

Bill No. 19-15
Concerning: Landlord –Tenant Relations
– Licensing of Rental Housing –
Landlord-Tenant Obligations
Revised: 11/29/2016 Draft No. 11
Introduced: April 21, 2015
Enacted: November 29, 2016
Executive: December 12, 2016
Effective: March 13, 2017;
Section 29-30 June 10, 2017
Sunset Date: None
Ch. 39, Laws of Mont. Co. 2016

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Elrich
Co-Sponsor: Councilmembers Navarro and Hucker

AN ACT to:

- (1) provide for annual inspection of certain residential rental properties;
- (2) require the use of a standard form lease and applicable optional provisions for certain residential rental properties;
- (3) require the publication of certain information related to rental housing;
- (4) require the Department of Housing and Community Affairs to review certain rent increases;
- (5) provide for certain remedies to be awarded by the Commission on Landlord-Tenant Affairs;
- (6) provide certain rights to tenants facing rent increases; and
- (7) generally amend the law related to landlord-tenant relations.

By amending

Montgomery County Code
Chapter 29, Landlord – Tenant Relations
Sections 29-6, 29-22, 29-27, 29-28, 29-30, 29-31, 29-33, 29-47, 29-51, 29-53, and 29-54

[[By adding

Montgomery County Code
Chapter 29, Landlord – Tenant Relations]]
[[Sections]] [[Section 29-55]] [[and 29-56]]

Boldface	<i>Heading or defined term.</i>
<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:

- 28 (h) The Director must report on rental housing inspections to the Executive
 29 and the Council, by September 1 of each year. The report must include:
 30 (1) the address of each property inspected during the prior fiscal year;
 31 (2) the address of each property that has been inspected or is scheduled
 32 to be inspected on an annual or triennial basis during the current
 33 fiscal year;
 34 (3) for each property inspected:
 35 (A) a summary of violations by:
 36 (i) number found;
 37 (ii) number corrected; and
 38 (iii) type of violation; and
 39 (B) the status of any incomplete inspections.
 40 (4) for each property required to have a corrective action plan under
 41 Section 29-22 in the prior fiscal year or during the current fiscal
 42 year, a list of:
 43 (A) violations found;
 44 (B) violations corrected; and
 45 (C) the status of the corrective action plan[[.]];
 46 (5) the number of citations issued to each landlord during the prior and
 47 current fiscal years;
 48 (6) the amount of fines collected from each landlord during the prior
 49 and current fiscal years; and
 50 (7) the number of calls to the County concerning rental housing
 51 complaints, by language of the caller.

* * *

53 **29-22. Inspection of rental housing.**

- 54 (a) [The] Except as provided in this Section, the Director must inspect [[all
 55 rental housing consisting of two or more dwelling units, including]] each

56 apartment complex and personal living quarters building licensed as
 57 rental housing, at least once [every three years] [[each year]] within each
 58 three-year period to determine if it complies with all applicable laws.
 59 [The Director may inspect an apartment complex or personal living
 60 quarters building more often than the triennial inspection.] The Director
 61 may inspect an apartment complex or personal living quarters building
 62 more often than the triennial inspection.

63 (b) [[If the Director finds that a landlord of licensed rental housing has a
 64 demonstrated history of compliance with applicable laws over the most
 65 recent three years, the Director may thereafter inspect the licensed rental
 66 housing once every three years.]] The Director must inspect, at least once
 67 each year, any rental housing which, after inspection, the Director:

68 (1) finds in violation of any applicable law that adversely affects the
 69 immediate health and safety of the tenants, including:

70 (A) rodent or insect infestation affecting 20% or more units in a
 71 building;

72 (B) extensive and visible mold growth on interior walls or
 73 surfaces exposed to the occupied space;

74 (C) windows that do not permit a safe means of egress;

75 (D) pervasive and recurring water leaks the result in chronic
 76 dampness, mold growth, or personal property damage in
 77 more than one unit; or

78 (E) lack of one or more working utilities that is not shut off due
 79 to tenant non-payment, including:

80 (i) natural gas;

81 (ii) electricity;

82 (iii) water;

83 (iv) sewage disposal; or

84 (2) determines to be a troubled property, under a procedure established
 85 by method (2) regulation that:

86 (1) classifies violation types by severity; and

87 (2) rates properties by:

88 (i) severity of violations; and

89 (ii) quantity of violations.

