



CITY COUNCIL WORK SESSION AGENDA

CITY OF GREENBELT
25 Crescent Road
Greenbelt, MD 20770

AUGUST 13, 2025
7:30 PM

I. WORK SESSION

1. Work Session - Rent Stabilization

Suggested Action:

1. Introductions
2. Council Discussion
 - o Rent Stabilization
3. Questions and Answers
4. Other Items

II. SPECIAL MEETING/CLOSED SESSION

2. Closed Session

Suggested Action: By Section 3-305(b)(1) and (3) of the General Provisions Article of the *Annotated Code of the Public General Laws of Maryland*, a closed session of the Greenbelt City Council will be held on Wednesday, August 13, 2025, immediately following the Council Work Session – Rent Stabilization, in the Council Chambers, 1) To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or any other personnel matter that affects one or more specific individuals; and 2) to consider the acquisition of real property for a public purpose and matters directly related thereto.

The purpose of this meeting is to discuss Personnel Matters and Real Estate.

** The public may attend the Special Council Meeting of the City Council immediately before the closed session and observe the vote of the Council to move into the closed session on Wednesday, August 13, 2025.*

Bonita Anderson
City Clerk

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

2024 Legislative Session

Bill No. CB-055-2024

Chapter No. 38

Proposed and Presented by Council Members Ivey, Harrison, Fisher, Franklin, Hawkins, Watson

Introduced by Council Members Ivey, Harrison, Fisher, Hawkins, Watson, Oriadha and Olson

Co-Sponsors _____

Date of Introduction June 18, 2024

BILL

1 AN ACT concerning

2 Permanent Rent Stabilization and Protection Act of 2024

3 For the purpose of establishing permanent protections for renters against excessive rent increases
4 and generally stabilizing rent prices in Prince George's County, subject to certain conditions.

5 BY repealing and reenacting with amendment:

6 SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.

7 Sections 13-138, 13-144, 13-145, 13-146, and 13-147,

8 The Prince George's County Code

9 (2023 Edition).

10 BY adding:

11 SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.

12 Sections 13-147.1, 13-147.2, and 13-147.3,

13 The Prince George's County Code

14 (2023 Edition).

15 SECTION 1. BE IT FURTHER ENACTED by the County Council of Prince George's
16 County, Maryland, that Sections 13-138, 13-144, 13-145, 13-146 and 13-147 of the Prince
17 George's County Code be and the same are repealed and reenacted with amendment:

18 **SUBTITLE 13. HOUSING AND PROPERTY STANDARDS.**

19 **DIVISION 3. LANDLORD-TENANT REGULATIONS.**

20 **SUBDIVISION 1. GENERAL PROVISIONS**

21

1 **Sec. 13-138. - Definitions.**

2 (a) For the purposes of this Division (and Division 4):

3 * * * * *

4 (2.1) **Banked amount** means the dollar amount of an annual rent increase allowance that
 5 a landlord did not use to increase the rent for a regulated unit.

6 (2.2) **Base rent** means rent charged for a regulated rental unit under a lease, exclusive
 7 of any rental discounts, incentives, concessions, or credits that are:

8 (A) offered by the landlord;

9 (B) accepted by the tenant; and

10 (C) itemized in the lease separate from the rent.

11 * * * * *

12 (3.1) **Capital improvements** mean permanent structural alterations to a regulated unit
 13 intended to enhance the value of the unit. **Capital improvements** include replacement of major
 14 systems, or structural alterations required under federal, state, or County law. **Capital**
 15 **improvements** do not include ordinary repair or maintenance of existing structures.

16 * * * * *

17 (4.1) **CPI-U** means the Consumer Price Index for All Urban Consumers for the
 18 Washington-Arlington-Alexandria Area, published by the U.S. Bureau of Labor Statistics, as
 19 determined in the Regulations issued in accordance with this Subdivision.

20 * * * * *

21 (12.1) **Multifamily dwelling** means a building containing four or more dwelling units.
 22 Units may be located side by side in a horizontal configuration or stacked one above the other in
 23 a vertical configuration, sharing common vertical walls or horizontal floors and ceilings.

24 **Multifamily dwelling** does not include single family attached or detached houses.

25 (15.1) **Regulated rental unit** or **regulated unit** means a rental unit that is not exempted
 26 under Section 13-147.

27 * * * * *

28 (18.1) **Substantial renovation** means permanent alterations to a building that:

29 (1) are intended to enhance the value of the building; and

30 (2) cost an amount equal to at least 40 percent of the value of the building, as
 31 assessed by the State Department of Assessments and Taxation.

32

Sec. 13-144. Annual rent increase allowance.

(a) Annual rent increase allowance. The Director annually shall calculate a rent increase allowance for regulated rental units applicable to rental lease renewals equal to the lesser of:

(1) CPI-U plus 3 percent; or

(2) 6 percent.

(3) Notwithstanding the provisions of Subsections (1) and (2) of this Subsection, the rent increase allowance for a regulated unit in an age restricted senior housing facility with a twelve (12) or twenty-four (24) month lease may not exceed the lesser of the CPI-U or 4.5 percent.

(b) Duration. A rent increase allowance under Subsection (a) remains in effect for a 12-month period, beginning July 1st of each year and ending on June 30th of the following year.

(c) By May 1st of each year, DPIE shall provide notice to the public of the annual rent increase allowance under Subsection (a), above, that will become effective on July 1st of that year.

Sec. 13-145. Rent increases – in general; vacant units; limited surcharges for capital improvements.

(a) In general. Except as provided under Subsection (b), below, upon a lease renewal or execution of a new lease, a landlord shall not increase the rent of a regulated rental unit to an amount greater than:

(1) the base rent; plus

(2) the rent increase allowance under Section 13-144; plus

(3) any banked amount (the manner of application and determination of a “banked amount” shall be established by rent stabilization regulations adopted by the Director and shall include a requirement that the applicant fully compensate the County for any costs the Director determines are associated with determining whether the applicant meets the requirements of being able to utilize a banked amount); and

(4) does not exceed 10 percent of the base rent.

(c) Limited surcharge for capital improvements. Subject to Subsection (c), below, the Director shall grant a landlord’s petition to add a surcharge to the amount permitted under Subsection (a) if the Director determines, in accordance with rent stabilization regulations adopted by the Director:

(1) the surcharge is limited to an amount necessary to cover the costs of capital

improvements to the regulated unit, excluding the costs of ordinary repair and maintenance;

(2) the surcharge does not take effect until after the capital improvements are completed;

(3) if the capital improvements are for all rental units within the building, the surcharge:

(A) is divided equally among the units;

(B) is prorated over at least 96 months; and

(C) does not exceed 20 percent of the base rent;

(4) if the capital improvements apply only to certain regulated rental units within the building, the surcharge:

(A) is divided equally among the affected units;

(B) is prorated over at least 60 months; and

(C) does not exceed 15 percent of the base rent;

(5) the surcharge for each unit ends once the costs of the capital improvements, including any interest and service charges, have been recovered by the landlord;

(6) the capital improvements would protect or enhance the health, safety, and security of the tenants or the habitability of the rental housing, provided that the purpose of the capital improvements cannot be to address code or other habitability violations.

(A) Notwithstanding the foregoing, a new owner may apply to the Director for a waiver to authorize the inclusion of limited surcharge, as provided in this Section.

(7) if the capital improvements would result in energy cost savings:

(A) the savings would be passed on to the tenant; and

(B) either:

(i) the improvements would result in a net savings in the use of energy in the building; or

(ii) the improvements are intended to comply with applicable law;

(8) the capital improvements are depreciable under the federal Internal Revenue Code;

(9) the applicant has certified to the Director the costs of the capital improvements, including any interest and service charge;

(10) the applicant has certified to the Director that required governmental permits and approvals have been granted; and

(11) the applicant fully compensates the County for any costs the Director determines are associated with determining whether the applicant meets the requirements of this Subsection.

1 (c) Surcharge – additional requirements.

2 (1) A landlord must maintain, and must make available to a tenant with an active lease
 3 for the affected unit or the Director upon request, all plans, contracts, specifications, and permits
 4 related to any capital improvements for which a surcharge has been granted.

5 (2) Immediately upon the completion of capital improvements under this Section, a
 6 landlord must permit the return to affected rental units of any tenant with an active lease for the
 7 unit who was displaced due to the improvements.

8 **Sec. 13-146. Fair return.**

9 (a) Fair return rent increase. In accordance with this Section and rent stabilization regulations
 10 adopted by the Director:

11 (1) a landlord may apply to the Director to increase rent for a regulated unit in an amount
 12 that exceeds the annual rent increase allowance prescribed in Section 13-144; and

13 (2) the Director shall grant the application if the Director finds that the increase is
 14 necessary for the landlord to obtain a fair return on the regulated unit; provided that

15 (3) the applicant fully compensates the County for any costs the Director determines are
 16 associated with determining whether the applicant meets the requirements of this Section.

17 (b) For purposes of this Section, fair return means a return on investment:

18 (1) sufficient to offset operating expenses; and

19 (2) commensurate with returns on investments in other enterprises having comparable
 20 risks, which is deemed commensurate if an investment's actual annual return (Net Operating
 21 Income/Cost Basis) is at least the sum of the actual average 10 year United States Treasury Rate
 22 for the annual return period, plus 3%;

23 (c) The Director shall adopt rent stabilization regulations establishing:

24 (1) a formula to determine the rent increase necessary to obtain a fair return for a
 25 regulated unit;

26 (2) application requirements, including the information an applicant must submit to
 27 demonstrate the rent necessary to obtain a fair return;

28 (3) a uniform system and procedures for processing applications;

29 (4) criteria the Director must use to evaluate and to grant or deny an application; and

30 (5) the duration of a rent increase approved under this Section.

Sec. 13-147. Exempt rental units.

(a) Exemptions. The requirements and limits of Section 13-145 do not apply to:

(1) a newly constructed unit whose construction was completed on or after January 1, 2000;

(2) a unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation, and treatment of illnesses;

(3) a unit in a facility owned or leased by an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code if the primary purpose of the organization is to provide temporary shelter for qualified clients;

(4) an owner-occupied group house;

(5) a religious facility, including a church, synagogue, parsonage, rectory, convent, and parish home;

(6) a hotel or motel only serving transient residents;

(7) a school dormitory;

(8) a licensed assisted living facility or nursing home;

(9) a building originally designed and constructed to contain only 2 dwelling units, one of which the owner currently occupies as a principal residence (domicile);

(10) an accessory dwelling unit;

(11) a unit subject to a regulatory agreement with a governmental agency or an agreement with a third-party entity that restricts occupancy of the unit to low and moderate income tenants;

(12) Subject to rent stabilization regulations adopted by the Director, a unit located within a substantially renovated building if:

(A) the substantial renovation was or is completed on or after January 1, 2000; and

(B) the building is not in violation of Subtitles 4 or 13;

(13) a rental unit owned by a landlord who:

(A) owns 5 or fewer rental units within the County; and

(B) is either:

(i) a natural person or the living trust of a natural person; or

(ii) the trust or estate of a decedent;

(14) a condominium unit owned by one or more individuals domiciled in Prince George's County; and

(15) any unit within or a part of a building cooperative.

