

**MEMORANDUM**

July 18, 2012

TO: Planning, Housing, and Economic Development Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Discussion: Recommendations of Tenants Work Group Report**

The PHED Committee held worksessions on March 19 and April 9 on the recommendations of the Tenant Work Group Report. The Committee was able to discuss most of the recommendations with a panel representing DHCA, the Tenant Work Group, for-profit and non-profit landlords, AOBA, and the President of the Irene Tenants Association. The panel members were:

Rick Nelson, Director of the Department of Housing and Community Affairs,  
Matt Losak, who served as Chair of the Work Group and is Executive Director of the Montgomery County Renters Alliance,  
Shaun Pharr, Senior Vice President for Government Affairs for the Apartment and Office Building Association,  
David Hillman, CEO, Southern Management Corporation  
Jared Gigliotti, Tower Companies and General Manager of The Blairs  
Robert Goldman of Montgomery Housing Partnership, a non-profit landlord for affordable housing developments,  
David Cohen, President, the Irene Tenants Association.

Council staff suggests that at this session, the Committee determine if they have specific recommendations regarding the Work Group's recommendations, clarify whether the Council should wait for the Executive to forward any needed legislation or whether the PHED Committee should sponsor legislation for introduction. Council staff suggests that the PHED Committee provide a memo to the Council outlining its recommendations and any proposed actions.

Attached at ©1-10 is a summary table of the Work Group’s recommendations, the Executive’s response, comments received and PHED Committee discussion, and potential next steps that can be used to move through these recommendations.

At the April 9 session, the Committee discussed rent stabilization (rent control) and a proposal from Councilmember Elrich for a program that would combine an increased justification process with County approval when a rent increase exceeds 175% of the voluntary guideline. The Executive has sent a memo in response to this proposal. The memo is attached at ©11-13 and is incorporated into the summary table.

<b><u>Attached to this memo:</u></b>	<b><u>Circle Page</u></b>
Summary table of recommendations, Executive response, PHED Committee discussion, potential next steps	1-10
July 12 memo from County Executive – Voluntary Rent Guideline – Tenant Work Group	11-13
“Montgomery County Executive Leggett Proposes 11-Point Renters Plan.” Gazette, July 18, 2012	14-15
Montgomery County Renters Alliance, A New Voice For Renters (Web page)	16
Rent increase notice sent to Matt Losak February 2012	17-19
March 12, 2012 memo from DHCA Director Nelson with Executive’s response to Work Group recommendations	20-31
Tenant Work Group Report March 2010 (without appendices)	32-63

The full Tenant Work Group Report can be accessed at:  
[http://www6.montgomerycountymd.gov/Content/EXEC/TWG/pdf/twg\\_report\\_3-2010.pdf](http://www6.montgomerycountymd.gov/Content/EXEC/TWG/pdf/twg_report_3-2010.pdf)

The Landlord-Tenant Handbook (2012) can be accessed at:  
[http://www6.montgomerycountymd.gov/content/DHCA/housing/landlord\\_T/pdf/lthandbook.pdf](http://www6.montgomerycountymd.gov/content/DHCA/housing/landlord_T/pdf/lthandbook.pdf)

The model lease can be accessed at:  
[http://www6.montgomerycountymd.gov/content/dhca/housing/landlord\\_t/pdf/apartment\\_and\\_condominium\\_lease\\_11\\_30\\_04.pdf](http://www6.montgomerycountymd.gov/content/dhca/housing/landlord_t/pdf/apartment_and_condominium_lease_11_30_04.pdf)

The Ordinary Wear and Tear Handbook (2007) can be accessed at:  
[http://www6.montgomerycountymd.gov/content/dhca/housing/landlord\\_t/pdf/ordinarywearandtearinorderbypage03.26.07.pdf](http://www6.montgomerycountymd.gov/content/dhca/housing/landlord_t/pdf/ordinarywearandtearinorderbypage03.26.07.pdf)

**Summary of Work Group recommendations, Executive response, Committee discussion, and potential next steps.**

<b>Landlord Tenant Handbook</b>	<b>Executive/DHCA Response</b>	<b>Committee Discussion and Comments</b>	<b>Potential Next Steps</b>
<p>The Work Group recommends the handbook should be given to every new tenant. A licensing fee could be used to fund the printing costs.</p> <p>Handbook should clarify that a landlord or tenant does not have to file a formal complaint to receive help resolving an issue. Handbook should clarify appropriate use of fees by landlords.</p>	<p>DHCA has revised the handbook with Work Group suggestions and it is available in English and Spanish on the County’s website and, when printed, will be available in libraries and other suggested locations.</p> <p>DHCA Director Nelson said that at this time DHCA does not have the authority to require the distribution of the handbook as a part of licensing.</p>	<p>Mr. Hillman and Mr. Gigliotti said that their companies make the information available and they have distributed the handbooks in the past.</p> <p>Mr. Losak shared that some tenants face hostile situations when they ask for landlord-tenant rights and requirements.</p>	<p>PHED Committee asked whether landlords could print out a copy and provide to tenant when a lease is signed.</p> <p>Does the PHED Committee want to pursue requiring distribution of the handbook as a part of licensing? Would it be sufficient to require a notice of the handbook’s availability and a link to the website be included in a lease?</p>
<p><b>Annual Rental Facility Survey</b></p> <p>The survey should be mandatory, verifiable, and valid.</p> <p>The report should be accessible on the internet.</p> <p>The report should provide information by region and zip code.</p>	<p><b>Executive/DHCA Response</b></p> <p>On July 12 the Executive forwarded an outline of his commitment to enhance the survey (©11-13).</p> <p>Citations will be issued for landlords not submitting information. Up to a \$1,000 fine is currently authorized. Mandatory reporting will be done on a unit-by-unit basis. Properties with 12 or more</p>	<p><b>Committee Discussion and Comments</b></p> <p>At the PHED Committee’s March meeting, the Committee discussed Takoma Park’s on-line reporting system.</p> <p>The Committee also discussed the discrepancies between what the annual report shows regarding rent increases and the Work Group’s survey results.</p>	<p><b>Potential Next Steps</b></p> <p>Allow DHCA to implement the new reporting requirements. When a new report is issued, PHED Committee should review and discuss with both DHCA and Tenant Work Group (or Renters Alliance).</p>



	<p>units will be required to submit through a web-based process.</p> <p>The report will show properties that comply with the voluntary rent guidelines, and those at certain percentages above the guidelines.</p>	<p>Mr. Pharr said that while the report has summary information, landlords are required to keep back-up information and it is available if there is a question.</p>	
<p><b>Montgomery County Model Lease</b></p> <p>The model lease should be available in commonly spoken languages.</p> <p>The model lease should be clear about security deposits and interest paid.</p> <p>There should be less cumbersome alternatives to certified mail to request to be present for a move-out inspection.</p> <p>There should be a 2-day rescission period for a tenant after signing a lease.</p> <p>The model lease should have a preamble with major landlord and tenant rights and obligations described.</p>	<p><b>Executive/DHCA Response</b></p> <p>DHCA responded that that the model lease is available in English and Spanish.</p> <p>The model lease contains language regarding security deposits and interest paid that substantially mirrors State law.</p> <p>The Executive supports an alternative to certified mail but notes that it would take a change in State law.</p> <p>The Executive does not support a 2-day rescission period.</p> <p>The Executive agrees to include the recommended preamble in the model lease.</p> <p>Executive believes no action is</p>	<p><b>Committee Discussion and Comments</b></p> <p>Mr. Pharr and Mr. Goldman both noted that while there can be some minimum requirements for leases, leases have to be able to be adjusted by the landlord to meet other requirements, including requirements from Fannie Mae and HUD.</p> <p>Mr. Hillman noted that while his company has a 30-day guarantee he would be opposed to a required 2-day rescission period. It could be unworkable for some landlords to have a tenant move in only to move out 2-days later. Mr. Goldman noted that there is a lengthy approval process for affordable units and it would be problematic to have someone</p>	<p><b>Possible Next Steps</b></p> <p>Confirm that DHCA will be revising the model lease to (1) have a preamble describing major landlord and tenant obligations, and, (2) reference the “wear and tear handbook.”</p> <p>Decide whether the Committee wants to recommend that Intergovernmental Relations pursue a change in State law to provide an alternative to the use of certified mail.</p> <p>Decide whether the Committee supports requiring a 2-day rescission period after signing a lease. If so, the Committee would need to sponsor such a change.</p> <p>Decide whether to recommend that there be a requirement that</p>

25

<p>Supplemental fees should be clearly enumerated.</p> <p>Tenant should have 30-days after signing a lease to change from a one-year to a two-year lease.</p> <p>A two-year lease should be offered at every renewal.</p> <p>The “wear and tear handbook” should be referenced in the model lease.</p>	<p>needed regarding fees as to be legally enforceable the fees must be enumerated in the lease.</p> <p>The Executive does not support having 30-days to change to a 2-year lease as a 2-year lease must be offered at signing.</p> <p>The Executive supports requiring a 2-year lease being offered at each renewal.</p> <p>The Executive supports referencing the “wear and tear handbook” in the model lease.</p>	<p>decide to leave 2-days after signing a lease.</p> <p>It was noted that there are rights of rescission for mortgages and other contracts and purchases in place and working.</p> <p>There was discussion about whether both landlords and tenants would be better informed if sections of the lease had to be initialed at signing.</p>	<p>landlords and tenants initial certain sections of leases as a part of the signing process.</p> <p>Decide whether the Committee recommends requiring a 2-year lease be offered at each renewal and whether the Executive will be forwarding this change or should it be sponsored by the PHED Committee.</p>
<p><b>Voluntary Rent Guideline Formula</b></p> <p>The current formula that is based on the residential rent component of the CPI for all urban consumers in the Washington-Baltimore area should be revised because it does not reflect the overall economic change impacting tenants (the rent component may increase at a higher rate than the CPI.)</p>	<p><b>Executive/DHCA Response</b></p> <p>DHCA Director Nelson told the Committee that the Executive would consider other formulas. To date, no acceptable alternative has been found.</p>	<p><b>Committee Discussion and Comments</b></p> <p>Councilmember Elrich said that the current formula re-enforces the idea that rents should rise every year, especially in a hot market, because it only looks at rent increases. If the guideline remains voluntary, then it should be based on the general CPI, not just the rental component.</p> <p>Mr. Goldman said that for unit</p>	<p><b>Potential Next Steps</b></p> <p>Does the Committee recommend any change to the current formula for the rent guideline?</p> <p>Should DHCA and Council staff be asked to provide information on the formula used in other jurisdictions, including those cited in the Work Group Report?</p>

<p>The Work Group noted that San Francisco and Berkley use 60% and 65% of the CPI as guidelines. Takoma Park uses 100% of the CPI for Washington D.C.-Baltimore and Montreal looks at the type of heat used, changes to taxes, improvements, and operating expenses.</p>		<p>with affordable housing agreements, the guidelines are mandatory and not voluntary. The current formula is not perfect but it has generally worked.</p> <p>Mr. Hillman shared that recently the biggest increases for landlords have been WSSC charges, the energy tax, and real estate taxes which would not be reflected if the total CPI is used.</p>	
<p><b>Voluntary Rent Guidelines – Notice</b></p> <p>The required 60-day notice landlords must provide to tenants should be increased to 90 days</p>	<p><b>Executive/DHCA response</b></p> <p>The Executive supports this recommendation and will support an amendment to Chapter 29.</p> <p>In his July 12 memo (©11-13), the Executive also recommends reducing from 60-days to 30-days the notice a tenant must give if they receive a notice that their rent will be increased by more than the guideline.</p>	<p><b>Committee Discussion and Comments</b></p> <p>No specific discussion.</p>	<p><b>Potential Next Steps</b></p> <p>Does the Committee support increasing the notice time from 60 days to 90 days? If so, does the Committee want to wait for the Executive or should the PHED Committee sponsor this change?</p> <p>Does the Committee recommend the Executive’s proposed reduction from 60-days to 30-days for tenant notice is rent is increased more than the guideline? If so, does the Committee want to wait for the Executive or sponsor such a change?</p>

7

<b>Rent Stabilization (Rent Control)</b>	<b>Executive/DHCA response</b>	<b>Committee Discussion and Comment</b>	<b>Potential Next Steps</b>
<p>The Work Group recommends that to maintain reasonable and predictable rent increases a rent stabilization law should be enacted in Montgomery County. The law would specify the units covered, require registration of those units, specify the amount of the permissible increase, allow renters to contribute a time limited additional amount to make improvements, prohibit allowing landlords to opt-out of the requirements, have string enforcement provisions, and have no vacancy de-control provision.</p>	<p>The Executive does not support the Work Group's recommendation or the recommendation of Councilmember Elrich.</p> <p>The Executive recommends in his July 12 memo (©11-13) strengthening the annual rent survey by making it mandatory, reporting increases on a unit-by-unit basis, requiring justification for rent increases above the guideline, making information available on landlord-tenant complaints and the resolution, establishing a recognition program for landlords that adhere to the voluntary guidelines.</p>	<p>Mr. Losak presented information on the rent increase he received that is in excess of the guidelines and discussed the results from the Work Group's survey about tenant experiences with rent increases.</p> <p>Mr. Hillman described his experience with and objections to rent control. He told the Committee that he believes competition keeps rents in line and that rent control in Takoma Park has resulted in problems with upkeep and investments in rental units. He also believes that county-wide rent control would result in a lowering of the value of rental property and thus a lowering of tax revenue.</p> <p>The Committee heard from Mr. Cohen, a 34-year resident of the Irene about the compounding impacts of rent increases on seniors with fixed incomes, particularly when rent increases are larger than the CPI or changes to social security.</p>	<p>Allow the Executive to implement his recommendations regarding mandatory unit-by-unit reporting on rent increases and requesting justification for increases that exceed the guidelines. Review the report next summer and determine whether there should be any amendment to the voluntary guideline programs or implementation of a rent stabilization program.</p>

