

COMMITTEE ON ECONOMIC AND COMMUNITY DEVELOPMENT

Bill 21-0022

Communications

February 9, 2021



Elam Boockvar-Klein
Baltimore, MD 21218

TESTIMONY IN SUPPORT WITH AMENDMENTS OF COUNCIL BILL 21-0022
Security Deposit Alternatives

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

Dear Chairwoman Middleton and Committee Members,

My name is Elam Boockvar-Klein, and I am a resident of Baltimore City's Old Goucher neighborhood, in Council District 12. I write on behalf of Jews United for Justice to express our support - and urge yours - for Council Bill No. 21-0022 to mandate that landlords offer an installment plan as an alternative to the traditional security deposit. JUFJ Jews United for Justice (JUFJ) organizes more than 1,600 people in the City to support local social, racial, and economic justice issues. We have concerns about the rental security insurance included in the current version of the bill. Making security deposits payable through installment would reduce a fiscal barrier for many renters, increasing access to a greater variety of housing options citywide, without asking landlords to lose out on any revenue.

Jewish tradition tells us that all people should have *dei machsoro*, resources sufficient for each person's needs. (Deut. 15:7-8) As such, society has an obligation to ensure that people have access to housing, especially during times of emergency.

According to a Federal Reserve report from 2018 - long before the pandemic - 40 percent of Americans said they would struggle to come up with funds to cover an unexpected expense of \$400.¹ With many security deposits far exceeding that number, and with far more unemployed or underemployed households due to the current economic downturn, this one-time cost poses a significant barrier to safe, affordable housing for low-income renters. Moreover, according to a recent Washington Post article, many prospective tenants determine they can cover the monthly rent, only to be turned away by the burden of the security deposit. We know this is a reality in Baltimore City: a majority of renter households in Baltimore are cost burdened.² Thus, this bill constitutes an important step towards creating a more equitable, accessible housing landscape in Baltimore City.³

¹ "Report on the Economic Well-Being of U.S. Households in 2017." *Board of Governors of the Federal Reserve System*, <https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf>.

² "The Economic Impact of an Eviction Right to Counsel in Baltimore City." P. 9. *Stout Risius Ross, LLC*. <https://bmorerentersunited.org/rtrc/stoutreport/>.

³ "Security deposits can be a high-cost hurdle to affordable housing." *The Washington Post*. https://www.washingtonpost.com/realestate/clearing-a-housing-access-hurdle-options-for-a-security-deposit/2020/05/20/4508d4e6-5263-11ea-b119-4faabac6674f_story.html.

As other cities implement similar policies, we have a crucial opportunity to demonstrate our willingness to tackle daunting challenges with bold policy changes. In May of last year, Cincinnati passed the first of-its kind law to provide the monthly installment option for security deposits. Backed by reputable organizations like the National Low-Income Housing Coalition, the Joint Center for Housing Studies, and others, the legislation increased housing options for thousands of renters overnight. And it did so without asking landlords to take a hit, instead making it easier for them to find tenants able to afford the cost of housing. As cities across the country consider similar measures, we have the opportunity to pioneer this policy in the Mid-Atlantic region. And in the process, we will send yet another message to renters that this city is ready to remedy decades of policies that have tipped the scales of justice against them.

For all of these reasons, Jews United for Justice respectfully urges you to support Council Bill No. 21-0022 with amendments. We thank you for your time and consideration of our perspective.

Sincerely,

Elam Boockvar-Klein
elam.boockvar-klein@wepair.org



February 9, 2021

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

RE: City Council Bill 21-0022 – Security Deposit Alternatives
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 21-0022 – Security Deposit Alternatives. Although we understand Madam Chairwoman's motivations and intentions for sponsoring this bill, our members believe there are many flaws in the legislation that may have unintended consequences. For example, under the option to make 3 equal monthly installment payments, what are the repercussions if the tenant leaves in between? Also, many of our members are unfamiliar with some of the options proposed by this legislation. Many members do not use rental security insurance.

We would like to work with this committee and Madam Chairwoman in order to discuss some issues that tenants and constituents may be experiencing as they pertain to security deposits. We believe that if we work together, we can find strong legislation that works for all parties.

Thank you for your time and we respectfully urge an unfavorable report on 21-0022.

A handwritten signature in blue ink, appearing to read 'Ari M. Plaut', is written over a horizontal line.

Ari M. Plaut, Esq.
On Behalf of GBBR



Baltimore City Council Bill 21-0022 – Security Deposit Alternatives
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, and the Homeless Persons Representation Project support the Security Deposit Alternatives bill with one amendment.

It is common knowledge that the greatest impediment for limited-income renters looking to move is the lack of a security deposit, first month's rent and moving expenses. Yet, moving on very short notice is often a necessity for tenants who are looking to escape domestic violence or uninhabitable property conditions. According to the City's latest [Consolidated Plan](#), 48% of the City's rental housing is substandard. In other words, many families must move just to protect the health and safety of their families from landlords who refuse to remedy serious conditions of disrepair such as a rodent infestation, pervasive mold, or chipping/peeling lead paint. Other families may need to relocate quickly for a new job or to live in the catchment area of a better school for their children. The requirement of a security deposit that is one-to-two times the monthly rent is the greatest impediment to a needed, rapid move.