(b) Expiration of exemption.

An exemption under Subsection (a), above, expires when the conditions entitling the unit or facility to an exemption cease or no longer exist.

[Sec. 13-144. - Temporary Rent Stabilization—Limiting rent increases, notification requirements.]

[(a) From the effective date of this Rent Stabilization Act (Act), a landlord shall not:

[(i) increase rent in an amount that exceeds three percent (3%) per annum of the existing rent amount for any Pre-existing Tenant; nor]

[(ii) terminate the lease because tenant sought enforcement of this Act.]

[(b) For the purposes of this section, the term Pre-existing Tenant is any tenant who was subject to a valid lease at the Landlord's rental property prior to April 17, 2023.]

[(c) Exemptions. The following units shall be exempt from the provisions of this Act:

[(i) Dwelling units that received an initial use and occupancy permit in the last five years of the effective date of this Act.]

[(ii) The Department of Housing and Community Development shall review all applications for exemption for any dwelling unit governed by a Federal, State or County agreement that subsidizes the tenant's rent and that agreement remain in effect during the tenure of this Act. All provisions of this Act shall remain in full effect until DHCD grants the application for exemption.]

[(d) Senior Housing. To the extent not preempted by federal law, all landlords of senior housing properties are subject to this Rent Stabilization Act.]

[Sec. 13-145. - Notices of Rent Adjustments and Rent Payment Plans During the Rent Stabilization Act (Act).]

[During the one-year period of this Act, a landlord:]

[(a) Shall inform a tenant in writing to disregard any notice of a rent increase if:]

[(1) the landlord provided the notice to the tenant prior to the enactment of this Act; and]

[(2) the effective date of the increase would occur on or after the date that the Act became effective; and]

[(b) May offer rent payment plans, in writing, to tenants.]

[Sec. 13-146. - Information and Enforcement.]

1 [(a)Department of Housing and Community Development (DHCD) and Department of
2 Permitting, Inspections and Enforcement (DPIE) shall provide information about the
3 requirements of the Section on their respective websites, including the date that this Act expires.]

4 [(b)DHCD and DPIE shall email and post notice to license holders of the three percent (3%)
5 per annum limit on rent increases for any tenant within fifteen (15) days of enactment of this
6 Act.]

7 [(c)DPIE shall exercise the enforcement authority provided pursuant to Section 13-102 of
8 Subtitle 13 and Section 1-123 of Subtitle 1 of this Code:]

9 [(1)This enforcement authority shall include the authority to impose fines for violations
10 of the provisions of this subtitle, including:]

11 [(i) The authority to impose a penalty in the amount of \$500 for the first violation of
12 the provisions of this Act; and]

13 [(ii) The authority to impose a penalty in the amount of \$1,000 for any subsequent
14 violations of the provisions of this Act; and]

15 [(iii) Any penalty collected shall be distributed to the general fund.]

16 **[Sec. 13-147. - Expiration and Notice of Expiration.]**

17 [This Act expires, and has no further force or effect, one-year after the effective date of this
18 Act without further action by the County Council or the County Executive. DPIE and DHCD
19 must post, on their respective websites, information about the requirements of this Subdivision
20 and the related Sections, including the date that these requirements expire.]

21 SECTION 2. BE IT FURTHER ENACTED by the County Council of Prince George's
22 County, Maryland, that Sections 13-147.1, 13-147.2, and 13-147.3 of the Prince George's County
23 Code be and the same are hereby added:

24 **Sec. 13-147.1. Regulation of fees.**

25 (a) Regulations. The Director shall adopt rent stabilization regulations regarding limitations
26 on fee increases and that prohibit landlords from imposing new fees for services and amenities
27 included during the term of the lease.

28 (b) Fee schedule. At the discretion of the Director, a fee schedule may be included, as a part
29 of the rent stabilization regulations.

30 **Sec. 13-147.2. Rent stabilization data collection.**

31 (a) On or before September 30th of each year, a landlord must submit to the Department a

1 report for the preceding 12-month period, beginning July 1st and ending on June 30th, regarding
 2 regulated rental units, rents, and notices of rent increases.

3 (b) The landlord shall submit the report in the form and manner prescribed by the Director
 4 pursuant to rent stabilization regulations.

5 **Sec. 13-147.3. Information and Enforcement.**

6 (a) The Department of Housing and Community Development (DHCD), DPIE, and the
 7 Office of Community Relations (OCR) shall provide information about the requirements of this
 8 Subdivision on their respective websites, including, but not limited to, informing landlords,
 9 tenants, and the general public about the types of units subject to the provisions of this
 10 Subdivision and exempt from some or all of its provisions, petitions for capital improvements,
 11 substantial renovations, and fair return relief from Ordinance coverage. By January 1, 2026,
 12 DPIE shall provide a publicly available web portal that the general public can access and utilize
 13 to determine whether a particular rental property is subject to the limits of the rent increase
 14 allowance prescribed in Section 13-144 and whether the provisions of Sections 13-145, 13-146,
 15 or 13-147 are applicable to the property.

16 (b) DPIE shall email and post notice to license holders of the per annum limits on rent
 17 increases prescribed in this Subdivision within fifteen (15) days of its effective date.

18 (c) DPIE shall exercise the enforcement authority provided pursuant to Section 13-102 of
 19 Subtitle 13 and Section 1-123 of Subtitle 1 of this Code:

20 (1) This enforcement authority shall include the authority to impose fines for violations
 21 of the provisions of this Subtitle, including any regulations authorized by this Subdivision,
 22 including:

23 (A) The authority to impose a penalty in the amount of \$1,000 for the first violation of
 24 the provisions of this Subdivision; and

25 (B) The authority to impose a penalty of an amount up to \$5,000 for any subsequent
 26 violations of the provisions of this Subdivision; and

27 (C) Any penalty collected shall be evenly distributed between the Prince George's
 28 County Rental Assistance Program and the DPIE, and to pay for this Office.

29 SECTION 3. BE IT FURTHER ENACTED that by January 1, 2026, the Director shall adopt
 30 and publish rent stabilization regulations authorized and/or required by this Act. Such regulations
 31 shall implement and be consistent with the provisions of this Act. Such regulations shall become

1 effective on February 1, 2026 and be published on the official DPIE website. At least sixty (60)
 2 days in advance of the adoption of the regulations, the Director is strongly encouraged to publish
 3 an informal draft of the rent stabilization regulations on the official DPIE website and solicit
 4 public feedback. After the initial adoption, rent stabilization regulations may be amended from
 5 time to time by the Director upon 60 calendar days advance public notice published on the DPIE
 6 official website. Such public notice shall also be transmitted to the County Executive and County
 7 Council.

8 SECTION 4. BE IT FURTHER ENACTED that, excluding Sections 13-144, 13-145(a)(1)
 9 and (2), 13-147(a)(1)-(11), 13-147(a)(13)-(17), 13-147(b), and 13-147.3(c) of the Code, Sections
 10 1 and 2 of this Act shall not take effect or be enforced until the rent stabilization regulations
 11 prescribed in Section 3 of this Act become effective.

12 SECTION 5. BE IT FURTHER ENACTED, notwithstanding Sections 13-144(b) and (c) of
 13 the Code and solely for calendar year 2024, the rent increase allowance prescribed in Section 13-
 14 144(a) of the Code shall become effective on October 17, 2024 and shall remain in effect until
 15 July 1, 2025. The July 1, 2025 rent increase allowance and those thereafter shall be determined
 16 in accordance with the schedule established in Section 13-144 of the Code.

17 SECTION 6. BE IT FURTHER ENACTED that DHCD shall provide technical support and
 18 consultation to the Director and DPIE for the implementation of this Act and the rent
 19 stabilization regulations authorized and required by this Act. DHCD, in collaboration with the
 20 OCR and DPIE, shall conduct public information, education, and outreach efforts to landlords
 21 and tenants about the requirements and provisions of this Act, including, but not limited to, direct
 22 communications to tenants in age restricted communities, assisted living facilities, and other
 23 vulnerable communities as determined by DHCD.

24 SECTION 7. BE IT FURTHER ENACTED that the Director of DPIE is authorized to
 25 propose increasing rental license fees (and any other fees associated with rental housing) to an
 26 amount commensurate with the costs of administering and enforcing this Act. Such fee increases
 27 shall become effective once approved by County Council resolution, with concurrence of the
 28 County Executive, after the Council holds a public hearing on the proposal.

29 SECTION 8. BE IT FURTHER ENACTED that the provisions of this Act are hereby
 30 declared to be severable; and, in the event that any section, subsection, paragraph, subparagraph,
 31 sentence, clause, phrase, or word of this Act is declared invalid or unconstitutional by a court of

1 competent jurisdiction, such invalidity or unconstitutionality shall not affect the remaining
2 words, phrases, clauses, sentences, subparagraphs, paragraphs, subsections, or sections of this
3 Act, since the same would have been enacted without the incorporation in this Act of any such
4 invalid or unconstitutional word, phrase, clause, sentence, paragraph, subparagraph, subsection,
5 or section.

1 SECTION 9. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
2 calendar days after it becomes law.

Adopted this 16th day of July, 2024.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: Jolene Ivey
Jolene Ivey
Chair

ATTEST:

Donna J. Brown
Donna J. Brown
Clerk of the Council

APPROVED:

DATE: 8/1/24 BY: Angela Alsobrooks
Angela D. Alsobrooks
County Executive

KEY:

Underscoring indicates language added to existing law.

[Brackets] indicate language deleted from existing law.

Asterisks *** indicate intervening existing Code provisions that remain unchanged.

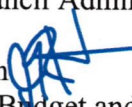


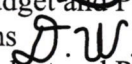
FISCAL AND POLICY NOTE

June 8, 2024

TO: Jennifer A. Jenkins
Council Administrator

Colette R. Gresham, Esq.
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Shalene Miller-Whyte 
Legislative Budget and Policy Analyst
David Williams 
Legislative Budget and Policy Analyst
Lavina Baxter 
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-055-2024 Permanent Rent Stabilization and Protection Act of 2024

CB-055-2024 (proposed by: Council Members Ivey, Harrison, Fisher, Franklin, Hawkins, and Watson)

Assigned to the Committee of the Whole (COW)

AN ACT concerning Permanent Rent Stabilization and Protection Act of 2024 For the purpose of establishing permanent protections for renters against excessive rent increases and generally stabilizing rent prices in Prince George's County, subject to certain conditions.