		<p>He said it is extremely difficult for seniors to locate an affordable apartment and move when rents become unaffordable in the building where they have lived for many years.</p> <p>Received comments from Mr. Goldman that any kind of control must make allowances for making major improvements to units and buildings.</p>	
<p><b>Rent Surcharges for Month-to-Month leases</b></p> <p>The County should limit or ban month-to-month rent surcharges. Tenants on a month-to-month lease should be required to give a landlord two months notice before vacating an apartment and should be liable for rent during that time.</p>	<p><b>Executive/DHCA response</b></p> <p>The Executive supports prohibiting month-to-month surcharges for a tenant after the initial lease has expired.</p> <p>DHCA notes that while most landlords do not impose a surcharge, some do and they can be quite substantial.</p> <p>DHCA notes that two months notice is already required.</p>	<p><b>Committee Discussion and Comments</b></p> <p>Mr. Losak provided information on the surcharge that is imposed by his landlord.</p> <p>Received comments that surcharges do not make sense if a tenant has been meeting obligations during their initial lease period.</p>	<p><b>Potential Next Steps</b></p> <p><b>At the April 9 meeting, the PHED Committee said it concurred with the Executive's recommendation.</b></p> <p>Does the Committee want to wait for the Executive or should the Committee sponsor this change?</p>
<p><b>"Just-Cause" or "Good-Cause" evictions</b></p> <p>The Work Group recommends enactment of a just-cause</p>	<p><b>Executive/DHCA response</b></p> <p>The Executive does not support this recommendation and does not feel there is a need for this</p>	<p><b>Committee Discussion and Comment</b></p> <p>Heard from Mr. Losak that the Work Group was concerned</p>	<p><b>Potential Next Steps</b></p> <p>Does the Committee recommend that Montgomery County have a just-cause</p>

6

<p>eviction law in Montgomery County as they balance the interests of tenants and landlords.</p> <p>Reasons for terminating a tenancy may include:  Delinquent rent payment,  Criminal activity on the property,  Tenant causes substantial damage to the unit,  Owner decides to use the unit for an immediate family member.</p> <p>The Work Group cited other jurisdictions with just-cause eviction laws.</p>	<p>legislation.</p>	<p>that not renewing a lease is used as a way to stop renting to tenants that ask too many questions or raise too many issues.</p> <p>Mr. Gigliotto said that it is unclear how often this is a problem and noted that not renewing a lease is not an eviction. He said that if a tenant has a right to end a lease with proper notice that a landlord should have a similar right.</p> <p>There was discussion that if rent stabilization is enacted and the only way to avoid restrictions is through the turnover of a unit, then there must be a just-cause eviction law in place to prevent landlords from ending leases in order to raise rents.</p>	<p>eviction law? (This would have to be enacted by a change to State law.)</p> <p>If so, does the Committee recommend asking Intergovernmental Relations to draft such a bill and seek a sponsor?</p>
<p><b>Process for Subletting</b></p> <p>The Work Group recommends that County law standardize a reasonable process for subletting and apartment, including criteria for an adequate substitute tenant.</p>	<p><b>Executive/DHCA Response</b></p> <p>The Executive agrees with this recommendation which will require an amendment to Chapter 29, Landlord-Tenant Relations.</p>	<p><b>Committee Discussion and Comment</b></p> <p>The Committee received comments that there needs to be appropriate review of a subletting tenant. It was also noted that if the unit is a</p>	<p><b>Potential Next Steps</b></p> <p>Does the Committee recommend that subletting standards should be put in place?</p> <p>Does the Committee want to</p>

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		controlled affordable unit, the subletting tenant must meet the income requirements. Fair Housing standards also apply to subletting.	wait for the Executive or should the Committee sponsor this change?
<p><b>Retaliatory Evictions</b></p> <p>The Work Group recommends passage of retaliatory eviction legislation.</p>	<p><b>Executive/DHCA Response</b></p> <p>State retaliatory eviction law was amended effective October 1, 2011 giving tenants most, if not all, of the rights recommended by the Work Group.</p>	<p><b>Committee Discussion and Comment</b></p> <p>No specific discussion based on response that issue has been addressed.</p>	<p><b>Potential Next Steps</b></p> <p>None needed.</p>
<p><b>Protections for Tenants in Foreclosed Properties</b></p> <p>The Work Group recommends enactment of local protections similar to the federal Helping families Save Their Home Act.</p>	<p><b>Executive/DHCA Response</b></p> <p>The federal law has been extended to December 31, 2014.</p>	<p><b>Committee Discussion and Comment</b></p> <p>No specific discussion as federal law had been extended.</p>	<p><b>Potential Next Steps</b></p> <p>None needed.</p>
<p><b>Tenant Advocacy Organization</b></p> <p>The Work Group recommends an independent tenant advocacy organization that is funded by a landlord-tenant fee.</p>	<p><b>Executive/DHCA Response</b></p> <p>The Executive recommended, and the Council approved, funding in FY12 and FY13 for the Renters Alliance through a Community Grant</p>	<p><b>Committee Discussion and Comment</b></p> <p>No specific discussion</p>	<p><b>Potential Next Steps</b></p> <p>None needed at this time. Revisit the funding issue as a part of the FY14 Budget.</p>
<p><b>Condominium Conversion</b></p> <p>The Work Group recommends that a majority of tenants must vote to approve a condominium</p>	<p><b>Executive/DHCA Response</b></p> <p>The Executive believes that County Code and State law provides substantial protections</p>	<p><b>Committee Discussion and Comment</b></p> <p>No specific discussion</p>	<p><b>Potential Next Steps</b></p>



<p>conversion.</p> <p>Include information on resources that can provide guidance for tenant organizations, moving assistance, and financial counseling in the Condominium Conversion Handbook.</p>	<p>to tenants facing conversion.</p> <p>Executive supports providing additional information in the handbook. The Executive disagrees that Tenant Advocacy Organization should be the resource for information, DHCA should continue to have a responsibility.</p>		
<p><b>Building Inspections</b></p> <p>The Work group recommends that building should be inspected every year except that buildings with no violations would then be inspected every 3 years. The 3-year inspection should include 100% of units. Buildings with repeat inspections should pay for the increased inspection schedule.</p> <p>Tenants should be notified in advance of so they can anonymously request certain areas be inspected.</p> <p>Tenants should be allowed to grant access to an inspector to enter a unit if the tenant is not at home. Tenants should be</p>	<p><b>Executive/DHCA Response</b></p> <p>Yearly inspections are not practical and there is not evidence that the current process is not working. Newer buildings may not need to be inspected as frequently as older buildings.</p> <p>Current procedure s to provide for more frequent inspections of building with a history of violations. DHCA will explore the option of increased fees for increase inspections for buildings with repeat violations.</p> <p>Tenants are notified by postcard of inspections and can remain anonymous.</p> <p>County Code requires that a</p>	<p><b>Committee Discussion and Comment</b></p> <p>No specific discussion</p>	<p><b>Potential Next Steps</b></p> <p>Allow DHCA to consider adjusting inspections fees for more frequent inspections. Schedule discussion after DHCA has completed its review.</p>

<p>given reasonable accommodation to be present when the inspection occurs.</p> <p>Code enforcement should have the flexibility to conduct inspections on weekends and evenings without a specified emergency.</p> <p>There should be a procedure to allow tenants to make repairs and deduct the cost from the next month's rent if the landlord does not make repairs in a specified amount of time.</p>	<p>landlord grant access for an inspection after reasonable notice to the tenant. If a tenant requests to be present, code enforcement staff will make arrangements.</p> <p>Inspections can be scheduled outside normal business hours.</p> <p>The Executive does not support the recommendation to allow tenants to deduct the cost of repairs and believes that current escrow and code enforcement can address legitimate concerns of tenants.</p>		
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OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
County Executive

MEMORANDUM

July 12, 2012

TO: Nancy Floreen, Chair  
Planning, Housing and Economic Development Committee

FROM: Isiah Leggett, County Executive 

SUBJECT: Voluntary Rent Guideline – Tenant Work Group

In March of this year, DHCA Director, Rick Nelson, provided the PHED committee a comprehensive update as to action on each of the fifty recommendations of the Tenant Work Group (TWG). DHCA has since issued and printed a revised Landlord-Tenant Handbook.

I support the great majority of the TWG recommendations, most of which have been, or are in the process of, being implemented by DHCA. The primary outstanding issues are the Annual Rental Survey, better adherence to the Voluntary Rent Guideline (VRG), Tenant Advocacy, including an OLTA that is perceived by tenants as more “tenant friendly and an advocate for tenants.”

I have recommended, and you have approved, in the FY12 and FY13 budgets funding for the start up of the Renters’ Alliance. This advocacy group, which will hopefully become totally self sufficient, is a visible step toward County support of tenant rights (and responsibilities) and the value of a countywide organization advocating for tenants. In view of the comments received from the TWG, steps are being taken to improve the perception of Office of Landlord-Tenant Affairs (OLTA),. An organizational change within DHCA or OLTA is not necessary to address this issue.

During the March meeting, there was some discussion about a modified rent stabilization proposal raised, during that meeting, by Councilmember Elrich. The discussion centered on different steps that could be taken by the county depending upon how much a landlord’s aggregate rent increase exceeded the VRG. While this proposal is not as stringent as strict rent control, it is still a form of rent control, which I do not support.

In an effort to better address the issue of increasing rents and affordability by renters, I am submitting a proposal to enhance Voluntary Rental Guideline Compliance. Implementation of this proposal should substantially accomplish our mutual goals without taking any steps toward rent stabilization.



**Proposal to Enhance Voluntary Rental Guideline Compliance**

- The rent increase notification requirements, for increases above the voluntary rent guideline (VRG), will be changed from the current 60 days to 90 days. This change will allow tenants adversely impacted by a rent increase additional time to locate new housing.
- The notification requirements for tenants wishing to terminate their lease, after receiving a notification of a pending rent increase above the VRG, would be reduced from 60 days to 30 days. This change would give tenants wishing to move more time and flexibility to find housing that is consistent with their budgets.
- Citations will be issued for landlords not submitting rental survey information. The code currently provides up to \$1,000 fine for non submittal of required information. The DHCA website will list those apartments which have received citations.
- Mandatory reporting of rent increases on a unit-by-unit basis by owners in conjunction with the DHCA annual rental facility survey conducted each April. Properties with 12 or more units will be required to report via web based reporting the current rent, the proposed new rent, the percentage increase, and the percentage increase over the voluntary rent guideline.
- Properties reporting rent increases above the voluntary rent guideline will be required to provide justification for the increase, which the Department may analyze and verify.
- The aggregate data collected in the rent increase survey will be available on the DHCA web site in the following categories:
  - Properties that comply with the VRG;
  - Properties with increases from 101–125% of VRG;
  - Properties with increases from 151%–200% of VRG;
  - Properties with increases over 200% of VRG.
- Additional DHCA staffing resources may be required to ensure compliance, verify the accuracy of information received, and to analyze the data to identify trends
- The Department will research and analyze the different models used by owners to calculate rent increases and reconcile those models with the VRG model
- If a property owner does not comply with mandatory reporting (currently required by the code,) enforcement will be more actively pursued under the provisions of Chapter 29, Section 51, which provides a fine up to \$1,000 for non compliance.

- DHCA will make available the number of landlord-tenants complaints received by the Landlord-Tenant Commission for resolution for each property and provide information regarding the final resolution on an annual basis.
- A recognition program could be established to acknowledge landlords who adhere to the voluntary rent guideline.

These measures are designed to give tenants the ability to make informed economic decisions with regard to their housing choices by having more detailed information regarding owner performance and the opportunity to minimize the impact of rent increases above the VRG. In addition, the increased notification time by owners and the reduced time for tenant notification of lease non-renewal will give tenants 60 days to seek alternative housing if the rent increase above the VRG is beyond the renter's budgetary constraints.

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# Gazette.Net

Maryland Community News

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*Published: Wednesday, July 18, 2012*

**Montgomery County Executive Leggett proposes 11-point renters plan** *Kate S. Alexander*  
*Staff Writer*

As the Montgomery County Council discusses renter rights, County Executive Isiah Leggett has offered an 11-point plan to strengthen the county's voluntary rental guidelines.

Leggett (D) opposes rent control because it could stifle economic development and limit affordable housing stock.

Still, he said he believes changes are necessary to better serve renters.

Leggett's plan comes as the county's Planning Housing and Economic Development committee continues discussions of rental issues, during which Councilman Marc B. Elrich floated the idea of rent stabilization.

"I feel it is not wise to pursue that effort," Leggett said of rent stabilization, adding "but I do believe there are things we can do."

Leggett's proposal would not prevent large rent increases, but rather make increases more transparent. It would give tenants more warning, justification for increases and time to find alternative housing, he said.

Mandatory reporting of rent increases, unit by unit, would be required under Leggett's plan, as would enforcement of existing fines of up to \$1,000 for landlords who do not submit a required rental survey. Data collected by the survey would be published on the Department of Housing and Community Affairs (DHCA) website.

DHCA would provide the number of landlord-tenant complaints received by the county's Commission on Landlord-Tenant Affairs — a 15-member commission appointed to settle disputes between landlords and tenants and hear apartment license revocations appeals — and annually provide information on the resolution of those disputes.

For tenants, when landlords increase rents higher than the guidelines, Leggett would increase the required notice landlords must provide tenants from 60 days to 90 days, while at the same time reducing the notice tenants must give to landlords for terminating their lease because of a pending rent increase from 60 days to 30 days.

Leggett said his proposal should help mitigate the impact of rent increases above the voluntary rental guidelines.

"It's consistent with his view and inconsistent with a policy that tries to preserve affordable housing in the county," Elrich said. "It's the usual stuff we hear so they will be perfectly free to do whatever they want to do, and those units will be lost and there is no credible way to replace them."

About two years ago, Elrich unsuccessfully pursued rent control.

In April, he floated an idea for "rent stabilization" that deviated from traditional rent control.

Elrich (D-At large) of Takoma Park said he would like to set a limit, similar to the county's existing voluntary rental guidelines, up to which landlords can increase rents without explanation. A higher increase would need to be justified, while large increases would need to be vetted by an independent rental analyst.

New units could be exempt from any rent stabilization legislation for a period of about seven years so landlords could figure out their operating costs.

Matt Losak, executive director of the Montgomery County Renters Alliance, said that Leggett and Elrich both acknowledging that there is a problem in the county with rising rents and rental affordability is a welcome first

step.

But a \$1,000 fine, even if enforced, is small enough that it could be seen by corporate landlords as the cost of doing business, he said.

"We are pleased, with the exception that it needs teeth," Losak said. "In my view it does not go far enough. It needs to be more compelling than mere publicity."

Even with efforts to enhance reporting by DHCA, transparency still would be an issue, as would accuracy of the data, Losak said.

Aspects of Leggett's proposal are good, Elrich said, adding that the executive is not unsupportive of efforts to monitor landlords and require better reporting.

"But at the end of the day if you can do all of that stuff and there is no break on exorbitant increases, we are going to have trouble," Elrich said. "You are not going to effectively deal with the problem you say you want to deal with unless you are willing to [stabilize rents]. Everything else is just window dressing."

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McMillan, Linda

From: Matt Losak [info=rentersalliance.org@mail125.us2.mcsv.net] on behalf of Matt Losak [info@rentersalliance.org]
Sent: Tuesday, July 17, 2012 12:35 PM
To: McMillan, Linda
Subject: Renters Alliance News AND MEMO!