90 (c) The Director must require a corrective action plan for any property
 91 subject to annual inspections under subsection (b). A property required to
 92 develop and implement a corrective action plan must be inspected at least
 93 once each year until the Director determines that the corrective action
 94 plan has been successfully completed.

95 (d) The Director may inspect any other rental housing if the Director receives
 96 a complaint or a request from a landlord or tenant or believes that the
 97 rental housing does not comply with all applicable laws.

98 ~~[(c)]~~~~[(d)]~~(e) As a condition of receiving a license under this Chapter, a
 99 landlord must agree to:

100 (1) allow access to the Department for any inspection required under
 101 this Chapter or Chapter 26; ~~[[and]]~~

102 (2) notify any affected tenant whose unit requires inspection at least
 103 72 hours in advance of ~~[[the]]~~ a scheduled inspection under
 104 subsection (a) of this Section~~[[.]]; and~~

105 (3) when subject to annual inspection under subsection (b), provide
 106 quarterly updates to the Director listing all maintenance requests
 107 received by the landlord from tenants.

108 ~~[(d)]~~~~[(e)]~~(f) If an inspection indicates that any rental housing does not
 109 comply with all applicable laws, the Director ~~[[may]]~~ must notify the
 110 landlord in writing and order correction of each violation within a

111 specified period of time. If the landlord does not correct the violation in
112 the specified period of time, the Director may:

- 113 (1) authorize a tenant to:
 - 114 (A) have the violation corrected by a licensed contractor
 - 115 selected from a list maintained by the Director; and
 - 116 (B) deduct the reasonable cost of the repair, up to the amount of
 - 117 one month's rent, from the tenant's rent; or
- 118 (2) revoke the license or take other remedial action under Section 29-
- 119 25.

120 ~~[(f)]~~(g) A landlord of licensed rental housing ~~[[found in]]~~ notified after
 121 initial inspection of a violation of applicable laws ~~[[more than twice in~~
 122 two consecutive years]] must pay the cost of the ~~[[next inspection]]~~ third,
 123 and subsequent inspections, as ~~[[determined by the Director]]~~ established
 124 in regulation, if the violation is not corrected by the second inspection.

125 * * *

126 **29-27. Contents of lease.**

127 [Each] ~~[[A landlord must use the standard form lease]]~~ ~~[[and any appropriate~~
 128 model optional provisions]] ~~[[furnished by the Director for each]]~~ Each lease for rental
 129 housing located in the County ~~[[. Each lease]]~~ must:

130 * * *

- 131 (s) Allow the tenant to terminate the lease upon 30 days' written notice to the
- 132 landlord due to:
 - 133 (1) an involuntary change of employment from the Washington
 - 134 metropolitan area~~[[,]]~~;
 - 135 (2) the death of major wage earner~~[[,]]~~;
 - 136 (3) unemployment~~[[,]]~~;
 - 137 (4) the tenant or the tenant's child being a victim of domestic violence;

- 138 (5) a landlord harassing the tenant or violating the tenant's privacy
- 139 rights;
- 140 (6) the tenant or tenant's spouse being:
- 141 (A) 62 years of age or older;
- 142 (B) no longer live independently; and
- 143 (C) needing to move to a nursing home or other senior citizen
- 144 housing;
- 145 (7) the tenant being incarcerated or declared mentally incompetent; or
- 146 (8) other reasonable cause beyond the tenant's control.

147 The lease may provide that in the event of termination under this
 148 provision, the tenant is liable for a reasonable termination charge not to
 149 exceed the lower of one month's rent or actual damages sustained by the
 150 landlord.

151 (t) [[Allow the tenant to rescind the lease within two days after signing the
 152 lease.

153 (u)]] Allow the tenant to convert a one-year lease to a two-year lease within 30
 154 days after signing the lease, unless the one-year lease was offered by the
 155 landlord consistent with subsection 29-28(c).

156 [[~~(v)~~]](u) Notify the tenant that:

157 (1) general information and assistance is available from the
 158 Department regarding:

159 (A) questions about any addenda to the lease;

160 (B) evictions [[are available from the Department.]]; and

161 (2) the tenant is entitled to a hard copy of the Landlord-Tenant
 162 Handbook as required under subsection 29-28(f) and that the
 163 Landlord-Tenant Handbook is available on the County website.