Fiscal Summary

Direct Impact:

Expenditures: Significant additional administrative expenditures will be required for program implementation, enforcement, and compliance.

Website: <https://pgccouncil.us> | Wayne K. Curry Administration Bldg.
Office: (301) 952-3431 | 1301 McCormick Drive, 3rd Floor
FAX: (301) 780-2097 | Largo, Maryland 20774

Revenues: No anticipated revenue impact.

Indirect Impact:

There will likely be a mixed indirect impact.

Legislative Summary:

CB-055-2024¹ Sponsored by Council Members Ivey, Harrison, Fisher, Franklin, Hawkins, and Watson, it was presented to the Council on June 6, 2024, and referred to the Committee of the Whole. It would amend Subtitle 13, Housing and Property Standards, of the Prince George's County Code to establish a permanent rent stabilization to protect renters against excessive rents.

If enacted, CB-055-2024 would:

- Repeal and reenact with amendments County Code sections 13-138, 13-144, 13-145, 13-146, and 13-147 and add sections 13-147.1, 13-147.2, and 13-147.3.
-

Resource Personnel:

- Karen T. Zavakos, Associate General Council Administrator
 - Amy Fry, Chief of Staff, Council District 5
-

Current Law/Background:

Prior to CB-055-2024, CB-007-2023² was introduced to temporarily amend the Landlord-Tenant Code to limit landlords' ability to increase rent, with a cap set at 3%. This included an initial 6-month period but was extended through CB-008-2024³ to extend the sunset date of this temporary measure by an additional six months, from April 17, 2024, to October 17, 2024.

To address the concerns of all stakeholders regarding rent stabilization, a rent stabilization work group was developed in partnership with Enterprise, Urban Institute, and Equitable Housing Solutions to engage stakeholders and provide clear recommendations for a permanent rent stabilization policy within the County.⁴ Stakeholders included housing advocates, apartment companies, investment partners, non-profits, County agencies, and others with interests and

¹ [CB-055-2024](#)

² [CB-007-2023](#)

³ [CB-008-2024](#)

⁴ [Rent Stabilization Work Group](#)

concerns regarding the potential implementation of this policy. Findings were reported on February 27, 2024.⁵

Discussion/Policy Analysis

Bill Provisions

Bill Provisions	CB-055-2024
Base Rent	Base rent means rent charged for a regulated rental unit under a lease, exclusive of any rental discounts, incentives, concessions, or credits that are: (A) offered by the landlord; (B) accepted by the tenant; and (C) itemized in the lease separate from the rent.
Annual Rent Increase	Equal to the lesser of the CPI-U plus 3 % of 6%. This will be provided on May 1 of each year and effective on July 1 of that year.
Limited Surcharges for Capital Improvements	This surcharge covers the costs of capital improvements, excluding ordinary repair and maintenance. It becomes effective after the completion of capital improvements. The surcharge is divided equally among all units in a building, prorated for at least 96 months, and does not exceed 20% of the base rent. For certain units in a building, the surcharge is divided equally among the affected units, prorated over at least 60 months, and does not exceed 15% of the base rent. Surcharges end when the cost of capital improvements, including interest and service charges, have been recovered.
Limited Surcharges for Capital Improvements - Banking	The banked amount is to be established by rent stabilization regulations adopted by the Director. Landlords may petition for a limited surcharge, not to exceed 10% of the base rent, including the rent increase allowance.
Fair Return for Regulated Units	A landlord may apply to the Director for a rent increase that exceeds the allowance; a fair return is to mean a return on investment such as: Offsetting operating expenses and commensurate with returns on investments in other enterprises having comparable risks. A formula for regulations is to be established, as well as application requirements.

⁵ [Rest Stabilization Task Force Recommendations and Report](#)

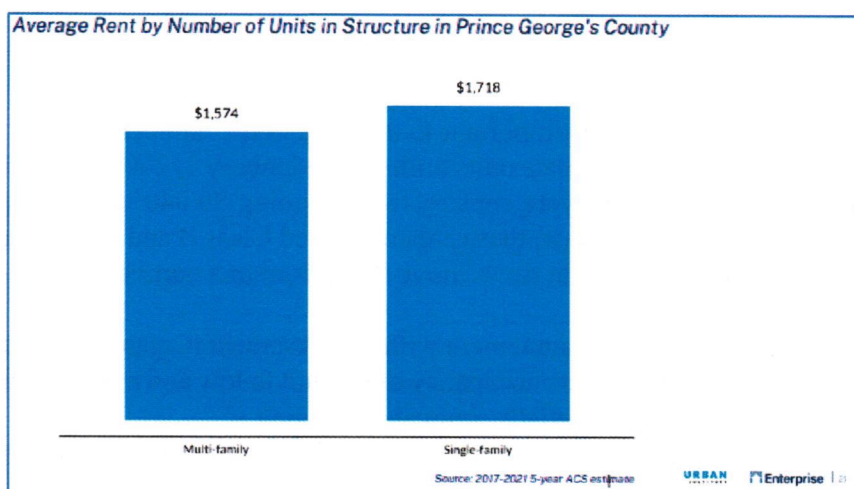
Automatic Exemptions	(1) a newly constructed unit whose construction was completed on or after January 1, 2000; (2) a unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation, and treatment of illnesses; (3) a unit in a facility owned or leased by an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code if the primary purpose of the organization is to provide temporary shelter for qualified clients; (4) an owner-occupied group house; (5) a religious facility, including a church, synagogue, parsonage, rectory, convent, and parish home; (6) a hotel or motel only serving transient residents; (7) a school dormitory; (8) a licensed assisted living facility or nursing home; (9) a building originally designed and constructed to contain only 2 dwelling units, one of which the owner currently occupies as a principal residence (domicile); (10) an accessory dwelling unit; (11) a unit subject to a regulatory agreement with a governmental agency or an agreement with a third-party entity that restricts occupancy of the unit to low and moderate-income tenants; (12) Subject to rent stabilization regulations adopted by the Director, a unit located within a substantially renovated building if: (A) the substantial renovation was or is completed on or after January 1, 2000; and (B) the building is not in violation of Subtitles 4 or 13; (13) a rental unit owned by a landlord who: (A) owns 5 or fewer rental units within the County; and (B) is either: (i) a natural person; or (ii) the trust or estate of a decedent; (14) a rental unit being leased to a new resident; (15) any rental unit that is (or is located within) a dwelling that is majority owned by one or more individuals domiciled in Prince George's County and is not a multifamily dwelling or located within a multifamily dwelling; (16) a condominium unit owned by one or more individuals domiciled in Prince George's County; and (17) any unit within or a part of a building cooperative. <i>An exemption listed above expires when the conditions entitling the unit or facility to an exemption cease or no longer exist.</i>
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Fee Regulation	The Director will adopt regulations regarding limitations on fee increases or new fees charged by the landlord to the tenant in a regulated unit. A fee schedule may be included.
Data Collection	A landlord must submit a report to the Department regarding regulated rental units, rents, and notices of rent increases for the 12-month period from July 1 to June 30.
Enforcement	DHCD, DPIE, and OCR must inform landlords and tenants about the provisions of this Bill. DHCD must provide a public web portal for landlords to determine if their property is subject to rent increases. DPIE must notify license holders of the limits on rent increases 15 days before the effective date. With enforcement, DPIE may impose penalties of \$500 for first violations and up to \$5,000 for all other violations.

Prince George's County Renters & Rent Growth

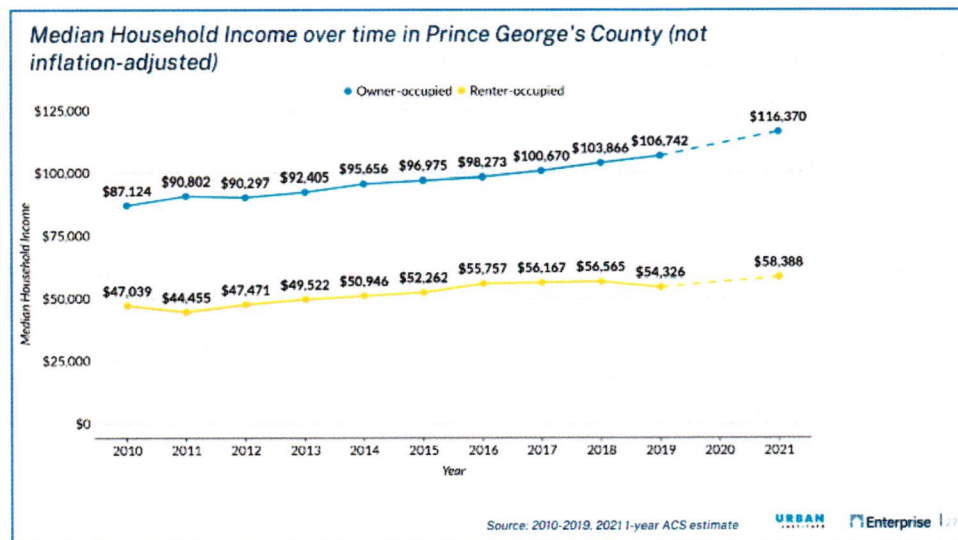
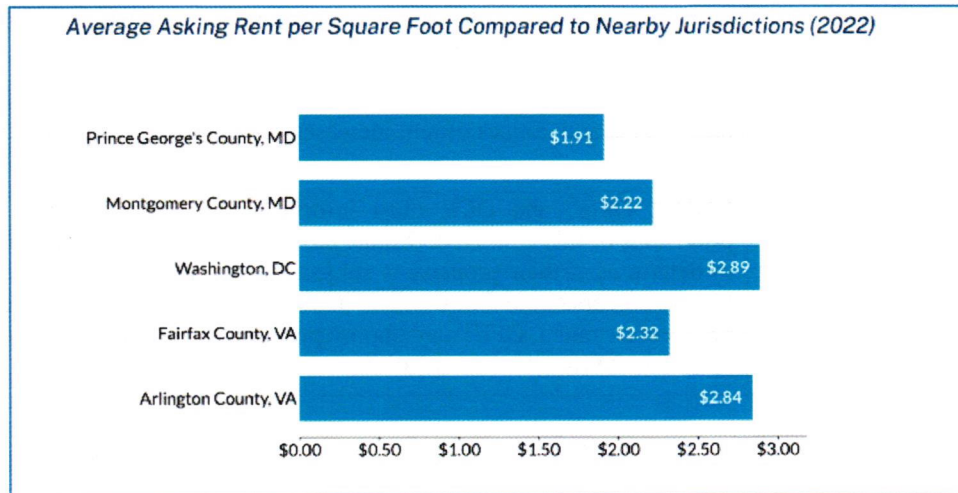
According to the American Community Survey 2018-2022, 52% of the County's renters had unaffordable housing costs within the County. In 2023, 30% of the County's housing stock was affordable to households with low incomes. With an annual housing production target of 2,380 units through the Council of Government Housing Targets, the County only built 1,172 new units. With a 4 year target of 9,520, the County has missed its targets, only developing at least 5,576 units.⁶ In 2021, there were 64,777 cost-burdened renters within the County, this has steadily grown since 2010 from 55,766.⁷

Other important figures provided by the Rent Stabilization Task Force demonstrate that the average rent for multi-family units is \$1,574, and the median household income for owner-occupied units is double the median household income for renter-occupied units. This demonstrates that with lower rents per square foot in the County, the median household income amongst renters is not enough to meet the cost of rent in comparison to neighboring jurisdictions, especially given the cost burdens mentioned previously.



