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*Council President*



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## **BALTIMORE CITY COUNCIL**

BALTIMORE, MARYLAND 21202

June 4, 2021

The Honorable Brandon M. Scott, Mayor  
City of Baltimore  
Room 250, City Hall  
100 Holliday Street  
Baltimore, MD 21202  
**via email:** [Mayor@BaltimoreCity.gov](mailto:Mayor@BaltimoreCity.gov)

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

Dear Honorable Mayor Scott,

As the pandemic and its aftermath compound the deep poverty in our city, the Council turned to a policy solution to give more of our families a chance to find secure, safe and stable housing. Our first major legislative package offers eviction protection (21-0031), a grace period from late fees (21-0021) and alternatives to security deposits (21-0022). Together, these bills help residents choose where they want to live and help them to stay in their homes.

Our “Security Deposit Alternatives” bill (21-0022) guarantees all residents access to alternatives to security deposits that many in Baltimore already have — pay a traditional deposit, break the payment up into installments or select security deposit insurance.

As you said, “There is a great deal of trust that must be placed in our elected leaders that they have thoughtfully and diligently pursued all options and have developed legislation that presents the best possible solutions.” I agree. To meet these objectives, a bill must be grounded in evidence, informed by facts and driven by data. We cannot be deterred by a runaway misinformation campaign.

In the case of the security deposit alternatives bill, inaccuracies took root on social media, circulated and then snowballed in the weeks after the bill’s overwhelming passage by the Council.

Among the inaccuracies is the belief that the legislation authorizes surety bonds in Baltimore for the first time, and that the bill was designed to benefit a single company. Neither is true.

Security deposit insurance, like travelers insurance and insurance on car rentals, is also known as a surety bond because that is simply the type of agreement it represents in legal terms. This is a product that has been offered in Maryland for some 20 years and the providers are regulated by the Maryland Insurance Administration. Multiple companies provide this insurance, which is offered to renters in Baltimore at landlords’ discretion. In other words, for decades landlords have been able to discriminate against renters, deciding which tenants in which neighborhoods they wish to offer alternatives to traditional security deposits. This is what redlining looks like in practice.

What’s more, contrary to information being shared irresponsibly online, security deposit insurance does not require tenants to pay a monthly premium. Renters can decide whether to pay a nonrefundable flat fee in monthly installments or all at once. For security deposit insurance in the amount of \$1,500, quotes for the fee are roughly \$60.

Surety bonds also do not operate similarly to subprime housing lenders or bail bonds. No loan, nor interest is involved. A repayment requirement is only triggered if the amount of the landlord's validated claim is in excess of the amount of the security deposit insurance acquired. Additionally, this is the same process for a traditional security deposit when claims in excess of the initial deposit are made.

Lastly, requiring landlords to offer all renters the same choices for paying their security deposits does not incentivize landlords to charge higher deposits to low-income renters. State law provides clear maximums on security deposits.

For months, my team reached out to you and your advisers to discuss any concerns and provide evidence to confront the misinformation with facts. We based those facts on our research and information we learned reaching out to elected officials in Atlanta, Cincinnati, Miami, New York, Philadelphia and elsewhere to learn why they want all renters in their cities to receive the same options, including the possibility of obtaining security deposit insurance. We also talked to groups like NewDEAL and the Urban Institute to learn why they back policies similar to our legislation.

Given the concerns you expressed in vetoing our bill, I would encourage you to consider whether you believe our city should ban security deposit insurance outright, as it continues to be available throughout our city. Do you believe we need to protect those who are likely interacting with this product right now? What relief will we provide for those who cannot afford installments, no matter how many months we spread it out?

Our residents need their leadership to help ensure they can survive and thrive as we try to climb out of the economic devastation caused by the pandemic. While the Council awaits the help the administration intends to provide to renters struggling to access housing due to an inability to pay their security deposits, I am joining Council Vice President Middleton in sponsoring new legislation at Tuesday's meeting to establish emergency security deposit relief for those who we know need it.

Under this bill, the city would establish a temporary emergency program to provide grants of up to \$2,000 to applicants to cover their security deposit. This program would be available based on income.

The program would sunset alongside the expiration of federal emergency housing vouchers, so the two forms of assistance can be used in tandem as a safety net for our neighbors facing housing insecurity and homelessness.

Funding for this program could come from the American Rescue Plan or through savings the administration carves out of the police budget.

In your message vetoing Council Bill 21-0022, you expressed your shared concern for protecting Baltimoreans from housing insecurity worsened by the pandemic, and you indicated your desire to work with the Council to find legislative solutions. In that spirit, I am requesting that you and your staff actively work with us as this new bill proceeds through the legislative process so that the bill that reaches your desk is one we can all be proud of and one that will provide much-needed relief to our residents.

At today's budget hearing for the Mayor's Office of Homeless Services, I am looking to gain a better understanding about existing funding from the federal government that can currently offer security deposit relief to our residents. It is my understanding that the homeless services office received \$2.5 million to increase housing security, of which just \$200,000 is collectively available for security deposits, utility assistance and other fees that create barriers for residents to obtain housing.

I know you, Mayor Scott, share my deep concern for our families and are equally dedicated to finding every way to help them thrive, especially under the current conditions. Thriving families are the bedrock of strong communities, and I know despite our differences on the security deposit alternatives legislation you are my partner in progress in serving the people of our great city.

In partnership,



Nick J. Mosby  
Baltimore City Council President

Cc: Council Vice President Middleton

Michael Huber

Natasha Mehu

Nina Themelis

Lawrence Anderson

Nikki Thompson