Tired of high rents? Unreasonable rent increases? Abusive or neglectful landlords? Not being heard as a renter? The Montgomery County Renters Alliance, Inc. has arrived. Email not displaying correctly? View in your browser



A New Voice for Renters



(We were not able to attach the County Executive memo to the first email. It is now embedded in the text of this story below)

County Executive Isiah Leggett Offers Counter Proposal to Councilman Marc Elrich's Rent Stabilization Model



During the March Planning, Housing and Economic Development (PHED) hearing in Rockville Councilman Marc Elrich proposed a system of rent stabilization that essentially called for landlords to provide justification for rents 150% over the county rent increase guidelines and approval of such justifications for increases 200% or above. Last week, in advance of this Thursday's follow up hearing, County Executive Ike Leggett offered a counter proposal that requires a similar gradation of increase percentages and justifications, but fails to bar landlords from raising rents any amount. Instead, Mr. Leggett offers to increase the required landlord rent increase notice to tenants from 60 days to 90 days and allows tenants to move with as little as 30 days notice instead of the required minimum of 60 days (See full memo).



While we at the Renters Alliance are glad to see for the first time real acknowledgement that renters are facing soaring rents and unpredictable and unfair rent increases, in our view, Mr. Leggett's proposal does not go far enough. Without rent stabilization law that forbids price gouging, renters are increasingly being priced out of their homes. Tell us what you think. Come to the PHED Committee hearing Thursday, July 19, 2 p.m., 100 Maryland Avenue, Rockville, 7th Floor.



Renters Alliance Outreach Expands Database Beyond 1,000

More than 25% of Montgomery County resident are renters. And that number is growing.

Outreach Coordinators have fanned out across Montgomery County distributing literature, speaking to tenant groups and signing up interested renters and supporters of our cause. Tell your friends and neighbors to join up. Volunteer with us. Invite us to your building or association meeting. The Renters Alliance grows stronger with every voice, name and email we add. To get involved, visit our website at www.RentersAlliance.org.

Commission on Aging Studies Senior Rental Housing

The Commission on Aging (CoA) has agreed to study the issues seniors face as renters in MoCo. Thanks to the persuasive passion of Sarah Gotbaum, a CoA participant and Renters Alliance board member, the CoA will be looking into how the county develops and maintains affordable renter stock, policies that affect affordability and renters rights, among other issues. At the invitation of the CoA, Matt Losak, the Renters Alliance executive director, outlined many of the issues faced by senior renters in the county including rent increases far surpassing the affordability of seniors on fixed incomes. Interestingly, at the same meeting, Ms. Laura Murray, a landlord representative on the county's Commission on Landlord Tenant Affairs—the body that decides disputes between landlords and tenants, stated that she uses rent increases to "encourage good behavior" among renters. Losak pointed out that such increases would be illegal if used to retaliate against renters. Much more work needs to be done.

Visit us at www.RentersAlliance.org

http://gallery.mailchimp.com/e5a3e055f31c1170ef855ec71/files/CE\_memo\_to\_PHED\_Voluntary\_Rent\_Guidelines\_1\_.pdf

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2/25/2012

Dear Matthew Losak,

It's hard to believe another year has passed. We hope you're enjoying not only your apartment at Cole Spring Plaza Apartments, but also the many wonderful services and conveniences we proudly provide for our residents. While the management team at Cole Spring Plaza Apartments, strives to offer the exceptional home environment you've come to expect—and to keep your rent as low as possible—we must raise our rental rates at this time due to rising operating costs.

Because we love having you here at Cole Spring Plaza Apartments, we want to take this opportunity to offer you **substantial savings** on a one-year lease.

Therefore, in accordance with your present Lease Agreement—which requires **60-days notification** for any increase—we will be modifying your rental amount as detailed below, for an additional one (1) year lease term with a new expiration date of **April 30, 2013**. All other provisions of your lease agreement, terms, conditions, any amendments and Rules & Regulations, dated **April 1, 2011**, will remain in effect and unchanged.

Effective Date of Increase	May 1, 2012
Current Rent	\$1,300.00
Increase Amount	\$150.00
Pet Rent/Storage Fee	\$0.00
Parking Fee (\$100 per space, if applicable)	\$0.00
<b>New Rent</b>	<b>\$1,450.00</b>
Percentage of Increase	11.6 %

The voluntary rent guideline recommended by Montgomery County is 2.0%. This guideline is published by the County Executive based on figures from the U.S. Department of Labor rent component of the Consumer Price Index for the Washington-Baltimore metropolitan area for the preceding calendar year.

If you wish to extend your Lease on a 60-Day to 60-Day basis, your rent will increase \$350.00, which includes additional charges listed above. Therefore, your new rent will be \$1,650.00, which represents an increase of 27 % on your Current Rent. Beginning with your payment due May 1, 2012.

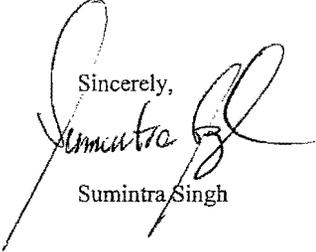


Please understand that when executed and returned to us, this letter will have the effect of being an addendum to your lease and will only modify and amend your lease expiration date and rental rate.

Please have each of the parties indicated above sign and date this letter indicating your intentions below on or before April 15, 2012.

You may ask the Montgomery County Department of Housing and Community Affairs (240-777-3600) to review any rent increase which you consider excessive.

If a properly signed and executed letter is not returned to our office by April 15, 2012, your new monthly rental rate will be \$1,650.00 beginning May 1, 2012, and your current lease will be extended on a 60-day to 60-day basis. If you have any questions, please call me at 301-587-6000

Sincerely,  
  
Sumintra Singh

\_\_\_\_\_  
Resident's Signature  
I accept the terms of the lease renewal indicated above.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident's Signature  
I accept the terms of the lease renewal indicated above.

\_\_\_\_\_  
Date

**OR:**

\_\_\_\_\_  
Resident's Signature  
I elect to continue on a 60-Day to 60-Day basis  
at the rental rate indicated above.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident's Signature  
I elect to continue on a 60-Day to 60-Day basis  
at the rental rate indicated above

\_\_\_\_\_  
Date

*.Rent Increase Letter-Mont County(requiring signature) 2011*



**Cole Spring Plaza Apartments**

**Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards**

**Lead Warning Statement**

*Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling. Residents must also receive a Federally approved pamphlet on lead poisoning prevention. If the community is located in Maryland, the residents must receive the Maryland State approved pamphlet, prepared by MDE on lead poisoning prevention and tenant's rights.*

**Lessor's Disclosure (initial)**

S.S (a) Presence of lead-based and/or lead-based paint hazards (check one below):  
Known lead-based paint/or lead-based paint hazards are present in the housing (explain). \_\_\_\_\_

X Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

S.S (b) Records and reports available to the lessor (check one below):  
Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below). \_\_\_\_\_

X Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

\_\_\_\_\_ (c) Certified lead-free, pursuant to Annotated Code of Maryland [Envir.], 1996.

**Lessee's Acknowledgment (initial)**

N/A (d) Lessee has received copies of all information listed above.

\_\_\_\_\_ (e) Lessee has received the pamphlet *Renovate Right*.

\_\_\_\_\_ (f) Lessee has received the pamphlet *Lead Poisoning Prevention, Notice Of Tenants' Rights*, as required by Maryland Environmental Article 6-823. (In Maryland only.)

**Agent's Acknowledgment**

S.S (g) Agent has informed the lessor of the lessor's obligations under 42 U.S.C. 4852 (d) and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

\_\_\_\_\_  
Lessor Date

\_\_\_\_\_  
Lessor Date

\_\_\_\_\_  
Lessee Date

\_\_\_\_\_  
Lessee Date

\_\_\_\_\_  
Agent Date

\_\_\_\_\_  
Agent Date



DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Isiah Leggett  
County Executive

Richard Y. Nelson, Jr.  
Director

MEMORANDUM

March 12, 2012

TO: Nancy Floreen, Chair  
Planning, Housing and Economic Development Committee

FROM: Richard Y. Nelson, Jr., Director *RYN*  
Department of Housing and Community Affairs

SUBJECT: Montgomery County Tenants Work Group Report

On behalf of the County Executive, I am pleased to respond to each of the recommendations of the Montgomery County Tenants Work Group (TWG) in the order in which they are presented in the TWG Report.

1. **Recommendation:** The voluntary rent survey that forms the basis of the Annual Report should be replaced with a mandatory, verifiable and valid annual report.

**Response:** The County Executive supports making the response to the Annual Rental Facility Report mandatory for all rental facilities of 12 or more units that are licensed by Montgomery County. Even though the current response rate for such properties is 95+%, he is not opposed to making reporting mandatory. However, the Annual Rental Facility Report also includes information from rental facilities over which DHCA does not have licensing authority. The response rate in these jurisdictions (Rockville, Gaithersburg and Takoma Park) is approximately 90%.

2. **Recommendation:** The revised Annual Rental Facility Report should be easily accessible on the Internet.

**Response:** The Annual Rental Facility Report is posted on the DHCA Departmental webpage and is readily accessible to the public.

3. **Recommendation:** The revised Annual Rental Facility Report should provide information by zip code, with online access to sort by various criteria. The report should also identify regions of the county, such as the Silver Spring Central Business District (CBD), Long Branch and the City of Rockville. The rent comparisons should also be grouped by unit size within each location.

Office of the Director

100 Maryland Avenue, 4th Floor • Rockville, Maryland 20850 • 240-777-3600 • 240-777-3677 FAX  
[www.montgomerycountymd.gov/dhca](http://www.montgomerycountymd.gov/dhca)

**Response:** The report now provides information by zip code, unit size, and identifies groupings and regions of the county as recommended. The ability to sort might be provided in the future.

4. **Recommendation:** All County responses to calls regarding rent increases should be standardized and all calls received on this subject should be recorded.

**Response:** The Office of Landlord-Tenant Affairs ("OLTA") and MC311 provide a standardized answer to inquiries regarding rent increases. The implementation of the MC311 System ensures that a record of all such calls is maintained.

5. **Recommendation:** Rent increase notices should state clearly who tenants may contact (with phone, address, website, and email information) if they deem the rent increase to be excessive.

**Response:** County law requires that landlords inform tenants that they have the right to contact DHCA if they believe their increase is excessive. Tenants will be given MC 311 as the number to call for complaints regarding excessive rent increases. Action will be taken to ensure that all landlords are made aware of the MC311 requirement.

6. **Recommendation:** The formula for calculating the rent guidelines should be reviewed and potentially revised to provide a better standard for determining fair rental adjustments.

**Response:** DHCA and the Apartment and Office Buildings Association have attempted to identify a different formula to address some expressed concerns. However, an alternative formula for calculation has not been identified. The Executive will consider an alternative formula suggested by any interested group.

7. **Recommendation:** The required 60-day notice that landlords must give tenants regarding rent increases should be extended to 90 days.

**Response:** The County Executive agrees with this recommendation and will support such an amendment to Chapter 29.

8. **Recommendation:** To maintain reasonable and predictable rent increases, a rent stabilization law for Montgomery County should be enacted. This law should include provisions to provide a fair rate of return for property owners and reasonable rent adjustments for tenants. In addition, it should also include the following:

- A preamble describing why the law is being enacted and describing the conditions that make the rent stabilization necessary;
- Specific language that identifies which types of units are covered; the legislation should be as comprehensive as possible. Mandatory registration for all rental units covered by rent stabilization;
- Identification of the agency to be charged with the administration and enforcement of rent stabilization measures, such as a Rent Board or Office of Rent Administration;

- The amount of permissible annual rent increases;
- Allowance for renters to contribute reasonable additional payments beyond the cost of rent to cover the cost of unit improvement. These contributions should be time-limited, limited in quantity, and should not be added to the base rent;
- Non-waiverable clauses so that tenants and landlords cannot "opt out" of the legislation;
- Strong enforcement provisions; and
- No vacancy decontrol.

**Response:** The County Executive does not support this recommendation.

9. **Recommendation:** Montgomery County should pass legislation limiting or banning rent surcharges for month-to-month tenants. To increase predictability for landlords regarding unit occupancy, month-to-month tenants under this law should be required to give at least two month's notice before vacating a unit and be fully liable for rent obligations during this period.

**Response:** The majority of landlords do not impose a surcharge on month-to-month tenancies. However, when imposed they can be substantial. Therefore, the Executive supports legislation that would prohibit rent surcharges for month to month tenancies after the expiration of the initial lease term. A two month notice is already required for vacating units in multi-family rental facilities. The Executive supports extending this notice requirement to all tenancies.

10. **Recommendation:** We recommend the passage of a just-cause eviction law in Montgomery County. Just-cause eviction laws, also known as "good-cause" eviction laws, balance the interests of landlord choice and tenant need for predictability by requiring landlords to articulate a specific reason for the termination of a tenancy. Absent a valid reason as enumerated in a local statute, the tenancy may continue. These reasons may include:

- Tenant is delinquent in rent payments;
- Tenant engages in criminal activity on the property;
- Tenant causes substantial damage to the unit; and/or
- Owner seeks to permanently remove the unit from the rental market and/or seeks to use the unit for the lodging or care of an immediate family member. Just-cause eviction laws are currently enforced in the following jurisdictions, among others: Washington, DC, New York City, Los Angeles, Seattle, Chicago, San Francisco, and the states of New Jersey and New Hampshire.

**Response:** The County Executive does not feel there is a need for this legislation.

11. **Recommendation:** To protect tenants' ability to lodge housing code complaints and to organize tenants' associations free from retaliation by landlords, the TWG urges the passage of retaliatory eviction legislation by Montgomery County. This type of legislation would contain the following elements:
-

- A list of protected tenant activities, including: making a good faith complaint to a governmental authority regarding code violations or illegal landlord activity; steps taken by a tenant to assert rights as a tenant under law and/or under lease and participating in and/or organizing a tenant' association;
- A list of specified penalties for a finding of retaliation by a landlord;
- Establishment of retaliatory eviction as the basis for a civil suit, in which the aforementioned rebuttable presumption would not apply; and,
- A requirement that landlords specifically state why a tenancy is not being renewed when the non-renewal comes after a month-to-month tenant has engaged in a protected activity.

**Response:** The County Executive does not support this recommendation since adequate protections against retaliatory eviction already exist in both State and County law. The State retaliatory eviction clause was amended effective October 1, 2011, giving tenants most, if not all of these rights.

12. **Recommendation:** Recently passed federal legislation (Helping Families Save Their Homes Act) adequately protects tenants living in foreclosed properties, but legislation should be enacted at the local level to ensure that these protections extend beyond the end of 2012, when the federal statute is set to expire.

**Response:** No action is needed regarding this recommendation since this law has been extended and does not expire until December 31, 2014.

13. **Recommendation:** The TWG recommends that County law standardize a reasonable process for subletting, including criteria for an adequate substitute tenant. These criteria should be included in the standard lease.