⁶ [Prince George's County | Housing Indicator Tool | HAND \(handhousing.org\)](#)

⁷ 2010-2019, 2021 1-year ACS estimate, Rent Stabilization Task Force PowerPoint



Based on the current provisions, it is important to understand the number of units to be regulated through CB-055-2024. This is to regulate units built before January 1, 2000. According to CoStar's data⁸, prior to 2000, 444 buildings were constructed, including 86,040 units; these units may be subject to regulation; in the chart below, these are considered Class B and Class C units. However, there are several other stipulations that can remove them from this number, including:

- a unit subject to a regulatory agreement with a governmental agency or an agreement with a third-party entity that restricts occupancy of the unit to low and moderate-income tenants;
- a unit located within a substantially renovated building if:
 - (A) the substantial renovation was or is completed on or after January 1, 2000; and
 - (B) the building is not in violation of Subtitles 4 or 13;

⁸ CoStar ©, a commercial listing firm, for apartment counts and rents.

According to 2022 CoStar rent data, as provided by the Rent Stabilization Task Force, 11% of all multi-family units are affordable, also to be excluded from the number of units to be regulated under this policy.⁹

In the table below, at least 12,275 Class A units were built after January 1, 2000, in 41 buildings, and at least 7,916 Class B or C units were built after 2000, in 48 buildings.

Further, rent growth in the County is an important measurement to understand how rents in the County are currently rising prior to establishing a form of rent stabilization. Based on U.S. Bureau of Labor Statistics Data depicted in the below table, the County saw rent growth of 3% across all classes. This is .15% below the CPI-U for our region. Rent growth slowed from 4.5% in 2022 to 1.5% in 2023 among Class B and C units and from 3.0% to 1.5% during the same period among Class A units. CPI-U went from 6.72% in 2022 to 3.15% in 2023. Focusing strictly on units built before 2000, since 2017, the growth of rent has only seen a 6% increase in 2019, which would be the maximum cap as outlined in this Bill. Since 2017, the County has averaged a 3.2% rent increase across Class B and Class C units.

PRINCE GEORGE'S COUNTY ANNUAL RENT GROWTH SUMMARY				
YEAR	ALL APARTMENT UNITS	WORKFORCE UNITS	LUXURY UNITS	Washington-Arlington-Alexandria, DC-VA-MD-WV
	~106,000 Units	Class-B & Class-C (Generally Built Before 2000)	Class-A (Generally Built After 2000)	CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U)
2017		2.00%	3.50%	1.08%
2018		1.60%	3.10%	2.05%
2019		6.30%	6.70%	1.28%
2020		2.10%	0.60%	0.89%
2021		4.50%	2.50%	3.79%
2022		4.50%	3.00%	6.72%
2023		1.50%	1.50%	3.15%

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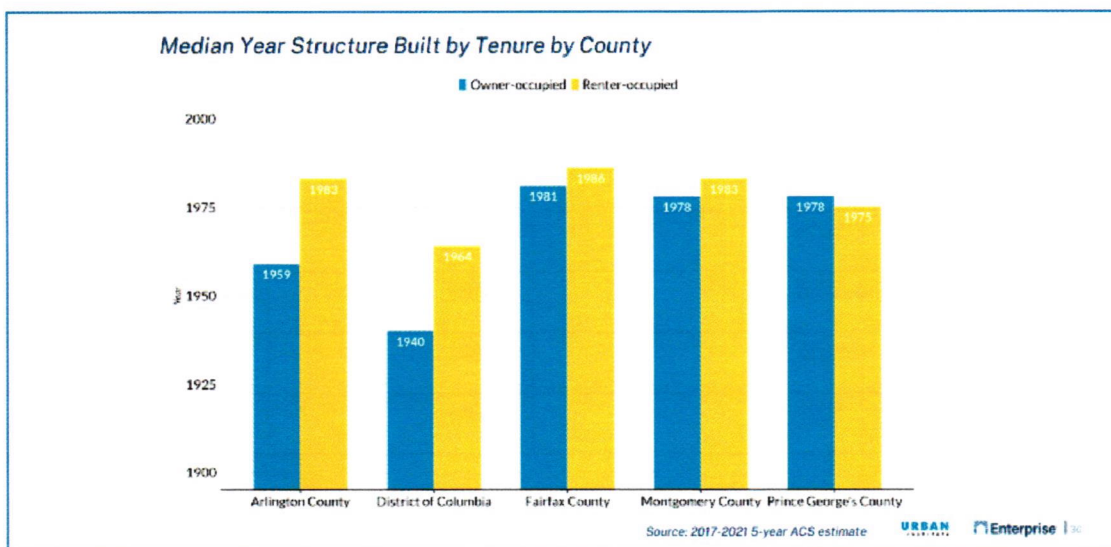
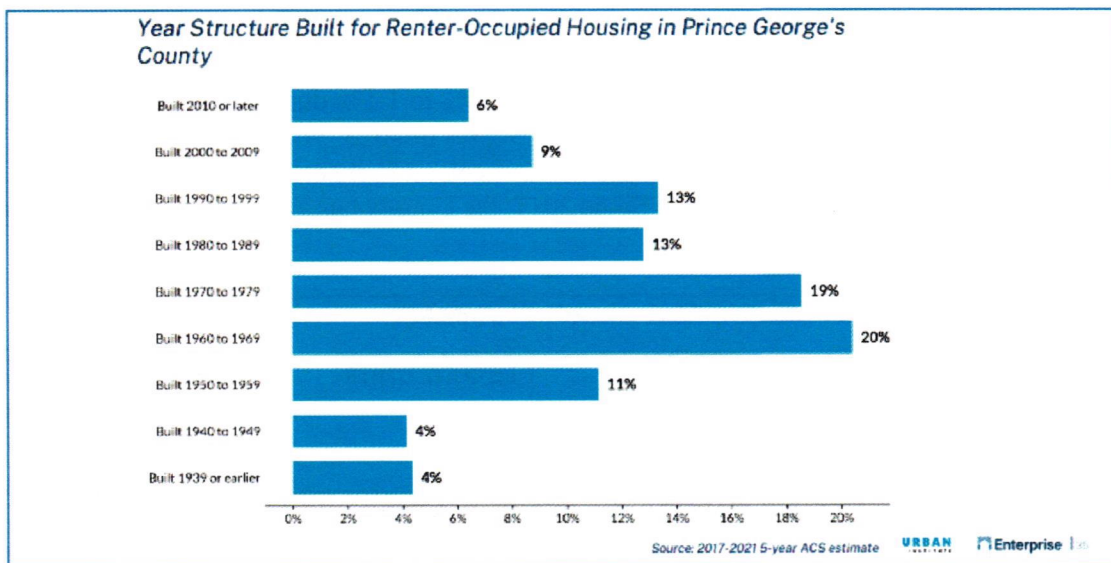
⁹ 2022 CoStar rent data, Rent Stabilization Task Force Recommendations PowerPoint

¹⁰ U.S. Bureau of Labor Statistics for CPI.

¹¹ CoStar ©, a commercial listing firm, for apartment counts and rents.

Housing Stock

As established through CoStar data, most of the County's rental stock, including A, B, and C class units, was built before 2000. Based on 2017-2021 5-Year American Community Survey estimates, as highlighted in the Rent Stabilization Task Force's presentation.¹² As depicted in the chart below, 80% of renter-occupied units in the County were built before the 1960s. This demonstrates the overall aging of the County's housing stock. It is the only County within the region with renter-occupied units, which are, on average, older than owner-occupied units. In Prince George's County, the average age of a renter-occupied unit is 49, compared to 41 in Montgomery County.¹³



¹² [Prince George's County Rent Stabilization Task Force Meeting Two](#)

¹³ 2017-2021 5-Year American Community Survey estimates

Construction Growth

Data shows that the supply of multifamily units within the County is still growing, potentially adding to the number of units not to be regulated due to the exemption from post-2000 construction. In terms of new construction, among all units, 2.8% were under construction, with six buildings and 885 units completed in 2023, according to CoStar data. While it is important to understand the effect of temporary rent stabilization on the number of units under construction during that time, this data is not yet available, as CB-007-2023 likely happened as these units had already been under construction. It is important to note that overall, construction spending is down, according to the Census Bureau, with a 0.1% increase during April 2024. Growing interest rates are a major concern amongst developers, and at this rate, they will continue to require increased incentives and local and federal dollars to produce multi-family housing that is affordable.¹⁴ As noted previously, about 11% of the County's units are affordable and are through LIHTC and similar incentives.

The Maryland Business Industry Association (MBIA) made a presentation on Monday, June 3, to the PHED committee highlighting the need for increased construction to reduce housing costs for renters. They noted that the unit shortage would exacerbate housing costs if this rent stabilization bill is implemented. The data provided by MBIA shows that in 2023, only 16% of new unit starts in the region were in Prince George's County, and of those units, none were conventionally financed without PILOT agreements or impact fee waivers. The MBIA contrasts the difference between sunbelt cities (predominantly in the Southern US), where housing unit supply is increasing and rents are decreasing, and gateway cities, where housing unit supply is decreasing and rents are increasing (major coastal metropolitans).¹⁵

The factors also cited by the MBIA as impeding housing affordability also include interest rates, increasing tax rates and impact fees, as well as property insurance costs and construction costs. Generally, rent stabilization is *only one factor of many that may hamper new construction*. It is important to note that the industry believes if rent caps were in place in the previous decade, landlords would have raised rents up to the cap to ensure return on investment. Additionally, they believe that Maryland has reached a point where every multifamily project will require a government incentive for construction due to increased building costs and regulation.¹⁶

In terms of recordation and transfer taxes, there has been a significant decrease in recordation taxes collected in FY 2022 to now. According to the Office of Finance's FY 2025 budget¹⁷, transfer and recordation taxes are the most volatile due to the correlation between revenue collected and local market activity. Things that influence transfer and recordation taxes include the tax rate, business cycle, interest rates, availability of credit, and the real estate market. While there are noticeable differences in the amount of recordation and transfer taxes collected between FY 2023 and FY 2024, many factors may be affecting this, including the real estate market; as mentioned previously, construction is down nationally.