- 164 (v) Permit the tenant to correct violations of applicable law in the unit and
 165 deduct the reasonable cost of the repairs from the tenant's rent as
 166 authorized by the Director under subsection 29-22(f).
- 167 ~~[(v)]~~(w) Contain a plain language summary of tenant rights and
 168 responsibilities, in a form established by the Executive by method (2)
 169 regulation that includes, at a minimum:
- 170 (1) the term of the lease;
 171 (2) the amount of the rent;
 172 (3) the date on which the rent is due;
 173 (4) the tenant's responsibility, if any, for utility costs;
 174 (5) a list of additional tenant rights and responsibilities under the lease;
 175 and
 176 (6) information about services available to tenants from the
 177 Department and the Commission.

178 **29-28. Leasing requirements generally.**

179 * * *

- 180 (c) The landlord must offer each lease for an initial term of [2] two years,
 181 and a two-year term at each renewal, unless the landlord has reasonable
 182 cause to offer a different [initial] term.

183 * * *

- 184 (2) As used in this subsection, reasonable cause means a situation in
 185 which a ~~[[2-]]~~ two-year lease would create undue hardship or
 186 expense for a landlord. Reasonable cause includes the sale of a
 187 dwelling unit if settlement ~~[[if]]~~ is likely to occur within ~~[[2]]~~ two
 188 years, a bona fide contract to sell the dwelling unit within ~~[[2]]~~ two
 189 years, or a planned conversion to a condominium or cooperative
 190 within ~~[[2]]~~ two years. If the landlord claims reasonable cause
 191 exists under this subsection, the landlord must attach to the lease a

192 statement explaining the reasonable cause and advising the
 193 prospective tenant of the tenant's right to challenge the cause by
 194 filing a complaint with the Department.

195 (3) The landlord must include the following statement in each lease,
 196 or as an addendum to an oral lease, and assure that it is signed and
 197 dated by the parties:

198 Montgomery County law requires each landlord to offer each
 199 prospective tenant a lease for an initial term of [2] two years, and
 200 a two-year term at each renewal, unless the landlord has reasonable
 201 cause to do otherwise. The tenant may accept or reject this offer.
 202 Before signing this lease, the tenant confirms that (initial and date
 203 one option):

204 (A) The landlord offered me a [2] two-year lease term and I
 205 accepted it.

206 (B) The landlord offered me a [2] two-year lease term but I
 207 rejected it.

208 (C) The landlord gave me a statement:

209 (i) explaining why the landlord had reasonable cause not
 210 to offer me a [2] two-year lease term; and

211 (ii) telling me that I can challenge the landlord's action
 212 by filing a complaint with the Montgomery County
 213 Department of Housing and Community Affairs.

214 * * *

215 (f) At the beginning of a lease term, each landlord must provide each tenant
 216 with a copy of the Landlord-Tenant Handbook [[furnished by the
 217 Director,]] unless the tenant signs a statement declining a hard copy and
 218 accepting referral to the Landlord-Tenant Handbook maintained on the
 219 County website.

220 (g) Unless the tenant is in breach of the lease, if a landlord does not intend to
221 offer an existing tenant a renewed lease term, the landlord must give the
222 tenant 60 days' notice of the landlord's intent to terminate tenancy at the
223 lease expiration.

224 * * *

225 **29-30. Obligations of landlords.**

226 (a) Each landlord must reasonably provide for the maintenance of the health,
227 safety, and welfare of all tenants and all individuals properly on the
228 premises of rental housing. As part of this general obligation, each
229 landlord must:

230 * * *

231 (7) For each unit in a building constructed before July 1, 1978, and for
232 which units are not individually metered, provide the tenant with
233 all information required under the Public Utilities Article of the
234 Maryland Code and applicable COMAR provisions governing:

235 (A) electric and gas submeters; and

236 (B) energy allocation systems.

237 (8) Display in the lobby, vestibule, rental office, or other prominent
238 public place on the premises, a sign in a form approved by the
239 Director that includes information in English, Spanish, French,
240 Chinese, Korean, Vietnamese, and other languages as determined
241 necessary by the Director, about:

242 (A) filing a complaint under this Chapter; and

243 (B) the retaliatory practices prohibited under this Chapter.

244 * * *

245 **29-31. Landlord notice requirements.**

246 (a) Each landlord of an apartment complex in the County must:

247 (1) post [of] a durable notice in an accessible, conspicuous and
248 convenient place in each building to which the notice applies[[],];

249 or

250 (2) distribute [of] the notice directly to all tenants.