This bill will require landlords to offer to the tenant an option for the security deposit that involves either 1) an installment plan, or 2) rental security insurance. An installment plan would make it easier for tenants to move and pay for the security deposit in parts while they reside at the property. We are not familiar with rental security insurance and concerns have

been raised in other jurisdictions about these insurance products. For example, what happens if the tenant has \$1,000 in coverage, and the landlord places a claim for \$900 with the insurance company after the tenant moves out? Our understanding is that the insurance company bills the tenant for the \$900. But what if the tenant disputes the landlord's right to claim \$900? What court process is available?

These concerns with security deposition insurance and others have been described in Shelter Force, a leading publication on housing law and policy:

<https://shelterforce.org/2020/12/10/security-deposit-alternatives-the-misleading-marketing-of-renters-choice/>

We need additional information before we could support a bill that requires landlords to offer tenants the option of using an insurance product of this nature.

Accordingly, we support an amendment that would only require landlords to offer an installment option - not insurance - until this Council has additional information.

Thank you for the opportunity to testify.

C. Matthew Hill

C. Matthew Hill, Attorney

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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



TO: Baltimore City Economic and Community Development Committee

FROM: Maryland Multi-Housing Association

SUBJECT: Ordinance 21-0022 Security Deposit Alternatives

DATE: February 9, 2021

POSITION: Favorable with Amendment

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 21-0022 – Security Deposit Alternatives requires landlords with more than 10 units to offer alternatives to security deposits if those deposits exceed 60% of monthly rent. Under the bill, the alternatives can be rental security insurance or payment of the security deposit over a series of no less than three equal monthly instalments.

As housing providers, we strive to offer flexibility to residents and develop creative solutions to help them find housing. MMHA supports the goal of this legislation, which intends to provide residents with alternatives that reduce burdens to obtaining housing while still protecting housing providers’ properties.

MMHA has three major concerns with the legislation and offers the following amendments to address those concerns.

First the definition of security deposit in the Bill should be consistent with established state law in Real Property Code Section 8-203(a)(3). MMHA suggests the following amendments to accomplish that goal:

1. Page 1, lines 22-24 delete after the words “Security Deposit” means” and replace with the following: ANY PAYMENT OF MONEY, INCLUDING PAYMENT OF THE LAST MONTH’S RENT IN ADVANCE OF THE TIME IT IS DUE, GIVEN TO A LANDLORD BY A TENANT IN ORDER TO PROTECT THE LANDLORD AGAINST NONPAYMENT OF RENT, DAMAGE DUE TO BREACH OF LEASE, OR DAMAGE TO THE LEASED PREMISES, COMMON AREAS, MAJOR APPLIANCES AND FURNISHINGS
2. Page 2, delete lines 1-13

Second, MMHA is concerned that the bill clearly makes the distinction that “Rental Security



Insurance” is NOT the same as Renter’s Insurance. Rental Security Insurance - which MMHA respectfully suggests be renamed **Rental Security Deposit Insurance** - covers damage as defined above, however, it does not in any way cover losses that might befall a renter if their personal property is damaged by instances like a flooded basement or overflowing kitchen sink. Likewise, it would not cover a tenant’s responsibility for damage done to other rental units which might be attributable to the renter. For example, where a fire caused by the renter damaged not only the renter’s unit and property but also affected other units in the building as well. That kind of insurance is known a “Renter’s Insurance.” Thus, MMHA suggests the following amendments to clarify the difference:

1. Page 2 Line 22 Add the word DEPOSIT after the word “Security”
2. Page 3 Line 6 after the word “OR” Add
(G) RENTAL SECURITY DEPOSIT INSURANCE IS NOT RENTER’S INSURANCE AND NOTHING IN THIS SECTION PRECLUDES A LANDLORD FROM REQUIRING THAT A TENANT PROCURE AND MAINTAIN RENTER’S INSURANCE IN ADDITION TO RENTAL SECURITY DEPOSIT INSURANCE

Third, MMHA is concerned that there is no language in the bill to enforce a tenant’s responsibility to procure rental security deposit insurance, pay for that insurance, or to pay the security deposit installments under Sections (3), (I), and (II). To address this issue, MMHA requests the following amendments:

1. Page 3, line 6 ADD:
(H) (i) A TENANT WHO CHOOSES THIS OPTION IN LIEU OF A SECURITY DEPOSIT WHO FAILS TO ACQUIRE RENTAL SECURITY DEPOSIT INSURANCE ON OR BEFORE SIGNING A LEASE SHALL BE DEEMED TO HAVE CHOSEN TO PAY A REQUIRED SECURITY DEPOSIT UNDER SECTION (II) OF THIS SECTION, AND (ii) A TENANT WHO PROCURES RENTAL SECURITY DEPOSIT INSURANCE WHO FAILS TO PAY THE PREMIUMS THEREFORE SHALL PAY SUCH UNPAID PREMIUMS AS ADDITIONAL RENT UNDER THE LEASE
2. Page 3 Line 13, delete the period after the word “TENANT” and ADD:
“, AND (C) WHERE A TENANT FAILS TO PAY A MONTLY SECURITY DEPOSIT INSTALLMENT HEREUNDER SUCH PAYMENT IS COLLECTABLE AS ADDITIONAL RENT UNDER THE LEASE AND MD. RP CODE 8-401, ET. SEQ. AND PLL, SUBTITLE 9, ET. SEQ.

For the reasons above, MMHA respectfully requests a favorable with amendments report from the committee.

For more information, please contact Jessie Keller 443.955.0734