¹⁴ [U.S. Census Bureau](#)

¹⁵ [MBIA presentation pg. 32](#)

¹⁶ [MBIA presentation pg. 29](#)

¹⁷ [Proposed Operating Budget pg. 48](#)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 Estimate	FY 2025 Proposed	Change FY24- FY25
Recordation Tax	\$50,749,806	\$60,279,962	\$73,179,036	\$42,695,925	\$52,431,400	\$39,000,000	\$42,000,000	-19.90%
Transfer Tax	\$121,875,124	\$143,642,925	\$168,454,273	\$128,254,383	\$152,139,900	\$122,500,000	\$122,500,000	-19.50%

Neighboring Jurisdictions

Montgomery County has adopted Bill 15-23¹⁸, with a rent increase allowance of 6% of the existing rent or 3% plus the CPI-U. Exemptions include newly constructed units offered for less than 23 years, accessory dwelling units, certain owner-occupied properties, a rental unit owned by a landlord who owns two or fewer rental units who is a natural person, estate or trust, health facilities, religious and non-profit organizations, and licensed facilities. Additionally, rent increases can be permitted to fund certain capital improvements.

CB-055-2024 is very similar in substance to Bill 15-23. The major differences between them are time limits for newly constructed rental stock and exemptions for landlords who own a certain number of units. As the stock continues to age, newly constructed units in Montgomery County will be regulated after 23 years in the rental market, while the provisions of this Bill do not provide for a dynamic age-related exemption. Instead, this Bill age exemption is static, applying to all units built after January 1, 2000. Using a fixed date of construction for an exemption, while it diverges from Montgomery County, is the model used by the District of Columbia.¹⁹ This may be important to note, as aging stock may require increased capital improvements and a potentially heightened number of surcharges to be passed on to tenants. Additionally, fixing applicability to the pre-2000 construction essentially means that the number of covered units will only diminish over time. Effectively, this results in a permanently shrinking pool of regulated units.

In terms of exemptions for small landlords, to be exempt under CB-055-2024 a landlord who owns five (5) units or fewer in the County. This number is two (2) units in Montgomery County. This may excuse more units to be considered for regulation under CB-055-2024.

Analyzing Montgomery County's transfer and recordation taxes may be necessary when considering construction growth. Like Prince George's County, Montgomery County is also seeing a decrease in recordation and transfer taxes, with a -20.60% decrease in recordation taxes from FY 2024 to FY 2025 and 19.80% for transfer taxes²⁰. As noted above, for Prince George's County, these taxes can be the most volatile, but the real estate market plays a factor.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 Estimate	FY 2025 Proposed	Change FY24- FY25
Recordation Tax	\$57,692,541	\$60,573,086	\$85,819,161	\$53,288,501	\$56,501,236	\$42,884,800	\$44,878,953	-20.60%
Transfer Tax	\$115,719,567	\$132,288,901	\$180,217,441	\$110,458,782	\$118,050,247	\$90,513,416	\$94,772,310	-19.80%

¹⁸ [Sec. 29-56. Rent stabilization - Montgomery County](#)

¹⁹ [DC Rental Housing Act of 1985 p. 24, District of Columbia Register, 12.3.23, Vol 6-49 p.012731](#)

²⁰ [Montgomery County Maryland Operating Budget](#)

Task Force Findings and Recommendations

The rent stabilization task force had several recommendations for developing a permanent rent stabilization policy.²¹

Summary		
COMPONENT	RENT STABILIZATION ACT OF 2023	RECOMMENDATIONS
LIMITATIONS ON RENT INCREASES	- Baseline factor: N/A - Escalator: N/A - Cap: 3%	- Anchor to an inflation index - Design to see allowable rent increases at least 4% but no more than 10% - Include a hard cap to ensure predictability
EXEMPTIONS	- Federal, state, locally subsidize units or any unit that the tenant is receiving rental assistance - Dwelling units that received an initial use and occupancy permit in the last five years of policy effective date	- Understand how different exemptions intersect and add up; compare to overarching policy goal(s) - Clearly define exemptions, including any relating to committed affordable housing units - Evaluate the macro effects of age-based exemptions over time
EXCEPTIONS	N/A	- Fair return - Significant capital improvements - Substantial renovations
DECONTROL	N/A	- Partial vacancy decontrol that allows property managers to increase rent somewhere between 8-12% - Allow rent increases to be banked up to 10%
RELATED TENANT PROTECTIONS	Anti-retaliation ordinance (Emergency Act Concerning Landlord Retaliation for Rent Stabilization)	- Proactive education - Clear tenant appeals processes - Option for mediation - Legal support for renters - Dedicated staff/office of landlord-tenant affairs

Based on the provisions of this Bill, it loosely follows recommendations established by the task force, including:

- limitations on rent increases with a 6% hard cap
- clearly defined exemptions, excluding committed affordable housing units
- exceptions for fair return, capital improvements, and renovations; and
- allowable rent increases with a cap of 10%, including the banked amount.

However, this Bill does mention vacancy control or partial vacancy decontrol for tenant-related protections. The Rent Stabilization Task Force advised that there be partial vacancy control, capping rent increases for vacant units somewhere between 8-12%. This may leave room for uncertainty and allow for vacant regulated units to be raised to high rents, which will, in turn, be the base of the next tenant's regulation.

This Bill does include potential education related to tenant protections, but its intensity is unclear. Further, there is no additional information related to potential appeals, mediation, or legal support for renters. Also noted, the enforcer of this Bill is the Department of Permitting and Inspection. The Department of Housing and Community Development will help inform renters and landlords of this policy; however, this leaves no indication that a separate office or dedicated staff for landlord-tenant affairs will be established.

²¹ [Rent Stabilization Task Force Recommendations and Report](#)

Administrative Impact

Section 13-147.3 stipulates that the Department of Housing and Community Development, the Department of Permitting, Inspection, and Enforcement, and the Office of Community Relations must publish information on the program parameters and criteria for enforcement on their respective websites. DPIE is granted enforcement authority for any landlord violations including the imposition and collection of fines and notifying license holders of the annual limits on rent increases. DCHD will be responsible for the development and implementation of a publicly accessible web portal to verify if a rental unit is subject to the legislation. Full implementation of this bill may require establishing new dedicated units within DHCD and DPIE.

Cost Considerations

- Increased staffing/FTE demands for program administration within DCHD.
- Increased staffing/FTE demands for program administration within DPIE.
- Hardware and software asset demands for establishment and operation of public access portal.

Fiscal Impact:

- *Direct Impact*

The adoption of CB-055-2024 will have an adverse fiscal impact as it will add significant administrative responsibilities to DPIE, DHCD, and OCR. This bill will likely require the creation of dedicated units within both DPIE and DHCD to handle the additional labor demand. Some of these costs may be offset by the imposition of fees and fines, however the fiscal impact is anticipated to remain adverse. For Montgomery County's Bill 15-23 the estimated first-year expenditures for personnel and operations were approximately \$1,227,394 with a total of \$6,889,725 over the subsequent six years. Montgomery County Office of Management and Budget also estimated a labor demand forecast of six new positions to administer this program. Prince George's County will most likely have a higher expenditure requirement than Montgomery County due to differences in the structure of the Counties' respective housing agencies.²²

- *Indirect Impact*

The adoption of CB-055-2024 is likely to have a mixed indirect impact. Its impact may be favorable in reducing resident displacement and creating greater housing affordability for middle to low-income renters. However, this favorable impact may be offset by an adverse impact on new multifamily construction, as referenced by the MBIA.

²² [Montgomery County Bill 15-23 Fiscal Impact](#)

- *Appropriated in the Current Fiscal Year Budget*

No.

Questions for Committee Consideration:

1. Does the Department have sufficient staff to meet enforcement of this Bill? What additional staffing would be required?
 2. Does the department have an estimated fiscal impact for establishing the necessary provisions outlined in this Bill? How much additional staff would be required to meet the provisions outlined?
 3. How many multi-family rental units (more than 4 units in a building, in this case) built before January 1, 2000, are licensed and operating in the County?
 4. How many units are currently being operated within the County under an agreement for low—and moderate-income rents?
 5. How many multi-family rental units (more than 4 units in a building, in this case) built before January 1, 2000, have had a substantial renovation?
 6. How will all additional regulations be determined? For example, how is a fair return exception considered/approved?
-

Effective Date:

CB-055-2024 shall be effective forty-five (45) calendar days after it becomes law. However, the Bill contains a number of uncodified transitional provisions, as follows:

- the Director shall adopt and publish rent stabilization regulations authorized and/or required by this Act by January 1, 2026.
 - The rent stabilization regulations shall become effective on February 1, 2026 and be published on the official DPIE website.
 - The substantive provisions of the Act shall not take effect or be enforced until the rent stabilization regulations become effective.
 - Solely for calendar year 2024, the rent increase allowance prescribed in Section 13-144(a) of the Code shall become effective on October 17, 2024, and shall remain in effect until July 1, 2025.
 - The July 1, 2025 rent increase allowance and those thereafter shall be determined in accordance with the schedule established in Section 13-144 of the Code.
-

If you require additional information or have questions about this fiscal impact statement, please call me.

Sec. 1. Article VI is renamed and Sections 29-56, 29-57, 29-58, 29-59, ~~[[and]] 29-60, and 29-61~~ are added as follows:

Article VI. Central Data Collection, [and] Rent Guidelines, and Anti-Rent Gouging Protections.

* * *

29-56. [Reserved.] Anti-rent gouging – definitions.

Definitions. In Sections 29-56 through ~~[[29-60]]~~ 29-61, the following terms have the meanings indicated:

Base rent means rent charged for a regulated rental unit under a lease, exclusive of any rental discounts, incentives, concessions, or credits that are:

- (1) offered by the landlord;
- (2) accepted by the tenant; and
- (3) itemized in the lease separate from the rent.

Capital improvements mean permanent structural alterations to a regulated unit intended to enhance the value of the unit. Capital improvements include structural alterations required under federal, state, or County law. Capital improvements do not include ordinary repair or maintenance of existing structures.

CPI-U means the Consumer Price Index for All Urban Consumers for the Washington-Arlington-Alexandria Area, published by the U.S. Bureau of Labor Statistics.

Regulated rental unit or regulated unit means a rental unit that is not exempted under Section 29-60.

29-57. [Reserved.] Annual rent increase allowance.

(a) Annual rent increase allowance. The Director annually must calculate a rent increase allowance for regulated rental units equal to the lesser of:

(1) CPI-U plus [[8 percent]] 3 percent; or

(2) 6 percent of base rent.

(b) Publication. The Director must publish the annual rent increase allowance in the County Register and on the County website.

(c) Duration. A rent increase allowance under subsection (a) remains in effect for a 12-month period, beginning July 1st of each year and ending on June 30th of the following year.