251 The notice must contain the name or title and telephone number of at least
252 one responsible representative of the building management who may be
253 reached at all times in an emergency.

254 * * *

255 **29-33. Rights of tenants generally.**

256 * * *

257 (b) Tenants and tenant organizations have the right of free assembly in the
258 meeting rooms and other areas suitable for meetings within rental housing
259 during reasonable hours and upon reasonable notice to the landlord to
260 conduct tenant organization meetings. A landlord must not charge a
261 tenant organization or a group of tenants seeking to form a tenant
262 organization a fee for the first meeting of each month held to discuss
263 landlord-tenant issues, but [[The]] the landlord may charge a reasonable
264 fee for [[the use]] other uses of the meeting rooms or common areas[[],].
265 [[but the]] The charge must not exceed the regular schedule of fees for
266 the facility to other groups. The landlord may also impose reasonable
267 terms and conditions on the use of the meeting rooms or common areas
268 if those terms and conditions do not undermine the purposes of this
269 Section.

270 * * *

271 **29-47. Commission action when violation found.**

272 * * *

273 (b) If the Commission or panel finds that a landlord has caused a defective
 274 tenancy, it may award each party to the complaint one or more of the
 275 following remedies:

276 * * *

277 (7) An order permitting a tenant to correct the condition that
 278 constitutes the defective tenancy and abating the tenant's rent in an
 279 amount equal to the reasonable cost incurred by the tenant.

280 (8) After a retaliatory or illegal eviction as defined in Section 29-32,
 281 reasonable attorney's fees incurred by the affected tenant in
 282 defense of the retaliatory or illegal eviction. The award must not
 283 exceed \$1,000.00.

284 * * *

285 **29-51. Rental housing data collection.**

286 (a) The County Executive must establish procedures to collect and analyze
 287 housing data for rental dwelling units in the County, and must make
 288 every effort to centralize the data collection functions to minimize the
 289 burden for landlords.

290 (b) The reporting process is mandatory for landlords of licensed rental
 291 housing, including new dwelling units as they come on the market and
 292 all vacant units.

293 (c) The data [collection frequency] must be [on an annual basis] collected
 294 annually.

295 (d) The Director must use a survey form for collecting data designed to
 296 minimize the repeated reporting of unchanged information, while
 297 maintaining an accurate data base.

298 (e) The housing data collected must be used to [ascertain] measure the
 299 supply and availability of rental housing, as well as other operating

300 characteristics. Each landlord must provide the following [information
 301 as requested by] to the County:

- 302 (1) The location of [the] each rental facility, including the zip code;
- 303 (2) Structure type;
- 304 (3) Year built;
- 305 (4) Distribution of units by standard bedroom sizes;
- 306 (5) The number of units by bedroom size that were re-rented during
 307 the month;
- 308 (6) The number of vacant days applicable to those units;
- 309 (7) The rent charged for each rental unit;
- 310 (8) The rent charged for each re-rented unit before vacancy; and
- 311 (9) The new turnover rent charged for each re-rented unit.

* * *

312
 313 (i) The Director is primarily responsible for controlling rental housing data
 314 surveys for the County. The Director must share this information with
 315 other governmental agencies that need it without invading individual
 316 privacy. In this regard, the Director must coordinate survey activities
 317 with other County departments, and make available to the departments
 318 the results of all surveys in accordance with [executive] applicable
 319 procedure.

320 (j) The Director must publish, unless the publication is prohibited under
 321 State law, the information collected in the rental housing data survey
 322 on the County website, including a table listing all rental housing
 323 consisting of two or more dwelling units [[and the average rent increase
 324 for each unit]] by unit type and building type. [[by the following
 325 categories:

- 326 (1) 100 percent or less of the applicable rent increase guideline;

- 327 (2) greater than 100 percent, up to 125 percent of the applicable rent
 328 increase guideline;
 329 (3) greater than 125 percent, up to 150 percent of the applicable rent
 330 increase guideline; and
 331 (4) greater than 150 percent of the applicable rent increase
 332 guideline.]]

333 (k) Any landlord who violates any provision of this Section is liable for
 334 payment of a civil penalty in an amount not to exceed \$1,000 for each
 335 violation.