**Response:** The County Executive agrees with this recommendation and will propose specific guidelines for subletting. An amendment to Chapter 29, Landlord-Tenant Relations, Montgomery County Code, will be required to implement such a guideline.

14. **Recommendation:** Condominium conversions: A majority of the tenants (51 percent) must vote to approve a condo conversion.

**Response:** The County Executive does not support this recommendation. Chapter 11A of the County Code and Title 11 of the State Real Property Article provide substantial protections for tenants facing conversion of a rental facility to condominium status.

15. **Recommendation:** Tenants must be given clear information about the condo conversion process and law. The handbook should:
- Clearly outline options available to tenants;

- Include resources that can provide guidance for tenant organizations that choose to exercise the option to buy the building. Identified resource organizations need to be experienced and skilled in this area/ A tenant advocacy organization (see Issue IV, section a for TWG recommendation) should be the resource clearinghouse for information.
- Include information about moving assistance (if any exists) and apartment search help;
- List resources to help with financial counseling if they want to consider purchasing a condo unit.
- The condo conversion handbook should be required to be distributed to tenants at the same time that a Notice of Intent to Convert to Condominiums (NICC) is issued.

**Response:** The County Executive supports this recommendation that additional information be provided in the Condominium Conversion Handbook. However, the Executive does not support the recommendation that information concerning tenants' rights, etc. in the event of a conversion be exclusively disseminated by a tenant advocacy organization. DHCA staff should retain its responsibility to disseminate such information. Finally, it should be noted that, in the event of a conversion, tenants have a right to purchase their individual unit, not the entire rental facility.

16. **Recommendation:** Lease language should be clear about the use of the security deposit and the interest paid. The sample lease includes language regarding security deposits but it is not easily understandable and should be clarified.

**Response:** The language in the model lease promulgated by DHCA substantially mirrors State law. It is clear and understandable.

17. **Recommendation:** The law should be modified so that a tenant has a less cumbersome alternative to certified mail in order to request to be present at the move-out inspection.

**Response:** The County Executive supports this recommendation. Implementation will require amending state landlord-tenant law.

18. **Recommendation:** Buildings should be inspected every year. Buildings that have no substantial violations should be inspected every three (3) years. Buildings with repeated violations should be inspected every year. Every three (3) years, inspections of those buildings should include 100% of the units.

**Response:** A blanket requirement to inspect all buildings every year is not programmatically or fiscally practical. Buildings that are less than ten years old and/or buildings that have high rents do not need to be inspected as often as older and more moderately priced rentals. The current inspection procedure of 10% of units and common areas is sufficient to ensure code compliance for such properties. Properties that are older are already inspected on a basis more frequent than that required by statute. No evidence has been provided that the current administrative process is not working. Therefore, the Executive does not support the change that TWG is proposing.

Current code inspection procedures do take into account the necessity and reality of inspecting, on a more frequent basis, properties that have a history of violations. Such more frequent inspections are standard operating procedure.

19. **Recommendation:** Owners of buildings with repeat violations should pay for the increased inspection schedule.

**Response:** This is an approach that warrants consideration and the Executive has directed DHCA to further review the issue.

20. **Recommendation:** Tenants should be notified in advance of upcoming inspections so that they may submit requests anonymously for certain areas or units to be inspected. Landlords should not be told if there were anonymous requests for inspections.

**Response:** Tenants are notified of inspections via a postcard in both English and Spanish. A tenant can remain anonymous regarding a request for an inspection of his or her particular unit as part of an overall inspection of the rental facility.

21. **Recommendation:** Tenants should have the right to grant access to an inspector to enter a unit if the tenant is not home. Tenants should be given reasonable accommodation to be present when the inspection will occur.

**Response:** Chapter 26, *Housing Maintenance Standards*, requires that a landlord, after reasonable notice to a tenant, grant access to an apartment for inspection by housing code staff. It is the landlord's responsibility to provide proper notice to tenants that an inspection of the property has been scheduled. If a tenant requests to be present when an inspection occurs, these arrangements are currently being made by housing code staff.

22. **Recommendation:** The Landlord-Tenant Handbook should be clearer about when and how code enforcement staff can be contacted. It should also make clear that the caller may remain anonymous.

**Response:** DHCA will revisit the language in the Handbook to ensure that it is clear as to how tenants can contact Code Enforcement and that they may remain anonymous when making a complaint.

23. **Recommendation:** Code enforcement staff should have the flexibility to conduct inspections evenings or weekends without a specified emergency. Sometimes, some of the possible violations are more apparent evenings or weekends. An after-hours phone number should be available for emergencies.

**Response:** Code inspections are, upon request, scheduled outside of normal business hours.

24. **Recommendation:** DHCA should develop a new procedure to allow tenants to make repairs and deduct the cost from the next month's rent in the case that landlords do not make necessary repairs for a code violation after a specified amount of time. The tenant must submit this proposal to DHCA to ensure that they are entitled to "repair and deduct".

**Response:** The current State rent escrow procedure coupled with action by code enforcement to ensure that rental units are in compliance with Chapter 26 are adequate to address legitimate concerns of tenants in this area. The Executive does not support this recommendation.

25. **Recommendation:** All information sources-including the website, the Landlord-Tenant Handbook, and telephone conversations-need to clarify that landlords and tenants may not be required to file a formal complaint in order to get help with resolving an issue.

**Response:** The County Executive supports this recommendation. This information has been added to the draft of the revised Handbook.

26. **Recommendation:** Within practicable limits, exceptions should be allowed to the standard practice of sending copies of complaints from tenants to the landlord. OLTA staff should offer this option to callers with the disclaimer that some issues may not be able to be addressed without identifying the tenant or unit number.

**Response:** This is current DHCA staff practice.

27. **Recommendation:** As part of the County's new MC311 phone and online information and service request system, all complaints should be given an identification number so that the caller can follow up and complaints can be tracked.

**Response:** All MC311 contacts are given a unique identification number (Service Request No.) so that the caller can follow-up on his/her inquiry.

28. **Recommendation:** Records should be kept of all calls, including those resolved before a formal complaint is filed.

**Response:** All transactions are now recorded in the MC311 system, including walk-in customers for OLTA staff.

29. **Recommendation:** The Handbook should include an area for a communication log to track contact with management.

**Response:** The Handbook contains two "Note Sections" for the recording of such information.

**30. Recommendation:** It should be explicitly stated on the website and other documents detailing the work of the Landlord-Tenant Commission that members of the Commission must recuse themselves from any case where they may have a conflict of interest.

**Response:** Commissioners do recuse themselves from such cases. This information will be added to the DHCA Website.

**31. Recommendation:** A standard lease should be required and written in plain language. Addenda may be added, as needed. If addenda are included, then tenants have two business days after signing to back out of the lease. That information should be included in the standard lease.

**Response:** In general, the County Executive supports this recommendation and approval by the County of all addenda to leases. However, the County Executive does not support a blanket two day right of rescission.

**32. Recommendation:** The standard lease should include a preamble with major tenant and landlord rights and obligations clearly described.

**Response:** The County Executive supports this recommendation. DHCA staff will incorporate such a preamble in the model lease.

**33. Recommendation:** Any supplemental fees should be clearly enumerated in the lease.

**Response:** No need for any action. In order for fees to be legally enforceable, they must be enumerated in the lease.

**34. Recommendation:** Tenants should have 30 days after signing a lease to change from a one-year to a two-year lease.

**Response:** The County Executive does not support this recommendation. Current law requires a landlord to offer a two-year lease option when signing the lease.

**35. Recommendation:** A two-year lease should be offered at every lease renewal.

**Response:** The County Executive supports this recommendation.

**36. Recommendation:** The availability of DHCA's "Wear and Tear" Handbook should be referenced in the lease.

**Response:** DHCA staff will incorporate such a reference in the model lease.

37. **Recommendation:** The Landlord-Tenant Handbook should be given out to each new tenant. A modest increase to the licensing fee could be used to fund printing costs.

**Response:** The Handbook is readily available on-line. Landlords will be encouraged to make copies available for tenants and/or provide information as to availability.

38. **Recommendation:** The Handbook should clarify appropriate uses of fees by landlords.

**Response:** The County Executive supports this recommendation. DHCA will make appropriate changes to the handbook to further clarify the nature of fees that are permissible under both state and county landlord-tenant laws.

39. **Recommendation:** Copies of the model lease and other documents should be made available in the most commonly spoken languages in the County on the DHCA website and for distribution throughout the County.

**Response:** The model lease and other landlord-tenant information are available in English and Spanish.

40. **Recommendation:** The license that is displayed should include a working telephone contact number. That number should also be included in the lease. The Landlord-Tenant Handbook and website should provide guidance on how to identify the property owner/responsible party.

**Response:** The County Executive supports this recommendation. DHCA staff will take appropriate action to require the recommended license information and to add a section to the handbook regarding how to identify the owner of the rental property.

41. **Recommendation:** The Landlord-Tenant Handbook and DHCA's website should clarify procedures regarding repairs.

**Response:** DHCA staff will review language and make clarifications where necessary.

42. **Recommendation:** The Landlord-Tenant webpage should be referenced on the Office of Consumer Protection website.

**Response:** The Landlord-Tenant webpage is now referenced on the Office of Consumer Protection website.

43. **Recommendation:** The Landlord-Tenant Handbook should include public and private resources for renters.

**Response:** The Handbook currently includes resources for renters. This information will be reviewed to determine if additional resources should be included in the revised Handbook.

44. **Recommendation:** The Landlord-Tenant Handbook and other resources lists should be translated and made available in the most commonly spoken languages in the County.

**Response:** The Handbook and other landlord-tenant resources are currently available in English and Spanish. Additional translation capabilities are available in the County for those requiring assistance in other languages.

45. **Recommendation:** MC311 Service-Information for tenants and landlords should be integrated into the County's planned central MC311 system.

**Response:** Such integration has been accomplished.

46. **Recommendation:** Copies of the Landlord-Tenant Handbook should be made available through the County libraries, housing agencies, Health and Human Services offices, and other County agencies that have significant public contact.

**Response:** Copies of the new edition of the Handbook will be available to these agencies.

47. **Recommendation:** Information on County websites should be reviewed to be more user-friendly. For example, the "Rent Increases-Tips for Tenants" on DHCA's website should outline options available and refer tenants to the (revised) Annual Rental Facility report to identify comparable units.

**Response:** DHCA website will be reviewed by staff and appropriate changes will be made.

48. **Recommendation:** Outreach-County housing agencies should engage in sustained outreach efforts, in collaboration with community-based organizations to educate tenants about their rights and applicable County laws.

The Office of Landlord-Tenant Affairs should work with each County Regional Services Center to conduct at least one scheduled and publicized renters' meeting per year.

Staff from housing agencies and community-based group should collaborate on programming such as "housing information fairs" or booths at various existing community events, to ensure that residents have access to critical housing information and resources.

Efforts may include creating informational public access television programming, through free or low-cost resources such as Access Montgomery, regular programs or dedicated space for housing information at the County libraries, radio programs, and pod casts. Any programming could also be uploaded onto various County websites.

County agencies and community-based groups should collaborate on programming such as "housing information fairs" or booths at various existing community events, to ensure that residents have access to critical housing information and resources.

Specific outreach and education and education should target the frontline staff at nonprofit and government agencies with high levels of public contact who might not be familiar with housing programs and rights.

**Response:** DHCA staff is currently engaged in such outreach efforts. Based upon availability of staff resources, additional outreach will be undertaken.

49. **Recommendation:** Montgomery County should vigorously promote equal access for tenants who are blind, deaf, or have limited language or technology access.

The County should convene a housing language access task force comprised of relevant stakeholders (i.e. managers from agencies serving renters and landlords, nonprofit staff and County residents) to:

- Identify concerns;
- Collaborate on innovative initiatives to ensure equal access, and
- Create short and long-term goals for the County in language access.
- Data should be collected regarding the languages spoken by callers and visitors as well as interpretation and translation requests; and,
- County housing agencies should include a standard line item for translation and interpretation in all budget requests from federal funding sources (including Community Development Block Grants and other HUD funding streams).

**Response:** The County Executive supports and aggressively promotes equal access by all to County resources. The Executive is comfortable that current Executive Branch efforts in this regard are adequate.

50. **Recommendation:** The County should provide leadership in forming a Tenant Advocacy (TA) structure funded by a landlord-tenant fee.

The Tenant Advocacy structure should exist independently from County government.

The mission of the TA organization should include:

- Work and coordinate with government agencies to ensure that tenants have access to relevant information about their rights, and to support renters trying to understand their rights and responsibilities;
- Provide a strong advocacy voice for renters;
- Promote constructive dialogue between landlords and tenants;
- Support and facilitate the development of tenant organizations in rental housing; and,
- Support sustained outreach to renters throughout the County

**Response:** Since the issuance of the TWG report, the Montgomery County Renters' Alliance has been formed and is receiving funding from a community grant.

In addition, as evident from some jurisdictions in the area and around the nation, there are various roles that existing government agencies can play to ensure that tenants have access to information and can exercise their rights within the County:

- Dedicated County staff members who can facilitate information-sharing with community-based agencies and other stakeholders would create a critical complement to any non-governmental tenant advocacy structure that is created.

**Response:** Currently, DHCA staff are successfully engaged in this activity.

- Landlord-Tenant Resource Center – the TWG recommends the creation of some kind of a landlord-tenant resource center in Montgomery County District Court. This could be a useful role for the County to coordinate with private bar associations. A similar resource was created for the D.C. housing court to provide free advice and information to tenants and landlords who do not have lawyers.

**Response:** The County Executive supports this recommendation. Since the issuance of the TWG report, the District Court has instituted free legal services for civil cases and there is an attorney on duty at a call center daily to answer questions regarding civil cases at the District Court.

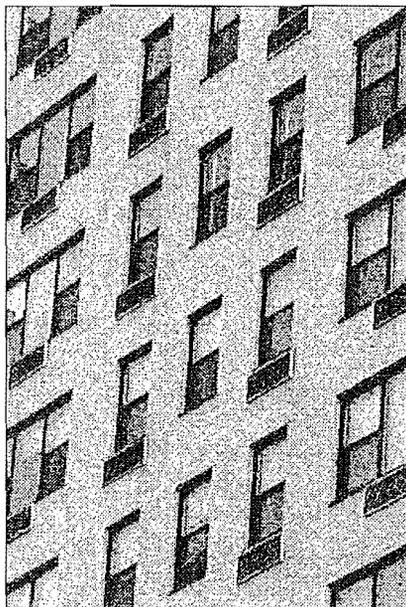
- The Office of Landlord/Tenant Affairs – the TWG Recommends that the Office of Landlord/Tenant Affairs is restructured (and possibly renamed), and that its role is very clearly defined, perhaps in a way similar to the Office of the Tenant Advocate in D.C. The changes in this office should not affect the ability of tenants to access any other remedies or assistance. In addition, this new version of OLTA could expand existing DHCA grants to community-based organizations that provide legal services and housing counseling to tenants and special populations, such as seniors, the disabled, domestic violence survivors, and immigrants.