29-58. [Reserved.] Rent increases – in general; limited surcharges for capital improvements.

(a) In general. Except as provided under subsection (b), [[Upon]] upon a lease renewal[[,]] a landlord must not increase the rent of a regulated rental unit to an amount greater than:

(1) the base rent; plus

(2) the rent increase allowance under Section 29-57.

(b) Troubled or at risk properties. Subject to Method (2) regulations adopted by the Director, a regulated unit located in a property designated by the Department as “troubled” or “at risk” under Section 29-22(b) must not increase rent in excess of an amount the Director determines necessary to cover costs required to improve habitability.

[[(b)] (c) Limited surcharge for capital improvements. [[The]] Subject to subsection (c), the Director must grant a landlord’s [[application]] petition to add a surcharge to the amount permitted under subsection (a) if, in accordance with Method (2) regulations, the Director determines:

- (1) the surcharge is limited to an amount necessary to cover the costs of capital improvements to the regulated unit, excluding the costs of ordinary repair and maintenance;
- (2) the surcharge does not take effect until after the capital improvements are completed;
- (3) if the capital improvements are [[building-wide]] for all rental units within the building, the surcharge [[is prorated over 24 months]]:
- (A) is divided equally among the units;
- (B) is prorated over at least 96 months; and
- (C) does not exceed 20 percent of the base rent;
- (4) if the capital improvements apply only to certain regulated rental units [[and are not building-wide]] within the building, the surcharge:
- (A) is divided equally among the affected units;
- (B) is prorated over [[12 months]] at least 60 months; and
- (C) does not exceed 15 percent of the base rent;
- (5) the surcharge to each tenant ends once the costs of the capital improvements, including any interest and service charges, have been recovered by the landlord;
- (6) the capital improvements would protect or enhance the health, safety, and security of the tenants or the habitability of the rental housing;
- (7) if the capital improvements would result in energy cost savings:
- (A) the savings would be passed on to the tenant; and

(B) either:

(i) the improvements would result in a net savings in the use of energy in the building; or

(ii) the improvements are intended to comply with applicable law;

(8) the capital improvements are depreciable under the federal Internal Revenue Code;

(9) the applicant has certified to the Director the costs of the capital improvements, including any interest and service charge; and

(10) the applicant has certified to the Director that required governmental permits and approvals have been granted.

(d) Surcharge – additional requirements.

(1) A landlord must maintain, and must make available to a tenant upon request, all plans, contracts, specifications, and permits related to any capital improvements for which a surcharge has been granted.

(2) Immediately upon the completion of capital improvements under this Section, a landlord must permit the return to affected rental units of any tenants displaced due to the improvements.

29-59. [Reserved.] [[Exempt rental units.]] Fair return.

(a) Fair return rent increase. In accordance with this Section and Method (2) regulations adopted by the Director:

(1) A landlord may apply to the Director to increase rent for a regulated unit in an amount that exceeds the annual rent increase allowance; and

(2) the Director must grant the application if the Director finds that the increase is necessary for the landlord to obtain a fair return on the regulated unit.

(b) For purposes of this Section, *fair return* means a return on investment:

(1) sufficient to offset operating expenses; and

(2) commensurate with returns on investments in other enterprises having comparable risks.

(c) The Director must adopt Method (2) regulations necessary to implement the requirements of this Section, including regulations to establish:

(1) a formula to determine the rent increase necessary to obtain a fair return for a regulated unit;

(2) application requirements, including the information an applicant must submit to demonstrate the rent necessary to obtain a fair return;

(3) a uniform system and procedures for processing applications;

(4) criteria the Director must use to evaluate and to grant or deny an application; and

(5) the duration of a rent increase approved under this Section.

29-60. Exempt rental units.

(a) Exemptions. The requirements of Section 29-58 do not apply to:

(1) a unit that has been offered for rent for less than 15 years;

(2) a unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation and treatment of illnesses;

- (3) a unit in a facility owned or leased by an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code if the primary purpose of the organization is to provide temporary shelter for qualified clients;
- (4) an owner-occupied group house;
- (5) a religious facility, including a church, synagogue, parsonage, rectory, convent, and parish home;
- (6) a transient lodging facility subject to Chapter 54;
- (7) a school dormitory;
- (8) a licensed assisted living facility or nursing home;
- (9) a building originally designed and constructed to contain only 2 dwelling units, one of which the owner currently occupies as a principal residence;
- (10) an accessory dwelling unit; and
- (12) a unit subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low and moderate income tenants[;
- (13) a single-family home; and
- (14) a condominium owned by an individual]].
- (b) [[Exemptions for hardship. The Director must grant to a landlord an exemption from the requirements of Section 29-58 for a unit if, in accordance with Method (2) regulations, the Director determines that the requirements would cause undue financial hardship to the landlord.
- (c)] Expiration of exemption.

147 [[(1)]] An exemption under subsection (a) expires when the conditions
 148 entitling the unit or facility to an exemption cease to exist.

149 [[(2)]] An exemption for hardship under subsection (b) expires 1 year
 150 after the exemption is granted.

151 (d) Renewability of hardship exemption. The Director must renew annually
 152 an exemption granted under subsection (b) if, in accordance with Method
 153 (2) regulations, the Director determines that the requirements of Section
 154 29-58 would continue to cause an undue financial hardship to the
 155 landlord.]]

156 **[[29-60.]] 29-61. [Reserved.] Annual reporting requirements.**

157 (a) On or before September 30th of each year, a landlord must submit to the
 158 Department a report for the preceding 12-month period, beginning July
 159 1st and ending on June 30th, regarding regulated rental units, rents, and
 160 notices of rent increases.

161 (b) The landlord must submit the report in the form and manner prescribed
 162 by the Director under Method (2) regulations.

163 **[29-56] [[29-61]] 29-62 - 29-65. Reserved.**

164 **Sec. 2. Effective Date.** This Act must take effect 6 months after it becomes
 165 law.

166 **Sec. 3. Regulations.** No later than 3 months after the effective date of this Act,
 167 the Department must submit to the County Register proposed Method (2) regulations
 168 required under the Act.

169 **Section 4. Rent Increase Notices - Transition.** If a landlord notifies a tenant,
 170 prior to the effective date of this Act or prior to the effective date of Method (2)

171 regulations adopted under this Act, of a rent increase that would occur after the
 172 effective date of the Act or of the regulations:

173 (1) the rent increase must not occur unless the increase is equal to or less than
 174 the lesser of:

175 (A) CPI-U plus 3 percent; or

176 (B) 6 percent; and

177 (2) the landlord must notify the tenant in writing either that the notice is void,
 178 or that the notice is modified to an increase equal to or less than the lesser
 179 of:

180 (A) CPI-U plus 3 percent; or

181 (B) 6 percent.

Committee: PHP

Committee Review: At a future date

Staff: Christine Wellons, Senior Legislative Attorney

Purpose: Final action – vote expected

AGENDA ITEM #1B

July 18, 2023

Action

SUBJECT

Expedited Bill 15-23, Landlord-Tenant Relations -Anti Rent Gouging

Protections Lead Sponsors: Councilmembers Fani-González and Katz

EXPECTED ATTENDEES

Director Bruton, Department of Housing and Community Affairs

Nicolle Katrivanos, Office of Landlord-Tenant Affairs

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

The PHP Committee voted (2-1, with Councilmember Friedson opposing) to recommend the enactment of Bill 15-23 with amendments to:

- Set the annual rent increase allowance as the lesser of: (1) CPI-U plus 3 percent; or (2) 6 percent of the base rent (amendment supported 2-1, with Friedson opposing);
- Delete the exemption for financial hardship (supported 3-0)
- Subject to regulation, provide for a capital improvement surcharge application (supported 3-0);
- Subject to regulation, provide for a fair return rent increase application (supported 3-0);
- Restrict rental increases for “troubled” or “distressed” properties (supported 3-0);
- Delete the exemption for single-family homes and for condominiums owned by individuals (supported 2-1, with Friedson opposing);
- Add a transition clause to address notices of rent increases that occur between the date that the bill becomes law and the date regulations take effect. Those notices would need to be withdrawn or modified to comply with the rent increase allowance (supported 3-0).

DESCRIPTION/ISSUE

Expedited Bill 15-23 would:

- (1) establish protections against rent increases above a threshold for certain rental units;
- (2) set the base rental amount for certain rental units;
- (3) provide exemptions from rental increase restrictions for certain units;
- (4) permit certain rental increases to fund capital improvements;
- (5) require landlords to submit annual reports regarding rents; and
- (6) generally amend County law concerning rents and landlord-tenant relations.

SUMMARY OF KEY DISCUSSION POINTS

The Council might wish to consider the following potential amendments to the Committee version of the bill. The amendments are described in the staff memorandum beginning at page 6.

- Clarify that the bill is not operational until regulations are approved by the Council;
- Increase the hard cap on rent increases from 6 percent to 9 percent;
- Restrict fee increases that exceed the lesser of the CPI-U plus 3 percent, or 6 percent, without the approval of DHCA;
- Provide for the banking of rent increases by landlords;
- Provide vacancy controls;
- Exempt from the bill units in buildings constructed after January 1, 2000;
- Exempt from the bill units offered for rent for less than 23 years;
- Exempt from the bill, for 15 years, a building that has been substantially renovated or rehabilitated;
- Exempt from the bill units owned by natural person landlords (or their estates or trusts) who own 4 or fewer units in the County
- Exempt from the bill certain month-to-month tenancies;
- Exempt from the bill buildings with 25 percent or more units for low or moderate income tenants;
- Alter the title of the bill to change “anti-gouging protections” to “rent stabilization”;
- Alter the effective date of the bill so that it takes effect on the 91st day after becoming law; and
- Sunset the bill after 3 years;

This report contains:

Staff Report	Pages 1-11
Bill 15-23 (as amended by PHP Committee)	© 1
RESJ Impact Statement	© 10
Economic Impact Statement	© 19
Fiscal Impact Statement	© 27
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MEMORANDUM

July 13, 2023

TO: County Council

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Bill 15-23, Landlord-Tenant Relations – Ant-Rent Gouging Protections

PURPOSE: Final Action – Roll-call vote expected

COMMITTEE RECOMMENDATION: The Planning, Housing, and Parks (PHP) Committee voted (2-1, with Council Vice-President Friedson opposing) to recommend the enactment of Bill 15-23 with amendments.

Expected Attendees

Director Bruton, Department of Housing and Community Affairs
Nicolle Katrivanos, Office of Landlord-Tenant Affairs

Bill 15-23, Landlord-Tenant Relations – Anti-Rent Gouging Protections, was introduced on March 7, 2023. Originally, the bill was sponsored by Lead Sponsors Councilmember Fani-González, Council Vice-President Friedson, and Councilmembers Albornoz, Balcombe, Katz, and Luedtke. A public hearing occurred on March 28, and an initial Planning, Housing, and Parks (PHP) Committee worksession occurred on June 15.