336 **29-53. Voluntary rent guidelines; review of rent increases.**

- 337 (a) The County Executive must issue annual voluntary rent increase
 338 guidelines not later than March 1 of each year. The Executive must
 339 publish the guidelines in the County Register and on the County
 340 website.
 341 (b) The guidelines must be based on the increase or decrease in the
 342 [residential rent component of the] residential rent component of the
 343 Consumer Price Index for all urban consumers for the Washington-
 344 Baltimore metropolitan area, or any successor index, for the preceding
 345 calendar year, unless an alternative standard better reflecting the costs
 346 of rental housing in the County is established by regulation.
 347 (c) The Department should encourage landlords to hold rent increases at
 348 the lowest level possible. The Department may review any rent
 349 increase that appears to be excessive and encourage the landlord to
 350 reduce, modify, or postpone the increase. [[The Department must
 351 review all rent increases that are more than 100 percent of the
 352 applicable rent increase guideline issued under subsection (a) to
 353 recognize patterns of increases that particularly harm tenants.]]

354 **29-54. Rent adjustments; notice requirements.**

355 (a) A landlord must not increase the rent until ~~[[at least two]]~~ [2] ~~[[months]]~~
 356 90 days after the landlord gives the tenant written notice of the increase.
 357 ~~[[A landlord must give the tenant at least three months written notice~~
 358 ~~before an increase of more than 100 percent of the rent increase~~
 359 ~~guidelines.]]~~ A landlord must not impose more than one rent increase
 360 on a tenant in any 12-month period. Each written rent increase notice
 361 must contain the following information:

- 362 (1) The amount of monthly rent immediately preceding the effective
 363 date of the proposed increase (old rent), the amount of monthly
 364 rent proposed immediately after the rent increase takes effect
 365 (new rent), and the percentage increase of monthly rent.
- 366 (2) The effective date of the proposed increase.
- 367 (3) The applicable rent increase guideline issued under Section 29-
 368 53.
- 369 (4) A notice that the tenant may ask the Department to review any
 370 rent increase that the tenant considers excessive.
- 371 (5) Other information that the landlord deems useful in explaining
 372 the rent increase.

373 An otherwise valid notice of a rent increase is not invalid because the
 374 notice contained an incorrect rent increase guideline number if the
 375 landlord reasonably believed that the number was correct.

376 * * *

377 **[[29-55.]]** **[[Rights of tenants facing rent increases.**

- 378 (a) A tenant may ask the Department to confirm that a rent increase
 379 complies with this Article.
- 380 (b) When a rent increase exceeds the applicable guideline, a tenant:

- 381 (1) may continue occupancy for up to two months after the lease
 382 term expires on a month-to-month basis at the current pre-
 383 increase rent; and
 384 (2) must give at least 15 days' notice to the landlord before vacating
 385 the premises.

386 **29-56.]] [[Rent surcharges prohibited.**

387 A landlord must not charge more than the rent]] [[charged]] [[offered for the]]
 388 [[prior]] [[renewed lease term when a tenant continues occupancy on a month-to-
 389 month basis.]]

390 **[Sec. 29-55] [[Sec. 29-57]] Sec. 29-55 – 29-65 Reserved.**

391 **Sec. 2. Two-year intensive inspection program.**

- 392 (a) The Director must, by July 1, 2019, inspect a sample of each
 393 multifamily rental property for which a certificate of occupancy was
 394 issued before January 1, 2015.
 395 (b) The Director must provide to the Council, by January 15, 2017, a plan
 396 to inspect rental housing under subsection (a) that includes:
 397 (1) a means of prioritizing inspections;
 398 (2) standardized inspections for all units; and
 399 (3) an estimate of the cost for conducting the inspections.

400 **Sec. 3. Transition.**

- 401 (a) The [[standard form lease]] plain language summary required under
 402 Section 29-27, as amended in Section 1, must be [[used for]] included
 403 with all leases entered into or renewed after the effective date of the
 404 regulation establishing the [[standard form lease]] form of the plain
 405 language summary.
 406 (b) The requirement that landlords provide certain information concerning
 407 electric and gas utility billing under Section 29-30, as amended in
 408 Section 1, takes effect 180 days after this Act becomes law.

409 *Approved:*

410 *Nancy Floreen* *December 1, 2016*
Nancy Floreen, President, County Council Date

411 *Approved:*

412 *Isiah Leggett* *December 12, 2016*
Isiah Leggett, County Executive Date

413 *This is a correct copy of Council action.*

414 *Linda M. Lauer* *Dec 12, 2016*
Linda M. Lauer, Clerk of the Council Date

415