOSITS; AND

3 (C) PET DEPOSITS.

4 (II) *EXCLUSIONS.*

5 "SECURITY DEPOSIT" DOES NOT INCLUDE ANY NONREFUNDABLE FEES OR OTHER
6 CONSIDERATION THAT:

7 (A) ARE NOT TO BE RETURNED TO THE TENANT UNDER THE TERMS OF THE
8 RESIDENTIAL LEASE;

9 (B) WERE TO BE APPLIED TO THE PAYMENT OF RENT OR REIMBURSEMENT OF
10 SERVICES OR UTILITIES PROVIDED TO THE TENANT; OR

11 (C) ARE PLACED WITH A LANDLORD TO SECURE THE AVAILABILITY OF A
12 RENTAL UNIT MORE THAN 60 DAYS PRIOR TO THE COMMENCEMENT OF THE
13 RENTAL PERIOD.

14 (2) *SCOPE.*

15 THIS SUBSECTION ONLY APPLIES TO LANDLORDS WHO OWN OR CONTROL 10 OR MORE
16 RENTAL UNITS IN BALTIMORE CITY.

17 (3) *IN GENERAL.*

18 IF A LANDLORD ASSESSES A SECURITY DEPOSIT OF MORE THAN 60% PERCENT OF THE
19 MONTHLY RENT CHARGED FOR A UNIT, THE LANDLORD SHALL INCLUDE IN THE LEASE
20 THE OFFER TO ACCEPT ONE OF THE TWO FOLLOWING OPTIONS IN LIEU OF THE REQUIRED
21 SECURITY DEPOSIT:

22 (I) RENTAL SECURITY INSURANCE THAT SATISFIES THE FOLLOWING CRITERIA:

23 (A) THE INSURANCE PROVIDER IS AN APPROVED CARRIER LICENSED BY,
24 AND IN GOOD STANDING WITH, THE MARYLAND INSURANCE
25 ADMINISTRATION;

26 (B) THE INSURANCE PROVIDER, POLICY, AND COVERAGE AMOUNT MUST BE
27 SUBMITTED TO AND APPROVED BY THE LANDLORD AS AN ACCEPTABLE
28 OPTION IN LIEU OF THE REQUIRED SECURITY DEPOSIT;

29 (C) THE COVERAGE IS EFFECTIVE UPON THE PAYMENT OF THE FIRST
30 PREMIUM AND REMAINS EFFECTIVE FOR THE ENTIRE LEASE TERM;

31 (D) THE INSURANCE MUST PERMIT THE PAYMENT OF PREMIUMS ON A
32 MONTHLY BASIS UNLESS THE TENANT SELECTS OR AGREES TO A
33 DIFFERENT PAYMENT SCHEDULE;

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1 (E) THE COVERAGE PROVIDED PER CLAIM IS NO LESS THAN THE AMOUNT
2 THE LANDLORD REQUIRES FOR SECURITY DEPOSITS; AND

3 (F) A TENANT WHO CHOOSES THIS OPTION IN LIEU OF A SECURITY DEPOSIT
4 MAY NOT BE REQUIRED TO PROVIDE ADDITIONAL SECURITY OR
5 INSURANCE COVERAGE PER CLAIM IN AN AMOUNT GREATER THAN THE
6 AMOUNT REQUIRED FOR SECURITY DEPOSITS; OR

7 (II) PAYMENT OF THE SECURITY DEPOSIT OVER A SERIES OF NO LESS THAN 3 EQUAL
8 MONTHLY INSTALLMENT PAYMENTS THAT:

9 (A) SHALL BE DUE ON THE SAME DAY AS THE MONTHLY RENT PAYMENT;
10 AND

11 (B) MAY BE PAID TOGETHER WITH THE MONTHLY RENT PAYMENT IN A
12 SINGLE TRANSACTION, ABSENT SEPARATE AGREEMENT BY THE
13 LANDLORD AND TENANT.

14 (4) *OTHER REQUIREMENTS NOT PRECLUDED.*

15 NOTHING IN THIS SUBSECTION MAY BE CONSTRUED TO LIMIT A LANDLORD'S ABILITY
16 TO REQUIRE STANDARD CREDIT, INCOME OR OTHER QUALIFICATIONS UPON
17 APPLICATION FOR A NEW RENTAL AGREEMENT.

18 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
19 are not law and may not be considered to have been enacted as a part of this or any prior
20 Ordinance.

21 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance shall only apply
22 prospectively to new leases and shall have no retroactive effect on leases entered into prior to the
23 effective date of this Ordinance.

24 **SECTION 4. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30th day
25 after the date it is enacted.

COMMITTEE ON ECONOMIC AND COMMUNITY DEVELOPMENT

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AGENCY REPORTS

City Solicitor	
Department of Housing and Community Development	Does Not Oppose
Housing Authority of Baltimore City	
Department of Real Estate	



MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Acting Housing Commissioner

Date: February 3, 2021

Re: City Council Bill 21-0022 – Security Deposit Alternatives

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 21-0022 for the purpose of requiring certain lease provisions to create alternatives besides the traditional security deposit for residential leases under certain circumstances; defining certain terms; and prohibiting this subsection from limiting a landlord's ability to require certain qualifications on a residential tenant's application for a new residential lease.

If enacted, this bill would amend Article 13 – Housing and Urban Renewal, Section 7-3(d) of the Baltimore City Code to require that landlords with 10 or more units in Baltimore City will provide alternative security deposits, such as rental security insurance provided by an approved and licensed carrier or 3 equal monthly installment payments.

Many Baltimore renters and owners struggle to pay for housing, leaving their families at risk of instability and even homelessness. Baltimore's renters—are housing cost-burdened, meaning they spend more than 30 percent of their income on housing. City Council Bill 21-0022 has no impact on DHCD's operations; however, it may provide additional housing stability for Baltimore's renters.

DHCD **does not object** to the passage of City Council Bill 21-0022.

AK/sm

cc: Themelis, Nina, *Mayor's Office of Government Relations*

Brandon M. Scott, Mayor • Alice Kennedy, Acting Housing Commissioner

417 East Fayette Street • Baltimore, MD 21202 • 443-984-5757 • dhcd.baltimorecity.gov