**Response:** A major role and function of OLTA is to conciliate disputes between tenants and landlords. This function requires fair and impartial approach to each case which would be undermined by defining the office as Tenant Advocate. This notwithstanding, the office is trying to insure that it is viewed as a valuable resource for tenants and can be very helpful to them.

- The County should support the convening of existing non-profit and informal groups that currently work on tenant advocacy issues in the county to promote tenant coordination and collaboration. This group can also research best practices regarding improving relationships between landlords and tenants.

**Response:** The County Executive supports this recommendation. While DHCA staff are currently engaged in such efforts, additional efforts can have a positive impact.

Montgomery County  
**Tenants Work Group Report**



March 2010

## A Letter from the Chair

For thousands of people who live in Montgomery County, the need or choice to rent their homes is an important part of their quality of life.

Renting a home is often the only affordable option for young people newly on their own. For many people, renting a home provides flexibility and freedom from the issues associated with ownership. And for many older people, downsizing into a more carefree rental home is part of their retirement dream.

Whatever their reason, many Montgomery County residents are renters. In recent years, renters have identified a growing number of concerns that negatively impact their quality of life. Articulating these concerns to the County government and landlords has been difficult because, outside a limited role by County government, there is no formal, independent tenant advocacy entity to study, analyze problems, communicate effectively with landlords, or advocate for improvements.

In the summer of 2008, a committed and diverse group of Montgomery County renters, community organizations and officials came together to meet with County Executive Isiah Leggett to explore providing renters with an official forum to discuss and study issues unique to renters and to make specific recommendations to promote fair, affordable, and safe rental homes.

In October of 2008, Mr. Leggett appointed a group of diverse individuals and interests to address these issues on behalf of renters in the first-ever County Tenants Work Group (TWG).

TWG membership included several activists among renters in the community, including Maureen Ross, Felicia Eberling, Harrietta Kelly and myself. Alice Wilkerson, representing the office of State Senator Jamie Raskin, and Councilmember Marc Elrich designated to represent the County Council also participated. To ensure broad outreach to the County's largest ethnic communities, Mr. Leggett appointed Kim Propeak, Esq. and Guy Johnson, Esq., to represent CASA of Maryland, and Parag Kandhar, Esq., to represent the Asian and Pacific American Legal Resources Fund. Further, Mr. Leggett invited Dawn Wunderling, a property manager, and Lesa Hoover, Esq., from the Apartment and Office Building Association (AOBA), the major property owners' trade association, to join the group with their perspectives.

The County Executive was represented on the group by Special Assistant to the County Executive Chuck Short and Rick Nelson, Director of the Department of Housing and Community Affairs. The Tenant Work Group received expert staff support from Megan Moriarty and Ira Kowler from Impact Silver Spring and Patrice Cheatham and Valerie Johnson from the County government, along with Dale Tibbits and Debbie Spielberg from the Office of Councilmember Elrich.

While it is important to note that the Tenants Work Group was comprised of many different perspectives, it was substantially constituted to represent the interests of renters.

After a series of discussions to determine how best to approach the work ahead, the TWG tasked itself with the following mission:

- Accurately identify and quantify common and substantive problems confronting renters;
- Research best practices and successful tenant advocacy models in the region and the US
- Catalogue resources already available to renters across the nation;
- Review existing local and state codes with the intent of enhancing their effectiveness for protecting renters;
- Seek public input from a broad range of renters and other interested parties; and
- Identify potential solutions to challenges and problems.

To effectively carry out its mission, the TWG created four committees:

- Committee One was tasked with addressing tenant security and affordability;

- Committee Two examined issues surrounding code updates and enforcement;
- Committee Three explored landlord-tenant communication mechanisms and ongoing tenant advocacy in the County; and
- Committee Four looked at issues related to seniors and populations with special needs.

To better understand the concerns of renters, the TWG commissioned a formal renter survey conducted by Institute for Public Affairs and Civic Engagement (PACE) at Salisbury University under the oversight of Harry Basehart, Professor Emeritus of Political Science and senior adviser at PACE. The survey and its results are contained in this report.

Throughout the past year, the TWG has delved deeply into some of the core problems Montgomery County renters face. Bimonthly meetings were held at the County Executive's Office and they yielded extensive debates over the solutions found within this report. We heard from experts including Assistant County Attorney Nowelle Ghahhari, Esq., Division Chief of Housing and Code Enforcement Joe Giloley, Code Enforcement Manager Dan McHugh and Matthew Moore, Esq., a landlord attorney and chair of the County's Landlord/Tenant Commission.

In addition, the TWG reached out to County residents in a series of four public meetings held in Silver Spring (Briggs Chaney and Long Branch), Gaithersburg, and Rockville. Additional meetings were held at the Willow Manor at Colesville and Leafy House Senior Center in Silver Spring. A website was established to report meeting progress and receive input from interested residents.

As a result of this research, the TWG identified several significant challenges confronting renters in Montgomery County. They include:

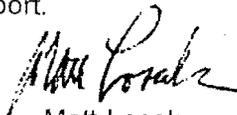
- Concern over high rent increases;
- A feeling of insecurity - not knowing if their rental agreements are permanent or affordable;
- Fear of retaliation among some tenants for raising concerns or organizing other tenants; and
- Confusion over where to seek help and how to proceed with complaints and building issues.

The report makes clear the need for County tenants to be able to raise problems and complaints with their building owners and/or managers without fear of retaliation. It underscores the importance of assuring the renter population full participation in the community life of the county by identifying obstacles and urging remedies for fair and stable rental property business practices.

Finally, while this report identifies several substantial problems immediately facing renters, neither the report nor the work of the TWG is inclusive of all of renter/landlord issues at hand. Much work remains to be done.

The TWG offers herein a range of recommendations which we believe will improve current problems and inequities renters are facing and assure that the lifestyle of renting a home will continue to be an attractive and livable option. The recommendations that follow are the conclusions reached by the group. It should be noted that the County government representatives and property owner representatives abstained on voting either for or against the recommendations, while providing valuable contributions and perspectives to the process that led to them.

I extend thanks to County Executive Isiah Leggett on behalf of the work group for the opportunity to present this important work and for appointing this first-ever County Tenant Work Group. I am personally grateful to him, my colleagues on the TWG, the staff, and many others who have helped produce this report.



Matt Losak  
Chair  
Tenant Work Group

# Table of Contents

## Executive Summary

Affordability and Security.....	1
Code Updates, Enforcement and Compliance.....	3
Communication and Information.....	4
Tenant Advocacy.....	4

## Tenants Work Group Report

### Issue I

#### Affordability and Security of Rental Housing

<i>a. Rent increases: How are they tracked?.....</i>	<i>5</i>
<i>b. Addressing Rent Increases.....</i>	<i>6</i>
<i>c. Achieving Fair Rent Increases.....</i>	<i>9</i>
<i>d. Increased Costs for Month-to-Month Tenancies.....</i>	<i>10</i>
<i>e. Increased Cost of Rental Housing for Seniors.....</i>	<i>11</i>
<i>f. No-fault Evictions.....</i>	<i>11</i>
<i>g. Retaliatory Evictions.....</i>	<i>12</i>
<i>h. Tenants in Foreclosed Properties.....</i>	<i>14</i>
<i>i. Subletting for Early Lease Termination.....</i>	<i>15</i>
<i>j. Condominium Conversions.....</i>	<i>16</i>
<i>k. Return of Security Deposits.....</i>	<i>17</i>

### Issue II

#### Code Enforcement and Complaints

<i>a. Building Code Inspection Policies.....</i>	<i>18</i>
<i>b. OLTA Complaint Structure/311 Service.....</i>	<i>19</i>

### Issue III

#### Communication and Information

<i>a. Standard Leases.....</i>	<i>21</i>
<i>b. Landlord-Tenant Obligations.....</i>	<i>21</i>
<i>c. County Outreach Efforts.....</i>	<i>22</i>
<i>d. Language and Technology Access Concerns.....</i>	<i>24</i>

## Issue IV

### Tenant Advocacy

a. Tenant Advocacy Organizations.....	26
---------------------------------------	----

## Related Issues

Transit Oriented Development.....	28
-----------------------------------	----

Energy-efficient Appliances.....	28
----------------------------------	----

## Appendix A

### Tenant Survey Results

Rental Information.....	29
-------------------------	----

Rental Unit and Landlord Satisfaction .....	30
---	----

Tenant-Landlord Rights & Responsibilities.....	31
--	----

Issues Affecting Tenants .....	32
--------------------------------	----

Demographic Information.....	33
------------------------------	----

## Appendix B

Examples of Tenant Advocacy Structures.....	36
---	----

## Appendix C

Transit Oriented Development.....	37
-----------------------------------	----

## Appendix D

Office of Landlord-Tenant Affairs (OLTA) Process.....	38
---	----

## Appendix E

Language and Technology Access Issues.....	39
--	----

## Appendix F

Resources for Renters in Montgomery County.....	40
---	----

## Appendix G

Work Group Outreach.....	42
--------------------------	----

## Appendix H

Tenants Work Group Meeting Dates.....	43
---------------------------------------	----

## Executive Summary

While owning a home has long been seen as an integral part of “The American Dream,” the reality for thousands of Montgomery County residents is that renting a home is the most viable – and, in many cases, preferred – option for housing. This is particularly true for young people living on their own, for individuals and/or families who may be new to the area or may not have the finances required to purchase a home, and for senior citizens who have made the transition to rental living, among others who choose to rent.

The Montgomery County Tenants Work Group (TWG), appointed and first convened in 2008 by County Executive Isiah Leggett, recently completed a thorough review and analysis of the primary issues impacting renters in the community. In conducting its work, the group divided into four subcommittees and focused specifically on issues related to:

1. Affordability and security;
2. Code updates, enforcement and complaints;
3. Landlord-tenant communication and tenant advocacy;
4. Particular needs of senior citizens and special needs populations.

Among the group’s key findings and recommendations in each of these areas:

### Issue I: Affordability and Security

1. Tenants, especially seniors and those with fixed or modest incomes, report that rents are increasing faster than the cost of living and outpacing their incomes. Rent increases are only tracked through an Annual Rental Facility Report produced by the County’s Department of Housing and Community Affairs, and this is based on results of a voluntary rent survey.

#### Recommendations:

- *Make the survey process mandatory and publish results into a verified and valid annual report, with detailed information that is easily accessible via the Internet and can be sorted in various ways.*

2. Montgomery County issues an annual Voluntary Rent Guideline, but as its title suggests, this endeavor is not mandatory. Owners may raise the rent each year by any amount, although they may only impose an increase once per year.

#### Recommendations:

- *Standardize County responses, with regard to the handling of all calls or communications regarding rent increases; and improve the requirement process that landlords must follow, with regard to rent increase notification.*

3. Tenants face annual rent increases that sometimes significantly exceed the voluntary rent guidelines.

**Recommendations:**

- *To maintain reasonable and predictable rent increases, the TWG recommends enactment of a rent stabilization law for Montgomery County, which would provide a fair rate of return for property owners and reasonable rent adjustments for tenants.*

4. Many tenants in Montgomery County express frustration about being forced at the end of their lease term to choose between either committing to a new year-long lease or having to pay higher monthly rent in exchange for going month-to-month on their rentals.

**Recommendations:**

- *Pass legislation to limit or ban rent surcharges for month-to-month tenants. To increase predictability for landlords regarding unit occupancy, month-to-month tenants under this law should be required to give at least two months' notice before vacating a unit and be fully liable for rent obligations during this period.*

5. Some tenants express concern that their landlords may choose to end the tenancy at the end of the lease term, without having to specify any rationale for the eviction.

**Recommendations:**

- *Pass a "just-cause" eviction law in Montgomery County, which would only allow for evictions for reasons that would be specified under the law, such as delinquent payment; criminal activity involving the tenant, on the property; substantial damage to the rental unit; or a move by the owner to permanently remove the unit from the rental market so they or a family member might occupy it.*

6. Some tenants indicated they were concerned that if they were to participate in or form tenants' associations and/or raise code enforcement or other issues regarding their rental units, they could be subject to reprisal, including eviction.

**Recommendations:**

- *To protect tenants' ability to lodge housing code complaints and to organize tenants' associations free from retaliation by landlords, the TWG urges the passage of retaliatory eviction legislation by Montgomery County.*

7. Once ownership transfers to a new party as the result of a foreclosure sale, the new owner is under no obligation to continue honoring existing rental leases for the property. Should the new owner choose to create a new lease with existing tenants on the property, the new owner is also under no obligation to grant tenants the same conditions as in the previous lease.

**Recommendations:**

- *Recently passed federal legislation (Helping Families Save Their Homes Act) adequately protects tenants living in foreclosed properties, but legislation should be enacted at the local level to ensure that these protections extend beyond the end of 2012, when the federal statute is set to expire).*

8. Tenants are displaced when rental buildings are converted to condominiums.

**Recommendations:**

- *The TWG recommends that a majority of tenants would need to vote to approve a condo conversion; that tenants should be provided with sufficient notice and detailed information about the conversion process; and that relocation assistance should be made available to a wider pool of tenants.*

9. According to the list of complaints filed with the Landlord-Tenant Commission, the highest number of complaints filed concern security deposits.

**Recommendations:**

- *Lease language should be clear about the use of the security deposit and the interest paid, and the law should be modified so that a tenant has a less cumbersome process for requesting to be present at the move-out inspection.*

**Issue II: Code Updates, Enforcement and Compliance**

1. Some apartment complexes have ongoing maintenance problems. Code inspectors inspect multifamily facilities every three years.

**Recommendations:**

- *Among a series of recommendations, the TWG concluded that buildings with ongoing maintenance problems should be moved to an annual inspection cycle and that owners of buildings with repeat violations should pay for the increased inspection schedule.*

2. Complaints seldom rise to the level of individuals filing a complaint and completing the process, resulting in a two-track process for complaints: informal and formal.

**Recommendations:**

- *Several recommendations have been offered to clarify and streamline the complaint-filing process, including a call for all information sources to clearly explain that landlords and tenants would not be required to file a formal complaint in order to access help for resolving an issue.*

3. State and County law require information that must be included in a lease. While Montgomery County has a model lease available, it is not required to be used by landlords and, often, not easily understood by the general public.

**Recommendations:**

- *Among a series of recommendations, the TWG calls for provision of a standard lease format and a Landlord-Tenant Handbook to be provided to all tenants.*

4. Some tenants have reported difficulty identifying someone who will assume responsibility to resolve their concerns. Other tenants have reported difficulty getting past the agent to reach the owner.