A second PHP worksession was held on June 26, at which the Committee recommended (2-1, with Council Vice-President Friedson opposing) the enactment of Bill 15-23 with amendments.

Following the Committee's recommendation, several of the original sponsors – Council Vice-President Friedson, and Councilmembers Albornoz, Balcombe, and Luedtke – withdrew their sponsorship of the bill.

Bill 15-23 would:

- (1) establish protections against rent increases above a threshold for certain rental units;
- (2) set the base rental amount for certain rental units;
- (3) provide exemptions from rental increase restrictions for certain units;
- (4) permit certain rental increases to fund capital improvements;
- (5) require landlords to submit annual reports regarding rents; and
- (6) generally amend County law concerning rents and landlord-tenant relations.

BACKGROUND

The purpose of Bill 15-23 would be to prevent rent-gouging in the County. As originally introduced, annual rent increases in excess of the sum of local annual CPI-U plus 8 percent would be prohibited.

As amended (2-1) by the PHP Committee, the bill generally would prohibit annual rent increases in excess of the lesser of: (1) annual CPI-U plus 3 percent; or (2) 6 percent.

BILL SPECIFICS

Under Bill 15-23 – as originally introduced – the Director of the Department of Housing and Community Affairs (DHCA) annually would publish a “rent increase allowance” – which would consist of 8 percent of existing rent, plus the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Area, published by the U.S. Bureau of Labor Statistics.

In general, annual rent increases for rental units in the County would be limited to the “rent increase allowance.” Certain types of rental units and facilities would be exempt from this limitation. In particular, the following would be exempt under the original bill:

- (1) a unit that has been offered for rent for less than 15 years;
- (2) a unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation and treatment of illnesses;
- (3) a unit in a facility owned or leased by an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code if the primary purpose of the organization is to provide temporary shelter for qualified clients;
- (4) an owner-occupied group house;
- (5) a religious facility, including a church, synagogue, parsonage, rectory, convent, and parish home;
- (6) a transient lodging facility subject to Chapter 54;
- (7) a school dormitory;
- (8) a licensed assisted living facility or nursing home;
- (9) a building originally designed and constructed to contain only 2 dwelling units, one of which the owner currently occupies as a principal residence;
- (10) an accessory dwelling unit;
- (12) a unit subject to a regulatory agreement with a governmental agency that restricts occupancy of the unit to low and moderate income tenants;
- (13) a single-family home; and
- (14) a condominium owned by an individual.

Under the original bill, for units subject to the rent allowance increase, a landlord would be permitted to exceed the allowance in certain circumstances, including in cases of undue financial hardship to the landlord, and in order to fund certain capital improvements. Through regulations, the Director of DHCA would grant and administer these exemptions, which would be limited in duration.

An exemption for hardship would last for one year, unless renewed due to ongoing financial hardship to the landlord. An exemption to allow a surcharge to fund capital improvements would be subject to certain limitations, including:

- (1) the surcharge is limited to an amount necessary to cover the costs of capital improvements to the regulated unit, excluding the costs of ordinary repair and maintenance;
- (2) the surcharge does not take effect until after the capital improvements are completed;
- (3) if the capital improvements are building-wide, the surcharge is prorated over 24 months;
- (4) if the capital improvements apply only to certain regulated rental units and are not building-wide, the surcharge is prorated over 12 months; and
- (5) the surcharge ends once the costs of the capital improvements have been recovered by the landlord.

SUMMARY OF IMPACT STATEMENTS

Under the **Racial Equity and Social Justice (RESJ) Impact Statement**, the Office of Legislative Oversight (OLO) anticipates that Bill 15-23 would have a small positive impact upon RESJ outcomes, and OLO makes the following recommendations:

- “Amend Bill 15-23 to include vacancy controls and other provisions to prevent tenant displacement. Studies have shown that jurisdictions where rent regulations remain in place after a unit is vacated (i.e., vacancy controls) increased their share of Black and Latinx renters and were generally more affordable to lower-income households. Including vacancy controls and other provisions to prevent tenant displacement in Bill 15-23 could help improve its impact on housing stability for Black, Latinx, and lower-income renters in the County.
- “Establish systems for proactive administration and enforcement of Bill 15-23. As explained by researchers at the Urban Institute, ‘[d]ecisions about who will govern, administer, and enforce rent control can mitigate or compound existing unequal tenant-landlord power dynamics.’ To improve equitable tenant outcomes, the rent regulation program could be structured to avoid putting the onus of enforcement on tenants through complaints, and instead establish a reporting and monitoring system that facilitates proactive enforcement. The rental property registry in San Jose, California that tracks controlled apartments, tenancy, and allowable increases through an online portal could be a model for the County to consider.” (footnotes omitted).

Under the **Climate Impact Statement**: “The Office of Legislative Oversight (OLO) anticipates Bill 15-23 could have a positive impact on community resilience in the County, as housing stability is an important component of community resilience. However, as enhanced community resilience would be a co-benefit of increased housing stability, the significance of this impact is indeterminate.”

Under the **Economic Impact Statement**: “The Office of Legislative Oversight (OLO) anticipates that enacting Bill 15-23 would have a small to moderate net negative impact on economic conditions in the County in terms of the Council’s priority indicators.”

Under the **Fiscal Impact Statement**, the Office of Management and Budget estimates that the bill would have a net negative fiscal impact of \$6,721,622 from FY24 through FY29. The annual costs would range between approximately \$1 million and \$1.2 million. The increased costs would be associated with a newly developed office within DHCA. The office would consist of 8 FTEs, who would implement the bill’s requirements.

SUMMARY OF PUBLIC HEARING

Numerous individuals and organizations provided testimony regarding Bill 15-23 and Bill 16-23. Highlights of the testimony included:

In favor of rent stabilization:

- The Hispanic Chamber of Commerce voiced support for Bill 16-23.
- The Montgomery County Renters Alliance spoke in favor of Bill 16-23 and expressed concern that the rent cap under Bill 15-23 would be too high.
- Multiple individuals expressed the view that a 10% rent increase, which would be permitted under Bill 15-23 when the CPI-U is above 2%, would constitute constructive eviction. Individuals expressed that an 8% increase is unaffordable.
- The Coalition for Smarter Growth stated that rent stabilization must be paired with policies to increase housing supply. The Coalition would support a cap of 3 to 5% plus inflation.
- A representative of Latino businesses and non-profits expressed support for Bill 15-23.
- Delegate Acevero (District 39) expressed support for Bill 16-23.
- The Climate Action Plan Coalition expressed support for Bill 16-23 and stated the County’s need for safe and clean housing.
- MCGEO testified in support of Bill 16-23 and stated that a growing number of public employees are being forced to move to less expensive jurisdictions. MCGEO noted that affordability is a key factor when individuals decide where they want to work.
- An individual requested support for Bill 16-23 to help him age in place.
- MCEA expressed concern that teachers cannot afford to live in the County.
- A landlord spoke in favor of Bill 15-23. He noted that operating expenses during COVID rose by 21 percent.
- The Greater Bethesda Chamber of Commerce supported Bill 15-23 as an “equitable approach” to balance the needs of renters and property owners. The Chamber also stated that rental assistance should be increased.

Noting concerns about or opposition to rent stabilization:

- A trade group for small rental properties opposed both Bill 15-23 and Bill 16-23. The group stated that 40% of rental housing is provided by small landlords, and that the bills would harm these landlords.

- The Donahoe Companies testified that Bill 16-23 would be detrimental to housing supply in the County because it would take away incentives for developers to invest in the County. The Donahoe Companies stated a concern that Bill 16-23 would jeopardize their ability to pursue development projects in the County, including projects with affordable units.
- The Planning Board Chair testified that rent stabilization leads to supply pressures and does a poor job of targeting those with the greatest needs.
- AOBA testified that either bill would negatively affect the supply and quality of housing. AOBA stated that new construction should be exempt from rent stabilization for at least 20 years.
- A real estate company testified that any anti-gouging guidelines should allow for investment and lending opportunities.
- GCARR voiced a preference for Bill 15-23 over Bill 16-23, but noted a general concern that rent regulation would reduce housing.

SUMMARY OF FIRST WORKSESSION

At its initial worksession on June 15, the PHP Committee received an overview of Bill 15-23 and discussed numerous issues related to the bill. Participating in the discussion were Acting Director Bruton and Ms. Katrivanos of DHCA; Ms. Carrizosa, Ms. Rubin, and Ms. Bryant of OLO; and Councilmembers Mink, Balcombe, Stewart, and Katz.

Among other issues, the Committee discussed and considered potential exemptions based on financial hardship; fair return petitions; potential exemptions for single-family homes and condominiums; challenges with DHCA's annual rent survey; potential banking of rent increases; the appropriate amount of rent cap(s); and aspects of state law, including just cause eviction and condominium conversion.

The Committee also requested that staff prepare a side-by-side comparison of Bill 15-23 and 16-23. As a follow-up to the first worksession, Director Bruton submitted to Councilmembers proposed amendments to Bill 15-23. See © 175.

SUMMARY OF SECOND WORKSESSION

At its second worksession on June 26, the Committee voted (2-1, with Friedson opposing) to recommend the enactment of the bill with amendments to:

- Set the annual rent increase allowance as the lesser of: (1) CPI-U plus 3 percent; or (2) 6 percent of the base rent (amendment supported 2-1, with Friedson opposing);
- Delete the exemption for financial hardship (supported 3-0)
- Subject to regulation, provide for a capital improvement surcharge application (supported 3-0);
- Subject to regulation, provide for a fair return rent increase application (supported 3-0);
- Restrict rental increases for "troubled" or "distressed" properties (supported 3-0);
- Delete the exemption for single-family homes and for condominiums owned by individuals (supported 2-1, with Friedson opposing);

- Add a transition clause to address notices of rent increases that occur between the date that the bill becomes law and the date regulations take effect. Those notices would need to be withdrawn or modified to comply with the rent increase allowance (supported 3-0).

ISSUES FOR THE COUNCIL'S CONSIDERATION

The Council might wish to consider the following additional potential amendments to Bill 15-23. All line references in these amendments refer to the PHP-approved version of the bill (©1).

1. Transition

The PHP Committee asked staff to draft transition language to clarify when the requirements of the bill are operational. Staff would recommend the following amendment to clarify that the requirements are not effective until regulations to implement the bill have been adopted and approved by the Council.

Add a new section as follows.

Sec. x. Transition. The requirements of this Act must not apply, and must not be enforced, until the Method (2) regulations required under the Act take effect.

2. Rent Cap – 9 percent hard cap – instead of 6 percent hard cap

Councilmember Albornoz intends to move an amendment to alter the calculation of the rent increase allowance. Instead of having a hard cap of 6 percent of the base rent, the hard cap would be 9 percent of the base rent.

