

**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 11, 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.