**Recommendations:**

- *Rental licenses should be clearly displayed with valid contact information and information should be provided in the Landlord-Tenant Handbook and on the County web site to clarify procedures regarding repairs.*

**Issue III: Communication and Information**

1. Montgomery County has a number of resources available for tenants, from both government and non-government organizations, but the information is often hard to find and there is no central source for accessing the information.

**Recommendations:**

- *The TWG makes several recommendations for better use, dissemination and translation of the Landlord-Tenant Handbook; and for better communication through use of the County's new, 311 information system. Also, for greater outreach via media outlets and community organizations.*

2. Renters in Montgomery County are culturally diverse. Although Montgomery County has some government programs of interest and applicability to tenants, communication about these programs to the diverse public is inconsistent.

**Recommendations:**

- *Montgomery County should vigorously promote equal access for tenants who are blind, deaf, or have limited language or technology access; and should convene a housing language access task force to address concerns and gaps with regard to reaching various populations.*

**Issue IV: Tenant Advocacy**

1. Although there are some groups that include some measure of tenants' rights and advocacy regarding tenant/landlord issues in the county, there is no existing county-wide advocacy or coordination structure.

**Recommendations:**

- *The County should provide leadership in forming a Tenant Advocacy (TA) structure funded by a landlord-tenant fee and it should exist independently from County government.*

# TWG Report

## Issues, Findings, and Recommendations

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### Issue I : Affordability and Security of Rental Housing

The most common feedback the TWG received from tenants regarded deep dissatisfaction with annual rent increases, which, according to their input, tend to be both unpredictable and too high.

#### *a. Rent increases: How are they tracked?*

##### Findings

Many tenants report that their rents are increasing faster than the cost of living or their own incomes.

The only information officially available to track rent increases in Montgomery County is the Annual Rental Facility Report, produced by the County's Department of Housing and Community Affairs (DHCA). This report is a summary of results from an annual survey sent to the management of all multifamily rental facilities with 12 or more units. Responses are voluntary. DHCA reports that 94 percent of landlords responded to the survey in 2009, representing 93 percent of the units in multifamily rental properties in the county.

The objective of the report and underlying data is to provide useful, factual information regarding the status of rent increases in the county. Close examination by the TWG reveals the following significant flaws in the survey and its data:

- 1) Reporting is a voluntary summary by landlords;
- 2) The accuracy of the data provided by the landlord is not independently verified; and
- 3) The data is overly aggregated and not available in useful alternative formats, such as by zip code.

To further explain the problem of the presentation of the data, the information as reported encompasses too large an area, such as "Germantown-Gaithersburg" or "Silver Spring-Takoma Park." In the case of the latter grouping, the information is particularly inaccurate because rents within the city limits of Takoma Park are stabilized by city law. These stabilized rents are mixed in with rents in downtown Silver Spring, where rents in some buildings have increased dramatically.

Furthermore, rent increases are not reported with both size of unit and area; the percentage rent increase is reported either by area (such as Bethesda-Chevy Chase, or Rockville) or by size of unit, as averaged across the entire county. For example, one cannot find the average rent increase for a 1-BR in Germantown-Gaithersburg; one can only find the average rent increase in Germantown-Gaithersburg OR the average rent increase for a 1-BR across the entire County.

In addition, the report includes insufficient information on potential sources of increases. For example, it is difficult to assess whether apartments that include utilities within their rent are experiencing higher increases, which might be linked to higher utility costs.

The Annual Rental Facility Report is important because it is considered an official document, and its contents are assumed to be accurate. It is used as an information source for public entities and other organizations. Staff from Montgomery County's Park and Planning office use the vacancy data from the report in preparing information for master plan reviews, which are the basis for major development decisions in the county. In fact, the report, while useful in its intention, may distort the facts regarding the state of rental housing and tenants in Montgomery County.

### **Recommendations:**

1. The voluntary rent survey that forms the basis of the Annual Rental Facility Report should be replaced with a mandatory, verifiable and valid annual report;<sup>1</sup>
2. The revised Annual Rental Facility Report should be easily accessible on the Internet; and
3. The revised Annual Rental Facility Report should provide information by zip code, with online access to sort by various criteria. The report should also identify regions of the county, such as the Silver Spring Central Business District (CBD), Long Branch, and the city of Rockville. The rent comparisons should also be grouped by unit size within each location.

### ***b. Addressing rent increases***

#### **Findings**

Montgomery County issues an annual Voluntary Rent Guideline but, as its title suggests, it is only a voluntary guideline. Owners may raise the rent as much as they choose.<sup>2</sup> Rental increases are limited to once per year.

When landlords increase the rent, they must give the tenant a notice that lists the percentage increase of the rent, the Voluntary Rent Guideline amount, and "a notice that the tenant may ask the Department to review any rent increase that the tenant considers excessive."<sup>3</sup> The notice must be delivered at least 60 days prior to the increase.

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<sup>1</sup> The most direct way to collect this information would be to require landlords to submit electronically the percentage rent increases by individual unit. As explained in section b, this information is already required to be provided to each tenant with the notice of a rent increase. This reported information would be accurate and could easily be sorted in different ways. The raw data should not be available publicly, but it would provide the basis for a reliable annual rental facility report. Some on the work group expressed concern that this option would be overly cumbersome for landlords; however, individuals with sufficient computer expertise have assured the work group that electronic filing could be designed to be straightforward and easy to use.

<sup>2</sup> Montgomery County briefly had mandatory rent guidelines in the late 1970s. Once they were removed in 1981, the voluntary rent guidelines were used.

<sup>3</sup> This is the actual language from the County Code, MC Code Section 29-54(a)(4)

Tenants who find the rent increase to be excessive may:

- 1) Contact their landlord directly and attempt to negotiate a reduction in the increase;
- 2) Contact the Office of Landlord-Tenant Affairs (OLTA) and file a complaint of an excessive increase – however, the agency has no power to mandate an adjustment to the increase; and/or
- 3) May move to another apartment with more affordable rents – however, they have no assurance that they will not face high rent increases after their lease expires.

None of these actions assures tenants reasonable rent increases.

### **Contacting the DHCA's Office of Landlord Tenant Affairs:**

The response to a tenant who chooses to contact the Office of Landlord-Tenant Affairs (OLTA) with regard to a rent increase may vary.

- 1) OLTA staff may explain that the tenant may file a complaint but also explain that there is no violation of the law, and therefore, the complaint will be referred to the Commission on Landlord-Tenant Affairs and rejected.
- 2) Some OLTA staff may offer advice on negotiating with a landlord to try to reduce the increase. OLTA staff may try to help negotiate with the landlord if they deem the rent to be excessive.
- 3) If a tenant decides to file a formal complaint, OLTA will contact the landlord and may encourage them to reduce the increase if they agree that it is excessive.

### **Record keeping at OLTA:**

Records are not uniformly kept of calls to OLTA regarding 1) rent increases that do not result in a formal complaint filing; and 2) whether OLTA staff intervention helps reduce the rent and, if reduced, by how much.

These types of records could provide additional information beyond the Annual Rental Facility Report about tenants and rent increases. According to DHCA, procedures are being modified to establish a record of interactions regarding rent increases, both from informal contact and formal complaint filing.

Tenants report that, even with the required two months notice of a rent increase, they have insufficient time to negotiate with management and/or find an affordable alternative. Tenants who wish to move but can't do so within the two months may face even higher rents if they choose a "month-to-month" rental agreement. (For findings and recommendations about "month-to-month" rental agreements, see Issue I, section d of this report.)

Also, not all landlords correctly convey the information as required that tenants have the option of contacting the Office of Landlord-Tenant Affairs to review their rent increase. For example, one rent increase notice reviewed by the committee (from a company managing a large rental property) repeated the notice provision *verbatim* from the code. The notice provided by the landlord read as follows: "In accordance with Section 29-54(a)(4) of the Montgomery County Code, you may ask the Department to review any rent increase that you consider excessive." The notice never identified the "Department."

#### **Determining the voluntary rent guideline:**

The County's Voluntary Rent Guideline is the increase in the rental component of the Consumer Price Index (CPI) for the previous year for the Washington metropolitan area. The guideline for 2009, issued February 1, 2009, is 4.4 percent, which does not reflect the current economic downturn.

Using only the rental component of the area CPI risks creating a self-perpetuating cycle. Under this method, the guideline is determined based on increased costs for previous rentals, to determine appropriate future rental costs. An improved guideline should take into account more of the factors that measure cost-of-living increases.

Other jurisdictions use a variety of measures to determine voluntary or mandated rent increases that may provide a better reflection of current economic conditions.

For example:

- a.) **San Francisco's** rent increase for March 1, 2009, through February 28, 2010, is 2.2 percent; that number is 60 percent of the CPI for all consumers in the San Francisco Bay area.
- b.) **Berkeley's** "Annual General Adjustment" for 2009, was 2.7 percent, which is 65 percent of the CPI for all Urban Consumers in the Bay Area in fiscal year 2007.
- c.) **Takoma Park's** increase, effective July 1, 2009, is 0.4 percent, which is 100 percent of the change in CPI for all consumers in the Washington, D.C. - Baltimore area from March 2008-March 2009.
- d.) In **Montreal, Canada**, the general adjustment allowed is based on the type of heat used (electricity, gas, oil, or non-heated) plus changes in municipal and school taxes, major improvements, and overall operating expense.

#### **Recommendations:**

1. All County responses to calls regarding rent increases should be standardized. All calls received on this subject should be recorded.
2. Rent increase notices should state clearly who tenants may contact (with phone, address, website, and e-mail information) if they deem the rent increase to be excessive.
3. The formula for calculating the rent guidelines should be reviewed and potentially revised to provide a better standard for determining fair rental adjustments.
4. The required 60-day notice that landlords must give tenants regarding rent increases should be extended to 90 days.

### ***c. Achieving fair rent increases***

The one topic that TWG has heard from tenants most often – in forums, online, individually, and via written reports – is their ongoing concern and powerlessness over the unpredictability and magnitude of rent increases. As described above, tenants have no effective recourse to challenge increases, even “excessive” increases.

#### **Findings**

Tenants face annual rent increases that are sometimes significantly in excess of the voluntary rent guidelines. According to the current Renter Satisfaction Survey, 70 percent of renters surveyed said their rents were increased by at least four percent, while nearly 20 percent said their rents had increased more than eight percent (see Appendix A for full survey results).

Tenants report that the voluntary guidelines have little bearing on the actual annual rent increases they are experiencing. Increases appear to vary widely among apartment complexes on an annual basis, and even within individual complexes from year to year. Many tenants report that annual rent increases do not appear to be related to improved living conditions, code compliance efforts, or building costs.

Tenants who move for reasons of greater affordability report that they cannot anticipate remaining in a rental unit or complex for more than one or two years, due to the unpredictable nature of rent increases. More than 43 percent of renters in the Renter Satisfaction Survey reported that they are not confident that they will be able to afford to live in Montgomery County in the future.

Excessive rent increases especially imperil seniors<sup>4</sup>, the disabled, and individuals on fixed monthly incomes, as well as middle-income workers as these tenants’ incomes often do not rise at the same rate as housing costs.<sup>5</sup>

Some jurisdictions have implemented rent stabilization to maintain reasonable and predictable rent increases for tenants. Jurisdictions with rent stabilization laws include: Washington, D.C.; municipalities within New York State, including New York City; municipalities in California, including Berkeley, San Francisco, and Santa Monica; municipalities in New Jersey; and Takoma Park, Maryland.

#### **Recommendations**

To maintain reasonable and predictable rent increases, a rent stabilization law for Montgomery County should be enacted. This law should include provisions to provide a fair rate of return for property owners and reasonable rent adjustments for tenants. In addition, it should also include the following:

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<sup>4</sup> For more discussion focusing on seniors as tenants, see Issue 1, section e.

<sup>5</sup> Montgomery County’s 2008 Self Sufficiency Standard is an indicator of the lowest acceptable amount of income to live in the county; it is used to show that federal poverty income guidelines do not reflect the high cost of food, housing and other basic costs. According to the report, a single adult at these guidelines (an annual income of \$32,803) would spend almost of half of his/her income on housing costs. An adult with one pre-school age child would need to earn \$56,570 to meet basic needs in the County; to be self-sufficient at that level, housing would be about \$1,496 per month.

1. A preamble describing why the law is being enacted and describing the conditions that make the rent stabilization necessary;
2. Specific language that identifies which types of units are covered; the legislation should be as comprehensive as possible. Mandatory registration for all rental units covered by rent stabilization;
3. Identification of the agency to be charged with the administration and enforcement of rent stabilization measures, such as a Rent Board or Office of Rent Administration;
4. The amount of permissible annual rent increases;
5. Allowance for renters to contribute reasonable additional payments beyond the cost of rent to cover the cost of unit improvement. These contributions should be time-limited, limited in quantity, and should not be added to the base rent;
6. Non-waiverable clauses so that tenants and landlords cannot "opt out" of the legislation;
7. Strong enforcement provisions; and
8. No vacancy decontrol.

#### ***d. Increased Costs for Month-to-Month Tenancies***

Tenants in Montgomery County have repeatedly expressed their frustration at being forced at the end of their lease term to choose between either committing to a new year-long lease or having to pay higher monthly rent in exchange for going month-to-month on their rentals. A month-to-month tenancy occurs after the initial lease expires and the agreement is automatically renewed on a monthly basis.

#### **Findings**

Landlords have a business interest in keeping their units rented and so benefit financially from predictability in tenant turnover. Tenants in the general workforce are expected to be reasonably mobile in their pursuit of work and in the course of their employment. Accordingly, tenants may be served particularly well by the flexibility and lack of long-term commitment that are inherent in a month-to-month tenancy, as opposed to a longer-term lease. Tenants have indicated that month-to-month rents can be upwards of \$300 more expensive per month than rents under a fixed lease. This makes the greater flexibility of a month-to-month rental practically unavailable for a large number of renters, including many who are either unwilling or unable to complete a full lease term.

#### **Recommendation:**

Montgomery County should pass legislation limiting or banning rent surcharges for month-to-month tenants. To increase predictability for landlords regarding unit occupancy, month-to-month tenants under this law should be required to give at least two months' notice before vacating a unit and be fully liable for rent obligations during this period.

### ***e. Increased Cost of Rental Housing for Seniors***

Many adults 62 years of age and over in Montgomery County have expressed frustration and fear over the rising cost of rental housing. Seniors are among Montgomery County's most vulnerable renters. "The availability of economic resources (income and assets) is a critical factor for seniors influencing their ability to acquire goods and services that assist them in remaining healthy and independent in the community. Census data indicates that while many seniors are financially stable, there is significant variability in income which cuts across age, gender, disability status, race, and ethnicity. While many seniors are no longer paying mortgages, their incomes are fixed and they often do not possess sufficient reserves, in the event of emergencies."<sup>6</sup>

The Census Bureau uses 35 percent of total income devoted to housing as the threshold. Expenditures of a larger fraction of total income on housing would likely leave individuals vulnerable to insufficient funds for food, medical care, transportation and other critical needs.