Amend lines 25-28 as follows.

(a) Annual rent increase allowance. The Director annually must calculate a rent increase allowance for regulated rental units equal to the lesser of:

(1) CPI-U plus [[8 percent]] 3 percent; or

(2) [[6 percent]] 9 percent of base rent.

3. Fees – Restrictions on Increasing Fees

Councilmember Mink intends to move the following amendment, which is intended to prevent exorbitant fee increases that would undermine rent stabilization goals.

Add the following new section.

29-xx. Regulation of Fees.

- (a) In accordance with Method (2) regulations promulgated by the Department, a landlord of a regulated unit must not increase a fee charged to a tenant unless:

 - (1) the annual increase of the fee is equal to the lesser of:

 - (A) CPI-U plus 3 percent; or
 - (B) 6 percent of the fee; or
 - (2) the Director approves the increase.
- (b) In accordance with Method (2) regulations promulgated by the Department, a landlord of a regulated unit must not create a new fee charged to a tenant unless the fee is approved by the Director.

4. Banking Provision.

Councilmember Glass intends to move the following amendment regarding banking.

Amend lines 7-8 as follows.

Definitions. In Sections 29-56 through 29-61, the following terms
have the meanings indicated:

Banked amount means the dollar amount of an annual bank rent increase allowance that a
landlord did not use to increase the rent for a regulated unit.

Amend lines 36-40 as follows.

- (a) In general. Except as provided under subsection (b), upon a lease renewal a landlord
must not increase the rent of a regulated rental unit to an amount greater than:

 - (1) the base rent; plus
 - (2) the rent increase allowance under Section 29-57; plus
 - (3) any banked amount.

Councilmember Stewart intends to move the following amendment regarding banking.

Amend lines 36-93 as follows.

(a) In general. Except as provided under subsection (b), [[Upon]] upon a lease renewal[[,]] a landlord must not increase the rent of a regulated rental unit to an amount greater than:

- (1) the base rent; plus
- (2) the rent increase allowance under Section 29-57; plus
- (3) subject to subsection (f), a banked amount permitted under subsection (e).

* * *

(e) Banking permitted. A landlord may reserve, for a period not to exceed 5 years per tenancy:

- (1) if the CPI-U plus 3 percent is less than 6 percent, the actual dollar amount of an unused annual rent increase allowance for a regulated unit; and
- (2) if the CPI-U plus 3 percent exceeds 6 percent, the difference between:
 - (A) the dollar amount of the base rent plus 6 percent of the base rent;
and
 - (B) the dollar amount the rent would be if the rent increase allowance were equal to the actual CPI-U plus 3 percent.

(f) Using banked amounts.

- (1) A landlord must not use a banked amount under paragraph (2) of subsection (e) except during a year in which the CPI-U plus 3 percent is less than 6 percent.
- (2) In a single year, a landlord must not use a banked amount under subsection (e) to increase the rent of a unit in an amount greater than 6 percent of the base rent.

5. Vacancy Control

Councilmember Stewart intends to move the following amendment regarding vacancy controls.

After line 93, add the following.

- (e) Rent increase following a tenant vacancy - restrictions.

 - (1) Except as permitted under paragraph (2), a landlord who terminates a tenancy for a reason not provided for in the lease, or during the first year of a tenancy, must not charge the next tenant a rent that is higher than the base rent paid by the prior tenant.
 - (2) A landlord who terminates a tenancy under paragraph (1) may charge the next tenant an amount that does not exceed:

 - (A) the base rent charged to the prior tenant; plus
 - (B) the banked amount under Section 29-58(e).
 - (3) Any subsequent rent increase for the tenant in the regulated unit must be in accordance with Section 29-58(a).

6. Exemption – New Construction Built After January 1, 2000

Councilmember Luedtke intends to move the following amendment related to the exemption for new construction under the bill.

Amend Section 29-60 as follows.

- (a) Exemptions. The requirements of Section 29-58 do not apply to:

 - (1) a unit [[that has been offered for rent for less than 15 years]] located in a building constructed after January 1, 2000;

* * *

7. Exemption – Units Offered for Rent for Less than 23 Years

Council President Glass intends to move the following amendment related to the exemption for new construction under the bill.

Amend Section 29-60 as follows.

- (a) Exemptions. The requirements of Section 29-58 do not apply to:

 - (1) a unit that has been offered for rent for less than [[15 years]] 23 years;

* * *

8. Exemption – Substantial Renovation / Rehabilitation

Councilmembers Luedtke and Stewart intend to move amendments that would provide a 15-year exemption for buildings that have been substantially renovated or rehabilitated.

Councilmember Luedtke's amendment:

Add the following definition under Section 29-56.

Substantial renovation means permanent alterations to a building that:

- (1) are intended to enhance the value of the building; and
- (2) cost an amount equal to at least 25 percent of the value of the building, as assessed by the State Department of Assessments and Taxation.

Amend Section 29-60 as follows.

- (a) Exemptions. The requirements of Section 29-58 do not apply to:

* * *

- (x) a unit located within a substantially renovated building, if the substantial renovation occurred within the prior 15 years.

Councilmember Stewart's amendment:

Add the following definition under Section 29-56.

Substantial rehabilitation means permanent structural alterations to a building that:

- (1) are intended to enhance the value of the building; and
- (2) cost an amount equal to at least 50 percent of value of the building, as assessed by the State Department of Assessments and Taxation.

Amend Section 29-60 as follows.

- (a) Exemptions. The requirements of Section 29-58 do not apply to:

* * *

(x) subject to Method (2) regulations promulgated by the Department, a unit located within a substantially rehabilitated building if:

(A) the substantial rehabilitation occurred within the prior 15 years; and

(B) the building is not in violation of Chapters 8, 26, or 29.

9. Exemption – Natural Person Landlords (or their Estates or Trusts) who Own 4 or Fewer Units in the County

Councilmember Luedtke intends to move the following amendment, which would exempt from the bill any unit owned by a natural person (or a decedent's trust or estate) if the person (or trust or estate, if applicable) owns no more than 4 rental units in the County.

Amend Section 29-60 as follows.

(a) Exemptions. The requirements of Section 29-58 do not apply to:

* * *

(x) a rental unit owned by a landlord who:

(A) owns 4 or fewer rental units within the County; and

(B) is either:

(i) a natural person; or

(ii) the trust or estate of a decedent.

Note that during the PHP's second worksession, Councilmembers discussed distinctions between natural persons, trusts and estates, and limited liability corporations (LLCs) (as well as other corporate entities) in the context of exempting small landlords from the bill. The exemption above would apply solely to natural persons or to decedents' trusts or estates. It would not, by contrast, exempt a limited liability corporation or other corporate entities. As discussed at the PHP worksession, exempting LLCs or other types of businesses might be overly broad if the exemption is intended to address truly small, individual or family landlords.

10. Exemption – Month-to-Month Tenancies

Councilmember Balcombe intends to move the following amendment, which would exempt certain month-to-month tenancies from the scope of the bill.

Amend lines 119-141 as follows.

(a) Exemptions. The requirements of Section 29-58 do not apply to:

* * *

(x) a unit for which a tenant has been offered, but has declined, a lease renewal in compliance with this Section.

11. Exemption – Buildings with 25 Percent or More Units for Low and Moderate Income Tenants

Councilmember Fani-González plans to move the following amendment, which would exempt – for a period of 20 years – a development where at least 25 percent of the dwelling units are reserved to low or moderate income tenants.

Amend Section 29-60 as follows.

(a) Exemptions. The requirements of Section 29-58 do not apply to:

* * *

(x) a unit that:

(A) has been offered for rent for less than 20 years; and

(B) is located in a development where at least 25 percent of the dwelling units must be occupied by low and moderate income tenants.

12. Change the Bill Title

Councilmember Balcombe intends to move an amendment to change the title of the bill.

Amend the title of Bill 15-23 as follows.

Landlord-Tenant Relations – [[Anti-Rent Gouging Protections]] Rent Stabilization

13. Effective Date

Councilmember Mink intends to move the amendment below to alter the effective date of the bill. Currently, the bill would take effect 6 months after becoming law. If the following amendment is adopted, the bill would take effect on the 91st day after becoming law.

Under the bill as currently drafted or under Councilmember Mink's amendment, proposed regulations to implement the bill would be due to the County Register no later than 3 months after the bill takes effect.

Amend lines 164-165 as follows.

[[Sec. 2. Effective Date. This Act must take effect 6 months after it becomes law.]]

1. Sunset

Councilmember Albornoze intends to move an amendment to sunset the bill after 3 years. As currently drafted, the bill would not sunset.

After line 168, add the following.

Section 4. Sunset. This Act must sunset, and must have no further force or effect, upon the day that is 3 years after the effective date of this Act.

NEXT STEP: Consideration of amendments to the PHP-recommended bill, if desired.
Roll-call vote on the enactment of Bill 15-23, as amended by the PHP Committee and any additional amendments.

<u>This packet contains:</u>	<u>Circle #</u>
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Bill No. 15-23
Concerning: Landlord-Tenant Relations –
Anti-Rent Gouging Protections
Revised: 07/01/2023 Draft No. 5
Introduced: March 7, 2023
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: See Sec. 2
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: [[Councilmember]] Councilmembers Fani-González[, Council Vice-President Friedson, and Councilmembers Alborno, Balcombe,]] and Katz[, and Luedtke]]

AN ACT to:

- (1) establish protections against rent increases above a threshold for certain rental units;
- (2) set the base rental amount for certain rental units;
- (3) provide exemptions from rental increase restrictions for certain units;
- (4) permit certain rental increases to fund capital improvements;
- (5) permit certain rental increases to achieve fair returns;
- [[(5)]] (6) require landlords to submit annual reports regarding rents; and
- [[(6)]] (7) generally amend County law concerning rents and landlord-tenant relations.

By adding

Montgomery County Code
Chapter 29, Landlord-Tenant Relations
Sections 29-56, 29-57, 29-58, 29-59, [[and]] 29-60, and 29-61

Boldface	<u>Heading or defined term.</u>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:



OFFICIAL NOTICE

By Section 3-305(b)(1) and (3) of the General Provisions Article of the *Annotated Code of the Public General Laws of Maryland*, a closed session of the Greenbelt City Council will be held on Wednesday, August 13, 2025, immediately following the Council Work Session – Rent Stabilization, in the Council Chambers, 1) To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or any other personnel matter that affects one or more specific individuals; and 2) to consider the acquisition of real property for a public purpose and matters directly related thereto.

The purpose of this meeting is to discuss Personnel Matters and Real Estate.

** The public may attend the Special Council Meeting of the City Council immediately before the closed session and observe the vote of the Council to move into the closed session on Wednesday, August 13, 2025.*

Bonita Anderson
City Clerk