### **Findings**

Many seniors are spending upwards of 50 percent of their income for housing. The Census Bureau reported that renters over 75 years old and older were paying 50.9 percent of their income in the year 2000.<sup>7</sup> This figure is steadily climbing as rents in senior buildings go up each year and incomes do not increase at the same level. Most seniors who rent in Montgomery County depend on Social Security to augment their income. Social Security announced in 2009 that at least for 2010, Social Security will not give an increase to retirees.

Data indicates that seniors are moving out of rental housing in the County. Renter advocates have been told that buildings designated for seniors over the age of 65 are showing a vacancy rate of from 10 to 15 percent while data from the Housing Opportunities Commission shows 7 percent. Seniors are leaving the county to live in lower-cost housing areas or to move in with family or friends. For many of these seniors, Montgomery County has been home for most of their adult lives. If they did not live in the county, they worked in the County. For many seniors, moving into senior living was thought to be permanent; moving was not an option until they could no longer afford the high cost of renting in the County.

### ***f. No-fault Evictions***

Some tenants are concerned that their landlords may choose to end the tenancy at the end of the lease term without having to specify any rationale for the eviction. Accordingly, tenants have no assurances that they will be able to continue living in their current dwelling into the future, regardless of their ability to pay rent and their adherence to lease requirements and the law.

<sup>6</sup> "Imagining an Aging Future for Montgomery County, Md," pg. 30, Final Report of Phase I Planning Project, submitted to Montgomery County May 2007, Center for Productive Aging, Towson University, Towson, Maryland.

<sup>7</sup> "Imagining an Aging Future..." p. 36

## Findings

At the end of the lease term, landlords in Montgomery County can currently evict a tenant from an apartment for virtually any reason, provided adequate 60 days notice is given to the tenant, as required under law. Landlords are not currently required to specify why they are choosing to not renew a tenant's lease. Even tenants who have fulfilled all of their responsibilities under their lease may, nevertheless, face either the non-renewal of their lease or the termination of their lease.

## Recommendation:

We recommend the passage of a just-cause eviction law in Montgomery County. Just-cause eviction laws, also known as "good-cause" eviction laws, balance the interests of landlord choice and tenant need for predictability by requiring landlords to articulate a specific reason for the termination of a tenancy. Absent a valid reason as enumerated in a local statute, the tenancy may continue. These reasons may include:

- Tenant is delinquent in rent payments;
- Tenant engages in criminal activity on the property;
- Tenant causes substantial damage to the unit; and/or
- Owner seeks to permanently remove the unit from the rental market and/or seeks to use the unit for the lodging or care of an immediate family member.

Just-cause eviction laws are currently enforced in the following jurisdictions, among others: Washington D.C., New York City, Los Angeles, Seattle, Chicago, San Francisco, and the states of New Jersey and New Hampshire.

## ***g. Retaliatory Evictions***

Some tenants are afraid that voicing their complaints regarding housing conditions to apartment complex management and to County officials and/or participating in tenants' associations, will result in retaliation, including rent increases and no-fault evictions.

The survey conducted for the Tenants Work Group indicated that 20 percent of tenants feared retaliation in communicating with their landlords and/or property managers about problems. Eighty percent, on the other hand, felt comfortable bringing issues to management's attention. While the 80 percent figure is heartening, no tenant should fear that raising problems with their owner and/or manager will result in retaliation.

## Findings

Some tenants indicated they were concerned that if they were to participate in or form tenants' associations and/or raise code enforcement or other issues regarding their rental units, they could be subject to various kinds of reprisal, including eviction. "Retaliatory Eviction" refers to a landlord evicting a tenant because that tenant has complained about conditions in an apartment or apartment building, made complaints about housing code violations, complained about apartment management, or formed or joined a tenants association.

Under Maryland law, tenants claiming that they have been evicted in retaliation for asserting their rights as renters must prove that the landlord evicted them "solely" because the person exercised their rights as a tenant. In Montgomery County, landlords have to show only that they had other reasons for the eviction that were at least as important as their retaliatory motive. While this County statute represents a greater protection for tenants, in many cases, retaliatory evictions remain extremely difficult for tenants to prove.

### A Real-Life Example of Retaliatory Eviction

George, a construction worker, had lived in the same apartment with his son and his wife for 16 years, sticking through difficult economic times, paying rent on time, and weathering various changes in property management. While the conditions in their apartment were never perfect, their home was both affordable and livable. When a new property manager started in 2007, however, things changed. Whereas previous managers had been attentive to property maintenance requests, the new manager was unresponsive. George and his fellow tenants complained about declining housing conditions, but to no avail. Leaks from old, rusted, broken pipes spread moisture and mold among apartments, the walls and ceilings of various units began to rot in chunks and fall away, and bedbug infestations spread. The arms of George's wife were bitten by bedbugs, and became spotted with dozens of red sores.

With requests for repair falling on deaf ears, George, his wife, and a few fellow tenants began to visit other apartments in the complex. George and his fellow tenants circulated and signed a letter forming a tenants' association and asking management to repair the most dangerous conditions.

Matters, however, quickly went from bad to worse. Soon after the formation of the tenant group, the property manager began to enter apartments unannounced. George, repeatedly threatened and verbally mistreated by the property manager, went to court to obtain a peace order. The tenants' association continued to request a meeting with the property manager and the apartment owner, but was continually rebuffed. George and another tenant association leader shortly thereafter received notices to vacate their apartments.

Since he and the other tenants felt this was unjust, they challenged the notices in court. Before the judge, George gave evidence of the conditions in his apartment and of the steps he had taken to communicate these deficiencies to management in order to show he was effectively the victim of a retaliatory eviction. The attorney for the apartment owner said only that George was a month-to-month tenant, that the landlord wished to terminate George's tenancy, and that proper and timely notice had been given.

The judge noted that for all of his 16 years in the apartment, George's original lease had expired years earlier. The judge evicted George, stating that while he had lived in the complex for many years, he was still only a month-to-month tenant. The judge noted that George had no legal protection against a landlord who had provided proper and timely notice and had at no time specifically, explicitly stated that he was ending the tenancy in direct retaliation for George's forming a tenants' association and complaining about housing code violations.

The vast majority of tenants in the tenants' association, like George, had lived in their apartments for several years. The landlord had a policy of not renewing leases because it was easier to remove month-to-month tenants than tenants under lease. Today, George and the tenants' association are gone, the property manager, apartment owner, and code violations remain.

### **Recommendation:**

To protect tenants' ability to lodge housing code complaints and to organize tenants' associations free from retaliation by landlords, the TWG urges the passage of retaliatory eviction legislation by Montgomery County. This type of legislation would contain the following elements:

- A list of protected tenant activities, including: making a good faith complaint to a governmental authority regarding code violations or illegal landlord activity steps taken by a tenant to assert rights as a tenant under law and/or under lease and participating in and/or organizing a tenant' association;
- A list of prohibited "retaliatory" actions taken by landlords;
- A "rebuttable presumption" establishing that if a prohibited action is taken by a landlord within six months after a tenant engages in a protected activity, the burden is on the landlord to prove that the action was not taken with retaliatory motive;
- A list of specified penalties for a finding of retaliation by a landlord;
- Establishment of retaliatory eviction as an affirmative defense in an eviction proceeding;
- Establishment of retaliatory eviction as the basis for a civil suit, in which the aforementioned rebuttable presumption would not apply; and
- A requirement that landlords specifically state why a tenancy is not being renewed when the non-renewal comes after a month-to-month tenant has engaged in a protected activity.

### ***h. Tenants in Foreclosed Properties***

The group received reports of tenants unexpectedly losing their residence because the owner of their unit had been foreclosed against. In many cases, the new owners expedited the removal of current tenants—regardless of their tenancy history—in order to re-sell the unit. As the units remained on the market, they remained vacant. Many tenants do not currently understand that their leases effectively conclude with the foreclosure sale.

## **Findings**

Once ownership transfers to a new party as the result of a foreclosure sale, the new owner is under no obligation to continue honoring existing rental leases for the property. Should the new owner choose to create a new lease with existing tenants on the property, the new owner is also under no obligation to grant tenants the same conditions as in the previous lease.

New owners not interested in continuing tenancies can go to court to effectuate the eviction of those tenants. Tenants are entitled to notification about the pending foreclosure of their property, notice about when the foreclosure sale is scheduled, notice about the scheduled eviction proceedings, and notice that an eviction has been granted. Tenants who are having a difficult time finding a new residence may ask the court for additional time in the unit, but the court retains full discretion regarding such extensions.

Many new owners also approach tenants with "buyout agreements" and/or "cash for keys" programs, under which the tenant is asked to accept money and willfully vacate the unit promptly so that court proceedings may be avoided. These agreements may include waivers of legal claims against the new or previous owner, including claims for the return of a security deposit, as well as for any recovery for utility shutoffs, maintenance disrepair and code violations.

Even if tenants are required to vacate the premises following a foreclosure sale, they may still have rights within the law against the original owner of the property. A tenant in these cases may file suit against the original owner for failure to provide the unit for the full lease term, is entitled to return of the security deposit on the unit, and may also ask the court for remuneration for expenses associated with searching for a new apartment. These may include moving costs, application fees, and any difference in price between the old unit and a new apartment of comparable quality.

## **Recommendation:**

Recently passed federal legislation (Helping Families Save Their Homes Act) adequately protects tenants living in foreclosed properties, but legislation should be enacted at the local level to ensure that these protections extend beyond the end of 2012, when the federal statute is set to expire.

### ***i. Subletting for Early Lease Termination***

Tenants who need to terminate their tenancy before the end of the lease are concerned that management may not accept a suitable substitute tenant that they find to replace them.

## **Findings**

There appears to be a good deal of miscommunication between landlords and tenants regarding what constitutes a desirable tenant. Tenants who prematurely terminate their tenancy under their lease may try to find an acceptable tenant to sublet the unit through the end of the lease. Despite those efforts, landlords are not, in most cases, under any requirement to accept the identified replacements. If the tenant's identified replacement is rejected by the landlord, then the tenant may be held liable for the rent through the remainder of the lease.

## **Recommendations:**

The TWG recommends that County law standardize a reasonable process for subletting, including criteria for an adequate substitute tenant. These criteria should be included in the standard lease.

## ***j. Condominium Conversions***

Tenants are displaced when rental buildings are converted to condominiums.

## **Findings**

State and County law outline steps that need to be taken when a property owner decides to convert a rental building to a condominium. Those steps include notification procedures, rights of first refusal, opportunities for extended leases, and payment for moving expenses.

Montgomery County (via DHCA) and the Housing Opportunities Commission (HOC) have the right of first refusal to purchase a rental housing property after the owner has entered into a bona fide contract of sale. DHCA and HOC each have 60 days to match the contract and an additional 120 days to purchase the building.

A tenant organization also has the right of first refusal, – and they must respond within 90 days. Tenants often find the process overwhelming and are ill-equipped to assess their choices. Tenants have reported that they have difficulty finding a source that can advise them on their choices and options.

Legislation proposing that 51 percent of tenants must approve a condo conversion has been introduced in the state legislature previously: House Bill 833 – Montgomery County – Condominium Conversions – Tenant Vote. (MC delegation, 2008) The bill recognized and declared a rental housing emergency and would require a vote by the tenants to approve or reject a proposal before allowing a conversion of rental housing to condominiums. Washington, D.C. law requires that 51 percent of eligible tenants must approve a conversion.<sup>8</sup>

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<sup>8</sup> DC code – Title 42, subtitle VII, Chapter 34, Subchapter II, section 3.

### **Recommendations:**

1. A majority of the tenants (51 percent) must vote to approve a condo conversion.
2. Tenants must be given clear information about the condo conversion process and law. The condo conversion handbook should be thoroughly reviewed for accuracy. The handbook should:
  - clearly outline options available to tenants;
  - include resources that can provide guidance for tenant organizations that choose to exercise the option to buy the building. Identified resource organizations need to be experienced and skilled in this area. A tenant advocacy organization (see Issue IV, section a for TWG recommendation) should be the resource clearinghouse for information.
  - include information about moving assistance (if any exists) and apartment-search help;
  - list resources to help with financial counseling if they want to consider purchasing a condo unit.
3. The condo conversion handbook should be required to be distributed to tenants at the same time that a Notice of Intent to Convert to Condominiums (NICC) is issued.
4. Relocation assistance should be available to a wider pool of tenants. The amount allocated for moving expenses should be increased and indexed for inflation.

### ***k. Return of Security Deposits***

When and how should a security deposit be returned?

### **Findings**

According to the list of complaints filed with the Landlord-Tenant Commission, the highest number of complaints filed concern security deposits. Many of the complaints involve single-family residences. Two of the common issues are as follows:

- Tenants erroneously believe they can use the security deposit as the last month's rent;
- Landlords deduct some/all from the deposit for repairs that the tenant doesn't think he/she is liable for.

DHCA has developed a "wear and tear" booklet for landlords and tenants in an attempt to clarify some of the issues most often in dispute. Current law requires that the tenant notify the landlord by certified mail if he/she wants to be present at the inspection. [State Code -8-203.1] A landlord is required to inform the tenant of the inspection "in writing". It is reported that most large multi-family units do not require large security deposits unless credit worthiness of a particular tenant is an issue.

### **Recommendations:**

1. Lease language should be clear about the use of the security deposit and the interest paid. The sample lease includes language regarding security deposits, but it is not easily understandable and should be clarified.
2. The law should be modified so that a tenant has a less cumbersome alternative to certified mail in order to request to be present at the move-out inspection.

## Issue II: Code Enforcement and Complaints

### *a. Building Code Inspection Policies*

Ensuring the maintenance of quality affordable rental housing.

#### Findings

Some apartment complexes have ongoing maintenance problems. Code inspectors inspect multifamily facilities every three years. The inspections range from 10 to 100 percent of the units, and all common areas are inspected. Code inspectors generally inspect buildings in response to requests, which can be made anonymously. However, many tenants are unaware of this option or are unwilling to request the additional inspections for fear that the landlord will know who requested the inspection and retaliate.

DHCA staff report that inspections are every three years, unless they receive a large number of complaints about the building or if the inspection staff feel that a more frequent inspection is required. Code violations and complaints can be reviewed on a public web site: eProperty Data Mining. If a tenant has reported a repair need to management and it has not been addressed, a tenant may contact DHCA. According to DHCA staff, if DHCA is involved, and the violation is not a life safety issue, then it should be resolved within 30 days.

#### Recommendations

1. Buildings should be inspected every year. Buildings that do not have a history of substantial violations should be inspected every three years. Buildings with repeated violations should continue to be inspected every year. Every three years, inspections of those buildings should include 100 percent of the units.
2. Owners of buildings with repeat violations should pay for the increased inspection schedule.
3. Tenants should be notified in advance of upcoming inspections so that they may submit requests anonymously for certain areas or units to be inspected. Landlords should not be told if there were anonymous requests for inspections.
4. Tenants should have the right to grant access to an inspector to enter a unit if the tenant will not be home. Tenants should be given reasonable accommodation to be present when the inspection will occur.
5. The Landlord-Tenant Handbook should be clearer about when and how code enforcement staff can be contacted. It should also make clear that the caller may remain anonymous.

6. Code enforcement staff should have the flexibility to conduct inspections on evenings or weekends without a specified emergency. Sometimes, some of the possible violations are more apparent evenings or weekends. An after-hours phone number should be available for emergencies.
7. DHCA should develop a new procedure to allow tenants to make repairs and deduct the cost from the next month's rent in the case that landlords do not make necessary repairs for a code violation after a specified amount of time.

### ***b. OLTA Complaint Structure/311 Service***

At times, tenants and the landlord/property manager may come to an impasse over how to resolve issues. Current County law provides tenants and landlords with the option of contacting the Department of Housing and Community Affairs' Office of Landlord Tenant Affairs (OLTA). Generally, a caller to OLTA is directed to file a complaint and then a procedure follows from the filing. Some tenants with complaints or concerns are fearful of a formal, legal process. They would like some assistance with their concerns without necessarily having to file a complaint.

#### **Findings**

According to OLTA, complaints seldom rise to the level of individuals filing a complaint and going through the entire process. Consequently, a two-track process has emerged: informal and formal.

Under the informal process, OLTA may provide information or make phone calls on behalf of the caller and resolve an issue before a complaint is ever filed. These situations are not documented. A formal process begins once a complaint is filed. This process may be resolved at various points. The entire process is explained in Appendix D.

Complaint resolutions according to OLTA:

1. Often an issue is resolved after a complaint is filed, but before the complaint goes through a formal hearing process. Ninety-seven percent of complaints are resolved at conciliation meetings, or even before they were to take place (for more information about this process, see Appendix D).
2. About 40 cases a year are referred to the Commission on Landlord/Tenant Affairs. (These are the ones that have gone all the way through the complaint process.) About half of those do not have a hearing. About half of the remaining are resolved before the hearing, which leaves about 10-12 decisions that are issued each year. Those decisions are available for review on the website.

The TWG heard from tenants who have expressed concern about filing a complaint with the Landlord-Tenant staff for fear of retaliation from or by their landlord.

The TWG heard from a Commission representative who explained that current ethics regulations require Commission members to recuse themselves from any matter where they may have a conflict of interest.

### Recommendations

1. All information sources—including the website, the Landlord-Tenant Handbook, and phone conversations—need to clarify that landlords and tenants may not be required to file a formal complaint in order to get help with resolving an issue.
2. Within practicable limits, exceptions should be allowed to the standard practice of sending copies of complaints from tenants to the landlord. OLTA staff should offer this option to callers and the Landlord-Tenant handbook should explain this option, with the disclaimer that some issues may not be able to be addressed without identifying the tenant or unit number.
3. As part of the County's new 311 phone and online information and service request system, all complaints should be given an identification number, so that the caller can follow up and complaints can be tracked. (For another recommendation regarding the 311 system, see Issue III, Section C recommendations.)
4. Records should be kept of all calls, including those resolved before a formal complaint is filed.
5. The handbook should include an area for a communication log to track contact with management.
6. It should be explicitly stated on the website and other documents detailing the work of the Landlord-Tenant Commission that members of the Commission must recuse themselves from any case where they may have a conflict of interest.

## **Issue III: Communication and Information**

### ***a. Standard Leases***

Leases are complex legal documents. The TWG explored ways to simplify and standardize these documents.

#### **Findings**

State and County law require information that must be included in a lease. Montgomery County has a model lease available, but it is not required to be used by landlords. This model lease is not easily understood by the general public.

#### **Recommendations**

1. A standard lease should be required and written in plain language. Addenda may be added, as needed. If addenda are included, then tenants have two business days after signing to back out of the lease. That information should be included in the standard lease.
2. The standard lease should include a preamble with major tenant and landlord rights and obligations clearly described.
3. Any supplemental fees should be clearly enumerated in the lease.
4. Tenants should have 30 days after signing a lease to change from a one-year to a two-year, or vice-versa.
5. A two-year lease should be offered at every lease renewal.
6. The availability of DHCA's "Wear and Tear" handbook should be referenced in the lease.
7. The Landlord-Tenant Handbook should be given out to each new tenant. A modest increase to the licensing fee could be used to fund printing costs.
8. The handbook should clarify appropriate uses of fees by landlords.
9. Translations of the model lease and other documents should be made available in the most commonly spoken languages in the county on the DHCA website and for distribution throughout the county.

### ***b. Landlord-Tenant Obligations***

Some tenants find that the on-site management is not sufficiently responsive to their concerns. Others find that the landlords (whether they are on-site, local or distant) are not responsive.

## **Findings**

Some tenants have reported difficulty identifying someone who will assume responsibility to resolve their concerns. Other tenants have reported difficulty getting past the agent to reach the owner.

The code specifies that a license must be displayed on the premises. The license has a contact with a name and physical address, but no phone number. No licenses are required to be posted for single-family rentals.

Some tenants also report that they do not know when and how repairs must be made and what types of responses are appropriate. According to DHCA staff, it is best practice to advise management of issues and allow them a reasonable time before reporting them to DHCA.

## **Recommendations**

1. The license that is displayed should include a working telephone contact number. That number should also be included in the lease. The Landlord-Tenant Handbook and the website should provide guidance on how to identify the property owner/responsible party.
2. The Landlord-Tenant Handbook and DHCA's website should clarify procedures regarding repairs.
3. The Landlord-Tenant Web page should be referenced on the Office of Consumer Protection website.

### ***c. County Outreach Efforts***

While the current laws and policies in Montgomery County must be reviewed and improved, communication of current information and changes in laws, rights, and responsibilities must be better communicated to the County's renters and landlords.

## **Findings**

Montgomery County has some resources available for tenants. These resources come from local government sources and non-government organizations. However, information is often hard to find, with organization and centralization as key issues. In addition, information is seldom if ever available in languages other than English, making it difficult for limited English proficient (LEP) or non-English proficient (NEP) tenants to understand their rights or know where to get assistance.

The limited existing help available to address excessive rent increases is not conveyed well. The County's website does not provide much information on the issue of rent increases. One document on DHCA's website "Rent increases – Tips for Tenants" advises tenants to research market rates if they need to negotiate with landlords about a rent increase, but it gives very little guidance on how to do so.

Even though the County has some publications and resources that it has created for tenants, our survey results, public meetings and individual interviews with renters across the County have demonstrated that few residents have seen or utilized these resources. Governmental assistance cannot help tenants if they do not know it exists. This issue came up repeatedly, but it is even more critical for renters who do not have access to the Internet (the digital divide for seniors, the poor, the blind, and immigrants is well-documented), are not literate, or are limited English proficient (LEP) and non-English proficient (NEP).

### **Communicating with Tenants**

The Takoma Park newsletter has a "Housing Mailbox" column each month. The column addresses a variety of questions raised by tenants and landlords, and the responses are usually written by the Landlord-Tenant Coordinator. The questions cover a wide range of issues and have included the following:

1. What does a tenant do if shortly after moving into an apartment, he/she discovered that a number of repairs are needed, and the tenant doesn't want to be held liable for these problems?
2. Is a notice required to enter a tenant's apartment for repairs?
3. A landlord wanted to know if he could remove high-energy using air conditioners with better ones and charge the tenants a fee for the change.
4. What are the requirements regarding heat in an apartment building?
5. If a tenant does not give 30-day notice of intent to vacate, will he/she lose some of his/her security deposit?

The Takoma Park Newsletter is published 12 times a year as the official publication of the City of Takoma Park. Copies of the newsletter dating back to 2004 are available on the City's website.

### **Recommendations**

Montgomery County must improve upon and expand existing efforts to educate tenants and landlords about their respective rights and obligations.

1. The Landlord-Tenant Handbook should include public and private resources for renters.
2. The Landlord-Tenant Handbook and other resource lists should be translated and made available in the most commonly spoken languages in the county.

3. 311 Service—Information for tenants and landlords should be integrated into the County's planned central 311 system.
4. Copies of the Landlord Tenant Handbook should be made available through the County libraries, housing agencies, Health and Human Services offices, and other County agencies that have significant public contact.
5. Information on County websites should be reviewed to be more user-friendly. For example, the "Rent increases – Tips for Tenants" on DHCA's website should outline options available and refer tenants to the (revised) Annual Rental Facility report to identify comparable units.
6. Outreach—County housing agencies should engage in sustained outreach efforts, in collaboration with community-based organizations to educate tenants about their rights and applicable County laws.
  - a. The Office of Landlord Tenant Affairs should work with each County Regional Services Center to conduct at least one scheduled and publicized renters meeting per year.
  - b. Efforts may include creating informational public access television programming, through free or low-cost resources such as Access Montgomery, regular programs or dedicated space for housing information at the County libraries, radio programs, and podcasts. Any programming could also be uploaded onto various County websites.
  - c. Staff from housing agencies and community-based organizations may author short articles on tenant and landlord issues for local papers such as The Gazette and ethnic community media that reach the large immigrant communities in the County.
  - d. County agencies and community-based groups should collaborate on programming such as "housing information fairs" or booths at various existing community events, to ensure that residents have access to critical housing information and resources.
  - e. Specific outreach and education should target the frontline staff at non-profit and government agencies with high levels of public contact who might not be familiar with housing programs and rights.

#### ***d. Language and Technology Access Concerns***

The County must ensure access to information, resources, and government services for all residents. Language access for limited English proficient (LEP) and non-English proficient (NEP) tenants in the county should be continuously assessed.

## Findings

Renters in Montgomery County are culturally diverse. Although Montgomery County has some government programs of interest and applicability to tenants, communication about these programs to the diverse public is inconsistent. For example, the Housing Opportunities Commission (HOC) sends out a detailed email to its e-mail list daily; however, the same level of information is not available for individuals who do not use email or the Internet as a primary source for information. This includes individuals without regular Internet access at home (disproportionately, seniors and the poor) and those who cannot read or speak English well or at all. Both tenants and landlords who do not speak English well reported that they had difficulty finding information about housing programs, including their rights and responsibilities. Bilingual staff and interpretation services appear minimal in the two primary County agencies for tenants – DHCA and HOC. Availability of printed information and interpreters for non-Spanish speakers of other languages, including African and Asian immigrants, is even more scarce.

County agencies often rely on ad hoc assistance from non-governmental organizations. Social service providers at community-based agencies described repeated instances where a government agency, such as HOC, would call to request staff to interpret for a walk-in client/customer. Despite the lack of advance notice and their own work demands, the staff do not feel comfortable denying these requests (due to the desire to maintain a good relationship with the County and to provide an important unmet need). These frequent requests burden small non-profits and relieve government agencies of their obligation to better serve LEP/NEP clients.

## Recommendations:

- 1) Montgomery County should vigorously promote equal access for tenants who are blind, deaf, or have limited language or technology access.
  - 2) The County should convene a housing language access task force comprised of relevant stakeholders (i.e. managers from agencies serving renters and landlords, nonprofit staff, and county residents) to:
    - a) Identify concerns;
    - b) Collaborate on innovative initiatives to ensure equal access, and
    - c) Create short and long-term goals for the County in language access.
  - 3) Data should be collected regarding the languages spoken by callers and visitors, and interpretation and translation requests; and
  - 4) County housing agencies should include a standard line item for translation and interpretation in all budget requests from Federal funding sources (including Community Development Block Grants and other HUD funding streams).
- (See appendix E for more information on language access)

## Issue IV: Tenant Advocacy

### *a. Tenant Advocacy Organizations*

While the tenant population in Montgomery County includes more than 80,000 rental units, advocacy organizations—including tenant's associations at the building level and tenant advocacy organizations county-wide—remain underdeveloped or non-existent.

#### Findings

Although there are some groups that include some measure of tenants' rights and advocacy regarding tenant/landlord issues in the county, there is no existing county-wide advocacy or coordination structure. Without something in place, renters face two significant disadvantages: 1) Tenants do not have a structure to balance the organized representation of landlords in the County and State; and 2) There is no entity that can carry forward the work and follow-through on the recommendations of this Tenants Work Group. The TWG researched possible county-wide tenant advocacy structures. Many tenant advocacy organizations exist across the United States, including governmental, non-profit, and coalition-based models. A fuller description is available in Appendix B.

#### Recommendations

1. The County should provide leadership in forming a Tenant Advocacy (TA) structure funded by a landlord-tenant fee.
2. The Tenant Advocacy structure should exist independently from County government. The mission of the TA organization should include:
  - Work and coordinate with government agencies to ensure that tenants have access to relevant information about their rights, and to support renters trying to understand their rights and responsibilities;
  - Provide a strong advocacy voice for renters;
  - Promote constructive dialogue between landlords and tenants;
  - Support and facilitate the development of tenant organizations in rental housing; and
  - Support sustained outreach to renters throughout the County.
3. In addition, as evident from some jurisdictions in the area and around the nation, there are various roles that existing government agencies can play to ensure that tenants have access to information and can exercise their rights within the County:
  - Dedicated County staff members who can facilitate information-sharing with community-based agencies and other stakeholders would create a critical complement to any non-governmental tenant advocacy structure that is created.

- Landlord/Tenant Resource Center—The TWG recommends the creation of some kind of a landlord-tenant resource center in Montgomery County District Court. This could be a useful role for the County to coordinate with private bar associations. A similar resource was created for the D.C. housing court to provide free advice and information to tenants and landlords who do not have lawyers.
- The Office of Landlord/Tenant Affairs—The TWG recommends that the Office of Landlord/Tenant Affairs is restructured (and possibly renamed), and that its role is very clearly defined, perhaps in a way similar to the Office of the Tenant Advocate in D.C. The changes in this office should not affect the ability of tenants to access any other remedies or assistance. In addition, this new version of OLTA could expand existing DHCA grants to community-based organizations that provide legal services and housing counseling to tenants and special populations, such as seniors, the disabled, domestic violence survivors, and immigrants.
- The County should support the convening of existing non-profit and informal groups that currently work on tenant advocacy issues in the county to promote tenant coordination and collaboration. This group can also research best practices regarding improving relationships between landlords and tenants.